

Okinawa Cellular
Sustainability
Report
2023



Brand Message

Our Mind, Timeless Our Challenge, Timeless

Since Okinawa Cellular's establishment in 1991, we have worked to create a resilient and high-quality network as the total communications provider for Okinawa with contributing to the development of Okinawa's economy through our business as our corporate philosophy. Thanks to the support of many local companies and partners, we have achieved growth.

Going forward, Okinawa Cellular will seek to become a top brand that creates "smart and comfortable lives for all" using communications and information technologies based on the overwhelming experiential value we have accumulated by creating close ties with customers and local communities in Okinawa. We will contribute to the Okinawa that we cherish while growing and developing with our customers and business partners.

Our brand message, "Our Mind, Timeless Our Challenge, Timeless," includes the idea of "with hearts full of love and gratitude for Okinawa, our challenge will continue. Now and always."

Credo

Raise People's Spirits

Act with good motives or non-selfish motives

Management Principles

- Contribute to the development of Okinawa's economy through our business
- In light of the Company's highly public nature, strive to be a company worthy of familiarity and respect of prefectural residents
- Pursue the physical and mental wellbeing of employees
- Become a leading company in Okinawa in name and in fact

Fundamental Principles

For all of our stakeholders—our customers, employees, shareholders, business partners, and society as a whole.

As a member of the KDDI Group, Okinawa Cellular strives to adhere to the following four fundamental principles in our corporate practices.

Customer Satisfaction

by providing with our services the value that customers expect;

A Happy Workforce

by continuing to be the kind of dynamic company that inspires all its employees with a sense of worth and fulfillment;

The Confidence of Our Shareholders

by justifying the trust placed in us by our shareholders, business associates and all with whom we have dealings;

The Advancement of the International Community

by bringing an ever broadening array of communications to bear in serving the development of the global community.

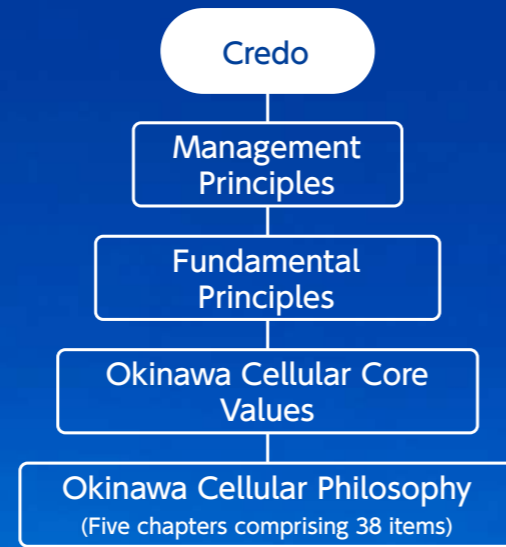


Okinawa Cellular Philosophy

Okinawa Cellular philosophy has a five-layer structure, comprising our credo, management principles, fundamental principles, the Okinawa Cellular core values, and the Okinawa Cellular philosophy. It is a statement of the mindset, values, and code of conduct that employees should embrace so that the Company and society can achieve sustainable growth.

The thoughts of our predecessors, who worked hard to establish the Company, the social mission that we should fulfill as the total communications provider for Okinawa, ideas that we should never forget and should put into practice, and our vision for Okinawa Cellular are all included throughout.

It is also a statement of the fundamental stance that Okinawa Cellular employees should adopt and a foundation for sustainable management. We seek to be a company that is cherished and trusted by all stakeholders through putting this philosophy into practice.



History of the Okinawa Cellular Philosophy

Okinawa Cellular philosophy system including the Company credo, which has been handed down since the Company's foundation, emphasizes universality. The philosophy was revised in 2016 to be familiar and relatable, and employees have been involved from the revision discussion stage, including the creation of new Okinawa Cellular Core Values as a concept for organizing and integrating diverse philosophies. As a result, a culture that values the principles has become firmly established.



Initiatives Relating to the Okinawa Cellular Philosophy

At Okinawa Cellular, we believe that it is crucial for each individual to put the Okinawa Cellular philosophy into practice so that we can disseminate our management principles and sustainability management. In fiscal 2022, we started distribution of Cellular Core Values* Lectures, in which company officers speak to employees about the importance of the philosophy, including their own experience and values. To expand the dissemination even further, we expanded lecturers to include general managers in fiscal 2023, leading to increased understanding and practice of the philosophy.

We also hold monthly a Cellular Core Values Meeting at which employees with diverse backgrounds and values can exchange opinions in topics relating to the philosophy. Officers and employees are united and develop shared values with the aim of making it a strength for Okinawa Cellular's future sustainable growth.

* Cellular Core: Internal terminology for Okinawa Cellular Core Values, one of the layers of the management principles.

For disseminating our management principles and sustainability management
Each individual puts the Okinawa Cellular Philosophy into practice

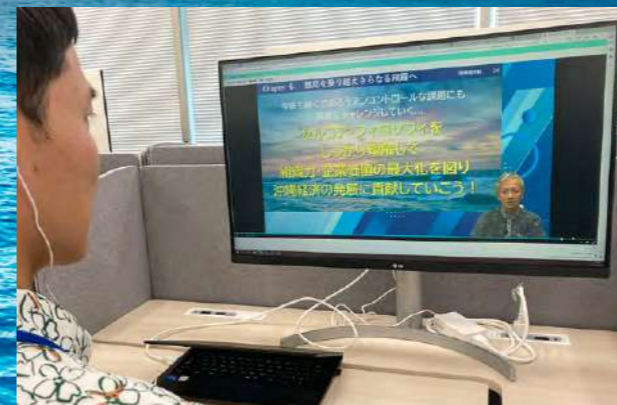
Opportunities for officers and managers to speak to employees

- Importance of the philosophy and its practice
- Communicate the importance with their own experiences and value

Opportunities for employees to get to know each other and share values

- Cross-departmental membership, accepting the diversity of backgrounds and values of each employee
- Monthly meetings to establish employees' decision making criteria

Cellular Core Values Lectures (Lectures by officers and general managers)



Meetings for exchanging opinions on the philosophy (Cellular Core Values Meetings)



Okinawa Cellular Core Values

I Never Forget the Founding Thoughts

Faithfully and sincerely embody the management principles and fundamental principles without forgetting the thoughts of our predecessors.

I Be of Service to Customers

Always value customer thoughts and feelings and take on the challenges of creating great excitement and new value that exceed customer expectations and imagination.

I Value Principles

Follow principles, think for oneself without forgetting the spirit of fair play, and always tackle the challenges of creative work from a higher perspective.

I Have High Aspirations and Repeatedly Take on Challenges

All employees set high goals based on their own aspirations, challenge those goals with creativity, and keep trying until the goals are achieved.

I Meet the Expectations of the Local Community in Okinawa

Pursue profits fairly and honestly and meet the expectations of the local community in Okinawa through sustainable business growth.

I Do Good Work, Have a Good Life

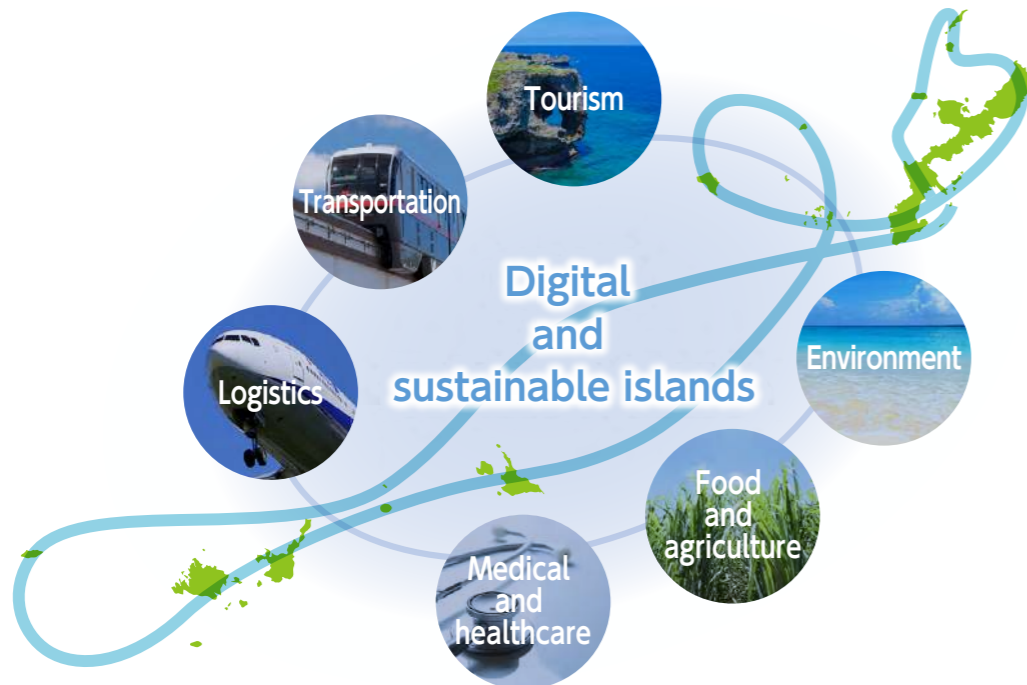
Always remember to be grateful and altruistic, approach everything with a bright and positive attitude, and create a fulfilling life.

I Be the Real Thing

All employees embrace their dreams and pride with a professional mindset, work together to achieve goals, and foster a healthy corporate culture.

Our Vision

Promote digitalization in Okinawa on the basis of high-capacity communications infrastructure



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Editorial Policy

This report is prepared as a communication tool for our investors and other diverse stakeholders to share information on and promote understanding of Okinawa Cellular's sustainability initiatives. For information on sustainability initiatives not included in this report, please refer to our corporate website.

Web Site Information

Okinawa Cellular
<https://okinawa-cellular.jp/english/>



Investor Relations
<https://okinawa-cellular.jp/english/ir/>



The 30-year History of Okinawa Cellular

June 1991
 Establishment of Okinawa Cellular Telephone Company

October 1992
 Start of Mobile Car Phone TACS (Analog) service
 Uchina-phone, a low-price service for Okinawan residents

January 1993
 The early model of mobile phone terminals
 The first model equipped with lithium-ion batteries in Japan was extremely successful. In Okinawa, the model was given the nickname "Chibariphone," which encouraged the Company's growth.

Achieved 70% share in the prefecture

January 1994
 The Cellular Spot opened.



November 1995
 Start of service on Kume Island, Iheya Island, and Izena Island

February 1996
 Start of service on Miyako Island and Ishigaki Island

April 1997
 The Company's shares were registered with the Japan Securities Dealers Association for over-the-counter trading

July 1998
 Adoption of CDMA system
 The CDMA system, "cdmaOne" was introduced, which was attracting attention as the "next digital" system.

January 1999
 Mobile phone numbers increased to 11 digits

May 1999
 Launch of "EZweb" service
 Access to the Internet and e-mail communication became possible using only a mobile phone device.



July 2000
 Introduction of "au" unified brand



October 2000
 Establishment of KDDI



November 2000
 Launch of "Gakuwari" discount service for students



December 2002
 Launch of "Chaku-uta" music download service

November 2003
 Launch of CDMA 1X WIN service
 High-speed data transmission of up to 2.4 Mbps became available. "EZ Flat," the first flat-rate packet communication fee plan among mobile phone carriers in Japan, was introduced.



August 2004
 Launch of "Double-Teigaku," packet fixed rate service

November 2004
 Launch of EZ "Chaku-uta Full" music download service

December 2004
 Creation of the "au Deer!," a character limited to the Okinawa area
 A character created by employees in collaboration with a designer in Okinawa Prefecture gained popularity.



Over-the-counter registration with the Japan Securities Dealers Association was cancelled, and the Company's shares were listed on the JASDAQ Securities Exchange

February 2005
 Launch of the au Joy Project



May 2005
 au store sales staff began wearing original Kariyushi wear

January 2006
 KDDI launched "au LISTEN MOBILE SERVICE"



November 2008
 Nanjo Network Center opened

January 2010
 Okinawa Telecommunication Network Co., Inc. (currently OTNet Co., Inc.) became a subsidiary through the underwriting of a third-party allotment of new shares



March 2010
 Launch of "au HIKARI Chura" service
 "au HIKARI Chura," an optical fiber Internet service was launched, in Naha, Urasoe and Tomigusuku cities.



April 2010
 Inauguration ceremony of Okinawa Cellular Stadium Naha and Okinawa Cellular Park Naha

The Company obtained the naming rights of these facilities: a stadium with a large roof and full-scale night game facilities that can accommodate 15,000 people in the infield and 15,000 people in the outfield stands, and an indoor sports facility.



August 2013
 Completion of Okinawa Cellular head office building

April 2015
 Offering Mobile Service Grant

The program supports high school students by providing free smartphone handsets and waiving mobile phone fees, and has issued grants to a cumulative total of 360 students by 2023.



March 2016
 Tomigusuku Network Center opened

September 2017
 Okinawa Cellular Agri&Marche Corporation was established through a corporate spin-off



June 2018
 World's first successful real-time distribution of free viewpoint video via "5G" mobile communication system
 The world's first successful real-time distribution of free viewpoint video at an official Japanese professional baseball game held at Okinawa Cellular Stadium Naha, utilizing "5G" compatible tablet terminals



July 2018
 First shipment of ICT-based fully enclosed strawberries (Churashima Berry) in the prefecture



September 2019
 Opening of "KDDI DIGITAL GATE Okinawa"
 Accelerate corporate DX and work with corporate customers to create new business solutions.

November 2019
 Launch of "au Denki," an electricity service provided by au



February 2020
 Launch of a demonstration project to transport goods using drones in Taketomi Town
 Launched an initiative to build a network of remote island logistics using all-weather drones.



April 2020
 Start of the Okinawa-Kyushu submarine cable operations

July 2020
 Free distribution of eco-friendly bags to au cell phone subscribers as part of SDGs activities



February 2021
 Renewed brand slogan: Our Mind, Timeless Our Challenge, Timeless

March 2021
 Launch of the Okinawa Health Management Plus 1 Project

Provided "JOTO Home Doctor," a health management application for residents of Okinawa Prefecture.



June 2021
 30th anniversary of the Company's establishment

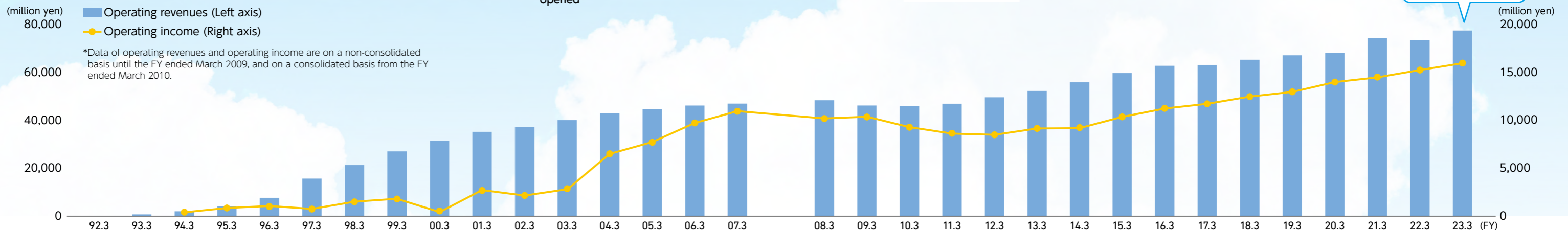
July 2021
 Operation of taxicabs decorated with the "au Deer!" corporate character

As a project to express gratitude for the Company's 30th anniversary, two fully decorated free taxicabs were operated for a limited time.



November 2021
 Completion of Okinawa Cellular Forest Building

July 2023
 Start of optical submarine cable "YUI" operation. Okinawa Main Island - Kume Island - Miyako Island - Ishigaki Island



*Data of operating revenues and operating income are on a non-consolidated basis until the FY ended March 2009, and on a consolidated basis from the FY ended March 2010.

About Okinawa Cellular Group

Okinawa Cellular was established in 1991 with the support of KDDI and 43 major companies in Okinawa Prefecture for the development of Okinawa's economy. Since then, as a member of the KDDI Group, we have not limited ourselves to the telecommunications business, but have also developed tourism and agriculture businesses that give shape to new ideas using telecommunications. Through our businesses, we are contributing to solving social issues and developing the economy of Okinawa.

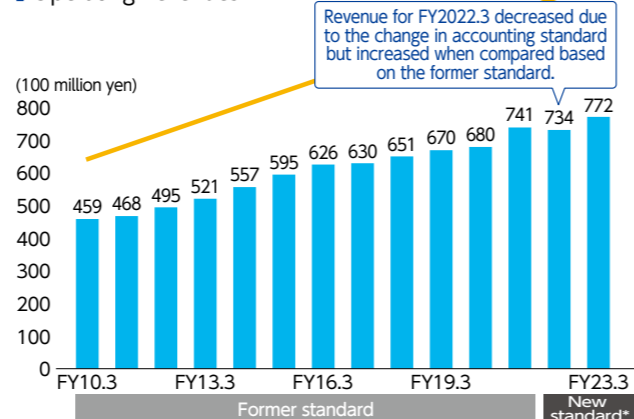
Company name	Okinawa Cellular Telephone Company
Establishment	June 1, 1991
Location	1-2-1 Matsuyama, Naha City, Okinawa, Japan
Representative Director and President	Takashi Suga
Capital	1,414 million yen
Number of employees	439
Total assets	119.6 billion yen
Total net assets	101.1 billion yen
Capital adequacy ratio	82.6%
Operating revenues	77.2 billion yen
Operating income	15.9 billion yen
Net income	10.8 billion yen *Net income attributable to owners of the parent

As of March 31, 2023

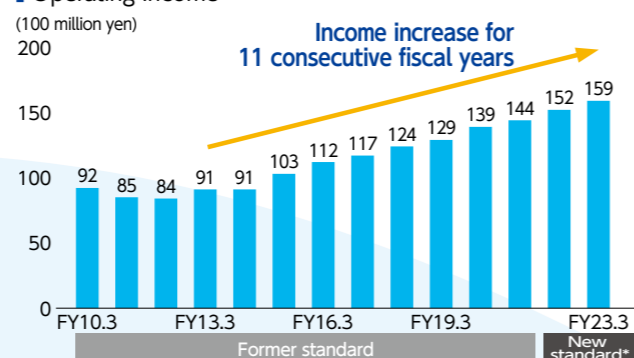
Management Policy

- **3 increases** (in revenues, income, and consecutive dividends)
- **Dividend payout ratio of over 40%**

Operating Revenues



Operating Income



*The Accounting Standard for Revenue Recognition (ASB) Statement No. 29, March 31, 2020) and other rules are applied from the beginning of the fiscal year.

Dividend per Share



*Two-for-one stock splits were conducted in November 2004 and September 2005.

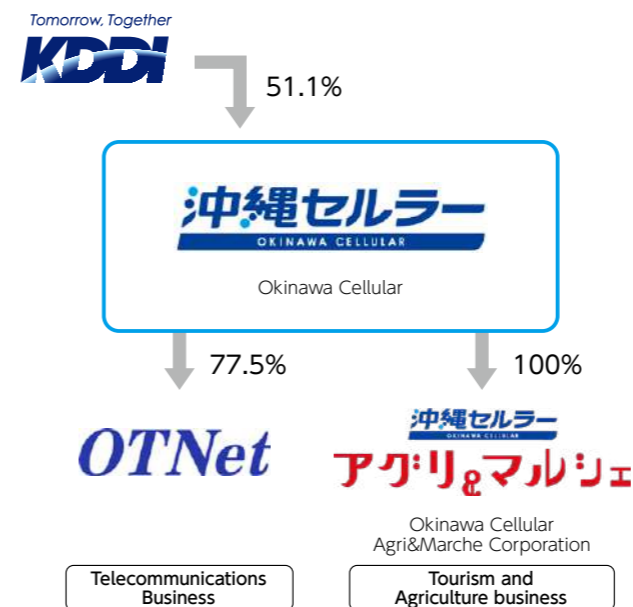
*A hundred-for-one stock split was conducted for each share of common stocks with an effective date of October 1, 2012.

*A two-for-one stock split was conducted for each share of common stocks with an effective date of October 1, 2022.

*Dividend per share is indicated as 100 for the interim dividend for the fiscal year ended March 31, 2023, after adjusting for dilution resulting from stock splits and other actions taken to date.

*Dividend payout ratio is calculated by dividing the full-year dividend of 100 yen by the net income per share of 230.82 yen announced for the first half of the fiscal year ending March 31, 2024.

Group Structure



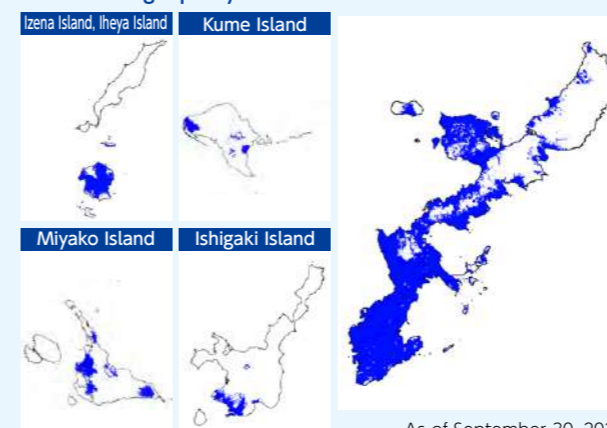
As of September 30, 2023
 *Figures represent the percentage of shares held to the total number of shares issued (excluding treasury shares).

Business Overview

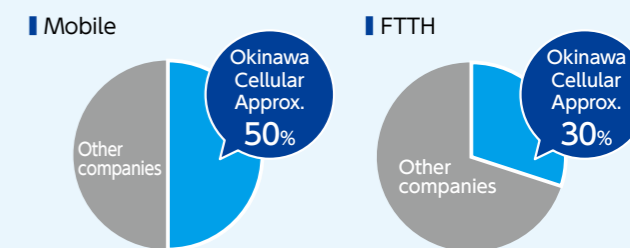


Only Comprehensive Telecommunications Operator in Okinawa

- 5G coverage of the population area on all islands: **95%**
Provide high quality and robust network
- Share of mobile service: **50%**
- Share of FTTH service: **30%**



As of September 30, 2023



One in two persons in Okinawa is an Okinawa Cellular user.

Message from the President



Contributing to Economic Development in Okinawa and a Prosperous Future through Our Business

Okinawa Cellular Telephone Company
Representative Director and President
Takashi Suga

Ever since its founding in 1991, Okinawa Cellular Telephone Company has operated under the management principles of “Contributing to the development of Okinawa’s economy through our businesses.”

Okinawa Cellular emerged out of the Okinawa Konwakai, a forum of business leaders from Okinawa and mainland Japan discussing Okinawa’s economic development. Responding to a call by then chairman of DDI Corporation Kazuo Inamori as they explored ways to stimulate the then-stagnant Okinawan economy, the Company was formed with 43 shareholders, mainly DDI (current KDDI) and leading Okinawan companies. As the only telecommunications carrier headquartered in Okinawa Prefecture among many, we have been working with local businesses and residents to resolve social issues and committed to the economic development of Okinawa and its prosperous future.

Okinawa Cellular has achieved sustained growth over the years, delivering high communication quality and a meticulous service closely attuned to customer needs, allowing it to attain the prefecture’s top market share in terms of mobile communication contracts (around 670,000). This is all due to the generous support we have received from the people of Okinawa, to whom I offer our deepest gratitude.

Okinawa Cellular has now entered a new phase of growth, though we currently find ourselves in a dramatically changing business environment marked by instability in world affairs, global warming, and a shrinking workforce. In our daily lives, too, the digital shift is accelerating as we embrace trends such as teleworking and remote classes. As the tourism and service sectors face a growing labor shortage, it is becoming increasingly important to improve productivity through high-quality communication technology and DX.

To adapt to these environmental changes and achieve sustainable growth, we have formulated six key issues (materiality) that comprehensively cover our priorities in view of social issues and management of the Okinawa Cellular Group from a long-term perspective. With this in mind, we will promote sustainability management which aims to generate profit over the medium to long term by enhancing the Company’s corporate and social value under our latest Mid-Term Management Plan (for fiscal years 2022 to 2024).

Business Strategy

Promotion of an Ambidextrous Organization Centered on Telecommunications

The business strategy we have adopted to enable further sustainable growth is to strengthen the two sides of our ambidextrous management approach—enhancing existing businesses and expanding growth areas.

To enhance existing businesses, we are working to maximize revenue through our 5G network strategy that supports the enhancement and the promotion of multiple brands—au, UQ, and povo.

Under our 5G network strategy, we aim to contribute to the Vision for a Digital Garden City Nation propounded by Japan’s Digital Agency, setting a target to realize 95% population coverage of 5G communications across the entire Okinawa Prefecture, including remote islands, by the end of March 2025. At the end of March 2021, the population coverage in Okinawa’s main island was 20%, but that rose to 90% by the end of March 2022 after progress in establishing base station infrastructure for delivering 5G communication service to more people. By September 2023, 95% of the prefecture’s population, including remote islands, were covered, with submarine cables connecting those islands having entered service in June. We had thus achieved our Mid-Term Management Plan target a year early. In addition, we will continue efforts to improve our response to typhoons and other natural disasters and enhance the quality of communication on remote islands by collaborating with Starlink, the satellite-based broadband internet service developed by Space Exploration Technologies Corporation (SpaceX).

In regard to the average revenue per user (ARPU) of multi-brand communication services, a main source of profit for the Company, this had been in decline due to a government-initiated drop in communication charges. Our target under the Mid-Term Management Plan is an ARPU rebound after hitting bottom in fiscal 2023. Increases in mobile contracts and unlimited data plan subscriptions form the backdrop to steady progress currently made toward targets, with an aim to increase ARPU one year ahead of the Mid-Term Management Plan target.

For expanding growth areas, we focus on the creation of businesses to help solve Okinawa’s social issues, such as energy, solutions, healthcare, and agriculture businesses, as growth areas. Our aim is to increase net sales to around 15 billion yen (50% increase from fiscal 2021) in fiscal 2024.

Among the growth areas, we are particularly directing energy into solutions business. We are taking steps to strengthen the business structure, for example by setting up a new Solutions Sales Division and bolstering the number of personnel by 50%. Whereas the main customers used to be large corporations, we are extending our reach to small and medium-sized businesses. By putting forward solutions to match the scale of customer operations and the issues at hand and promoting DX using telecommunications, we will contribute to productivity improvements in Okinawa Prefecture, which lags behind the rest of Japan. In the healthcare business, we anticipate growth as we team up with partners to build a framework and environment for online medical care and the deployment of the JOTO Home Doctor health management app. In the agriculture business, we are developing ICT-based plant factories and production systems to enable a stable supply of leaf vegetables and strawberries unaffected by typhoons and other natural disasters, and to expand local production for local consumption.

Human Capital Management

Transforming into a Company Where Diverse Human Resources Gain Fulfillment from Their Work

Collaboration with partners and local companies in a variety of industries is vital for expanding growth areas of our business. To respond to the drastic changes of the times and realize sustainable growth, it is necessary that diverse human resources from different backgrounds fully harness their individual capabilities and enhance their creativity by sharing their respective personalities, accumulated experience, and their ideas. To realize this, we aim to transform into a company where diverse human resources gain fulfillment from their work.

Employees change and the Company changes to keep growing

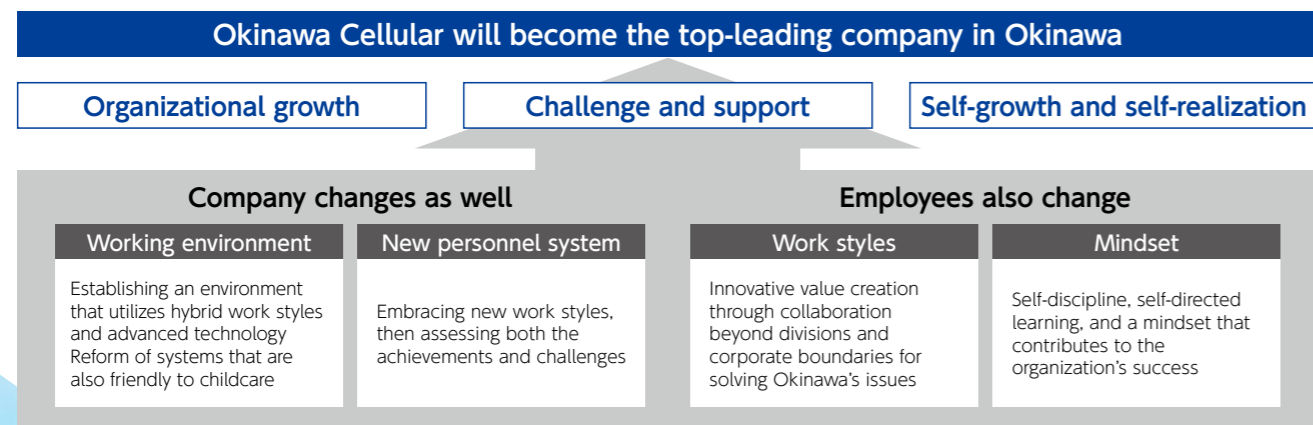
To develop diverse human resources and realize a fulfilling work environment, it is important for both employees and the Company to change. We have formulated the Okinawa Cellular New Workstyle Declaration; Challenge 2.0 to enable further growth through changes in employees and the Company.

Okinawa Cellular Declaration of New Work Styles:

Challenge 2.0—Transforming Our Workstyle to Reach the Next Level.



We aim to be Okinawa Cellular, a leader in Okinawa, by transforming the “way of working” according to life stages, values and all challenges, and by supporting people who take on challenges on their own, fostering self-growth, self-realization, and contributing to the growth of our organization.



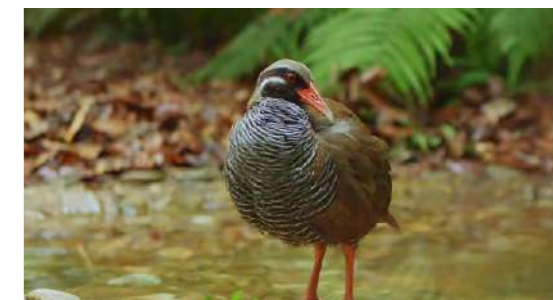
First, for the Company to change, we introduced a new personnel system from fiscal 2023 that actively recognizes the pursuit of ambitious targets and taking on the challenge of new activities. Breaking away from traditional seniority-based personnel system, the new system enables promotion in as little as one year based on appropriate evaluation of challenges, processes, and results corresponding to the employee's mission grade. This overhaul allows employees to set ambitious targets in line with their own intentions and nurtures creativity and a mindset of seeking repeated improvements in the pursuit of those targets. Furthermore, to enable diverse workstyles, we have adopted a “free address” system at the head office, allowing employees to work where they wish, and established a teleworking environment. Hybrid work formats combining teleworking and actually going into work have been introduced, and leave can be taken for parenting purposes. In this way, we are putting in place an environment allowing individual employees to select a workstyle that reflects their stage of life, their values and all kinds of issues.

For employees to change, diversity and career autonomy are essential factors. We will place even greater emphasis on fostering an organizational climate allowing each employee to freely harness their own capabilities while valuing the spirit of respecting others which transcends differences in personalities and values, and positions and organizations, and enables open opinion exchange. In addition, we are advancing efforts supporting career autonomy, by which employees take steps toward their own self-realization by possessing subjective targets for career development.

Environment and Biodiversity

Combining Telecommunications and Other Technology to Preserve World-leading Biodiversity for Future Generations

As part of efforts to achieve carbon neutrality, the Okinawa Cellular Group has set its target to achieve net zero CO₂ emissions by fiscal 2030. We disclose information in line with the framework developed by the Task Force on Climate-Related Financial Disclosures (TCFD) and will pursue other initiatives, such as improving the energy efficiency of mobile phone base stations and telecommunications infrastructure and shifting to use of renewable energy.



For conservation of the environment, we set up the Okinawa Nature Conservation Project in 2021 to help preserve Okinawa's natural environment, with its world-leading biodiversity, for future generations. In the World Natural Heritage-listed areas that are habitats of threatened species (Amami Oshima Island, Tokunoshima Island, northern Okinawa Island, and Iriomote Island), the invasion of alien species is threatening local biodiversity. Okinawa Cellular is proactively working to preserve biodiversity through support for environmental conservation activities and biological activity surveys employing IoT equipment and artificial intelligence.

Local Communities

Solving Okinawa's Social Issues to Bring Local Communities Together

Through the Okinawa Cellular Children's Fund, funded by a portion of the Okinawa Cellular Group's earnings, we make ongoing donations to organizations in Okinawa that address the worsening issue of child poverty in the prefecture. Since fiscal 2015, we have also been offering a mobile service grant for students from remote islands who leave their parents or the island of their birth after graduating from junior high school and going on to high school. The students receive a free device and a three-year waiver of data communication and calling charges.

We are also tackling the lack of exercise among people of working age (between 20 and 65), holding a walking event to encourage the promotion of good health among Okinawa residents and to stimulate the prefecture's retail and restaurant industries. The event, which made use of a smartphone app, sought to bring local communities together by pitting 41 municipalities in Okinawa Prefecture against one another in friendly competition.

As a company headquartered in Okinawa, we place top priority on the lives and convenience of Okinawa residents. Okinawa Cellular works together as one to generate great excitement and new value that exceeds our customers' expectations. Looking ahead, we aim to be a company that helps to drive Okinawa's economy, keeping to our path of sustainable growth and working to find solutions to various social issues through our telecommunications business. We look forward to your ongoing patronage and support.



Special Feature: Connecting the Future of Remote Islands

Submarine cable development project to protect Okinawa's telecommunications infrastructure from earthquakes and other disasters and to enable high-capacity communications in the 5G era

Connecting the Future of Remote Islands

Submarine cable development project to protect Okinawa's telecommunications infrastructure from earthquakes and other disasters and to enable high-capacity communications in the 5G era

As a company that supports Okinawa's telecommunications infrastructure, Okinawa Cellular is moving forward with a submarine cable project with a new route. This project is designed to provide stable communications in the 5G era with ultra-fast capabilities, low-latency, and simultaneous multi-connectivity, and to prepare for a possible large-scale disaster such as the Nankai Trough earthquake.

Social Issues

- Speed and stability of communications on remote islands
- Risk of communication failure in the event of a disaster

Social Impacts

- Bridging the digital divide by providing stable telecommunications services in the Okinawa area, including remote islands
- Contribution to Okinawa's industry by providing a better telecommunications environment
- Preparing for a possible large-scale disaster such as the Nankai Trough earthquake



PROJECT 01

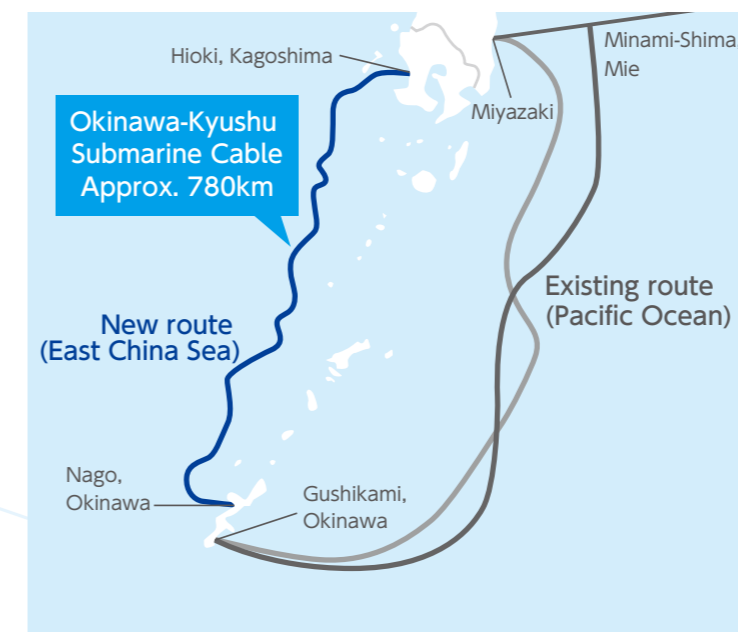
Construction of the Okinawa-Kyushu Submarine Cable to Protect Okinawa's Communications from Disasters

With the cooperation of KDDI, Okinawa Cellular started construction of the Okinawa-Kyushu submarine cable in February 2019, and commenced its operation in April 2020.

Before the development of the Okinawa-Kyushu submarine cable, we used two submarine cables owned by KDDI. Both cables are on the East Route (Gushikami, Okinawa to Miyazaki), which runs along the Pacific Ocean side out of Miyazaki Prefecture, and if a disaster occurred on the Pacific Ocean side and both cables were damaged, there was a risk that communications in Okinawa would be cut off. Also, with the advent of the 5G era, it was necessary to respond to the increase in the amount of data being transferred over the network (traffic).

Okinawa Cellular has therefore developed a Western Route that runs along the East China Sea side. This route, which runs approximately 780 km from Nago, Okinawa to Hioki, Kagoshima, enables high-capacity communications at 80 Tbps. By having two routes in addition to the existing Okinawa Main Island East Route, we are building a solid communications infrastructure. It can serve not only as the backbone of an ultra-fast, low-latency, and simultaneous multi-connected communications network for the 5G era, but also in the event of a large-scale disaster, such as a Nankai Trough earthquake.

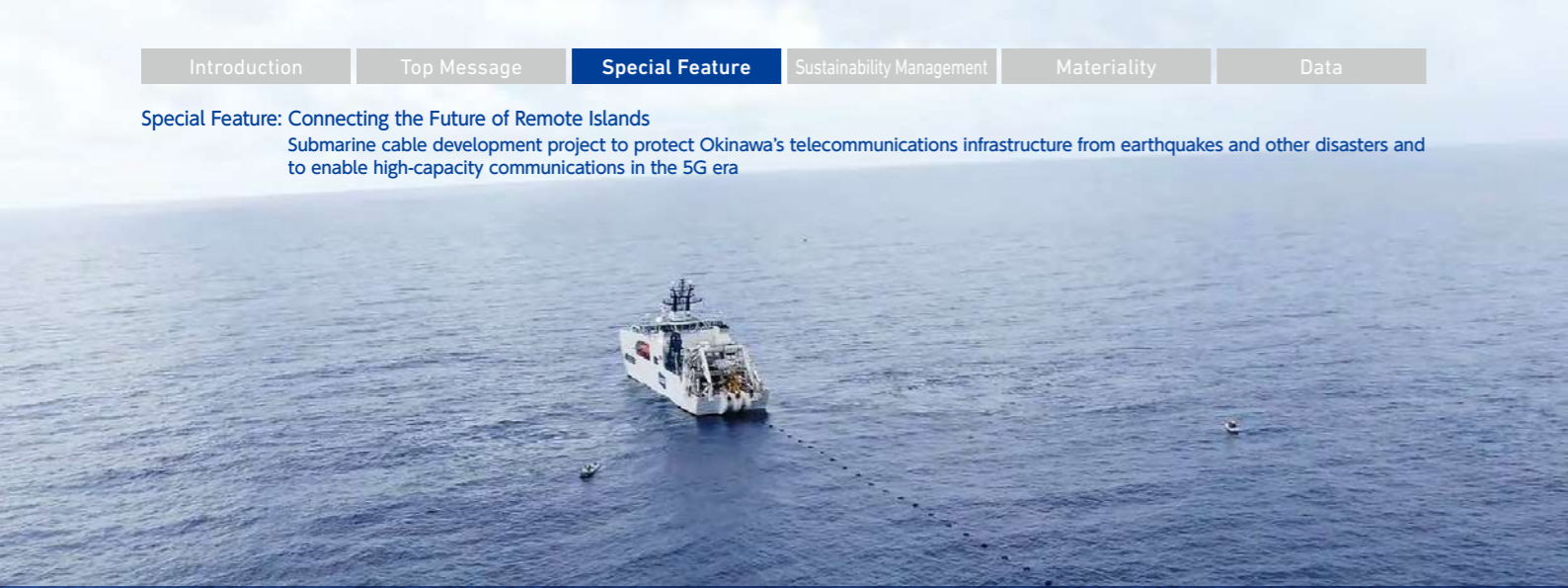
Overview of Okinawa Cellular Okinawa-Kyushu Submarine Cable



Network: Nago City, Okinawa Prefecture to Hioki City, Kagoshima Prefecture
 Start of operation: April 2020
 Network capacity: 80 Tbps
 Total length: Approx. 780 km

Special Feature: Connecting the Future of Remote Islands

Submarine cable development project to protect Okinawa's telecommunications infrastructure from earthquakes and other disasters and to enable high-capacity communications in the 5G era



PROJECT 02

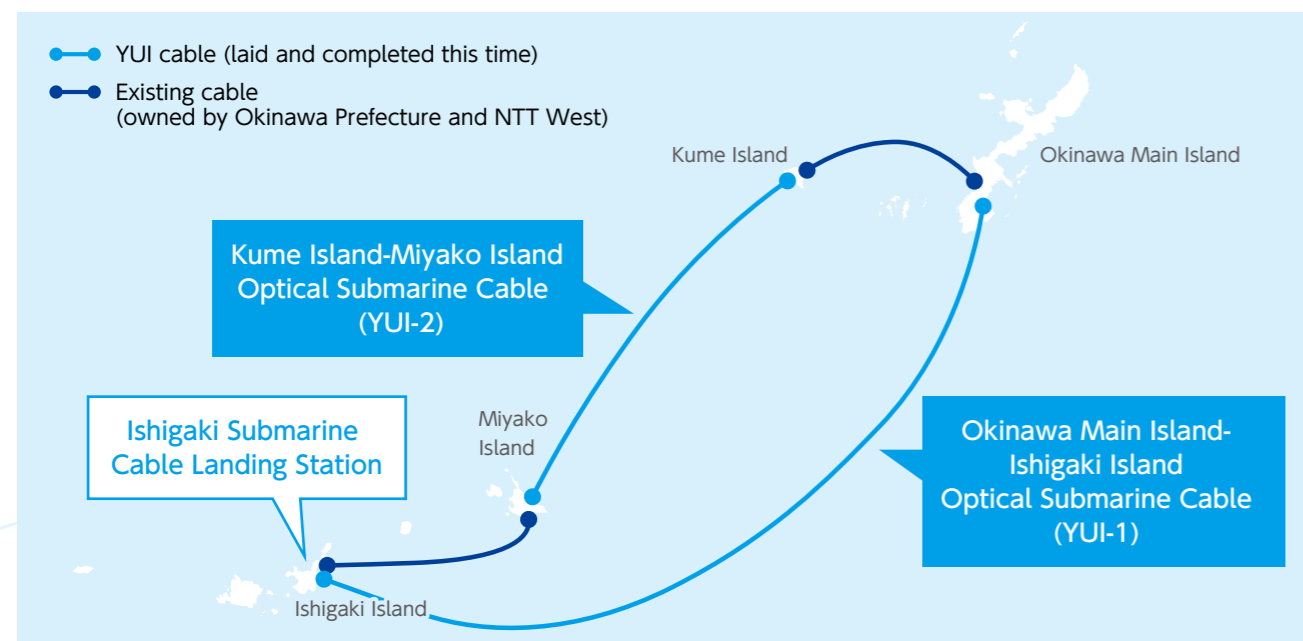
YUI, a High-capacity Optical Submarine Cable That Enables Comfortable 5G Communications Even on Remote Islands in Okinawa

In 2021, we launched a new optical submarine cable project to speed up communications in remote islands, and jointly with Nippon Telegraph and Telephone West Corporation (NTT West) and SoftBank Corp., laid a high-capacity optical submarine cable "YUI" in two sections: approximately 460 km between Okinawa main island and Ishigaki Island, and approximately 260 km between Miyako Island and Kume Island. We started its operation in July 2023.

For the optical submarine cable "YUI," we adopt a state-of-the-art optical wavelength division multiplexing transmission system capable of transmitting signals at 60 Tbps (terabits per second) or higher. Multiple optical signals of different wavelengths are simultaneously carried

Outline of Optical Submarine Cable (YUI) for Okinawa Remote Islands

	Okinawa Main Island-Ishigaki Island YUI-1	Kume Island-Miyako Island YUI-2
System length	Approx. 460 km	Approx. 260 km
Designed maximum transmission capacity	60 Tbps or more	
Construction period	February 2022 to June 2023	
Start of operation	July 2023	



*The cable routes are for reference only. The latitude and longitude are not accurate.

on a single optical fiber, thereby allowing for higher cable capacities.

Furthermore, two sections of existing submarine cables owned by NTT West and Okinawa Prefecture (between Ishigaki Island and Miyako Island and between Kume Island and Okinawa main island) have been connected to YUI cables to create a loop-like network, thereby strengthening the telecommunication function. Even if part of the cables is severed due to a major disaster such as a Nankai Trough earthquake, stable telecommunication services can be provided from Honshu to Okinawa main island and to the remote islands so that high-speed and high-capacity communications can be maintained.

Nowadays, telecommunications are indispensable for our daily life and business. High-speed and high-capacity 5G communications and other services are important infrastructure that supports technologies such as IoT, AI, DX, and Big Data, enabling the diversification of industries and the revitalization of local communities (regional development), including remote islands. As a local company, Okinawa Cellular will continue to provide a comfortable and convenient communications environment to its customers throughout Okinawa Prefecture, including the remote islands, and contribute to solving social issues in the prefecture.



Delivering a comfortable communications environment to remote islands and providing customers with peace of mind that they are always connected



As a telecommunications carrier rooted in Okinawa, our mission is to contribute to Okinawan industry by providing a better communications environment. With YUI, customers on Ishigaki Island, Miyako Island, and Kume Island can now access 5G communications as comfortably as those on Okinawa main island. Okinawa frequently faces typhoons and is at risk of natural disasters such as earthquakes, so we are preparing for the risk of disconnection by connecting optical submarine cables in a loop. With a looped cable, even if the cable is disconnected, a route on the other side of the loop can maintain high-speed, high-capacity communications. As a company that provides critical social infrastructure, we will continue to build a comfortable 5G communication environment on other remote islands and provide our customers with the peace of mind that they are always connected, no matter where they are.

Technology Planning Department,
Technology Division
Tatsuki Saki

Sustainability Management

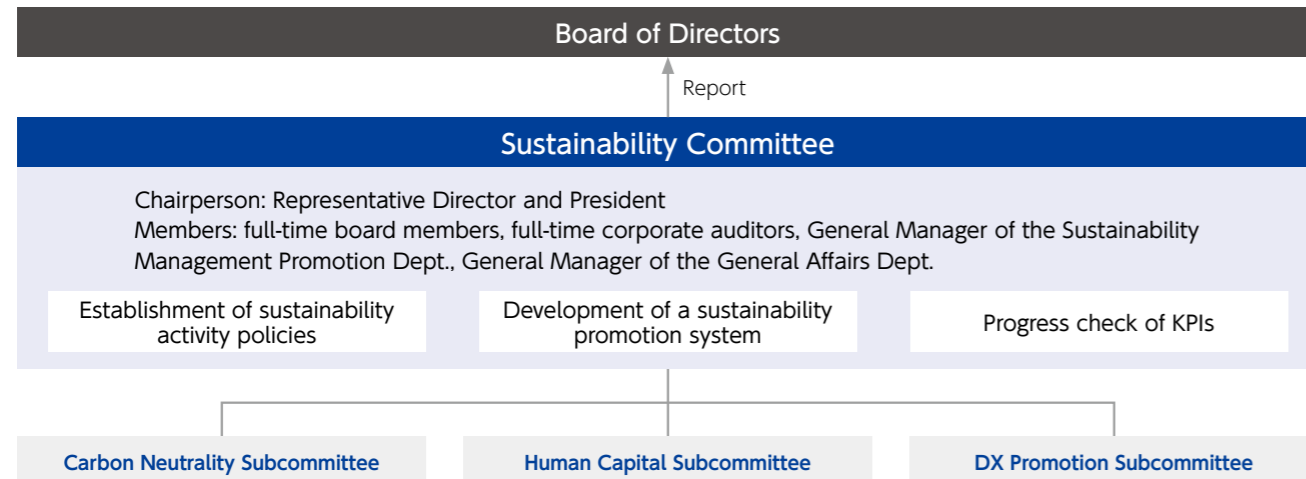
The Okinawa Cellular Group places sustainability management at its core and will create sustainable value by promoting its ambidextrous organization centered on telecommunications and strengthening its management base. The Group also aims to achieve sustainable growth of society and enhance our corporate value.

Among these, as for strengthening the management base, we will promote efforts for achieving carbon neutrality, which is an important social issue, our unified three-part reforms focusing on human capital management, and DX personnel development. First, we will actively work on carbon neutrality, which is a major challenge on a global scale. With the aim of achieving net zero CO₂ emissions for the entire Group in fiscal 2030, we will vigorously promote power saving and a shift to renewable energy at mobile phone base stations and telecommunications facilities.

Furthermore, to continue sustainable growth in a rapidly changing business environment, we will promote our unified three-part reforms: new personnel system, internal DX, and workstyle reforms, focusing on human capital management that maximizes personnel value. Along with this, we will nurture a high degree of autonomy and growth of employees and organization, and DX professionals who will lead companies in the prefecture.

Sustainability Promotion System

Okinawa Cellular has established a Sustainability Committee chaired by Representative Director and President. The Committee consists of full-time executive committee members, the General Manager of the General Affairs Department, the General Manager of the Sustainability Management Promotion Department, and corporate auditors, and is committed to achieving sustainability as a pillar of the company-wide management strategy. The Committee regularly reports its activities to the Board of Directors, thereby enabling the Board of Directors to monitor the Committee.



Mid-Term Management Plan

Since its establishment in 1991, Okinawa Cellular has achieved sustainable growth owing to the support of Okinawa residents. As we celebrated our 30th anniversary in 2021 and entered a phase of further growth, the environment surrounding our business is changing rapidly with unstable global conditions, soaring resource prices, and diversifying customer needs. Also, the role of the telecommunications business is becoming increasingly important as the trend toward digitization is accelerating in people's daily lives and businesses.

Considering these changes in the business environment, we have formulated our Mid-Term Management Plan (fiscal years 2022 to 2024) to achieve sustainable growth going forward. This plan identifies six key issues (materiality) to which we should give priority to contribute to solving various social issues through our core business. We will work to contribute to sustainable growth of society and increase our corporate value over the medium to long term, while striving to further develop ourselves and become a driving force of Okinawa's economy.

Overview of Mid-Term Management Plan



Business Strategy

We will promote our ambidextrous organization centered on telecommunications, while enhancing existing 5G businesses and expanding growth areas. Especially, we aim to maximize corporate value by focusing on the following five areas of priority.



- (1) A 5G network strategy that supports enhancement**
We will expand 5G areas in the prefecture, aiming to achieve a population coverage of 95% or higher in fiscal 2024, and build a 5G area where people can experience the convenience. **Achieved in September 2023**
- (2) Maximizing revenues through 5G strategy and Multi-Brand promotion**
By promoting the Multi-Brand strategy with three brands (au, UQ, and povo) to meet a wide range of customer needs and increase customer engagement, we aim to steadily increase the number of subscriptions and maximize revenue.
- (3) Promotion of energy business**
We will continue to promote "au Denki," a service provided in cooperation with a local company, Okinawa Electric Power Company, aiming to increase sales by 40% in fiscal 2024 (compared to fiscal 2021).
- (4) Promotion of solutions business**
We will strengthen our solutions business to meet the rapidly expanding digitization needs of enterprises. We aim to grow together with our customers by promoting "Business DX" to solve management issues and social issues for each company through the capabilities of digital technology.
- (5) Solving Okinawa's social issues through business creation**
We will address the social issues facing Okinawa and work to solve them through the capabilities of telecommunications. We contribute to the development of Okinawa's economy by achieving both sustainable development of local communities and earnings growth through business creation.

SDGs Declaration by Okinawa Cellular

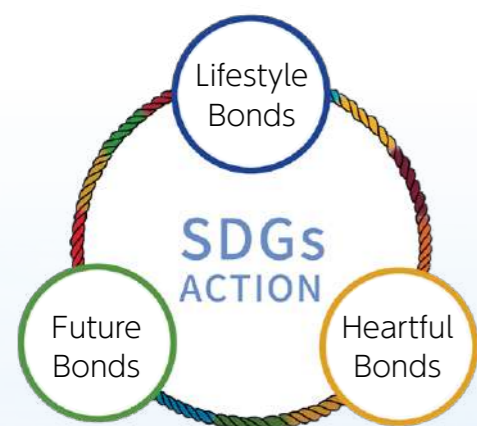
We have formulated the SDGs Declaration by Okinawa Cellular aiming to contribute to the goals of the Sustainable Development Goals (SDGs) proposed by the United Nations in 2022. We have focused on the word *Yui* in *Yuimaaru** that expresses bonds and connections between people. The three bonds of "Lifestyle Bonds," "Future Bonds," and "Heartful Bonds" represent our goal of creating a society that progresses along with the thoughts of the Okinawan people. We will strive to contribute to the Okinawan people not only through our telecommunication services, but also through social aspects such as environmental preservation and community contributions.

* *Yuimaaru*: Okinawan dialect word for mutual support



Our *Yuimaaru* (Mutual Support) Spirit is for Okinawa and for the Future

わたしたちの「ゆいまーる」のココロは、
沖縄のため、未来のためにある



Lifestyle Bonds

Future Bonds

Heartful Bonds

As society moves toward full-fledged digitization, the Okinawa Cellular Group is building a robust, disaster-resistant telecommunications infrastructure to forge even stronger interpersonal connections. We will use the capabilities of telecommunications to contribute to the healthy development of society in order to create a more beautiful and enjoyable Okinawa for the future.

The Okinawa Cellular Group is committed to achieving both environmental conservation and economic development, and to ensuring that Okinawa's rich natural environment and society of mutual respect are passed on to future generations.

The Okinawa Cellular Group considers the ideal society to be one that respects diversity and enables all kinds of people to work together, and we will contribute to building a social infrastructure in which everyone can work and live happily and healthfully.

Long before the term "SDGs" was coined, Okinawa Cellular has been working to solve social issues in Okinawa centered on its telecommunications business under the management philosophy of contributing to development of Okinawa's economy development through our business. The purpose of this initiative is to ensure that Okinawa's rich natural environment and society where everyone respects each other will be passed on to the children of the future. The Okinawa Cellular Philosophy states the following as the first line of our vision: "Connecting thoughts, connecting smiles."

We will continue to push forward with the activities we have continued to date, while also positioning them as part of our SDGs vision.



Six Major Initiative Themes

We have set six major initiative themes for our efforts to create an Okinawa that is rich in both nature and people's hearts. Okinawa Cellular's vision of *Yuimaaru* is more than just connections through telecommunications infrastructure. It also symbolizes connections with the nature, society, and the hearts of the people of Okinawa. We will continue to contribute to Okinawa's future with our capabilities in telecommunications technology so that we can connect people to greater peace of mind and an exciting future for Okinawa.



A communications infrastructure that provides peace of mind even in the event of an emergency

Through a communications infrastructure that keeps us always connected, we will develop a full recovery and support system throughout the prefecture in the event of a disaster, which has become more severe in recent years. We will continue to serve as a lifeline that supports the lives of the people of the prefecture.



Lifestyle Bonds



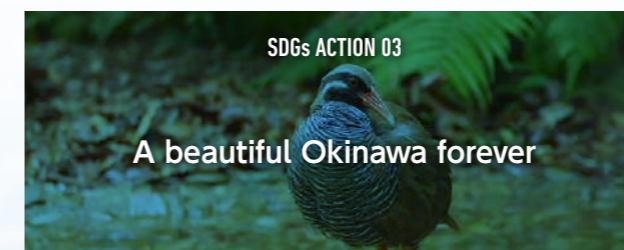
Cutting-edge communication technology that connects "lifestyle" and "future"

Okinawa continues to evolve in the course of daily life. We will use advanced technologies such as 5G networks and IoT to solve diverse issues in the prefecture and create an Okinawa future that we can be proud of in the world.



Lifestyle Bonds

Future Bonds



"Telecommunications x Technology" to preserve Okinawa's beautiful nature for the future

To preserve the rich Yanbaru forests and crystal-clear ocean for the children of the next generation, we will promote cooperation and collaboration with the local communities and pass on Okinawa's nature to the future generations by combining telecommunications and other technology.



Lifestyle Bonds

Future Bonds



A future full of hope for the children of Okinawa

To realize a future full of hope for the children of Okinawa, we will continue to support them to nurture their ability to survive in society while staying close to their individual hearts and minds.



Future Bonds

Heartful Bonds



A healthy and fulfilling future for all of Okinawa

By utilizing cutting-edge ICT and promoting the health and purpose in life of Okinawa people, we will realize a healthy and fulfilling future for all of Okinawa.



Future Bonds

Heartful Bonds



A Yuimaaru society where no one is left behind

We respect the diversity of all people living in Okinawa and realize a *Yuimaaru* society where the hearts of Okinawa people are connected and no one is left behind.

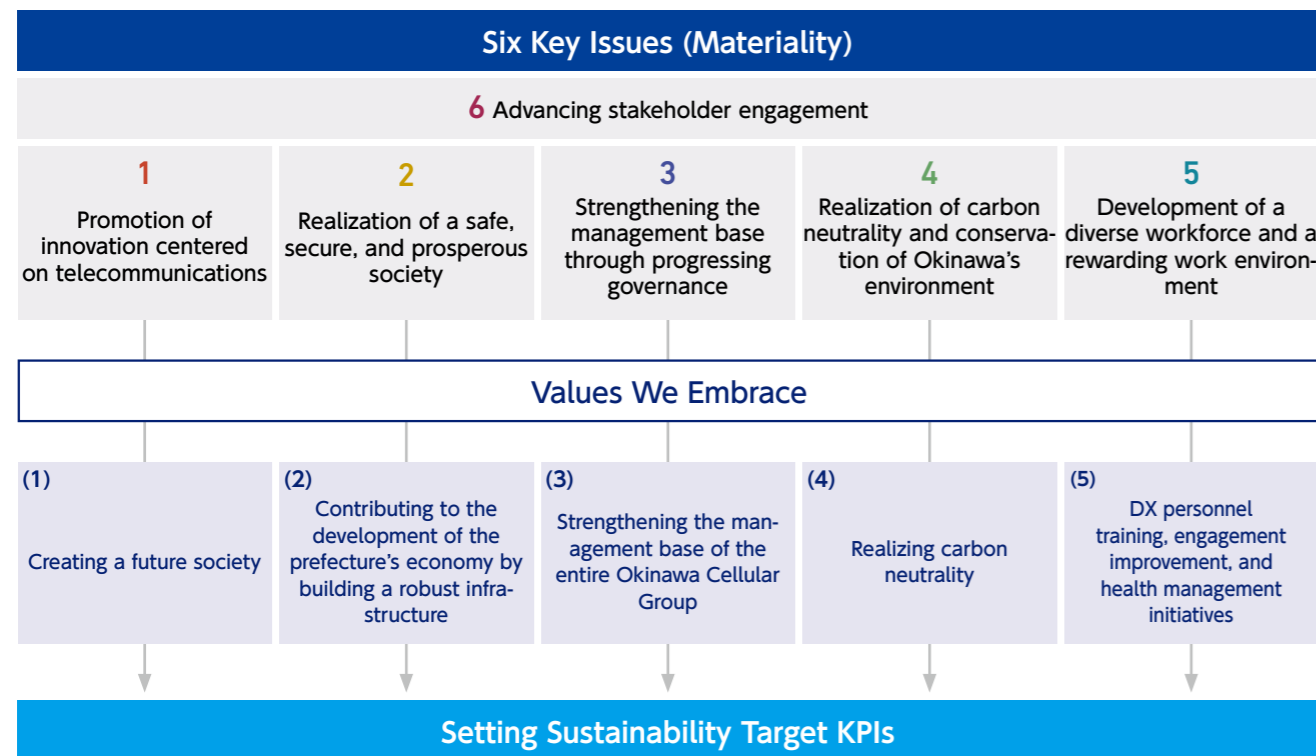


Heartful Bonds

Key Issues (Materiality)

Six Key Issues (Materiality)

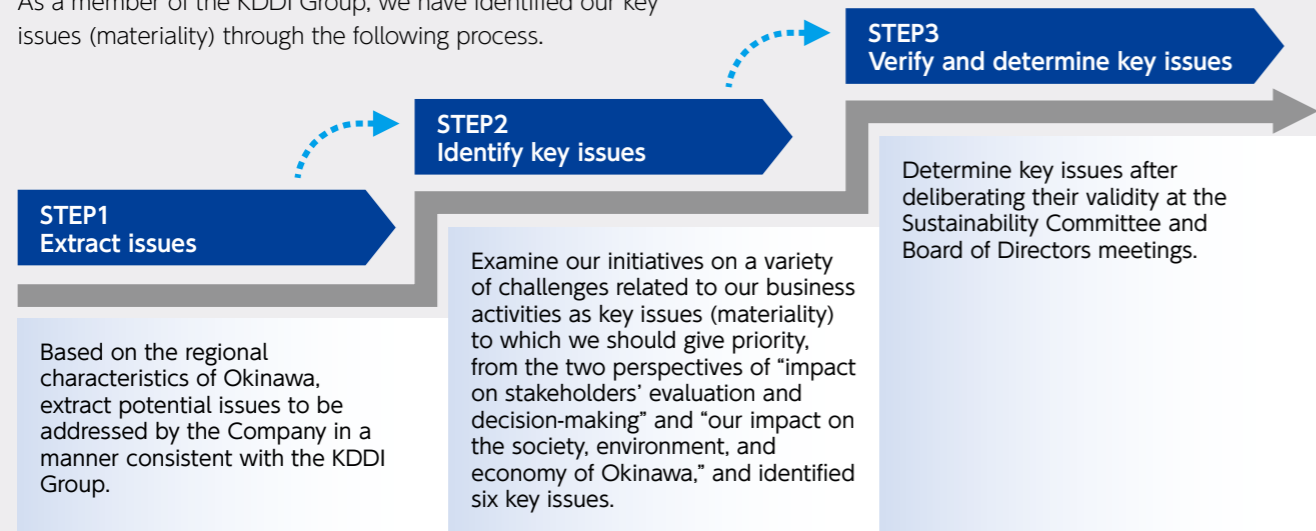
We have identified six key issues (materiality) to which we should give priority for solving various social issues through our core business. We will work to contribute to the growth of a sustainable society, increase our corporate value over the medium to long term, and become a driving force in the Okinawan economy.



Materiality 1	Promotion of innovation centered on telecommunications Values We Embrace (1) Molding Future Society ■ Creating an exciting future society for Okinawa people by promoting innovation centered on telecommunications
Materiality 2	Realization of a safe, secure, and prosperous society Values We Embrace (2) Contributing to the development of the prefecture's economy by building a robust infrastructure ■ Contributing to the development of the prefecture's economy by building a robust infrastructure ■ Eliminating the information divide on remote islands and co-creating with remote island industries
Materiality 3	Strengthening the management base through progressing governance Values We Embrace (3) Strengthening the management base of the entire Okinawa Cellular Group ■ Strengthening Risk Management ■ Ensuring Compliance ■ Fair and proactive information disclosure
Materiality 4	Realization of carbon neutrality and conservation of Okinawa's environment Values We Embrace (4) Realizing carbon neutrality ■ Realizing the clean energy roadmap ■ Improving energy efficiency and using clean energy ■ Reducing the environmental impact of society by using ICT
Materiality 5	Development of a Diverse Workforce and Rewarding Work Environment Values We Embrace (5) DX personnel training, engagement improvement, initiatives for Health-Focused Management ■ Human resources training and career development (DX personnel training) ■ Pursuit of hybrid work styles (Declaration of New Work Styles) ■ Initiatives for Health-Focused Management ■ Pursuit of employee satisfaction
Materiality 6	Advancing stakeholder engagement ■ Building strong relationships with all stakeholders, including local communities, employees, customers, agents, suppliers, and shareholders

Materiality Selection Process

As a member of the KDDI Group, we have identified our key issues (materiality) through the following process.



Consistency of Key Issues (Materiality) with the SDGs Declaration

Key Issues (Materiality) ✕ SDGs Declaration by Okinawa Cellular

Key Issues (Materiality)	Social Issues					
	Communication security even during disasters	A fuller digital society	A beautiful Okinawa forever	Human resources to lead future generations	Health and purpose in life	Joining forces with people from all walks of life
1 Promotion of innovation centered on telecommunications	●	●			●	
2 Realization of a safe, secure, and prosperous society	●	●				
3 Strengthening the management base through progressing governance						●
4 Realization of carbon neutrality and conservation of Okinawa's environment			●			
5 Development of a Diverse Workforce and Rewarding Work Environment				●	●	●
6 Advancing stakeholder engagement				●	●	●



Materiality 1 Promotion of Innovation Centered on Telecommunications

Values We Embrace (1) Molding Future Society

- Creating an exciting future society for Okinawa people by promoting innovation centered on telecommunications

Using Drones to Build a Network of Supplies for Remote Islands

In Taketomi Town, which consists of many islands, ships connecting the islands are an important logistics infrastructure that supports the lives of residents. However, there are issues with unstable supply of medicines and daily consumables when shipping is cancelled due to the natural environment (seasonal winds, typhoons, etc.). Especially from November to March, when strong winds blow, the services are often cancelled, which has caused a serious impact on the lives of residents.

Okinawa Cellular established a joint venture with Blue Ocean Okinawa Inc. to solve such logistics infrastructure issues. We have been commissioned by Taketomi Town to undertake a demonstration project for the supply transportation using drones. In December 2020, we succeeded in a demonstration of delivery by a drone carrying over-the-counter medicines under adverse weather conditions (with regular ferry service cancelled, and strong wind and wave advisories issued, under rainy weather with wind speed of 4 to 13 m) in the sea between Uehara Port on Iriomote Island and Hatoma Port on Hatoma Island (approx. 6.8 km). This was the first time in Japan that a drone has been used for transportation in strong wind and rain.

We will continue to actively build our business in the logistics domain by utilizing the KDDI SmartDrone Platform, which enables out-of-sight flights using mobile communication networks, with the aim of expanding the industrial application of drones.

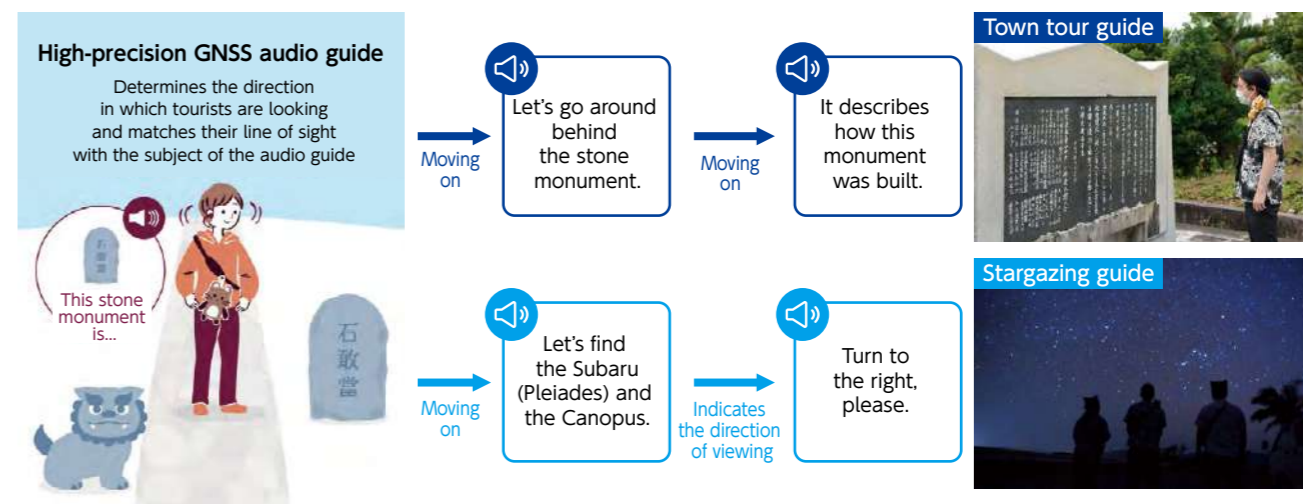


Promoting Tourism DX with Japan's First Automatic Audio Sightseeing Guide Utilizing High-Precision Positioning Technology

Okinawa Cellular Agri&Marche and KDDI are working with local businesses in Taketomi Town, Okinawa Prefecture, on a tourism DX that utilizes new communications technology.

Conventional non-face-to-face audio guide for sightseeing has been inaccurate due to errors in location information. Sometimes a voice guidance was played about objects on the opposite side from the direction in which tourists are looking. To address this issue, Okinawa Cellular Agri&Marche utilized KDDI's high-precision GNSS positioning system*, which reduces the margin of error in location information from a few meters to a few centimeters. Using this technology, the company conducted a demonstration test to determine what tourists are looking at based on the high-precision location information and the direction tourists are facing, and to accurately provide automatic audio guide on tourist attractions or starry skies which each person is looking at. We aim to put this service into practical use to address the shortage of tour guides due to the increase in the number of tourists, and to contribute to the sustainable growth of local communities and the tourism industry.

*High-precision GNSS positioning system: A satellite-based positioning system that can acquire location information within a few centimeters of error



Comprehensive Partnership Agreement Signed with the University of the Ryukyus for Regional Revitalization

In March 2021, Okinawa Cellular and KDDI signed a comprehensive partnership agreement with the University of the Ryukyus to promote local human resource development, industrial promotion, and regional revitalization.

This initiative aims to exchange and utilize human and intellectual resources, mutually cooperate in education, research, and other fields, and promote sustainable development of local communities, human resource development, and academic research by utilizing ICT and other technologies.

We will continue to develop human resources to lead the next generation, promote activities based on partnership and collaboration, and further revitalize the local economy by effectively utilizing ICT and other resources of both sides toward the 5G era.



Materiality 1 Promotion of Innovation Centered on Telecommunications

▶ Values We Embrace (1) Molding Future Society

Creating New Business Solutions for Customers in Okinawa through Collaboration with KDDI DIGITAL GATE Okinawa

KDDI DIGITAL GATE is a 5G and IoT business development center that creates new business solutions together with customers. In 2019, KDDI DIGITAL GATE Okinawa (Naha City) was established as a new base for KDDI DIGITAL GATE activities. At this facility, in collaboration with IT Innovation and Strategy Center Okinawa (ISCO), we work with customers to identify the essential issues facing their companies and communities, and our expert staff design solutions to those issues applying a design thinking process and other methods. Also, the Agile Development Team stationed at the facility will quickly develop, launch, and improve ideas for the service.

Through the teamwork between Okinawa Cellular's solution sales and KDDI DIGITAL GATE Okinawa, we will actively collaborate with companies and engineers in Okinawa to realize new businesses originating from Okinawa through open innovation, and to improve the productivity and international competitiveness of the entire industry in Okinawa.



Materiality 2 Realization of a Safe, Secure, and Prosperous Society

Values We Embrace (2) Contributing to the Development of the Prefecture's Economy by Building a Robust Infrastructure

- Contributing to the development of the prefecture's economy by building a robust infrastructure
- Eliminating the information divide on remote islands and co-creating with remote island industries

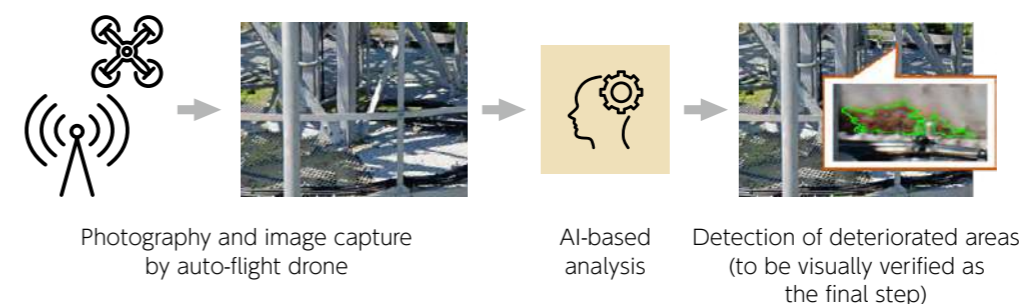
Contributing to Labor Savings through Automated Inspection of Telecommunication Base Stations by AI Analysis of Images Captured by Drones

Inspection of tower-type base stations, which involves work at high elevations, requires skilled workers and thorough safety assurance during the work. It entails difficulties in terms of inspection time and cost. As part of efforts to solve this issue, we are conducting a demonstration test of automated inspection of tower-type base stations, utilizing image capture by the Skydio2+™ drone equipped with auto-flight software and Okinawa Cellular's AI image analysis technology.

The inspection can identify areas of deterioration such as peeling paint, rust, and corrosion, and we have confirmed the accuracy of the damaged area identification. It takes about 20 minutes per tower to completely take photographs of the entire base station, reducing the inspection time to about one-fifteenth of the time required by conventional methods. The photographs taken are high-resolution and comparable to close-up photographs taken by working at high elevations, and the AI image analysis models enables us to identify areas of deterioration.



Outline of the Demonstration Test



Inspection time
5 hours ▶ **20 min.**
Reduced to **1/15**

Analytical capacity (per minute)
2 images
▶ **100 images**
Increased by **50 times**

Materiality 2 Realization of a Safe, Secure, and Prosperous Society

▶ Values We Embrace (2) Contributing to the Development of the Prefecture's Economy by Building a Robust Infrastructure

We will continue to study the practical application of the automated inspection through collaboration with partners such as KDDI SmartDrone and an aircraft manufacturer, Skydio, Inc. Moreover, through a combination of autonomous drone flight and AI image analysis, we aim to acquire technology and know-how with our partners that can be widely utilized in diagnosis of facilities such as bridges and buildings, as well as for Okinawa's key industries including agriculture and tourism.

Constructing 5G Communication Infrastructure at Aircraft Maintenance Sites to Support Development of DX

When a defect or missing tool occurs in aircraft maintenance, the recorded images of the work captured by the wearable camera can be used for early identification of the defect cause, formulation of preventive measures, and quick discovery of the missing tool.

Aiming to build a network environment in which images captured by wearable cameras placed in the aircraft maintenance plants are uploaded to the cloud for storage, Okinawa Cellular has constructed 5G communication infrastructure in the aircraft maintenance sites. Along with this, iPhone13 (530 units) have been introduced as communication terminals to support the DX at the sites.

The 5G communication network in the maintenance plants is designed to achieve an upstream communication speed of 1 Mbps or higher, even when 190 iPhone terminals are simultaneously communicating. To achieve this target level, we conducted a simultaneous connection test using 75 iPhone terminals at the Okinawa Cellular head office building, and performed a quality survey assuming an actual usage environment and verified the use of the system on actual equipment.

We will continue to utilize additional 5G communication facilities in response to data traffic conditions, and to further increase communication speeds within the maintenance sites.



MRO Japan Co., Ltd.

Offering Mobile Service Grant for 30 New High School Students from Remote Islands

The mobile service grant for high school students from remote islands is offered to students who will leave their parents or the island where they were born and raised in the "spring of their age 15" after graduating from junior high school and going on to high school. This program is a unique initiative of Okinawa Cellular to help students balance their studies and independent living while they are in high school by providing free smartphone handsets and exempting them from calling and data communication charges for three years. The program began in fiscal 2015 and has delivered the grants to over 360 students to date. The number of grant recipients in fiscal 2023 was 30, who were selected after screening of documents.

Through this program, Okinawa Cellular will continue to support bright, positive, and highly motivated children so that they can pursue their studies with peace of mind.



Materiality 3 Strengthening the Management Base through Progressing Governance

Values We Embrace (3) Strengthening the Management Base of the Entire Okinawa Cellular Group

- Strengthening risk management
- Ensuring compliance
- Fair and proactive information disclosure

Strengthening Risk Management

Approach (risk management and concept of internal control)

In a constantly changing business environment, the risks faced by companies are also becoming more diverse and complex. Okinawa Cellular recognizes that strengthening risk management is an important management issue in order to continue its business and fulfill its responsibilities to society. We position causes and events that may affect the achievement of management goals as "risks" and promote risk management activities throughout the Group.

Risk management and internal control activities

Okinawa Cellular has a system in place to promote risk management activities in an integrated manner. The Representative Director and President is designated as Internal Control Manager, and the Risk Management Department serves as the Internal Control Secretariat. Under the supervision of the Internal Control Manager, we promote the development and operation of an internal control system and risk management activities, as well as develop activities to improve the quality of operations to foster a corporate culture that is less prone to the occurrence of risks.

Risk management activity cycle

We have established a PDCA cycle for risk management activities based on the recognition that it is important to identify signs of a company crisis to prevent it from occurring, and to take countermeasures before the situation worsens. Furthermore, we have a crisis management system in place that allows us to respond quickly and appropriately in the event of the occurrence of risk.

Risk identification process

We regularly identify risk information and position risks that may have a significant impact on the Company's business as material risks, and consider and implement countermeasures to reduce the occurrence of these material risks and the impact of their occurrence as much as possible. In fiscal 2022, to ensure the achievement of our management goals, we selected 23 material risks based on the issues that have emerged in the past and changes in the business

Materiality3 Strengthening the Management Base through Progressing Governance

▶ Values We Embrace (3) Strengthening the Management Base of the Entire Okinawa Cellular Group

environment, and conducted internal audits applying risk foresight, material risk mitigation activities, and a risk approach. In our information security activities, we have unified the standards of all Group companies to promote the improvement of information security levels throughout the Group and to reduce information security risks.

Ensuring Compliance

For Okinawa Cellular, which supports the telecommunications infrastructure essential for daily life and business, it is necessary to earn and maintain the trust of society. Okinawa Cellular is committed to ensuring compliance as follows.

1. All officers and employees shall always maintain high ethical standards and perform their duties properly in accordance with the Okinawa Cellular Code of Conduct, which sets forth the basic principles to be observed in the performance of their duties.
2. We will take a firm stand against antisocial forces and work to sever all relationships with them.
3. In the corporate bodies pertaining to the corporate ethics of the Group, we will work on early detection and handling of serious violations of laws and regulations and other compliance-related problems and accidents at each of the Group companies.
4. We ensure the proper operation of the whistle-blowing systems for compliance, which have been established both internally and externally.
5. We will strive to improve understanding and awareness of compliance through internal and external training, internal education activities, and other means.

Business Ethics Compliance System

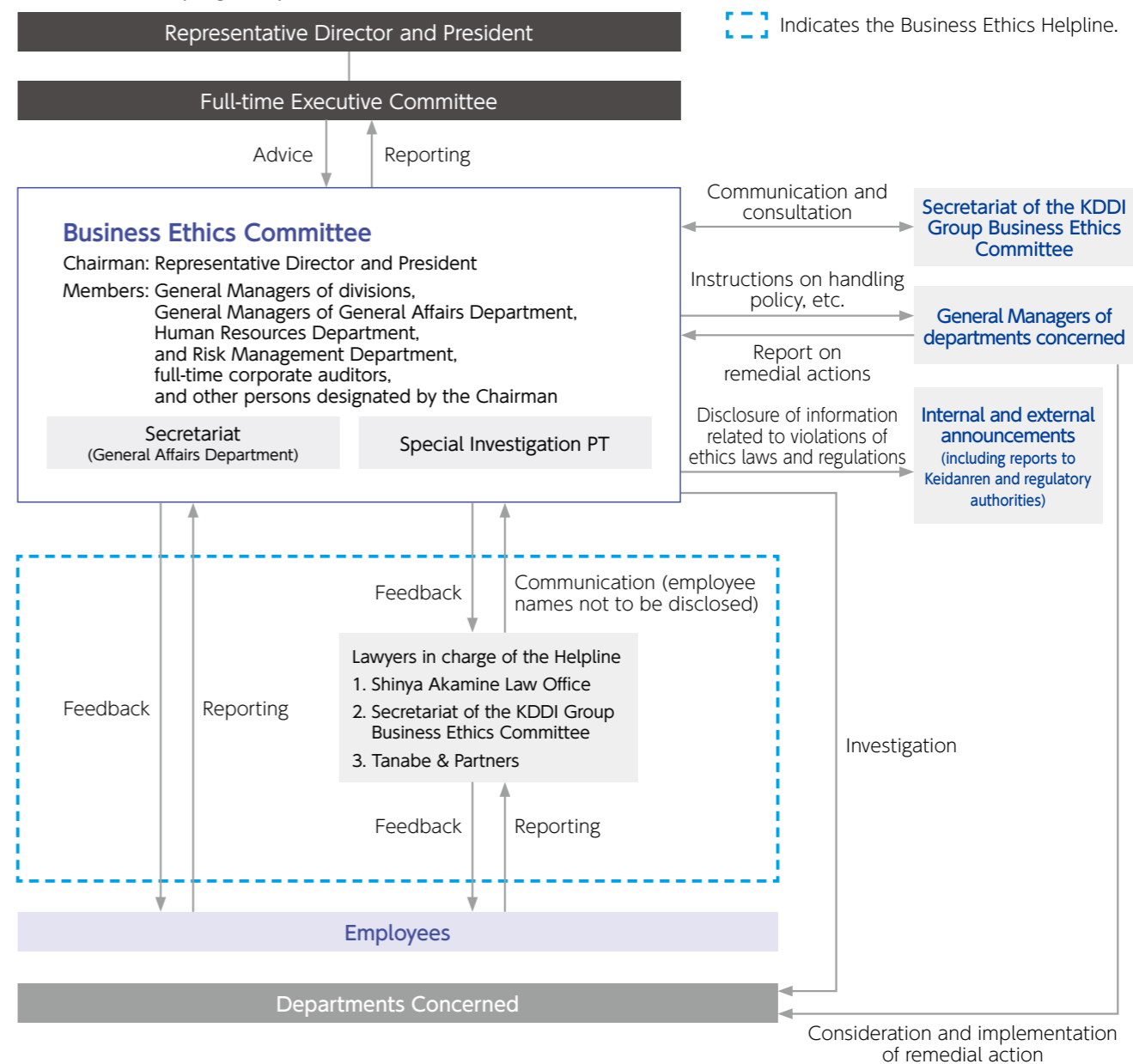
Okinawa Cellular has established the Okinawa Cellular Business Ethics Committee as a body to deliberate and decide on compliance-related matters. The Committee is chaired by the Representative Director and President and consists of the general managers of each division, the general managers of the General Affairs Department, the Human Resources Department, and the Risk Management Department, full-time corporate auditors and other persons designated by the Chairman of the Committee.

Every year, the Committee meets semiannually to ascertain the status of compliance-related activities within the Company and to build and strengthen compliance systems. We have also established the Business Ethics Helpline as a consultation service to provide an environment and system that facilitates reporting, and to ensure early detection and correction of misconduct, etc.

If a violation of business ethics occurs, or if an employee finds such a matter, the Okinawa Cellular Business Ethics Committee will conduct an investigation and determine a course of action, while communicating and consulting with the KDDI Group Business Ethics Committee. We will then announce the information internally and externally and provide feedback to the reporting party.

Internal System for Business Ethics (Operation of the Business Ethics Committee and the Business Ethics Helpline) (As of September 1, 2023)

Normal route (daily regular operations)



Materiality 3 Strengthening the Management Base through Progressing Governance

▶ Values We Embrace (3) Strengthening the Management Base of the Entire Okinawa Cellular Group

Corporate Governance

Basic policy for establishment of internal control system

In accordance with Article 362, Paragraph 5 of the Companies Act, Okinawa Cellular resolved the Basic Policy for Establishment of Internal Control System at a meeting of the Board of Directors and publicly announces the details of the resolution and its operation status. Through these efforts, Okinawa Cellular ensures fairness, transparency, and efficiency in the execution of company operations, and is working to develop an effective internal control system to improve corporate quality.

Corporate governance system

1. Board of Directors

The Board of Directors consists of directors, including outside directors, and makes decisions on important matters as stipulated by laws and regulations in accordance with the Rules of the Board of Directors and the Criteria for Agenda Items for the Board of Directors, and supervises the directors to ensure that they execute their duties appropriately. Information related to the execution of duties by directors is appropriately stored and managed in accordance with internal rules.

2. Business Execution System

1. We will clarify the authority and responsibility structure to ensure effective and efficient operations.
2. In addition to the agenda items for the Board of Directors, important matters related to business execution are deliberated and decided by the Full-time Executive Committee, consisting of full-time directors, executive officers, etc., in accordance with the regulations of the Full-time Executive Committee.

3. System to ensure the effectiveness of corporate auditors' performance of duties

1. Corporate Auditors shall attend major internal meetings in addition to meetings of the Board of Directors, and we will take measures to enable them to inspect the minutes of important meetings, requests for approval, contracts, etc.
2. Directors and employees, directors of subsidiaries, and the internal audit division shall report to corporate auditors any information necessary for them to perform their duties in a timely and appropriate manner and shall immediately report to corporate auditors any facts discovered that may cause significant damage to the Company or its subsidiaries. Also, directors and employees, directors of subsidiaries, and the internal audit division shall exchange opinions with the corporate auditors and cooperate with them.
3. We will create a system to support the duties of corporate auditors, and regarding the personnel of employees engaged in their duties, we will respect the opinions of corporate auditors in terms of the qualifications, number of employees, etc., and ensure that appropriate personnel are assigned.
4. We will take measures to ensure that no person who makes a report to corporate auditors will be disadvantaged as a result of making such a report.
5. We will ensure necessary funds to enable corporate auditors to effectively perform their duties.

Compliance with internal control reporting system (J-SOX)

In response to the internal control reporting system based on the Financial Instruments and Exchange Law, which became effective in fiscal 2008, we conducted an internal control evaluation for the Company and one consolidated subsidiary to ensure reliability of financial reporting. The results of the evaluation were compiled into an internal control report, which has been submitted to the Prime Minister in June 2023 and disclosed to our investors.

Appropriate Taxation

Basic tax policy

The Okinawa Cellular Group is committed to maximize corporate value by fulfilling its corporate social responsibility through the following initiatives: improving customer satisfaction and pursuing profit, complying with international rules and tax-related laws and regulations in each country and region, and respecting the spirit of such regulations and paying appropriate taxes in a manner that ensures tax fairness.

Tax governance system

Comprehensive responsibility for the Company's tax affairs rests with the General Manager of the Corporate Management Division. The General Manager shall establish and maintain the Company's tax management system and properly execute duties related to taxation. The General Manager also oversees the status of tax management throughout the Group and reports to the Board of Directors as necessary, when identifying significant issues.

Initiatives to maintain and improve tax governance

The Representative Director and President and other members of the management team need to be properly aware of tax risks, and these risks are important issues directly related to the business management. From this perspective, we strive to develop and promote tax strategies, including the use of outside experts to acquire the latest tax knowledge.

Furthermore, by conducting regular training sessions for employees, we endeavor to penetrate and establish awareness of tax compliance within the Company, maintain and improve tax governance, and will promptly take remedial measures when tax-related issues are identified.

Tax transparency and relationships with tax authorities

The Group places the highest priority on compliance with laws and regulations, and strives to pay an appropriate amount of tax within the scope of normal business activities by taking advantage of preferential taxation and other taxation systems. We never apply preferential tax treatment based on interpretations that deviate from the legislative intent of laws and regulations or engage in intentional tax avoidance that is not in line with our business objectives or engage in abusive tax planning by taking advantage of light-tax jurisdictions.

We will endeavor to build constructive relationships with tax authorities. If a transaction arises for which the tax interpretation is unclear, we will strive to reduce tax risks by consulting with outside experts and making preliminary inquiries to the authorities, as necessary.

If a problem is identified by the tax authorities, we will immediately clarify the cause of the problem and take appropriate corrective and remedial actions to prevent recurrence, except for cases in which we file objections or lawsuits against the measures or opinions of the authorities.

Initiatives to prevent tax avoidance

In accordance with the action plans of the Base Erosion and Profit Shifting (BEPS) proposed by the Organization for Economic Cooperation and Development (OECD), we are working on BEPS-compliant tax system reforms to ensure that the location of corporate economic activity and value creation is aligned with the location of taxation and that taxes are paid appropriately, in Japan and other countries.

In terms of international taxation, most of the Group's business is related to telecommunications and other ancillary businesses in Japan, and the number of foreign-related transactions is small.

Currently, there are no foreign-related transactions that are subject to transfer pricing taxation or tax haven taxation in the Group. If such transactions arise in the future, we will handle them in accordance with the following policy.

Compliance with the transfer pricing taxation

When a foreign-related transaction is conducted, the rationality of the transaction is verified in compliance with the laws and regulations of each country, and transfer pricing documentation is prepared. Depending on the size of the transaction, we will consult with the tax authorities and utilize various systems to ensure appropriate tax payment.

Compliance with the anti-tax haven taxation system

We will not use tax-free or low-tax jurisdictions (so-called tax haven jurisdictions) for the purpose of tax avoidance. When an investment is made in a tax haven area for business reasons, the application of the anti-tax haven taxation system will be determined in accordance with the laws and regulations of each country. As a result, if we are subject to anti-tax haven taxation, we will properly file tax returns.



Materiality 4 Realization of Carbon Neutrality and Conservation of Okinawa's Environment

Values We Embrace (4) Realizing Carbon Neutrality

- Realizing the clean energy roadmap
- Improving energy efficiency and using clean energy
- Reducing the environmental impact of society by using ICT

Realizing the Clean Energy Roadmap 2030 Efforts to Achieve Net Zero CO₂ Emissions by Fiscal 2030

Considering global warming as a priority issue, Okinawa Cellular established the Clean Energy Roadmap 2030 in June 2021, based on the long-term targets of the Paris Agreement adopted at COP21, the government's global warming countermeasures, and the Okinawa Clean Energy Initiative to realize a decarbonized society in Okinawa Prefecture. Also, we set our own CO₂ emissions reduction target of "net zero CO₂ emissions by fiscal 2030."

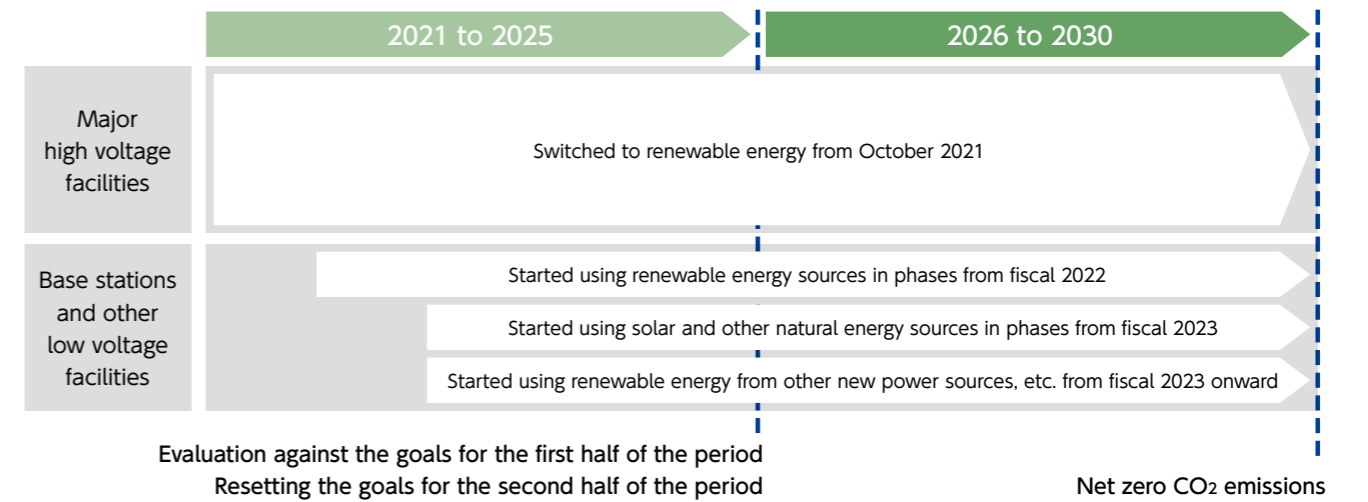
Okinawa Cellular's annual power consumption for its business activities is approximately 24,600,000 kWh or 19,000 tons of CO₂ equivalent (fiscal 2020 results). More than half of that total amount is consumed by Okinawa Cellular's mobile phone base stations.

Starting from October 2021, Okinawa Cellular switched the electricity for its main facilities (6 facilities), including its network center at the head office building, to "Uchina-CO₂ Free Menu," a service of virtually 100% renewable energy provided by the Okinawa Electric Power Company. In this service, electricity is produced and consumed locally by utilizing Okinawa's resources, and CO₂ emissions are counted as net zero by utilizing "non-fossil certificates," which certify the environmental value of electricity generated from renewable energy sources and other non-fossil sources.

With this initiative, we expect to reduce CO₂ emissions by approximately 7,879 tons, which is equivalent to the amount of CO₂ absorbed by approximately 895,000 cedar trees in one year (comparable to a forest approximately 64 times larger than Okinawa Cellular Stadium Naha when assuming one tree per square meter).

Additionally, we are switching to renewable energy sources for the electricity used at our mobile phone base stations from fiscal 2022. We will work toward the goal of "net zero CO₂ emissions by fiscal 2030" and contribute to the environmental preservation of Okinawa as well as of the Earth.

Clean Energy Roadmap 2030



Improvement of Energy Efficiency and Utilization of Clean Energy

Okinawa Cellular is working to improve energy efficiency and utilize clean energy to achieve carbon neutrality. Regarding energy efficiency, we are in the process of demonstrating the use of radiation-cooled materials in the power supply boxes of base stations to reduce the power consumption of the air conditioners built into the boxes. As for the use of clean energy, we introduced solar power generation at our telecommunications base station facilities in September 2023. During sunny days, we secure power through solar power generation, and at night, we switch to a CO₂-free power supply. In this way, we have begun operating our Sustainable Base Stations with virtually zero CO₂ emissions 24 hours a day, 365 days a year. We will continue to improve energy efficiency and utilize clean energy by introducing solar power generation to our facilities other than the Sustainable Base Stations, thereby accelerating our efforts toward carbon neutrality.



Sustainable Base Station

TCFD Initiatives

Okinawa Cellular has established a Sustainability Committee, chaired by the Representative Director and President, to accelerate the Company's efforts to achieve a sustainable society. We also disclose information in accordance with the framework of the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB).

Governance

Sustainability Committee

In April 2022, we established the Sustainability Committee, chaired by the Representative Director and President and composed of key members of the Board of Directors, as a body to systematically and efficiently discuss issues related to sustainability (SDGs, social contributions, climate change countermeasures, etc.) and confirm progress on KPIs.

The Committee is responsible for reviewing and discussing climate-related risks and opportunities, as well as monitoring and overseeing the situation, and approving matters to be reported. The Committee meetings are held semiannually, and its contents are reported to the Board of Directors, which oversees and directs the implementation of measures and initiatives to address important issues.

Carbon Neutrality Subcommittee

The Carbon Neutrality Subcommittee has been established as a working unit of the Sustainability Committee to take initiatives to achieve carbon neutrality.

Materiality 4 Realization of Carbon Neutrality and Conservation of Okinawa's Environment

▶ Values We Embrace (4) Realizing Carbon Neutrality

Indicators and Targets

Okinawa Cellular calculates greenhouse gas emissions (Scope 1, 2, and 3), including those of its Group companies, and strives to manage the risks and opportunities that climate change poses to the Company through regular and quantitative monitoring of its environmental impact. Based on the following indicators and targets, we will work with KDDI to reduce greenhouse gas emissions.

Category		Emissions in fiscal 2021 (t-CO ₂)	Target (compared to fiscal 2021)
Scope 1	Direct greenhouse gas emissions by the business enterprise itself	15	Net zero emissions by fiscal 2030
Scope 2	Indirect emissions from the use of electricity supplied by others, heat, and steam	25,004	Net zero emissions by fiscal 2030
Scope 3	Indirect emissions other than Scope 2	—	—

Scenario Analysis

In the scenario analysis, we referred to scenarios published by the Intergovernmental Panel on Climate Change (IPCC) and "Climate Change in Japan 2020" published by the Ministry of Education, Culture, Sports, Science and Technology (MEXT) and the Japan Meteorological Agency (JMA). We then analyzed two scenarios: the 2°C scenario, which is the goal of the Paris Agreement (assuming a global average temperature increase of less than 2°C from pre-industrial times), and the 4°C scenario (global greenhouse gas emissions increase from the current level without any climate change countermeasures).

As a result of the scenario analysis, energy price hikes, a key risk in the 2°C scenario, are expected to continue over the long term. Therefore, we will plan and implement continuous energy conservation and decarbonization efforts. Under the 4°C scenario, we would be affected by the rise in temperature, increased energy consumption due to extreme weather conditions, and more severe and frequent disasters. For these risks, we will work to minimize their impacts by reviewing our BCP plans as needed and conducting periodic drills.

2°C Scenario

Risk	Risk factor	Time frame	Impact on business	Countermeasures
Transition risk	<Policies and Regulations> Tighter GHG emission regulations, introduction of charcoal tax	Short- to medium-term	Increase in costs due to the introduction of carbon pricing, and increase in expenditures for energy-saving measures due to the introduction of the Act on the Rational Use of Energy and Conversion to Non-Fossil Energy, etc.	<ul style="list-style-type: none"> Plan to switch from fossil fuel electricity to renewable energy electricity Introduce energy-saving measures
	Changes in energy policy, demand, and supply	Medium- to long-term	<ul style="list-style-type: none"> Cost increase due to higher fuel prices Increase in transportation cost 	Plan to switch from fossil fuel electricity to renewable energy electricity
	Stakeholders' demand for decarbonization	Short- to long-term	Deterioration in reputation and ESG ratings due to delays in the Clean Energy Roadmap 2030 initiatives and failure to meet the targets	Plan to switch from fossil fuel electricity to renewable energy electricity
Physical risk	Rise in temperature	Long-term	Average annual temperature in Okinawa is expected to rise about 1.4°C.	The impact on the Company's business under this scenario is within expectations, with no significant change in capital and operating costs.

4°C Scenario

Risk	Risk factor	Time frame	Impact on business	Countermeasures
Transition risk	Energy mix	Medium- to long-term	Dependence on fossil fuels will lead to a 40% increase in oil prices in 2050, which will be accompanied by a sharp rise in various energy prices and a significant increase in expenditures.	Plan to switch from fossil fuel electricity to renewable energy electricity
Physical risk	Increased intensity and frequency of typhoons and other extreme weather conditions	Long-term	Failures and disruptions of telecommunication facilities due to larger and more frequent typhoons, resulting in higher operating costs and lower earnings due to business interruptions, etc.	Minimizing the impact by reviewing BCP plans and conducting disaster recovery drills
	Increased heat intensity and frequency	Long-term	Annual average temperature in Okinawa will rise by about 4.5°C, and the number of extremely hot days and nights will increase significantly, leading to increased electricity consumption and increased countermeasure costs for telecommunication facilities, etc.	Introduction of high-efficiency energy-saving equipment and other measures

Risk Management

The Carbon Neutrality Subcommittee will discuss and verify the degree of impact and likelihood of occurrence of risks related to climate change, and identify and manage key risks and opportunities. For risks to be addressed, quantitative annual targets for risk reduction are established in each of the departments in charge, and their progress is supervised and evaluated. The status of progress is repeatedly discussed, verified, and shared by the Carbon Neutrality Subcommittee, and improvement measures will be taken as necessary. Details of improvements and the status of progress are reported to the Sustainability Committee and the Board of Directors.

Materiality 4 Realization of Carbon Neutrality and Conservation of Okinawa's Environment

▶ Values We Embrace (4) Realizing Carbon Neutrality

Initiatives Related to TNFD

Okinawa Cellular endorses the philosophy of the Taskforce on Nature-related Financial Disclosures (TNFD)* and has joined the TNFD Forum to support its activities.

We also joined the "30by30" Alliance, an initiative of the Ministry of the Environment to establish a mechanism for achieving its goal: preserving and protecting at least 30% of the land and sea as healthy ecosystems.

* International initiative established in June 2021 to create a framework for corporate risk management and information disclosure related to natural capital and biodiversity toward a "nature positive" transition to halt the declining trend in biodiversity and restore it.



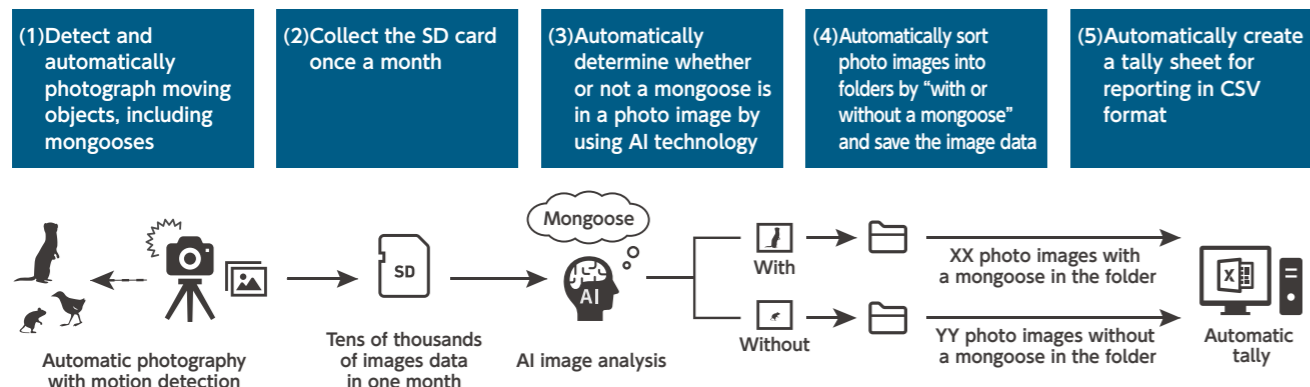
"Okinawa Nature Conservation Project" Supporting Biodiversity Conservation

With the adoption of the global targets for biodiversity conservation toward 2030 at the 15th Conference of the Parties (COP15) to the Convention on Biological Diversity in 2022, the importance of natural capital is increasing. Amami Oshima Island, Tokunoshima Island, northern Okinawa Island, and Iriomote Island, which were registered as World Natural Heritage sites in July 2021, are among the most important areas for biodiversity conservation because they are habitats for endangered species and have highly unique ecosystems. In recent years, however, there has been concern about the impact of the invasion and settlement of non-native species, and it has become an issue that needs to be addressed.

To maintain the precious ecosystem in this area and contribute to the protection of the natural environment, Okinawa Cellular has been conducting the Okinawa Nature Conservation Project, an environmental conservation activity using telecommunications technology, since October 2021.

In the first phase, we installed IoT devices that automatically notify us when animals are captured in traps (15 sets) placed for the preserving the precious animals of the Yanbaru area from stray dogs and cats. This device serves to improve the efficiency of trap watching.

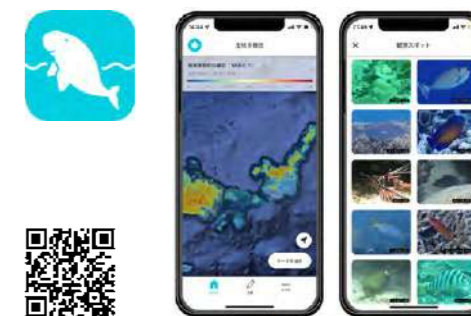
In March 2022, the second phase of the project, we constructed an AI-based automatic image identification system to measure the effectiveness of mongoose eradication activities and to survey their habitat. This system uses AI technology to automate the sorting of more than 20,000 images, which was previously done manually, leading to labor savings.



Partnership with Think Nature Inc. for the Promotion of Nature Positive Initiative in Okinawa

In June 2023, Okinawa Cellular signed a partnership agreement with Think Nature Inc. to realize the nature-positive initiative to halt the loss of biodiversity, put it on a recovery track, and revitalize the natural environment.

As a first step, DugongsAI, a biodiversity visualization application developed by Think Nature and sponsored by Okinawa Cellular, was released. The application utilizes big data on biodiversity and AI technology. Launching the application allows users to view information on the flora and fauna of each region on a map, from rare animals such as the dugong and the Okinawa rail to more familiar animals.



<https://services.think-nature.jp/dugongsai/> (Japanese only)

Conducting the Survey of Invasive Species Using Starlink

In September 2023, Okinawa Cellular conducted an invasive species survey using Starlink, a satellite telecommunication system developed by SpaceX, and Biome, a smartphone application. By establishing an Internet connection through Starlink, which provides high-speed, low-latency satellite broadband Internet service worldwide, we have made it possible to ascertain biological data necessary for biodiversity conservation activities even in areas where mobile communications are unstable.

The data collected from this survey are shared with the Ministry of the Environment and Taketomi Town, Okinawa Prefecture, and used for environmental protection and measures against invasive species on Iriomote Island. Okinawa Cellular will continue to contribute to the preservation of Okinawa's biodiversity by leveraging our strength in telecommunications.



Message Ads Appealing for Biodiversity Preservation and Environmental Protection

On September 24, 2023, Okinawa Cellular placed an advertisement in the Ryukyu Shimpo and the Okinawa Times introducing rare plants and animals that inhabit Okinawa in full size to promote the importance of biodiversity conservation and environmental protection.

In this advertisement, the newspaper was used as a representation of Okinawa's unique ecosystem, and each page introduced creatures inhabiting Okinawa, including humpback whales, coconut crabs, Okinawa rails, and the Iriomote cats. The message conveyed in the advertisement says, "Biodiversity, which is a natural part of Okinawa, is the natural capital that supports our lives. Biodiversity is an asset that we can take pride in, both for the longevity of people and for the enrichment of Okinawan life."

The approach of occupying an entire newspaper's advertising space was rare, and this initiative attracted attention and became a topic of conversation as it carried an advertisement with a highly public message of protection of the natural environment.



Land creatures featured in the Ryukyu Shimpo

Marine creatures featured in the Okinawa Times



Materiality 5 Development of a Diverse Workforce and Rewarding Work Environment

Values We Embrace (5) DX Personnel Training, Engagement Improvement, Initiatives for Health-Focused Management

- Human resources training and career development (DX personnel training)
- Pursuit of hybrid work styles (Declaration of New Work Styles)
- Initiatives for Health-Focused Management
- Pursuit of employee satisfaction

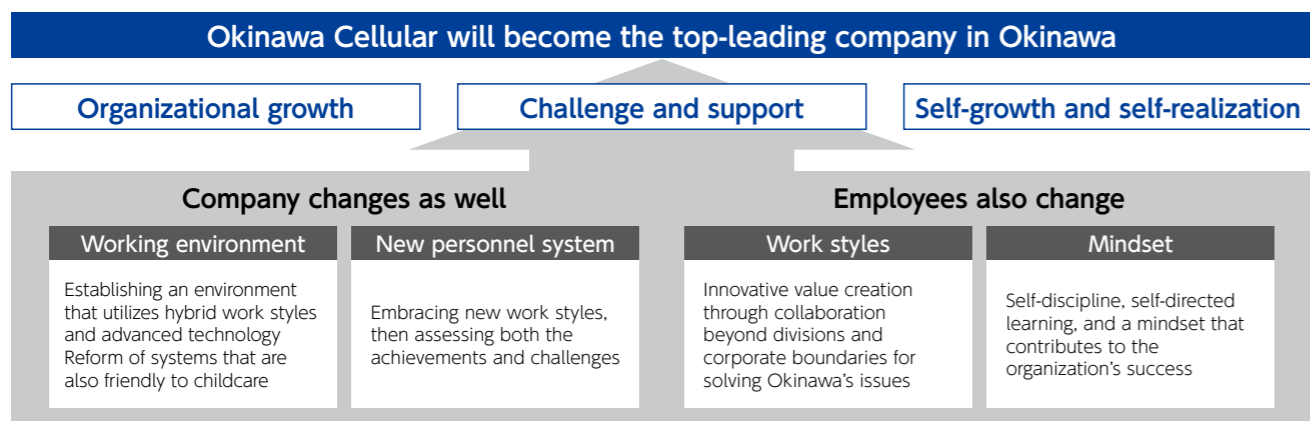
Connect Your Own Growth to the Organization's Growth, Declaration of New Work Styles-Challenge 2.0

Okinawa Cellular has formulated the "Declaration of New Work Styles: Challenge 2.0" with an eye toward further growth and the next 30 years, and has established new regulations and renovated offices to adapt to a new way of working.

Okinawa Cellular Declaration of New Work Styles: Challenge 2.0—Transforming Our Workstyle to Reach the Next Level.



We aim to be Okinawa Cellular, a leader in Okinawa, by transforming the "way of working" according to life stages, values and all challenges, and by supporting people who take on challenges on their own, fostering self-growth, self-realization, and contributing to the growth of our organization.



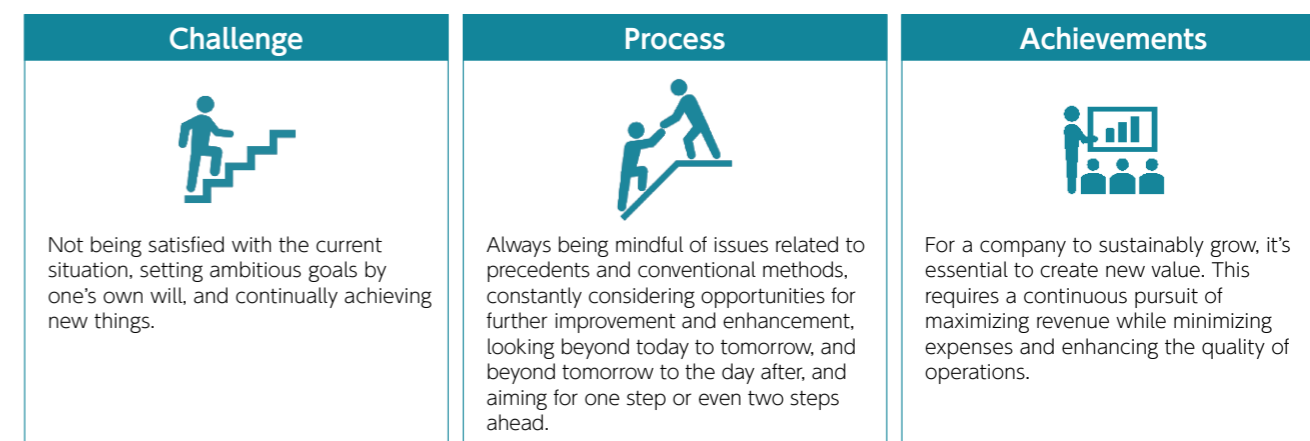
We believe that enabling each employee to adapt their "work styles" to their life stages, values, and challenges connects their growth to the organization's, allowing them to deliver their best results. As specific initiatives for this purpose, we are promoting Internal DX (internal digital transformation) through the introduction of a new personnel system that values a culture of challenge and individuals who embrace challenges, the implementation of a free-seating system in the office, and the adoption of a hybrid system of in-office work and remote work.

We aim to transform Okinawa Cellular into a new company that leads Okinawa by fostering greater diversity in line with each employee's lifestyle, acknowledging significant societal changes such as technological advancements and a shrinking workforce as opportunities, and embracing the idea that "the employees also change, and the company changes as well."



From a Seniority-Based System to a Performance-Based Personnel System

Okinawa Cellular has revamped its personnel system (evaluation, compensation, and grading system) for the fiscal year 2023 in order to assess a culture of challenge and individuals who embrace challenges. The seniority-based personnel system, previously relying on years of service, has been revised to allow promotions within as little as one year, contingent on the assessment of challenges, processes, and accomplishments aligned with role grades. By assessing not only accomplishments but also "challenges" and "processes," we emphasize the pursuit of ambitious goals, offer support to those who embrace challenges, and cultivate a culture of awareness where employees set ambitious goals of their own volition, continuously innovate, and strive to achieve them.



We evaluate not only achievements but also "challenges" and "processes."

Materiality5 Development of a Diverse Workforce and Rewarding Work Environment

▶ Values We Embrace (5) DX Personnel Training, Engagement Improvement, Initiatives for Health-Focused Management

Developing Diverse Talents That Create New Value

Okinawa Cellular is aiming to enhance sustainable corporate value through a “an ambidextrous organization centered on telecommunications,” which drives both the enhancing of existing businesses and the expansion of growth areas.

In the future, we will collaborate with companies from various industries, with our core business being the telecom business, to implement a transformation towards becoming a company that solves the social issues of Okinawa. To achieve this, we believe it is important to update our traditional concept of human resources and to acquire and develop a diverse workforce in order to advance our business strategy.

Differences, including gender, age, the presence of disabilities, and, of course, diversity in terms of career, experience, skills, values, and thinking, are respected. By fostering a diverse pool of talent, employees will enhance their creativity through engagement with each individual’s unique personality, past experiences, and ideas, and will continue to generate new value.

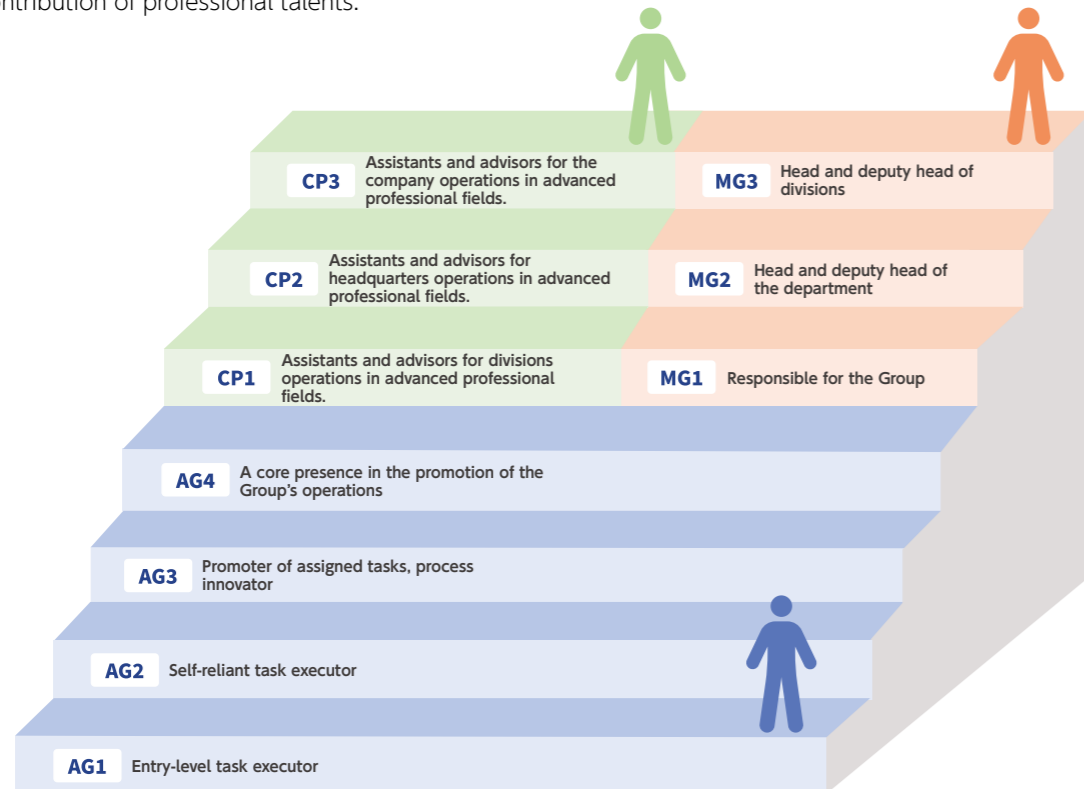
Career Development That Respects the Diversity of All Employees

Okinawa Cellular is committed to the career development of its employees that respects the diversity of each individual’s experiences, skills, values, and thinking, contributing to the organization’s growth. We support employees in pursuing their tasks and skill development autonomously, aligning the company’s vision and mission with the career visions they create for themselves.

In fiscal 2023, we introduced new e-learning systems such as Udemy Business (provided by Benesse Corporation) and GLOBIS Unlimited Learning (provided by GLOBIS Corporation) to support employees’ autonomous learning.

By transitioning our personnel system from a seniority-based one to a performance-based one, we aim to rectify delayed promotions due to maternity and childcare leave as well as facilitate the career development of mid-career hires, promoting a career path that respects the diversity of each employee.

Furthermore, for positions that require advanced specialized skills, we will establish a new role called “Advanced Professional (CP)” based on job definitions and provide them with equivalent managerial benefits, thus promoting the active contribution of professional talents.



DX Personnel Training

At Okinawa Cellular, we position the promotion of Internal DX (internal digital transformation) as a crucial initiative for strengthening the management base. All employees, including executives, aim to enhance their skills from the bottom up through participation in the DX Foundation Training. Furthermore, we aim to foster professional talent in each advanced professional fields by selecting and nurturing employees, particularly in DX core specialized skills areas.

Index	FY Mar.23	FY Mar.24 (Target)	FY Mar.25 (Target)
Number of participants in DX foundation training	146	276	300
Total DX foundation training hours	2,628 hours	—	—
Average training time per employee	18 hours	—	—
Number of participants in DX core specialized skills training	31	45	60
Total DX core specialized skills training hours	496 hours	—	—
Average training time per employee	16 hours	—	—

Initiatives Related to Diversity (Promoting Women’s Participation)

Okinawa Cellular establishes its fundamental policy regarding diversity in its “Okinawa Cellular Philosophy” and “Okinawa Cellular Code of Business Conduct.” Through the cultivation of a workplace culture where employees support each other and the establishment of a telework environment, as well as the implementation of a flexible working system, the return rate for women after taking childcare leave is maintained at 100%.

Furthermore, with regard to men taking childcare leave, we introduced “leave for childcare purposes” in fiscal 2022 to encourage men’s participation in childcare. The rate of men taking childcare leave or leave for childcare purposes is 100%.

■ As of the End of March 2023: Gender Ratio in Managerial Positions (Non-Consolidated).

	Number of employees in managerial positions	Ratio of managerial positions
Males	68	90.7%
Females	7	9.3%
Total	75	100.0%

■ Return Rate of Female Employees After Taking Childcare Leave

Index	FY Mar.23	FY Mar.24 (Target)	FY Mar.25 (Target)
Return rate of female employees after taking childcare	100%	100%	100%

■ Rate of Male Employees Taking Childcare Leave and Leave for Childcare Purposes

Index	FY Mar.23	FY Mar.24 (Target)	FY Mar.25 (Target)
Rate of male employees taking childcare leave and leave for childcare purposes	100%	100%	100%

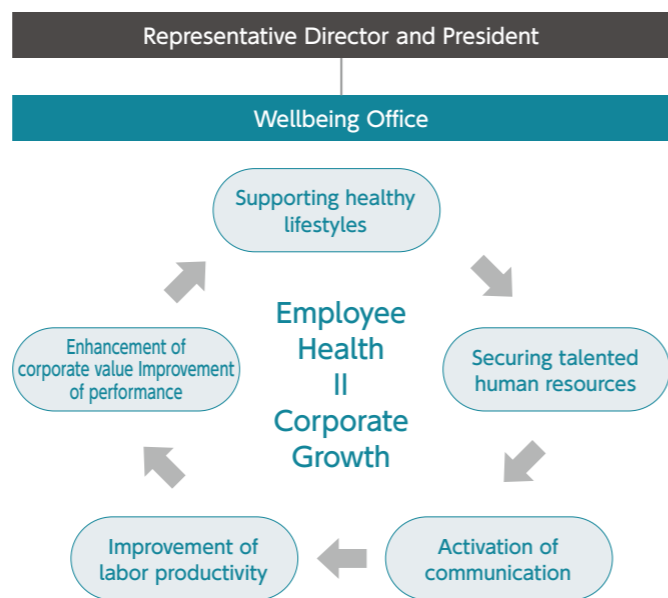
Materiality5 Development of a Diverse Workforce and Rewarding Work Environment

▶ Values We Embrace (5) DX Personnel Training, Engagement Improvement, Initiatives for Health-Focused Management

Initiatives for Health-Focused Management

In order to maintain a workforce that is happy and full of vitality, we consider the “health” of our employees as critical management issues. Under the management Principles of “pursuing the physical and mental wellbeing of employees,” we are promoting the health-focused management within the organization to support the well-being of each individual employee.

Appointing Representative Director and President as the Chief Health Officer, and under the Chief Health Officer, establishing the “Health Promotion Working” (and its secretariat). We are also collaborating with the Safety and Health Committee to promote initiatives in the field of employees’ health. In the fiscal year 2020, we established a “Wellbeing Room” where an onsite industrial health nurse can provide health consultations. Additionally, starting from fiscal year 2023, we created a dedicated organization, the “Wellbeing Office,” to actively engage in health management and strengthen our structure. In the future, we will continue to prevent and mitigate lifestyle-related diseases among employees, promote exercise habits, and reduce smoking rates, all with the aim of maintaining and improving our employees’ health.



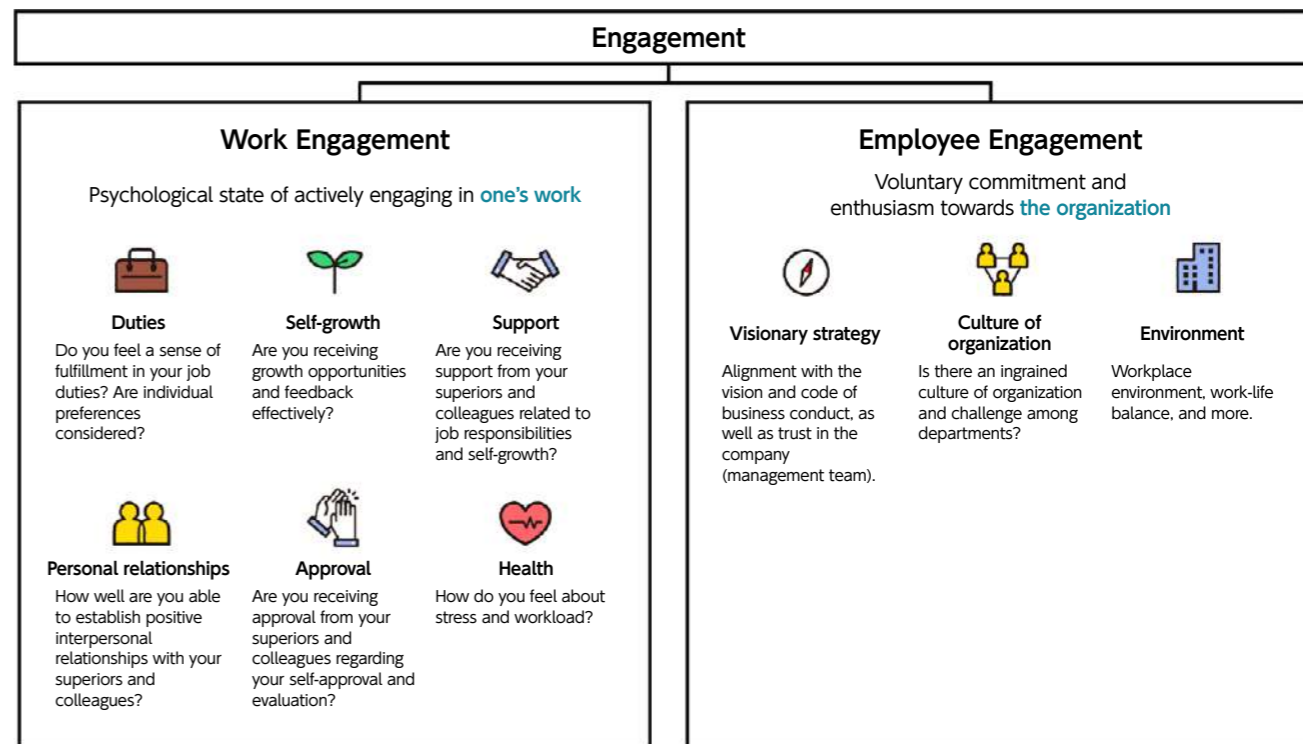
Initiatives for Health-Focused Management (Japanese only)

Development of a Rewarding Work Environment

Toward the realization of Okinawa Cellular’s vision, which is to become “a company where diverse human resources gain fulfillment from their work,” we have been monitoring the current situation through the engagement survey introduced in the fiscal year 2021. This survey enables us to promote the development of a rewarding work and the creation of a conducive working environment.

At Okinawa Cellular Telephone Company, we define “Employee Engagement” as a state characterized by voluntary commitment and proactive involvement in both the organization and work. We assess it through nine elements from the perspectives of teams, individuals, and the organization. These elements are valuable for addressing various organizational issues, including visualizing the organizational state, reducing turnover rates, improving productivity, and supporting managerial positions.

The survey results are shared in real-time with both the HR department and the group leaders of each organization. Taking into account the characteristics and changes in the organization, the HR department and each group leader identify the issues within their respective organizations through dialogue to determine how employees can find rewarding work and work enthusiastically. They then implement a Plan-Do-Check-Act (PDCA) cycle.



Nine Indicators

Employee engagement is measured by nine indicators of self-growth, personal relationships, environment, visionary strategy, culture of organization, health, approval, support, and duties, to visualize organizational characteristics and changes in status.

Employee Engagement

	FY2021 average	FY2022 average
Overall score	74.7	75.2





Materiality 6 Advancing Stakeholder Engagement

- Build strong relationships with all stakeholders, including local communities, employees, customers, distributors, suppliers, and shareholders

Through Smart Agriculture System, We Promote Stable Food Supply and the Expansion of Locally Produced and Locally Consumed Initiatives

Located approximately 400 kilometers on the Pacific side of Okinawa Main Island, Minamidaito Village experiences the approach of many typhoons every year. In the past, typhoons have led to the cancellation of ships carrying daily commodities, resulting in situations where fresh food couldn't be delivered for several weeks. This has caused prolonged shortages of fresh vegetables and price increases, among other issues. To address this issue, Okinawa Cellular Agri&Marche has been working on smart agriculture in Minamidaito Village for several years.

In 2017, Okinawa Cellular Agri&Marche introduced a closed-type plant factory (container-type plant factory) that utilizes hydroponic cultivation systems with the use of ICT and IoT, making it less susceptible to weather-related impacts. We have achieved a stable supply of leafy vegetables. Starting in fiscal 2022, hydroponic greenhouses combining robust vinyl-sided structures capable of withstanding typhoons and a cooling system for the nutrient solution have been in operation. This enables year-round production of vegetables such as cucumbers, tomatoes, and spinach, regardless of weather and logistical conditions. In the future, we will actively expand the smart agriculture system to other remote islands, promoting both a stable food supply and the expansion of locally produced and consumed products.



Okinawa DX University

At Okinawa Cellular, we are not only dedicated to cultivating in-house DX personnel but are also working on the "Okinawa DX University (ODU)" program aimed at developing DX personnel for the residents of Okinawa Prefecture. Okinawa Prefecture has the lowest labor productivity in Japan, ranking 44th out of 47 prefectures in terms of cloud service use, and online sales accounting for less than 1/10 of the nationwide total. This data shows that Okinawa Prefecture is lagging behind the rest of Japan in technology adoption. With the aim of addressing such challenges, we will promote the development of DX personnel in Okinawa.

At ODU, we offer a DX personnel development program targeting companies and local governments considering the promotion of DX within Okinawa Prefecture. Our curriculum, primarily based on e-learning, aims to foster a common understanding and mindset for DX, striving for the acquisition of essential foundational skills for DX talent. Through this program, Okinawa Cellular will nurture talents who can contribute to the advancement of companies and organizations in promoting DX, streamlining operations through the utilization of new technologies and data, and developing new business models. We aim to contribute to the economic development of Okinawa Prefecture.

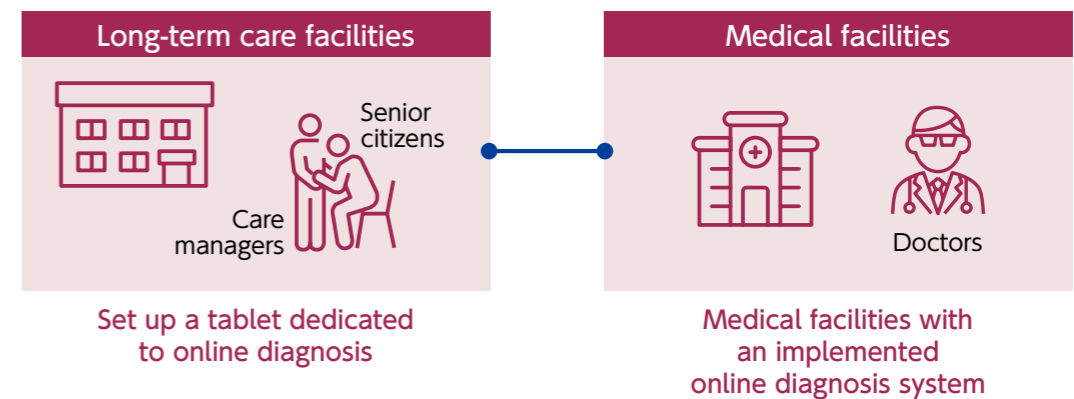


Solving Issues Related to Remote Island Medical Care by Establishing an Online Diagnosis Environment/Health Support Program for Female Employees and Their Families (women)

Okinawa Cellular contributed to the establishment of an online diagnosis system and environment during the COVID-19 pandemic. In Yonaguni Town, Okinawa Prefecture, Yonaguni Town Clinic is the only medical facility on the island, and one doctor provides medical care for approximately 1,700 residents (with a monthly patient count of around 700 people). Aiming to resolve issues related to remote island medical care, Okinawa Cellular has conducted a demonstration project aimed at establishing a system and environment for online diagnosis for all residents of Yonaguni Island using an online medical system "CLINICS*" provided by Medley, Inc. This initiative also involved making arrangements for tablet devices for use during emergencies. Additionally, in long-term care facilities in Okinawa Prefecture, we provided support for the promotion of online diagnosis by offering free loan of tablet devices for online diagnosis and worked on establishing a communication infrastructure.



■ The Image of Online Diagnosis in This Collaboration



*CLINICS: An online diagnosis system with features such as online reservations, pre-medical consultation, video diagnosis, credit card payments, and support for medication/prescription delivery. This system is widely adopted in clinics and university hospitals across the country.

Materiality 6 Advancing Stakeholder Engagement

Furthermore, for female employees and family members within the Okinawa Cellular Group, the “Online Pill Clinic Program” has been initiated with the aim of providing health support. This program enables medical consultations in places with privacy protection, such as the workplace or at home, to prevent infections during the COVID-19 pandemic. It also offers support for women-specific issues related to menstruation, making it easier for women to seek treatment while continuing to work.

Solving Social Issues and Contributing to Local Communities Through the “Children’s Fund”

At Okinawa Cellular, we have established the “Okinawa Cellular Children’s Fund,” funded by a portion of the Okinawa Cellular Group’s revenues, and we are making donations to organizations that support children within the Okinawa prefecture. In fiscal 2022, we donated a total of 1.5 million yen, with each of the five local organizations working to solve the issue of child poverty receiving 300,000 yen.



“Connecting Remote Islands, Expanding Okinawa” Future Education Fund established with University of the Ryukyus

Okinawa Cellular and University of the Ryukyus have established the Education Future Fund with the aim of improving educational environments in remote islands and the northern part of Okinawa Island. In addition to providing ICT-based interaction between schools and educational programs, we will also work toward development of digital content and remote classes.

Furthermore, in the “ICT Island-based Education Innovation Project” with University of the Ryukyus and partner companies, we are working to address the educational gaps between remote islands and urban areas through the use of telecommunication. We will create the innovation in island-based education by blending the rich educational resources of remote islands with the diversity of urban areas, leveraging the advantages of both, and connecting local communities.



Human Rights Policy

Okinawa Cellular Group Human Rights Policy

The corporate principles of the Okinawa Cellular Group are to pursue the physical and emotional well-being of all employees while simultaneously contributing to the development of Okinawa’s economy through our business. As a company that supports the information infrastructure of society, we work to solve social issues.

We are cognizant that respecting human rights is a key social responsibility, and we pledge to contribute to the sustainable growth of society by acting in accordance with the Okinawa Cellular Philosophy and the Okinawa Cellular Code of Conduct so that we can fulfill our responsibilities.

We fulfill our responsibilities to respect human rights by not violating the human rights of others, and in cases where an impact on human rights actually occurs or may occur as a result of our business activities, we take appropriate action to correct the situation.

Furthermore, in cases where negative impacts on human rights caused by suppliers or business partners are directly linked to the business, services, or products of the Okinawa Cellular Group, we call on the relevant parties to not violate human rights.

The Okinawa Cellular Group Human Rights Policy (this “Policy”) elucidates our human rights initiatives for ensuring that we fulfill our responsibilities to all stakeholders in accordance with our corporate principles.

1. Compliance with International Norms and Laws

We shall support and respect international norms relating to human rights including the International Bill of Human Rights, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the Children’s Rights and Business Principles. In addition, we established this Policy in accordance with the United Nations Guiding Principles on Business and Human Rights and shall promote initiatives for respect for human rights.

We shall comply with the applicable laws and regulations in each country and region where we conduct business. In cases where there are discrepancies between internationally recognized human rights and regional laws and regulations, we shall pursue methods for respecting the international norms on human rights to the greatest extent possible.

2. Scope of Application

This Policy applies to all officers and employees of the Okinawa Cellular Group (including regular, contract, and temporary employees). Furthermore, we shall call on our suppliers and business partners to prevent violations of human rights in accordance with this Policy and shall promote respect for human rights through collaborative efforts.

3. Human Rights Governance

The Company’s Sustainability Committee, chaired by the Representative Director and President, shall establish policies on human rights initiatives, develop and review implementation systems, confirm the degree of progress toward achieving our goals, and perform other roles. Significant matters shall be reported to the Board of Directors via the Full-time Executive Committee and monitored by the Board.

4. Continuous Implementation of Human Rights Due Diligence

We shall establish human rights due diligence mechanisms and continuously carry out the matters set forth below in accordance with the United Nations Guiding Principles on Business and Human Rights. Furthermore, we shall designate priority human rights issues from among the human rights issues that may arise within all the business activities of the

Human Rights Policy

Okinawa Cellular Group, as set forth in the attachment* and take appropriate action to address those issues.

• Identification and assessment of negative impacts on human rights

We shall identify and assess actual and potential negative impacts on human rights that the business activities of the Okinawa Cellular Group may have on society. We are aware that the human rights environment may change over time, and we shall periodically assess impacts on human rights.

• Prevention and mitigation of negative impacts on human rights

To prevent and mitigate negative impacts on human rights, we shall integrate responsive measures into organizational processes, taking into consideration the results of assessment of impacts, and take appropriate measures. When implementing measures, we shall prioritize those measures intended to address the most serious impacts on stakeholders.

We shall conduct appropriate education and training for all officers and employees to ensure understanding and dissemination of this Policy and awareness of human rights. In addition, we shall work to deepen understanding of this Policy among suppliers and business partners.

• Monitoring the effectiveness of measures

To fulfill our responsibilities concerning respect for human rights, we shall continuously monitor the status of implementation of measures for preventing and mitigating negative impacts on human rights and periodically confirm the effectiveness of those measures.

• Disclosure

We shall appropriately disclose in our Sustainability Report and on our Website the status of progress of human rights initiatives and the results of those initiatives.

5. Remediation and Remedies

If it becomes clear that the business activities of the Okinawa Cellular Group cause or contribute to negative impacts on human rights, we shall take action to remediate those negative impacts through appropriate means.

In addition, we shall establish and operate a reporting desk that can be accessed by internal and external stakeholders as an effective remedy. We pledge to ensure the anonymity and confidentiality of individuals who make reports and to protect them so that they do not suffer any disadvantage as a result of making reports.

6. Dialogue and Discussion with Stakeholders

We shall endeavor to improve initiatives for respecting human rights by engaging in dialogue and discussion with relevant stakeholders concerning responses to actual and potential negative impacts on human rights. Also, based on the results of those dialogues and discussions, we shall periodically review this Policy for revision, including key human rights issues.

This Policy was approved by the Company's Board of Directors and signed by the Representative Director and President.

Established on November 1, 2023
Takashi Suga,
Representative Director and President
Okinawa Cellular Telephone Company

* [Key Human Rights Issues of the Okinawa Cellular Group](#)

ESG Data

Environmental Data

	Unit	Fiscal 2021	Fiscal 2022	Boundary
Scope1 GHG emissions	t-CO ₂	15	24 <input checked="" type="checkbox"/>	Consolidated
Scope2 GHG emissions	t-CO ₂	25,004	13,763 <input checked="" type="checkbox"/>	Consolidated
Electricity consumption	thousand kWh	39,909	30,014 <input checked="" type="checkbox"/>	Consolidated
City gas consumption	sm ³	3,363	4,287 <input checked="" type="checkbox"/>	Consolidated
Kerosene consumption	kl	3,248	6,045 <input checked="" type="checkbox"/>	Consolidated
Water use (tap water, recycled water, well water, sewage water, water supply and sewerage)	m ³	14,230	19,011 <input checked="" type="checkbox"/>	Consolidated
Industrial waste generation	t	108	591 <input checked="" type="checkbox"/>	Non-consolidated

*Figures marked with are subject to third-party verification for KDDI, including its consolidated group companies. For details, please click [here](#).

Social Data

Employment

Number of Employees

	Unit	FY21.3	FY22.3	FY23.3	Boundary
Male	people	167	171	187	Non-consolidated
Female	people	81	86	93	
Total	people	248	257	280	
Retirement rate	%	1.2	1.5	3.3	

*Retirement rate: excluding those who have reached the mandatory retirement age

Employees Retired in FY 2022

	Unit	Early retirement	Voluntary retirement	Involuntary retirement	Transfer	Others*1	Mandatory retirement	Total*2	Total number of retirees	Boundary
Male	people	0	4	0	0	0	5	4	9	Non-consolidated
Female	people	0	3	0	0	2	0	5	5	
Total	people	0	7	0	0	2	5	9	14	

*1 Retirement due to expiration of period of sickness or injury leave, etc.

*2 Excluding those who have reached the mandatory retirement age.

Recruitment

	Unit	Gender	FY21.3	FY22.3	FY23.3	Boundary
New graduate recruitment	people	Male	6	8	3	Non-consolidated
		Female	2	8	3	
		Total	8	16	6	
Career recruitment	people	Male	0	3	18	
		Female	2	1	8	
		Total	2	4	26	

ESG Data

Employment of Persons with Disabilities

	Unit	FY21.3	FY22.3	FY23.3	Boundary
Employment of Persons with Disabilities	%	2.82	2.57	2.63	Consolidated

Employee Training

DX Basic Training

	Unit	FY23.3	Boundary
Training hours per employee	hours/person	18	Non-consolidated
Total training hours	hours	2,628	

DX Core Specialized Skills Training

	Unit	FY23.3	Boundary
Training hours per employee	hours/person	16	Non-consolidated
Total training hours	hours	496	

Social Contribution Expenses

	Unit	FY21.3	FY22.3	FY23.3	Boundary
Total donation	million yen	42	125	24	Non-consolidated

*In addition, other social contribution activities are conducted by utilizing the Company's technology and human resources.

Information Security

	Unit	FY20.3	FY21.3	FY22.3	FY23.3	Boundary
Number of infringements by computer viruses, etc.	cases	0	0	0	0	Non-consolidated

Governance Data


Anti-Corruption and Legal Compliance

	Unit	FY20.3	FY21.3	FY22.3	FY23.3	Boundary
Political donations (in Japan)	10 thousand yen	20	20	1	0	Consolidated
Number of corruption cases	cases	0	0	0	0	Non-consolidated

Third Party Assurance

Environmental Data

Third Party Assurance by LRQA (limited assurance)



LRQA Independent Assurance Statement
Relating to KDDI Corporation's Environmental Data within its Sustainability Report 2023 for the fiscal year 2021.

This Assurance Statement has been prepared for KDDI Corporation in accordance with our contract.

Terms of Engagement
LRQA was commissioned by KDDI Corporation ("the Company") to provide independent assurance of its Environmental data ("the report") within its Sustainability Report 2023 for the fiscal year 2021, that is, 1 April 2021 to 31 March 2022, against the assurance criteria below to a limited level of assurance and materiality of the professional judgement of the verifier using ISAE 3000 (Revised) and ISO 14064-3:2019 for greenhouse gas ("GHG") emissions.

Our assurance engagement covered the Company's operations and activities in Japan and overseas¹ and specifically the following requirements:

- Verifying conformance with the Company's reporting methodologies for the selected environmental datasets listed below
- Evaluating the accuracy and reliability of data for the selected environmental datasets listed below:^{2,3}
 - Scope 1 GHG emissions (tonnes CO₂e)
 - Scope 2 GHG emissions (Market-based and Location-based) (tonnes CO₂e)
 - Energy consumption (MWh)
 - Water consumption (m³)
 - Waste disposal volume (tonnes)

Our assurance engagement excluded the other data and information of the Company's suppliers, contractors and any third parties mentioned in the report.


LRQA's responsibility is only to the Company. LRQA disclaims any liability or responsibility to others as explained in the end footnote. The Company's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of the Company.

LRQA's Opinion
Based on LRQA's approach nothing has come to our attention that would cause us to believe that the Company has not, in all material respects:

- Met the requirements of the criteria listed above; and
- Disclosed accurate and reliable environmental data

The opinion expressed is formed on the basis of a limited level of assurance⁴ and at the materiality of the professional judgement of the verifier.

¹ The boundary consists of the company's 102 domestic and overseas consolidated subsidiaries.
² LRQA undertook a limited assurance engagement of the environmental data marked with * within the Sustainability Report 2023.
³ GHG quantification is subject to inherent uncertainty.
⁴ The extent of assurance provided for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data or sites. Consequently, the level of assurance obtained for a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.



LRQA's Approach
LRQA's assurance engagements are carried out in accordance with ISAE 3000 (Revised) and ISO 14064-3:2019 for GHG emissions. The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:


- Auditing the Company's data management systems to confirm that there were no significant errors, omissions or mis-statements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification;
- Interviewing with key people responsible for compiling the data and drafting the report;
- Sampling datasets and tracing activity data back to aggregated levels;
- Verifying the collected historical environmental data and records for the fiscal year 2021; and
- The effectiveness of the data management system for OMIWAJI CELLULAR TELEPHONE COMPANY and Oyama Network Center was confirmed by remote verification using e-mail and web conference systems.

Observations
The Company should further demonstrate the accuracy and reliability of its future reports. In particular, it is recommended to improve the data management of consolidated subsidiaries and improve the accuracy and reliability of the data.

LRQA's Standards, Competence and Independence
LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases - Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO/IEC 17021-1 Conformity assessment - Requirements for Bodies providing audit and certification of management systems - Part 2. Requirements that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

This is the only work undertaken by LR for Company and as such does not compromise our independence or impartiality.

Signed:  Dated: 22 February 2023

Kazuyoshi Tsubinaka
Lead Verifier
On behalf of LRQA Limited
10th Floor, Queen's Tower A, 2-3-1 Minatomirai, Nishi-ku, Yokohama, JAPAN
LRQA reference: YKA005450

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*This assurance is subject to third-party verification for KDDI, including its consolidated group companies.

<Target data>

- Scope1 GHG emissions
- Scope2 GHG emissions (market-based and location-based)
- Energy consumption
- Water use
- Waste disposal volume