

Designing The Future



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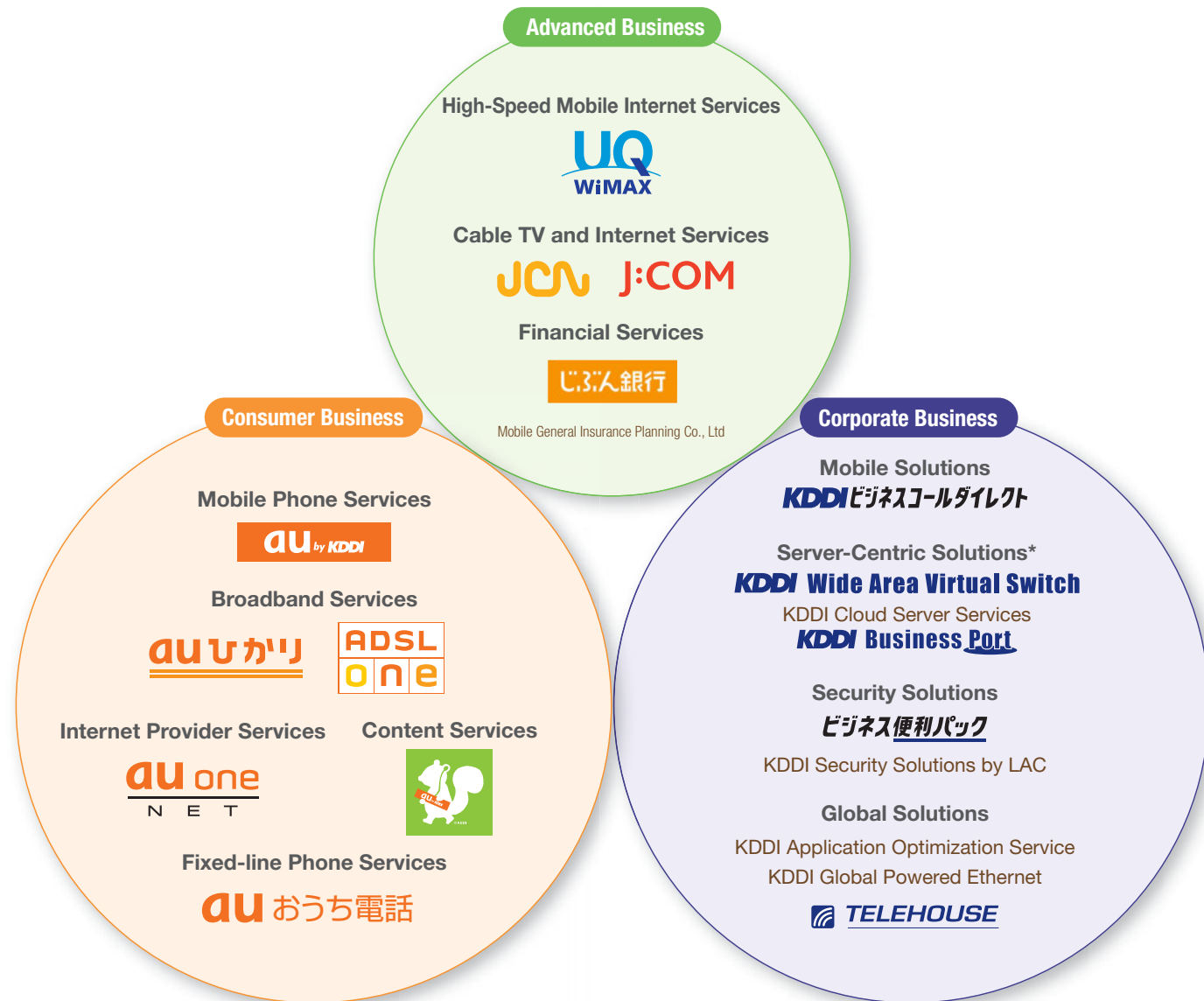
# KDDI CSR REPORT 2010

Corporate Social Responsibility Report



# Our Business Sectors

As a comprehensive telecommunications provider for both fixed-line and mobile communications, KDDI provides a wide array of services to both individual and corporate customers. KDDI is also seeking to expand into new business fields including high-speed mobile Internet services, cable TV, and financial services.

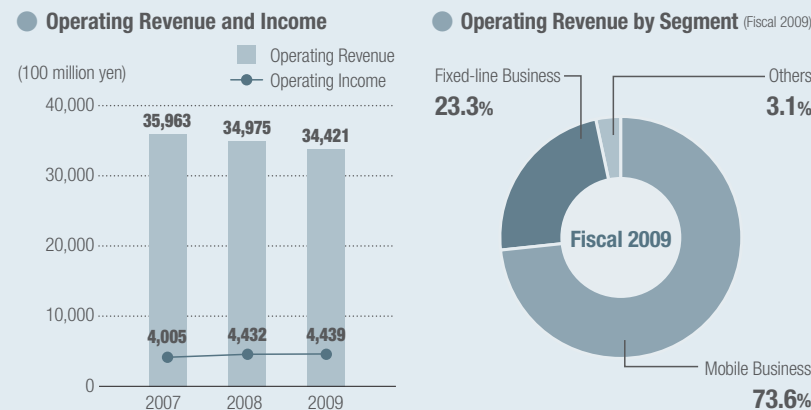


\* These services provide consolidation and central management of multiple server systems for increasing the efficiency of customer businesses.

## Corporate Profile

Company Name	KDDI CORPORATION
Date of Established	June 1, 1984
Head Office	Garden Air Tower, 3-10-10 Iidabashi, Chiyoda-ku, Tokyo, Japan
Representative Director	Tadashi Onodera (President and Chairman)
Capital	141,851 million yen
Total Employees	18,301 (As of March 2010, consolidated basis)

## Trends in Major Business Indices (Consolidated Basis)



## Editorial Policy

We began publishing the KDDI CSR REPORT in fiscal 2006, with the goal of communicating KDDI's approach to CSR and our CSR initiatives to our many stakeholders, in an honest and open manner. This year, we have worked to document even more clearly our CSR and TCS (Total Customer Satisfaction), which are at the foundation of our business activities, and present topics of high importance in management, society, and the environment, including the four material issues selected in fiscal 2008. These issues, the results of our activities, and our future CSR initiatives are also described here.

If you would like more detailed information about our financial results, please visit the "Investor Relations" page of the KDDI website.

"Investor Relations" page of KDDI website

<http://www.kddi.com/english/corporate/ir/index.html>

## Period Covered

This report covers business activities for the 2009 fiscal year (April 1, 2009 to March 31, 2010). However, we also describe a few initiatives from before and after this period.

## Scope of Report

Although the scope of this report is the business activities of KDDI only, some of the activities of our group companies are also included.

## Publication Date

September 2010 (Next scheduled publication: September 2011)

## Referenced Guidelines

- GRI (Global Reporting Initiative) Sustainability Reporting Guidelines 2006
- Ministry of the Environment, 2007 Environmental Reporting Guidelines

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# Helping to Create a Safe, Secure, and Comfortable Society through TCS Based on CSR

## Creating Values Based on the KDDI Philosophy

In October 2000, the three companies DDI, KDD, and IDO merged to form KDDI, and a comprehensive telecommunications carrier was born providing information and communication services from fixed-line communication to mobile communication. As competition heats up in the Japanese telecommunications market, we have combined the assets, staff, and technical expertise of these three companies to provide high-quality, user-friendly, and innovative information and communication services to meet the expectations of society and to transform us into a company capable of sustainable growth in tandem with society.

When the new company was first launched, to fully tap into the synergies created by the merger, we felt that it was necessary to foster a common sense of values among employees who heralded from various different corporate cultures, and this led to the development of the "KDDI Philosophy." This is equivalent to the corporate principles and policies of a typical company, and we have adopted it as a model for actions by every employee. Since then, we have consolidated 16 companies and grown into a company holding rich diversity, and based on the KDDI Philosophy, we are continuing the challenge to create new values by viewing things from the customer's perspective.

### Mission Statement of the KDDI Philosophy

#### Securing Customer Satisfaction and Trust

by providing with our services the value that customers expect;

#### A Happy Workforce, a Vital Company

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 and Business Partners

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.

## TCS is KDDI's CSR

Since we first created a dedicated division for the promotion of CSR in 2005, we have consistently set "TCS (Total Customer Satisfaction) is KDDI's CSR" as the foundation of all our business activities.

In TCS, based on the KDDI Philosophy, service users, business partners, employees, shareholders, investors, government institutions, and all stakeholders involved with KDDI are considered our customers, and since 2003, we have been implementing company-wide initiatives for realizing customer satisfaction. The origins of CSR in Japan can be traced back to the merchants from Omi province and their principle of "three-way satisfaction," which emphasized satisfaction by the seller, buyer, and the local communities. This principle of pursuing satisfaction of all stakeholders is identical to TCS. Specifying exactly what TCS means from various perspectives is the idea behind KDDI's CSR, where we strive to meet the expectations from society and fulfill our responsibilities.

At KDDI, we have worked to make each and every one of our officers and employees aware of their role in TCS in the course of their daily business activities. In other words, all employees are involved in CSR. This is the CSR mindset that KDDI is striving to achieve.

## Addressing the Four Material Issues for CSR

We are also focused on resolving the four material issues for CSR\* that we identified in fiscal 2008.

For example, KDDI has been conducting Mobile Phone Learning classes at locations all over the country to teach children about mobile phone rules and etiquette. A KDDI employee is sent to the school as an instructor and provides a class that is custom-tailored to the participating students for best meeting their individual needs.

As expectations increase for companies to take measures to prevent global warming, KDDI is ahead of the curve in developing new technologies and other measures for saving energy in our communication facilities. This report also includes a CO<sub>2</sub> emissions assessment of the life cycle of our services (LCA: Life Cycle Assessment) and environmental accounting. By providing information that enables the quantitative assessment of our



environmental activities, we hope to actively solicit the opinions of all our stakeholders for better meeting their expectations.

We think that experience outside the workplace is also important for increasing awareness of TCS by our employees. To encourage employees to participate in social action activities on their own, we launched the "+ α Project" where the company donates to charitable organizations based on employee participation in volunteer and other activities. By enabling our employees to come into contact with a variety of different stakeholders and gain a wide range of rich experiences, they will expand their horizons for developing new ways of thinking that will enable us to better provide services and products that satisfy our customers.

#### \*Four Material Issues for CSR

- [1] Creating a safe and secure information and communication society
- [2] Offering reliable information and communications services
- [3] Initiatives to conserve the global environment
- [4] Vitalizing the company by developing a diverse workforce

## Striving to Contribute to Society through Information and Communication Technology (ICT)

Last year brought extreme changes in both the economic and political fields in Japan, and fiscal 2010 is also expected to bring many new changes as the road ahead still remains unclear. As the government has also set targets for the significant reduction of

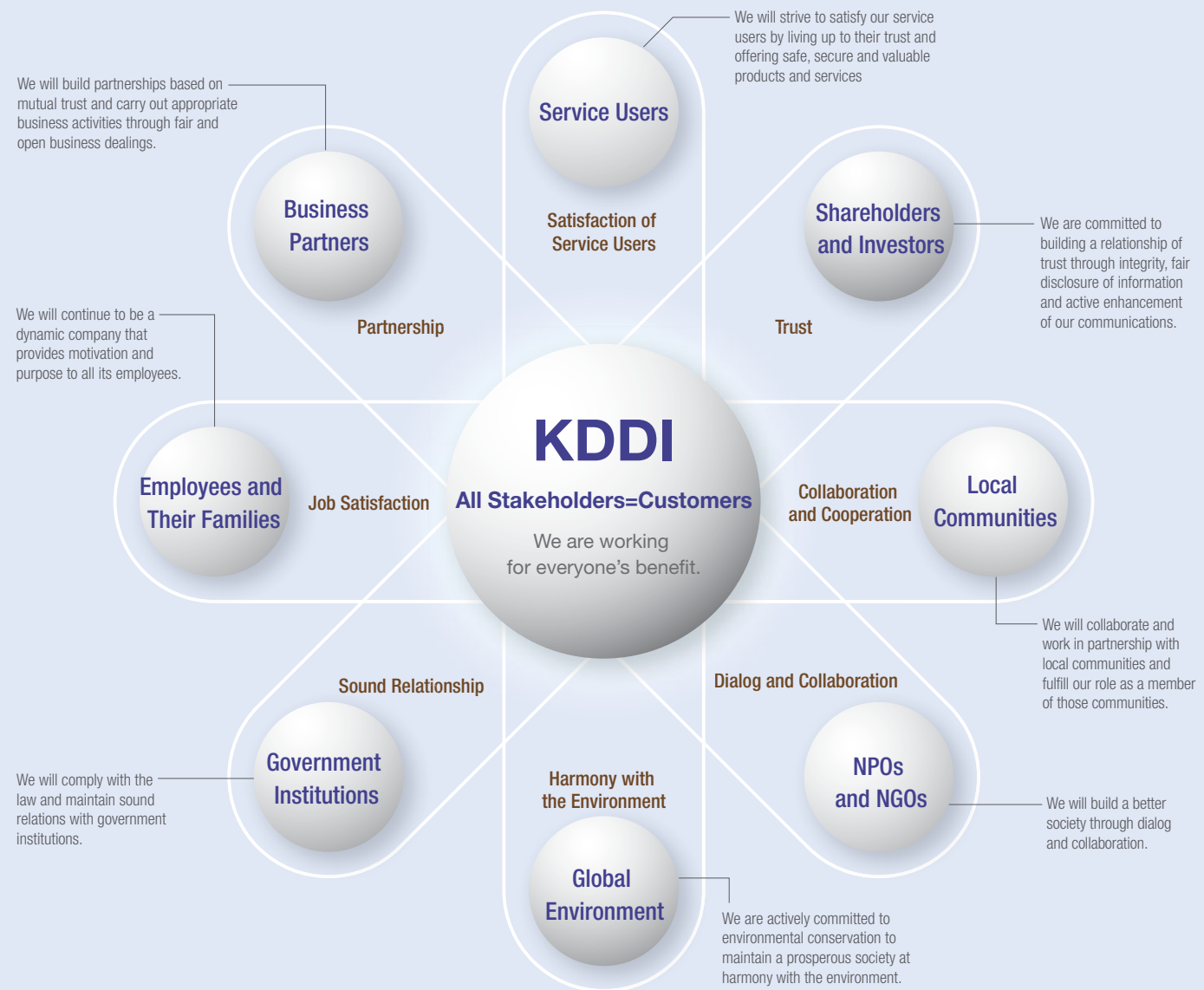
greenhouse gases and other policies, the scope and scale of social responsibility by companies is expected to grow even further. In 2010, which marks the third year since we identified the material issues for CSR, we will further address these issues by expanding our support for improved information literacy through the KDDI Mobile Phone Learning classes and other programs, and formulating a medium-term vision for our environmental targets, and we will build more bridges of communication with all our stakeholders to increase our CSR awareness for becoming more sensitive and adapting better to the changes around us.

The development of information and communication technology (ICT) not only gives us convenience in our daily lives, but it also enables us to alleviate the environmental burden by reducing the need to transport people or things. With TCS as our foundation, KDDI will continue to take on new challenges to contribute to realizing a prosperous, safe, and secure society through ICT by developing new technology and services, training employees, building a stable management foundation, and conducting all our business activities.

**Tadashi Onodera**  
President and Chairman  
KDDI CORPORATION

# Our Goal in CSR is to Achieve TCS

**In TCS (Total Customer Satisfaction), all stakeholders are considered our customers, and we are working to realize their satisfaction.**



## Basic Concept of TCS

To maximize customer satisfaction, every operation is considered to be connected to the products and services, and every process is reviewed from the customer's viewpoint. Targeting all stakeholders, from the top managers to the employees, each person makes it his or her own task to realize customer satisfaction on a company-wide basis.

## KDDI's Approach to CSR

As a comprehensive telecommunications carrier, KDDI is responsible for a vital piece of our social infrastructure that is inextricably linked to our lives. For this reason, our business can be fulfilled only by focusing on each and every member of society.

As the role of mobile phones and the Internet take on greater importance, pressing social issues are also coming to the forefront in providing improved information and communication environments for children, realizing information and communication services with 100% reliability, and measures for the global environment. At KDDI, we are aware of the tremendous impact of our business on society, and we believe that our corporate social responsibility (CSR) is to support all types of social activities by providing our information and communication services.

At KDDI, we consider all our stakeholders to be customers. This includes not only the users of our services, but also our business partners, employees, shareholders, investors, and government institutions. We have additionally identified Total Customer Satisfaction (TCS) — the commitment to customer satisfaction of everyone from top management down to individual employees — to be the foundation of our business activities, in order to do what is really essential to improve our business for our customers, and create a stable, long-term relationship with our customers based on trust. We believe that improving the satisfaction of all our stakeholders based on this concept of TCS will enable us to meet the expectations of society and tie into CSR activities that fulfill our social responsibility.

## Background of TCS

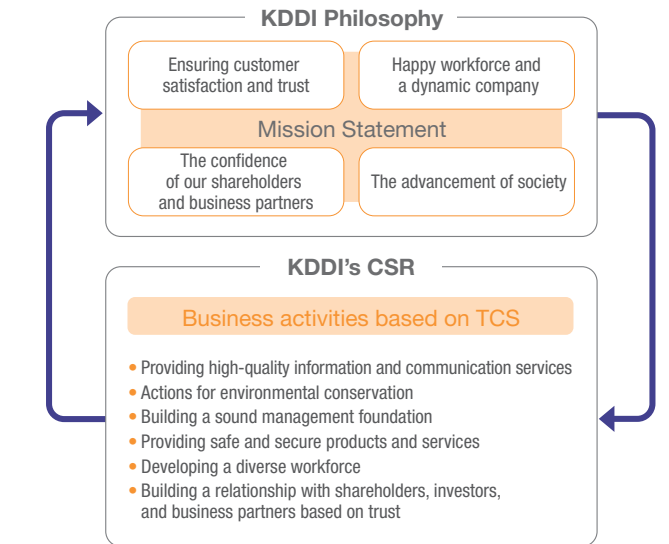
KDDI was born from the merger and consolidation of corporations having a wide diversity of corporate cultures and values. To blend these positive corporate cultures and drive our businesses forward, we developed the KDDI Philosophy to serve as a guide for each employee's actions.

In 2003, we created the KDDI CS Policy as a basic policy for promoting TCS and corporate growth with a true customer focus. This policy documents missions and roles for improving customer satisfaction, and provides decision-making and action guideline that applies to all officers and employees of the company.

To better promote TCS, we have created a TCS Committee, headed by the company president, as a cross-functional organization that discusses and makes decisions on issues based

on customer feedback. We are also committed to improving customer satisfaction based on the plan-do-check-action management cycle.

## Interrelationship between KDDI Philosophy and CSR



## CSR Initiatives for TCS

In October 2005, we established a CSR Management Department (currently the CSR & Environment Management Department) in our General Administration Department. In addition to promoting CSR activities from an objective standpoint, this department works actively to raise our employees' awareness of CSR through such initiatives as in-house training and providing information through our company newsletter and intranet. It also promotes social contribution activities, such as sponsoring of volunteer activities that allow easy employee participation.

In fiscal 2008, we changed the KDDI Environment Committee to the KDDI CSR & Environment Committee, creating an integrated system to study and promote the environmental conservation efforts of KDDI and our group companies, as well as their policies and planning relating to CSR activities. At KDDI, we are working to promote our CSR initiatives for TCS by reorganizing and expanding our systems from various different perspectives.

## KDDI's TCS



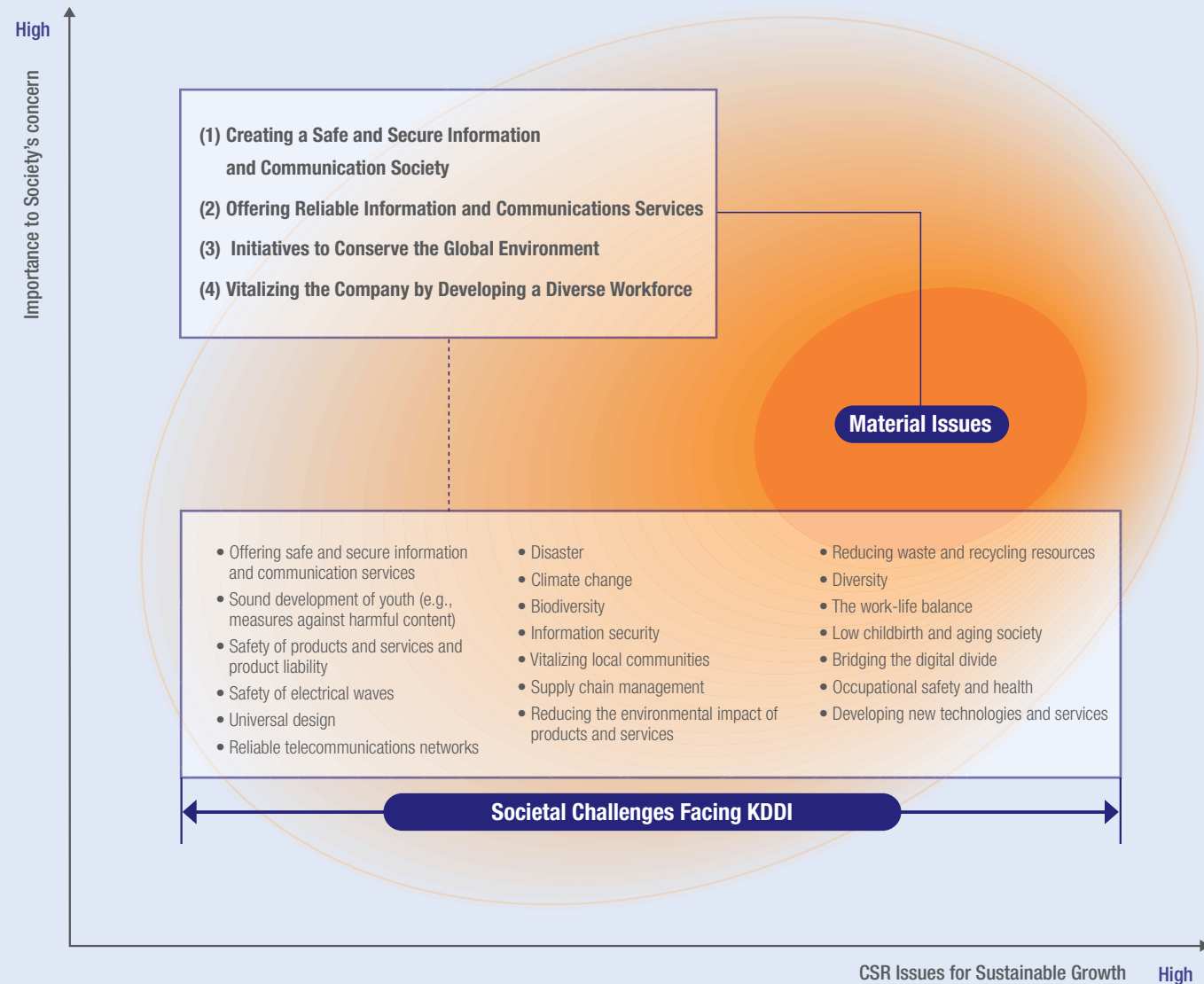
### Fulfilling our social responsibility from the standpoint of TCS

**Takashi Sonoda** General Manager, Total Customer Satisfaction Management Department, Marketing Division

TCS is the foundation of all of KDDI's activities, and all employees are actively involved in achieving TCS. However, in our rapidly-changing business environment, it can be challenging to constantly implement TCS on a daily basis. For this reason, the TCS Committee holds monthly meetings with executive officers including the company president and promotes company-wide activities to ensure more widespread adoption of TCS for fulfilling our social responsibility.



# We Have Identified and are Addressing Four Material Issues for CSR



## Looking back on our progress in our third year since identifying the four material issues

At KDDI, we have closely examined our operations and business activities from the standpoint of CSR, and we have asked stakeholders and experts about the societal challenges facing KDDI to deepen our understanding. In fiscal 2008, we identified four material issues for CSR on which to focus our efforts for realizing the sustainable growth of KDDI in tandem with society. We reported on our efforts at the meeting of the KDDI CSR & Environment Committee held in March 2009, confirming that CSR continues to be promoted at an even greater level throughout the company.

Currently, we are undertaking various initiatives to find solutions for these issues, but the continued implementation of these

initiatives has also proven to be valuable. For example, the KDDI Mobile Phone Learning classes implemented for the creation of a safe and secure information and communication society were originally intended as initiatives for Japan only, but in fiscal 2010, we expanded their implementation to Japanese schools in the United States.

This year makes our third year of implementation of these initiatives for the four material issues. Based on each of their results, we plan to examine and improve these initiatives, and share our urgency about these issues to all employees for promoting even more effective action.

## Steadily Addressing Each Issue for Improving the Satisfaction of Each Stakeholder

### Material Issue 1

#### Creating a Safe and Secure Information and Communication Society

Children getting into trouble through the use of mobile phones or the Internet has become a growing social problem. At KDDI, we are working to realize a society in which everyone has safe and secure access to information and communication services through a wide range of initiatives, including the holding of Mobile Phone Learning classes around the country for raising information literacy and teaching how to fully utilize information and communication technology to help children stay out of trouble.



### Material Issue 2

#### Offering Reliable Information and Communications Services

Information and communication technology are an essential lifeline for society. At KDDI, we recognize that our greatest duty is to offer our customers reliable information and communication services through our business.

We are therefore committed to avoiding network outages due to natural disasters and equipment failures to the greatest extent possible, and maintaining our ability to always offer high-quality information and communications services.



### Material Issue 3

#### Initiatives to Conserve the Global Environment

With the expanded use of information and communication technology, energy consumption in the information and communication field in Japan is expected to increase. At KDDI, we are committed to reducing our energy usage by making our telecommunications equipment more energy efficient.

We are also working on ways to prevent global warming based on our research results showing how our information and communication services can reduce CO<sub>2</sub> emissions in society.



### Material Issue 4

#### Vitalizing the Company by Developing a Diverse Workforce

Promotion of diversity can be traced back to one of the mission statements of the KDDI Philosophy: Happy workforce and a dynamic company.

At KDDI, we view the promotion of diversity as one of our management strategies for continued corporate growth. Rather than forcing different people to conform to the same mold, we are working to create an organization and environment that harnesses our employees' capabilities by leveraging external differences, internal differences, and differences in corporate organizations.



## KDDI's CSR



### Striving for Continued Growth of Society and KDDI

**Tohru Andoh** General Manager, General Administration Department, General Administration & Human Resources Division

It has now been five years since a department dedicated to CSR was established. During these five years, we have had many initiatives for promoting greater awareness of CSR within the company. In fiscal 2008, high-priority material issues for CSR were identified for providing a clear direction for KDDI's CSR, and I feel that this has heightened the CSR mindset and actions of employees. In the sixth year, fiscal 2010, we will set our targets even higher by striving for better communication with all of our many stakeholders, focus on what society expects from KDDI from an objective standpoint, and aim for achieving sustainable growth in tandem with society.

# CSR Challenges and Results

KDDI is working to meet a wide range of challenges, including the four material issues for CSR. Our major issues and results for fiscal 2009, and our major issues for fiscal 2010 are presented here.

Score ◎: Achieved with successful results ○: Generally achieved ×: Not achieved

Category	Main Stakeholders	Fiscal 2009 Major Issues and Results	Score	Fiscal 2010 Major Issues
Material Issue 1 Creating a Safe and Secure Information and Communication Society	Service users, Society	<ul style="list-style-type: none"> <li>Greater support for improving information literacy                             <ul style="list-style-type: none"> <li>Held 1,190 KDDI Mobile Phone Learning classes nationwide (increase of 476 classes from the previous year)</li> <li>Created DVD instruction materials for use in teaching</li> <li>Held symposiums for parents and instructors</li> <li>Expanded the content of the information ethics website "JUNIOR net"</li> </ul> </li> </ul>	◎	<ul style="list-style-type: none"> <li>Expand courses and instruction materials to support improved information literacy</li> <li>Enhance products and services and expand the usage environment where young people can use mobile phones and the Internet safely and securely</li> </ul>
		<ul style="list-style-type: none"> <li>Develop products and services and create a usage environment where young people can use mobile phones and the Internet safely and securely                             <ul style="list-style-type: none"> <li>Launched sales of the au mobile phone "mamorino" for children</li> <li>Expanded filtering services and promoted their usage</li> <li>Expanded content patrol</li> </ul> </li> </ul>	○	
Material Issue 2 Offering Reliable Information and Communications Services	Service users, Society	<ul style="list-style-type: none"> <li>Further improve quality of information and communication network services from the customers' perspective                             <ul style="list-style-type: none"> <li>Launched the au Reception Testing service for improving the quality of au mobile phone areas</li> <li>Improved quality of au mobile phone services to enable comfortable use when events are held</li> <li>Developed new businesses to assist in the spread of information and communication services in developing countries</li> </ul> </li> </ul>	○	<ul style="list-style-type: none"> <li>Improve quality of services for increasing customer satisfaction</li> <li>Initiatives for development of an international society and bridging the digital divide</li> <li>Further enhance disaster preparedness measures</li> </ul>
		<ul style="list-style-type: none"> <li>Enhance disaster preparedness measures                             <ul style="list-style-type: none"> <li>Carried out disaster preparedness training</li> <li>Launched a disaster message board service for unified cross-platform searching of five mobile phone and PHS companies</li> </ul> </li> </ul>	○	
Material Issue 3 Initiatives to Conserve the Global Environment	Global environment	<ul style="list-style-type: none"> <li>Improve the quality of environmental management                             <ul style="list-style-type: none"> <li>Carried out our Medium Term Environmental Conservation Plan</li> <li>Introduced environmental accounting</li> <li>Conducted in-house environmental seminars</li> </ul> </li> </ul>	○	<ul style="list-style-type: none"> <li>Development of energy-saving technology and implementation of green procurement guidelines for promotion of Green ICT</li> <li>Green by ICT for promoting CO<sub>2</sub> reductions in society</li> <li>Promote Internet invoices ("Bill on WEB") for conserving resources</li> <li>Expand environmental communication</li> </ul>
		<ul style="list-style-type: none"> <li>Green ICT for CO<sub>2</sub> reductions                             <ul style="list-style-type: none"> <li>Installed au mobile phone base stations with tribrid power control technology</li> <li>Established green procurement guidelines and adopted them</li> <li>Calculated the effect of CO<sub>2</sub> reductions in solution services</li> </ul> </li> </ul>	◎	
		<ul style="list-style-type: none"> <li>Promote reduction of waste products and recycling                             <ul style="list-style-type: none"> <li>Conducted publicity campaigns for promoting collection of used mobile phones</li> <li>Number of collected mobile phones: 2,192,000 phones (increase of 298,000 from the previous year)</li> <li>Mobile phone material recycling rate: 99.6% (+1.3 points compared to previous year)</li> <li>Communication equipment material recycling rate: 98.5% (+0.5 points compared to previous year)</li> <li>Reduced volume of office waste products and increased the resource recycling rate</li> </ul> </li> </ul>	◎	
		<ul style="list-style-type: none"> <li>Support for biodiversity                             <ul style="list-style-type: none"> <li>Supported ecological research on the Ganges River Dolphin</li> <li>Conducted forest conservation activities in the Tohoku, Chubu, Kansai, and Kyushu regions</li> </ul> </li> </ul>	○	
Material Issue 4 Vitalizing the Company by Developing a Diverse Workforce	Employees	<ul style="list-style-type: none"> <li>Improve the work-life balance                             <ul style="list-style-type: none"> <li>Acquired the "Kurumin" certification as provider of next-generation childcare support</li> <li>Expanded the Telework System for enabling employees to work at home</li> <li>Held six seminars for employees who work while also raising children</li> </ul> </li> </ul>	○	<ul style="list-style-type: none"> <li>Establish a work environment that supports the work-life balance of employees</li> </ul>
		<ul style="list-style-type: none"> <li>Promote diversity &amp; inclusion                             <ul style="list-style-type: none"> <li>Female managerial rate: 2.1% (+0.2 points compared to previous year)</li> <li>Expanded work fields for our special subsidiary, KDDI Challenged</li> <li>Employment rate of persons with disabilities: 1.89% (+0.08 points compared to previous year)</li> <li>Career development support for employees 55 and older</li> <li>Expanded reemployment system for retired employees</li> </ul> </li> </ul>	○	

Category	Main Stakeholders	Fiscal 2009 Major Issues and Results	Score	Fiscal 2010 Major Issues
Material Issue 4 Vitalizing the Company by Developing a Diverse Workforce	Employees	<ul style="list-style-type: none"> <li>Develop talented human resources                             <ul style="list-style-type: none"> <li>Established new Expert System at managerial level</li> <li>Introduced Overseas Study Program and Trainee Program for developing global human resources</li> </ul> </li> </ul>	○	<ul style="list-style-type: none"> <li>Further develop global human resources</li> <li>Improve in-house communication</li> </ul>
		<ul style="list-style-type: none"> <li>Create employee-friendly workplace                             <ul style="list-style-type: none"> <li>Conducted company-wide survey of all employees</li> </ul> </li> </ul>	○	
		<ul style="list-style-type: none"> <li>Promote the physical and mental well-being of employees                             <ul style="list-style-type: none"> <li>Held 15 industrial physician seminars around the country</li> </ul> </li> </ul>	○	
Social Action Report	Service users	<ul style="list-style-type: none"> <li>Enhance system for distributing customer feedback within the company                             <ul style="list-style-type: none"> <li>Established advisory system for customers (Omakase Advisor)</li> <li>TCS Committee implemented "Number One Project," brought new issues to the forefront, and examined measures for improvement</li> </ul> </li> </ul>	○	<ul style="list-style-type: none"> <li>Implement improvement measures based on customer feedback</li> <li>Make every effort to realize customer satisfaction</li> </ul>
		<ul style="list-style-type: none"> <li>Provide services suitable for a wide array of customers                             <ul style="list-style-type: none"> <li>Implemented mobile phone learning classes for senior citizens</li> </ul> </li> </ul>	○	
	Business Partners	<ul style="list-style-type: none"> <li>Improve satisfaction of business partners                             <ul style="list-style-type: none"> <li>Conducted surveys and implemented improvement measures for ordering procedures</li> </ul> </li> </ul>	○	<ul style="list-style-type: none"> <li>Improve quality of work by collaborating with business partners</li> <li>Assist in improving the satisfaction of au shop customers</li> </ul>
		<ul style="list-style-type: none"> <li>Ensure fair and honest transactions                             <ul style="list-style-type: none"> <li>Full compliance with the Act Against Delay in Payment of Subcontract Proceeds to Subcontractors (Subcontractor Law)</li> </ul> </li> </ul>	○	
		<ul style="list-style-type: none"> <li>Support to au shops                             <ul style="list-style-type: none"> <li>Established new au shop membership system "au My Premium Shop"</li> <li>Supported training of au shop staff</li> </ul> </li> </ul>	○	
	Shareholders and investors	<ul style="list-style-type: none"> <li>Enhance communication                             <ul style="list-style-type: none"> <li>Held meetings for announcing quarterly financial results</li> <li>Held individual and small meetings</li> <li>Participated in conferences and seminars for individual investors</li> </ul> </li> </ul>	○	<ul style="list-style-type: none"> <li>Proactively disclose information and expand communication with shareholders and investors in Japan and abroad</li> </ul>
		<ul style="list-style-type: none"> <li>Enhance investor relation tools by proactive disclosure of information                             <ul style="list-style-type: none"> <li>Expanded annual report</li> <li>Released video of financial results meeting and general shareholders meeting in both Japanese and English versions on the corporate website</li> <li>Published e-mail magazine and built an IR website for mobile phones</li> </ul> </li> </ul>	○	
Society	<ul style="list-style-type: none"> <li>Expand and enhance awareness of employee participation CSR activities                             <ul style="list-style-type: none"> <li>Supported employee participation social contribution activities through the "+ α Project"</li> <li>Expanded social contribution activities in close collaboration with local communities</li> </ul> </li> <li>Expand social contribution activities in Japan and abroad                             <ul style="list-style-type: none"> <li>Supported fund-raising drives for disaster-stricken regions</li> <li>Established the KDDI Foundation</li> </ul> </li> </ul>	○	<ul style="list-style-type: none"> <li>Promote employee participation in CSR activities</li> <li>Expand social contribution activities in Japan and abroad</li> </ul>	
CSR Management	Society	<ul style="list-style-type: none"> <li>Adopt and expand internal control system                             <ul style="list-style-type: none"> <li>Added Internal Control Manager to improve the system</li> <li>Revised the Basic Policy for Constructing Internal Control System</li> </ul> </li> </ul>	○	<ul style="list-style-type: none"> <li>Promote wider adoption and structural and systemic improvements of autonomous internal control activities (work quality improvement, self-assessment, etc.)</li> <li>Fully revise company rules, regulations, and standards which serve as a basis for actions as KDDI employees</li> <li>Take stronger actions for compliance with the Revised Labor Standards Law and other laws and regulations</li> <li>Use training and seminars to increase compliance awareness</li> <li>Promote higher degree of company-wide risk management in tandem with the management</li> <li>Implement higher level of security in the KDDI Group and utilize ISMS efficiently and effectively</li> </ul>
		<ul style="list-style-type: none"> <li>Achieve even higher level of compliance and establish a more robust system                             <ul style="list-style-type: none"> <li>Held a compliance improvement month</li> <li>Provided instruction through e-learning and various training seminars</li> </ul> </li> </ul>	○	
		<ul style="list-style-type: none"> <li>Improve risk management and information security in the KDDI Group                             <ul style="list-style-type: none"> <li>Full adoption of risk management in KDDI Group</li> <li>Promoted acquiring of ISMS certification</li> </ul> </li> </ul>	○	





## Creating a Safe and Secure Information and Communication Environment for Each Child

Although mobile phones and the Internet have become an integral part of our daily lives, they have been the cause of a rising number of unexpected problems. KDDI is committed to resolving these issues as a part of our social responsibility and is striving for a society where everyone can use information and communication services safely and securely.

### Protecting Children from Dangers

#### ● KDDI's Basic Guidelines Concerning Safe and Secure Communication for Young People

As a telecommunications company that is committed to safe and secure communication by children, KDDI has established the KDDI's Basic Guidelines Concerning Safe and Secure Communication for Young People. Based on these policies, KDDI has been conducting KDDI Mobile Phone Learning classes that provide learning opportunities and advice to support improved information literacy by children for enabling them to use mobile phones and the Internet as useful tools while avoiding their dangers. KDDI is striving to provide protection on both the hardware and software fronts by filtering services and development of au mobile phones with useful safety and security features.

#### KDDI's Basic Guidelines Concerning Safe and Secure Communication for Young People

At KDDI we are working to safeguard young people from trouble arising from communication services such as mobile phones and the internet.

We will continue to work to create a truly safe and secure society while building smooth communication services for young people.

## Holding of KDDI Mobile Phone Learning Classes for Teaching Proper Mobile Phone Usage

#### ● Expanding our KDDI Mobile Phone Learning Classes

Since 2005, KDDI has continued to hold KDDI Mobile Phone Learning classes. These classes present examples of troubles caused by use of mobile phones and the Internet and teach about usage rules and etiquette, and ways to deal with trouble. With the idea of helping everyone use mobile phones and the Internet safely and securely, the KDDI Mobile Phone Learning classes are an important part of KDDI's fulfillment of its social responsibilities.

KDDI employees are sent directly to elementary, middle, and high schools across Japan for providing instruction that is custom-tailored and responds to the needs of the participating children. We also created teaching materials on DVD for use in these classes, which contain text, examples of troubles that have occurred, the importance of rules, and other information that matches the participating students.

With the cooperation of educational committees and other educational institutions all over Japan, these classes were held 1,190 times in fiscal 2009, for a total of 2,180 times, and continue to increase each year.



Text (left) and DVD (right) used in the classes

#### ● Holding of KDDI Mobile Phone Learning Classes in U.S.

In December 2009, KDDI Mobile Phone Learning classes taught by an instructor from KDDI America Inc. (a company in the KDDI Group) were held at both the New York and New Jersey Japanese Schools.

These classes explained the current state of usage of mobile phones in Japan and also used text and video for presenting important points when using mobile phones and examples of actual problems that occurred. A total of 57 middle school students and 7 parents participated in these classes at both schools, and included many who were planning to return to Japan, and so they showed great interest in the information that was presented.

KDDI will continue to actively provide KDDI Mobile Phone Learning classes not only in Japan, but also overseas.



Class held at the New York Japanese School



Class held at the New Jersey Japanese School

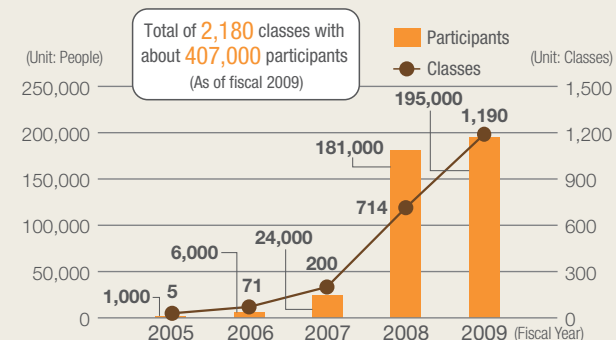
## Material Issues

# Creating a Safe and Secure Information and Communication Society

### Data Snapshot of KDDI Initiatives

#### KDDI Mobile Phone Learning Classes: Number of Participants and Classes Held

Since 2005, KDDI has held KDDI Mobile Phone Learning classes throughout Japan with KDDI employees as instructors. Over these five years, a total of 2,180 classes attended by about 407,000 children and parents have been held.



## COLUMN

### Symposium in collaboration with educators

On March 28, 2010, KDDI hosted the 2010 Symposium on Children in the Mobile Phone and Internet Society at KDDI Hall in Tokyo's Chiyoda ward.

Research and survey results on the positive and negative aspects on mobile phone use by middle school students were presented, and a panel discussion was held with educators and KDDI officers that examined mobile phone usage today, issues, educational examples, and other topics.

Parents who participated mentioned that they felt it was necessary to discuss the actual state of children today for creating proper rules and a suitable environment, and this symposium gave them a renewed awareness of the importance of teaching information literacy.



### Instructor of KDDI Mobile Phone Learning Class and Participant Feedback



**Tomomi Numakura**  
Senior Staff  
Kyoto Branch  
Consumer KANSAI Regional Office  
Consumer Sales Division

#### Learning etiquette and rules for mobile phones from an early stage will lead to safety and security of children.

I am an instructor of the KDDI Mobile Phone Learning classes in the Kyoto city area. In the design of these classes, we try to incorporate the many questions and feedback that we have received to provide a class that will capture the interest of children. Whenever I meet children in my classes, I am always surprised at how knowledgeable they are about mobile phones. That's why I strongly feel it is necessary to teach the proper etiquette and rules to children and parents at an early stage.

As someone involved in the telecommunications business, I want to continue to contribute to improved information literacy to ensure that children can live safely and securely within society.

#### ● Participating in the KDDI Mobile Phone Learning Class

#### Ryoko Matsuishi

Hachioji Municipal Elementary School No. 7 Backup Committee

Everything has a positive and negative side. However, information that is reported about mobile phones in the media always seems to be a little one-sided. By participating in the KDDI Mobile Phone Learning class, I felt once more that society as a whole must rethink how to properly use mobile phones as a tool for connecting people.



## Creating a Telecommunications Environment Enabling Safe and Secure Usage

### ● Launching of Learning Website for Children

KDDI launched both PC and mobile versions of the "JUNIOR net" website for fourth grade to middle school students for teaching them in a fun and enjoyable way about how to safely use mobile phones and the Internet and their rules and etiquette.

JUNIOR net contains illustrations and easy-to-understand explanations and uses quizzes and role-playing presentations to enable simulated experiences of troubles that can occur through misuse. These are used in school classrooms and other venues as tools where children can learn by themselves.

An environment is also provided that enables downloading of study materials by parents and educators that can assist in improving information literacy of children.



PC version of JUNIOR net

<http://www.kddi.com/junior/>

### ● au Mobile Phones for Children

In March 2010, KDDI launched the new "mamorino" au mobile phone as a tool for protecting grade 1 to 3 elementary school students.

The "mamorino" is a model that is easy for children to use and offers peace of mind to parents. It is the industry's first\*1 cell phone with a security buzzer that automatically sends an alert to the security company SECOM when activated and provides a SECOM Rescue Service that can immediately dispatch a member of its professional security staff to the child's location. Calls and e-mails can be exchanged with only four pre-registered contacts and Internet access is restricted for completely preventing children from getting into trouble by e-mail or the Internet. The "mamorino" also features carefully-selected functions for safety and security, including Security Navi and a Security Light that flashes on dark roadways.

In March 2010, the "mamorino" became the first mobile phone certified as a recommended product by the National Congress of PTA of Japan, and it has also been certified as a recommended product by the National Federation of Kodomo-kai\*2.



"mamorino" for protecting children

\*1: As a mobile phone that is linked to the SECOM Rescue Service by the security buzzer (As of March 2010. Source: SECOM Co., Ltd.)

\*2: Certification number: KSM-P001

### ● Enhanced Services for Young People at au Shops

To ensure that young people can use the Internet safely and securely, KDDI provides filtering services for blocking access to websites unsuitable for young people. From October 2008 to January 2009, KDDI used direct mail to confirm the filtering service usage preference of parents of elementary and middle school students having au mobile phones. Then, from February 2009, the au mobile phone filtering service "EZ Safety Access Service" was applied to all au mobile phones unless the owner specifically opted out. Then, in June 2009, we started offering a document service for certifying registration in the filtering service from an au shop terminal for people who require certification for their school or other organization and providing our "EZ Safety Access Service: Customize Course" which enables customers to make their own settings to restrict or allow access to individual websites.

KDDI also distributes our "au Safety Service" pamphlet at all au shops to assist customers in using their mobile phones safely and securely.



"au Safety Service" distributed at au shops

### ● 24-hour Content Patrol

To ensure the safety of appealing content, since 2002, KDDI has worked together with business partners to monitor content of the EZweb official website, au one blog, and au one album on a 24-hour, 365-day basis. Currently, the EZweb official website has approximately more than 10,000 new entries and the au one blog has about 2.3 million new entries per month. Human eyes and a content patrol system are used to find inappropriate content and direct the content provider or blogger to make suitable changes, and KDDI members are constantly working to maintain and improve the quality of the content for protecting the safety and security of users.



Member patrolling a blog

## Voice of the Developers



"mamorino" for providing a new sense of safety and security

**Miki Hayase**

Manager  
2nd Marketing and Planning Section  
Market Development Department  
Consumer Service & Product Planning Division

The idea for the "mamorino" came about in 2008 when the prime minister in a government education panel proposed a ban on the use of mobile phones in elementary and middle schools and mentioned the need for models with limited functions.

We received suggestions and requests from many employees and educators to create an au mobile phone capable of giving peace of mind to parents who wanted to watch over their children, and we incorporated these elements in development. With the cooperation of SECOM, we later decided to include the COCO-SECOM Alert Rescue function linked to the security buzzer. We teamed up with KYOCERA in the design to select a size comfortable for children and to narrow down the functions. After conducting a series of trial-and-error processes within KDDI, we launched the "mamorino" in spring 2010 to coincide with the start of the school year.

The "mamorino" is the result of everyone's cooperation and was developed based on the desire to ensure the safety of our children. We want to continue to listen to feedback from parents and educators to further meet their needs and requests.

## Mobile Phone Ownership Rate by Children

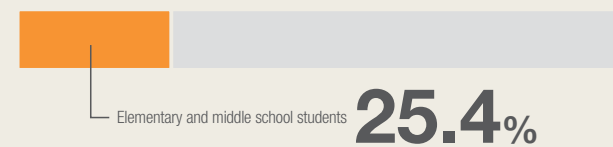
About 30% of elementary and middle school students, and nearly 60% of female middle school students have their own mobile phone.\* Although there are many different reasons why parents allow their children to have mobile phones, typical reasons are "crime prevention" for elementary school students and "because the children want them" for middle school students. Use of mobile phones is spreading among children as a tool for children's safety and for communication between parents and children.

\* Results of Internet survey of parents with elementary and middle school children (Source: KDDI, February 2009)

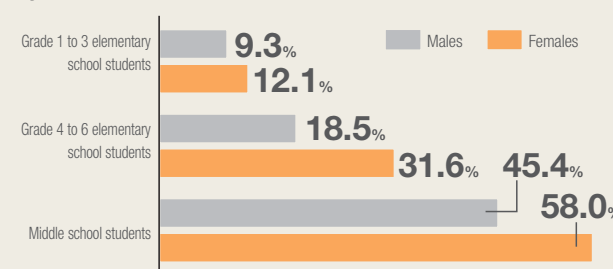
### Use of Mobile Phones by Children

Q. Do your children have a mobile phone?

Overall



By School Year and Gender



For more information, please visit the website below.  
"Taking a Look at Children's Mobile Phones"

<http://www.kddi.com/anshin/>  
(in Japanese)

## Voices from Stakeholders

We anticipate further initiatives in tandem with educational institutions to protect the safety of children.

Trouble and crime due to mobile phone use by children has become a growing social problem. I feel that it is not right to try to find someone to blame for this social problem.

To experience life to the fullest in our future information and communication society, it is extremely important to gain proficiency in how to effectively use ICT. I think that in today's day and age, schools, parents, companies, and all of society must join together to promote education that strives to build a safe and secure information and communication society.



The KDDI Mobile Phone Learning classes by KDDI meet today's pressing needs, and we have high expectations for them in the future.

**Nobuaki Sawa**

Teacher, Matsudo Municipal Mabashi Elementary School,  
(Currently: Kashiwa Municipal Education Laboratory)

## Gathering Feedback

In order for children to use information and communication technology safely and securely, we must not only eliminate potential dangers, but we must also teach them how to use ICT safely and avoid dangers themselves. As Mr. Sawa above mentions, this can only be accomplished if children are protected through the close cooperation of companies, schools, and households.

In March 2010, we held a symposium on the topic of the current state of information and communication technology use by children. We heard examples from Mr. Sawa of how ICT is being used in classes, and we were able to receive suggestions and opinions for resolving these issues from a wide range of viewpoints. We are committed to working even closer with educators, parents, and local communities to realize a safe and secure information and communication society.

Mobile phones and the Internet have become essential tools in modern society today. Still, KDDI's message to children continues to be that mobile phones and the Internet are no substitute for direct communication, and even if we use this technology, sincere and heartfelt communication with others remains important.

**Kazunori Tanaka**

General Manager  
CSR & Environment Management Department  
General Administration Department  
General Administration & Human Resources Division

## Results of Our Initiatives and Future Issues and Initiatives

In fiscal 2009, KDDI was proactive in starting a dialog with many stakeholders through our KDDI Mobile Phone Learning classes and symposiums.

In fiscal 2010, based on our feedback, we will further bolster our content by adding anti-crime and disaster-preparedness programs to our KDDI Mobile Phone Learning classes. We will also create study materials for improving information literacy, build an information and communication environment that can be used with peace of mind, and embark on other initiatives for realizing a safe and secure information and communication society.





## Offering Reliable Information and Communications Services to Each and Every Customer

To provide high-quality, reliable information and communications services at all times and everywhere, we are implementing initiatives for improving service quality and disaster-preparedness for realizing the satisfaction of all users of our wide range of services.

### Striving for a Comfortable Communication Environment

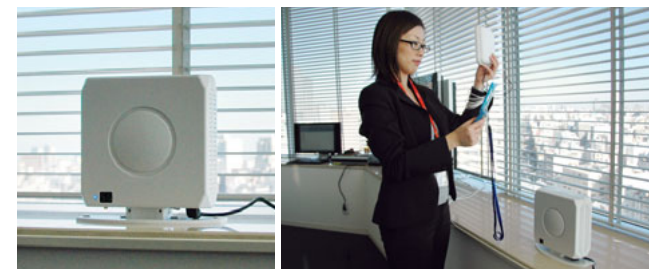
#### ● Visits to Individual Homes for Improving Communication Environments

Starting from October 2009, KDDI launched the au Reception Quality Survey service for all customers throughout Japan as an initiative for improving the communication environment of au mobile phones.

In this service, KDDI visits homes that request this service, conducts a check on the mobile phone communication environments, and provides a consultation. Under certain circumstances, communication environments are improved by using an au repeater or indoor antenna to amplify the outdoor signal and relay it indoors. In fiscal 2009, KDDI visited about 7,000 sites under this service.

Also, from March 2010, we started trial operation of the home base station "au Femtocell" in certain areas of the Kanto region, and this equipment is scheduled to fully roll out in July 2010.

We will continue to actively solicit feedback from our customers and strive to provide a comfortable communication environment and improve the communication area.



Left: au repeater Right: "au Reception Quality Survey" service for testing reception and improving the communication area

#### ● Providing Comfortable "Tried-and-Tested Quality"

At fireworks shows, festivals, outdoor concerts, and other events, tens of thousands of people are using their mobile phones at once within a limited area, possibly resulting in disconnections. In particular, just in the Kanto region alone, about 380 events are typically held during July and August. This has prompted us to bolster the communications facilities during events, conduct call tests at the site, hold technical workshops for improving the technical level of employees, and implement other company-wide initiatives for enhancing quality.

We are committed to providing au mobile phone customers with services that they can use during events without noticeable differences from normal usage and to improving quality so that customers can experience our "tried-and-tested quality" that enables them to connect comfortably anytime, anywhere.

## Enhancing Disaster Preparedness

#### ● Participation in Disaster Training and Providing of Disaster Message Board Service

KDDI is committed to constantly improving safety and reliability for providing reliable information and communications services that could serve as a lifeline in times of earthquake or other emergencies. In July 2009, KDDI participated in a large-scale tsunami preparedness drill held at Shimizu port in Shizuoka city, Shizuoka prefecture and sponsored by the Ministry of Land, Infrastructure, Transport and Tourism. As a designated public institution, KDDI exhibited vehicle-mounted satellite base stations, iridium satellite mobile phones, and Inmarsat satellite mobile phones.

In March 2010, KDDI launched a disaster message board service for unified cross-platform searching of five mobile phone and PHS companies in conjunction with these companies.



Mobile power supply vehicles and vehicle-mounted satellite base stations provide a communications infrastructure in disaster-stricken areas

## Building a Communication Environment in Developing Countries

#### ● New Businesses and Bridging the Digital Divide\*1

As a part of our effort to resolve issues on a global scale by contributing to the development of developing countries and to open up new markets, in January 2010, KDDI made an investment into "bracNet," which is the largest Internet provider in Bangladesh. As a strategic partnership of three companies that includes the major shareholders DEFTA Partners and BRAC, KDDI is using Fixed WiMAX\*2 technology in developing countries to build local communication infrastructures for the spread of high-quality Internet broadband.

Also, to bridge the digital divide in developing countries, KDDI established "Telecenter" in Micronesia in November 2009 to contribute to remote instruction and revitalization of local communities through the use of the Internet.

\*1: Issue where an information disparity occurs between people who have access to information and communication technology such as the computers and the Internet and those who do not.

\*2: WiMAX (Worldwide Interoperability for Microwave Access): High-speed wireless Internet that is compliant with the IEEE (Institute of Electrical and Electronic Engineers) 802.16 standard.



KDDI started its collaboration with the Bangladeshi company "bracNet" in January 2010



KDDI provided support for opening "Telecenter" in Micronesia

### Results of Our Initiatives and Future Issues and Initiatives

In fiscal 2009, we conducted training that simulated a disaster for improving our network quality, and while we have been making efforts to provide reliable information and communications services, there have been cases of inconvenience to customers such as failure to connect in certain areas due to the effects of a natural disaster and other causes.

In fiscal 2010, we will implement stronger measures for dealing with disasters and provide high-reliability quality that meets the diverse needs of our customers. We are also committed to developing international society and bridging the digital divide by supporting businesses in developing countries, building infrastructure, and implementing other initiatives.

## Feedback from Service Users

We anticipate information and communication services incorporating feedback from users.

- Because my phone had poor reception in my room, I sent an inquiry e-mail to KDDI, and someone from the area support center came to examine the cause. This person explained in detail the reception situation in our house and installed an au repeater for us. As a result, my reception is now unbelievably better than before, and I can make calls with ease.
- Because there were two examiners, I was able to feel at ease while they conducted their examination. Although it unfortunately did not result in improved reception, they explained in detail the conditions when reception is poor and how to improve reception when it is weak, and so this was extremely helpful.

(Survey results from users of the au Reception Testing service)

## Receiving Feedback

The au Reception Testing service was started for the purpose of improving the satisfaction of service users and building up trust in KDDI by directly addressing dissatisfaction due to poor reception when using au mobile phones at the home or workplace.

The service area varies depending on the individual environment. If the customer requests, KDDI will directly visit and examine the site and provide an explanation of the customer's communication environment and suggestions for improvement.

We accurately assess the current gap from the service area design based on the survey results obtained from the customer, and based on this, we conduct a reception test that enables us to resolve the customer's dissatisfaction, and so we are aware of the importance of this service.

From the customer's perspective, our social responsibility is to build a service area and provide even more reliable information and communications services. From now on, we will use the valuable feedback received from each customer to work to further improve the quality of our service area.



**Takahiro Ueda**  
Head of Coverage Planning Group  
au Coverage Planning Department  
Consumer Sales Planning Division

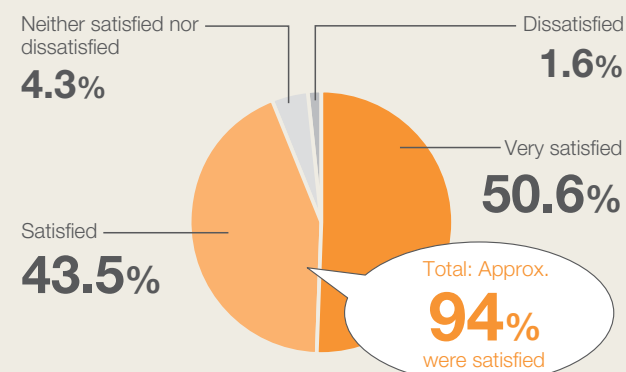
## Material Issues Part 2

# Offering Reliable Information and Communications Services

### Data Snapshot of KDDI Initiatives

#### Customer Satisfaction of the au Reception Quality Survey service

About 94% of customers who used our service for homes with poor reception gave us a score of "Very satisfied" or "Satisfied."







## Steadily Addressing Each Environmental Issue

While the growing use of ICT increases our CO<sub>2</sub> emissions, KDDI is taking serious steps in conservation of the global environment by using solar and other alternative power sources for reducing greenhouse gases and promoting recycling programs for mobile phones.

### Reducing CO<sub>2</sub> Emissions in the au Mobile Phone Service Infrastructure

#### ● Installation of base stations using tribrid power control technology

Focusing our efforts on saving energy at au mobile phone base stations, which account for approximately 60% of our electric power consumption, we have developed tribrid power control technology\*1 for realizing power supplies that reduce CO<sub>2</sub> emissions.

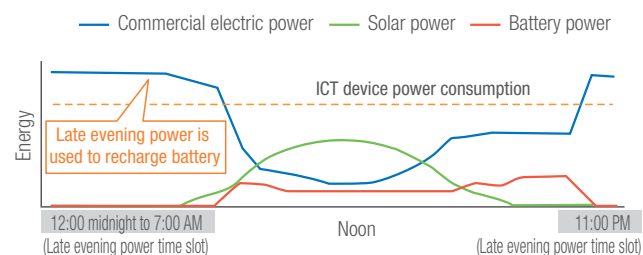
In tribrid technology, power generated from solar panels, power charged by rechargeable batteries during nighttime hours, and commercial electric power are controlled and supplied to the base station efficiently in each time slot. This technology enables estimated reductions of 20% to 30% in both commercial electric power consumption and CO<sub>2</sub> emissions in base stations\*2. Trial operation began in December 2009 in Niigata prefecture, and we are aiming for a complete rollout after a series of verification processes to optimize the supply power control and installation systems for the specific geographical and climatic conditions.

We have also been moving forward aggressively on various power-saving measures including the establishment of base stations that run solely on solar power, development of base stations without air conditioning systems, design of more efficient base stations, and development of more lightweight and more compact base station designs.

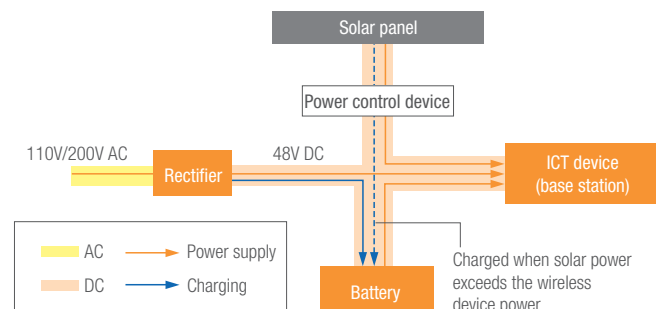
At KDDI, we will continue to implement environmentally-friendly measures to prevent global warming for fulfilling our important responsibility as a global corporation.

\*1: Term coined to refer to the combining of three types of industrial technologies from different fields.  
\*2: Calculated from KDDI experiment results (as of December 2009).

#### Power Supply in Tribrid System



#### Base Station Using Tribrid System



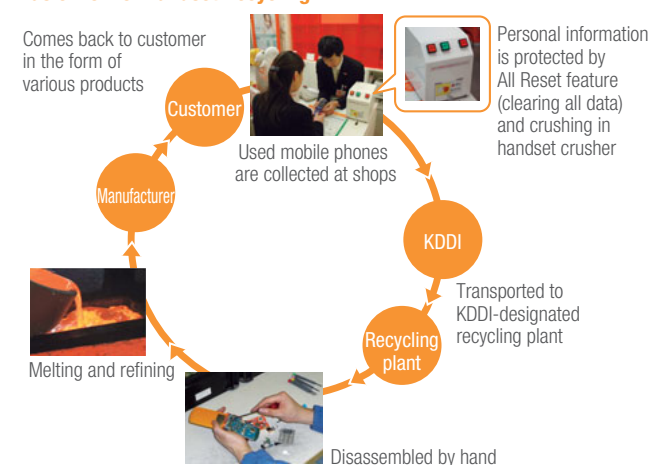
## Promoting Recycling of Mobile Phones

### ● Collection and Recycling Initiatives at au Shops

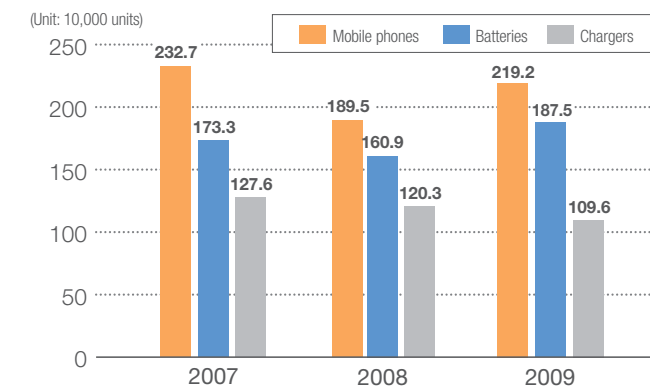
Because mobile phones contain precious metals and rare earth metals such as gold, silver, copper, and palladium, recycling of these metals is important. KDDI performs material recycling by manually disassembling unneeded mobile phones and using melting and refining processes to recycle them back into usable materials. In fiscal 2009, KDDI achieved a material recycle rate of 99.6%. Proceeds from recycling are given back to society through forest conservation programs and other activities.

As mobile phones become more advanced and used for purposes other than communication, the number of collected mobile phones has been declining in recent years. This led us to take the initiative by launching a recycling publicity campaign targeting customers through television commercials and other media, and as a result, the number of collected mobile phones increased in fiscal 2009.

#### Basic Flow of Handset Recycling



### Number of Mobile Phones and Other Devices Collected by KDDI



### Feedback from Stakeholders

#### I think that patient effort leads to steady results.

About 98% of KDDI's power consumption is for communication facilities, and because 60% of this power is for au base stations, development is proceeding on the tribrid system for supplying power to base stations, and, as described in television commercials, solar power generation is used. Efforts are underway to steadily reduce CO<sub>2</sub> emissions by expanding the new verification experiments in regions with different climatic conditions. These are initiatives that focus on total reductions. Also, patient efforts are starting to bear fruit, such as small-scale efforts to spread the word about "Bill on WEB," collection campaigns for unneeded mobile phones, and other initiatives.

By spreading awareness from children to adults that mobile phones entail a tremendous environmental burden in the procurement of resources and have a lifecycle different from typical consumer electronics, I think that people will understand the importance of collection and



recycling of mobile phones. We anticipate further small-scale communication in the future.

**Kikuko Tatsumi**  
Board Member  
NIPPON ASSOCIATION OF CONSUMER SPECIALISTS

#### Gathering Feedback

Recycling of mobile phones is possible only through the cooperation of customers, and we feel strongly that communication is important for realizing this. In 2009, KDDI took the initiative to participate in various events and conduct publicity through commercials and advertisements for enabling us to increase the number of collected mobile phones from the previous year. We hope to create new opportunities for communication by joining in cooperation with an even greater number of customers.

**Kazunori Tanaka**  
General Manager  
CSR & Environment Management Department  
General Administration Department  
General Administration & Human Resources Division

## COLUMN

### Participating in Mobile Phone Recycling Events

KDDI promotes mobile phone recycling activities and is an active participant in a wide range of events and forums.



#### Events and Forums Participated in during Fiscal 2009

- Used Mobile Phone Collection Promotion Campaign (Sponsors: Ministry of the Environment, Ministry of Internal Affairs and Communications, Ministry of Economy, Trade and Industry)
- EcoLife Fair 2009 (Sponsors: Ministry of the Environment, Tokyo Metropolitan Government, and others)
- NACS Environment Forum 2009 "Learning about the Lifecycle of Mobile Phones" (Sponsors: Nippon Association of Consumer Specialists, Environment Committee)

### Results of Our Initiatives and Future Issues and Initiatives

KDDI's power consumption has been increasing as use of ICT becomes more widespread, and power-saving measures in our facilities have become a material issue for us. This led us to take the bold steps of developing base stations using tribrid power control, formulating green procurement guidelines, and taking other actions. In future, we will continue to actively develop power-saving technologies to enable us to provide information and communication services that reduce the environmental burden of society.

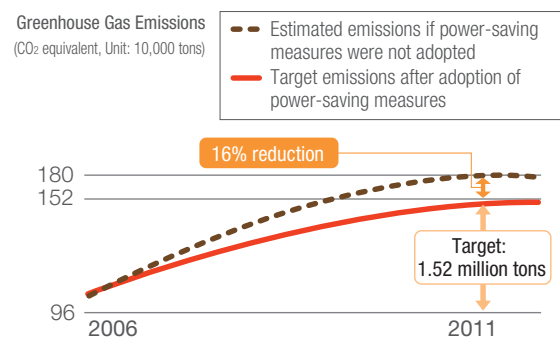
## Material Issues

Part

# Initiatives to Conserve the Global Environment

### Data Snapshot of KDDI Initiatives

As a part of our effort to prevent global warming, KDDI has set a CO<sub>2</sub> emissions target of 1.52 million tons for fiscal 2011, which is a reduction of 16% from our estimated energy consumption. Our emissions for fiscal 2009 were 1.181 million tons, which was below our trend line target of 1.2 million tons, and indicates we are making steady progress in our reduction plan.







## Creating a Work Environment Where Each Employee Realizes Their Full Potential

**KDDI is committed to promoting diversity & inclusion through support of work-life balance, boosting of employment for persons with disabilities and senior citizens, promoting opportunities for women, and other initiatives. We are striving to create a system that incorporates feedback from our employees, implement initiatives for employee training, and create an environment with ideal working conditions.**

### Promoting Diversity & Inclusion

#### ● Improving the Work-Life Balance

KDDI is working to improve the work-life balance to enable employees to better combine work and private life. Starting from April 2010, KDDI has leveraged its communication technology to enable more flexibility in the work system through the Telework program that enables employees to work at home in an environment virtually identical to the office and through wider eligibility of employees for the Flextime system that enables them to adjust their regular work hours based on their workload.

In July 2009, KDDI earned the “Kurumin” mark as a provider of next generation childcare support as a result of our system enabling employees to combine childcare and home care, including our childcare and home nursing leave systems and shortened work hour systems, and our leave systems for childcare and home nursing that exceed the legally required periods.

We are also striving to promote understanding of the work-life balance for both men and women, such as by hosting the “K Papa Support Seminar” for male employees

in November 2009 as a course for teaching how to get involved with childcare and the importance of the work-life balance.



Mark certifying support for the next generation childcare



“K Papa Support Seminar” for male employees

### Creating a Work Environment with Diversity and Inclusion

#### ● Wider Employment Opportunities for Persons with Disabilities

KDDI is an active employer of persons with disabilities. KDDI Challenged received certification as a special subsidiary, and its business includes disassembly of mobile phones for recycling, massage services for promoting the health of KDDI employees, and a wide range of clerical service work. In fiscal 2009, the employment rate at KDDI for persons with disabilities was 1.89% (+0.08 points compared to previous year), and KDDI will continue to open up new opportunities for creating and expanding a workplace where each person can contribute.



Disassembly work of mobile phones

### Supporting a Wide Range of Employee Activities in Japan and Worldwide

#### ● Establishing Diverse Human Resource Development Program and Employee Training System

KDDI provides a wide range of training programs and career support systems for enabling each employee to maximize their potential as a professional.

For example, the Self Career Produce (SCAP) system was introduced for motivating employees to take on new challenges and providing greater job satisfaction. This system enables employees to negotiate directly for their desired positions and to transfer if successful, and it was used by 56 employees in fiscal 2009. Also, starting in fiscal 2009, a new system was established for registering employees with a high level of expertise in a specialized field as experts at the managerial level.

We also introduced an Overseas Study Program and Trainee Program for developing employees who can do business on a global stage. In fiscal 2009, we also held Sales and Technology Training and Overseas Manager Training sessions five times for employees of KDDI affiliates located overseas. We will continue to conduct these initiatives for developing our human resources.



Sales and Technology Training for employees of KDDI affiliates located overseas

### Developing an Even Better Corporate Culture

#### ● Initiatives Based on Employee Feedback

At KDDI, we incorporate employee feedback to create an even better work environment. In July 2009, we conducted an awareness survey of all employees called “KDDI Kaitai Shinsho.” We received responses from about 9,300 employees, and analyzed and published the survey results on the company intranet and company newsletter. Issues that were brought to light were used in executive and employee training and for personnel policies.

To create an even better corporate culture and environment, “Peacock Activities,” where employees of different organizations and divisions meet to talk to each other once a month, were held about 14,500 times in fiscal 2009.

Also, a Solution Forum was established on the company intranet for sharing and resolving issues on products and services within the company. We are using feedback from our employees in a wide range of venues to improve customer satisfaction.



Solution Forum on company intranet

### Results of Our Initiatives and Future Issues and Initiatives

An awareness survey was conducted of employees in fiscal 2009 for revealing the current company state and any noticeable issues, and the survey results were released within the company. This helps to foster communication within the workplace and resolve issues in various departments.

In fiscal 2010, we plan to conduct another survey to better understand company changes over time and to build an environment for realizing a workplace where each employee can find fulfillment in his or her job.

At KDDI, we are committed to creating a system for maximizing the potential of each employee and developing human resources with a global perspective.

### Voice of Employees Using Childcare Leave System

#### I made major discoveries in work and childcare by taking childcare leave.

When my second son was born on February 19, 2010, I took childcare leave for one month starting from March 1. I talked to my superiors and colleagues beginning six months before, and by creating a workflow in preparation for someone to take over my work, this enabled me to inventory and increase the transparency of my work for obtaining the understanding and cooperation of those around me. Looking back at it now, I felt a sense of achievement, including during the preparation period.

During my childcare leave, I was able to experience first-hand the difficulties in performing all the housework and childcare tasks from morning to night everyday, and I also felt how important it is for fathers to take childcare leave and participate in the day-to-day affairs of their local community. I discovered many new things by using

childcare leave, and so I hope that more male employees will take advantage of it, even if for one or two weeks.



Hiroyuki Ogino

Assistant Manager  
Group 3, Solution Business  
Management Department  
Solution Business Management Division

### Voices of Superiors

In this instance of taking leave, Mr. Ogino made preparations by explaining beforehand to not only his colleagues in the workplace, but everyone involved with his work, and he shared his work content by working closely with those would take over in his absence, and this had the effect of standardizing work procedures. Of course, there is an added burden when an employee is temporarily unavailable, but this provided us with the opportunity to review a more productive and efficient way of operating at the workplace level for performing our work without inconveniencing our customers. In Japan, the rate of men taking childcare leave is just over 1%, and there are still many obstacles today. Work-life balance strives for improving the satisfaction and motivation of employees and is also important not only for the future growth and development of individuals, but the company as well.

Toshiharu Kikuchi

Head of Group 3  
Solution Business Management  
Department  
Solution Business Management Division

## Material Issues

Part 4

# Vitalizing the Company by Developing a Diverse Workforce

### Data Snapshot of KDDI Initiatives

#### Use of Childcare and Home Care Support Systems by Employees

To create a work-friendly environment for motivated employees, KDDI has established a wide-ranging leave and shortened work hour system to support employees who need to take time off for childbirth, childcare, or home nursing care.

(No. of people)

Program		Gender	2007	2008	2009
Childcare	Maternity leave	Women	138	133	129
		Men	1	0	3
	Childcare leave	Women	215	221	241
		Men	1	3	1
Home care	Shortened working hours for childcare	Women	178	226	172
		Men	3	5	1
	Home care leave	Women	4	2	2
		Men	3	0	0
Shortened working hours for home care	Women	0	1	0	
	Men	0	0	0	



# Management Report

To become a company trusted by society, KDDI is striving to build a management system based on fair and honest business activities and to implement measures for continual improvement and wider employee awareness.

## Corporate Governance

### Strengthening Corporate Governance

KDDI views the issue of strengthening and enhancing corporate governance as being vital for increasing its corporate value, and will further strive to streamline operations and boost its transparency.

The Executive Officers' System was established in 2001, and tasks are executed with an emphasis on clarifying the delegation of authority and responsibility systems, as well as speeding up the decision-making process. The Board of Directors is composed of Directors, including outside Directors, and aims to determine important matters stipulated by laws and ordinances, as well as to oversee the competent execution of business duties by the Directors. Additionally, a Corporate Management Committee composed of Directors and Executive Officers determines important matters relating to the execution of business tasks.

Auditors attend the company's principal meetings, including meetings of the Board of Directors. The Board of Directors and Internal Auditing Division aim to collaborate by providing appropriate information necessary for executing the business duties of the Auditors, as well as by exchanging opinions and ideas.

In 2006, an Auditing Office was established to support the execution of business duties by the Auditors.

### Constructing and Improving the Internal Control System

At KDDI, we are striving to build an effective internal control system and improve corporate quality for ensuring the fair, transparent, and efficient execution of company business based on the "Basic Policy for Constructing Internal Control Systems" formulated in 2006. KDDI also established an Internal Control

Department for supporting the internal control reporting system based on the Financial Instruments and Exchange Act. After building and evaluating the internal control of KDDI and our main Group affiliates, in June 2009, we reported the results to the prime minister and published the results on our website.

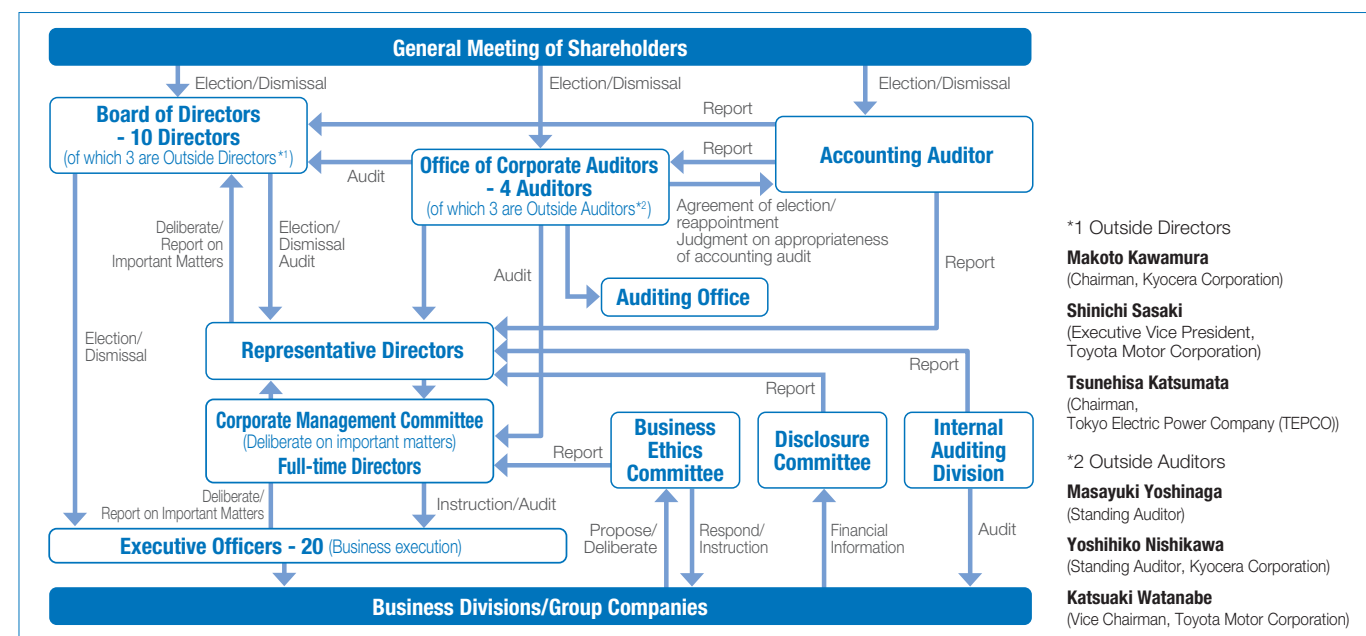
Starting from fiscal 2009, we assigned 24 people in KDDI and our main Group affiliates to serve as Internal Control Managers. These people will strive to build and operate even better internal control systems and promote improved work quality throughout all organizations.

## Compliance

### KDDI's Approach to Compliance

The KDDI Group believes that compliance with laws and regulations, beginning with strict adherence to the "privacy of communications" stipulated in the Telecommunications Business Act, is at the very root of its corporate management. This is what led KDDI to establish the "KDDI Action Guideline" which details the basic rules for conducting business activities. To ensure that employees always act with high ethical standards and can perform their work appropriately, this code of conduct was made into booklet form and distributed for promoting wider awareness. Furthermore, the KDDI Group Business Ethics Committee was also established as an organization making final decisions on compliance-related items for building a stronger and more stable enforcement system. This Committee formulates policies for raising awareness, examines responses to compliance violations and measures to prevent reoccurrence, and works to send and share this information to all employees through the company intranet.

## Corporate Governance Framework (Current as at March 2010)



### Enhancing Compliance

In fiscal 2009, KDDI conducted publicity campaigns within the company for promoting greater awareness of information security as a part of our effort to improve our compliance system.

In particular, October to December 2009 was designated as "Compliance Enhancement Months." During this period, KDDI held self-testing awareness checks and special e-learning courses on how to prevent leakage of information, held discussion meetings at workplaces, and implemented other initiatives.

Compliance training was also incorporated into new employee training, employee rotation training, executive and managerial staff training, and group training by staff level, and lecture presentations were also presented by outside instructors as a part of KDDI's ongoing commitment to promote better understanding by all employees.

## Risk Management

### Basic Policies for Risk Management

By maintaining an awareness of all potential risks beforehand, such as business risks\*3 and management risks\*4, KDDI is striving to reduce risk and avoid the development of risk.

Furthermore, KDDI has taken steps to minimize losses when risks develop by building a risk management system in the KDDI Group for preparing measures for dealing with potential critical risks that may develop.

\*3: Risks associated with service deployment, fee settings, and other business activities, and risks from changes in business activities due to the enactment of laws and regulations or political policies.

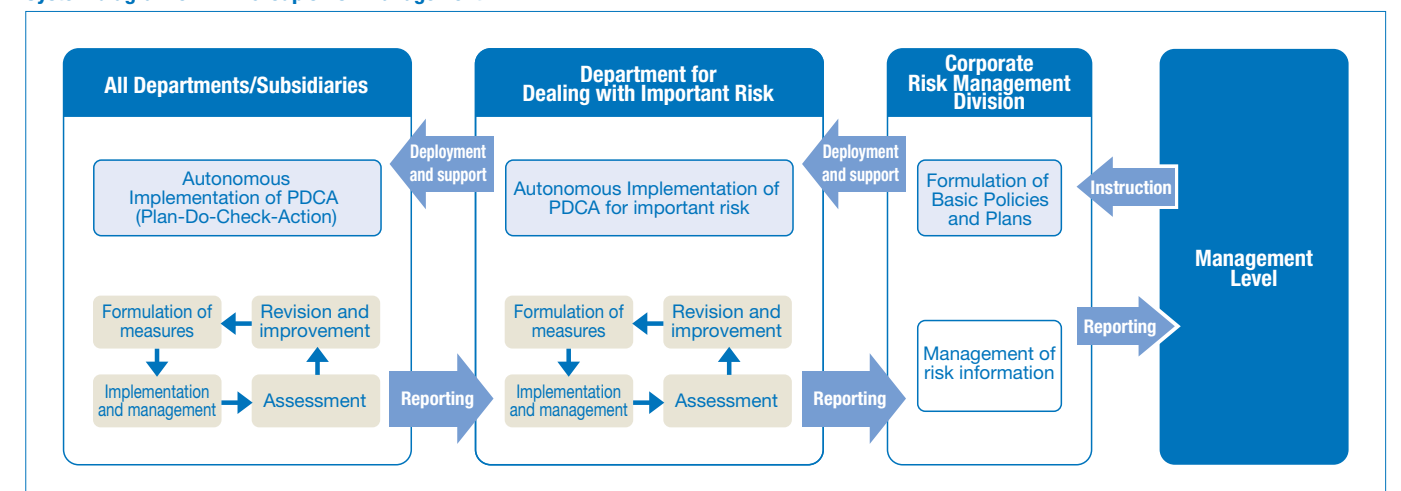
\*4: Risks that could cause a loss of trust in the company or harm its brand image due to leakage of personal information of customers, violation of laws or regulations, or other improprieties.

### Promoting Risk Management

The KDDI's Corporate Risk Management Division is responsible for overseeing potential risks to the KDDI Group by formulating basic policies and plans for risk management and by working to implement and improve risk management with the relevant divisions based the PDCA cycle\*5. In addition, the risk management status of the entire company is disclosed to the management for reviewing the risk to the entire KDDI Group based on changes in the legal system and/or the social environment.

\*5: Use of the Plan-Do-Check-Action cycle in the next business process.

## System diagram of KDDI Group's risk management



## Information Security

### Basic Policies for Information Security

In 2004, KDDI established the Information Security Committee with committee members drawn from the managerial level and sales, technology, and corporate division managers for formulating the Basic Policy Pertaining to Information Security. This committee is striving to build a system that can assess the information security management state of the entire company and is capable of rapidly applying a wide range of preventative measures and policies as needed.

### Building a System with Enhanced Information Security

As a provider of safe and reliable information and communication services, KDDI has issued a Security Statement that details our promise to handle our customers' personal information and companies' confidential information with the utmost care and to ensure information security, and we have released this together with our Privacy Policy which describes our guidelines for protecting personal information. We pledge to comply with both this Security Statement and Privacy Policy.

Also, to acquire ISMS\*6 certification throughout the company, an initiative led by the ISMS Promotion Office (currently known as the Information Security Promotion Department), which was established in 2006, led to the successful acquiring of ISMS certification company-wide for all departments in April 2009.

\*6: ISMS: Information Security Management System

## ISMS Certification at KDDI

Registration no.	Organization name	Registration date
IS 76406	Shibuya Data Center	July 4, 2003
IS 85329	Information Systems Division	September 28, 2004
IS 88665	Koto Technical Center	December 13, 2004
IS 95253	KDDI Corporation*7	June 7, 2005
IS 94986	Otemachi Technical Center	July 11, 2005
IS 500630	Network Operations Center	April 18, 2006
IS 506507	Osaka Technical Center	October 27, 2006
IS 507482	Security Operations Center	October 27, 2006
IS 521724	Service Operations Division	October 22, 2007
IS 537749	FMBC Operations Center	September 30, 2008
IS 544901	KDDI Corporation*8	April 10, 2009

\*7: Including the Corporate, Customer Service, Engineering, Technology, and Sales divisions and KDDI Kyosaikai, KDDI Health Insurance Union, KDDI Pension Fund, and KDDI Research Institute

\*8: Including the Operations Sector Engineering Operations Division, Service Operations Division, and Japan Telecommunication Engineering Service



# Social Action Report

As we develop into a mature company, KDDI is striving to meet the needs of each and every person by examining our products and services from the perspective of service users, business partners, shareholders, investors, and employees and to actively work to resolve social issues through our business.

## Striving for the Satisfaction of Service Users

### Trust of Our Customers is Our Goal

#### ● “Omakase Advisor” for Peace for Mind for Everyone

In our “Omakase Advisor” program, KDDI sends out experts to provide customer support for our “au HIKARI Home” broadband service from installation to usage startup. Our customer support goes beyond just telephone support. We also provide face-to-face support for our customers, including directly visiting their homes to answer their questions and respond to their concerns. When KDDI visits our customers, we take great care to provide an easy-to-understand explanation by creating an “au HIKARI Home Advice Sheet” which is a detailed assessment of the customer’s usage, line environment, and other conditions. Also, if an advisor notices any issues or has any suggestions for improvement from the time of application until the connection is established, this information is shared between the relevant departments.

KDDI will continue to strive to expand our service into one that customers can understand and use with peace of mind.

#### The advisor tool kit

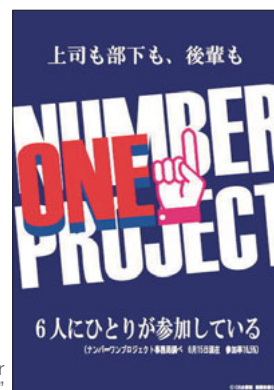
These are the tools used in consulting at customers’ homes. This tool kit consists of an ink pad for stamping application forms, work tool, mini-telephone for checking the telephone line connection, and light and dental mirror for checking behind furniture.



#### ● Becoming Number One with Our Customers

KDDI’s Customer Service Division is spearheading an improvement initiative named “Number One Project” to make KDDI number one with our customers. This project raises issues and makes proposals for revising operations based on the ideas and suggestions received daily from our customers and applies them for improving our operations. In fiscal 2009, this division examined 129 improvement proposals from within the company, and as a result, we took steps to build a one-stop system capable of responding to customer inquiries about multiple KDDI services and to simplify the application paperwork.

We are continuing to expand the scope of our initiatives to enable rapid implementation of ideas and requests from customers.



In-company promotional poster for “Number One Project”

### Incorporating Customer Feedback for Improving Products

#### ● Holding of Mobile Phone Learning Classes for Senior Citizens and Initiatives Incorporating Customer Feedback

KDDI services are used by people over a wide range of age groups. Starting from April 2009, KDDI has held Mobile Phone Learning Classes for Senior Citizens for teaching the basic operating and usage procedures to older people who want to use an au mobile phone for communication with family or friends.

We have also been incorporating customer feedback in the improvement and development of products, such as in our “Simple Phone” that was created using feedback of customers in our Mobile Phone Learning Classes for Senior Citizens



Mobile Phone Learning Classes for Senior Citizens

#### “Simple Phone K005” created based on feedback in our Mobile Phone Learning Classes for Senior Citizens

Design featuring all independent keys in response to customers who had difficulties pressing the cross key

To prevent the finger from covering the camera lens, the lens is located in the top section after the folding mobile phone is opened

When a call is received, the Call key lights up enabling you to answer smoothly

Ease-to-use, simple style with a waterproof, dustproof design that works even when dirty or wet

### Evaluations from Customers

In a customer satisfaction survey of individual mobile phone users conducted in July and August 2009 by the international rating agency J.D. Power Asia Pacific, au was ranked No. 1\* in customer satisfaction among mobile phone service providers for the fourth consecutive year.

Source: Customer Satisfaction StudiesSM on Japan Mobile Telephone Services conducted from 2006 to 2009 by J.D. Power Asia Pacific. The studies were based on the responses of 7,500 residents of Japan that use mobile phone services. Study responses up to 2007 included mobile phone users from all regions of Japan except Okinawa prefecture.

<http://www.jdpower.co.jp>



## Striving for Satisfaction of Business Partners

### Building a Relationship of Trust with Business Partners

#### ● KDDI Purchasing Policy for Ensuring Fair Transactions

KDDI has established the KDDI Purchasing Policy as our guide for purchasing products and services to ensure that all laws, regulations, and social norms are observed and to build a relationship of mutual understanding and trust with business partners.

KDDI also promotes green purchasing in order to purchase products with minimum environmental impact from environmentally-friendly business partners. Furthermore, starting from April 2010, KDDI adopted the “Green Procurement Guidelines” (see page 30) for 28 different types of equipment to ensure that communication equipment with high power-saving performance is acquired.

#### KDDI Purchasing Policy

- Fair and Open Transactions and Maintaining Confidentiality  
We will observe all laws and regulations pertaining to purchasing activities and conduct fair transactions on an equal basis with business partners. We will provide all business partners the opportunity for fair and open competition, and we will protect all confidential information that we gain through our purchasing activities.
- Selecting Business Partners  
“Quality, price, delivery date, service, reliable supply, and environment”  
All of these are important factors that are essential for conducting a transaction. When starting a transaction, all of these factors will be examined comprehensively for selecting business partners who are suitable as KDDI partners.
- Partnership  
Based on our commitment to develop even stronger partnerships with all our business partners, we will strive to deepen mutual understanding, and build and maintain a relationship of trust.
- Promoting Green Purchasing  
The conservation and preservation of the global environment is the single most important issue for mankind in the 21st century. To maintain an affluent society in harmony with the environment, we will actively work to save resources, save energy, and recycle, and we will promote green purchasing in an effort to protect the environment.

#### ● Closer Collaborations for Better Partnerships and Observance of Laws and Regulations

Every year, KDDI conducts a survey of business partners and uses this information for improving our partnerships with them and implementing measures for improving the satisfaction of business partners.

In fiscal 2009, we worked to make our electronic order system on our website more convenient and to improve our responses to inquiries from business partners.

We are also implementing initiatives for improving the quality of business in our collaborations, such as by asking KDDI divisions making orders to evaluate each business partner and using these results to deliver feedback to business partners for assisting them in improving quality and by establishing a system for honoring suppliers who receive high ratings.

In addition to adopting and operating an accounting system for meeting the requirements of the Act Against Delay in Payment of Subcontract Proceeds to Subcontractors (“Subcontractor Law” below), KDDI is committed to a proactive approach to spread awareness for ensuring compliance and conducting fair transactions by observing the Subcontractor Law, avoiding payment delays, and preventing improper order placement and other irregularities.

### Supporting Customer Satisfaction Services in Coordination with Shops

#### ● Establishing of New “au My Premiere Shop” Membership System

In an effort to better provide information to customers and enhance our support, KDDI started the new “au My Premiere Shop” program in February 2009. This program is a membership system for au shops and PiPi where KDDI provides membership registration and management functions, e-mail delivery functions, and a website for each shop.

In addition to providing up-to-date information to registered customers about new products and after-sales service, customers who visit the shop can receive consultation, change their model type or calling plan, and receive advice about repairs or other matters. In this way, this system strives to respond to the specific needs of each customer for realizing improved customer satisfaction.

#### Collaboration between KDDI and Shops for Improved Customer Satisfaction



#### ● Support au Shop Staff Training

At KDDI, we feel that the training of au shop staff is an essential part of achieving every possible aspect of customer satisfaction. This is why KDDI uses a skill training system tailored to each level for au shop staff, from training in business manners and other basic skills for new employees to group training and manager training that teaches sales skills and hospitality. Also, to further improve learning efficiency, KDDI introduced an au mobile phone-based e-learning course in October 2009.

KDDI’s efforts do not end there. We have also established more specialized certification and qualification systems such as “au Pro Staff,” “au Heartful Staff,” and “au Leading Staff,” and we provide professional training. To further improve the quality of au shop staff, which are the contact point with our customers, we will continue to implement a wide range of training and other initiatives.

E-learning course for au mobile phones for au shop staff



## Striving for Satisfaction of Shareholders and Investors

### Investor Relations (IR) Activity Guidelines

At KDDI, we provide our "IR Basic Policy" on our website to explain our basic approach to IR activities and our system of disclosing information. In addition, by conducting IR based on the Guidelines below, we are striving to build a long-term relationship based on trust with shareholders and investors as well as to maximize our corporate value. In particular, corporate information that can affect investment decisions is made available according to the Financial Instruments and Exchange Law, the Securities Listing Regulations stipulated by the Tokyo Stock Exchange and other rules through timely and fair disclosures in formats that are easy to understand for all shareholders and investors.

#### Three IR Activity Guidelines

- Open IR Activities**  
 We value interactive dialogue with our shareholders and investors as well as ensuring accountability to our shareholders and investors through honest and fair information disclosure.
- Proactive IR Activities**  
 By always incorporating new ideas into our IR activities, we strive to make KDDI known to more people and promote further knowledge of the Company.
- Organized IR Activities**  
 Under the leadership of management, all officers and employees — including those of Group companies — will engage in organized IR activities to increase our corporate value.

### Open and In-depth Communication

In addition to holding our quarterly meetings for announcing our financial results, KDDI is also striving to enhance communication with our investors, both in Japan and abroad, by conducting individual meetings and participating in various stockbrokerage conferences and other events.

Among seminars for individual investors, KDDI participated in the "Kabu-navi Conference" sponsored by Investor Networks in December 2009 and the "Tokyo Stock Exchange IR Festa 2010" sponsored by the Tokyo Stock Exchange in March 2010. We used the company information session to present an overview of KDDI's businesses and describe our strategies for future growth. We also set up a company booth in the exhibition area, where we exhibited the latest au mobile phone models for hands-on usage and answered questions from individual investors.



Presenting an overview of our businesses at the "Kabu-navi Conference"



Individual consultations at "Tokyo Stock Exchange IR Festa 2010"

### Developing Better IR Tools

KDDI publishes an annual report every year for its investors both in Japan and abroad. In addition to providing short financial updates on KDDI and various other financial documents on our website, video of our financial results meetings and shareholder meetings are also available on our website in both Japanese and English. With our e-mail magazine and mobile IR website, we are also proactive in releasing a wide array of IR information in easy-to-understand formats for access by various IR tools.



Fiscal 2009 Annual Report



Investor Relations page at KDDI website

### Evaluation by Third-party Institutions

In fiscal 2009, KDDI received various awards for its initiatives in corporate investor relations, including selection for the "2009 Internet IR Best Company Award" from Daiwa Investor Relations for the fifth consecutive year, ranking third overall in the "2009 Top Corporate Website Rankings" from Nikko Investor Relations and ranking second in the Information and Communication sector.

As of April 2010, KDDI was also included in the Morningstar Socially Responsible Investment Index\*<sup>2</sup>, which the benchmark SRI\*<sup>1</sup> index in Japan.

\*1 SRI: Socially Responsible Investment  
 \*2 The Morningstar Socially Responsible Investment Index (MS-SRI) is an SRI stock price index comprising 150 domestic listed companies selected by Morningstar Japan K.K. for their superior social responsibility by converting their stock prices into index form. It is the first such index in Japan.



## Striving for Satisfaction of Employees

### Providing an Environment of Diversity for Maximizing Everyone's Potential

At KDDI, we have been proactive in taking steps to spread awareness of diversity and inclusion through various types of seminars and training for not only employees, but also managers and executives.

In 2007, we launched Win-K (pronounced "wink") as an in-house project to promote the professional advancement of women. In fiscal 2009, participation was opened up to male employees, and the program focused on the themes of female self-awareness, female employee work environment, and working mothers by implementing initiatives for the improvement of these issues through company-wide forums, various regional mini-forums, and holding meeting for employees to exchange ideas. The female managerial ratio for fiscal 2009 was 2.1% (an improvement of +0.2 points from the previous year).

To become a mature company, KDDI will maintain a strong commitment to improving a work environment where both men and women can gain fulfillment from their work.



3rd Win-K Forum held in February 2010

### Building a Workplace that Promotes Healthy Minds and Bodies

To help employees maintain their physical and mental health, KDDI implements initiatives for employees when their health check results indicate abnormal findings and when they suffer from mental health issues. In particular, as growing numbers of people in society are afflicted with mental health issues, based on guidelines from the Ministry of Health, Labour and Welfare, KDDI has implemented initiatives for providing self-care and line care through counseling at our Employee Counseling Center and also conducting medical questionnaires by industrial doctors and medical staff for employees who have worked beyond a certain number of hours as a part of our effort to prevent mental health issues. In fiscal 2009, a total of 15 industrial doctor seminars were held at KDDI offices around the country for increasing awareness of health issues.

When employees return to the workplace after taking leave or absence due to physical or mental illness, KDDI makes every effort to ensure that they have a smooth return to the workplace by following our Return-to-Work Support Program.



"Mental Health Seminar" by industrial doctors held in November 2009 (Hokkaido district)

### Advancement of Older Employees

To realize a reemployment program that respects the wishes of older employees, the system was revised in fiscal 2009 by introducing an application format that enables reemployment applicants themselves to select their type of work and duties. KDDI is also creating a wide range of employment opportunities for older employees, including programs such as "Training for 50's," which supports career development with consideration for working styles and motivation management for employees over 55.

## COLUMN

### Taking on New Challenges Using the New Reemployment System for Job Satisfaction with a Fresh Outlook

In fiscal 2009, I used the new reemployment system to work as an instructor in the KDDI Mobile Phone Learning classes. I visit schools and other sites around the country about two or three times each week, and I conduct classes for children and their parents. Things were tough at first because there were a lot of things to remember, but the children's written impressions of the class that

I received have made this job truly worthwhile to me. I feel that I am doing a job that gives me a sense of fulfillment.



#### Hiroshi Soma

CSR & Environment Management Department  
 General Administration Department  
 General Administration &  
 Human Resources Division

## KDDI Employment Data

Employment Trends		(No. of people)		
	Gender	2007	2008	2009
Number of employees*1	Male (Managers)	9,566 (2,309)	9,524 (2,389)	9,264 (2,733)
	Female (Managers)	2,198 (44)	2,198 (47)	2,110 (59)
Average age	Male	39.62	40.20	40.79
	Female	35.43	36.16	36.99
Average work years	Male	14.39	15.01	15.92
	Female	12.71	13.41	14.55
Employment turnover rate (%)**2	Male	0.94	0.81	0.28
	Female	2.81	2.32	1.27
Employment rate of persons with disabilities (%)		1.50	1.81	1.89

\*1: The number of employees includes only regular salaried employees and employees assigned from affiliates who are registered with KDDI. The figures for managers do not include employees assigned from affiliates.

\*2: The employment turnover rate is calculated using the ratio of natural attrition for the target year (employees who resigned not including retirees) to the number of regular salaried employees for the first month of the target year.

Recruitment Data		(No. of people)		
	Gender	2007	2008	2009
Recent university graduates	Male	101	176	200
	Female	23	46	55
	Total	124	222	255
Mid-career hires	Male	45	34	38
	Female	7	8	6
	Total	52	42	44
Reemployment	Male	17	39	52
	Female	1	3	2
	Total	18	42	54

Temporary Employee Data		(No. of people)		
		2007	2008	2009
Agency employees		4,370	8,509	4,610
Contract employees		255	199	156
Total		4,625	8,708	4,766

(As of March 2010)



## Our Various Social Contribution Activities

### Employee Participation in Social Contribution Activity “+α Project”

The “+α Project” is a social action project run by KDDI for employees to conduct social contribution activities. In this system, project members are assigned points for social contribution activities conducted both inside and outside the company, and the accumulated points can be converted to cash and donated by KDDI to a charitable organization of the member's choice. As of March 2010, about 4,200 KDDI employees around the country are registered as project members.

In fiscal 2009, the accumulated points were 3,659,600 yen, which was donated to 14 charitable organizations, including the United Nations World Food Programme.



### ● Hosting of “Charity Coffee” Event

In collaboration with the specified non-profit corporation, Hunger Free World (hereinafter called “HFW”), KDDI hosted a “Charity Coffee” event. This event was used to sell coffee produced in Uganda, which is an HFW aid country, and profits from this sale were provided for Ugandan aid efforts. In fiscal 2009, this event was held twice in the KDDI Headquarters Building, and a total of 80,180 yen was donated to HFW.

KDDI will continue to use the “+α Project” to support employee-participation social contribution activities.



“Charity Coffee” event held in the KDDI Headquarters Building

### ● Participation in Ecocap Collection Campaign

The Ecocap Collection Campaign is a program that uses the proceeds from the sale of plastic bottle caps to buy vaccines for saving the precious lives of children around the world. Through the “+α Project,” KDDI began participating in this campaign from 2007, and this campaign has spread through the desire of participants to provide vaccines to as many children as possible. This program is currently being conducted in 225 locations around Japan, and the more than 4.2 million Ecocaps collected in fiscal 2009 were equivalent to about 5,200 vaccines.

### Revitalizing Local Communities

KDDI employees are participating in a wide variety of activities in sites all over the country for contributing to the creation of more prosperous local communities.

2009	May	Participated in “Love Earth Clean Up in Hokkaido 2009” (Hokkaido)
	June	Held “Communication Seminar” at Takamatsu National College of Technology (Kagawa Prefecture)
		Participated in volunteer activities for planting flower buds (Ishikawa Prefecture)
		Participated in Sunday cleaning activities (Kagawa Prefecture)
		Participated in clean-up activities for “Protect Ashidagawa Day” (Hiroshima Prefecture)
	July	Participated in “No Cigarette Littering Campaign” (Osaka)
September	Participated in “Clean Otagawa” activities (Hiroshima Prefecture)	
	Participated in carrying portable shrine for Tsukudo Shrine Festival (Tokyo)	
	Participated in “Hirosegawa Region Clean Up” (Miyagi Prefecture)	
December	Participated in creation of Christmas tree at school for the blind (Fukuoka Prefecture)	
2010	January	Participated as volunteers for “MamaChari Racing” (Shizuoka Prefecture)
	February	Hosted workplace tours for middle school students (Miyagi Prefecture)
	March	Participated as water station volunteers for Tokyo Marathon (Tokyo)

Also, 30 customers selected by lottery participated in the “Shiretoko Walking Tour with Moe Oshikiri” and were able to try their hand at removing weeds and other environmental preservation activities.

In addition, au’s Run & Walk was also used for collection drives in the charity program “24-hour Television ‘Love Saves the Earth!’” that has been broadcast with the cooperation of Nippon Television and is shown by 31 commercial stations around the country. In addition to donations by employees and conducting collection drives, donations were also collected at au shops around the country, KDDI Designing Studio (Harajuku, Tokyo), and Jibun Bank, and a variety of events were held that tied in with the program.



Shiretoko Walking Tour with Moe Oshikiri

## COLUMN

### Social Contributions through Business

#### “au Smart Sports Green Road Project”

The “au Smart Sport Green Road Project” is a customer-participation environmental conservation program using the “au Smart Sports Run & Walk” service in au mobile phones where KDDI donates 1 yen for every kilometer that customers walk or run to environmental conservation projects in Japan.

In fiscal 2008, KDDI held the “Yakushima Walk” for supporting environmental preservation activities on Yakushima Island and the “Green Road Project” for distributing greenery seeds at elementary schools around the country for creating a tapestry of greenery. In fiscal 2009, KDDI held the “Green Road Project Shiretoko Walk” for supporting environmental preservation in Shiretoko and donated a total of 5,198,247 yen to the town of Shari in Hokkaido. This money will be used for the “100 Square Meter Movement Forest Trust” for regenerating forests in the remnants of vacant developed lands on the Shiretoko peninsula.

## Support for Disaster Relief Efforts Overseas

To support rebuilding efforts in areas devastated by large-scale disasters overseas, KDDI established the “Disaster Relief Donation Site” to sell wallpapers through EZweb and donate the entire proceeds to disaster relief. Donations were also collected from employees, and after a matching donation was added by KDDI, these were provided to the Japanese Red Cross Society for its relief efforts. Donations were also received from the KDDI Technical Engineering & Service and KDDI Workers Union.

### Fiscal 2009 Donations for Disaster Relief

Relief Project	Donation Amount	Fundraisers
Haiti earthquake (January 2010)	582,575 yen	Disaster Relief Donation Site
	7,100,000 yen	KDDI, KDDI Workers Union, KDDI Technical & Engineering Service
Chile earthquake (February 2010)	230,906 yen	Disaster Relief Donation Site
	4,500,000 yen	KDDI, KDDI Technical & Engineering Service

## Social Contributions through the KDDI Foundation

### ● Start of the KDDI Foundation

The KDDI Foundation was founded on October 1, 2009 to consolidate the resources of the International Communications Foundation (ICF), which was an organization fully-financed by KDDI for social contribution activities, and KDDI Engineering and Consulting (KEC).

While inheriting and integrating the goals and initiatives of its predecessor organizations, the KDDI Foundation is working to return to society some of the value created by information and communications technology (ICT) and to use ICT to promote exchanges among a wide range of people and contribute to societal, economic, and cultural development.

### ● Reaching out through Grant Programs

The KDDI Foundation’s grant programs provide assistance to researchers that contribute to the spread and development of ICT, social and cultural activities of NPOs, and foreign students who serve as bridges between Japan and their countries. Furthermore, in our educational assistance program, we host science summer schools for elementary and middle school students in collaboration with universities.

### Activities in Remote Villages of Sri Lanka by the Non-profit Organization (NPO) APCAS

The NPO APCAS received assistance from the KDDI Foundation and has been working to spread computer and Internet technology to children in remote villages of Sri Lanka. This highly successful program allows children who have never seen a computer before to learn the basic knowledge and technology to enable them to write documents on a computer and use the Internet to search information. Everyone involved in this program extends their sincere appreciation to the KDDI Foundation for its support.



Assistance for the NPO APCAS to provide ICT support to Sri Lankan villages

### ● Sponsoring “Charity Concert Classic 2010”

The KDDI Foundation sponsors a charity concert every year in February. Ticket sales, on-site donations, and sponsorship funding from KDDI are donated to the NGO “Japan Relief for Cambodia.” These donations have enabled the construction of one school per year in Cambodia. In March 2010, the fifth

<http://www.kddi-foundation.or.jp/english/>

school “Chop KDDI School” was opened in the village of Chop in the suburbs of Siem Reap.

A sixth school is also scheduled to be opened in fiscal 2010 using proceeds and other donations from the “Charity Concert Classic 2010” commemorating the establishment of the KDDI Foundation.



KDDI Foundation “Charity Concert Classic 2010”

### ● Educational Assistance in Developing Countries

At the schools built in Cambodia by using charity concert proceeds and other donations, the KDDI Foundation provides special assistance in having English and computer skill classes that go beyond the public school curriculum. The KDDI Foundation also contributes to improve educational environment by not only providing the Internet connection devices, computers, and stationery required for the classes, but also by supporting salaries of the English and computer instructors.

### ● Acceptance of Overseas Trainees and Sending of Telecommunication Experts

The KDDI Foundation carries on the Overseas Training Program started by KDD (Kokusai Denshin Denwa Co., Ltd.) in 1957, which has accepted a total of more than 5,600 trainees from 144 countries since its inception. This program makes a tremendous contribution to raising the level of human resources in developing countries, and many of the trainees return to key positions in their home countries.

Also, since 1960, telecommunication experts have been sent to more than 20 developing countries, primarily in Asian countries, for making significant contributions to improving the communication conditions in those countries. In addition, we have also conducted technological consulting projects in response to Official Development Assistance (ODA) such as the Vietnam North-South Fiber-optic Submarine Cable Construction Project and the Cambodia Fiber-optic Cable Main Line System Construction Project.



Overseas trainees on technical training

# Environmental Report

At KDDI, we are constantly striving to reduce the environmental burden of society by improving the quality of our environmental management, reducing CO<sub>2</sub> emissions in our business activities by adoption of energy-saving measures and effective use of information and communication technology (ICT), and conducting a wide range of recycling programs for mobile phones and other devices.

## KDDI Environmental Charter

### Manifesto

The KDDI Group recognizes the importance of fulfilling its duty as a responsible global corporate citizen to conserve and protect the Earth's irreplaceable environment so that it can be inherited by future generations. We are committed to pursuing our business in eco-conscious ways, through programs of activities that span the entire company.

### Action Guidelines

- We will strive to evaluate the quantitative impact of our activities as a company on the global environment, implement effective environmental protection programs and continuously improve these programs. Specifically, we will:
  - Develop and operate environmental management systems necessary to make continuous improvements in such environmental fields as energy conservation, resource conservation and waste reduction.
  - Comply with environmental laws, ordinances and other regulations and requirements. In particular, we will promote measures to reduce our electricity consumption from the perspective of preventing global warming.
  - Promote communication through the appropriate disclosure of information.
- We will strive to develop and offer services that reduce environmental impact through the use of next-generation information technologies.
- We will contribute to the development of a recycling-oriented society by promoting measures to mitigate and reduce the environmental impact of activities that necessarily entail mass consumption, such as the supply of mobile handsets.
- We will promote corporate purchasing policies that favor eco-friendly products and equipment.
- As a responsible corporate citizen, we will contribute to society and local communities through activities that promote an affluent society that is in harmony with the environment.

## KDDI's Medium-term Environmental Conservation Plan

### Plan Overview

In July 2007, KDDI drafted our second Medium-term Environmental Conservation plan. This plan further develops the creation of an "integrated, company-wide environmental management regime," which was one of the targets of the first plan, and aims to deliver concrete results. This plan sets numerical targets for such goals as conserving energy, recycling mobile phones, and reducing industrial waste.

### Second Medium-term Environmental Conservation Plan

#### 1. Combating Global Warming

Reduce energy consumption by 16% from expected fiscal 2011 levels and achieve greenhouse gas emissions of 1,520,000 tons (CO<sub>2</sub> equivalent).

#### 2. Waste Reduction and Recycling Promotion

- Achieve a resource recycling rate of at least 99% for mobile phones, retired communication equipment and the like
- Conscientiously reduce and sort office waste and achieve a resource recycling rate of at least 70%

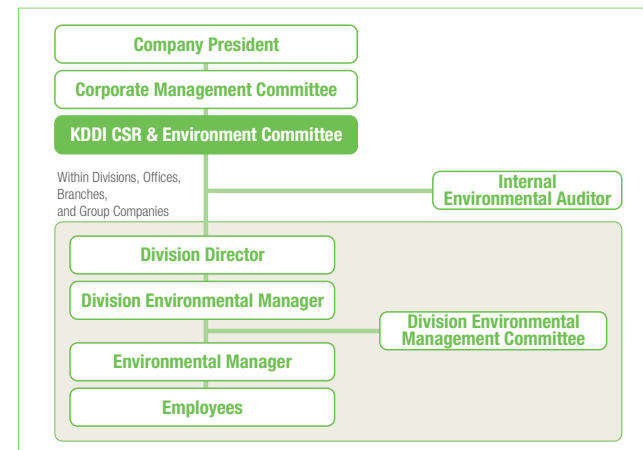
#### 3. Improving in Quality of Environmental Management

- Enhance compliance assessments and internal audits
- Enhance internal environmental education and awareness-raising activities

## Environmental Management Regime

In the KDDI Group, we have built a regime for conducting our environmental conservation activities based on the KDDI CSR & Environment Committee, which consists of committee members selected from each division, office, branch, group company, and affiliated organization and is headed by the Executive Director of the General Administration & Human Resources Division. This regime (180 offices with about approximately 34,000 employees) has also been certified under the ISO14001 international environmental management standard.

### KDDI Group's Environmental Management Regime

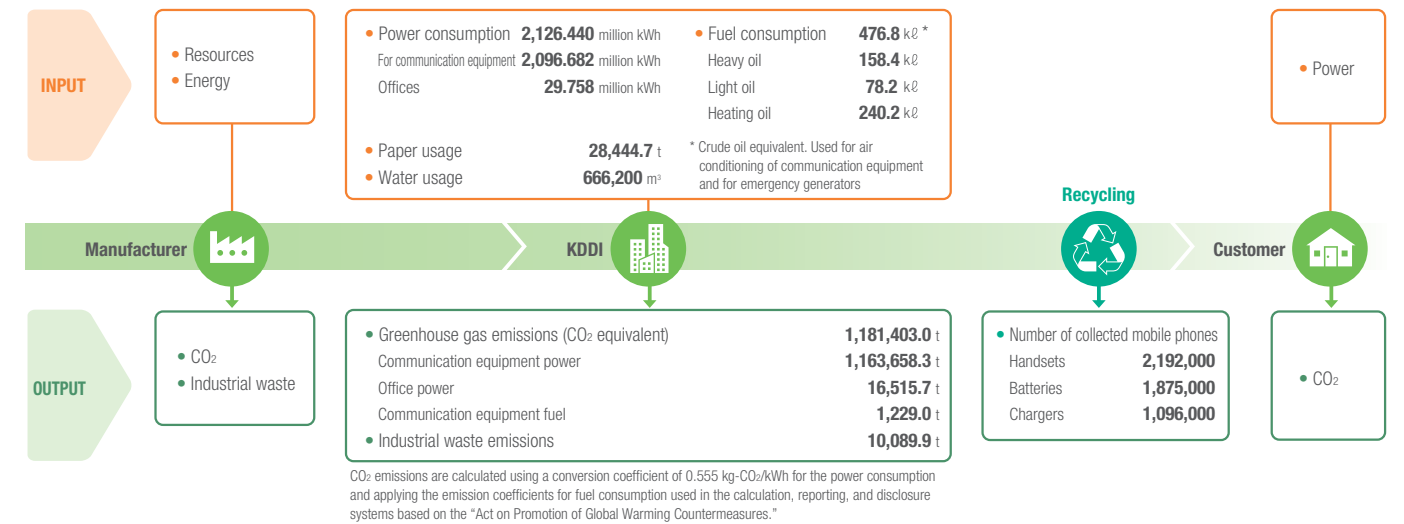


## Environmental Impact of Our Business Activities

The environmental impact from KDDI's wide range of information and communication services comes primarily from the CO<sub>2</sub> emissions generated from power used by the electrical and communication equipment for our operations and the industrial waste produced by updating our equipment. Recycling of used mobile phones is also a high-priority issue for KDDI.

In fiscal 2009, we implemented a number of energy-saving measures in our communication equipment and offices, resulting

in a power consumption of 2,126.44 million kWh, which was even less than our target value of 2,162.07 million kWh. Emissions from industrial waste were reduced to 10,089.9 tons, and our material recycling rate for communication equipment improved to 98.5% (0.5 points higher than the previous year). Despite shipping fewer mobile phones, the number of collected mobile phones for recycling increased to about 2.19 million, and our material recycling rate for mobile phones improved to 99.6% (1.3 points higher than the previous year).



## Environmental Accounting

To enable qualitative improvements in our environmental management, KDDI introduced environmental accounting from fiscal 2009.

Coverage: KDDI Period: April 1, 2009 to March 31, 2010

Environmental Protection Costs	Transaction Examples	2009	
		Investment (in millions of yen)	Expense (in millions of yen)
Business area costs	Pollution prevention costs	0	0
	Global environmental protection costs	1,480	628
	Resource recycling costs	6	1,111
Upstream/downstream costs	Collection, recycling, and reuse of merchandise and products	0	171
Administrative costs	Operation and updating of environmental ISO standards, disclosure of environmental information	0	720
R&D costs	Research & Development of technology, equipment, handsets, products, services, and other items conducive to reducing the environmental burden	929	412
Public relations costs	Donations and support for forest conservation activities and to environmental protection groups	0	12
Environmental damage restoration costs	Measures for prevention of asbestos spraying, restoration of polluted soil	0	118
Total		2,415	3,172

1. Environmental Protection Benefits (Physical)	Indicator Category (unit)	2009	2008	Change from Previous Year
(1) Benefits derived from business area costs	1. Benefits related to resources invested in business activities			
	Electricity usage (including CGS power) (MWh)	2,130,055	1,914,749	215,306
	Paper usage (tons)	28,445	37,330	△8,885
	Paper reduced by Bill on WEB (tons)	510	635	△126
(2) Benefits derived from upstream/downstream costs	2. Benefits related to environmental impact and waste products from business activities			
	Greenhouse gas emissions (tons-CO <sub>2</sub> ) (Greenhouse gas emission coefficient: 0.34t-CO <sub>2</sub> /MWh)	724,503	651,061	73,442
(2) Benefits derived from upstream/downstream costs	Industrial waste emissions related to communication equipment and buildings (tons)	10,090	10,014	76
	Benefits related to goods and services produced by business activities	Number of used mobile phones and other devices collected (10,000 units)	516	471

2. Economic Benefits of Environmental Protection Measures (yen)	Qualitative Benefits		Millions of Yen
	Major Effects		
Revenues	Sales revenues associated with dismantling communication equipment and buildings		457
Costs reductions	Reduced fuel costs due to low-emission vehicles		12
	Reduced purchasing costs due to reuse of dismantled communication equipment		3,475
Total			3,945



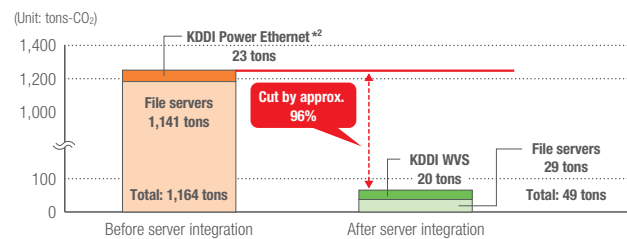
## Promoting "Green by ICT"

### ● Lifecycle Assessment (LCA) Initiatives

KDDI is working to promote "Green by ICT" for reducing the environmental impact of society overall through the use of information and communication technology (ICT). As a part of this policy, starting in fiscal 2008, we introduced Lifecycle Assessment (LCA) for evaluating the CO<sub>2</sub> emissions produced at each stage of the product or service lifecycle — manufacture, use, and disposal or reuse — for gaining a quantitative understanding of the environmental impact.

Conducting LCAs on the au HIKARI service, au mobile phones, KDDI WVS\*1, and other products and services has enabled us to take clearly-defined steps for reducing their environmental impact. For example, using functions of KDDI WVS we plan to integrate our file servers distributed at various sites into a single data center, making our operations of the servers more efficient, which will lead to a tremendous reduction of our CO<sub>2</sub> emissions.

### Annual Reductions in CO<sub>2</sub> Emissions due to Server Integration



Using KDDI WVS to integrate the 119 KDDI file servers at sites around the country into a single data center (implementation scheduled for fiscal 2010)

\*1: KDDI WVS (KDDI Wide Area Virtual Switch): New type of network service for meeting data-centric (centralization of information resources) needs for corporate system integration in a data center, control by centralized management, reduced operating loads, and measures for disaster preparedness and operation continuity

\*2: KDDI Powered Ethernet: Wide area Ethernet service providing a broadband mesh network as a one-stop solution from backbone to access lines

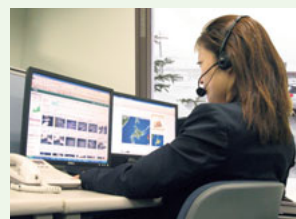
## COLUMN

### "Yurimott" — Eco-conscious Snow Melting Remote Control Device

At KDDI, we are assisting corporate customers that develop and provide environmentally-conscious products and services using information and communication technology.

KDDI provides the communication module installed in the industry's first eco-road heating remote control system known as "Yurimott" developed and sold by Ecomott.

"Yurimott" is a system for remote control of snow melting systems from an au mobile phone or computer. Road heating is controlled using the au mobile phone or other device so that it is used only when necessary for saving heating oil and electricity costs, enabling a reduction in CO<sub>2</sub> emissions. In 2008, "Yurimott" was awarded the mobile small and medium-sized company award "MCPC Award 2008" for its superior business model using mobile devices.



## Promoting Green Procurement

### ● Formulation of the "KDDI Green Procurement Guidelines"

As a part of our efforts for LCA, KDDI formulated and enacted the KDDI Green Procurement Guidelines from April 2010 which stipulate the assessment standards for energy-saving performance of procured equipment. These guidelines are used together with the KDDI Purchasing Policy (see page 23) as guidelines in product procurement.

These guidelines comply with the "Ecology Guidelines for the ICT Field" formulated by the "Conference on Ecology Guidelines for the ICT Field"\*3 in response to a recommendation by the "Investigative Panel for Ecology in the ICT Field" held by the Ministry of Internal Affairs and Communications. In addition to the 7 types of applicable equipment, KDDI has set its own standards for another 21 types of equipment.

At KDDI, we remain ever committed to the purchasing of eco-conscious products.

\*3: Conference established by the Telecommunications Carriers Association, Telecom Services Association, Japan Internet Providers Association, Communications and Information Network Association of Japan, and the ASP/SaaS Industry Consortium.

## Building an Eco-conscious Business Model

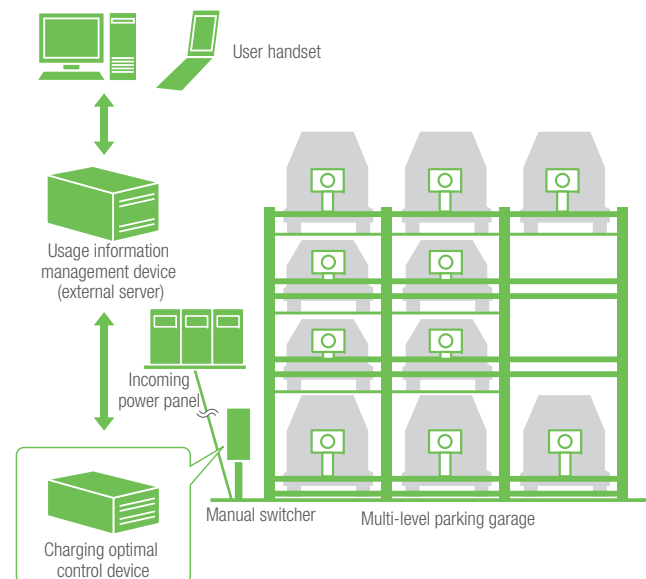
### ● Smart Charging System Demonstrations for Large-scale Parking Lots

In fiscal 2009, we were entrusted with the "Electric Vehicle Infrastructure Demonstration Project (Smart Charging System Demonstration in Large-scale Parking Lots)" announced by Ministry of Economy, Trade and Industry. This project is working to minimize the costs of the charging infrastructure for electric vehicles (EV)\*4, which are expected to have widespread growth in coming years. KDDI developed the charging system, and in cooperation with Tokyo Electric Power, has demonstrated multiple charging patterns based on the remaining battery power, the next day's departure time, travel distance, and other usage information of the EV user.

At KDDI we are working to establish a business model using ICT while also fulfilling a key role in the building of efficient charging services and contributing to realization of a society where both information and the environment can coexist.

\*4: Electric Vehicle (EV): Vehicle that is driven by electric energy. EVs are drawing wide attention as next-generation eco-cars.

### Business Model Using Optimal Control of EV Charging



## Support for Biodiversity

### ● Assisting in Ecological Research on the Ganges River Dolphin

Since 2005, in cooperation with Tokyo University, Indian Institutes of Technology, and WWF India, KDDI R&D Laboratories in the KDDI Group has been working to protect the Ganges River Dolphin, which is currently threatened with extinction due to changes in its native river habitat.

The Ganges River Dolphin lives in murky water and emits a high-frequency ultrasound called clicking to navigate in its surrounding environment. KDDI R&D Laboratories designed a sound observation device that operates underwater and developed applied technology that identifies the clicking sounds and estimates their location for contributing to the ecological research and enabling optimal protection of the Ganges River Dolphin.

We plan to continue long-term monitoring at fixed locations for studying the behavior of the dolphins over an even wider area.



Ganges River Dolphin, currently threatened with extinction

## Actions to Conserve Resources

### ● Switchover to Bill on WEB

As a part of our effort to conserve resources using ICT, KDDI and OKINAWA CELLULAR TELEPHONE COMPANY revised the invoice format for au mobile phones and fixed-line communication services by changing over from a paper billing system to the Bill on WEB system for customers using the Internet. Bill on WEB will be provided to all customers for invoices starting from June 2010, and our paper billing system will be discontinued for invoices from September 2010.

Bill on WEB is a service that notifies customers by e-mail when their bill is finalized, and enables them to confirm details of their monthly invoices from a special website using their au mobile phone or a computer.

By completely switching over from paper billing to Bill on WEB, KDDI expects to reduce greenhouse gas emissions by approximately 30,000 tons\*5 and preserve forests by saving about 120,000 trees (standard trees\*6) annually. At KDDI, we will continue to take new steps to conserve resources in cooperation with our customers.



"Bill on WEB" screen

\*5: Using the basic CO<sub>2</sub> unit in the "Report from Study Group on ICT Policy for Addressing Global Warming" (2008) by the Ministry of Internal Affairs and Communication

\*6: Japanese cedar tree with 14cm diameter and 8m height. The calculations are based on an estimate of 20g per invoice sheet, and the use of 24 trees per ton of pulp.

## Forest Conversation Programs All Over Japan

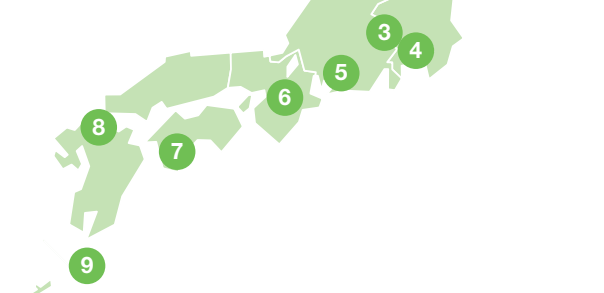
In addition to the "+α Project" and the "au Smart Sports Green Road Project" (see page 26), KDDI uses the recycling proceeds from our User's Manual Recycle program that collects user's manuals and packaging boxes to conduct a wide range of projects that support forest conservation activities throughout the country together with our customers and employees.

### Forest Conservation Programs

- 1 Hokkaido: Shiretoko
- 2 Miyagi prefecture: Kajika-mura Maple Forest



In March 2010, in support of Miyagi prefecture's "Miyagi Countryside Forest Restoration Project," 34 employee volunteers planted 150 young Japanese maple trees.



- 3 Yamanashi prefecture: Mount Fuji, Tabayama



To restore the forests of Mount Fuji which have been damaged by pests, 3,000 trees were planted from 2008 to 2009. Each year, more than 100 employee volunteers participated in this program.

- 4 Kanagawa prefecture: Water Source Forest (Tanzawa)

- 5 Aichi prefecture: Kaisho Forest



We are participating in the Aichi Prefecture Corporate Collaboration Project for bringing richness back to Aichi's forests. In February 2010, 42 people helped in the thinning work for the Kaisho Forest, which was once the site of the Aichi Expo.

- 6 Kyoto prefecture: Tennozsan



Three times a year, we participate in bamboo grove trimming and planting volunteer work in cooperation with the local forest maintenance and planning committee. In February 2010, employees planted trees along the hiking course and performed other activities.

- 7 Kochi prefecture: Shimanto Forest

- 8 Fukuoka prefecture: Patchwork Forest (Kurogimachi)



In the collaborative project "Creating a Patchwork Forest" with the NPO Sanson-juku, 25 employees participated in the trimming of Japanese cedar and cypress tree groves and the planting of oak and other tree types.

- 9 Kagoshima prefecture: Yakushima Island

# Third-Party Opinion



## One Akiyama

President  
Integrex Inc.

Masters degree in finance from Keio University Department of Economics. In 2001, she founded the company Integrex Inc. for promoting SRI (Socially Responsible Investment) and CSR and became its president.

### We asked Ms. One Akiyama of Integrex her opinion of the KDDI CSR REPORT 2010 (booklet).

I believe that CSR reports provide a means for companies to announce their commitment to implementing a Plan, Do, Check, and Act (PDCA) cycle for the fulfillment of their corporate policies. My comments on this CSR report are framed from this perspective.

## 1. Points to Be Commended

In the "Message from the President," total customer satisfaction (TCS) (where all stakeholders are considered customers and efforts are directed at realizing their satisfaction) based on the "KDDI Philosophy" corporate policy was clearly designated as KDDI's CSR, and the commitment of top management and intention of all officers and employees to fulfill this through their work is truly praiseworthy.

In terms of specific activities, by identifying four material issues from among the various social issues and using focused initiatives to implement them, KDDI demonstrates its awareness of issues. Also, in "CSR Challenges and Results," KDDI compiled its results and score for issues in fiscal 2009 and issues for fiscal 2010 in table format. This implementation of initiatives using the PDCA cycle is commendable.

For the "Creating a Safe and Secure Information and Communication Society," one of the four material issues, I was impressed by the awareness paid to the little-noticed areas of information and communication society, the commitment to continuing low-profile activities by employees in collaboration with educational sites, and the development of a mobile phone that actually had removed functions for customer's peace of mind.

As a company that provides an essential infrastructure to society, in "Offering Reliable Information and Communications Services," KDDI has been making efforts to improve communication environment and quality based on testing and feedback from users, and in "Vitalizing the Company by Developing a Diverse Workforce," KDDI has been using studies on employee awareness to improve the understanding of issues

and enhance the work environment and system. In these and in other ways, KDDI has been implementing the PDCA cycle for specific initiatives.

In "Initiatives to Conserve the Global Environment," it is clear that KDDI is conducting low-profile initiatives to limit further increases in CO<sub>2</sub> emissions, such as the recycling of mobile phones and the development of its own power control technology.

## 2. Points to Be Improved

Although using the PDCA cycle to implement low-profile initiatives focusing on four material issues for realizing TCS is commendable, it is preferable that KDDI set future medium-term and long-term goals and clearly define what they want their targets to be. KDDI should explain how they will contribute to a better society through information and communication technology (ICT) while taking action to resolve social issues connected to its basic activities and operations, namely, the providing of safe and secure services today.

Progress in ICT has brought dramatic changes to society, and it will continue to bring further changes. ICT can make significant contributions to development and resolution of issues in a wide range of fields, including the environment, medicine, education, and working styles. "Green by ICT" was mentioned briefly in the Environmental Report, but KDDI should put forward new business models and lifestyles that contribute to creating a better society and solving social issues through the use of ICT.

## 3. Expectations for the Future

The S in CSR stands for "social," and this signifies the importance of society for sustainable growth of the company. And then, it shifts for "sustainability" of the society itself, and in the future, this evolves to the R of "responsibility" and "respect" (respecting what KDDI should be and what KDDI wants to be). As a company that conducts TCS, I expect KDDI to continue to bring us even larger dreams and continue to take up new challenges to achieve the satisfaction of not only its current customers, but also of future generations of customers.

### Our Response to the Third-Party Opinion

Our concept in creating the 2010 Report was to convey our testament that "TCS is KDDI's CSR" in a way that is even easier to understand. I am truly pleased that Ms. Akiyama praised us for that point. At KDDI, each department formulates its annual targets with TCS firmly in mind, and this is incorporated into the work plans of employees themselves for implementing the PDCA cycle for CSR. In other words, KDDI's CSR is not something that is being implemented in a few selected departments, but instead, the prime feature of our CSR is that it moves forward steadily step by step through the efforts of each and every employee. Also, to formulate the medium-term and long-term targets that were pointed out, we would like to report them next fiscal year after careful consideration with our employees about the kind of company that KDDI should be and what KDDI wants to be. ICT is making great contributions to the growth of society, but it has also brought with it some negative aspects such as problems caused by the use of mobile phones. We will seriously address these situations for further advancing our TCS while deepening communication with all of our stakeholders for finding resolutions to these issues and taking on new challenges for contributing to the sustainable development of society through ICT.



### Masami Nakazawa

Executive Director  
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KDDI CORPORATION



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