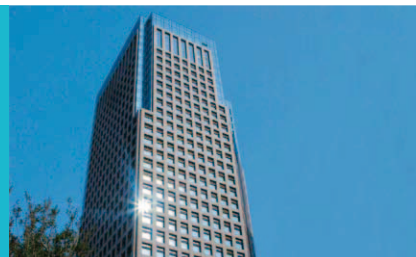# Organizational Governance

KDDI perceives all stakeholders as its customers. Through various means of dialogue with customers, we aim to contribute to the sustainable development of society and to remain a company that society trusts.
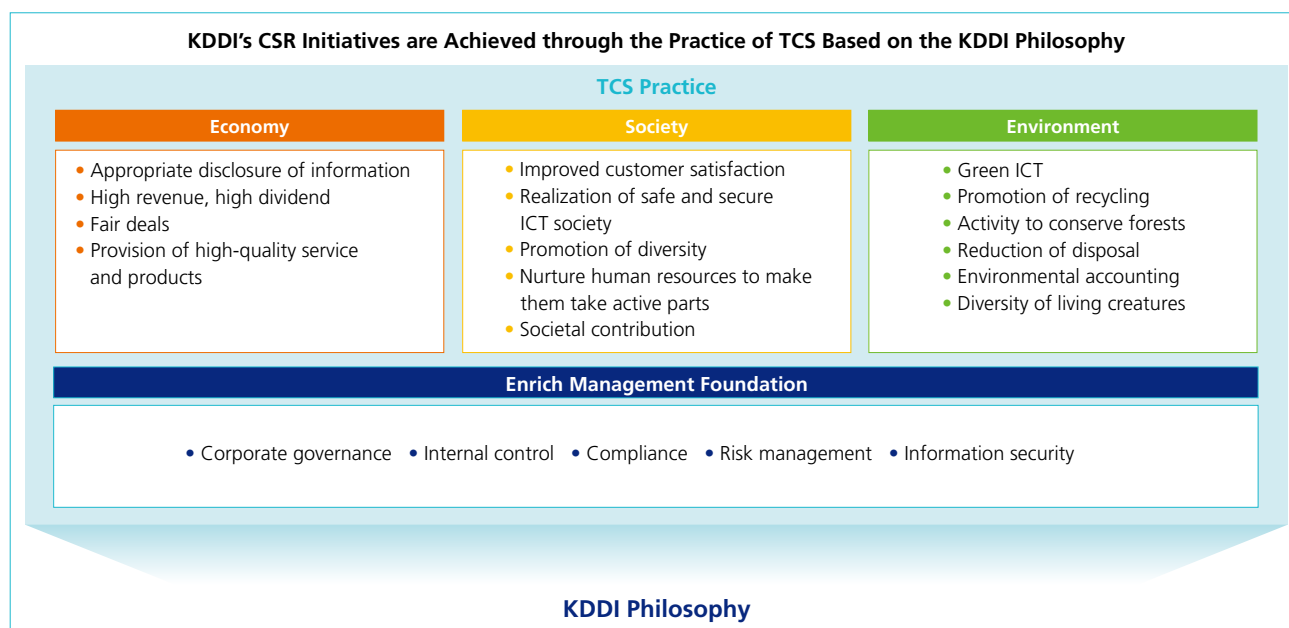
KDDI's Perspective on CSR

The role of information and communications technologies (ICT), including mobile phones and the Internet, is changing on a daily basis. As a general telecommunications operator, KDDI forms a part of the social infrastructure. Accordingly, we recognize that we have an obligation to contribute to society's development and its sustained growth. We understand that our business has a major influence on society and that we earn the trust of society through the provision of stable information and communications services, which we are obliged to maintain.

Since its inauguration in 2000, KDDI has presented its raison d'etre and mission in the KDDI Philosophy (see page 78) that describes the ideal entity it wishes to become. This ideal is shared among all employees.

Based on the KDDI Philosophy, in 2003 we put Total Customer Satisfaction (TCS) at the heart of our business activities, and throughout the Company we have been conducting our operations on this basis ever since. TCS recognizes all KDDI stakeholders, including service users, business partners, employees, shareholders, investors, NPOs, and administrative organizations, as "customers." Through various means of dialogue, TCS defines the aim of increasing the level of satisfaction of all shareholders and forms the cornerstone of KDDI's perspective on CSR.

To promote CSR, we have set up a TCS Committee, which is chaired by the president. As a cross-divisional organization for deliberating and resolving issues based on customer feedback, the committee has the important function of bringing the entire Company together in an effort to enhance customer satisfaction, based on the management cycle.

KDDI's CSR Initiatives are Achieved through the Practice of TCS Based on the KDDI Philosophy

TCS Practice

Economy	Society	Environment
• Appropriate disclosure of information • High revenue, high dividend • Fair deals • Provision of high-quality service and products	• Improved customer satisfaction • Realization of safe and secure ICT society • Promotion of diversity • Nurture human resources to make them take active parts • Societal contribution	• Green ICT • Promotion of recycling • Activity to conserve forests • Reduction of disposal • Environmental accounting • Diversity of living creatures

Enrich Management Foundation

• Corporate governance • Internal control • Compliance • Risk management • Information security

KDDI Philosophy
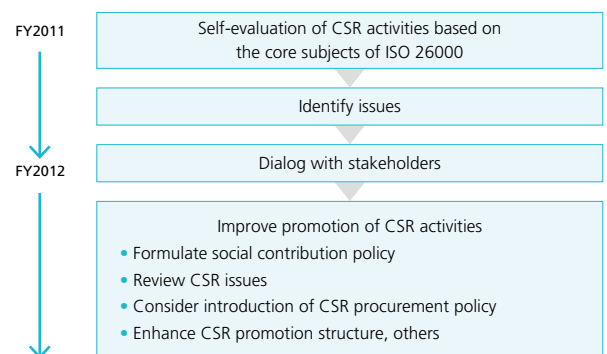
CSR Promotion

Promotion System

In October 2005, we created the CSR Management Department (currently the CSR & Environment Management Department) in our General Administration Department to promote CSR activities from an objective viewpoint. At the same time, the department works to raise employee awareness of CSR through in-house training, our Company newsletter, and our intranet. The department also encourages social contribution activities such as by creating an environment that makes it easy for employees to participate in volunteer activities.
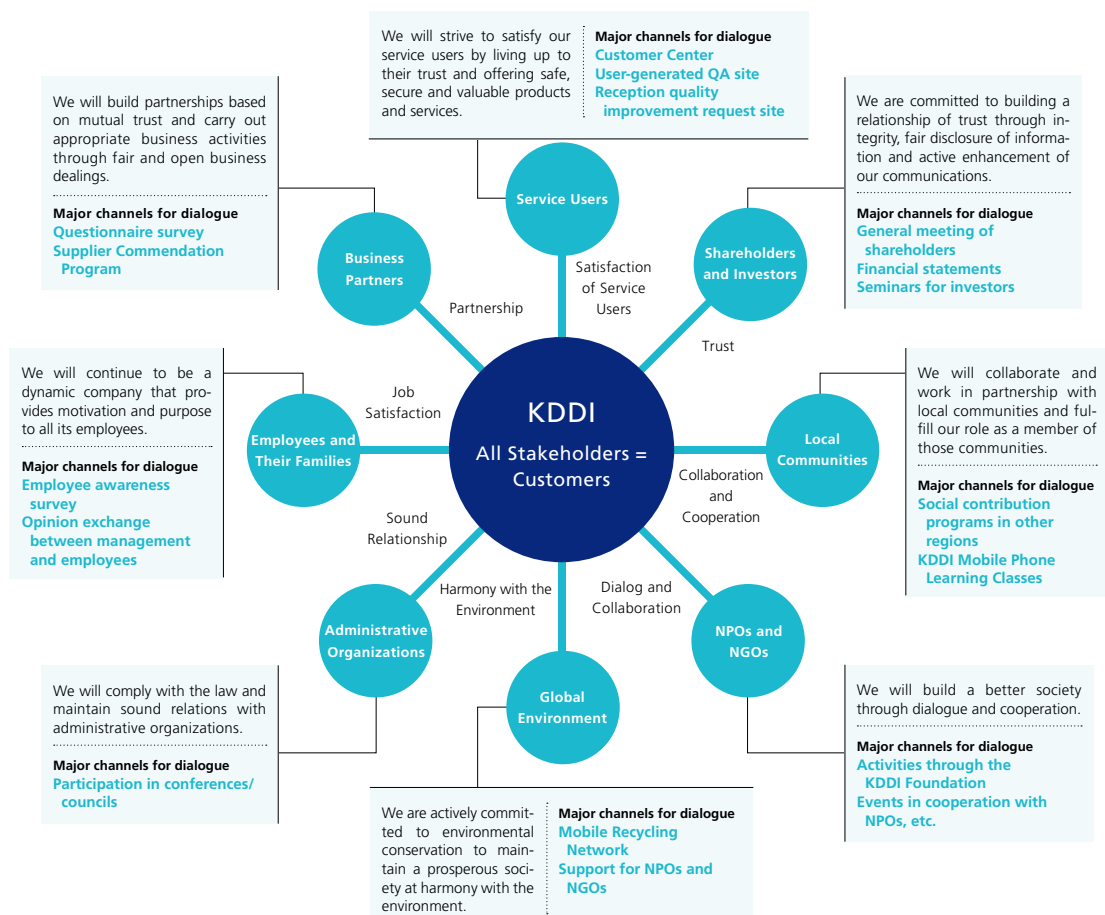
In FY2008, we revised the KDDI Environment Committee to the KDDI CSR & Environment Committee, creating an integrated system to study and promote the environmental conservation efforts of KDDI and our Group companies and affiliates, as well as their policies and planning relating to CSR activities. KDDI reviews its CSR initiatives in stages, building up and enhancing its structure as necessary.

CSR Promotion Activities

During FY2011, the sixth since setting up a specialized department to promote CSR, KDDI conducted an objective review of its CSR activities. To make improvements, we conducted a self-evaluation of some 250 items based on the seven core subjects addressed by the ISO 26000 global standard pertaining to social responsibility and analyzed our CSR activities against this list. According to these results, during FY2012, we will encourage dialog with our stakeholders and plan to make a proactive effort to review material issues and make other improvements. This process was used to formulate the social contribution policy shown on page 74.

FY2011

Self-evaluation of CSR activities based on the core subjects of ISO 26000

Identify issues

FY2012

Dialog with stakeholders

Improve promotion of CSR activities
- Formulate social contribution policy
- Review CSR issues
- Consider introduction of CSR procurement policy
- Enhance CSR promotion structure, others

Principal Channels for Dialog with KDDI Stakeholders

We will strive to satisfy our service users by living up to their trust and offering safe, secure and valuable products and services.

Major channels for dialogue
Customer Center
User-generated QA site
Reception quality
improvement request site

We will build partnerships based on mutual trust and carry out appropriate business activities through fair and open business dealings.

Major channels for dialogue
Questionnaire survey
Supplier Commendation Program

We are committed to building a relationship of trust through integrity, fair disclosure of information and active enhancement of our communications.

Major channels for dialogue
General meeting of shareholders
Financial statements
Seminars for investors

We will continue to be a dynamic company that provides motivation and purpose to all its employees.

Major channels for dialogue
Employee awareness survey
Opinion exchange between management and employees

We will collaborate and work in partnership with local communities and fulfill our role as a member of those communities.

Major channels for dialogue
Social contribution programs in other regions
KDDI Mobile Phone Learning Classes

KDDI
All Stakeholders = Customers

Service Users

Business Partners

Shareholders and Investors

Employees and Their Families

Local Communities

Administrative Organizations

Global Environment

NPOs and NGOs

Partnership
Satisfaction of Service Users
Trust
Job Satisfaction
Collaboration and Cooperation
Sound Relationship
Harmony with the Environment
Dialog and Collaboration

We will comply with the law and maintain sound relations with administrative organizations.

Major channels for dialogue
Participation in conferences/councils

We are actively committed to environmental conservation to maintain a prosperous society at harmony with the environment.

Major channels for dialogue
Mobile Recycling Network
Support for NPOs and NGOs

We will build a better society through dialogue and cooperation.

Major channels for dialogue
Activities through the KDDI Foundation
Events in cooperation with NPOs, etc.

Defining Material Issues

Of the wide range of issues that KDDI faces in the course of its business activities, in FY2008, we identified a number of topics of significant social concern as "four material issues for CSR" that we particularly need to focus our efforts on to grow sustainably and with society at large. We also established the KDDI CSR & Environment Committee to formulate initiatives for resolving these problems and report on these activities.

Material Issue 1 Creating a Safe and Secure Information and Communications Society

The phenomenon of children using mobile phones to access the Internet and get into trouble is becoming a social problem. KDDI is addressing this situation by conducting the KDDI Mobile Phone Learning Class, through which it aims to raise children's "information literacy." We also encourage the use of filtering to block harmful content. These are some of the many initiatives under way at KDDI with the aim of creating a safe and secure information and communications society.

Material Issue 2 Offering Reliable Information and Communications Services

ICT provides important "lifelines" for society. As KDDI sees it, the biggest responsibility the Company faces in its operations is to provide customers with stable information and communications services.

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.
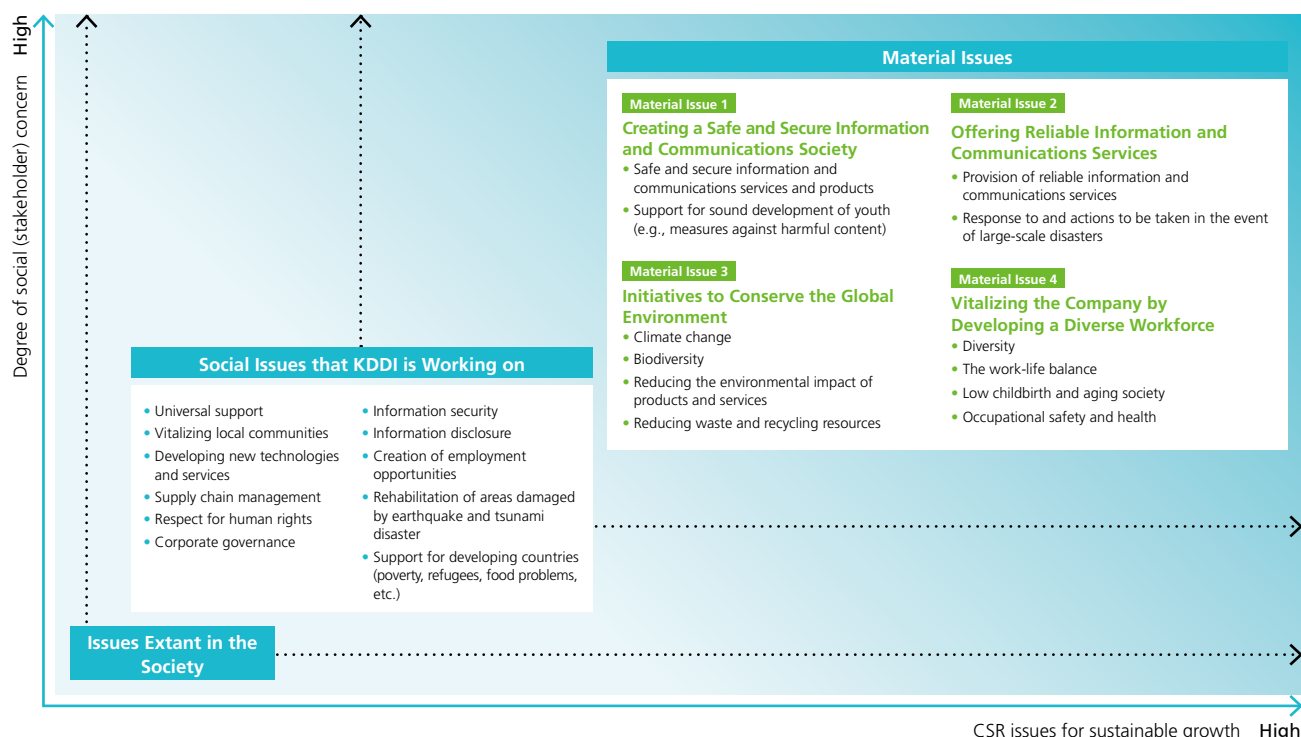
Material Issue 3 Initiatives to Conserve the Global Environment

Environmental preservation is a need that all mankind faces, and one that requires long-term initiatives. Accordingly, every five years KDDI formulates a Medium-term Environmental Conservation Plan including initiatives involving a "low-carbon society," "recycling-oriented society," and "biodiversity." To achieve these objectives, in addition to reducing its own environmental impact KDDI provides ICT services that help to reduce the environmental impact of society and promotes a host of activities involving customers and employees.

Material Issue 4 Vitalizing the Company by Developing a Diverse Workforce

At KDDI, promoting diversity is one aspect of its management strategy for achieving sustainable corporate growth. Respecting the individuality of employees, rather than forcing different people to fit into the same box, 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. Encouraging diversity goes back to one of the original tenets of the KDDI Philosophy, namely "Happy employees and a dynamic company."

Social Issues and the Four Material Issues for CSR

Degree of social (stakeholder) concern — High

Material Issues

Material Issue 1
Creating a Safe and Secure Information and Communications Society
• Safe and secure information and communications services and products
• Support for sound development of youth (e.g., measures against harmful content)

Material Issue 2
Offering Reliable Information and Communications Services
• Provision of reliable information and communications services
• Response to and actions to be taken in the event of large-scale disasters

Material Issue 3
Initiatives to Conserve the Global Environment
• Climate change
• Biodiversity
• Reducing the environmental impact of products and services
• Reducing waste and recycling resources

Material Issue 4
Vitalizing the Company by Developing a Diverse Workforce
• Diversity
• The work-life balance
• Low childbirth and aging society
• Occupational safety and health

Social Issues that KDDI is Working on

• Universal support
• Vitalizing local communities
• Developing new technologies and services
• Supply chain management
• Respect for human rights
• Corporate governance
• Information security
• Information disclosure
• Creation of employment opportunities
• Rehabilitation of areas damaged by earthquake and tsunami disaster
• Support for developing countries (poverty, refugees, food problems, etc.)

Issues Extant in the Society

CSR issues for sustainable growth **High**

CSR Targets, Achievements, and Issues

The chart below provides an overview of principal targets and achievements during FY2011, and reports our main targets for FY2012.

	FY2011 Targets	FY2011 Primary Achievements	Rating	FY2012 Primary Issues
Organizational Governance	Entrenchment of autonomous internal control activities and the development of framework and systems	• Encouraged employee awareness by publishing our company newsletter and distributing an e-mail magazine • Promoted "improvements in operational quality"	A	• Improve promotion of CSR activities
Consumer Issues	Enhancement of telecommunication facilities and services in preparation for large-scale disasters	• Configured network to be strong in the face of disaster • Added tsunami warnings to our "Emergency Rapid Mail" and enhanced our disaster-response services in other ways	A	• Increase number of KDDI Mobile Phone Learning Classes held and improve quality • Provide equipment that is easy for seniors to use and provide user support • Respond quickly to customers' requests to increase network quality and provide stable services • Establish large-scale disaster response measures
	Enhancement of information literacy support by improving the quality of KDDI Mobile Phone Learning Class	• Conducted 1,209 times during FY2011 • Revised program to respond more flexibly to schools' needs	A	
	Establishment of a telecommunications environment that customers can use safely and securely	• Held "Everyone's Mobile Phone Summit" stakeholders dialogue • Introduced "Anshin Security Pack" and "Anshin Appli Limited" for smartphones • Offered for sale the "Mi-Look" mobile phone, with features aimed at protecting the elderly	A	
	Increasing level of highly reliable communications	• Having received administrative guidance from the Ministry of Internal Affairs and Communications in relation to the disruption of communications, introduced countermeasures and prepared a system to prevent the recurrence of major accidents • Increased communication speed using "EV-DO Multi-Carrier" technology • Eased data communication congestion using "EV-DO Advance" technology	B	
Environment	Formulation of Third Medium-term Environmental Conservation Plan	• Formulated Third Midium-term Environmental Conservation Plan, "KDDI GREEN PLAN 2012–2016"	A	• Roll out Third Medium-term Environmental Conservation Plan >Increase number of tribrid base stations >Promote recycling >Promote forest conservation activities • Promote environmental communications
	Promotion of "Green by ICT" through such initiatives as enhancing tribrid base station functions	• Conducted launch of "Type-VII" radio equipment for wireless mobile phone base stations that requires no air conditioning • Began selling common smartphone adapter that boosts charging efficiency more than 10% and achieves a stand-by power savings of approximately 20%	A+	
	Promotion of R&D of services for "Green by ICT" CO_2 reduction in society at large	• Provided "PC power savings management" to reduce customers' PC power consumption	A	
	Enrichment of environmental communications	• Conducted "Electricity Saving Project" to support initiatives to save electricity at homes • Conducted "Shimanto-kawa Walk" and "Takao-san Walk"	A	
Labour Practices and Human Rights	Support for employees' work-life balance	• Introduced "Adjustable Work Hour System" allowing employees on shortened hours for childcare or nursing care purposes to balance work hours on a monthly basis • Held a forum on returning to work following childcare absences • Held "Balancing Work and Nursing Care Lecture" • Expanded teleworking system	A	• Cultivate and promote diverse human resources and formulate related measures • Create a vibrantly healthy workplace culture • Enhance internal communications
	Establishment of a worker-friendly workplace environment	• Conducted employee awareness survey • Held employee-management dialogue	A	
	Improvement of communications within the organization	• Introduced internal data streaming and SNS system to reinforce system for sharing of internal information	A	
	Enhancement of personnel to enable them to become active global players	• Established special quota for global business development • Seven people made use of overseas study program • Ten people newly took advantage of overseas training system	A	
Fair Operating Practices	Enhancement of communications with business partners	• Questionnaire-based operational quality improvement	A	• Reinforce communications with shareholders and investors in Japan and overseas • Formulate CSR procurement policy • Strengthen information security further • Entrench BCP • Strengthen and promote measures to eradicate compliance-related accidents
	Support for the improvement of customer satisfaction at au shops	• Held customer interaction skills contest at au shops	A	
	Expansion and enhancement of communications with shareholders and investors in and outside of Japan	• Conducted individual meetings in Japan and overseas (total of approximately 800 times) • Held theme-based small meetings (approximately 10 times)	A	
	Review of corporate norms, standards, and rules	• Revised the KDDI Code of Business Conduct	A	
	Reinforcement of efforts to comply with laws and regulations Thorough compliance awareness	• Conducted regular Business Ethics Committee meeting • Conducted compliance-related group training and e-learning	A	
	Further promotion of risk management	• Revised business continuity plan (BCP) for large-scale natural disasters	A	
	Further improvement of security and efficient operation of ISMS	• Established "KDDI Group Common Information Security Standards" • Strengthened measures to address internal e-mail system misdirection and information leaks • Conducted e-learning and division manager training	A	
Community Involvement and Development	Enrichment of social contribution programs in and outside of Japan	• Supported region affected by the Great East Japan Earthquake Employee volunteers, creation of employment opportunities, educational support, etc. • Used "+α Project" to enhance employees' community social contribution activities	A	• Continue implementing disaster relief efforts • Foster stronger ties with local communities • Contribute to sustained growth of the global community through the use of ICT
	Further contribution to the development of the international community through the utilization of ICT	• Provided educational support using tablets • Through the KDDI Foundation, provided support and technology to help developing countries bridge the digital divide	A	

[Evaluation standard] A+: Significant achievements made on the issue   A: Certain achievements were made
B : Action was taken, but with no achievements   C: No achievement was made or no action was taken