

Organizational Governance

Through various means of dialogue with all our stakeholders, we aim to contribute to the sustainable development of society and remain a company that society trusts.



KDDI's Approach to CSR

Putting the KDDI Philosophy into Practice and Contributing to the Development of a Prosperous Communications-Oriented Society

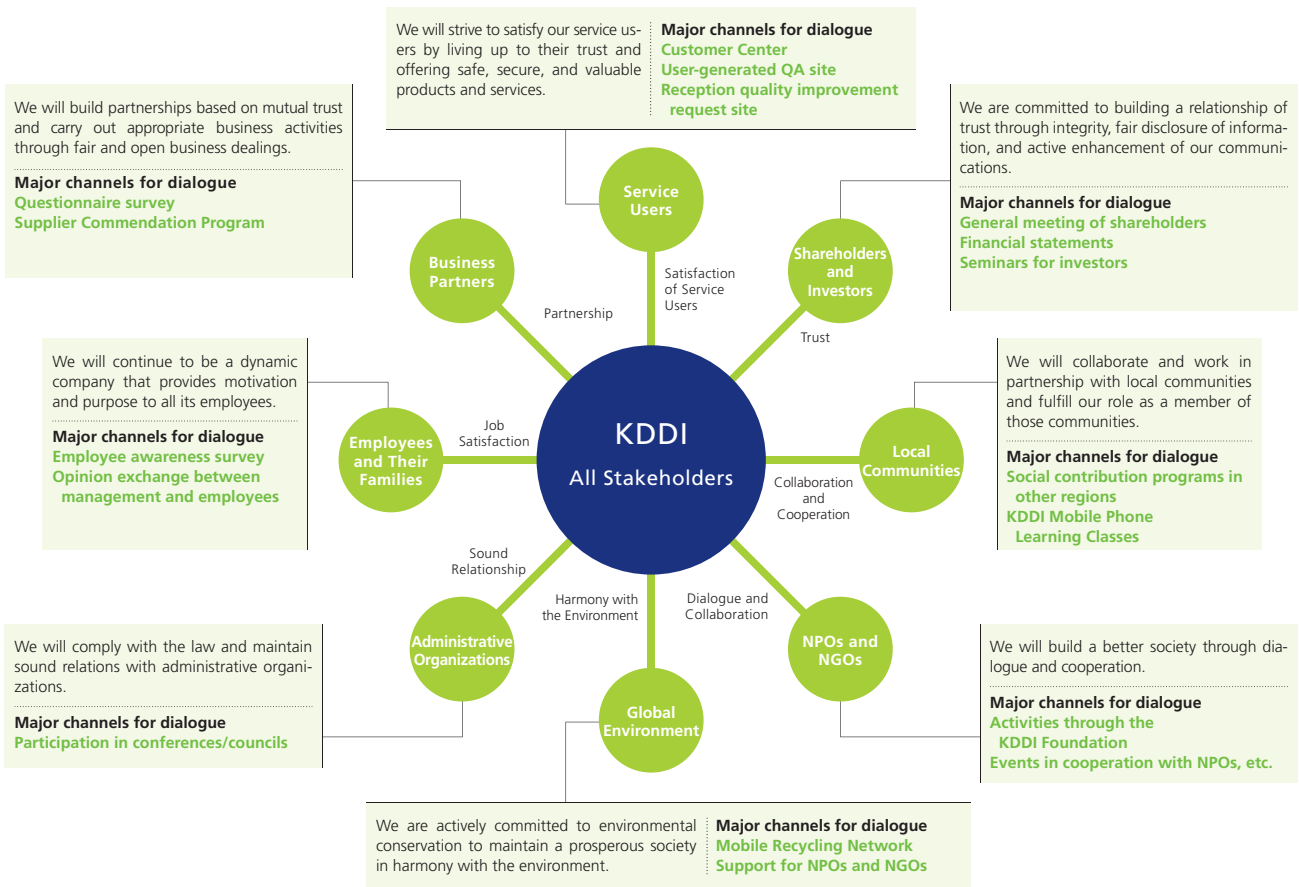
The KDDI Philosophy indicates the type of company we aim to become and expresses the attitudes, values, and behaviors that employees need to exhibit in order to reach our goal. By putting the KDDI Philosophy into practice, KDDI aims to be a company that is appreciated by all its stakeholders and trusted by society.

First and foremost, KDDI recognizes that as a telecommunications operator that provides social infrastructure, it has the important social mission of providing stable services that are available 365 days a year, regardless of conditions. Furthermore, we understand

that the telecommunications business involves utilizing radio waves and other important assets of the Japanese people. Accordingly, it is our responsibility to aim high and contribute to society by addressing the numerous issues that society faces. The KDDI Philosophy describes the sort of company that we need to become and the attitudes that employees of such a company need to maintain.

To put the KDDI Philosophy consistently into action, going forward we will continue to value dialogue with all of our stakeholders—customers, shareholders, business partners, and regional communities. We will also proactively address the issues facing society in our aim to contribute to the development of a prosperous communications-oriented society.

Principal Channels for Dialogue with KDDI Stakeholders



■ 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 promotes social contribution activities, having created 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 its 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. In preparation for FY2013, we are considering the reconfiguration of our structures to incorporate stakeholder feedback and promote our CSR activities more fully.

CSR Promotion Activities

In FY2012, we worked aggressively to review and make improvements according to our self-evaluation of some 250 items based on the 7 core subjects addressed by the ISO 26000 global standard pertaining to social responsibility and the analysis of our CSR activities against this list. This process was used to formulate the CSR procurement policy described on page 74. Furthermore, we will actively pursue dialogue and other types of interaction with stakeholders, reflecting their opinions and comments in our future CSR activities.

■ 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 "4 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 getting 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 5 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 puts into practice "Chapter 1: Vision" of the KDDI Philosophy, namely "Embracing diversity."

■ Stakeholder Engagement

In FY2008, KDDI identified “4 material issues for CSR.” As part of this initiative, we entered into dialogue with various experts, receiving various advice on our activities. In FY2012, 3 times we engaged in dialogues with stakeholders themed on the core subjects of ISO 26000, and in FY2013 we referred to this input when setting objectives for each department.

1st DIALOGUE

Held on October 11, 2012, Covering Human Rights and Labour Practices

Principal Opinions Received

Understanding Future Global Development, and Issues to Consider with Regard to Human Rights Problems

Mr. Seki: I understand that KDDI has made some progress in its human rights initiatives, with activities such as a whistleblowing system and the Business Ethics Helpline. However, going forward the Company will need to conduct human rights due diligence if it plans to expand its business globally. With regard to human rights problems, management needs to become involved in determining what risk of human rights violations exists for KDDI’s business. Measures will then need to be put in place to prevent such violations and procedures enacted to respond in the event that violations arise. I would hope that KDDI will progress in line with a PDCA cycle of determining policies and structures to drive these changes, disclosing information, and then reviewing its initiatives.



Mr. Masao Seki

Senior Advisor/
ISO 26000 Working Group expert
Sompo Japan Insurance Inc.

Encouraging Diversity and Other Initiatives While Looking Ahead to Societal Issues

Ms. Shibayama: Diversity at KDDI is being positioned as one of their business management strategies, and their activities for promoting diversity have been progressing. From now on, they need to have a creative ideas to make diversity stronger for more proactive CSR. While they have fairly robust programs such as working policies and procedures as well as employee training, there is still an opportunity for how each employee can effectively use these programs with leadership in order for them to maximize individual capabilities. Now, since some initiatives have already progressed to a certain level, they need to have diverse approaches to change their employees’ various understanding as a next phase. A key to success is to think how effectively accomplish some initiatives that will deeply influence their employees’ opportunities.



Ms. Jun Shibayama

Diversity & Career Advisor

2nd DIALOGUE

Held on February 20, 2013, Covering Consumer Issues

Principal Opinions Received

Considerations for KDDI in a Rapidly Changing Market

Ms. Furuya: In line with the proliferation of smartphones, the market has split into manufacturers specializing in the handsets themselves, operating systems, and applications. As a telecommunications operator, KDDI cannot respond to all customer demands and instances of dissatisfaction. When responding to customer complaints, there is a tendency to think that “We’ve set up a customer response desk, and that’s enough.” I believe it is important, though, for a company to take a proactive attitude toward resolving problems when consumers are in a bind. If KDDI is unable to address a problem fully on its own, then the Company should have a system in place for cooperating with equipment manufacturers and software developers.

Mr. Akaike: In addition to educating people and increasing their awareness about using products, as much as possible consumers should participate in the product conceptualization, design, development, and prototype testing stages. It is also important to provide products, services, manuals, and other items that take into account children, seniors, people with disabilities, and others who are socially vulnerable. The practice of putting in place a cycle linking public interest and business is the CSR of the future.

Products, Services, and Innovations to Provide Consumers in the Society of the Future

Mr. Akaike: When providing products, rather than simply trying to anticipate and keep pace with changes in consumer behavior, it is extremely important to take a strategic perspective that involves creating “new-value consumption” through products and services that deliver values that society needs. Achieving this goal would require KDDI to look ahead to envision how products and services will look in the near future. For example, the Company could provide information creatively by showing people new ways of using their smartphones. I would like to see KDDI develop excellent communications that would provide society with new value and deliver synergies in creating new lifestyles. I look forward to KDDI’s future product and service innovations.



Ms. Yukiko Furuya

Standing Advisor, Member of the Original
Japan Committee for ISO 26000
Nippon Association of Consumer Specialists



Mr. Manabu Akaike

Director, General Laboratory
Universal Design Co., Ltd.

3rd DIALOGUE

Held on March 6, 2013, Covering the Environment

Principal Opinions Received

Items to Consider in Promoting Further
"Green of ICT (Conserving Energy at Mobile Phone Base Stations)"

Mr. Suzuki: There are limits to what a telecommunications operator can do on its own to conserve energy at mobile phone base stations. As such, it is important to involve manufacturers of telecommunications and air conditioning equipment and to look at overall base station design. The situation becomes even more complex when involving companies related to renewable energy. Further efforts to promote conservation of energy will involve clarifying players and making energy consumption visible across the entire value chain, from providers of resources and materials through sales shops.



Mr. Hitoshi Suzuki

Institute for International
Socio-Economic Studies
President, Member of the Original Japan
Committee for ISO 26000

Ingenuity Required for

"Green by ICT (Reducing the Environmental Impact of Society through the Use of ICT)"

Mr. Onoda: KDDI provides various services aimed at reducing the environmental impact of society, but it seems to me that its ideas tend to put too much emphasis on the energy side of the equation. The Company should focus more on providing services that benefit consumers and save energy as a result. In addition to ICT infrastructure, KDDI possesses vast quantities of data on consumer behavior acquired in the course of its business. If the Company could maximize this information to effectively control community circulation, it seems to me that would lead to electricity savings across society. As a result, KDDI could create new services that would help to reduce the environmental impact of society.



Mr. Hiroshi Onoda

Director, Waseda University
Environmental Research Institute
Associate Professor, Waseda
Environmental Institute

In Summary



Kazuhito Iizuka

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

This was the 1st time that our CSR managers took the opportunity to make employees aware of ISO 26000 concepts and our self-evaluations of initiatives involving its core subjects, and we held stakeholder dialogues on that basis.

We received suggestions from our stakeholders regarding the importance of innovation through our business, taking an early lead in stakeholder-participatory product planning and development, as well as others from novel perspectives. We also learned the importance to a company of prioritizing the question of "What is required of us?" over "What should we do?" and that our behavior should seek to address those issues.

By continuing this dialogue with our stakeholders, we plan to take initiatives that meet our aim of becoming a company that grows in tandem with society.

 Details of the stakeholder dialogue are to be disclosed on the KDDI Website (scheduled for September 2013).

<http://www.kddi.com/english/corporate/csr/>

TOPICS

Selected by the Tokyo Stock Exchange as an "ESG Meigara" and a "Nadeshiko Meigara"

KDDI was recognized by the Tokyo Stock Exchange in FY2012 as an "ESG stock"—pointing to corporate excellence in environmental, social, and governance (ESG) endeavors. The exchange also named us as a "Nadeshiko stock," which acknowledges us as a company that has a working environment that is friendly toward women and proactively promotes women in the workplace.

We were selected for inclusion as an "ESG stock" for enriching child / elderly-focused services, enhancing communications quality, and reducing the energy use of telecommunication facilities and data centers. In the "Nadeshiko stock" category, we were evaluated highly on our internal projects to promote the advancement of female employees and the fact that our percentage of female managers has risen for 6 consecutive years*.

By appropriately responding to ESG issues and promoting the advancement of female employees, while at the same time being evaluated positively by investors for its corporate activities, we believe that a company can simultaneously work toward addressing and resolving global environmental problems and social issues as well as cultivating and developing capital market soundness.

Going forward, we aim to earn the trust of our stakeholders and contribute to the ongoing development of a sustainable society through proactive involvement in activities characteristic of KDDI.

* This selection of stocks is as of January 2013.



■ CSR Targets, Achievements, and Issues

The chart below provides an overview of principal targets and achievements during FY2012, and reports our main targets for FY2013.

	FY2012	
	Targets	
Organizational Governance	Improve promotion of CSR activities	
Consumer Issues	Strengthen large-scale disaster response measures	
	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	
	Provide reliable networks and increase communications quality	
Environment	Roll out Third Medium-term Environmental Conservation Plan	
	Promote environmental communications	
Human Rights and Labour Practices	Cultivate and promote diverse human resources and formulate related measures	
	Create a vibrantly healthy workplace culture	
	Enhance internal communications	
Fair Operating Practices	Reinforce communications with shareholders and investors in Japan and overseas	
	Formulate CSR Procurement Policy	
	Strengthen information security further	
	Promote risk management	
	Strengthen and promote measures to eradicate compliance-related accidents	
Community Involvement and Development	Continue implementing disaster relief efforts	
	Foster stronger ties with local communities	
	Contribute to sustained growth of the global community through the use of ICT	

[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

			FY2013
Primary Achievements	Rating	Primary Issues	
<ul style="list-style-type: none"> Promote employee awareness through in-house newsletters Engage with stakeholders 	A	<ul style="list-style-type: none"> Strengthen our system for promoting CSR activities 	
<ul style="list-style-type: none"> Establish a verification and improvement system through disaster response training, including training open to the public Conduct demonstration trials of shipboard base stations, boosting disaster response capabilities that are unaffected by land-based disasters 	A		
<ul style="list-style-type: none"> Conducted Safety and Security Seminars 1,965 times in FY2012 (756 times more than in FY2011) Revise the program to respond more closely to schools' needs 	A+	<ul style="list-style-type: none"> Increase number of KDDI Mobile Phone Learning Classes held and improve quality Enhance user support targeting seniors 	
<ul style="list-style-type: none"> Provide courses for seniors aged around 65 and older Support efforts at municipal institutions to provide the "Mi-Look" mobile pedometer for helping to look after elderly people 	A	<ul style="list-style-type: none"> Meet customer demands by improving network quality and providing stable information and communications services Further strengthen large-scale disaster response measures 	
<ul style="list-style-type: none"> Meet communication needs in Asia with high-capacity optical undersea cables Create scheme for employees to improve quality in KDDI service areas 	A		
<ul style="list-style-type: none"> Introduce countermeasures and prepare a system to prevent the recurrence of major accidents leading to the disruption of communications 	B		
<ul style="list-style-type: none"> Increase Tribrid Base Stations to 100 locations throughout Japan Use externally oriented Web sites to provide information on used mobile phone recycling activities Conduct appropriate material recycling for disused equipment resulting from bandwidth reorganization Establish systems in various regions of Japan to promote environmental conservation 	A+	<ul style="list-style-type: none"> Roll out Third Medium-term Environmental Conservation Plan Promote environmental preservation activities in regions throughout Japan Reinforce environmental conservation 	
<ul style="list-style-type: none"> Conduct e-learning for all employees with regard to the Third Medium-term Environmental Conservation Plan 	A		
<ul style="list-style-type: none"> Create a system for promoting female line managers Conduct "Workplace Survey of Employees with Disabilities" Hold philosophy promotion training for overseas employees Provide training for local recruits overseas and conduct personnel exchanges 	A	<ul style="list-style-type: none"> Promote diversity 	
<ul style="list-style-type: none"> Conduct employee awareness survey Hold forums and seminars for employees who have taken childcare leave Conduct courses to support people who are providing nursing care in addition to working and prepare a guidebook 	A	<ul style="list-style-type: none"> Create a sound and worker-friendly workplace environment Enhance internal communications 	
<ul style="list-style-type: none"> Provide Companywide training on organizational climate reform Introduce sign language interpretations on streaming delivery 	A		
<ul style="list-style-type: none"> Hold individual meetings in Japan and overseas (950 times) Hold seminars for individual investors (20 times) Hold facility tours for shareholders 	A	<ul style="list-style-type: none"> Enhance communication with shareholders and investors in Japan and overseas 	
<ul style="list-style-type: none"> Consider content and prepare to draw up policy (scheduled to draw up and enact in the first half of 2013) 	B	<ul style="list-style-type: none"> Formulate and enact CSR Procurement Policy 	
<ul style="list-style-type: none"> Put in place standards at KDDI Group companies based on the "KDDI Group Common Information Security Standards" 	B	<ul style="list-style-type: none"> Augment information security Promote measures to eradicate compliance-related accidents 	
<ul style="list-style-type: none"> With regard to risks in the operating environment, reduce risks, support operational improvements, and conduct internal audits on 29 important items 	A	<ul style="list-style-type: none"> Promote risk management 	
<ul style="list-style-type: none"> Hold regular Business Ethics Committee meetings Conduct group training and e-learning on compliance 	A		
<ul style="list-style-type: none"> Support region affected by the Great East Japan Earthquake (employee volunteers, educational support, etc.) Commence full-fledged activities at Reconstruction Support Office 	A	<ul style="list-style-type: none"> Expand disaster area support through collaboration 	
<ul style="list-style-type: none"> Through the "+α Project," increase employee-participatory regional community contribution activities Conduct career training for junior high school, senior high school, and university students 	A	<ul style="list-style-type: none"> Create new social value by strengthening relations with local communities 	
<ul style="list-style-type: none"> Increase support for education that makes use of tablets Provide support services for venture companies Through the KDDI Foundation, support efforts to overcome the digital divide and provide technological expertise in developing countries 	A	<ul style="list-style-type: none"> Contribute to development of the international community through the utilization of ICT 	