

Fair Operating Practices

KDDI strives to ensure the trust of its stakeholders through information security and compliance initiatives, as well as fair and impartial business activities and proper and appropriate information disclosure.



Information Security

KDDI's Security Policy—Our Basic Policy on Information Security

KDDI recognizes the appropriate management of information as a topmost management priority. Accordingly, we have formulated the Security Policy as our basic policy on information security. To earn the trust of customers and other stakeholders, we publicize this policy both inside and outside the Company and declare our observance to it, consistently taking appropriate defensive action to counter the risk of information leaks.

KDDI's Privacy Policy—Our Basic Policy on Personal Information Protection

KDDI realizes the importance of personal information. To ensure the thorough protection of such information, KDDI conforms with the Telecommunications Business Law, legislation concerning the protection of personal information, industry-specific guidelines such as those related to the protection of personal information in the telecommunications business, and other laws. We also publicize and declare adherence to our basic policy in this area, the Privacy Policy.

Strengthening Information Security

KDDI has established and administers an Information Security Committee composed of management-level employees, along with the heads of the sales, technology, and corporate administrative divisions. This committee is part of a structure that carefully recognizes the status of information security controls for the entire Company, and readily implements measures to enhance information security at KDDI itself and throughout the Group.

In April 2009, we acquired information security management system (ISMS) certification* (ISO/IEC 27001) for the entire Company. Since then, we have continued to implement measures to improve information security centered on the maintenance of these systems. In FY2012, we formulated regulations for KDDI Group companies based on the KDDI Group Information Security Standards that we formulated in FY2011. In FY2013, we will continue working to strengthen information security and governance

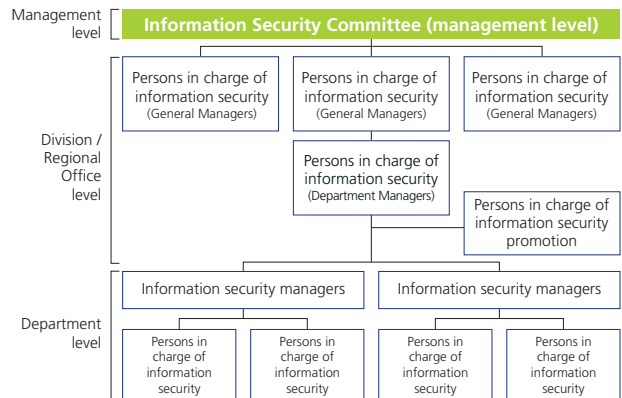
at KDDI Group companies through the appropriate execution of Group company regulations and application of a PDCA cycle.

* This is a third-party certification system for information security systems. It was established with the goal of contributing to widespread improvements in information security and encouraging companies to target levels of information security that can be trusted around the world.

Responding to Incidents Involving Information Leaks via Social Media

The expanding use of social media has prompted a spate of incidents in which corporate trust has been damaged or individual privacy compromised over the Internet. KDDI has addressed this situation by formulating and disseminating thoroughly rules that all executives and employees must follow when using social media.

Security Management Structure



ISMS Certification at KDDI

Number of Registrations	Organization	Initial Registration
IS 95253	KDDI CORPORATION ^{*1}	June 7, 2005
IS 76406	KDDI CORPORATION (Operations Division) ^{*2}	July 4, 2003
IS 85329	KDDI CORPORATION (Information Systems Division)	September 28, 2004

*1 Includes corporate, technology and sales, and customer support divisions, as well as KDDI KYOSAIKAI (now, KDDI Group Welfare Association), KDDI Health Insurance Union, KDDI Pension Fund, KDDI Research Institute, Inc. and KDDI MATOMETE OFFICE CORPORATION

*2 Includes Japan Telecommunication Engineering Service Co., Ltd.

Compliance

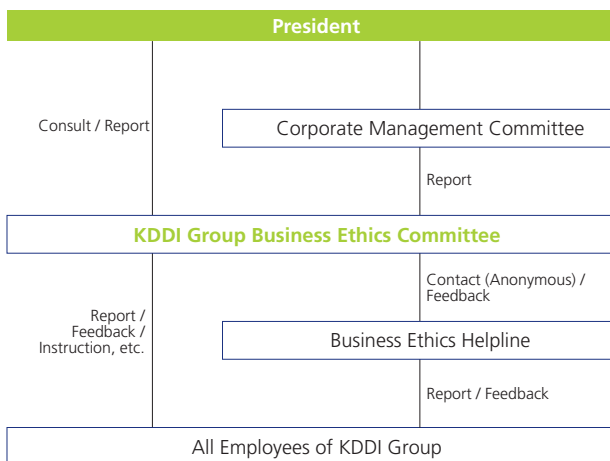
Basic Stance

KDDI is improving and reinforcing its compliance structures, based on its belief that compliance with the law—including strict observance of the privacy of communications by telecommunications providers as established in the Telecommunications Business Law—is fundamental to business operations. In conjunction with these efforts, the Company is working to improve awareness of compliance to ensure that all employees maintain a high sense of ethics at all times and execute their duties appropriately. To this end, we have established the KDDI Code of Business Conduct as a code of conduct for all employees.

Taking social circumstances into account, we revised this code in April 2011, further enhancing compliance.

Compliance Promotion System

KDDI has also put in place a KDDI Group Business Ethics Committee to deliberate and make decisions on compliance-related items. The committee formulates policies for educational activities, and, in the event that a violation of compliance occurs, it deals with the situation, discloses information outside of the Company, and deliberates on measures to prevent recurrence. The status of the committee's activities is made available to all employees via the intranet.



Compliance Education and Training

DATA Conducted e-learning (Companywide training)

10 times in total

KDDI has set up and conducts compliance classes in an effort to enhance employee awareness.

Business Ethics Helpline

KDDI established the Business Ethics Helpline to serve as a contact point for all employees with questions or concerns about business ethics and legal compliance. By establishing a contact point in collaboration with external experts, the Company is creating an environment where it is easy for employees to report concerns. The Company has also established internal regulations in response to the enforcement of Japanese legislation designed to protect public informants, and actively conducts educational activities on this topic. We have also opened the Business Ethics Helpline to overseas companies.

In FY2012, the Helpline received 11 reports, including inquiries. Internal investigations were conducted primarily by the KDDI Group with regard to the issues reported, and information regarding reporters was kept confidential. When problems were uncovered, steps were taken to rectify the situation, including proposing improvements and instituting measures to prevent recurrence.

Basic Policy for Eliminating Anti-Social Forces and Status of Implementation

Our Basic Policy for the Creation of Internal Systems takes a firm stand on countering anti-social forces. In addition to rules defining initiatives for blocking off any relations with such forces, the KDDI Code of Business Conduct, which defines basic principles to be followed and enforced by all executives and employees, takes a firm stand against anti-social forces, rejecting any requests for illicit funds and refusing to comply with their demands.

Enhancing the Compliance Structure of KDDI Group Companies

KDDI has also codified its business ethics for Group companies, and has established company-based Business Ethics Committees and Business Ethics Helplines. The Business Ethics Committees convene semi-annually to ascertain the situation at each company and support the establishment and reinforcement of compliance structures.

KDDI Group Business Ethics Committee Framework



*1 JAPAN CABLENET LIMITED (JCN)

*2 Chubu Telecommunications Co., INC. (CTC)

■ Working with Business Partners

Formulation of the CSR Procurement Policy

As a general telecommunications operator responsible for social infrastructure, KDDI recognizes its duty to maintain a high level of corporate social responsibility (CSR). To fulfill this obligation, in the first half of FY2013 we plan to formulate and implement a CSR Procurement Policy to cover activities required not only of KDDI but also of members throughout the entire supply chain.

The CSR Procurement Policy's objective is to request that business partners participate in initiatives under themes in which KDDI is involved, supporting efforts to extend these initiatives throughout the supply chain. Going forward, we plan to reinforce our partnership structure based on business partners' understanding of and cooperation with the CSR Procurement Policy. This move should further increase our level of CSR procurement.

CSR Procurement Policy

* KDDI's CSR Procurement Policy is under consideration as of May 2013.

1. Mutual Harmony and Benefit with Business Partners

As we consider the companies with which we do business as partners, we strive to resolve issues throughout the entire supply chain and foster long-term, trust-based relationships in our aim for mutual prosperity and continued existence.

2. Environmental Consideration

We promote procurement activities that are considerate of the environment, and by reducing the unnecessary use of resources and energy we strive to reduce costs throughout the entire supply chain.

3. Fair and Equitable Transactions

In addition to complying with domestic and overseas laws and regulations in relation to our purchasing activities, we conduct transactions with business partners fairly and on an equal basis.

4. Consideration for Human Rights and Working Environments

We promote procurement activities that encourage respect for fundamental human rights, improve working environments, and ensure health and safety.

5. Appropriate Information Management

We fulfill our duty of confidentiality on confidential information and personal information obtained through procurement activities.

6. Ensuring Product Quality and Safety

We provide valuable products and services by working with our business partners to maintain or improve product quality and safety as well as services.

7. Coexistence with Society

As a good corporate citizen, we strive to coexist with local communities and work with our business partners to contribute to the realization of a sustainable society.

Reinforcement of Partnerships with Business Partners

KDDI considers the companies with which it conducts transactions to be important business partners. Accordingly, we conduct questionnaire-based surveys of our business partners, as well as our own departments that place orders with these companies, in an attempt to deepen shared understanding, build trust-based

relationships, and achieve mutual improvements in operational quality. We also have in place systems to provide direct feedback of questionnaire results to business partners and reward systems for recognizing business partners that earn particularly high marks.

To strengthen our partnerships, we have also extended the KDDI Group's Business Ethics Helpline to business partners, which serves as a contact point for employees with questions or concerns about business ethics and legal compliance.

Educational Support to au Shop Staff

KDDI believes that training au shop staff is an essential element of its efforts to pursue customer satisfaction on a host of fronts. We encourage au shop staff to learn efficiently and effectively by conducting group training for learning essential sales skills, and e-learning for new product information, where basic operational knowledge and rapid mastery is required.

In the second half of FY2012, KDDI revised the content of its qualification and certification system, with professional training recognizing sales efforts that generate high levels of customer satisfaction as "au Advisors," "au Masters," and "au Experts."

We also conducted "Multidevice Training" covering smartphones, tablets, and other multifunctional devices, and "FTTH Training" on au HIKARI and other fixed-line services. These courses, which go beyond product explanations to include proposals on adding value to customers' lifestyles, are designed to ensure customer service that leads to higher satisfaction levels.

Support for Content Providers

We work with content providers, who are our business partners, to provide customers with unlimited access to an extensive lineup of apps, coupons, cloud services, and other items through "au Smart Pass"—one way in which we propose attractive new value offerings to our customers.

We support content providers with a counter for face-to-face discussions and a helpdesk for Web site and telephone-based inquiries. This system gives our business partners direct access on the technical and operational fronts. To enhance satisfaction among content providers, each month we hold TCS* Promotion Meetings, attended by the heads of departments and divisions that work with content providers. At these meetings, we consider content providers' opinions and the results of questionnaire-based surveys and design improvement measures.

To enable content providers to provide content quickly and without inconvenience, going forward we plan to shorten website-based service procedures and clarify sections that are difficult to understand.

* An abbreviation for "total customer satisfaction," through which we recognize all stakeholders as "customers" and work toward their satisfaction.

Interacting with Shareholders and Investors

IR Basic Policy and Activity Guidelines

KDDI has formulated an IR Basic Policy, which the Company discloses on its Web site, explaining such matters as fundamental thinking regarding IR activities and the system for disclosing pertinent information. KDDI conducts IR activities in accordance with its "3 IR Activity Guidelines." As a result, we aim to build long-term, trust-based relationships with our shareholders and investors and maximize our corporate value.

3 IR Activity Guidelines

- Open IR activities
- Proactive IR activities
- Organized IR activities

IR Activities in FY2012

Earnings presentation meetings are held quarterly to allow management to communicate the Company's results directly. We also enhanced communications, through such methods as meeting with investors 950 times and actively attending conferences sponsored by securities firms. Furthermore, we provide management with feedback incorporating the opinions of shareholders and investors in a timely manner.

Our communications with individual investors included holding 20 seminars for these investors (attended by approximately 1,800 people). KDDI also reinforced its communications by hosting facility tours for shareholders.

Principal IR Activities in FY2012

Content of Activity	KDDI participants	Times conducted	Number of participants
Earnings presentations	The president and executives in charge of individual businesses	4 times	400 people
For institutional investors and analysts	The president, executive in charge of IR, and others	950 times	—
Seminars for individual investors	The executive vice president, executive in charge of IR, and others	20 times	1,800 people



Earnings presentation



Company briefing for individual investors

TOPICS

Holding Facility Tours for Shareholders

KDDI held its first facility tour for shareholders in September 2012. We invited a selection of 40 shareholders to tour KDDI OCEAN LINK*, a submarine cable maintenance and repair ship that was berthed at a special dock in the Port of Yokohama.



Shareholders listening to an explanation of KDDI OCEAN LINK

On the day of the tour, its captain explained the ship's

various equipment and instruments. The tour proved a meaningful opportunity to communicate with shareholders, who voiced such comments as "This unusual chance to tour a repair ship was a valuable experience," "It helped me understand the importance of submarine cable equipment," and "I hope to have the opportunity to tour other facilities in the future."

KDDI will continue reinforcing its communications with shareholders to encourage their understanding of the Company.

* This submarine cable maintenance and repair ship operated by KDDI subsidiary Kokusai Cable Ship Co., Ltd. (KCS), went into operation in 1992 to lay, bury, and perform repairs and maintenance on optical submarine cables. Equipped with a number of high-tech instruments, this ship is instrumental in the construction of new international communications networks.

Third-Party Evaluations

DATA Ranked 1st for excellence in corporate disclosure by securities analysts (Tele-communication / Internet category)

1st in the Tele-communication / Internet category

In FY2012, we earned high marks from third parties for our IR activities. We won the "Internet IR Best Company Award in 2012," by Daiwa Investor Relations Co., Ltd., marking our 8th consecutive year for this honor. We also received the "Award from Securities Analysts for Excellence in Corporate Disclosure" from the Securities Analysts Association of Japan's Corporate Disclosure Study Group and ranked 3rd overall out of 3,570 listed companies for the HP Depth Ranking by Nikko Investor Relations Co., Ltd. As of April 2013, KDDI is also included in the Morningstar Socially Responsible Investment Index*¹ in Japan, a principal indicator of socially responsible investments, and is included in investment universe*² designated "Ethibel EXCELLENCE" by Forum ETHIBEL*³ of Belgium.

*1 Morningstar, Inc. selects the best 150 Japanese listed companies, in terms of social performance, for inclusion in its index of socially responsible companies, Japan's first index of socially responsible stocks.

*2 Group of stocks that can be included in the fund's investment

*3 An NPO based in Belgium, Forum ETHIBEL promotes socially responsible investment in Europe.

