# 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	▶ Compliance	▶ Working with Business Partners
We have in place a system of groupwide measures to readily implement and enhance information security.	KDDI will promote the maintenance of a system environment that enables each and every employee to behave consciously in relation to compliance.	KDDI ensures fair and equitable trade through sound business partnerships that are established on the basis of mutual understanding and trust.

Information Security

KDDI's Approach to Information Security

KDDI has established 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 when necessary readily implements Group-wide measures to enhance information security.
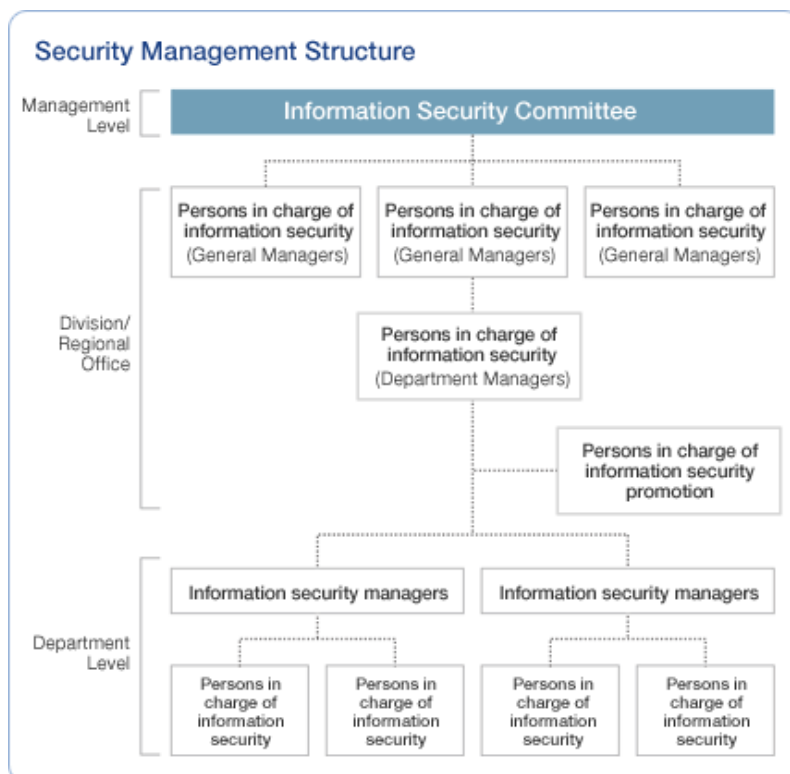
KDDI's Security Policy—Our Basic Policy on Information Security

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.

❏ Security Policy

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.

❏ 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 [1] (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. Since FY2013 we have continued working to strengthen information security and governance at KDDI Group companies through the appropriate execution and timely inspection of Group company regulations and application of a PDCA cycle.

[1] 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.

ISMS Certification at KDDI

Registration Number	Organization	Initial Registration
IS 95253	KDDI CORPORATION [2]	June 7, 2005
IS 76406	KDDI CORPORATION (Operations Division) [3]	July 4, 2003
IS 85329	KDDI CORPORATION (Information Systems Division)	September 28, 2004

[2] 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

[3] Includes Japan Telecommunication Engineering Service Co., Ltd.

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.

Preventing Information Leaks Due to Emailing Errors

Email has supplanted the telephone as an essential two-way communication tool for business. However, a major issue when using email is preventing information leaks caused by sending emails to the wrong address, attaching the wrong documents, or other mailing errors.

To resolve these issues, KDDI has introduced mechanisms for preventing emailing errors, such as prevention of automatic mail forwarding (systems), automatic encoding of attached files when emails are sent outside the company, temporary delays before sending, and mandatory bcc of addresses (prevention of leaking of email addresses). In these ways, we are bolstering activities to prevent information leaks accompanying emailing errors.

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, through the KDDI Philosoply as the corporate principles and the KDDI Code of Business Conduct as a code of conduct for all employees.

We believe that the building of a dynamic communication environment within the company is an essential prerequisite for further improvement of employees' awareness of compliance. In FY2013, we held workplace visits and social get-togethers by birthplace area.

❏ KDDI Code of Business Conduct

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 Framework

Compliance Education and Training

> DATA Conducted training for managers
>
> 25 times in total for 521 participants (FY2013)

KDDI has also conducted e-learning once for all employees.
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 English and Chinese.
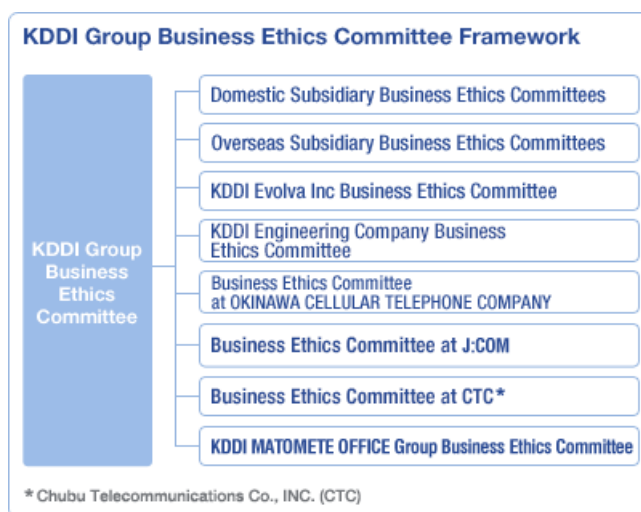In FY2013, the Helpline received 10 reports, including inquiries. Internal investigations were conducted primarily by the KDDI Group with regard to the issues reported, and information regarding reporters was kept confidential. When problems were uncovered, steps were taken to rectify the situation, including proposing improvements and instituting measures to prevent recurrence.

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

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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

KDDI Group Business Ethics Committee
- Domestic Subsidiary Business Ethics Committees
- Overseas Subsidiary Business Ethics Committees
- KDDI Evolva Inc Business Ethics Committee
- KDDI Engineering Company Business Ethics Committee
- Business Ethics Committee at OKINAWA CELLULAR TELEPHONE COMPANY
- Business Ethics Committee at J:COM
- Business Ethics Committee at CTC*
- KDDI MATOMETE OFFICE Group Business Ethics Committee

* Chubu Telecommunications Co., INC. (CTC)

Working with Business Partners

KDDI CSR Procurement Policy

On February 1, 2014, KDDI enforced the KDDI CSR Procurement Policy. In doing so, we conveyed the policy to our business partners. To ensure further dissemination of the policy, in FY2014, we are considering carrying out a questionnaire survey. KDDI will continue to aim for improvement of CSR procurement standards.

❏ KDDI CSR Procurement Policy

Conflict Minerals

The U.S. government requires companies listed in the United States to disclose the use in their products of minerals produced in the Democratic Republic of the Congo and other conflict-plagued regions (below "conflict minerals" [1]).
KDDI is not listed in the United States, but to fulfill its social responsibility in its procurement activities, it is working together with suppliers and implementing initiatives to ensure that it does not use conflict minerals.

[1] Conflict minerals are tantalum, tin, gold, tungsten and other minerals designated as such by the U.S. Secretary of State.

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 build trust-based relationships, and strive to achieve shared understanding and mutual improvements in operational quality. We also have in place systems to provide 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. It 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 are required.
We also implement a qualification and certification system to evaluate staff skills and conduct professional training, recognizing sales efforts that generate high levels of customer satisfaction as "au Advisors," "au Masters" and "au Experts."

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 popular 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 website-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 [2] Promotion Meetings, attended by the heads of departments and divisions that work with content providers. At these meetings, we consider customers' and content providers' opinions and requests and implement 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.

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

Support for Individual Shareholders

KDDI proactively redistributes profits by increasing dividends and implements measures to deepen individual shareholders' understanding of KDDI's business operations.

In FY2013, we held tours of the Chikura Cable Landing Station and the Kokusai Cable Ship Yokohama Maintenance Center.

The shareholders who participated in the tours gained a deeper understanding of KDDI's technical skills that support optical submarine fiber optic cable communications and of the realities of maintenance of the submarine cables that is carried out 24 hours a day, 365 days a year.

In October 2013, we announced the introduction of a shareholder special benefit plan aimed at thanking shareholders for their constant support and further deepening understanding of KDDI Group operations.

We present [3] complimentary tickets to shareholders according to the number of KDDI shares held and the length of time held, for use when purchasing au devices. KDDI will continue to further strengthen our ties with individual shareholders.

[3] Shareholders recorded in the list of shareholders as of March 31 every year who hold more than 1 unit (100 shares) are eligible.