Designing The Future

KDDI

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Integrated Report 2017

Detailed ESG Version

Integrated Report 2017 (Detailed ESG Version)

Contents

Disclosure of CSR Information 002
Top Message 003
KDDI Business and Strategies 005
KDDI's CSR 006
KDDI Code of Business Conduct (Basic Principles) 008
CSR Promotion Framework 009
Stakeholder Engagement 010
Four Material CSR Issues 014

● **Material Issues - Highlights**

Material Issue 1: Offering Reliable Information and Communications Services 020
Highlights: Recovery Support in Times of Disaster 022
Material Issue 2: Creating a Safe and Secure Information and Communications Society 024
Highlights: Awareness Activities on the Use of ICT Services 026
Material Issue 3: Vitalizing the Company by Developing a Diverse Workforce 028
Highlights: Promoting the Professional Advancement of Women 030
Material Issue 4: Initiatives to Conserve the Global Environment 032
Highlights: Environmental Conservation Plan 034

● **CSR Initiatives Through Business (KDDI Products and Services)** 036
Management and Improvement of Network Quality 037
Responsibility for Products and Services 041
Customer Relationship Management 044
Brand Management 048
Innovation Management 050
About Efforts in Growing Markets 055

● **CSR Initiatives Supporting Operations (KDDI Business Foundations)** 057
Corporate Governance 058
Human Rights 074
Supply Chain Management 076
Labor Practices 079
Securing and Cultivating Human Resources 089
Community Involvement and Development 095
Environmental Management 100
Environmental Performance 108

External Assessment 116
CSR Data 121

Disclosure of CSR Information

Reporting System

KDDI issues its Integrated Report as a means for disclosing financial and non-financial information. For information on our business strategies and opportunities, please refer to the Integrated Report. In addition to the Integrated Report, this report is a focused summary of environmental, society, governance, and other non-financial information in PDF format (Japanese and English).

The Integrated Report (Detailed ESG Version) expands on information referencing the report of the GRI's Sustainability Reporting Guidelines 4th Edition (G4), as well as information determined to contribute to promoting the understanding of the creating of KDDI's value.

We will continue making efforts to communicate with all stakeholders and promoting our CSR initiatives.

Period Covered

FY2016 (April 01, 2016 to March 31, 2017). Some of the included information pertains to activities before and after FY2016.

Scope of Report

Although we report the activities of the KDDI Group (KDDI, its 165 subsidiaries), this report focuses on KDDI only since the ratio of Group's consolidated sales is approximately 1.23 times of KDDI's unconsolidated sales.

Publication Date

September 2017 (Next publication: September 2018; Previous publication: August 2016)

Guidelines Referenced

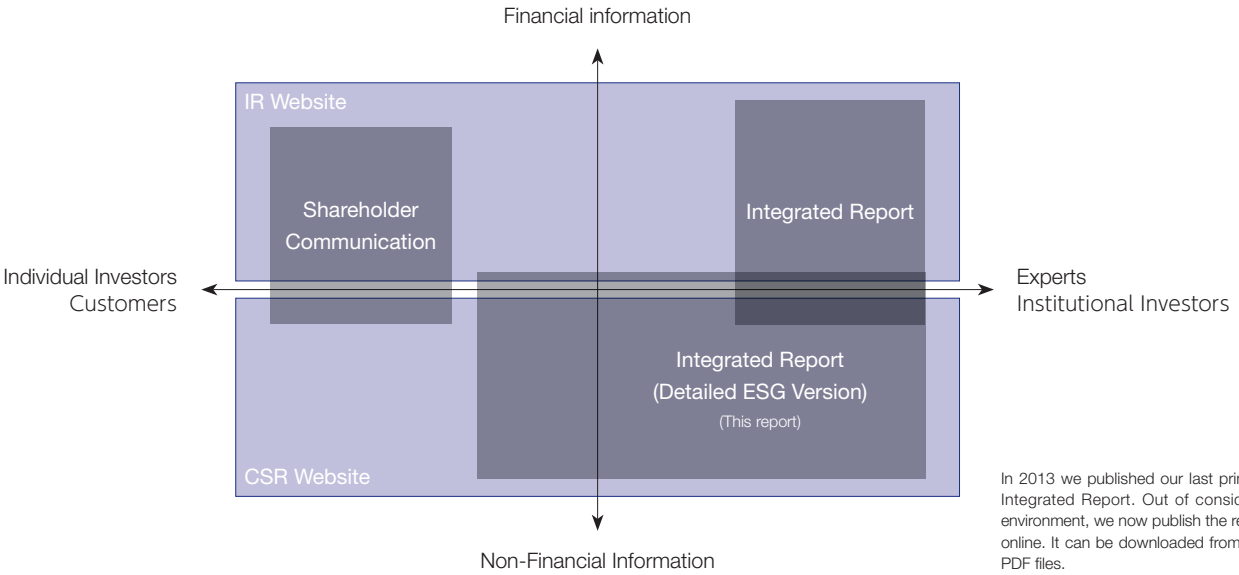
- GRI (Global Reporting Initiative) Sustainability Reporting Guidelines 4th Edition
- SASB (SUSTAINABILITY ACCOUNTING STANDARDS BOARD) (Telecommunications)
- IIRC (International Integrated Reporting Council)
- ISO26000: 2010 (Guidance on Social Responsibility)
- JISZ26000: 2012 (Guidance on Social Responsibility) Japanese Industrial Standards
- Ministry of the Environment, 2012 Environmental Reporting Guidelines

External Assurance

To ensure reliability, environmental data for Scope 1 and 2 has received independent third party assurance by Lloyd's Register Quality Assurance Limited. With regard to environmental data for Scope 3, these have been third-party assured by Waseda Environmental Institute.

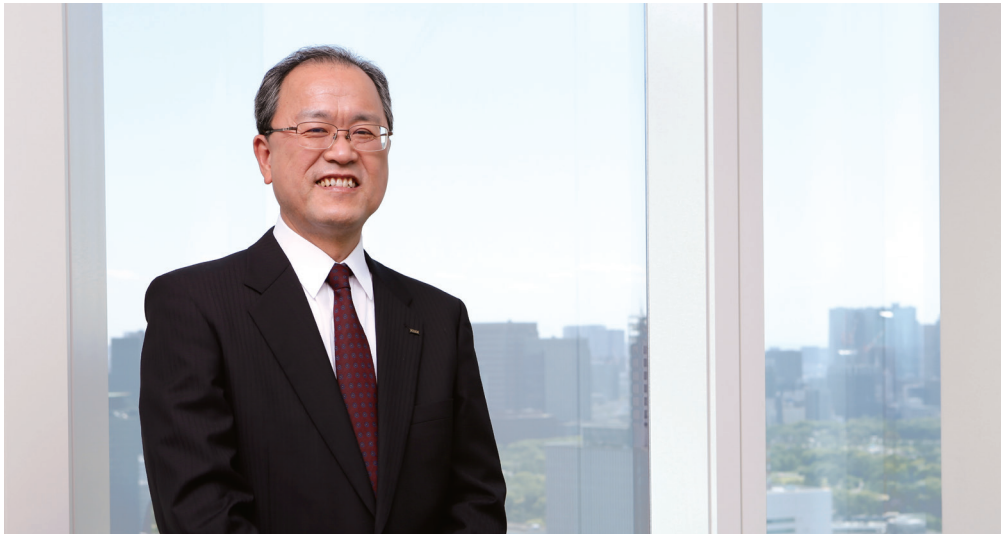
Inquiries

KDDI CORPORATION
CSR & Environment Management Department, General Administration Division, General Administration & Human Resource Division
E-mail: csr@kddi.com
GARDEN AIR TOWER, 3-10-10, Iidabashi, Chiyoda-ku, Tokyo 102-8460 Japan



In 2013 we published our last print edition of the Integrated Report. Out of consideration for the environment, we now publish the report exclusively online. It can be downloaded from our website as PDF files.

Implementing the KDDI Group Philosophy and Contributing to the Development of a Truly Connected Society.



Takashi Tanaka
President, KDDI CORPORATION

CSR Management Starts with the KDDI Group Philosophy

By following the "KDDI Group Philosophy," KDDI aims to be a company appreciated and trusted by all of its stakeholders. As a telecommunications carrier managing social infrastructure that must work under all sorts of conditions, 24 hours a day, 365 days a year, KDDI has the vital mission of providing reliable communications services to society. The telecommunications business could not exist without being able to borrow radio waves and other valuable assets that belong to the public. We are therefore aware of our social responsibility to help solve problems faced by society with high aspirations. The "KDDI Group Philosophy" defines our corporate posture and how our employees should tackle issues at work. I believe that it is also the starting point for CSR management.

As we have ambitiously developed global business in recent years, it has been essential that all of our employees take action with a shared set of values to generate synergies and strengthen ties between each business division. In conjunction with the revision of the "KDDI Group Philosophy" in 2013, KDDI has conducted awareness-raising activities for employees inside and outside Japan to help spread the philosophy. We will promote CSR management by pursuing our mission together as a group of employees that share the "KDDI Group Philosophy."

Paying Close Attention to the Feedback of All Stakeholders and Creating Value Together

We will actively seek out dialogue with a variety of stakeholders, including the customers who underpin our businesses, partner companies, shareholders, local communities and government institutions, as we seek to resolve issues in a host of fields. I believe that making contributions to society through our business, and working in harmony to deliver new societal value is the kind of CSR management that KDDI aims to achieve.

In recent years, there is an acceleration in the pace of international movements in response to social problems, such as the COP21 [1] Paris Agreement, an international framework on climate change, and SDGSs [2] that are aimed at solving international issues, and there are strong expectations of companies

to make contributions through their business. In order to respond quickly to such changes in the social environment, KDDI established its fourth environmental conservation plan "KDDI GREEN PLAN 2017-2030" in FY2016. Under this plan, we established and announced targets for three material issues – Climate Action, Creating Recycling-Oriented Society, and Conservation of Biodiversity. We are taking measures to reduce CO_2 emissions within our own company among other things. In addition, taking into consideration the social issues and long-term goals raised in the SDGs, we have started revising our CSR material issues (materiality) while incorporating feedback from all our stakeholders.

Towards the Realization of CSR Management That Is Aimed at Co-Creation to Deliver Societal Value

(1) We Will Continue to Innovate in KDDI's Own Distinctive Way

In FY2016, KDDI established a three-year medium-term business management policy. Based on this policy, we aim to achieve sustainable growth in the domestic telecommunication business, as well as maximize the "au Economic Zone" and ambitiously develop global business. To achieve sustainable growth in the domestic telecommunication business , KDDI will further promote our "3M Strategy" [3] of growth in an effort to foster innovation in numerous fields that relate to our customers' lives and livelihoods, and we will continue working to resolve the problems facing society and contribute to sustainable development.

To maximize the "au Economic Zone" through the growth of the au customer base, KDDI aims to transform from a telecommunications company into a "Life Design Company" and offer a comprehensive range of services that are aligned with each customer's stage in life, thereby strengthening the foundation for providing customers a positive experience.

Furthermore, in countries and regions where we have expanded our global business, KDDI will utilize the technology, experience and expertise that we have accumulated in Japan and abroad with the aim of expanding our telecommunications-related business in a way that suits the cultural, social, and economic circumstances of each country and region, thereby contributing to the development of a truly connected society.

(2) Cultivating a Workforce Rich in Individuality

With the diversification of society's needs and values, it is important for companies themselves to diversify so that they can continue creating new value. We are using our approach to diversity and inclusion to utilize the individualities and capabilities of our diverse employees in our organization, regardless of gender, age, nationality, language, disability or sexual orientation. In particular, KDDI is actively engaged in promoting women's careers in the workplace. Since FY2012, the company has been focused on cultivating and promoting female leaders so that many women can participate in our decision-making processes. We have set a target to promote 200 females to line manager positions by FY2020, and implemented a variety of activities. In recognition of our efforts to proactively promote women in the workplace, KDDI was selected as a "Nadeshiko Meigara" for the fifth consecutive year. KDDI was also selected for the "Diversity Management Selection 100" award, which is presented by Japan's Ministry of Economy, Trade and Industry to recognize companies that improve their corporate value through diversity management.

In addition, KDDI was given the highest "Gold" award in the "PRIDE Index" which evaluates efforts concerning sexual minorities including LGBT. These awards are an indication that KDDI's efforts are recognized and appreciated by stakeholders. Furthermore, in FY2016, KDDI established a "Work Style Reform Promotion Committee" as a new initiative to promote "diversification" through diversity and inclusion, as well as create new values for individual employees and improve productivity. Currently, through this committee, we are implementing various "work style reform" initiatives that make it possible for each employee to exhibit their various skills.

Going forward, KDDI will pay attention to the feedback of all our stakeholders in our efforts to achieve co-creation and produce social value. We will strive to promote solving social issues through innovation and cultivate a diverse work force who will support these solutions in our aim to create a sustainable society and become an active dynamic company.

August 2017

[1] The 21st Session of the Conference of the Parties to the United Nations (UN) Framework Convention on Climate Change (COP21)
[2] SDGs: Sustainable Development Goals
[3] KDDI is pursuing a "3M Strategy" named after the initial letters of "Multi-Use," "Multi- Network" and "Multi-Device." Through this strategy, we aim to provide a communications environment that gives customers seamless access via their devices of choice – such as smartphones, tablets or others – to attractive and diverse services and content, over optimized networks.

KDDI Business and Strategies

Policy and System — KDDI Group

Overview of Main KDDI Businesses

KDDI has expanded our base through mergers, and continued to grow as a comprehensive telecommunications company with both mobile and fixed-line operation.

Today in Japan, KDDI is working to secure new revenue streams, utilizing our domestic telecommunications customer base to more actively engage in a variety of initiatives aimed at generating revenue in non-telecommunications fields. In our global business, we are moving forward with efforts to establish sustainable growth, such as entering the mobile telecommunications markets in Myanmar and Mongolia.

Policy — KDDI Group

Mid-term Business Goal

There is an increase in severity in the business environment for the domestic telecommunications market due to homogenization of services provided by as well as the growth in popularity of low-priced SIM services through MVNOs. On the other hand, new business opportunities including IoT have started to emerge. In order to achieve sustainable growth by quickly responding to these environmental changes, we believe that KDDI must be accelerating transformation into a business that is not just an extension of conventional businesses in order to achieve sustainable growth by quickly responding to these environmental changes. Based on this background, in May 2016, KDDI announced its new mid-term goals towards FY2018.

Mid-term goals for FY2018

"Achieve continuous growth and enhance shareholder returns"

Profit growth	Operating Income	Target operating income; CAGR 7%
	Gross Merchandise Value of "au Economic Zone"	Over ¥2 trillion by the fiscal year ending March 31, 2019
	M&A for growth	Approx. ¥500 billion over three years
Shareholder returns	Dividend payout ratio	Lift payout ratio from "above 30%" to "above 35%"
	Repurchase own shares	Implement after growth investment
	Cancellation of treasury stock	Limit the amount of treasury stock to 5% of total shares outstanding, and will cancel any shares in excess of this limit

Business Segment	Business Overview	
Personal Services Segment	Provision of communications services for individuals and more	This segment provides mobile and fixed-line communications services for individual customers. In mobile, these chiefly include services under the mainstay "au" brand and MVNO services provided by consolidated subsidiaries such as UQ Communications Inc. Fixed-line services include "au HIKARI" brand FTTH services, CATV services and other services. The segment also provides non-telecommunications services such as the "au WALLET Market" product sales service making use of au shops, as well as energy services such as "au Denki."
Value Services Segment	Provision of content and settlement services for individuals and more	This segment provides individuals with content, settlement and other value-added services both online and offline. The segment makes monthly subscription services, such as the digital content of "au Smart Pass/au Smart Pass Premium," more attractive. It also strengthens the commerce business with "Wowma!" and other services, as well as insurance and other services in the financing business, with the goal of maximizing the "au Economic Zone" and expanding earnings of non-telecommunications services.
Business Services Segment	Provision of communications and solution/ cloud services for companies and more	This segment provides diverse solutions, including mobile devices such as smartphones and tablets and cloud services, that seamlessly utilize networks and applications to a wide range of corporate customers, ranging from small to major corporations. In addition, the segment is moving forward with a variety of initiatives in the IoT sector, in which all manner of things are connected with the Internet.
Global Services Segment	Overseas provision of communications for companies and individuals, as well as solution/ cloud services and more	This segment offers the one-stop provision of ICT solutions to corporate customers, centered on our "TELEHOUSE" data centers. In addition, KDDI is working aggressively to expand customer businesses, such as the telecommunications business in Myanmar and Mongolia.
Other	Construction of telecommunication facilities, maintenance, research and development	KDDI conducts research and development of information communication technologies in addition to construction and maintenance of facilities that support communication services.

KDDI's CSR

Policy

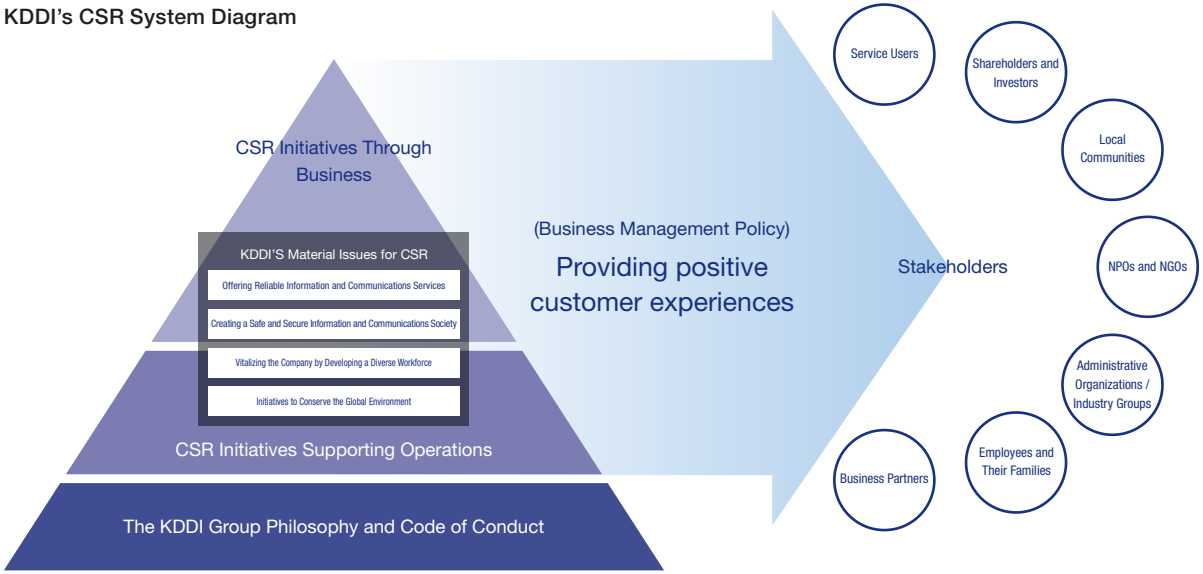
KDDI Group

KDDI's CSR Policy

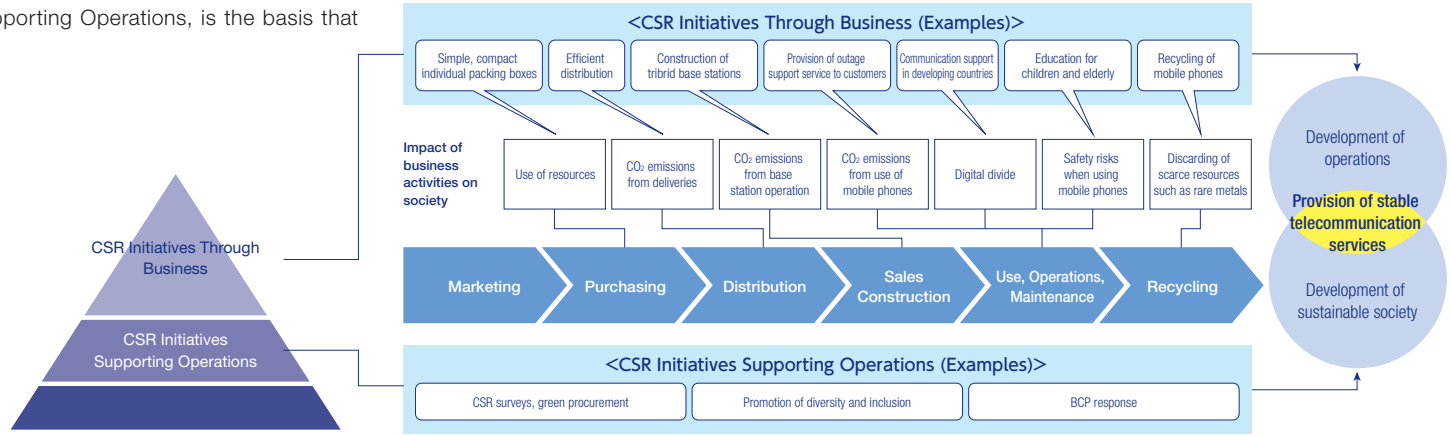
As a telecommunications carrier that provides social infrastructure, our societal mission is to deliver stable services regardless of conditions, 24 hours a day, 365 days a year in order to achieve the corporate philosophy "contributing to the development of a truly connected society." We believe that CSR is the axis needed to carry out this mission. As our business derives from utilizing radio waves, which are an important asset shared by all citizens, we recognize that we have a social responsibility to contribute to addressing the various issues facing society. The KDDI Group Philosophy describes the company that we need to become and the attitudes that employees of such a company need to maintain.

The following 2 activities represent the axes of CSR activities. The first activity, CSR Initiatives Through Business, is an activity aimed to solve problems including social influences. These are problems that arise through business activities and are deemed as risks (chances). The other, CSR Initiatives Supporting Operations, is the basis that supports providing of services.

KDDI's CSR System Diagram



Value Chain and CSR



KDDI's CSR

Philosophy KDDI Group

The KDDI Group Philosophy

The KDDI Group Philosophy expresses the attitudes, values and behavior that employees need to exhibit in order to achieve our corporate philosophy. The KDDI identity and KDDI vision that we must embrace as a telecommunications operator are incorporated throughout. The KDDI Group Philosophy is the foundation for CSR and is the basic stance KDDI employees must adopt. By putting the KDDI Group Philosophy into practice, we aim to be a company admired and trusted by all stakeholders.

Infusion KDDI Group

Spreading the KDDI Group Philosophy

To encourage sharing and implementation of the KDDI Group Philosophy, the president and executives discuss the meaning of the KDDI Group Philosophy and good practices directly with all the employees and promote the spread of the philosophy. In 2016, a total 10 study meetings were held at each level, including monthly study meetings organized by the president and attended by all officers. In addition, study meetings planned and run by each division are held, as well as study meetings attended by all employees twice a year, regardless of organization or division, in an effort to promote understanding.

Every year, study meetings are held for executives at KDDI overseas bases. In FY2016, an introductory video of the KDDI Group Philosophy was produced in English and Chinese, increasing the opportunities for foreign employees to understand the KDDI Group Philosophy. Through learning and implementation by these activities, KDDI aims to be a company loved and trusted by all our stakeholders.

Total number of study meetings held in FY2016: 582

Total number of participants: 24,787

The KDDI Group Mission Statement

The KDDI Group values and cares about the material and emotional well-being of all its employees, and delivers a thrilling customer experience by always going further than expected with the ultimate goal of achieving a truly connected society.

The KDDI Group Philosophy

Chapter 1: Vision
1.1 Connecting people "heart to heart", bringing smiles from "face to face"
1.2 Being global
1.3 Responsibility extending 24/7 and 365 days a year
1.4 Satisfying customers
1.5 Delivering a thrilling customer experience by always going further than expected
1.6 Keeping aspirations alive
1.7 Each one of us makes the KDDI Group what it is
1.8 Embracing diversity

Chapter 2: Management Principles
2.1 Fulfilling our corporate and social responsibilities
2.2 Clearly state the purpose and mission of our business
2.3 Pursue profit fairly
2.4 Transparent management
2.5 Maximizing revenues, minimizing expenses
2.6 Lean and mean management
2.7 Real-time business management

Chapter 3: Professional Mindset
3.1 We set specific goals with a pure and aspirational mind. Once our targets are set, we will drive ourselves to keep going with a strong commitment until we achieve success. Then we will share the fruits of our accomplishments.

Chapter 4: Way Forward
4.1 Be self-motivated
4.2 Keep your fighting spirit alive
4.3 Taking ownership
4.4 Open and direct communication
4.5 Be agile; think and act with a sense of urgency
4.6 Let's unite as a team to achieve our goals
4.7 Put yourself in the perspective of your boss
4.8 Look at what you do, from the outside in
4.9 Tackle a challenge head-on
4.10 Always be creative in your work
4.11 Every small effort counts
4.12 Believe in our potential
4.13 Go back to the basic principles
4.14 To know the problem, go, see and touch
4.15 Playing by the rules
4.16 Tough love at work

Chapter 5: Formula for Success
5.1 Achievement = Attitude x Effort x Ability
5.2 Do the right thing as a human being
5.3 Be altruistic
5.4 Be grateful to others
5.5 Have an open mind and a humble attitude
5.6 Be positive

KDDI Code of Business Conduct (Basic Principles)

Policy KDDI Group

KDDI Code of Business Conduct (Basic Principles)

KDDI established the KDDI Code of Business Conduct in 2003 as specific guidelines toward understanding and practicing the corporate vision and the KDDI Group Philosophy. All KDDI executives and employees maintain a high sense of ethics and execute their duties in compliance with the Code of Business Conduct.

In April 2016, KDDI revised its Code of Business Conduct in response to the enacting or abolition of laws and regulations and changes in the social climate with the aim of promoting KDDI Group management. With regard to the codes of conduct for Group companies, each will successively establish or review their code of conduct in consideration of the characteristics of their business based on the KDDI Code of Conduct.

Link Website KDDI Code of Business Conduct (Basic Principles)

Overview of the KDDI Code of Business Conduct (Basic Principles)

Happiness of Our Employees and Vibrancy in the Company
I. Respect for Human Rights and Individuality
II. Conscientious Performance of Duties
III. Respect for Intellectual Properties
Earning our Customers' Satisfaction and Trust
IV. Provision of Services that Respond to the Trust and Confidence of our Customers
V. Promotion of Fair Business Activities
VI. Management of Information to Protect the Secrecy of Communications and Customers' Information
Confidence of Our Shareholders and Business Partners
VII. Practice of Open and In-depth Communication
VIII. Prevention of Insider Trading
IX. Appropriate Accounting and Adherence to Agreements
Development of the Society
X. Environmental Conservation
XI. Rejection of Anti-social Forces
XII. Contribution to the Development of the International Community

Activity and Results KDDI Group

Spreading KDDI Code of Business Conduct

KDDI periodically implements measures with the purpose of spreading the code of conduct.

Measures to Spread the KDDI Code of Conduct (FY2016)

Measure	Target	FY2016 Result
E-learning	Regular employees, contract employees, and temporary staff	Participation rate: 87%
E-mail magazine distribution	Regular employees	Distributed one per month
Placement of enlightenment posters for Business Corporate for Ethics Monthly Month	Regular employees, contract employees, and temporary staff	Carried out from October to November 2016; after this period, the posters continued to be placed
Recommendation of establishment and revision of codes of conduct based on the KDDI Code of Conduct	Group companies	Established... 1 company Revised... 6 companies

CSR Promotion Framework

Policy KDDI

Approach to CSR Promotion

KDDI's CSR activities, which serve as the base for KDDI's business, consist of operational improvements through opportunities for dialogue with various stakeholders, CSR procurement, promotion of diversity and inclusion, response to the business continuity plan (BCP), and more. Based on these activities, and our value chain, we recognize the impact of our business activities on society and, through the provision of products and services, expand CSR activities that resolve issues which occur.

By promoting CSR Initiatives Through Business and CSR Initiatives Supporting Operations, KDDI will develop its business as well as develop a sustainable society.

System KDDI

CSR Promotion Framework

The CSR & Environment Management Department designs and plans measures for the strategic integration of management and CSR at KDDI and the promotion of CSR activities throughout the company. The CSR committee meets twice a year to formulate CSR policies and important topics. This committee is chaired by the Executive Director, Corporate Sector (Executive Vice President, Director) with the CSR & Environment Management Department as the secretariat. The content of the committee's discussions is reported to the Corporate Management Committee in the form of periodic reports.

With the CSR & Environment Management Department taking the role of promotion, KDDI spreads the policies formulated by the CSR Committee to the relevant departments domestically and internationally, after which it conducts activities that cut across departments. There are also two subcommittees under the CSR Committee, the Human Rights Subcommittee and the Environment Subcommittee.

The executives in charge of CSR and the environment conduct management under a system where the degree to which KPI in CSR and environmental issues is achieved is linked to remuneration and responsibility is clearly defined.

Major Issues Addressed by the CSR Committee in 2016

- Formulation of the Fourth Environmental Conservation Plan (KDDI GREEN PLAN 2017-2030)
- Sharing of domestic and international CSR topics

Human Rights Subcommittee

The Human Rights Subcommittee discusses measures, as needed, to ensure respect for human rights in all business activities of the KDDI Group based on KDDI's human right policy.

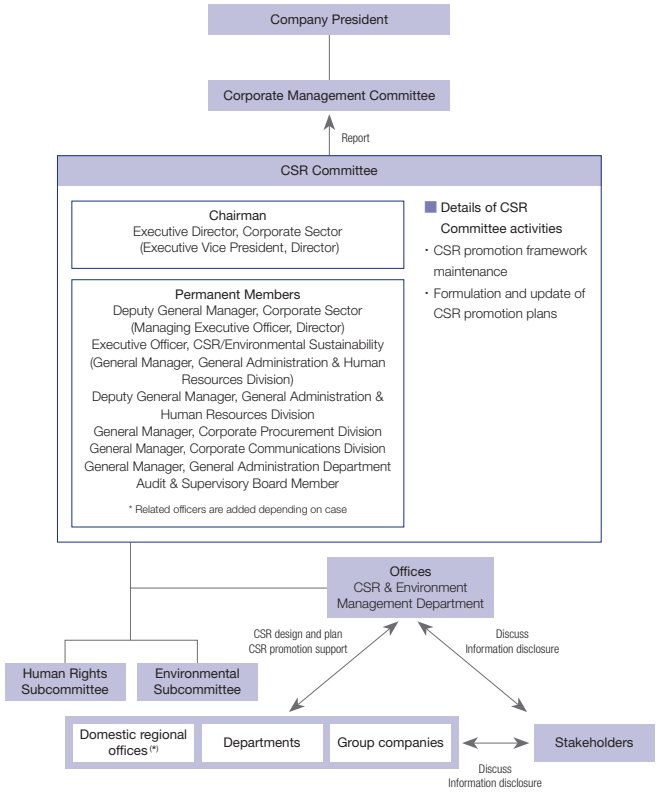
Human rights include the following.

- Prohibition of child labor or forced labor
- Prohibition of racial discrimination in business activities (based on race, sex, religion, nationality, age, sexual orientation, etc.)
- (Relating to telecommunications business) Restrictions on protection of privacy of communications or freedom of expression, eviction demands related to construction of base stations, etc.

Environment Subcommittee

The Environment Subcommittee discusses matters related to policy and planning of the environmental protection activities of KDDI and the KDDI Group.

CSR Promotion and Company Infusion System



* For the ten regions throughout Japan, the division that controls the CSR activities, general administration, and human resources of their respective region

Stakeholder Engagement

Policy and System

KDDI Group

Approach to and System of Stakeholder Engagement

In our business, KDDI is involved with all of our stakeholders including customers, shareholders, business partners, employees and their families and the local communities. KDDI considers all stakeholders involved in its business activities as its customers, and conducts various activities geared toward fully satisfying, and providing a new experience to eliminate inconveniences for each stakeholder.

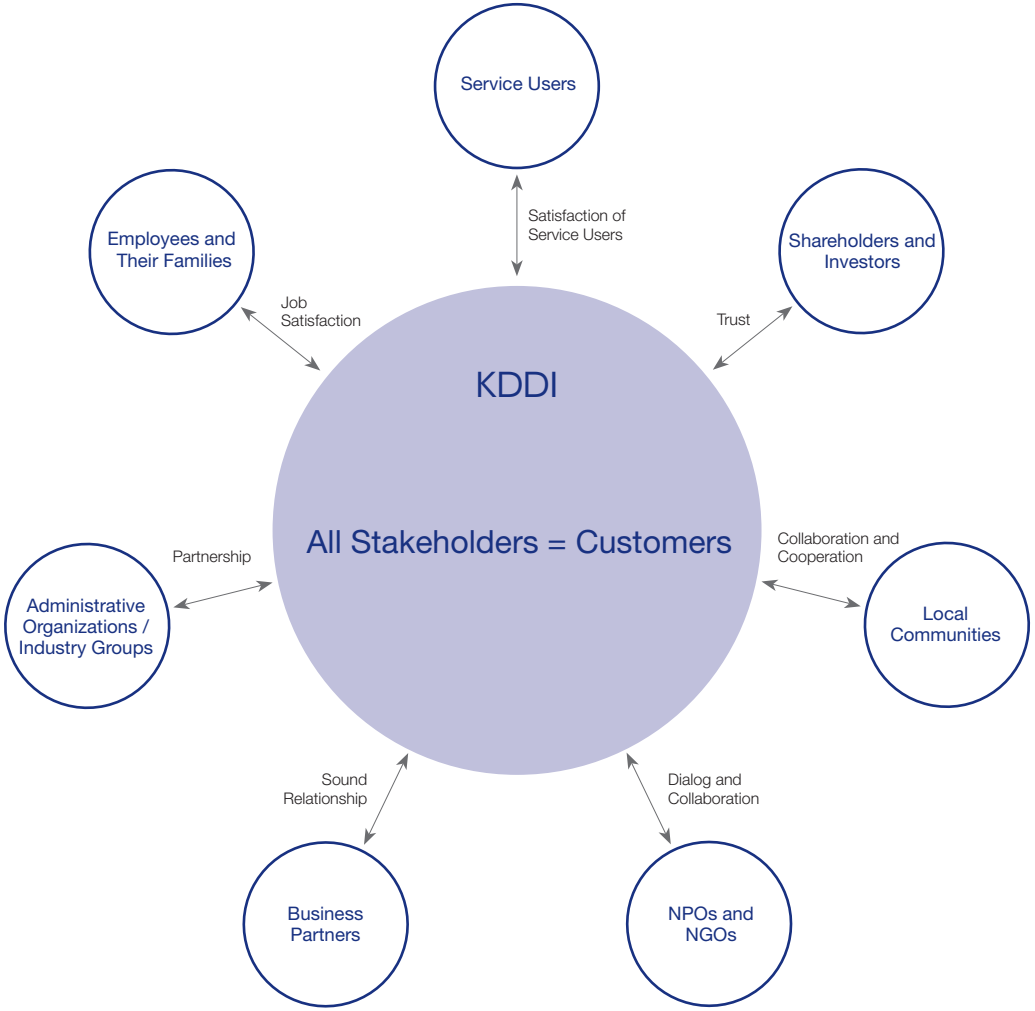
We also use the GRI (G4), SASB, IIRC, ISO26000, and other global CSR standards and checklists created from items from hearings with Investors. Using these, we create and implement policies that address the analysis of our current conditions and issues.

In addition, KDDI conducts stakeholder dialogue with the Executive Officer, CSR Environmental Sustainability as the person in charge. Through such dialogue, we incorporate the opinions and demands of stakeholders to build schemes for making further improvements.

More precisely, the results of engagement efforts are not only reported and shared within the company, but also reported at various committee and management meetings, and reflected in the decision-making process depending on the degree of importance. KDDI values the dialogue with all our stakeholders who have given us their support. We will continue to build up collaboration with our stakeholders and proactively address the issues facing society to contribute to the development of a truly connected society.

Link Website Stakeholder Dialogue

Correlation Diagram of Stakeholders



Stakeholder Engagement

Activity and Policy

KDDI

Results of Stakeholder Engagement

Stakeholder		Primary point of contact	Communication method	Frequency	Content	Reflection in and management and business activities
Service Users	We will strive to satisfy our service users (customer experience) by living up to their trust and offering safe, secure and valuable products and services.	Customer Center au Shop	Enquiries at customer center	At all times	・Reply by telephone or email form	・Transformation into a business that provides a positive customer experience
			Releases on various homepages and SNS	At all times	・Distribution of company information and business activities	・Appropriate distribution of information
			au Shop window	At all times	・Feedback on details of improvements for products and services within the company and reporting of results to customers	・Improvement in convenience of products and services, guarantee of safety by department in charge
			Daily sales activities	At all times		
Shareholders and Investors	We will attempt to build a relationship of trust through integrity, fair disclosure of information and active enhancement of our communications.	General Administration Department, IR Department	General Meeting of Shareholders	Once a year	・Business reports, consolidated financial statements, financial statements, auditors' report	・Strengthening of governance ・Dispatch of sincere information through homepage and information tools
			Results briefing	4 times a year	・Reports of results and efforts	
			Investors' seminar Investors relationship website, etc.	At all times	・Explanation and exchange of opinions on details of results and business efforts	
Local Communities	We will collaborate and work in partnership with local communities and fulfill our role as a member of those communities.	CSR & Environment Management Department, Regional offices throughout Japan	Social contribution programs in each region	At all times	・Exchange of opinions through local administrative organizations ・Interaction with local residents and contribution to local safety and development	・Reflection in earth environment conservation activities ・Solving of social issues in partnership with administrative organizations and local communities
			KDDI Smartphone and Mobile Phone Safety Classes	At all times		
NPOs and NGOs	We will build a better society through dialogue and cooperation.		Activities through the KDDI Foundation	At all times	・Social contribution activities in various regions around the world ・Participation in advanced initiatives	・Understanding of the social problems and needs in each community
			Events in cooperation with NPOs, etc.	At all times		
Administrative Organizations / Industry groups	We will comply with the law and maintain sound relations.	Government and Industrial Affairs Department	Participation in conferences/ councils	At all times	・Participation in various conferences and exchange of opinions	・Proposal on various guidelines and deregulation

Stakeholder Engagement

Activity and Policy

KDDI

Results of Stakeholder Engagement

Stakeholder		Primary point of contact	Communication method	Frequency	Content	Reflection in and management and business activities
Employees and Their Families	We will continue to be a dynamic company that provides motivation and purpose to all its employees.	Human Resources Division, General Administration Division	Employee awareness survey	Once a year	・Awareness survey on the activation level of the organization	・Analysis of the state of company-wide organizational culture and identification of issues to be tackled in each department ・Respect of human rights
			Opinion exchange between management and employees	Several times a year	・Discussion and mutual understanding of labor-management issues	
			KDDI Sports Festival (Cohosted with the labor union)	Once a year	・Interaction between KDDI Group employees, including their families, and management	・Creating a sense of unity throughout the company
Business Partners	We will build partnerships based on mutual trust and carry out appropriate business activities through fair and open business dealings.	Procurement Management Department	Questionnaires and liaison Conference	Once a year	・Sharing of CSR procurement policy	・Promotion of CSR procurement through supply chain

Stakeholder Engagement

Activity and Policy | KDDI

Participation in External Initiatives

KDDI endeavors to participate and play a leadership role in initiatives and organizations inside and outside Japan in order to contribute to the development of a truly connected society.

Initiative	Position
International Standardization of Telecommunications	
ITU-R (Radio Sector)	・RRB Chair ・SG4 Vice-chair (Satellite Communications)
ITU-T (Standardization Sector)	・SG3 Chair (Rates & Policy) ・SG9 Chair (Video Transmission & CATV) ・SG17 Vice-Chair (Security)
GSM Association	Director
Building a Safe and Secure Society	
Japan Smartphone Security Association (JSSEC)	Vice Chairman/Director
Accessibility Consortium of Enterprises (ACE)	Director
Conservation of the Global Environment	
ICT Ecology Guideline Council	–

Four Material CSR Issues

Policy KDDI Group

Material Issues

By determining and implementing four CSR material issues based on various matters in all our business activities and global social issues, we contribute to the sustainable development of society and growth of our business.

Offering Reliable Information and Communications Services	Creating a Safe and Secure Information and Communications Society	Vitalizing the Company by Developing a Diverse Workforce	Initiatives to Conserve the Global Environment

Process for Identifying and Reviewing Material Issues

STEP 1

Recognize and organize social issues that need to be considered

We conducted an analysis of social issues surrounding KDDI. We identified social issues by taking into account GRI G4, SASB, ISO 26000, and other global frameworks, domestic social issues, and CSR evaluation items, in addition to our own policy.

STEP 2

Prioritize and confirm relevance

We prioritize the issues identified in STEP 1 to specify the four most important issues in two axes -- (1) company (stakeholder) interest and (2) CSR issue for the sustainable growth of KDDI.

STEP 3

Identify material issue

The four identified material themes were examined by the CSR & Environmental Committee (currently the CSR Committee) and designated as material CSR issues of the KDDI group.

Infusion KDDI Group

Dissemination of Material CSR Issues

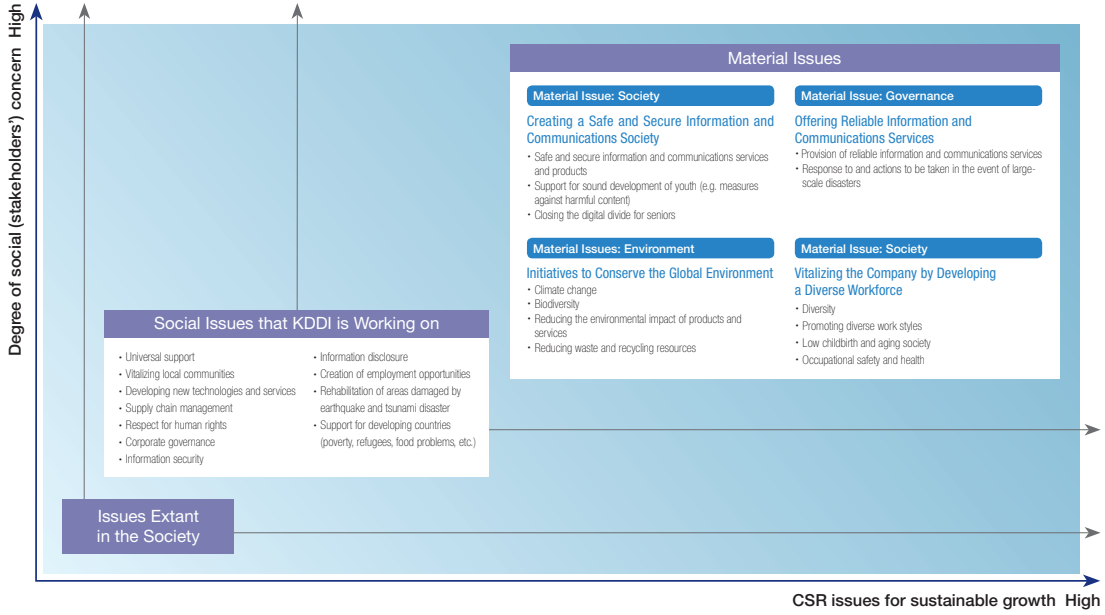
KDDI works to disseminate designated material CSR issues throughout the entire group (responsible department: KDDI CSR & Environment Management Department).

Furthermore, we hold proactive dialogues with stakeholders, and apply the opinions and advice to the promotion of future CSR activities.

Link Website Stakeholder Dialogues

Target scope of material issues		Measures for dissemination
Inside company	KDDI and 165 group companies	・Spread awareness through the intranet and internal newsletters ・Implementation of e-learning
Outside company	Business partners	Spread awareness through the “KDDI CSR Procurement Policy” and “KDDI Guidelines for CSR in Supply Chain”

Social Issues and the Four Material Issues for CSR



Four Material CSR Issues

Activity and Results

KDDI

Targets, Results and Issues in Material Issues for CSR

The chart below provides an overview of the principal targets and results of the material issues for CSR during FY2016 and reports the main issues for FY2017 and their countermeasures.

<Indicators of Priority>
Items are evaluated as A, B, or C, in order of priority

<Evaluation Indicators>
A+: Significant achievements made on the issue
A: Certain achievements made on the issue
B: Action was taken, but with no achievements
C: No action was taken

	Priority	Material Issue	Target and KPI	Boundary		FY2016 Activity Results	Evaluation	Future Issues
				Within organization	Outside organization			
Governance	A	Provide stable information and communication services (Further strengthen large-scale disaster response measures)	・Achieve 100% improvement of issues identified in disaster countermeasure training drills	●	●	・Achieved 100% improvement of issues	A	・Form a quick and accurate information collection system for afflicted areas ・Strengthen more satellite network environments that utilize satellite antennas for stationary ships
	B	Strengthen system for promoting CSR activities	・Discuss next environmental conservation plans in CSR Committee and implement PDCA for CSR activities	●		・Formulation and announcement of the Fourth Environmental Conservation Plan (KDDI GREEN PLAN 2017-2030) ・Redefining of material issues for CSR referencing SDGs	A+	・Progress reports on the Environmental Conservation Plan ・Promote CSR initiatives through business ・Spread socially required CSR initiatives throughout the company ・Improve employee knowledge and awareness of CSR
	B	Spread philosophy and criteria	・Continue dissemination activities on the KDDI Group Philosophy ・Spread revised KDDI Code of Conduct	●		・Total number of participants in the KDDI Group Philosophy study meetings 24,787 ・Achieved 87% participation in e-learning program on KDDI Code of Conduct ・Distribute lecture emails regarding compliance to all employees	A	・Continue dissemination activities on the KDDI Group Philosophy ・Continue delivery of lecture emails regarding compliance

Four Material CSR Issues

<Indicators of Priority>
Items are evaluated as A, B, or C, in order of priority

<Evaluation Indicators>
A+: Significant achievements made on the issue
A: Certain achievements made on the issue
B: Action was taken, but with no achievements
C: No action was taken

	Priority	Material Issue	Target and KPI	Boundary		FY2016 Activity Results	Evaluation	Future Issues
				Within organization	Outside organization			
Society	A	Realize a safe and secure information and communication-oriented society (Improve quality of KDDI Smartphone and Mobile Phone Safety Classes)	・Consider measures to improve KPI (Review program to the diversification of trouble and respond to new classes of seniors)	●	●	・Achieved a score of 93.7 for satisfaction with classes for juniors ・Achieved 82% satisfaction with classes for seniors ・Newly established a course for learning disaster prevention (classes for seniors)	A	・Enrich various programs to respond to the diversification of trouble ・Classes for juniors Instructor satisfaction: 94% Material satisfaction: 94% Intention to reapply: 92% ・Classes for seniors Satisfaction: 83% Utilization: 85%
	A	Create a vigorous company by cultivating diverse human resources (Further promote diversity)	・Promote measures to achieve 200 female line managers by the end of FY2020	●		・Number of female line managers: 111 (As of April 1,2017)	A	・Promote measures to achieve 200 female line managers by FY2020
	B	Promote supply chain CSR	(1) Publication of KDDI Supply Chain CSR Guidelines to business partners (2) Achieve almost 100% collection rate of CSR procurement questionnaire (3) Implement audits of industrial waste management consigned companies and mobile phone disassembly consigned companies	●	●	(1) Published KDDI Supply Chain CSR Guidelines to business partners (2) Achieved almost 100% collection rate of CSR (3) Implemented audits of industrial waste management consigned companies and mobile phone disassembly consigned companies	A	・Cooperate with business partners to promote CSR ・English translation of KDDI Guidelines for CSR in Supply Chain
	B	Respond to human rights	・Promote human rights education for all employees	●	●	・Performed e-learning about responding to LGBT issues ・Assessed human rights risks through stakeholder dialogues ・Attend international meetings regarding business and human rights	B	・Further plan of educational activities for respecting human rights
	A	Consider and implement new measures aimed at regional revitalization	・Continue support activities linked to regional revitalization	●	●	・Executed the Shimamono Project in Kikaijima, Kagoshima Prefecture	A+	・Execute the Shimamono Project in 1 or more areas a year ・Strengthen partnerships with local governments, NGOs, and NPOs

Four Material CSR Issues

<Indicators of Priority>
Items are evaluated as A, B, or C, in order of priority

<Evaluation Indicators>
A+: Significant achievements made on the issue
A: Certain achievements made on the issue
B: Action was taken, but with no achievements
C: No action was taken

	Priority	Material Issue	Target and KPI	Boundary: Within organization	Boundary: Outside organization	FY2016 Activity Results	Evaluation	Future Issues
Environment	A	Initiatives for global environmental conservation (Roll out Third Medium-term Environmental Conservation Plan)	・Reduce power consumption (compared to when no energy- saving measures are taken) by 30% by FY2016	●	●	・Target achievement 41.8% constraint	A+	・Execute KDDI GREEN PLAN 2017-2030 ・Climate Action ・Creating a Recycling-Oriented Society ・Conservation of Biodiversity
			・Reduce power consumption per subscriber (compared to FY2011) by 15%			・Target achievement 38% reduction	A+	
			・Construct 100 tribrid base stations (Target for FY2012)			・Constructed 100 tribrid base stations (end of March 2013)	A+	
			・Achieve zero emissions for retired telecommunications facilities Achieve final disposal rate of 1% or less (Zero emissions is defined as having a final disposal rate of 1% or less)			・Target achievement 0.4%	A+	
			・Achieve recycling rate of used mobile phone material of over 99.8%			・Target achievement 99.8%	A	
			・Achieve recycling rate of general waste material for KDDI buildings and headquarters of over 90%			・Target unachieved 83.6%	B	
	A	Formulation of Fourth Medium-term Environmental Conservation Plan	・Consider medium-term plan for FY2017 onwards	●	●	・Formulation and announcement of KDDI GREEN PLAN 2017-2030	A+	

Four Material CSR Issues

<Indicators of Priority>
Items are evaluated as A, B, or C, in order of priority

<Evaluation Indicators>
A+: Significant achievements made on the issue
A: Certain achievements made on the issue
B: Action was taken, but with no achievements
C: No action was taken

	Priority	Material Issue	Target and KPI	Boundary		FY2016 Activity Results	Evaluation	Future Issues
				Within organization	Outside organization			
Environment	B	Understand the supply chain issue	・Consider future reduction measures by understanding the trends of the past 3 years (To be reflected in next environmental conservation plan)	●	●	・Calculated and announced all 15 items of Scope 3 for FY2015	A	・Continuously consider future reduction measures by understanding the trends of the past 5 years
	B	Reinforce environmental communication	・Respond to issues identified through engagement	●	●	・Further promoted CSR procurement and green procurement	A	・Implement e-learning of KDDI GREEN PLAN 2017-2030 for all employees
	C	Promote biodiversity conservation	・Consider new initiatives for biodiversity conservation	●	●	・Executed forest surveys using tablet devices and solution services, and began new initiatives to prevent damages from pest animals	A	・Execute new initiatives for biodiversity conservation

Four Material CSR Issues

Policy and System — KDDI

Redefining of Material CSR Issues

In 2008, KDDI identified material issues for CSR. However in recent years, the state of society has seen major changes for creating a sustainable society such as the United Nations' Sustainable Development Goals (SDGs) and the adoption and effect of the Paris Agreement at COP21. To reflect these international changes, we are currently redefining our material issues and reconfirming whether they are in line with the current state of society.

For the determination of material CSR issues, we verified issues from two axes -- the "effect on stakeholder evaluation and decision-making" and the "effect of KDDI on society, the environment, and finance" based on the GRI Standards. In this verification we used SDGs as the focal point of stakeholder evaluation. During the verification process, we investigated and mapped our current material issues and business activities and their relationship to the 17 SDGs (169 targets).

The relevance of the new material issues will next be verified through dialogues with external experts and the engagement of various stakeholders, and in FY2017, the formulated material CSR issues will be released. KDDI will spread them throughout the company to conduct business activities with the awareness of contributing to the SDGs.

Activity — KDDI

KDDI's Contribution to SDGs

Since January 2017, KDDI has acted as a director of GSMA, which represents mobile telecommunications operators worldwide. GSMA has made their approaches to contribute to the 17 goals laid out in SDGs. Using the big data kept by telecommunications operators when disasters occur, they started the "Big Data for Social Good" initiative to contribute to humanitarian aid in February 2017, involving KDDI as well.

Relationship of SDGs to KDDI Business and CSR

	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
	No poverty	No hunger	Good health and well-being	Quality education	Gender equality	Clean water and sanitation	Affordable and clean energy	Decent work and economic growth	Industry, innovation and infrastructure	Reduced inequalities	Sustainable cities	Responsible consumption and production	Climate action	Life below water	Life on land	Peace, justice and strong institutions	Partnerships for the goals
Offering Reliable Information and Communications Services							●	●	●		●		●				●
Creating a Safe and Secure Information and Communications Society				●					●							●	●
Vitalizing the Company by Developing a Diverse Workforce					●			●		●							●
Initiatives to Conserve the Global Environment							●		●			●	●	●	●		●
Other Issues		●		●		●			●							●	●
Business Activities	●		●	●			●	●	●			●	●			●	●

Material Issue 1 Offering Reliable Information and Communications Services

KDDI's Approach

Recognition of Social Issue

In an advanced information society, communications services are the most important lifeline. The disruption of this lifeline due to natural disaster or cyber-terrorism can be a major factor behind a downturn in society and the economy itself. KDDI has an obligation to support local communities in which people can live with peace of mind by continuing to provide reliable communications services 24 hours a day, 365 days a year.

KDDI's Risk and Opportunity

- Our company value will drop if we fail to provide communication services for any reason, even reasons like natural disasters or cyber-terrorism.
- We believe that providing communications services continuously in the midst of unforseen events will lead to the support of society and the economy and thus result in the rise of our company value.

KDDI's Management

As the operation system for large-scale disasters, we have a business continuity plan (BCP) in place and conduct a Disaster Agreement with the Ministry of Defense and the Japan Self-Defense Forces. Furthermore, the KDDI Security Operations Center is responsible for detecting, analyzing, and providing protection against cyber attacks in which they have a 24 hour/365 day system where they are aware of the communications conditions. With these robust systems, KDDI can quickly respond to any disaster or terrorism.

With regard to information security, we have established the KDDI Group Information Security Standards established by the Information Security Committee with which each company in the group outfits their operation systems.

We are also strengthening governance throughout the KDDI Group in our efforts to improve management efficiency and transparency, and ensure a strong and stable management base. Also KDDI has established a system with the Corporate Risk Management Division at its core that promotes internal control activities. Its aim is to create a corporate structure that makes it hard to create risks. The KDDI Code of Business Conduct sets the basic policies for compliance that every executive and employee must adhere to, and efforts are made to promote the spread of the basic policies.

Policies

- Disaster Response Regulations

Link Website Security Policy

Link Website KDDI Code of Business Conduct (Basic Principles)

Link Website Basic Policy for Constructing an Internal Control SystemBasic Views on the Internal Control System and Progress of System Development (Corporate Governance Report p.21)

Key Performance Indicators (KPI)

	FY2016 Goal	FY2016 Result
Rate of issues improved extracted from 2015 company-wide disaster response training	100%	100%

FY2017 Goal

- Rate of issues improved extracted from 2016 company-wide disaster response training: 100%

The Main Target Stakeholders and the Issues

【Issues】

- Provide networks that offer seamless connections anytime anywhere
- Maintain networks during a disaster and realize early recovery
- Enhance group governance

Material Issue 1 Offering Reliable Information and Communications Services

Future Issues

- Build a system for fast and accurate information collection in disaster areas
- Build a collaborative network that includes external stakeholders in the event that communications are cut off in disaster areas
- Further strengthen the satellite network environment by making use of stationary marine satellite antennas

Initiatives Related to This Material Issue

Link Page_22 Recovery Support in Times of Disaster

Link Page_37 Management and Improvement of Network Quality

Link Page_58 Corporate Governance

Material Issue 1 Offering Reliable Information and Communications Services

Highlights

Recovery Support in Times of Disaster

Policy KDDI

KDDI's Approach (Recovery Support in Times of Disaster)

When a disaster happens, many people try to use their phones to check on the safety of family and friends or for relief activities in the disaster area, so that there is an explosive increase in demand for mobile phones and smartphones. KDDI has built disaster-resistant communication networks so that we can meet the demands of our customers, and in the event that our networks get damaged, we have developed a secure and well-prepared system for quick recovery in all parts of Japan.

Policy and System KDDI

Business Continuity Plan (BCP) Initiatives

Based on its experiences following the Great East Japan Earthquake, KDDI has formulated a Business Continuity Plan (BCP) for Large-Scale Disasters. This plan includes measures to confirm the safety of employees and their families and to carry out the Company's responsibility to continue telecommunications services as a designated public institution. Specifically, the plan establishes detailed rules for responding to a disaster, from initial mobilization to full restoration. We are also building satellite network links to key sites throughout Japan in preparation for a scenario in which all fixed-line and mobile circuits cease to function. The plan also sets forth measures for providing support to emergency shelters.

The effectiveness of the BCP is assessed through regular disaster response training. Any issues and areas of improvement are reflected in subsequent versions of the BCP, and are useful in building a more solid foundation for disaster response.

Establishing a Disaster Response Headquarters in Times of Disaster

In the event of a disaster, a Disaster Response Headquarters will be established in the KDDI head office and at the disaster site with the President as the general manager. A network recovery system that matches the scale of the disaster will be activated to gather and analyze information.

To achieve network recovery in a short-time, we will promptly set up an internal communication system between the Disaster Response Headquarters and the on-site response office. We will secure emergency means of transportation for reserve supplies and materials for disaster recovery, and work on recovery operations using disaster response facilities (emergency power generators, vehicle-mounted wireless base stations, mobile power supply vehicles).

System KDDI

au Disaster Recovery Support System

To quickly grasp the extent of damages during a disaster and formulate a precise recovery plan, KDDI has deployed the au Disaster Recovery Support System throughout its 10 technical centers nationwide. The system provides centralized management of regional damage information, conditions at key sites, and information on emergency shelters and evacuation routes. This information is reflected on maps in real time to provide a clear understanding of priority recovery areas, enabling us to provide effective recovery response even when damage is widespread.

System KDDI

Facilities Measures to Ensure Communications Services in Times of Disaster

Multi-Route Trunk Transmission Lines and Route Distribution

To ensure reliable communications, KDDI works to distribute its telecommunications equipment capacity, establishing redundant communications lines (terrestrial optical fiber) and a structure that uses automated switching to provide relief to the communications network during failures. Undersea cable and other means are used to provide multi-route communications lines, ensuring a highly reliable communications network. In the event of trouble, bypass measures are implemented in an effort to relieve communications.

Strengthening of Disaster Resistance in Communication Stations and Telecommunications Facilities

We have augmented deployment of mobile power supply vehicles and emergency power generators to make possible quick power supply to telecommunications facilities in the disaster area. Furthermore, to ensure communications services in disaster-hit areas, we increased deployment of wireless entrance facilities as well as vehicle-mounted and portable base stations, and equipped around 2,200 mobile phone base stations with batteries capable of operation for more than 24 hours.

Material Issue 1 **Offering Reliable Information and Communications Services**

Highlights

Recovery Support in Times of Disaster

Activity and Results KDDI

Disaster Response Initiative from “Land” “Sea” and “Air”

To ensure a quick recovery when a disaster occurs, in addition to vehicle-mounted and portable base stations as well as “ship-mounted base stations” which are portable base stations installed on ships, we are also working on “unmanned aircraft base stations (drone base stations)” that build a communication network from the sky. A drone base station can be expected to provide temporary mobile phone services from the sky with the aim of recovery in areas where usage of mobile phone services becomes difficult when a disaster strikes. It can also be used in situations where it is difficult to provide mobile phone services from land or sea. In addition to recovery of mobile phone services, we are also studying the possibility of equipping drones with functions for filming the situation in the disaster area from the sky, and transmitting the images in real-time to areas outside the disaster-hit area. Going forward, we will obtain a license for an experimental testing station, and conduct experiments based on the assumption of a disaster scenario in preparation for putting the “unmanned aircraft base station (drone station)” into practical application.

Material Issue 2 Creating a Safe and Secure Information and Communications Society

KDDI's Approach

Recognition of Social Issue

Due to the rapid proliferation of smartphones, mobile phones, and other ICT, society has become more convenient. At the same time, issues still exist such as children being caught up in trouble through the use of these devices and the digital divide among senior citizens (information gap). To minimize these problems, there is an increasing need for information ethics education, such as newly defined information ethics that students learn for new courses of study in elementary and junior high schools (Ministry of Education, Culture, Sports, Science and Technology).

Furthermore, under the Act for Eliminating Discrimination Against Persons with Disabilities that was enacted in April 2016, companies are required to give consideration to persons with disabilities in their products and services.

KDDI's Risk and Opportunity

- Through products and services provided by KDDI, it is assumed that there is a social and economic risk of a wide range of customers being caught up in crime or problems through smartphones, mobile phones, and the Internet.
- There is a new demand to provide smartphones and services equipped with various functions that offer safe, secure, and comfortable use for people who are particularly socially vulnerable such as children, senior citizens, and persons with disabilities.

KDDI's Management

- KDDI has established the KDDI Basic Guidelines Concerning Safe and Secure Communication for Young People so that children can communicate safely and securely. Through the KDDI Smartphone and Mobile Phone Safety Classes, we raise literacy awareness to enable children and senior citizens to use smartphones and mobile phones safely and securely. We set student satisfaction levels and target comprehension levels as key indicators, and are working to increase the quality of lectures.
- We are promoting the concept of Friendly Design in our products and services easy to use for all people to ensure comfortable and enjoyable use for all regardless of age, nationality or whether on has a disability or not.
- We also enforce our Privacy Policy to protect our client information.

Policies

Link Page_26 KDDI Basic Guidelines Concerning Safe and Secure Communication for Young People

Link Website Privacy Policy

Key Performance Indicators (KPI)

KDDI Smartphone and Mobile Phone Safety Classes	FY2016 Goal	FY2016 Result
Level of satisfaction for children's lectures	90 points	93.7 points
Level of understanding for senior's lectures	83%	82%

FY2017 Goal

- Classes for juniors
  Instructor satisfaction: 94%
  Material satisfaction: 94%
  Intention to reapply: 92%
- Classes for seniors
  Satisfaction: 83%
  Utilization: 85%

The Main Target Stakeholders and the Issues

【Issues】

- Safe and secure use of products and services
- Response to a wide range of customer needs

Material Issue 2 Creating a Safe and Secure Information and Communications Society

Future Issues

- Respond to the needs of a wide range of customers, including children, senior citizens, foreigners, and people with disabilities
- Enrich the programs of the KDDI Smartphone and Mobile Phone Safety Classes to respond to the diversification of trouble
- Provide products and services that prioritize privacy protection and data security

Initiatives Related to This Material Issue

Link Page_26 Awareness Activities on the Use of ICT Services

Link Page_41 Responsibility for Products and Services

Material Issue 2 Creating a Safe and Secure Information and Communications Society

Highlights

Awareness Activities on the Use of ICT Services

Policy KDDI

KDDI's Approach (Awareness activities on the use of ICT services)

Smartphones and mobile phones are an important tool that is indispensable for people to maintain a social life, and they have become so widespread that it is now common for people to own more than one phone. On the other hand, accidents and troubles arising from the use of smartphones and mobile phones have become a serious social problem. To protect customers against any danger and other trouble associated with smartphones and mobile phones, KDDI is taking various measures.

Policy KDDI

Basic Policy and Strategy on Safety and Security

We are working to protect young people against 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 for young people while building smooth communication services.

KDDI 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.

Activity and Results KDDI

Safety and Security Educational Activities

KDDI Smartphone and Mobile Phone Safety Classes (classes for juniors)

In FY2005, KDDI, Okinawa Cellular Telephone Company and KDDI Group Welfare Association began conducting the KDDI Smartphone and Mobile Phone Safety Classes - Safety and Security Seminars throughout Japan as a way to educate children on the safe and secure use of smartphones, mobile phones, and the internet. The class provides the necessary information on rules and etiquette and teaches them how to identify trouble and protect themselves.

The classes for young people are targeted at elementary, junior high, and senior high school students as well as parents, guardians and teachers, and were conducted a total of 3,806 times in FY2016 for some 680,000 participants. In the 12 years since they were started in FY2005, more than 20,000 classes have been provided to about 3.7 million people.

With regard to the impact of the classes on the participants, in industry-government-academia collaborative classes held in FY2015, questionnaires were conducted before and after the classes to measure their effectiveness. Improvements were observed in all 7 items relating to the avoidance of trouble after participants had taken the classes. Furthermore, a rental DVD that is a compilation of the content covered in the classes won an award of excellence in the Commendation on Instructional Materials for Consumer Education 2017 organized by the National Institute on Consumer Education.

We will continue to review our program every year, update our videos and topics, and introduce new teaching materials in an effort to further educate young people.

KDDI Smartphone and Mobile Phone Safety Classes (classes for seniors)

KDDI, in collaboration with local governments, offers a class for seniors aged 70 and under. We offer the “Smartphone class for seniors” and the “Tablet class for seniors”, designed for people who do not have smartphones or are not sure how to use them.

The instructors are KDDI employees who visit the regional facilities. Each participant is provided with an au smartphone or tablet to use during the class. While looking at a screen that shows the operations performed by the instructor, the participants can learn basic smartphone or tablet operations and gain experience in sending e-mail and using the internet. In FY 2016, the classes were held 215 times for approximately 3,900 participants.

In FY2016, KDDI started offering classes on disaster-prevention measures to help seniors learn the effective use of smartphones in the event of a disaster. Seniors can also learn the means of communication and confirming safety in the event of a disaster by using the Disaster Message Board Service and apps that are useful in disaster prevention.

Going forward, we will strive to continue improving the program so that seniors can live more comfortably and conveniently by making use of smartphones and tablets.

IT Education for the Hearing Impaired

Since 2014, we have been conducting IT classes for children with hearing impairment. The classes aim to provide job assistance for students with disabilities by solving problems that the hearing

Material Issue 2 **Creating a Safe and Secure Information and Communications Society**

Highlights

Awareness Activities on the Use of ICT Services

impaired face in daily life through the use of KDDI's information technologies. In FY2016, we conducted classes for students in a deaf school to develop and test an application that uses vibration on a smartphone to notify the user of the sound of an approaching ambulance. This helps to eliminate the inconvenience that the hearing impaired face in not being able to hear emergency vehicle sirens while driving.

Fiscal Year	Initiative	Number of participants
FY2014	・Classes for IT education for the hearing impaired	60 people
FY2015	・Class to develop a race starter app for the hearing impaired	11 people
FY2016	・Class to develop and test an Ambulance Notification App for the hearing impaired	10 people

〈Results〉

- KDDI received the Selection Committee Incentive Award in the large corporation category at the 2016 Awards for Companies Promoting Experience-based Learning Activities for the Youth sponsored by the Ministry of Education, Culture, Sports, Science and Technology.
- Due to the opportunity to participate in KDDI's IT class, one of the student participants went on to enroll in the Information Department of an university.

Link Page_42 KDDI's Approach (Accessibility Enhancements)

Material Issue 3 Vitalizing the Company by Developing a Diverse Workforce

KDDI's Approach

Recognition of Social Issue

From a global perspective, women in politics and the workplace advancement for women have progressed greatly. The gap between men and women has decidedly decreased. In line with this global trend, the Japanese government adopted the Act to Advance Women's Success in Their Working Life, which became effective in April 2016. In addition, there are increasing demands for companies to accelerate the advancement of women in the workplace.

"Equal pay for equal work" is a basic concept in Europe and America, and the principle of preventing wage gaps in the employment system is becoming universal. In Japan, on the other hand, there are many gaps between regular and non-regular employees in terms of factors such as the stability of wages and employment, and the challenge is to implement efforts aimed at more balanced and equal treatment.

KDDI's Risk and Opportunity

- When it comes to the workplace advancement of women, simply relying on approaches based on domestic standards increases the risk of criticism from society in labor practice aspects such as equal opportunity and decent work when expanding business activities globally to achieve sustainable growth.
- KDDI is re-evaluating its management strategy making women in management a sustainable company requirement to accelerate its diversity promotion with a global outlook. Internally, KDDI is creating an organization that promotes openness where a different value system based on the advancement of female employees functions organically, that is filled with different working styles, and where employees with disabilities can advance.

KDDI's Management

- KDDI established four basic principles aimed at achieving our transformation into a "Life Design Company", as outlined in the FY2016-FY2018 medium-term management plan. One of these principles is to improve the strength of employees, and one of the objectives of this principle is to utilize diverse human resources. For this objective, KDDI has set targets for the advancement of women in the workplace.

Building a stronger workforce	Introduction of talent management
	Shift of key personnel to strategically important divisions
	Global human resource cultivation
	Utilization of diverse human resources

- KDDI advocates"diversity is fundamental"as the aspiration of the KDDI Group Philosophy. As a goal for FY2016 and beyond, we have set a target to promote 200 females to line manager positions* by FY2020.

* Organizational leadership/managerial post with the authority to evaluate personnel

Policies

Link Website The KDDI Group Philosophy

Link Website KDDI Code of Business Conduct (Basic Principles)

Key Performance Indicators (KPI)

FY2016-FY2020 Goals

1. Number of female line managers: 200 female line managers by 2020
2. Usage rate of paid vacation time: 70%
3. Percentage of recent graduate hires who are female: 30%

Appointment of Female Line Managers

	April 1, 2016 result	April 1, 2017 result
Appointment of female line managers	109 people	111 people

Material Issue 3 Vitalizing the Company by Developing a Diverse Workforce

The Main Target Stakeholders and the Issues

【Issues】

- Create a workplace where women can gain professional advancement
- Promote employment of persons with disabilities
- Cultivate global leaders

Future Issues

- Achieve 3 key performance indicators
- Enhance employment of persons with disabilities

Initiatives Related to This Material Issue

Link Page_30 Promoting the Professional Advancement of Women

Link Page_79 Labor Practices

Material Issue 3 Vitalizing the Company by Developing a Diverse Workforce

Highlights

Promoting the Professional Advancement of Women

Policy KDDI

KDDI's Approach (Promoting the Professional Advancement of Women)

Promoting gender equality and the empowerment of women not only deepens understanding of the human rights of women but also leads to the solving of issues in international society and the sustainable development of companies.

KDDI is striving to establish an environment and foster a climate where diverse human resources can utilize their individual strengths to perform to the best of their ability. We are focusing in our efforts on "Cultivating Female Leaders," "Raising Awareness and Changing Behavior of the Management," and "Improving the Working Environment," so that women can continue to participate and advance in their career even after going through life events such as giving birth and raising children.

Policy KDDI

Action Plan Based on the Act to Advance Women's Success in Their Working Life

With the enactment of the Act to Advance Women's Success in Their Working Life on April 1, 2016, KDDI has set the following targets in relation to actions to be implemented over a 5-year period from April 1, 2016 to March 31, 2021.

<Targets>

1. Number of female line managers: 200
2. Usage rate of paid vacation time: 70%
3. Percentage of recent graduate hires who are female: 30%

<Description of Actions>

- Cultivate leaders consistently through the Female Line Manager Program
- Promote measures to encourage employees to take paid annual leave by creating plans for taking leave, and setting recommended dates for taking leave in each department

Policy KDDI

Cultivating and Promoting Female Leaders

KDDI believes that the participation of women in company decision-making situations will lead to the reinforcement of our power as a company, and has been focusing on cultivating female leaders. More precisely, our goal is the appointment of 200 female employees to line manager positions with the authority to conduct personnel evaluations by FY2020. Furthermore, we are striving to expand our cultivation of female managers, which is the foundation for cultivating female leaders.

(As of the end of March 2017)

Number of Female Managers	270
Number of Female Line Managers	108
Number of Female Administrative Officers	1
Number of Female Directors (Outside Directors)	1

System and Activity KDDI

Female Line Manager Program

In FY2016, KDDI started the Female Line Manager Program, which aims to establish a career pipeline for young females who are candidates for promotion to management positions. This program propels the creation of female leaders with an eye toward the cultivation and advancement of female executives and line managers. To carry out cultivation systematically through individual management of candidates selected in cooperation with each department, Diversity & Inclusion Department conducted interviews with each of the 200 female line manager candidates in FY2016. Furthermore, we organized career design seminars for young female employees with the aim of expanding the candidate pool, and conducted e-learning to promote understanding of the necessity for cultivating female managers and the cultivation method for all employees in management positions including men.

In FY2017, we plan to release e-learning content so that the senior staff themselves will change, and to continue working on changing attitudes within the company.

Activity and Results KDDI

New Generation Eijo College

FY2016 saw the implementation of the "New Generation Eijo College ~ Project for the Advancement of Female Marketing Representatives in Different Industries", which was launched in June 2014 by females in sales positions from seven companies representing different industries (Recruit, Nissan Motor Company, IBM Japan,

Material Issue 3 **Vitalizing the Company by Developing a Diverse Workforce**

Highlights

Promoting the Professional Advancement of Women

Kirin, Sumitomo Mitsui Banking Corporation, Suntory, and KDDI), in an effort to address the difficulty of producing leaders due to the shortage of women in sales. This year, the number of participating companies was increased, and 200 women from 20 companies participated in the forum held in July. There were 9 women from KDDI. It was an opportunity for the participants to review their own career attitudes and skills as they got inspired and had their perspective broadened through the interaction with female marketing representatives from different industries. These results show up in the fact that 2 out of the 17 female employees who participated in the New Generation Saleswoman College were subsequently promoted to managerial positions. In FY2017, we plan to conduct activities based on the theme of creating the next generation marketing model.

System

KDDI

Fostering a Corporate Climate That Supports Childbirth and Childcare

KDDI has made efforts to include provisions for the prohibition of maternity harassment in the employment rules, and to enhance the support systems so that employees can go through childbirth and childcare comfortably in both mind and body.

Link Page_82 Work, Childcare and Nursing Care Support Systems

Material Issue 4 Initiatives to Conserve the Global Environment

KDDI's Approach

Recognition of Social Issue

In these times when global warming is evident, along with measures to mitigate global warming by reducing greenhouse gas emissions, people are asking about adaptations to global warming where nature and society are changing in response to the effect on the global environment. In 2015, the Paris Agreement was established, calling for a global effort to hold the global temperature rise since the industrial revolution to less than 2℃ and to strive to limit the increase to less than 1.5℃. For companies, making simultaneous efforts to mitigate and adapt to this issue is important.

KDDI's Risk and Opportunity

KDDI is aware of the risk of climate change and large-scale natural disasters, and is taking the opportunity to mitigate and adapt to these risk. Global warming increases the risk of natural disasters, which greatly increases the chance of damage or disruption to communications equipment and interruption of communications, thereby hindering the provision of stable information communications services. Meanwhile, we are taking the opportunity to provide ICT services such as those that use equipment with a lesser environmental impact, and those that contribute to the development of services and solutions that reduce the movement of customers.

KDDI's Management

KDDI has established the KDDI GREEN PLAN 2012-2016 Medium-term Environmental Conservation Plan based on the KDDI Environmental Charter, and the KDDI Action Guidelines on the Preservation of Biodiversity based on this Medium-term Environmental Conservation Plan. All but one of the targets in the KDDI GREEN PLAN 2012-2016 was achieved. Since FY2017, KDDI has established a new KDDI GREEN PLAN 2017-2030 based on the previous results, and will pursue efforts to make use of ICT services in Climate Action, Creating a Recycling-Oriented Society, and Conservation of Biodiversity.

Policies

Link Page_100 KDDI Environmental Charter

Link Page_114 KDDI Action Guidelines on the Preservation of Biodiversity

Key Performance Indicators (KPI)

KDDI GREEN PLAN 2012-2016

	Targets	Results
Amount of power consumption (compared to when energy conservation measures are not taken)	30% constraint	41.8% constraint
Amount of power consumption per subscriber (compared to FY2011)	15% reduction	38% reduction
Number of Tribrid Base Stations established	100 stations (FY2012 Goal)	100 stations
Achieve zero emissions for retired telecommunications facilities (Zero emissions is defined as having a final disposal rate of 1% or less.)	Final disposal rate of 1% or less	Final disposal rate of 0.4%
Recycling rate of used mobile phone material	Over 99.8%	99.8%
Recycling rate of general waste material for KDDI buildings and headquarters	Over 90%	83.6%

The Main Target Stakeholders and the Issues

【Issues】

- Climate Action
- Creating a Recycling-Oriented Society
- Conservation of Biodiversity

Material Issue 4 Initiatives to Conserve the Global Environment

Future Issues

- 7% reduction in CO_2 emissions in FY2030 compared to FY2013 for KDDI (in Japan, non-consolidated)
- Upgrading to highly energy-efficient data centers in Japan and abroad
- Contributions to reductions in society's CO_2 emissions by providing KDDI's information and communication technology (ICT) services
- Maintain zero emissions from retired telecommunication facilities
- Maintain material recycling rate of 99.8% for used mobile phones
- Active promotion of initiatives using ICTs to conserve ecosystems

Initiatives Related to This Material Issue

Link Page_34 Environmental Conservation Plan

Link Page_100 Environmental Management

Link Page_108 Environmental Performance

Material Issue 4 **Initiatives to Conserve the Global Environment**

Highlights

Environmental Conservation Plan

Policy KDDI

Third Medium-term Environmental Conservation Plan – KDDI GREEN PLAN 2012-2016

FY2016 was the final year of the KDDI GREEN PLAN 2012-2016 Third Medium-term Environmental Conservation Plan, which KDDI established in FY2012. This plan took three material issues – Low-carbon society, Recycling-oriented society, and Biodiversity – and established concrete targets for each. To achieve these targets, KDDI promoted the 3G – Green of ICT, Green by ICT, and Green Road Project.

Activity and Results KDDI

Summary of Third Medium-term Environmental Conservation Plan

KDDI GREEN PLAN 2012-2016 set seven targets for three material issues, and achieved six of the targets (all except the target to achieve a material recycling ratio for general waste of 90% or more at KDDI-owned buildings and in the headquarters building).

Because the recycling of general waste material is dependent on equipment specifications of processors and other conditions of the processing area, KDDI was unable to achieve this target.

Results of Third Medium-term Environmental Conservation Plan

	Targets	Results	Evaluation
Low-carbon society	(1) By FY2016, reduce electric power consumption by 30%, compared with the level if energy-saving measures had not been implemented.	41.8% constraint	○
	(2) By FY2016, lower electric power consumption per subscriber by 15%, compared with FY2011.	38% reduction	○
	(3) By the end of FY2012, increase the number of Tribrid Base Stations to 100.	100 stations	○
Recycling-oriented society	(1) Achieve zero emissions for retired telecommunications facilities.*	Final disposal rate of 0.4%	○
	(2) Achieve material recycling ratio of 99.8% or more for used mobile phone handsets.	99.8%	○
	(3) Achieve a material recycling ratio for general waste of 90% or more at KDDI-owned buildings and in the headquarters building.	83.6%	×
Biodiversity	(1) Pursue activities based on our action guidelines for preservation of biodiversity.	Achieved	○

* Zero emissions is defined as having a final disposal rate of 1% or less.

Material Issue 4 **Initiatives to Conserve the Global Environment**

Highlights

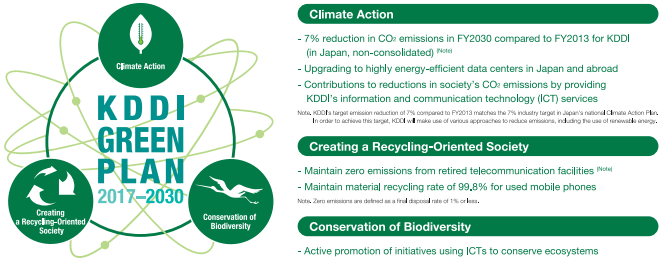
Environmental Conservation Plan

Policy

KDDI

Formulation of the Fourth Environmental Conservation Plan

KDDI has formulated a new Environmental Conservation Plan, titled KDDI GREEN PLAN 2017-2030, which is based on the results of the Third Medium-term Environmental Conservation Plan. This plan adopts Climate Action, Creating a Recycling-Oriented Society, and Conservation of Biodiversity as the three material issues, and sets targets such as a 7% reduction in CO_2 emissions amounts in FY2030, compared to FY2013 for KDDI(in Japan, non-consolidated). In striving to achieve the targets of this plan, KDDI aims to contribute to further global environmental conservation.



Overview of KDDI Green Plan 2017-2030

(1) Climate Action

- 7% reduction in CO_2 in FY2030 compared to FY2013 for KDDI (in Japan, non-consolidated)
- Upgrading to highly energy-efficient data centers in Japan and abroad
- Contributions to reductions in society's CO_2 emissions by providing KDDI's information and communication technology (ICT) services

(2) Creating a Recycling-Oriented Society

- Maintain zero emissions* from retired telecommunication facilities
- Maintain material recycling rate of 99.8% for used mobile phones

(3) Conservation of Biodiversity

- Active promotion of initiatives using ICTs to conserve ecosystems

* Zero emissions are defined as a final disposal rate of 1% or less.

CSR Initiatives Through Business

(KDDI Products and Services)

The business operations of KDDI affect in a significant way not only service users but also society in general. As a provider of telecommunications business needed worldwide to connect countries and regions, KDDI recognizes all people throughout the world as our stakeholders. In addition to providing telecommunications services and devices that are safe, secure, and comfortable, we also consider it important to politely explain how best to use them.

- Management and Improvement of Network Quality P37
- Responsibility for Products and Services P41
- Customer Relationship Management P44
- Brand Management P48
- Innovation Management P50
- Efforts in Growing Markets P55

Management and Improvement of Network Quality

Policy KDDI Group

KDDI's Approach (Management and Improvement of Network Quality)

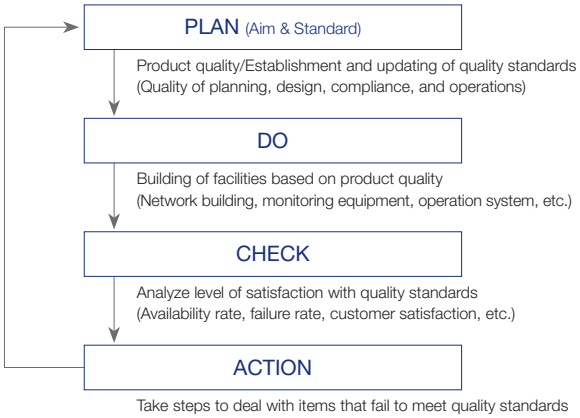
The mission of a telecommunications carrier is to provide a communications environment where customers can use mobile phones and smartphones easily anytime anywhere. KDDI will provide safe and secure communication services by engaging sincerely in every single operation from quality management and improvement of communication infrastructure, such as mobile phone base stations and switching equipment for fixed-line phones, to building next-generation networks.

System KDDI

Network Service Quality Management System

KDDI owns an array of telecommunications facilities including optical cables and mobile phone base stations, which it maintains and operates via technical centers situated throughout Japan.

The operations centers conduct centralized monitoring of telecommunications conditions nationwide 24 hours a day, 365 days a year. In the event of an outage, these centers control communications as appropriate, communicating with maintenance departments throughout Japan. With regard to communications service quality, we configure, analyze, and improve our facility operating system in line with the stringent standards that we have set for ourselves. In this manner, we strive to provide reliable communications services of consistently high quality.



Network Service Enhancement Project

KDDI is promoting a "Network Service Enhancement Project" with the aim of identifying and speedily rectifying issues, based on customer feedback. Through this project, we aim to solve problems promptly by using cross-departmental systems including sales, operations, products, technology and equipment.

System KDDI

Frequency and Duration of Network Interruption

In the event that network failure or maintenance causes problems in communication lines that inconvenience our customers, KDDI will inform customers on the "Failure and maintenance information" page of our website.

Link Website Failure and maintenance information (for personal customers) (Japanese)

Link Website Failure and maintenance information (for corporate customers) (Japanese)

Policy KDDI

Expansion of Service Areas (Base Station Facilities)

The mission of KDDI is to provide a stable call and data transmission environment 24 hours a day, 365 days a year. The population coverage ratio of au 4G LTE (800MHz platinum band) exceeds 99%. Nevertheless, we continue to upgrade base stations and implement various measures with the aim of improving network connection even in places where radio wave connection is considered to be difficult, such as busy downtown areas, subways and remote underpopulated areas.

System KDDI

Expansion of 4G LTE Areas

To further improve communication quality, KDDI and Okinawa Cellular Telephone Company adopted 4G LTE. Currently, the population coverage ratio of au 4G LTE (800MHz platinum band) (maximum downlink speed of 75 Mbps) exceeds 99%, and customers can use our services easily even in remote islands and mountainous areas. Furthermore, the number of base stations that support a maximum downlink speed of 150 Mbps currently stands at over 30,000, and the population coverage ratio has reached about 90% as of March 2017.

System KDDI

Building Mobile Phone Base Stations and Neighborhood Care

With the aim to provide a reliable communications environment to

Management and Improvement of Network Quality

au mobile phone users, KDDI sets up mobile phone base stations in all parts of Japan in order to support new services and improve service area quality. When building a new base station, we abide by the Radio Act, Building Standards Act, and other relevant laws and regulations as well as municipal ordinances and guidelines in order to implement the design and construction.

Furthermore, in cases where the construction is expected to cause a nuisance or inconvenience to the neighborhood (for example, due to the traffic of construction vehicles and noise from construction) or if we received inquiries regarding a mobile phone base station, KDDI provides general information about the base station and explanation of the construction work so that we can earn the understanding and cooperation of the neighborhood.

System — KDDI

Auditing of Base Station Equipment Production Plants

Because failures in base station equipment can lead to communication difficulties over a whole area, we conduct thorough quality management of equipment used in KDDI base stations, and perform audits at plants which produce the equipment.

Audits consist of strict checks of production processes and the production environment. If there are problems, we communicate them to the plant and take painstaking preventative action against breakdown of equipment.

<Specific Case Examples of Auditing>

- Ensuring that the 5S measures (Sorting, Setting in Order, Shining, Standardizing, and Sustaining Discipline.) are implemented properly
- Ensuring that the specified values are maintained within electrostatic protection areas
- Ensuring that the appropriate temperature and humidity are maintained within parts storage rooms
- Ensuring that the details of assembly procedures and visual inspections are clear, and that they are performed properly

Policy and System — KDDI

Safety of Electrical Waves

KDDI's Approach (policy)

In regard to radio wave safety standards related to KDDI mobile phones and KDDI mobile phone base stations in Japan, KDDI complies with the provisions of laws and regulations regarding radio waves and operates at an electromagnetic wave level below the Radio Radiation Protection Guidelines.

System

The Ministry of Internal Affairs and Communications created the "Radio Radiation Protection Guidelines" to enable the safe use of electromagnetic fields, and regulations have been introduced in accordance with these guidelines. The Radio Radiation Protection Guidelines are equivalent to international guidelines advocated by the World Health Organization (WHO) and were created to keep electromagnetic radiation within a range ensuring an adequate safety ratio, in accordance with the results of international research. Experts from WHO and other international institutions are in consensus that safety will be ensured if these guidelines are met.

We take great care to ensure that the electromagnetic radiation from our mobile phone base stations poses no threat to safety. In order to ensure this, we design, build, maintain and periodically inspect our mobile phone base stations in strict compliance with the relevant laws and regulations, including the Radio Radiation Protection Guidelines stipulated in the Radio Law and the Building Standards Law, as well as local government ordinances. We also explain to residents in local communities that the radio waves transmitted from our mobile phone base stations comply with the standard values of radio radiation protection stipulated in the Radio Radiation Protection Guidelines.

In addition, we provide mobile phone terminals that comply with the permissible values for radio wave strength and radio wave absorption by the human body stipulated in laws and regulations relating to radio waves, and disclose that information on our website.

Link Website About the absorption rates of au phones (SAR) (Japanese)

About Research to Ensure the Safety of Radio Waves

In November 2002, KDDI began conducting joint experiments with NTT DOCOMO Inc. and SoftBank Corp., using cells of human origin to evaluate the impact of mobile phone radio waves on living organisms. Some results of the experiments were issued in an interim report in 2005, and the final report issued in 2007 concluded that radio waves have no confirmed effect on living organisms at the cellular level or gene level. This research serves as an example of scientific evidence that refutes claims that radio waves have a cancer-causing effect on cell structure and function. It also reaffirms the safety of radio waves emitted from mobile phone base stations.

KDDI is also committed to providing accurate information to all. We will continue to actively collaborate with relevant organizations on research and testing relating to the impact of electromagnetic radiation from mobile phones on the human body and on medical equipment. We also continue striving to stay abreast of trends in research into the safety of electromagnetic waves, both domestic and abroad.

In addition, KDDI will continue providing information regarding

Management and Improvement of Network Quality

the safety of radio waves emitted by mobile phone terminals via the website and other sources. When constructing mobile phone base stations, KDDI strives to provide adequate explanations in response to inquiries from local residents regarding the safety of radio waves, in an effort to ensure their full understanding and cooperation.

Organizations to which KDDI Belongs or Is Giving Its Cooperation

Affiliation	The Association of Radio Industries and Businesses
Affiliation	The National Institute of Information and Communications Technology (NICT)
Research cooperation	mobi-kids Japan (study that investigates the effects of mobile phones on health) Link Website mobi-kids

Activity — KDDI

Providing a Convenient Usage Environment

As part of detailed quality improvement efforts for each of our customers, KDDI offers “Signal Support 24” an after-sales support service concerning radio wave problems, for all customers using au mobile phones. In this service, KDDI staff visit the homes of customers who have inquired about signal quality and examine the reception condition for au mobile phones. KDDI contacts the customer to set up an appointment within 24 hours of their inquiry. KDDI then implements service area improvements using au Femtocells or au repeaters.

We accept inquiries about signal quality not only in homes, but also outdoors and in offices and restaurants. The number of proposals KDDI made for measures to improve signal quality in 2016 was about 40,000 cases. We will continue to strive to improve service area quality as well as deliver a reliable communication environment.

Link Website Signal Support 24 (Japanese)

Policy — KDDI Group

Approach to Next-Generation High-Speed Communication

The mobile network that supports communication on smartphones and mobile phones has evolved from the first generation (1G) to the fourth generation (4G) together with changes in the times and lifestyle. KDDI is engaged in research and development of next-generation mobile communication systems in order to provide communication services with greater stability and higher speed than currently to customers, and to promote dramatic change in ICT network infrastructure.

Activity and Results — KDDI Group

Advancing Research on 5G

With the evolution of devices and the proliferation of IoT, mobile networks are required to perform at much higher levels than expected so far. KDDI is conducting tests on the 5G next-generation mobile communication system (5G) that allows a massive number of high speed and high capacity connections to be made at low latency with the goal of launching 5G services around 2020. Research is being conducted throughout the world to study the potential for utilization of high frequency bands including 28GHz to achieve high speed and high capacity communication under 5G.

In May 2017, for the first time in Japan, KDDI and Japan Broadcasting Corporation conducted tests on real time transmission of 8K video from moving vehicles using 5G technology.

Furthermore, in the same month, KDDI and Secom Co., Ltd. conducted tests of an advanced security system using 5G in the age of IoT, and we were the first in Japan to succeed in transmitting videos from multiple 5G devices using multi-user MIMO*.

* This is a technology that allows multiple users to transmit and receive large amounts of high-speed data simultaneously by using several antennas from base stations.

Other Initiatives Related to Advancing Research on 5G

Link Website About promotion of the 5G testing project in the Technology Testing Office of the Ministry of Internal Affairs and Communications (Japanese)

Link Website KDDI, OBAYASHI Corporation and NEC conducting tests on remote operation of construction machines using 5G (Japanese)

Activity and Results — KDDI

Initiatives in Remote and Underpopulated Areas

KDDI is engaged in initiatives that aim to provide a constantly available smartphone and mobile phone connection in remote and underpopulated areas as well. The population coverage of KDDI’s 4G LTE 800MHz platinum band has reached 99%. In 2017, we are working on not only population coverage, but also further expansion by implementing measures in tourist areas that see an increase in customers according to the season. As an example of our initiatives in remote areas, one of KDDI’s efforts to support a safe and comfortable mountain climbing experience on Mt. Fuji is to provide coverage at the peak of Mt. Fuji during the climbing season, which KDDI has been

Management and Improvement of Network Quality

doing every year since 2009. In addition, 4G LTE communication can be used at the starting point of the mountain trails and along the trails throughout the year.

Activity and Results KDDI

Overseas Initiatives

KDDI is striving to provide high quality and highly reliable services in various countries based on a global network linking all parts of the world and a data center "TELEHOUSE" among other things. In addition, to allow smartphone and mobile phone subscribers in Japan to use KDDI services safely and comfortably even when they are overseas, we expanded coverage of the "au World Service" which lets customers use their au mobile phones overseas by making use of partnerships with overseas telecommunications carriers that we have cultivated in the course of providing international telephone services for more than 60 years. In July 2016, we started the "World Data Flat" service which allows customers to use data communication overseas in the same way as when they are in Japan at a flat rate for 24 hours.

Maintenance and Operation of Global Network

KDDI connects communications providers around the world to their networks. In cooperation with these companies, we maintain and operate a global network linking all parts of the world. As well as offering high quality international communication services using highly reliable optical fiber submarine cables, KDDI aims to offer services using new technologies centered on its IP services.

Submarine cables provide 99% of Japan's international traffic*, making them an important component of the social infrastructure. Moving forward, KDDI aims to provide an unprecedented level of reliability in communication services for the Asia-Pacific region, where demand is expected to continue growing. In addition, through partnerships with companies such as INMARSAT and Intelsat, KDDI offers services using satellite communications, enabling call and data transmissions to anywhere in the world, including ships at sea, airplanes, the South Pole, other remote areas and islands where cables do not reach.

* According to research by KDDI.

Link Website Complete opening of "TELEHOUSE LONDON Docklands North Two" (Japanese)

Link Website Starting of "World Data Flat" service which can be used in the same way as in Japan at 980 yen a day (Japanese)

Link Website INMARSAT service

Responsibility for Products and Services

Policy KDDI

KDDI's Approach (Responsibility for Products and Services)

KDDI implements total integrated quality control from product design to after-sales service. Together with mobile phone manufacturers, KDDI pays due regard to the impact of products on customer safety, presenting KDDI standards for durability and safety to mobile phone manufacturers, without relying solely on the manufacturer's standards. When products are shipped, they are delivered after checking the safety and durability, software and hardware quality, as well as the labels required under the associated regulations.

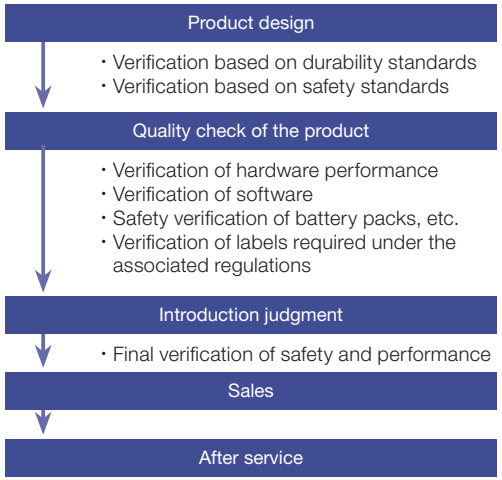
In addition, if any defects or quality issues arise after products are released, KDDI makes efforts to quickly identify the causes and take all available measures to improve the quality of both the hardware and software through inquiries received on the webpage, telephone, and au retailers such as au shops.

In FY2016, KDDI has expanded the same-day delivery area to include the Kansai region as well as the scope of designated delivery destinations of the Replacement Mobile Phone Delivery Service in order to be capable of delivering the same au mobile phone model (refreshed product) of the same color to customers earlier if any problems occur to customer au mobile phones.

KDDI operates a system whereby, if any serious defects are found, policy is determined by the market response screening committee. This committee is under the chairmanship of the company president and it ensures that prompt action is taken.

Link Website Delivery service for mobile phone exchange (Japanese)

Quality control flow diagram



Policy, Activity and Results KDDI

Education of Safe Use through Products and Services

Smartphones, mobile phones, and the Internet have become irreplaceable aspects of our daily lives. However, with the rising number of cases in which Internet users experience trouble or become victims of crime, particularly among children and senior citizens, it is increasingly important for individuals to have proper Internet usage skills.

KDDI is making efforts to promote awareness by distributing products and services that educate users of important matters to be considered and manners to be practiced while using KDDI products and services so they can be used securely and safely regardless of the user's level of information literacy.

"Nagara Smartphone Driving" Accident Prevention Project "Driving BARISTA"

KDDI, in collaboration with Toyota Motor Corporation and Komeda Co.,LTD., introduced the "Nagara Smartphone Driving" (driving while operating a smartphone) accident prevention project using the smartphone app Driving BARISTA in Aichi Prefecture that has the most traffic accident related deaths in Japan.

The project grants drivers with free coffee coupons if they drive a certain distance without "Nagara Smartphone Driving". The driving distance collected accumulated to approximately 2.6 million km within the project's 17 day span. This project allowed drivers to take part in "Nagara Smartphone Driving" prevention while enjoying the app and was featured in various media, helping spread the recognition of "Nagara Smartphone Driving" prevention in Aichi Prefecture as well as other regions of Japan.

Initiatives to Promote Safe Use

Measure	Content
Smartphone use while walking caution app	KDDI provides a smartphone use while walking caution app in an effort to prevent accidents caused by walking while looking at the smartphone screen and to improve manners.
Measures against money transfer scams	・Individual subscriptions: KDDI's measures include the enhancement of identity confirmation by restricting the payment methods for usage fees, the prevention of mass fraudulent subscriptions by restricting the number of subscribed lines, and the enhancement of screening by enhancing the sharing between mobile telephone and PHS providers of subscriber information for lines where identity confirmation is not possible ・Measures for fixed-line phones: Introduced the Nuisance Call Light-up service

Responsibility for Products and Services

Policy — KDDI Group

KDDI's Approach (Accessibility Enhancements)

The concept of "digital inclusion" --creating a society in which everyone can benefit from the advantages of ICT --is gaining attention as ICT comes into use in all areas of people's lives. To enhance its customer experience value, KDDI believes it is important to provide products and services that allow all customers to experience the joy of communication more than ever.

KDDI is committed to providing products and services from a customer perspective to allow even more people the world over --adults, children, the elderly, and those with disabilities --access to the benefits of a variety of products and services without disparity, and to create a society in which ICT is accessible to all.

Activity and Results — KDDI

Initiatives through Products

Product	Target	Characteristics
miraie f	Children	A smartphone for young people, equipped with functions to prevent overuse and exposure to the dangers of the net. Also equipped with a security alarm and a feature that allows parents to confirm the location of their children. Link Website miraie f Product Information Page
BASIO2	Seniors	This phone focuses on making the phone, email, and camera functions easy to use. Also features a text entry assist function that displays text entry hints on the screen.
Simlple Phone KYF32	Seniors	A feature phone focused on ease of use, with a high-quality audio communication function, simple menu screens, and larger keys. Link Website Simple Phone KYF32 Product Information Page
Simlple Phone K012	Users with visual disabilities	Features voice-enabled functions that can read out operating instructions and mail, as well as a voice recognition feature for bringing up a contact list or launching apps by voice.

Activity and Results — KDDI

Initiatives through Services

Provision of "Age Confirmation Service"

KDDI offers an "Age Confirmation Service" that transmits age information (information to determine whether the customer is over or under the specified age by the content provider) when the customer uses CGM services* including SNS. This is in compliance with the requirement for CGM content providers to ensure age authentication as part of the youth protection policy in relation to using CGM services. We believe that the introduction of this service will be conductive to the improved safety and security of our customers.

* CGM (Consumer Generated Media): Collective term for media in which consumers contribute their own content; examples include social networking services (SNS), blogs, and word-of-mouth sites.

Provision of Braille Request Service

KDDI operates a braille request service for visually-impaired customers through which it is possible to receive monthly usage billing information in braille (including amount charged and breakdown).

Responsibility for Products and Services

Other Initiatives KDDI

Initiatives	Target	Content
Spreading of awareness of filtering services	Children	KDDI offers setting support for filtering services in order to promote safe and secure Internet use for young people
Provision of educational website "Family Guide to Children and Mobile Phones on WEB"	Children Guardians	An educational website where both parent and children can enjoy learning about the important points and rules when using smartphones and mobile phones
Sign language support	Hearing-impaired	KDDI offers support for contract procedures in sign language at outlets managed directly by KDDI (au SHINJUKU, and au NAGOYA). In certain au shops in the Tokyo metropolitan, Kanto, and Chubu areas, KDDI offers remote sign language support using tablet-based video conferencing functions

System | KDDI

Inexpensive Price Plans

Smile-Heart Discount

Mobile phones are becoming more and more indispensable in people's daily lives. KDDI offers the "Smile-heart Discount" to make au mobile phones easier to use by providing discounted rates for disabled persons. As of March 2017, the target segment is expanded to include holders of a physical disability certificate, rehabilitation certificate, certification of the psychiatric disordered, medical care certificate for specified diseases, registration certificate for specified diseases, and medical expenses certificate for specified intractable diseases.

Senior Plan (V) Offers Low Rate for Seniors

For seniors who would like to use a smartphone but are concerned about the higher usage fees, KDDI offers a price plan that makes it comfortable to switch to a smartphone.

"Senior Plan V" is available to customers age 55 or older who purchase the "BASIO" or "BASIO2" smartphone for seniors. This plan is offered at a lower cost than other flat-rate plans by reducing the amount of data that can be used each month.

Initiatives through MVNO

The Ministry of Internal Affairs and Communications is developing policies to promote MVNO as a means to improve user benefits by further vitalizing the mobile business market. KDDI aims to expand its customer base as well as maximize sales for the entire KDDI Group by having its consolidated subsidiaries including UQ Communications Inc., Jupiter Telecommunications Co., Ltd., and BIGLOBE Inc. provide communication services at low costs to reduce cost related burdens for customers.

Customer Relationship Management

Policy KDDI

KDDI's Approach (Customer Relationship Management)

KDDI regards all its stakeholders as "customers" and is making efforts to increase customer satisfaction. KDDI has formulated the "KDDI CS Policy" as a guideline for the actions and judgements of employees to achieve TCS (Total Customer Satisfaction), an effort to improve customer satisfaction, as a company-wide activity that involves all our employees including executive managers in order to ensure an enduring relationship of trust with our customers by exerting the utmost effort for the benefit of our customers.

Link Website KDDI CS Policy

System KDDI

Customer Satisfaction Promotion System

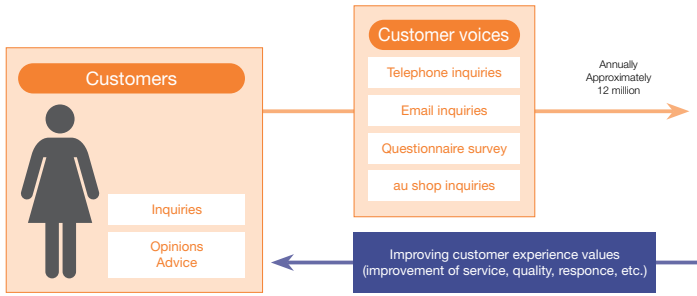
KDDI aims to become a "Life Design Company" capable of providing services other than in communication including payment, sales, energy, and financial services by transforming into a business that offers customer experiences that exceed customer expectations which was a business management policy established in FY2016. The Consumer Experience Promotion Department is making concerted efforts to improve customer experiences from the customer's perspective by discovering all points of contact between customers and KDDI through the customer journey, then identifying and eliminating pain points that are the areas of dissatisfaction to customers in order to provide valuable customer experiences. In order to provide better products and services, efforts are made to resolve issues in various committees attended by the president and management executives, and initiatives for improved services and quality are posted on the website as the occasion arises.

System KDDI

Collection of Customer Voices

KDDI believes the basics of customer response involve listening closely to the voices of our customers, promptly translating their views into action, and continuing to refine our services and quality. The views and requests that we receive from our customers are processed through our in-house system that is updated daily and analyzed in order to highlight problems and issues. Problems that require prompt determination are discussed at committees attended by management executives as well as representatives of related divisions in order to solve them through a company-wide effort. In order to share the voices of our customers company-wide, the received opinions are publicized on our intranet excluding that customer's personal information.

Framework for Collection of Customer Voices



Activity KDDI

Services and Products That Have Been Improved through Customer Voices

KDDI has released products developed utilizing various customer voices for the 2016 summer models of "au +1 collection", an official au accessory.

Examples of Development Implementing Customer Voices (Excerpt)

Customer voices	Improved items	
Smartphones and tablets slip out of my hand	Fall prevention ring and band, smartphone/tablet case with strap	
I want to maintain my flip mobile phones scratchless and clean	Dedicated hard cover, multi pouch, multi long strap	
I want to be able to operate my phone or check my calls and SNS while the case is closed	Book type case with window (compatible with all smartphone models)	
I want a USB cable that is easier to insert	KDDI-original dual end USB cable	

Customer Relationship Management

System and Activity — KDDI

Initiatives for Customer Satisfaction

Efforts to Improve Customer Experience Values at au Shops

KDDI, through its au shops that can be found at approximately 2,500* nationwide, are facilities where customers actually come into contact with au, is making efforts to improve customer experience values.

As an example of a pain point from customer's point of view, we have received reports that the waiting time was too long. Following this, KDDI included a benefit (au STAR passport) to "au STAR", a flat-rate free membership program that was released in 2016, which allows customers make reservation at the shop in order to eliminate waiting time. In addition, in the shop facility and design aspect, KDDI is working to create a satisfying environment for customers by offering a shop design that makes them more accessible. KDDI is also working to make it more comfortable for customers to browse through products other than communication services and create a cozy layout environment where they can visit for detailed consultation.

* Numbers of au shops including Okinawa Cellular Telephone Company

Strengthening of Multilingual Support at au Shops

KDDI has prepared multilingual questionnaires for visitors to shops following the rise in foreign customers. Based on the results of the questionnaires, we aim to strengthen multilingual support at each branch, branch store, and au shop to improve experiences for foreign customers. With these activities, there has been a rise in customers that have chosen au.

Initiatives	Content
Maintenance of multilingual environment	Performed environment maintenance for multilingual response at over 1,300 au shops across Japan (as of June 2017)
Introduction of interpretation system through video conferencing	Promoting introduction of an interpretation system through video conferencing that supports a total of 12 languages (English, Chinese, Portuguese, Korean, Vietnamese, Tagalog, Spanish, French, Thai, Nepalese, Hindi, Russian)
Translation of each tool	Translated reports, information, catalogs, flyers, etc. for customers in up to 9 languages
Production of multilingual au video guides	Translated au service introductions and videos that explain common inquiries in up to 4 languages (English, Chinese, Portuguese, Vietnamese)

Link Page_43 Sign language support

Link Website Multilingual correspondence at au shops

Improvement of au International Services

KDDI and Okinawa Cellular Telephone Company is making efforts to improve international services so customers can comfortably and conveniently use communication services with peace of mind at their travel destinations.

Responding to customer opinions stating they are "worried about billing and setting methods" concerning data transmission overseas, KDDI started providing "World Data Flat" in July 2016. This service allows customers to use data communication for 24 hours in 32 countries and regions around the world available at a fee less than a third of the conventional overseas roaming services "Kaigai Double-Teigaku".

Concerning call quality, as a first in the domestic communication business*, VoLTE (Voice over LTE), a high quality voice call service between Japan and America was released in June 2016, enabling clear voice calls even for long distances.

* As of June 6, 2016, researched by KDDI

Activity — KDDI

Results and Initiatives for Customer Satisfaction

Name	Overview of initiatives
Action! (service improvement activities)	KDDI is promoting service improvement activities based on customer voices to enhance services and quality Link Website Action! Making use of customer voices (Japanese)
au CX AWARD	Each year, KDDI holds the customer service contest in locations throughout Japan in an attempt to enhance the customer service skills of au shop staff
au Support Movies	Explains how to operate smartphones and how to use popular apps through video guides Link Website au Support Movies (Japanese)
au Osekkai-bu	Introduces smartphone usage based on various lifestyles Link Website au Osekkai-bu (Japanese)
au Smart Support	KDDI offers a support service for members that provides the best support according to the customer's situation when using smartphones Link Website au Smart Support (Japanese)

Customer Relationship Management

Policy KDDI

KDDI's Approach (Approach for Corporate Customer Satisfaction)

In an ever-changing market environment, customer needs are becoming more and more diversified and sophisticated. KDDI contributes to our customer's businesses through fine communication in our customer perspectives with the business management policy of transforming KDDI into a business that provides a positive customer experience.

Activity KDDI

Initiatives for Corporate Customer Satisfaction

KDDI is performing various efforts including employee training to become the business partner chosen by customers and help them solve any problem they may have. Specifically, we are implementing in-company workshops as well as in-company contests, and are conducting several other measures including sharing of good practice that contributes to the main businesses of our customers.

KUG: KDDI ENTERPRISE USERS' GROUP

KDDI ENTERPRISE USERS' GROUP (KUG) is an organization operated by corporate members who are users of KDDI's services. In KUG, which KDDI acts and supports as the organizer, member companies from various industries gather for seminars, observation tours, and workshops that are held for the purpose of interchange, study, and friendship. The member gatherings also serve as an opportunity for various activities to reflect the voices of our corporate users concerning improvements to KDDI's services and the development of new products.

Through exclusive observation tours and seminars, KUG aims to enliven the communication between KDDI and the group members.

FY2016 Activity Results	11
Example of initiatives	・Introduction of efforts concerning disaster response and service quality maintenance through tours of the KDDI Shinjuku Building and KDDI OCEAN LINK ・Organizing seminars to share new issues related to IoT and ICT solutions

Results and Analysis KDDI

Customer Satisfaction Surveys

Evaluation for au Services in the Consumer Market

Research name	Evaluation
J.D. Power "2016 Japan Mobile Phone Service Satisfaction Study"	Winner of the Satisfaction Award
J.D. Power "2016 Japan Mobile Data Communications Service Satisfaction Study"	Winner of the Satisfaction Award

Evaluation for KDDI Services in the Consumer market

Research name	Evaluation
J.D. Power "2016 Japan Network Service Satisfaction Study" <Mass Market Segment>	Winner of the Satisfaction Award
J.D. Power "2016 Japan Business Mobile Phone Service Satisfaction Study" <Mass and Medium Market Segment>	Winner of the Satisfaction Award
J.D. Power "2016 Japan Business IP Phone & Direct Line Phone Service Satisfaction Study"	Winner of the Satisfaction Award (4 consecutive years)

Policy KDDI

KDDI's Approach (Providing Online Convenience)

Following the growth of the domestic communication market, it is difficult to assume major growth in the number of customers. To realize continuous growth and improvement in corporate value even under these social conditions, KDDI aims to change into a "Life Design Company" that proposes services following customer lifestyles and provides experiences that exceed customer expectations. KDDI is promoting services other than those in the communication field including billing, sales, energy, and financial services from both offline services at approximately 2,500 au shops nationwide and online services including billing platforms.

Policy KDDI

Approach to Online Use

KDDI is expanding its online strategies that make billing and procedures more useful and profitable based on au customer foundations and

Customer Relationship Management

billing platforms. KDDI currently holds approximately 48.54 million au mobile phone contracts (as of March 2017) for conventional communication services. Aiming to become a "Life Design Company" from FY2016, KDDI is providing comprehensive products and services other than those in the communication field. Based on these customer foundations and billing platforms, KDDI plans to make use of omni-channeling by strengthening the link between online services including "au Smart Pass" and offline services at actual au shops.

To provide support for services that are becoming more sophisticated, the Customer Support platform on the website has been renewed with higher operability and easier-to-understand explanations. The net addition of FY2016 has increased to 2.63 million au users, with an au contract cancellation rate of 0.83%*.

Moving forward, KDDI will continue working to expand the customer base by offering the advantages of online convenience along with the sense of security of face-to-face customer service at approximately 2,500 au shops nationwide.

* Based on public terminals (feature phones including smartphones and prepaid phones) of personal segments

Policy KDDI

Lifestyle Offers Using Online Services

KDDI proposes lifestyles that fit each customer for 15.22 million members of "au Smart Pass" (end of March 2017) and 5.7 million customers registered to "au WALLET Market" (as of June 2017), an online shopping service, by providing various au brand products and services in order to expand the "au Economic Zone". Especially important are the "au WALLET Prepaid Card"* and "au WALLET Credit Card". In the past, KDDI pursued efforts to expand sales on the basis of indicators such as the number of subscribers or the usage bill related to communication services, but from now on, KDDI will pursue efforts to expand value-added sales that are not related to communication services, which use these payment platforms.

As of March 2017, 20.8 million au WALLET Cards have been issued. KDDI aims to expand the total value of "au Economic Zone" transactions to more than 2 trillion by the end of March 2019 through "au WALLET Card", online carrier billing (=au Simple Payment), etc.

* The "au WALLET Prepaid Card" is a payment service that can be used at most shops around the world that accept MasterCard®. (Some shops and services may not accept the card as a payment method.)

System KDDI

Improvement of the Online Platform

KDDI and Okinawa Cellular Telephone Company renewed the official au website in 2016 and it offers "My au" a new customer support platform, as one of the policies in the aim to change into a "Life Design Company".

With "My au", customers can check information including their mobile phone information, points, and notifications as well as the content of their contract and billing information of all services of the "au Economic Zone".

System KDDI

Support System through Online Services

KDDI provides an "Anshin Total Support" service for a fee for customers using the "au one net" Internet service provider. This service includes operator support for various Internet problems that is available 365 days a year from 9AM until 11PM.

Specialist operators on the "Anshin Total Support" service answer many different kinds of questions relating to network connections and settings as well as user guidance via telephone and remote operation. By meeting a wide range of customer needs concerning PC peripheral equipment and software settings as well as KDDI equipment, we are creating a more convenient Internet environment.

Link Website Anshin Total Support (Japanese)

Policy KDDI Group

Approach to the Use and Application of Personal Data

Personal data can now be used and applied to new services by anonymizing the information following the revision of the Act on the Protection of Personal Information in 2015. KDDI will monitor and maintain regulations within the company based on relevant laws and regulations and appropriately use personal information of our customers following the privacy policy.

Brand Management

Policy KDDI

KDDI's Approach (Brand Management)

The telecommunications market continues to grow more homogeneous, making it difficult for companies to differentiate themselves from competitors in terms of the functions and performance of products, services and prices. Under such harsh conditions, to ensure that customers continue to choose KDDI in future, it is imperative for us to undertake exhaustive efforts to consider the customer's perspective and continuously pursue activities that boost customer satisfaction. We believe that these efforts help our brand become more established.

KDDI is making a company-wide effort to promote the improvement of customer experience by identifying the establishment of a strong brand as a key issue.

Furthermore, we are striving to raise awareness among our employees so as not to bring any disadvantage to our customers or society due to unauthorized use of trademarks or inappropriate use of logos by third parties.

System KDDI

Brand Management Promotion System

KDDI is making efforts to encourage deeper understanding and practice among our employees in order to strengthen our brand management.

Efforts in FY2016

- Group classes
- Distribution of e-learning for all employees
- Employee attitude survey within the company
- Distribution of related information through the company intranet

Policy KDDI

Responsible Advertising and Marketing

KDDI advertisements are created based on the rules and provisions of the Act against Unjustifiable Premiums and Misleading Representations as well as voluntary standards and guidelines on placement of telecommunication service advertisements, to avoid advertisement placement that may constitute unfair customer enticement.

When creating an advertisement, the departments share thorough and accurate information about the purpose of the advertisement and the details of the product or service. After it is created, the advertisement is inspected by each department before it is submitted to the review department for final approval. As a rule that has been in place since 2013, advertisements cannot be used without passing the final review. In addition, education activities are periodically conducted for all employees to ensure the appropriateness of advertising displays.

Going forward, KDDI will observe related laws and regulations and voluntary industry standard guidelines as well as continue to focus on improving and spreading internal systems, and strive to ensure the optimization of advertisement displays related to telecommunication services.

Furthermore, in FY2016, KDDI did not violate any regulations related to marketing or communication (in the Revised Act against Unjustifiable Premiums and Misleading Representations).

	FY2016 Result
Number of advertisements inspected by the review department	5,550
Results of review	Advertisements that might violate laws and regulations were all rectified
Implementation of measures to ensure spreading of policy within the company	Implementation of e-learning for all employees (Topic: About the Revised Act against Unjustifiable Premiums and Misleading Representations, 81.5% attendance rate)

Brand Management

Activity KDDI

Improving Brand Value by Maintaining the Popularity of the Santaro TVCM Series and through Sponsorship Agreements

Starting in January 2015, KDDI rolled out the Santaro TVCM series in an effort to spread the brand image of au under the brand slogan of “New Freedom”. In FY2017, we continued to run the Santaro series with the aim of further increasing the popularity.

In addition, we signed new sponsorship agreements with sporting events and organizations as one of our initiatives to improve brand value. KDDI hopes that new values can be created together with the sponsored organizations through such support.

HAKUTO	Provision of support using communication technology for HAKUTO - the first and only private-sector lunar exploration team from Japan to participate in the lunar exploration race, Google Lunar XPRIZE.
Japan national soccer team	Signing of an agreement with the Japan Football Association to be a supporting company of the national soccer team.
Sport climbing	Signing of an official sponsor agreement in the sport climbing category with the Japan Mountaineering & Sports Climbing Association. “TEAM au” was formed with 4 sport climbing athletes.

Activity and Results KDDI

External Assessment (Subject: The Santaro TVCM Series)

Name	Evaluation
CM Research Center FY2016 Commercial Popularity Ranking by Company FY2016 Commercial Popularity Ranking by Brand	First place
2016 56th ACC CM FESTIVAL Film Division Category A	The Minister for Internal Affairs and Communications Prize / ACC Grand Prix
Nippon TV Network CM Awards 2016	Nippon TV Network CM grand prize
46th Fuji Sankei Group Advertising Awards Media Mix Division　Media Division - TV Public Division	Award of excellence
54th Galaxy Awards CM Division	Award of excellence

Innovation Management

Policy KDDI Group

KDDI's Approach (Innovation Management)

Advancements in communication are moving toward a ubiquitous network society enabling a new business and lifestyle not dependent on time or location. To achieve this, KDDI's Research and Development (R&D) is developing the most advanced technology in the world to take on these challenges in future information and communication for contributing to society.

Policy KDDI Group

Approach to R&D

In the field of ICT, the speed of technological evolution and globalization continues to accelerate, while trends in technology change at a more dizzying pace than ever.

In this environment, KDDI is making efforts to conduct practical, advanced, long-term R&D in important technical fields related to network infrastructure, platforms, devices and applications with the aim of providing a positive customer experience with an emphasis on the customer perspective and innovation. In addition to basic research, KDDI pursues R&D with a flexible approach ranging from applied research and development to the creation of practical applications, while monitoring global trends in technology and services, and incorporating open innovation technology.

R&D Fields

Research	Future design	Innovation center
Infrastructure	Network architecture	
	Next generation access network	
	Connected networks	
Platforms	Data intelligence	
	Security	
Applications	Media ICT	
	Human communication	
Promotion	Research promotion	

System KDDI Group

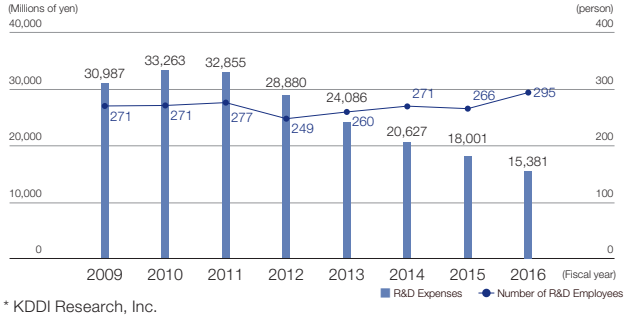
Research and Development Promotion System

KDDI has established the KDDI Research, Inc., a separate organization from technology departments within the head office, with the purpose of operating a research and development framework systematically that can respond quickly to technological innovation, and we are conducting a wide range of activities from basic research to applied research.

A variety of processes are required in order to develop research results into practical applications, including the collection of information, development of individual technologies, evaluation, and design. For information collection in particular, KDDI deploys a staff of researchers specializing in each field in each country and region, and constantly gathers and analyzes the latest information from abroad by coordinating with KDDI Group overseas offices and other organizations such as external research institutions.

Furthermore, with respect to the use of open innovation technology, KDDI is proactively engaged in efforts to facilitate cooperation and cocreation with many stakeholders.

Changes in R&D Expenses and Number of R&D Employees*



* KDDI Research, Inc.

Policy and System KDDI Group

Promoting Open Innovation

To create products and services that will truly give customers a sense of value in the age of IoT* where everything is connected to the Internet, we need to form partnerships with research institutions, universities and companies both in Japan and abroad. KDDI is promoting open innovation from the perspectives of technological innovation inside and outside the company as well as training and development of human resources.

* Internet of Things

KDDI Open Innovation Fund

KDDI Open Innovation Fund is a corporate venture fund operated by KDDI and Global Brain Corporation for investment in promising startups both domestically and internationally. We provide full-scale support for the growth of our partner startups through utilization of our business networks and marketing skills and collaboration with our services including "au Smart Pass".

Innovation Management

We have specialist personnel based in San Francisco, USA, and Seoul, South Korea, where we are looking to invest in startups with the latest technologies or innovative business models.

We will provide wide-ranging support for business development, marketing and localization by companies looking to expand their business in Japan.

Link Website KDDI Open Innovation Fund

KDDI ∞ Labo (Mugen Labo)

In 2011, KDDI launched KDDI ∞ Labo, a program designed to support young engineers who are passionate about creating revolutionary Internet services for use around the world. This program provides total support to teams selected from a pool of applicants. This support ranges from service development support from the perspective of telecommunications carriers to business support and promotion when they start up their business. In addition, KDDI provides a variety of other kinds of support such as communication space within its offices and free loan of terminals required for service development work.

Since 2014, we have been working on industry-academic partnerships that aim to commercialize the research techniques of universities, and initiatives that aim to achieve cocreation through the collaboration of established companies from a wide variety of industries (a total of 36 partner companies including KDDI) and startup companies.

Link Website KDDI ∞ Labo (Mugen Labo)

Next Generation Human Resource Development for the Support of Open Innovation

<CHIRIMEN Open Hardware>

KDDI is participating in an open source community, CHIRIMEN Open Hardware, with the objective of creating IoT using only Web browser technology.

In CHIRIMEN Open Hardware, we are working with experts and students to achieve the above objective by developing CHIRIMEN, a development environment that includes a board computer and the software that functions on the board computer. In the process of development, we will realize and learn new things, and create the seeds of innovation.

Link Website CHIRIMEN Open Hardware

<"Miraiwo Tsukuru" Project>

The "Miraiwo Tsukuru" Project was launched in May 2015 at the KDDI Research, Inc. with the goal of cultivating human resources who can bring about innovation and foster a challenging climate. To bring together human resources from all parts of the organization, researchers have been putting up their hands to participate in the activities of the project. One of the results of the project is the development of an IoT gadget, Charging Robo, which finds and charges smartphones automatically. The IoT gadget won a special prize at Android Experiments OBJECT (organized by Google).

<au×HAKUTO MOON CHALLENGE>

KDDI and the first private-sector lunar exploration team HAKUTO have signed an official partners agreement, and are taking on the challenge of Google Lunar XPRIZE, a lunar exploration race using robots.

Missions on the lunar surface are conducted using remote control from earth, and telecommunications technology plays an important role in lunar exploration. HAKUTO is looking into applying frequency bands that are used in mobile data communication on earth for communication on the lunar surface. This is the first such attempt in the world, and can be considered a major step in extending civil technology developed on earth to space exploration. KDDI is supporting this attempt of HAKUTO, which will be a first in the world, with our technology.

Link Website KDDI's mission in the HAKUTO Project (Japanese)

Policy and Activity KDDI Group

Conducting R&D for the Sustainable Development of Society

Approach to Product Innovation

As the global market becomes increasingly diversified, it is necessary to develop products and services that meet market needs, and achieve differentiation from competitors so that we continue to be a company of choice for our customers. KDDI is working on changing various products, services and processes, and creating new value based on IoT.

Product Innovation Example: IoT Security Technology Using SIM

There are many security issues in IoT such as illegal remote control, identity fraud and data eavesdropping. To use IoT machines more safely, KDDI and the KDDI Research, Inc. focused on the high security tolerance of SIM, and developed encryption key [1] management technology that introduces the high security tolerance of SIM in the communication of IoT machines. Through this technology, it is now possible to maintain remote control by utilizing the characteristics of SIM. The development of encryption key management technology for

Innovation Management

communication of IoT machines using SIM and verification of remote maintenance are the first such attempts in the world [2].

[1] These are values used in encryption so that data cannot be accessed by third parties. Encoding is done using common key encryption and public key encryption.
[2] As of October 20, 2016. Based on KDDI survey.

Other Examples of Product Innovation

Initiative	Developing organization	Content
Unique ID generation technology based on individual differences of acceleration sensors	KDDI Research, Inc.	First attempt in the world* to develop technology that generates unique ID based on individual differences of acceleration sensors that are mounted on wearable devices.
KDDI IoT Cloud data market	KDDI	Service that contributes to the discovery of issues and business opportunities, improvement of service quality through comprehensive analysis of IoT operation data of corporate clients and diverse data.
Experiment to verify mango cultivation using IoT	KDDI, Okinawa Cellular Telephone Company, Skydisc, Inc., University of the Ryukyus	Participation in an experiment to monitor the state of mangoes growing in green houses using IoT.

* As of October 12, 2016. According to research by KDDI Research, Inc.

Approach to Process Innovation and Initiatives

Process innovation is a development method that responds to a rapidly changing market, and it is gaining attention for fundamentally reforming operating processes that supply products and services. In 2013, KDDI started working on agile development within the company, and we are providing services using agile development such as “KDDI Business ID” and “au Denki App”. In October 2016, we established an agile development center with the aim of accelerating development speed throughout the company, and we are increasing the speed and value in the provision of products and services.

Other Example of Process Innovation Initiatives

Initiative	Content
Provision of agile development education program	Agile development education program following the Scrum* method which makes it possible to start IoT business quickly in a small way.
KDDI IoT Cloud Creator	Service that makes use of the agile development method to give thorough support from development to construction, and from operation commencement to tasks and duties in IoT business.

* One of the agile development methods advocated by Dr. Jeff Sutherland of Scrum Inc.

Approach to Environment Innovation

With the adoption and enactment of SDGs and the Paris Agreement (COP21), there are increasing expectations on the role that companies should play in the realization of a sustainable society. As a global company, KDDI considers it an important responsibility to work on solving environmental issues through the development of products that reduce the environmental impact and the provision of services.

Example of Environment Innovation:

Virtual Power Plant Construction and Demonstration Project

KDDI and KYOCERA Corporation’s project to manage power supply and demand using home storage batteries and IoT technologies has been selected as a Virtual Power Plant Construction and Demonstration Project of Ministry of Economy, Trade and Industry.

This project aims to build and develop technology for a virtual power plant (VPP), and establish a related business model in response to the fact that the target of the negawatt power exchange market [1] will be extended to general households. The VPP will function like a power station by integrating and controlling energy resources from the storage batteries in homes and renewable energy from solar power generation among several households.

Through the provision of storage batteries for homes and HEMS [2], a VPP will be built with ENERES Co., Ltd., a core partner, to verify the control of charge and discharge power in storage batteries, negawatt transaction volume, incentive effects and the service fees system.

The project aims to achieve load levelling of electric energy, promote further energy saving, and expand the market for renewable energy.

[1] Business of trading incentives according to the amount of energy saved.
[2] Home Energy Management System – a management system for saving energy used in homes.

Innovation Management

Other Examples of Environment Innovation

Initiative	Developing organization	Content
KDDI IoT Cloud toilet water-saving management	KDDI	Development of service to monitor water data in individual toilet cubicles using IoT, which leads to water saving of 40～50%* compared to conventional toilets.
Tribrid base stations	KDDI	Development of power control technology that uses accumulator batteries to store commercial power supply, solar power generation, and nighttime power supply, and supplies the stored power efficiently on an hourly basis. Link Page_114 Biodiversity Consideration for Building Base Stations
Ecological survey of dolphins in the Ganges	KDDI	Implementation of an ecological survey of endangered river dolphins inhabiting the Ganges river using acoustic technology of underwater robots that was developed to inspect undersea cables. Link Page_114 Research on Behavior of Endangered Ganges River Dolphins

* Estimates based on actual data from valve manufacturers.

Approach to Social Innovation

As social issues become more complicated and diversified, KDDI is working on initiatives in collaboration with various stakeholders while utilizing KDDI's know-how to contribute to solving social issues through business.

Social Innovation Example (1): Smart Fishing Experiment Using Smart Buoys

The KDDI Research, Inc. collaborated with Higashimatsushima Organization for Progress and Economy, Education, Energy (HOPE) to conduct a smart fishing experiment with the aim of ensuring stability and efficiency in set net fishery. In the experiment, smart buoys [1] were installed on the sea surface, and the potential for long-term use of the buoys and the usefulness of the data obtained were evaluated. This is an attempt to create new IoT device related industries through the participation of local companies and by increasing young workers in the fishing industry, a primary industry that is facing problems due to an aging population.

The experiment was conducted as part of an effort to develop smart buoys in the "Smart Fishing Model Project Using Marine Big Data" which is one of the projects under the IoT Project For Daily Living initiated by the Ministry of Internal Affairs and Communications. Going forward, together with the participating members of the smart fishing model promotion consortium [2], KDDI will use the data obtained in this experiment to formulate sailing plans for fishermen, develop forecasts of the relationship among various data, and verify retail models for direct delivery from producing areas among other things.

[1] Designed and developed by HOPE and Ohno Denshi Kaihatsu Co., Ltd.
[2] Smart fishing model promotion consortium: Higashimatsushima Organization for Progress and Economy, Education, Energy (representative executive officers), Higashimatsushima City, Ootomo Suisan, Ohno Denshi Kaihatsu Co., Ltd., Tohoku University, Iwate Prefectural University, Waseda University, KDDI Research, Inc.

Social Innovation Example (2): Social Verification of Multi-Language Speech Interpretation System

KDDI and KDDI Research, Inc. have been conducting a social experiment that makes use of a multi-language speech translation system in sightseeing taxis for foreign tourists visiting Tottori Prefecture from November 2015 with the aim of helping taxi drivers to communicate smoothly with foreign tourists. In December 2016, we also started conducting a social experiment targeted at foreign tourists that makes use of a multi-language speech translation system in Tokyo Sightseeing Taxis* in Tokyo. These experiments aim to overcome disparities in social services that arise from language barriers by making it possible for taxi drivers and foreign tourists to communicate, which has been a long-running problem.

* Taxi service that drives around sightseeing spots in Tokyo. Drivers who have the "Certified Tokyo Sightseeing Taxi Driver Qualification" will introduce tourists to the new attractions of Tokyo while driving.

Social Innovation Example (3): Technological Support for Tsunami Disaster Training Organized by the Ministry of Land, Infrastructure and Transport

KDDI, KDDI Research, Inc., and the Kyushu Branch Offices of KDDI Matomete Office West Japan Co., Ltd. participated in Tsunami Disaster Training (organizer: Chile International Emergency Response Office, Ministry of Land, Infrastructure and Transport) by providing network infrastructure and technological support.

This training was held in conjunction with Valparaíso City in Chile and Hyuga City in Miyazaki Prefecture, Japan to prepare for tsunami disaster, and make it possible to achieve a fast response in association with "World Tsunami Awareness Day" which was established at the 70th United Nations General Assembly in 2015. To connect the disaster training site (Miyazaki Prefecture) and disaster response headquarters (Fukuoka Prefecture), the 3 KDDI group companies provided technological support, and loaned out infrastructure systems and "VistaFinder Mx"*, a remote operations support system developed by KDDI Research, Inc.

*VistaFinder Mx: A remote operations support system that allows videos taken by smartphones, tablets, and mobile PCs to be transmitted remotely from the field over various types of networks, simply, securely, and in high quality.

Innovation Management

Other Examples of Social Innovation

Initiative	Developing organization	Content
KDDI AI Translation	KDDI	Development of an application service that allows translation of English, Chinese and Korean from voice input or text entry.
KDDI TV Interpretation	KDDI	Development of a 3-party interpretation service* on a tablet device that allows an off-site operator to interpret the conversation between a customer service officer and a foreign tourist in a shop.
Project Ikebukuro – a verification experiment targeted at foreign tourists	KDDI, Liquid, Inc.	Commencement of a verification experiment to confirm the identity of foreign tourists when they check into hotels without having to present a passport with fingerprint biometric authentication.

* Available in 12 languages – English, Chinese, Korean, Tagalog, French, Thai, Vietnamese, Portuguese, Spanish, Nepali, Hindi and Russian.

Activity and Result | KDDI

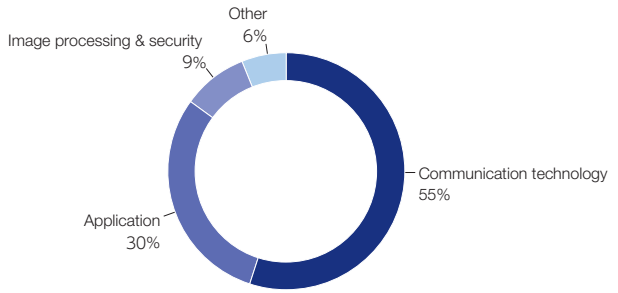
Protecting Intellectual Property

KDDI's commitment to creating and protecting intellectual property and respecting the intellectual property rights of others is defined in one of the basic policies of the KDDI Code of Business Conduct. KDDI has formulated intellectual property handling regulations to ensure the proper management and usage of KDDI' s inventions, trademarks, and other industrial property; software and other copyrighted materials; and technologies, expertise, and other rights protected under the Unfair Competition Prevention Act. In addition, KDDI conducts educational activities every year through group training and e-learning classes, to provide employees with a deeper understanding of the importance of intellectual property, as well as the risks of infringement and its prevention.

KDDI plans and develops communication and IoT services and content as well as payment, energy and finance services, and conducts research and development of communication technology, such as LTE and 5G, as well as security technology that provides privacy protection. As a result of these activities, KDDI holds approximately 2,000 patents in Japan and 200 patents overseas, as of the end of June in 2017. In addition, KDDI has established an invention reward system to secure incentives for inventors based on the Patent Act.

Moving forward, KDDI will continue to bolster its efforts on intellectual property assets and strengthen its competitiveness both in Japan and overseas.

Breakdown of KDDI's Patents (as of the end of June 2017)



About Efforts in Growing Markets

Policies — KDDI Group

KDDI's Approach (About Efforts in Growing Markets)

In emerging countries, the proliferation of information and communications services leads to the solving of various social issues. KDDI has set the active deployment of our business around the globe as one of our business strategies. Our goal is to supply emerging countries with the experience, expertise and technology of telecommunications services that KDDI has accumulated in Japan and abroad, and deliver stable communication quality in the hope that our efforts will help to develop the economy in these countries, and improve the quality of life of the people. In addition, the KDDI Foundation is also supporting the establishment of the communication infrastructure in developing countries where we have not deployed our business.

Activity — KDDI

Business Expansion and CSR Activities in Myanmar

KDDI is working together with Sumitomo Corporation and Myanma Posts & Telecommunications (MPT) in a joint venture aimed at establishing a comfortable communication environment in Myanmar, where there is an urgent need to improve the communication infrastructure. The mobile phone adoption rate in Myanmar, which was 13% before the launch of the joint venture, has reached approximately 101%, and the number of MPT mobile phone subscribers reached 23 million in June 2017. In May 2017, LTE started in Yangon, Mandalay, Naypyidaw, and by late September 2017, this service will be expanded to some 30 cities throughout Myanmar.

	Before joint venture started	As of March 2017
Mobile phone adoption rate in Myanmar	13%	101%*

* Population is based on figures published by the Myanmar Ministry of Immigration and Population (September 2014). The number of mobile phone subscribers is calculated using figures published by various companies.

Digital Skills to Go Forward

MPT launched Digital Skills to Go Forward, a program to improve the digital literacy of young people. It donated 200 laptops and MPT Wi-Fi routers, and dispatched trainers to vocational training schools in the Yangon Region and Mon State under the NLD Education Network. Furthermore, MPT produced a promotion video on the Digital Skills to Go Forward program with the aim of increasing recognition of the program through the video, and at the same time, creating employment opportunities for young people, and narrowing the digital divide with rural regions.

MPT Launched Myanmar's First Charitable Donation Platform

MPT has launched "LoTaYa Helping Hands", Myanmar's first charitable donation platform. Buddhism is the dominant religion in Myanmar which is known as a country with the most active donation activities in the world. Through the donation site "LoTaYa Helping Hands", MPT customers are now able to donate conveniently and safely using the prepaid balance on their mobile phones. "LoTaYa Helping Hands" is a free service, and all donations received from customers are directed in full to the charitable organizations of their choice to be used in various charitable activities.

Donation of Solar Lanterns to Monastic Schools in Myanmar

2,000 solar lanterns were donated to 632 monastic schools in Myanmar where there are many regions that do not have access to electricity. In such regions, there is a severe problem in the learning environment for students who have to rely on candle light to study. Through this donation, about 58,000 students are now able to study with the help of electricity at night.

Activity — KDDI Group

Business Expansion and CSR Activities in Mongolia

MobiCom Corporation LLC (MobiCom), a consolidated subsidiary of KDDI, launched a 4G LTE high-speed telecommunications service in Mongolia in May 2016. Using this opportunity, MobiCom aims to achieve business growth, and contribute to further development of the telecommunications environment in Mongolia.

W.A.S.H Project

In Mongolia, it is difficult to secure safe and clean water supply, and only 35% of the population is said to have access to safe and clean water. In cooperation with local governing bodies and NGO World Vision Mongolia, MobiCom constructed clean waterworks and toilets in primary schools, and contributed to improving public hygiene for about 35,000 children in 35 villages across 12 provinces. The "W.A.S.H Project" was selected as the Best CSR Project in Mongolia, and has made an impact on policy formulation in the country with further efforts being made to build clean waterworks and toilets in kindergartens and secondary schools in collaboration with the Minister of Health, the Minister of Education, Culture, Science and Sports, and the Minister of Construction and Urban Planning.

Child Helpline 108

Since 2014 MobiCom has been participating in "Child Helpline 108" in Mongolia by providing free calls that can be connected 24 hours a day, 365 days a year from children, parents, teachers and social

About Efforts in Growing Markets

welfare workers. MobiCom has received more than 5,000 calls so far, and contributed to solving problems related to child abuse.

Activity — KDDI Group

Efforts of KDDI Foundation

Data Standardization of Ambulance Transport System in Thailand

The KDDI Foundation conducted joint research in Ubon Ratchathani Province to standardize emergency transport related information, and to build a prototype ambulance transport system that makes use of such information in an effort to reduce the number of people who die while being transported in an ambulance, which can be as high as 60,000 per year in Thailand. Going forward, the KDDI Foundation will continue with the joint research to put the prototype system into operation.

Development and Testing of an Agriculture Mobile App in Bangladesh

In Bangladesh, more than half of the population is engaged in farming, and the use of ICT in the agricultural field is highly anticipated. The KDDI Foundation established a cooperative system with the local Ministry of Telecommunications and the Ministry of Agriculture to develop a mobile app to support farmers, and a ceremony to mark completion of the project was held in April 2017.

Making Use of Cloud Servers to Create a Network in Universities Specializing in Computer Studies in Myanmar

By installing cloud servers in the University of Information Technology and connecting 6 universities specializing in computer studies in Yangon, Mandalay, Taunggyi and Dawei through a network, it is now possible for universities to share applications for higher education, and conduct training in virtual cloud technology. Efforts will be made to connect more universities to the network.

Implementation of Overseas Training for Technicians from APT* Member Countries

KDDI conducted technical training on telecommunications in cyber security and rural regions for technicians from APT member countries.

* Asia-Pacific Telecommunity

Providing International ODA Technical Consulting

Project		Details of operations and scale
Greater Mekong telecommunication backbone network project in Cambodia (CP-P5)		Consulting service agreement regarding the Telecommunications Backbone Network Project in Greater Mekong
	Implementation period	December 2007 to October 2017 (expected completion)
	Yen loan	3.029 billion yen
Dispatch of support personnel for consulting service concerning the communications network development project for major cities in Iraq (IQ-P17)		Consulting service on increasing the installation of IP related devices such as IMS-core equipment, Edge-router and PON
	Implementation period	December 2013 to May 2017 (completed)
	Yen loan	11.674 billion yen
Preparatory study of plan to develop an emergency telecommunications system in Bhutan		Preparatory study mainly to investigate the development of stronger telecommunications facilities for mobile phones in response to disasters
	Implementation period	December 2016～December 2017 (scheduled)
	Yen loan	None (free)

Results — KDDI Group

Evaluation of Our Efforts in Growing Markets

Evaluation	Subject
・First place in the 2016 TOP 10 Entrepreneur award organized by the Mongolian Chamber of Commerce and Industry ・Recognized for efforts to create a friendly workplace environment and given the very first Best Employer of Mongolia award	MobiCom
Selected as “The Most Loved Brand” in Myanmar in the BrandZ Spotlight brand ranking by Millward Brown, a research agency under the WPP Group, a British advertising company	MPT

CSR Initiatives Supporting Operations

(KDDI Business Foundations)

The basis of KDDI operations is to offer reliable high-quality information and communication services 24 hours a day, 365 days a year. In order to support and grow these operations, in addition to constructing a healthy and highly transparent operation system, we are also working to create organizations and human resources that can respond flexibly to social change. We also place importance on contributing to the environment and the local communities.

- Corporate Governance P58
- Human Rights P74
- Supply Chain Management P76
- Labor Practices P79
- Securing and Cultivating Human Resources P89
- Community Involvement and Development P95
- Environmental Management P100
- Environmental Performance P108

Corporate Governance

Policy KDDI

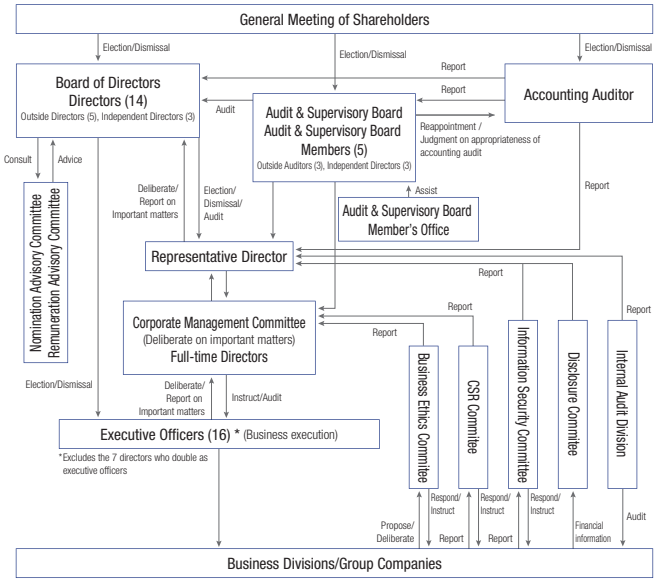
Basic Views and Guidelines on Corporate Governance

As a telecommunications operator that provides social infrastructure, the Company has the important social mission of providing stable communications services on an ongoing basis, 24 hours a day and 365 days a year, regardless of conditions. Furthermore, as a telecommunications operator our business derives from utilizing radio waves - an important asset shared by all citizens. Accordingly, we recognize that we have the social responsibility to address the issues society faces and seek to resolve them through telecommunications. Attaining sustainable growth and increased corporate value over the medium to long term is essential to achieving this social mission and social responsibility. Furthermore, we strive to engage in dialogue with all our stakeholders, including customers, shareholders, business partners, employees, and local communities and work in cooperation to proactively address societal issues. In this manner, we aim to contribute to the development of a safe, secure, and bountiful communications-oriented society. We recognize reinforcing corporate governance as important to achieving sustainable growth and increased corporate value over the medium to long term. Accordingly, we are in accordance with the tenets of the "Corporate Governance Code" defined by the financial instruments exchange. While maintaining transparency and fairness, we endeavor to enhance our structures for ensuring timely and decisive decision-making. In addition to our corporate credo and mission statement, we have formulated the "KDDI Group Philosophy," which defines perspectives, values, and code of conduct that officers and employees should share. We conduct activities to promote awareness of this philosophy throughout the Company.

By actively adhering to Japan's Corporate Governance Code and practicing the "KDDI Group Philosophy," which we consider fundamental from the standpoint of corporate management, we will endeavor to enhance corporate governance throughout the KDDI Group, including its subsidiaries, to achieve sustainable growth and increased corporate value over the medium to long term. KDDI complies with the whole Corporate Governance Code, and will continue to improve governance.

Link Website Corporate Governance Report

Corporate Governance Framework



System KDDI

Corporate Governance Promotion Framework

KDDI considers strengthening corporate governance to be one of the most vital issues in terms of enhancing corporate value for shareholders and all other stockholders, and is working to improve management efficiency and transparency.

KDDI is currently a company with a board of auditors, and in order to properly manage business execution, an executive officer system was introduced to assign authority, clarify responsibilities, and ensure that operations are conducted effectively and efficiently. We are also working to systemize internal decision-making flow with a view to ensuring timely management decisions. There are 14 directors (13 male, 1 female), including 5 outside directors, 3 of whom are independent directors. There are 5 auditors (all male), including 3 outside auditors, and all outside auditors are appointed as independent directors.

Criteria for Independence of Outside Directors/Auditors

In addition to the outside directors/auditors requirements in the Companies Act and the independence standards provided by the Tokyo Stock Exchange, Inc., the Company has formulated its own standards. Specifically, these standards state that people belong to business partners making up 1% or more of the Company's consolidated net sales or orders placed are not independent.

System KDDI

Directors and Board of Directors

The Board of Directors is composed of both internal and outside

Corporate Governance

Directors, who determine important legal matters as stipulated by laws and regulations based on the Board of Directors Rules and agenda standards. In addition, the Board of Directors oversees the competent execution of business duties by the Directors themselves. The board also has the authority to assign and dismiss executive officers.

Board of Directors FY2016 Meetings

Number of meetings held		12
Director attendance rate		98.4%
	Number of outside directors	96.6%
Auditor attendance rate		98.8%
	Number of outside auditors	98.3%

■ Evaluation of the Board of Directors' Effectiveness

<Purpose of Conducting>

The Company conducts a self-evaluation of the Board of Directors regularly every year in order to correctly understand the situation of the Board of Directors and promote its consecutive improvement.

<Process of Evaluation>

The Company confirms the effectiveness of the Board of Directors based on evaluation by all of the directors and Audit & Supervisory Board members. The evaluation takes the form of a questionnaire and aims to verify the effectiveness of the board's initiatives and discover where improvements can be made from two perspectives, quantitative evaluation and qualitative evaluation, through a combination of four-grade evaluation and free writing.

The evaluation covers the most recent one-year period and is conducted annually. The results of the evaluation are reported to the Board of Directors and future measures are considered.

The main evaluation items are as follows.

- Operation of the Board of Directors (composition of members, documents and explanations, provision of information, etc.)
- Supervision of Executives (conflict of interest, risk management, management of subsidiaries, etc.)
- Medium- and long-term discussions (review of medium-term business planning, monitoring of plan enforcement, etc.)

<Evaluation Results>

[Summary]

The Company's Board of Directors is composed of Directors and Audit & Supervisory Board Members that have diverse viewpoints, is well regarded for the free and open discussion that takes place in an environment where it is easy for outside officers to make the most of their individual specialties, and, in regard to timely and appropriate decision making and the supervision of executives, received a positive evaluation stating that the Company's Board of Directors is functioning effectively.

[Improvements since Previous Evaluation]

It was confirmed that matters that were pointed out as issues in the previous evaluation had improved such as providing opportunities for the outside directors to meet with responsible persons from each business division to familiarize with our business and strategies, all documents for the Board of Directors meeting being distributed beforehand, and questions being accepted prior to deliberation and incorporated into explanations from the Board of Directors.

Medium- and long-term business strategies are debated in depth, and discussions with the participation of outside directors are conducted from the stage of formulation of medium-term management plans.

[Future Issues]

We have received opinions that it would be desirable to further expand discussion of strategies aimed at sustainable growth, such as the long-term outlook for the business environment and policies on meeting the changing environment.

Based on these suggestions, we will continue to work for consecutive improvement.

Link Website The 33rd Annual General Meeting of Shareholders Noticea

System KDDI

Corporate Management Committee

The Corporate Management Committee is composed of inside directors and executive officers. It holds discussions and makes decisions about Board of Director matters and important items concerning the execution of operation.

System KDDI

Auditors and the Audit & Supervisory Board (Auditing Office)

The KDDI Audit & Supervisory Board is composed of 5 members, including 3 independent outside auditors. It designs policies and execution plans for auditing, as well as making decisions about important items concerning auditing operations. Outside auditors who have abundant experience and a wide range of comprehension are assigned for their ability to actualize total management observation and more accurate audits from a position independent of the directors.

Corporate Governance

Auditors attend meetings of the Board of Directors, as well as other important internal meetings. The directors and the Internal Audit Division provide, in an appropriate and timely manner, all data necessary to the execution of auditors' duties, they also exchange opinions, and collaborate with auditors. The auditors also periodically listen to reports from the accounting auditor on the annual accounting audit plan, as well as on the progress and the results of accounting audits. They also make recommendations and exchanges of opinion as necessary. There is an Auditing Office established to support auditors' duties, and the personnel employed there consider the auditors' opinions when securing suitable staff.

• Audit & Supervisory Board FY2016 Meetings: 12

Internal Audits

An Audit Division was established in the Risk Management Headquarters, which is under the direct control of the president. It holds internal audits of overall KDDI Group operations in accordance with important risks revealed through risk management activities. Internal audit results are reported to the president and auditors with suggestions for improvements and revisions of issues. 17 internal audits total were held in FY2016, and we are working toward risk prevention.

System KDDI

Nomination Advisory Committee and Remuneration Advisory Committee

To ensure the transparency and fairness of systems and levels of director and auditor nomination and executive remuneration, KDDI has established a Nomination Advisory Committee and a Remuneration Advisory Committee to conduct deliberations and provide advice to the Board of Directors in accordance with the requests thereof. The chairman, vice-chairman, and more than half of the members of these committees are outside directors.

<Nomination Advisory Committee composition>

Chairman: Nobuyori Kodaira (Outside Director)
Vice Chairman: Goro Yamaguchi (Outside Director)
Member of Committee: Shinji Fukukawa (Outside Director),
Kuniko Tanabe (Outside Director),
Yoshiaki Nemoto (Outside Director),
Tadashi Onodera, Takashi Tanaka

<Remuneration Advisory Committee composition>

Chairman: Goro Yamaguchi (Outside Director)
Vice Chairman: Nobuyori Kodaira (Outside Director)
Member of Committee: Shinji Fukukawa (Independent/Outside Director),
Kuniko Tanabe (Independent/Outside Director),
Yoshiaki Nemoto (Independent/Outside Director),
Tadashi Onodera, Takashi Tanaka

<Meetings (FY2016)>

Nomination Advisory Committee Meetings	1
Remuneration Advisory Committee Meetings	1

System KDDI

Other Committees

The Business Ethics Committee was established as a decision making body for compliance related items, and the Disclosure Committee was established as a deliberative body for releasing information. Additionally, the CSR Committee was established as a deliberative body for items related to CSR and environment sustainability. The management of each group company is connected by various systems, and we are working to strengthen the governance of the whole KDDI Group.

Link Page_09 CSR Promotion Framework

Corporate Governance

System KDDI

Items Related to Organizational Structure and Operation

Organizational form	Company with board of auditors
Number of independent auditors	6 (including 1 female)
Items Related to Directors	
Number of directors in Articles of Incorporation	20
Tenure period of directors in Articles of Incorporation	1 year
Presiding officer of Board of Directors	Chairman (non-business executive officer, president, and chairman are separate posts)
Number of directors	14 (including 1 female)
Selection process for outside directors	Appointed
Number of outside directors	5 (including 1 female)
Number of outside directors designated as independent directors	3 (including 1 female)
Items Related to Auditors	
Number of auditors in Articles of Incorporation	5
Number of auditors	5 (all male)
Selection process for outside auditors	Appointed
Number of outside auditors	3 (all male)
Number of outside auditors designated as independent auditors	3 (all male)
Other	
Existence of anti-takeover measure	None

Policy and System KDDI

Policies for Determining Remuneration for Directors and Audit & Supervisory Board Members

Remuneration for directors consists of fixed-amount salaries and performance-linked executive bonuses and stock remuneration provided that they are responsible for improving business results every fiscal year, as well as medium- to long-term corporate value. Fixed-amount salaries are based on such factors as directors' professional ranking and the management environment. Position-based reference values are set at a reasonable level by an external specialized organization after investigation and validation. Executive bonuses and stock remuneration paid are based on the KDDI Group's level of achievement of its targets for consolidated operating revenue, operating income, and profit for the year, as well as achievement of the KPI, such as the number of subscribers and cancellation rates for each fiscal year.

Remuneration of Audit & Supervisory Board members is decided by consensus of the members of Audit & Supervisory Board. These members receive fixed-amount salaries that is not affected by fluctuations in the Company's operating performance.

System KDDI

Director Renumeration Decision Process

To ensure the transparency and fairness of executive remuneration systems and levels, KDDI has established a Remuneration Advisory Committee to conduct deliberations and provide advice to the Board of Directors in accordance with the request thereof. The chair, vice-chair and half or more of the members of this committee are outside directors.

The total remuneration of President Takashi Tanaka in FY2016 was 123 million yen, a ratio of 12.9:1 compared to each individual employee.

System KDDI

Status of Implementing Incentive Measures for Directors

Performance-Based Bonuses

To clarify directors' management responsibilities and enhance incentives for business improvement, at the 27th Annual Shareholders Meeting on June 16, 2011, a system was introduced to link executive bonuses from fiscal 2011 to the business results of the KDDI Group within 0.1% of consolidated net income during the applicable fiscal year.

Performance-Based Stock Remuneration (BIP)

Introduction of a performance-linked stock remuneration system was approved at the 31st Annual General Meeting of Shareholders held on June 17, 2015, and the system commenced on September 1, 2015. The percentage of performance-linked remuneration increased as a result.

Stock Options

A stock option system for up to 40 million yen per year was introduced at the 22nd Annual Meeting of Shareholders held on June 15, 2006, with the aim of enhancing incentives for executing duties and improving business results. However, stock acquisition rights have not been allotted under this system since FY2010.

Corporate Governance

Policy and System — KDDI

Policies for Nominating Director and Auditor Candidates

The nomination of Director and Audit & Supervisory Board member candidates involves deliberation by the Nomination Advisory Committee following a selection of candidates based on the below-stated policy. In addition, candidates for Audit & Supervisory Board member are approved by the Board of Directors following approval by the Audit & Supervisory Board.

Candidates for Director

The Company believes that the overall Board of Directors should include members with advanced specialized knowledge and diverse perspectives when making decisions including matters that are important from a management perspective and matters that legally require supervision. Accordingly, in principle the board includes the following members.

- People with specialized knowledge and experience in various fields of business
- People who have possess management knowledge
- People who are highly independent and have specialized knowledge appropriate to a supervisor

Candidates for Audit & Supervisory Board Member

People who are able to supervise overall management from a perspective independent from directors and who have the extensive experience and broad-ranging insight to enhance audit appropriateness.

Policy — KDDI

Diversity of Directors

KDDI considers taking on diverse human resources and utilizing their various knowledge, experiences, and skills to be an important driver of growth toward transforming into a “Life Design Company”. KDDI believes that ensuring diversity in the Board of Directors can lead to better business judgment. By ensuring human resources with specialized knowledge and experiences in various fields with regards to management, regardless of gender, age, and nationality, and by incorporating various viewpoints into the decision-making of the Board of Directors, we are going even further toward our transformation into a “Life Design Company”.

Remuneration for Directors and Audit & Supervisory Board Members (FY2016)

Executive Classification		Total Remuneration (Millions of yen)	Employees (Number of people)	Total Remuneration by Type (Millions of yen)		
				Flat-rate Remuneration	Bonus	Stock remuneration
Directors	Outside Directors	68	5	68	—	—
	Directors not listed above	640	11	392	137	110
	Total	708	16	460	137	110
Audit & Supervisory Board Members	Outside Audit & Supervisory Board Members	48	6	48	—	—
	Auditors not listed above	51	3	51	—	—
	Total	99	9	99	—	—

* Takashi Tanaka, the president, receives a total remuneration of ¥123 million (basic salary ¥78 million, bonus ¥25 million, stock remuneration ¥20 million). No other director receives remuneration in excess of ¥100 million.
* Flat-rate remuneration of directors is limited to a maximum total of ¥50 million per month.

Policy — KDDI

Policies on Transaction between Related Parties

In accordance with the Companies Act, the Company requires competitive or conflict-of-interest transactions by directors to be approved by and reported to the Board of Directors.

Individual transactions with major shareholders are conducted in accordance with one of the basic principles of the “KDDI Code of Business Conduct,” specifically, “IX. Appropriate Accounting and Adherence to Agreements.” In line with this principle, such transactions are decided upon in the same manner as other transactions, through internal requests for decision, rather than by setting special standards. In addition, internal requests for decision are checked by Audit & Supervisory Board members.

Directors of Kyocera Corporation and Toyota Motor Corporation, which are major shareholders of the Company, serve as outside directors of the Company. Accordingly, we strike a balance between comprehensive approval by and report to the Board of Directors, and internal requests for decisions on individual transactions.

Corporate Governance

System KDDI

Initiatives for Vitalizing the General Meeting of Shareholders and Smoothing the Exercise of Voting Rights

Measure	Content
Early issue of General Meeting of Shareholders announcements	Announcements are issued around one week before the stipulated day. Prior to that, an announcement is posted on the KDDI website
Scheduling the General Meeting of Shareholders to avoid days when many other companies hold their shareholders' meetings	Efforts are made to avoid days when many other companies hold their shareholders' meetings
Electronic voting methods	Shareholders can exercise their voting rights via an Internet voting site
Participating in an electronic voting platform	Joined electronic voting platform provided by Investor Communications Japan (ICJ)
English-language version of convocation announcement (summary)	English-language text of convocation announcements are provided via the KDDI website, internet voting site and voting platform. Business reports are also provided in English
Other	Announcements can be viewed via smartphone. In addition, to encourage the participation of more shareholders in the General Meeting of Shareholders, KDDI provides sign language interpretation at the venue Videos of the General Meeting of Shareholders can be freely viewed on demand with sign language interpretation, via the KDDI website.

Link Website Corporate Governance Report

Link Website The 33rd Annual General Meeting of Shareholders Notice

Policy KDDI

Discussions with Shareholders

The Company considers our shareholders and investors to be important stakeholders who fully understand and strongly support its ongoing business. Accordingly, we make the building of trust-based relationships with shareholders and investors a management priority and strive for value-oriented corporate management, active information disclosure, and enhanced communication.

FY2016 Result

- Financial Results Briefing for Analysts and Institutional Investors: 4 times per year (held along with the quarterly financial disclosure)
- International roadshow: 14 times total (including participation in 4 stock company sponsored conferences)
- Interviews with international and domestic investors: Over 900 times total
- Briefing for individual investors: 65 times total in 26 cities throughout Japan (Number of investors participating: over 3,000 total)
- Questionnaire in shareholders' bulletin and reporting the results
- Events for shareholders: 2 times per year

System KDDI

Outside Director Support System

Board of Directors meeting dates and agenda items are provided in advance to outside directors and outside Audit & Supervisory Board members. In addition, agenda materials are distributed ahead of time to foster understanding of the items in question and invigorate deliberations at Board of Directors meetings.

In addition, the Company is working to make deliberations more substantial by accepting questions in advance and providing more extensive explanations at Board of Directors meetings based on such questions.

Furthermore, the Company is working to invigorate deliberations in Board of Directors meetings by providing opportunities for outside directors and outside Audit & Supervisory Board members to undergo training by responsible persons in each field concerning industry trends, an overview of the Company's organization and its various businesses and technologies and future strategies, and improve their understanding of the Company.

On April 1, 2006, the Company established the Auditing Office to support Audit & Supervisory Board members, including outside members.

Corporate Governance

Activity and Results

KDDI

Major Activities of Outside Directors and Outside Audit & Supervisory Board Members

Outside Directors Resigned

Name	Reason for selection as an outside director of the Company (if designated as an independent director, reason for this designation)	Principal activities in FY2016
Tetsuo Kuba	Mr. Kuba was appointed because of the extensive experience and outstanding insight as a director of listed companies that he puts to excellent use in supervising the Company's business activities and decision-making process.	Attended 11 of 12 meetings of the Board of Directors

Outside Directors

Name	Reason for selection as an outside director of the Company (if designated as an independent director, reason for this designation)	Principal activities in FY2016
Goro Yamaguchi	Mr. Yamaguchi has abundant management experience and superior knowledge gained in his role as representative director and president of one of the world's leading manufacturers of electronic components and equipment. We wish to leverage his wideranging opinions, taking a medium- to long-term perspective, to contribute to the enhancement of the Company's corporate value, primarily in the area of IoT, which the Company will be pursuing going forward. Accordingly, he has been appointed as a director.	(Newly appointed)
Nobuyori Kodaira	Mr. Kodaira has abundant corporate management experience and superior knowledge gained in his role as an executive at one of the world's leading automobile manufacturers, and as its global Chief Risk Officer. In the Board of Directors meetings, he has offered many wide-ranging opinions with regard to the Company's management on strategy and risk management, taking a medium- to long-term perspective, and taking our future competitive environment into consideration. We wish to continue benefitting from his contributions to the enhancement of the Company's corporate value. Accordingly, he has been appointed a director.	Attended 11 of 12 meetings of the Board of Directors
Shinji Fukukawa (Independent director)	Mr. Fukukawa has abundant experience and superior knowledge he has gained from many years of practical experience in the public sphere and involvement in the execution of business at various organizations. In the Board of Directors meetings, he has offered many wide-ranging opinions from an independent position from the management team with regard to the Company's management, based on changes in economic and social trends, and taking a medium- to long-term perspective. We wish to continue benefitting from his contributions to the enhancement of the Company's corporate value. Accordingly, he has again been appointed a director. Moreover, with this background, we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has been appointed as an independent director.	Attended 12 of 12 meetings of the Board of Directors
Kuniko Tanabe (Independent director)	Ms. Tanabe has abundant experience and superior expert insight, cultivated as the partner at a law office. In the Board of Directors meetings, she has offered many expert opinions from an independent position from the management team regarding legal risk management, taking a medium- to long-term perspective. We wish to continue benefitting from her contributions to the enhancement of the Company's corporate value. Accordingly, she has again been appointed a director. Moreover, with this background, we judge there to be no risk of a conflict of interest with general shareholders and accordingly she has been appointed as an independent director.	Attended 12 of 12 meetings of the Board of Directors
Yoshiaki Nemoto (Independent director)	Mr. Nemoto has a high level of knowledge in information processing, communications and network engineering, which is directly relevant to the business of the Company, as well as a deep understanding of disaster prevention that is valuable for the operation of our business. In the Board of Directors meetings, he has offered many expert opinions from an independent position from the management team regarding operational policy as an information communications operator providing social infrastructure, taking a medium- to long-term perspective. We wish to continue benefitting from his contributions to the enhancement of the Company's corporate value. Accordingly, he has again been appointed a director. Moreover, with this background, we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has been appointed as an independent director.	Attended 10 of 10 meetings of the Board of Directors*

* Mr. Yoshiaki Nemoto attended the 32nd Annual General Meeting of Shareholders when he was appointed as a new director. The attendance was counted after the appointment.

Corporate Governance

Outside Audit & Supervisory Board Members

Name	Reason for selection as an outside director of the Company (if designated as an independent director, reason for this designation)	Principal activities in FY2016*
Akira Yamashita (Independent auditor)	Mr. Yamashita has cultivated abundant experience and knowledge gained from many years of practical experience in the public sphere and involvement in the execution of business at various organizations. From the perspective of leveraging this knowledge and experience to monitor general management and to engage in appropriate audit activities, he has been appointed as an Audit & Supervisory Board member. Furthermore, with his background, we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has been appointed as an independent auditor.	Attended 10 of 10 meetings of the Board of Directors and 10 of 10 meetings of the Audit & Supervisory Board
Kakuji Takano (Independent auditor)	Mr. Takano has abundant experience as a Certified Public Accountant, as the representative of an accountancy firm and as an auditor for other companies, in addition to which he has cultivated extensive experience and knowledge in the execution of business at various organizations. From the perspective of leveraging this primarily accounting-related knowledge and experience to monitor general management and to engage in appropriate audit activities, he has been appointed as an Audit & Supervisory Board member. Furthermore, with his background, we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has been appointed as an independent auditor.	Attended 10 of 10 meetings of the Board of Directors and 10 of 10 meetings of the Audit & Supervisory Board
Nobuaki Katoh (Independent auditor)	Mr. Katoh has abundant experience as a director of listed companies, and has extensive experience and knowledge as an auditor and through execution of business at various organizations. From the perspective of leveraging this knowledge and experience to monitor general management and to engage in appropriate audit activities, he has been appointed as an Audit & Supervisory Board member. Furthermore, with his background, we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has been appointed as an independent auditor.	Attended 9 of 10 meetings of the Board of Directors and 9 of 10 meetings of the Audit & Supervisory Board

* Mr. Akira Yamashita, Mr. Kakuji Takano, and Mr. Nobuaki Katoh attended the 32nd Annual General Meeting of Shareholders when they were appointed as new auditors. The attendance was counted after the appointment.

Corporate Governance

Policy KDDI Group

KDDI's Approach (Compliance)

We recognize that in order to complete corporate activities to fulfill our social responsibilities, both legal compliance and the infusion of general awareness are issues that make up our corporate management.

As a global corporation, we continue to expand on the compliance system common to our whole group.

Policy KDDI

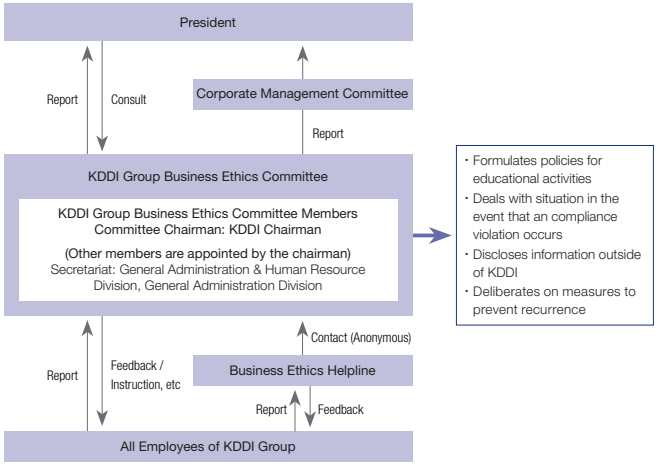
Compliance Promotion System of the KDDI Group

KDDI created the KDDI Code of Business Conduct for our employees to be aware of compliance and act ethically, and publish it to the Internet so that employees can check it whenever they are unsure of their actions, ensuring it is well-known and followed completely.

The KDDI Business Ethics Committee was established as a decision making body for KDDI Group compliance related items. The KDDI Business Ethics Committee Chairman is also the chairman of KDDI, who is not an executive director. The committee is composed of regular committee members, as well as those assigned by the chairman as necessary. They hold meetings once every half-year, and in addition to assessing the conditions of each company, the committee builds compliance systems, also providing support for strengthening said systems.

In addition, the KDDI Business Ethics Committee formulates policies for educational activities. 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. Report on the activity of the Committee is made available to all employees via the intranet.

Compliance Promotion System of the KDDI Group



Activity and Results KDDI Group

Compliance Education and Training

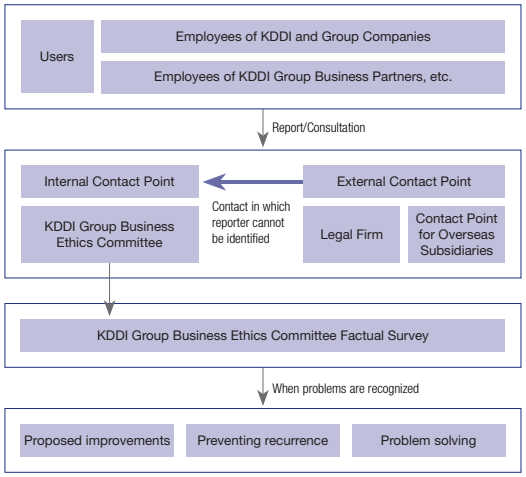
KDDI believes that fostering a dynamic communication environment within the company is an essential prerequisite for further improving employee awareness of compliance. In FY2016, KDDI continued to hold study sessions for sector managers, all employees, and division managers, in an effort to spread the KDDI Group Philosophy. In addition, as part of the effort to more quickly respond to violations and perform analysis and prevention, seminars on violation-related issues were offered to supervisors and group leaders, and ongoing training continues to be provided to all employees to raises awareness about compliance as well. All employees also receive compliance related lecture e-mails every month. In addition, we implement training for group company executives that aims to cultivate a management mindset, prevent illegal findings, acquire legal knowledge, and acquire accounting knowledge.

System KDDI Group

Regulations for Internal Reporting Process (Business Ethics Helpline)

KDDI established the Business Ethics Helpline in 2006 to serve as a contact point for all employees of KDDI, KDDI Group companies, and business partners who have questions or concerns about business ethics and legal compliance. The helpline can receive reports through an internal contact point or an external contact point established in collaboration with external experts. (Reports can be received by email, telephone, or letter, in several languages). Furthermore, we have established internal regulations in response to the Whistle-

Business Ethics Helpline Flowchart



Corporate Governance

Blower Protection Act, enacted in Japan in April 2006, and have made it possible to make reports anonymously. We actively conduct educational activities on how to use the helpline. In 2016, we received 156 reports and inquiries. A breakdown of the reports and inquiries includes reports of sexual harassment and power harassment and employment related inquiries, but there were no reports of major issues involving punishment of personnel or external announcement among them.

Issues reported to the helpline are dealt with primarily by the KDDI Group Business Ethics Committee which, while mindful of privacy protections, will conduct an internal investigation when necessary. If problems are discovered as a result, they are promptly reported to the members of the committee, other members of management, and the Audit & Supervisory Board members, and corrective action is taken along with measures to prevent a recurrence.

Link Page_75 Edification Activities for Employees

Policy KDDI Group

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 specifically defines the code of conduct to be followed 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.

System KDDI Group

Anti-Corruption Practices

To prevent corrupt practices, the KDDI Code of Business Conduct defines the principles of promoting fair business activities and conscientiously performing duties, and prohibits activities such as bribing politicians, public officials, or other persons in public positions, along with other similar types of corruption.

In addition to establishing certain standards of behavior, such as maintaining a sound and proper relationship with politics and administration and avoiding any behavior that could be seen as collusive, as well as avoiding the exchange of gifts and entertainment with business counterparts, KDDI is committed to communicating these standards to all employees, through training and other activities.

KDDI also urges business partners to comply with the KDDI Guidelines for CSR in Supply Chain, which defines rules for prohibition of corruption, bribery, abuse of power, and giving or receiving illicit funds.

In FY2016, KDDI made political donations totaling 6 million yen in Japan, and there were no cases of legal action against KDDI related to corruption or bribery.

Policy KDDI Group

Preventing Anti-Competitive Behavior

The KDDI Code of Business Conduct defines rules that prohibit anti-competitive behavior, and KDDI makes efforts to ensure that all employees comply with anti-competitive regulations. In addition, through the KDDI Guidelines for CSR in Supply Chain, business partners are urged to refrain from engaging in any activities that inhibit the fairness, transparency, or freedom of competition.

The Fair Trade Commission and Ministry of Internal Affairs and Communications established the Guidelines on Promoting Competition in the Telecommunications Field to promote fair and free competition in the telecommunications field. In providing services, KDDI checks that there are no conflicts with the Antimonopoly Act or the Telecommunications Business Law with regards to related departments in accordance with these guidelines.

Furthermore, the Ministry of Internal Affairs and Communications established the Guidelines on Optimizing Smartphone Purchase Support in April 2016, and the Fair Trade Commission released their thoughts about competition policy issues in the mobile phone market in August 2016.

KDDI fully adheres to these related regulations, and continues to work toward appropriate operation of services.

Policy and System KDDI Group

Responsible Tax Practice

The KDDI Group pursues the enhancement of customer satisfaction and profit and also strives to fulfill its corporate responsibility by maintaining and enhancing its international tax compliance. Specifically, we comply with international rules and tax related laws and regulations in each country and region, and pay tax appropriately.

In FY2016, KDDI paid 253,282 million yen in adjusted corporate income tax, at a taxation rate of 28.3% against income before income tax.

As KDDI Group businesses become increasingly multinational and increase the amount of international transactions, KDDI's top management is working to promote a tax strategy that properly recognizes international tax risk and regards it as an important issue that is directly linked to management. In addition, KDDI strives

Corporate Governance

to promote and improve tax governance through activities such as employee education and providing technical tax support from external specialists.

Efforts to Establish Favorable Relations with Tax Authorities

In an effort to reduce tax risk, KDDI strives to establish a relationship of trust with tax authorities in each country by improving transparency through the timely submission of appropriate tax information. We also make an effort to reduce tax risk by allowing tax authorities to check the information before it is submitted, as required.

Efforts to Prevent Tax Avoidance

In accordance with various Base Erosion and Profit Shifting (BEPS) action plans presented by OECD (Organisation for Economic Co-operation and Development), KDDI is conducting activities to support the revision of tax regulations toward BEPS compliance in Japan and other countries, and working to match the locations of economic activity and value creation with the appropriate tax jurisdictions to ensure proper taxation. KDDI also prevents transfer of sources of tax revenue to tax free or low tax rate countries and regions (so called "tax havens") with the purpose of excessive tax avoidance, and works to make proper tax payments in accordance with each country's tax system.

Policy | KDDI Group

KDDI's Approach (Ideas on Risk Management and Internal Control)

In the constantly changing conditions of the business environment surrounding KDDI, the risks the company encounters are becoming more complicated and diverse.

KDDI defines events and factors that negatively influence business objectives as "risks", and considers strengthening risk management an important business challenge. In order to continue our business and fulfill our responsibilities to society, we promote risk management activities throughout the whole KDDI Group.

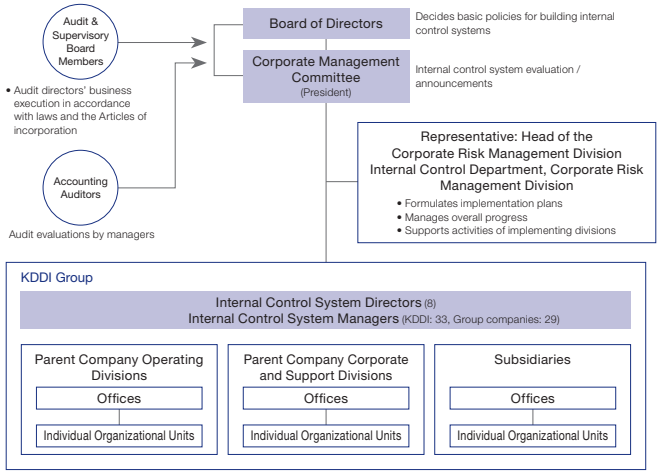
System | KDDI Group

KDDI's Risk Management and Internal Control Promotion

KDDI has established a system to centralize the management of risks, which it defines as factors that have the potential to block the achievement of management objectives. The Corporate Risk Management Division, led by a general manager of the Corporate Risk Management Division, is the core of this system.

Furthermore, KDDI is working to promote risk management throughout the KDDI Group, including subsidiaries, in order to realize continuous growth therein. We have appointed 33 Internal Control System Managers and Group companies have appointed 29, as well as 8 Internal Control System Directors to oversee their activities. We promote operational quality enhancement activities to realize the maintenance and operations of our internal control system and our risk management activities, as well as a corporate constitution that prevents risks from materializing.

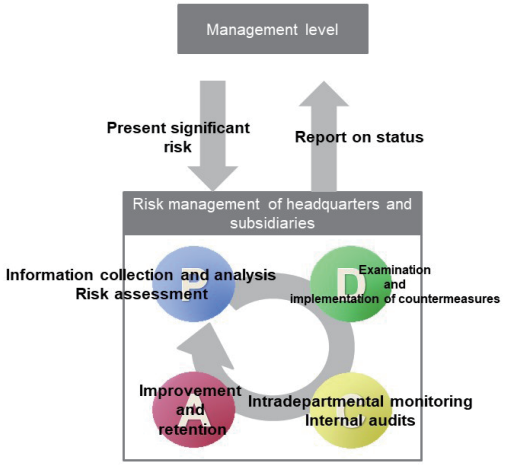
Internal Control Systems



System | KDDI

Risk Management Activity Cycle

In order to prevent danger to the company, KDDI considers it important to assess signs of danger and discuss measures of prevention before the situation worsens. This forms the basis to build the risk management activity PDCA cycle. We also maintain a system that respond properly when mitigation risk and detection risk are found.



Corporate Governance

Activity — KDDI

Risk Identifying Process

KDDI regularly examines risk information, defining risks as items that negatively influence company business seriously over a long-term, and discuss measures to reduce these risks as much as possible. In order to reliably achieve our business goals, in 2016, we selected 24 significant risks based on issues that manifested in the past and changes in the business environment, and held an internal audit based around risk prediction, reduction of significant risks, as well as risk approach. In addition to increasingly sophisticated cyber attacks, we also determine challenges accompanying the expansion of the business regions of food and commodity sales, financial products and accounts, and energy business which relate to the change from a global business and telecommunications company into a “Life Design Company” as risks to be newly considered. These significant risks also reflect on business risks that are revealed in the Securities Report based on their relationships to financial influences.

At the same time as investigating and managing the details of inventoried risks with the Risk Management Division at the core, the directors and employees of all divisions actively work toward the reduction of risks in the KDDI Group in accordance with internal regulations.

Link Website Securities Report / Internal Control Report (Japanese)

Policy — KDDI Group

Basic Policy for Constructing an Internal Control System

Based on the provisions of Article 362, Paragraph 5 of the Companies Act, KDDI passed the Basic Policy for Constructing an Internal Control System at a meeting of the Board of Directors and issued a public announcement. KDDI aims to ensure fair, transparent and efficient execution of its corporate duties and to maintain an effective system for internal controls.

Link Website Corporate Governance Report
(p.21 Basic Views on the Internal Control System and Progress of System Development)

Activity and Results — KDDI Group

Initiatives in Response to the Internal Control Reporting System

In response to the Internal control reporting system based on the Financial Instruments and Exchange Law implemented in FY2008, KDDI established internal control systems at KDDI and major Group subsidiaries in Japan and overseas, and conducted evaluations of its internal controls to ensure reliability in its financial reporting. The results of these evaluations were compiled in an internal controls report, which was submitted to the Japanese Prime Minister in June 2017, as well as disclosed to investors.

Link Website Securities Report / Internal Control Report (Japanese)

System and Infusion — KDDI

Activities to Enhance Operational Quality

KDDI considers its initiatives in response to the internal control reporting system to be part of its ongoing effort to improve overall corporate quality. The Internal Control Department, established as part of the response to this system, acts as the managing authority for the entire Company’s internal control efforts, and Internal Control System Managers take the role of facilitators in each division and work to improve overall corporate quality by enhancing operational efficiency and providing standardization, while at the same time raising the quality of operations and expanding added value.

Cases of improvement of business operations from these activities are made into a database, and all employees are being prepared to practically improve business operations in their own departments.

Furthermore, to increase each employee’s awareness and motivation to improve operations, KDDI has introduced the Operational Quality Improvement Prize to recognize excellent and motivational improvements.

Infusion Activities to Enhance Operational Quality

- E-learning training
- Sharing of email newsletters, as well as messages from executive officers and positive examples in the-house newsletter
- Implementation of Operational Quality Improvement Prize (Once a year)

Corporate Governance

Main Operational Risks

Risk	Risk background	Potential impact on KDDI	KDDI's response
Competitors, rival technologies, and rapid market shifts	・The homogenization of services offered by mobile phone carriers ・The spread of cheap SIM services from MVNOs ・Expansion of business areas to non-telecommunications services ・Changes in institutional aspects, including injustice toward mobile phone carriers and execution of guidelines, based on the Guidelines for Initiatives to Reduce Smartphone Payments and Optimize Device Sales established by the Ministry of Internal Affairs and Communications. ・Support for product defects as a result of expanding the product goods business ・Inability to acquire bandwidths in accordance with the Company's needs ・Increase in competition due to new high-speed wireless data technology ・Reduced revenue from voice call fees due to the expansion of apps with free calling features ・Possibility to reduce connection fees with other telecommunications carriers	Negative impacts on the financial position and operating results of the KDDI Group	・KDDI aims to achieve continuous growth in the telecommunications business in Japan, as well as expand the “au Economic Zone” and actively deploy our business around the globe in an effort to establish new growth pillars.
Communications security and protection of customer privacy	・Internal privacy breaches ・Unauthorized access from external networks	・Any such incident could seriously damage the brand image of the KDDI Group. In addition to a possible loss of customer trust, the Company could also be forced to pay substantial compensation, which could have a negative impact on the financial position and/or earnings performance of the KDDI Group. ・Going forward, the Company may also face higher costs to develop or upgrade communications security and privacy protection systems.	・Establishment of Information Security Committee ・Public release of the Security Policy and Privacy Policy, and maintenance and operation of internal information security regulations ・Acquisition of external authentication (ISMS) in the whole company ・24-hour a day, 365-day a year observation of external attacks by a specialist organization ・In addition to implementing 24 hour a day 365 days a year surveillance of unauthorized access to important systems through a specialist organization, we also conduct periodic vulnerability diagnosis of our public Internet server and resolve any vulnerabilities detected
System failures due to natural disasters and other unforeseen events	・Natural disasters, such as earthquakes, tsunamis, typhoons, or floods, as well as secondary damages from the spread of toxic substances caused by natural disasters ・Spread of infectious disease ・War, terrorism, accidents or other unforeseen events ・Power brownouts or blackouts ・Computer viruses or other forms of cyber-attack, hacking ・Operation system hardware or software failures ・Flaws in communications equipment and services	・The Risk of service outages or interruptions as a result of natural disasters or accidents ・The Risk of service outage as a result of failures in network systems or communications equipment, or substantial billing errors, the discredit to the Group's brand image, reliability, and lower customer satisfaction caused by opportunity loss in provision of products and services due to agent closures and distribution suspension	・Taking steps to improve the reliability of its network and to prevent service outages.
Telecommunications sector regulations and government policies	・Revisions to inter-operator access charge calculation formulae and accounting methods ・Revisions to the specified telecommunications equipment system and the regulations on prohibited activities ・Revisions to systems governing universal service ・New carriers entering the mobile communication market as Mobile Virtual Network Operators (MVNOs) ・Revisions to radio wave usage rules	・In regard to the revision or abolishment of telecommunications laws and regulations, to government policies, it could negatively affect the financial position and/or earnings performance of the KDDI Group. ・Negative influence on the KDDI Group’s brand image and customer trust.	・Taking all appropriate measures to respond to such laws, ordinances, and government policies ・The KDDI Group advocates measures for fair competition with other telecommunications companies through various deliberative council, study groups with the Ministry of Internal Affairs and Communication and by offering opinions through a public comments system

Corporate Governance

Policy KDDI

KDDI's Approach (Initiative in Preparation for Emergencies)

In order to secure telecommunications in times of disaster, KDDI established disaster prevention operation policies as well as countermeasures in preparation for disasters, and has intimate liaison and coordination between related agencies both domestic and international.

System KDDI

Establishment of Disaster-Resistant Communication Environments

KDDI has prepared for emergencies by formulating Business Continuity Plan (BCP) Initiatives following experiences in the Great East Japan Earthquake in order to be capable of providing communication services in the event of natural disasters including earthquakes and floods.

Based on the "Guidelines for Taking Action against an Influenza Pandemic" (February 2009 Council on Countermeasures Related to a New Strain of Influenza and Avian Influenza), we formulated the "Plan for Maintaining Companywide Operations in the Event of an Outbreak of a New Strain of Influenza" to ensure employee health and accurate responses so that we can continue to provide our customers with communications services in the event of an outbreak of a new strain of influenza.

Link Page_22 Recovery Support in Times of Disaster

System KDDI

Providing Disaster Response Services

Flood Monitoring Service Using LPWA

From March 2017, KDDI and MEIDENSHA CORPORATION has been performing demonstration tests of the flood monitoring service using an LPWA network compatible LoRa PoC Kit* with technological support from the Ministry of Land, Infrastructure, Transport and Tourism to inspect use of the Low Power Wide Area (referred to below as LPWA) network, a IoT communication technology in the disaster prevention perspective.

This demonstration test monitors flooding in levees using sensors installed on manholes. By enhancing regional flood monitoring and refining disaster prevention information, we believe we will be capable of providing local residents with accurate information that will aid in swift evacuation during floods.

* An inspection kit for corporate customers composed of a system developed by SORACOM, INC. and KDDI's IoT circuit service "KDDI IoT Connect Air". PoC is an abbreviation of Proof Of Concept and indicates the inspection test

Disaster Countermeasure Training Drill Solutions through VR (Virtual Reality)

KDDI, in collaboration with West Japan Railway Company (referred to below as JR-West), jointly developed the "Disaster Countermeasure Training Drill Solutions Through VR (Virtual Reality)" in February 2017, and from April of the same year, it is gradually being introduced in the Wakayama branch of JR-West.

This solution serves as a disaster countermeasure training drill for disasters such as tsunamis, etc. using VR equipment and live-action VR video content for operators of railroad corporations, and is the first example of commercialization in Japan*. Train operators can verify route information related to estimated flood depth and evacuation guidance, go through operation training assuming emergencies, and go through simulated experiences of tsunami occurrences using actual images of routes they routinely operate on. We believe that encouraging optimal action by cultivating operator judgment during emergencies will lead to the safety and security of commuters.

* As of February 15, 2017, researched by KDDI

Corporate Governance

Other services

Service name	Content
au Disaster Countermeasures App	An app that combines a variety of services that can be used when a disaster occurs, including the "Disaster Message Board Service", "Emergency Rapid Mail", and "Disaster Voice Messaging Service"
Disaster Message Board Service	A service that allows you to register and verify safety confirmation information during disasters
Emergency Rapid Area Mail	A service which sends evacuation advisories, instructions, etc. including emergency earthquake early warnings, tsunami warnings, and disaster/evacuation information from national and local governments simultaneously to all au mobile phones in the target area. We have started to provide flood information from 2016.
Disaster Voice Messaging Service	A service that conveys "spoken" confirmation of safety through use of the packet communications network in times of disaster
Experimental Service	KDDI offers a service that allows customers to experience the Disaster Message Board Service and Disaster Voice Messaging Service on the 1st and 15th of every month. <Offer Period> ・1st and 15th of every month (0:00-24:00) ・3 days at New Year (12:00 on January 1-24:00 on January 3) ・Disaster Preparedness Week (August 30-September 5) ・Disaster Preparedness and Volunteer Week (January 15-21)

Participation in Nationwide Disaster Response Training

As a designated public institution under the Basic Act on Disaster Countermeasures, KDDI participates in comprehensive disaster response training held by the national and local governments, and as a provider of information communications infrastructure we cooperate with relevant authorities to ensure rapid and effective recovery activities. In Disaster Preparedness Week in 2016, the week that included Disaster Preparedness Day, September 1, we took an active part in disaster response training held by local governments in different areas throughout Japan to increase awareness and knowledge of what to do if a disaster takes place.

Policy — KDDI Group

KDDI's Approach (Information Security)

Recent years have seen many incidents worldwide in which software virus infections caused by cyberattacks have led to leaks of important confidential information, something which has become a major social issue. The KDDI Group considers the personal information it retains for its customers and the business information it retains for its business partners to be extremely important assets that need to be managed with the strictest care.

As a company responsible for providing safe, reliable communications services, KDDI recognizes that the appropriate management of information and the protection of personal information are important management issues. Basic guidelines for ensuring information security are set out in our Security Policy, while guidelines for conduct to ensure the protection of personal information are set forth in our Privacy Policy. These policies are disclosed both internally and outside the Company, and KDDI has declared that it will work to ensure the trust of its customers and other related parties, and that all of its employees are to comply with these policies.

We also will strive to enlighten our employees on the importance information security and to enhance security measures, as we work to ensure proper information management.

Link Website Security Policy

Link Website Privacy Policy

System — KDDI Group

Information Security Management Framework

To ensure a unified approach to information security for information assets across the Group as a whole, KDDI has established an Information Security Committee chaired by the Executive Director, Technology Sector (Senior Managing Executive Officer, Director). The committee comprises management, along with the heads of sales, technology, and corporate administrative divisions. This creates a structure that can accurately grasp the status of information security management and promptly implement measures to enhance information security at KDDI itself and throughout the Group.

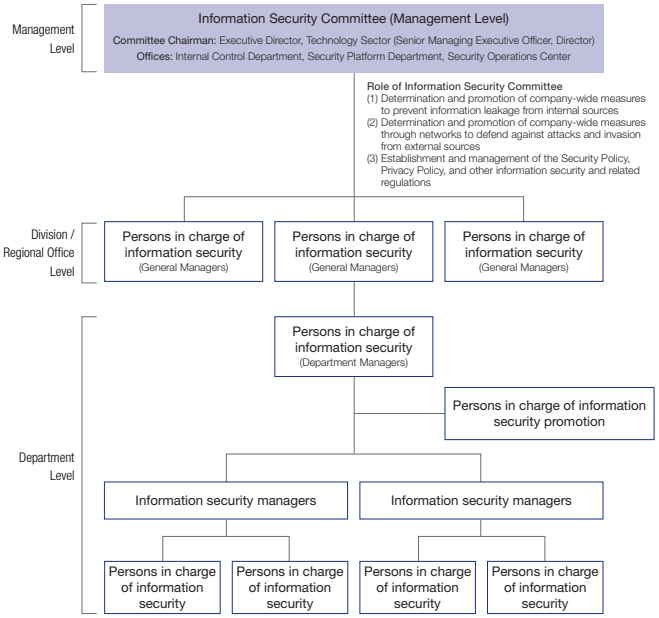
Strengthening Overall Group Information Security

In April 2009, we acquired information security management system (ISMS) certification* (ISO/IEC 27001: 2013) for the entire company. Since then, we have continued to implement measures to improve information security centered on the maintenance of these systems. We established the KDDI Group Information Security Standards in FY2011 for group companies. Based on these standards, we work toward improvement of security levels in group companies, and by regularly inspecting group company security conditions, we are continuously working toward strengthening group-wide security governance.

* 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.

Corporate Governance

Security Management Structure



ISMS Certification at KDDI

Registration Number	Organization	Initial Registration
IS 95253	KDDI CORPORATION [1]	June 07, 2005
IS 76406	KDDI CORPORATION (Operations Division) [2]	July 04, 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.

System and Activity | KDDI

Efforts to Reduce Information Security Risks

KDDI's efforts to reduce information security risk include preventing leaks of customer information and defending itself against cyber-terrorism. Management of all Company information assets starts with the formulation of policy by the Information Security Committee, which is then implemented through the concerted efforts of our officers and employees. The Information Security Committee is part of our corporate governance framework, which manages risk for the Company as a whole.

In FY 2016, we established an Information Security Incident Prevention Enhancement Month as a Company wide initiative with the goal of familiarizing employees with the need to comply with information security rules and ensuring their proper application. Through the implementation of this and other initiatives, we are working to enhance employee awareness.

To stand up against increasingly sophisticated, complex information security threats, KDDI also needs to collaborate with external parties. We are actively involved in cross-industry initiatives related to information security.

<Organizations Involved>

- ICT-ISAC Japan
- Forum of Incident Response and Security Teams (FIRST)
- Nippon CSIRT Association

FY2016 List of Initiatives and Activities for Reducing Information Security Risks

Total information security	・E-learning training ・Educational articles published in the internal newsletter ・Publishing educational articles ・Internal lectures from external instructors in accordance with Cyber Security Month
Prevention of information leakage by SNS	・Establishment of Social Media Policy ・Raising awareness among employees
Prevention of mis-sent emails	・Prohibiting automatic forwarding ・Automatic encryption of attached files in external emails ・Temporarily reserving external emails after sending ・Compulsive bbc of addressees (prevention of email address leakage)
Prevention of targeted emails	・Annual targeted attack email training for employees ・E-learning training

Link Website Social Media Policy (Japanese)

Human Rights

Policy — KDDI Group

KDDI's Approach (Human Rights)

As our value chain spreads on a global scale, we are taking a greater interest in respecting human rights, and in the influence our business has on the international community. KDDI makes efforts to avoid discrimination based on race, creed, gender, social status, religion, nationality, age, sexual orientation, or mental health condition, as well as revising and eliminating labor practices that violate human rights, such as forced labor and child labor. In recent years, we are also conscious of human rights risks characteristic of the ICT industry, including the protection of personal information, privacy violations, and the expected role of the ICT industry in problem-solving, and will continue to fulfill our social responsibility.

System — KDDI Group

Human Rights Initiatives

The KDDI Group considers the International Bill of Human Rights and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work to be the most essential policies with regards to human rights. The KDDI Code of Business Conduct, which serves as a guideline for the behavior of executives and employees, defines our basic principles on maintaining respect for human rights and individual characteristics throughout all our business activities, and we carry out initiatives while consulting the United Nations Guiding Principles on Business and Human Rights. Our KDDI Group Human Rights Policy, established in 2016, declares our efforts to respect international standards such as the Universal Declaration of Human Rights in all group companies, as well as to prevent and reduce negative human rights influences and promote human rights educational activities in all group companies. In addition, the KDDI Guidelines for CSR in Supply Chain defines our prohibitions against forced labor, inhumane treatment, child labor, discrimination, etc., which our business partners are requested to understand and implement.

Link Page_09 Human Rights Subcommittee

Link Website KDDI Code of Business Conduct (Basic Principles)

Link Website KDDI Group Human Rights Policy

Link Website KDDI Guidelines for CSR in Supply Chain (Japanese)

Message from Executive Officer

In addition to the establishment of the United Nations Guiding Principles on Business and Human Rights, the Sustainable Development Goals (SDGs), which proclaim world reform, discuss eliminating human rights differences, and more focus is being placed on corporations' human rights measures.

In response to these social requests, the KDDI Group promotes strengthening efforts toward human rights group-wide and with all business partners in compliance with the KDDI Group Human Rights Policy. We are also making efforts toward raising the empowerment of each and every employee by promoting women's careers as well as continuing general improvement toward LGBT issues both internally and externally.

As a player in the ICT industry, KDDI considers a wide variety of issues related to human rights, ranging from the customer's right to privacy and freedom of expression, to the handling of government requests for customer information in order to perform legitimate law enforcement activities. Based on this policy, KDDI will proactively conduct education activities for employees to promote the understanding of human rights issues in our business activities, while working to address these issues.

Akira Dobashi
Executive Officer, CSR
Environmental Sustainability
General Manager
General Administration &
Human Resources Division

Human Rights

Activity — KDDI Group

Edification Activities for Employees

KDDI and KDDI's domestic group companies conduct awareness education for human rights based on the KDDI Code of Business Conduct. In FY 2016, we performed educational activities such as e-learning about response to LGBT individuals (targeting all employees), distribution of code of conduct email newsletters, and publication of the "Harassment Prevention Guidebook" to the intranet.

KDDI has established a Harassment Counseling Office staffed by third-party professional counselors and an Employee Counseling Center staffed by in-house counselors within the Human Resources Department. We maintain a strict level of confidentiality to ensure that all stakeholders can seek counseling and report harassment without suffering any adverse consequences.

In FY2016, the Human Resources Department received 11 reports of harassment.

Link Page_80 Support for LGBT

Link Page_66 Regulations for Internal Reporting Process (Business Ethics Helpline)

Activity — KDDI

Strengthening Further Efforts in Business and Human Rights

In order to further respond to social expectations for human rights due diligence and other efforts required for global companies, KDDI participates in various initiatives to clarify human rights issues that require response, and this is reflected in the revision of our company's initiatives and discussion of policies.

Business and Human Rights Conference

In September 2016, KDDI participated in the Global Conference on Business and Human Rights organized by Caux Round Table Japan and Institute for Human Rights and Business and Business & Human Rights Resource Centre.

BSR (Business for Social Responsibility)

KDDI has been a member of BSR since 2014, participating in BSR conferences on human rights and other sustainability issues, and we utilize what we gained from exchanging opinions with a diverse range of companies and organizations in promoting our initiatives.

Supply Chain Management

Policy KDDI

KDDI's Approach (Supply Chain Management)

Globalization has advanced in modern business activities, and social issues in various countries worldwide have begun to influence procurement activities.

KDDI believes that strengthening not only the company, other CSR initiatives including supply chain can lead to more sustainable business activities. Due to this belief, KDDI aims to build a partnership system with our business partners in which human rights and safety and health labor issues do not occur, with the goal of further improvement of CSR procurement standards while collaborating with said business partners.

Policy KDDI

KDDI CSR Procurement Policy

In order to fulfill our social responsibility as a general telecommunications carrier responsible for social infrastructure at a higher standard and avoid procurement risk in the supply chain as far as possible, KDDI established the KDDI CSR Procurement Policy in February 2014 and began consolidating our grasp and management of risk in the entire supply chain. The Procurement Policy defines our 7 themes of appropriate supply chain management, including Co-existence and Co-prosperity with Business Partners, Consideration of Global Environment, Considerations for Human Rights and Labor Environment, Fair and Equitable Trade, Fair Management of Information, Ensuring Quality and Safety, and Co-existence with Society.

To provide satisfactory services to our customers and achieve the sustainable development of the company and society together with our business partners, we are extending our demands and support based on this policy to the entire KDDI supply chain. Additionally, KDDI investigates the scale, background, credibility, business conditions, financial conditions, etc. of potential business partners, and if they meet a predetermined standard, we open business with them.

Link Website KDDI CSR Procurement Policy

System KDDI

KDDI Guidelines for CSR in Supply Chain and CSR Procurement Promotion System

KDDI established the KDDI Guidelines for CSR in Supply Chain as a policy for implementing the Procurement Policy and published them on our website in Japanese and English. The guidelines were formulated based on items that are prescribed in the Electronic Industry Citizenship Coalition (EICC) code of conduct and the Supply-Chain CSR Deployment Guidebook published by the Japan Electronics and Information Technology Industries Association (JEITA). The guidelines provide criteria to consider when selecting business partners and procurement items, including factors such as contribution to the environment and society, in addition to quality, price, delivery, and stability of supply.

In addition, to maintain a high sense of ethics in procurement activities, KDDI conducts a variety of compliance training for all employees, including compliance with the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors.

Furthermore, KDDI holds briefings and conducts questionnaires with our leading business partners, with the aim of providing education and support that ensures their understanding of the importance of our CSR procurement activities, and to communicate our situation and present the initiatives we are undertaking. In case of compliance violation committed by business partners, KDDI ask them to identify the causes and request improvement. We provide guidance and support action if necessary. KDDI does not perform transactions with anti-social forces.

Link Website KDDI Guidelines for CSR in Supply Chain (Japanese)

Link Page_103 Promoting Green Procurement

Activity KDDI

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").*

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 not to use conflict minerals.

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

Supply Chain Management

Activity KDDI

Promoting CSR Procurement

CSR Procurement Questionnaire for Business Partners

KDDI has conducted questionnaires in which our leading business partners answer a CSR Procurement Check Sheet since FY2014.

The questionnaire is based on the Supply-Chain CSR Deployment Guidebook (Check Sheet) published by JEITA. It consists of 130 questions deemed pertinent to KDDI, related to the seven themes of human rights and labor, safety and health, environment, fair trade and ethics, quality and safety, information security, and contribution to society. In FY2016, the questionnaire was provided to our key business partners representing approximately the top 90% of the total value of orders, and we received a response from nearly 100% of them.

When confirmation of our business partners was required, detailed hearings were held separately.

As a result, it was confirmed that there were no issues in FY2016. Apart from these CSR procurement questionnaire results, visitation hearings of two companies were held with the objective of deepening exchange of opinions and collaborative relationships of CSR procurement.

Inspections of Industrial Waste Management Consigned Companies

Using the KDDI Industrial Waste Management Guidelines, KDDI holds regular inspections of the industrial waste management companies that we have consigned to dispose of our industrial waste. The inspection includes financial information, systems, and operation conditions, and will be held together with the CSR procurement questionnaire in FY2017. After the inspection, we give feedback, including improved items, and when revision is necessary, we create and action plan and request response.

Inspections of Mobile Phone Disassembly Consigned Companies

Once a year, KDDI holds on-site checks of industrial waste companies that perform mobile phone disassembly. In FY2016, we conducted inspections of five workplaces in Tokyo, Kanagawa, and Osaka, with a focus on workshop and storage site security. We give feedback to the consigned companies based on the inspection results. When revision is necessary, we create an action plan and request response, working together to discuss methods of improvement.

Policy and System KDDI

Capacity Building

Enhancing Procurement Skills and Improvement of Purchasing Skills

In order to realize fair business dealings and sustainable procurement, KDDI is promoting initiatives to improve our various procurement and purchasing skills.

Target	Initiative Details
All employees	Educational activities on various compliances, including compliance with the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors
Procurement employees	・Training program for newly appointed purchasing managers ・Compliance training for purchasing managers ・Recommendation to pass the grade B exam for Certified Procurement Professional

Support for au Shops

At au shops and other distributors, customers have the opportunity to encounter au in person. KDDI considers improving the service levels of these distributors, especially au shops, are particularly important to provide positive customer experiences and maximize customer satisfaction. Therefore, we continue to provide support for them to improve these skills.

KDDI believes that training au shop staff is an essential element in improving the services of all distributors. We encourage the staff to learn efficiently and effectively by conducting group sales training and e-learning for basic operational knowledge and new product information. 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 with the titles “au Advisor,” “au Master,” and “au Expert.” Additionally, each year in various locations in Japan, KDDI holds the “au CX AWARD”, a customer service contest that recognizes excellent customer service and shares positive examples of customer service.

The au shop and staff service standards require a special in-house unit to improve distributor operations and strictly implement inspections and feedback based on inspection results, maintaining a service management system that ensures standards are above a fixed level.

Supply Chain Management

System — KDDI

Providing Incentives

As an incentive for our main distributors, KDDI provides support for various business activities, this includes au shop opening support when opening or moving to new locations, staff organization support for shop management, and support for various training and qualification acquisition.

As non-financial incentives, we hold the “au CX AWARD” customer service contest that maintains and improves staff motivation, as well as rewarding staff with excellent performance and commending them for long-term service.

Activity and Results — KDDI

Reinforcement of Relationships with Business Partners

KDDI holds liaison meetings for business partners in order to obtain their understanding of our purchasing activities. KDDI invited 77 companies to the liaison meeting in 2016. At the meeting, we exchanged opinions regarding the explanation of our situation and a presentation of the initiatives that we are undertaking. One of the companies who participated commented that it was “good to have a frank exchange of opinions.”

KDDI has established the Business Ethics Helpline to strengthen our relationships in the areas of business ethics and legal compliance.

Labor Practices

Policy KDDI

KDDI's Approach (Our Perspective on Diversity)

Chapter 1 of the KDDI Group Philosophy states "Embracing diversity," setting forth clearly our belief that mutual respect for and understanding of people regardless of gender, age, nationality, religion, disability, and other diverse characteristics and values is essential to the sustainable growth of society. We promote diversity and inclusion throughout the Company on this basis.

Diversity & Inclusion

Diversity logo selected from internally solicited proposals

Message from Executive Officer

To ensure that KDDI continues to grow in our rapidly changing business environment, we must shift away from being a homogeneous organization, toward one that adopts a diverse range of values. As one of our medium-term targets, KDDI aims to improve the strength of employees, and one of the essential features of this aim is to utilize diverse human resources. Since the early 2000s, KDDI has embraced the advancement of women in the workplace, and has undertaken efforts to strengthen the cultivation and promotion of female leaders. In recent years, we have pursued measures to enhance the promotion of diversity with respect to persons with disabilities and LGBT* people, through efforts such as awareness raising activities within the company and the establishment of a comfortable environment. Furthermore, in FY2016, KDDI implemented a full-scale launch of work style reform initiatives, and has embraced the challenge of creating a work environment that is conducive to all. Moving forward, as we reaffirm our commitment to embodying the aspiration of "Embracing diversity" expressed in the KDDI Group Philosophy, KDDI endeavors to solve a variety of issues and transform into a company that elicits the maximum performance from all employees.

Hirofumi Morozumi
Executive Vice President, Director

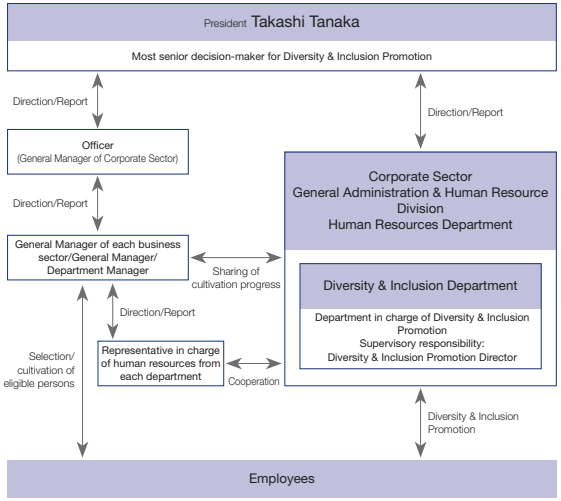
* LGBT: Collective term for lesbian (L), gay (G), bisexual (B), and transgender (T) people. In this report, the term "LGBT" is used to refer generally to all sexual minorities, including LGBT people.

System KDDI

Diversity Awareness

In April 2008, KDDI established the Diversity & Inclusion Department in the Human Resources Department. Under the leadership of the president, we are engaged in company-wide efforts to promote the professional advancement of female employees, diverse work styles, and the advancement of employees with disabilities and LGBT employees. In addition, the promotion of diversity is clearly positioned as a management issue, and efforts to cultivate and educate human resources, including the advancement of women's careers in the workplace, have been added as an evaluation item for executives and line managers.

KDDI's Diversity & Inclusion Promotion System



Labor Practices

Activity and Results — KDDI

External Assessments

Link Page_116 Selected as “Nadeshiko Meigara” for Five Consecutive Years

Selected as “Diversity Management Selection 100” award

Link Page_116 Winner of the Gold Award in the PRIDE Index

Policy — KDDI

Support for LGBT

There are laws in Japan regarding gender change for people with gender identity disorder, and while there is a growing trend toward recognition of same-sex marriage in an increasing number of countries and regions abroad, understanding and support for such human rights in companies is still inadequate. In light of this situation, KDDI has promoted activities within the company to raise awareness about LGBT issues since FY2013, which have advanced the understanding among employees and spread awareness to society. In line with these activities, KDDI revised its internal regulations on April 1, 2017 to include same-sex partners in the definition of spouses. Subsequent to this change, employees with same-sex partners are eligible for all company programs* available to employees with spouses recognized by KDDI.

* Applicable company programs: Housing allowance, unaccompanied duty allowance, special payment for marriage, special leave (mourning, marriage, maternity, childcare, and family care), child-raising leave, use of company housing, etc.

LGBT Initiatives

Initiatives	Content
Establish provisions in KDDI Code of Business Conduct (Basic Principles)	Establish provisions to prohibit unjustifiable discrimination and harm to personal dignity on the basis of sexual orientation or identity, along with other personal characteristics such as gender, age, and nationality, and widely publicize them internally and externally to the company.
Conduct edification activities to promote understanding	Seminars and e-learning courses aimed at improving the understanding of LGBT issues have been conducted on an ongoing basis since FY2013.
Change the definition of spouse, and apply the change to company regulations	When KDDI recognizes an employee as having a same-sex partner, that employee is eligible for all company programs available to other employees with spouses.
Give consideration to work environment	For transgender employees, it is recommended to use working names, conduct health checks on an individual basis, and provide universal toilets.
Promote understanding of LGBT issues in society	・Participate in forums and other events related to LGBT issues, and introduce KDDI initiatives as case examples. ・Make donations to LGBT support groups.
Apply changes to au “Family Discount” and other services	Expand the eligibility of family-oriented services, such as au “Family Discount”, to include families with same-sex partners when formal certification of same-sex partnership is provided.

Policy and System — KDDI

Expanding Employment Opportunities and Advancement of Persons with Disabilities

KDDI is striving to further expand employment opportunities for persons with disabilities in an effort to promote independence and success in their work life. In addition, as part of our efforts to promote diversity and inclusion, the training programs for new employees at the KDDI Group provide opportunities to work with persons with disabilities at KDDI Challenged.

KDDI Challenged, which KDDI established in 2008 as a special subsidiary, aims to instill in employees with disabilities the awareness of what they can achieve. With a working environment tailored to the needs of these individuals, KDDI Challenged seeks to create and expand the types and scope of activities of each of its employees. In FY2016, Cafe Challenged was opened in the KDDI headquarters building, and it is currently in operation. Also in FY2016, KDDI renewed efforts to publicize the counseling office for issues related to the advancement of persons with disabilities, and set up a system to facilitate communication between the company and employees with disabilities.

With the aim of increasing the employment of persons with mental disabilities by FY2018 as obligated, KDDI is continuing to expand job areas with a focus on developing diverse occupations. This is intended to enable people to realize their potential in their respective fields of expertise based on an understanding of their character through pre-employment training. At KDDI, the percentage of the workforce composed of people with disabilities is 2.38%* (as of June 2017), which exceeds the legal requirement (2.00%).

* This figure includes KDDI Challenged (special subsidiary) and KDDI Engineering.

Labor Practices

Work Status of Employees with Disabilities

Work location	Work details
KDDI Challenged	Work handled under contract from the KDDI Group includes disassembling mobile phone handsets, performing maintenance on business mobile phones, handling accounting procedures, PC kitting*, facility maintenance, Refresh Room operations, and Cafe Challenged operations.
KDDI Challenged, Osaka Office	Work includes cleaning (morning), disassembling mobile phone handsets (afternoon), and Cafe Challenged operations.

* The process of setting up a PC operating system, installing applications, and other activities

System KDDI

Support System for Employees with Disabilities

The Law on the Elimination of Discrimination Against Persons with Disabilities, which went into effect in Japan in 2016, mandates that "reasonable accommodation" be taken to remove all barriers to the lifestyles of people with disabilities. To ensure that employees with disabilities have a work life that suits the characteristics of their particular disability, KDDI strives to maintain an accommodating work environment through efforts such as providing support to the employees themselves and publishing guidebooks for their superiors.

Case Examples of Support for Employees with Disabilities

Measure	Content
Implementation of questionnaire surveys	Questionnaires are conducted on all employees with disabilities, to assess factors such as the inconveniences they face in the company and changes in their disability status, and the opinions are incorporated into KDDI's activities.
Publication of "Guide to Communication with Employees with Hearing Difficulties"	This guide, which was created with the participation of employees with hearing difficulties, provides easy-to-understand explanations on the rules of sign language interpretation and how to support summary writing in the workplace.
Participation in external "ACE Challenged Seminar"	Employees with disabilities and their senior staff participated in the "ACE Challenged Seminar" hosted by the Accessibility Consortium of Enterprises (ACE), which works to promote career design for employees with disabilities.
Introduction of app for persons with hearing difficulties	KDDI introduced the "UDTalk" speech translation app to enrich the access to information by employees with hearing difficulties.

Policy, System, and Activity KDDI

Promoting the Active Role of Senior Employees

KDDI has established a "re-employment" program for employees who have reached the retirement age of 60 and have satisfied certain requirements, enabling them to work as non-regular employees until age 65. This system employs open recruiting, allowing the employees to select their desired job type and activity while creating a mechanism for former full-time employees to make full use of their skills and experience in various workplaces. For employees nearing retirement age, we also hold seminars that inspire them to think about their style of living and working after the age of 60.

Policy and System KDDI

Advancement of Foreign Employees

To ensure that foreign employees can work comfortably in Japan and make full use of their abilities, KDDI provides a variety of information related to company programs, on topics such as obtaining permanent resident status, dependents, and employee pension. In support of KDDI's efforts to become increasingly global, discussions were held with foreign employees in FY2016 aimed at improving the workplace environment.

Policy KDDI

KDDI's Approach (Diverse Work Styles)

In response to the social issues of a declining working-age population and labor shortage, there are growing moves in the public and private sectors to implement a fundamental review of work systems and to implement a variety of work styles. By implementing a work style that is conscious of time management, we can improve productivity while also ensuring greater employee health. In addition, we believe that each employee taking advantage of the extra time that is created to acquire experience can lead to the growth of both society and employees. At KDDI, we are promoting a system of work-life management that enables each employee to improve their own work efficiency and productivity on an individual basis.

Labor Practices

System | KDDI

Work, Childcare and Nursing Care Support Systems

To help employees balance work with other commitments, such as childbirth, childcare, and nursing, KDDI has established a system that exceeds legal standards and provides support to employees.

In addition, to ease the sense of uncertainty that employees may feel during childcare absence, KDDI provides a website that enables employees to stay in contact with their superiors and take e-learning courses. We also have an adjustable working hour system. The scheme is flexible and allows employees to adjust working hours to their availability. Thanks to programs such as these, more than 99% of employees who take childcare absence return to their positions in the company (100% for males, 99.0% for females), and the retention rate 12 months after returning is 96.8%.

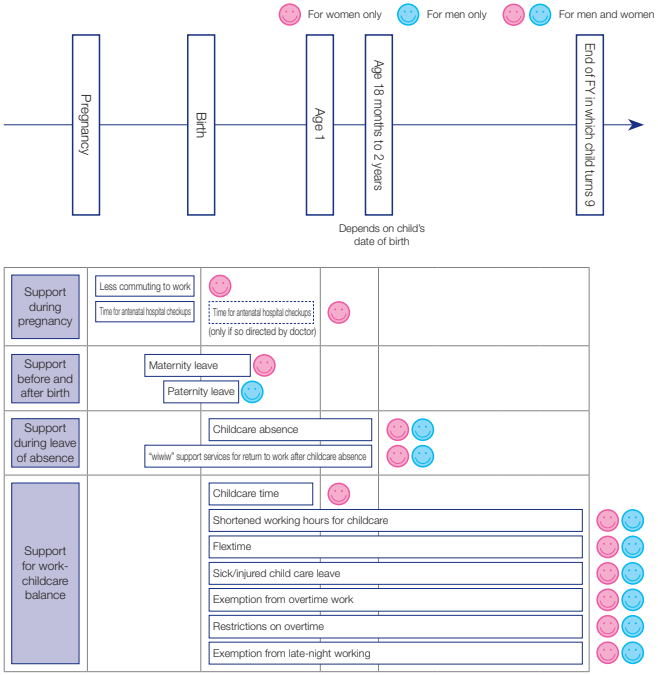
Furthermore, we have established programs for rehiring employees who previously left for reasons of childbirth or nursing care. In 2009, KDDI acquired "Kurumin" certification in recognition of our efforts to support the balance between work and home life.

<KDDI's efforts>

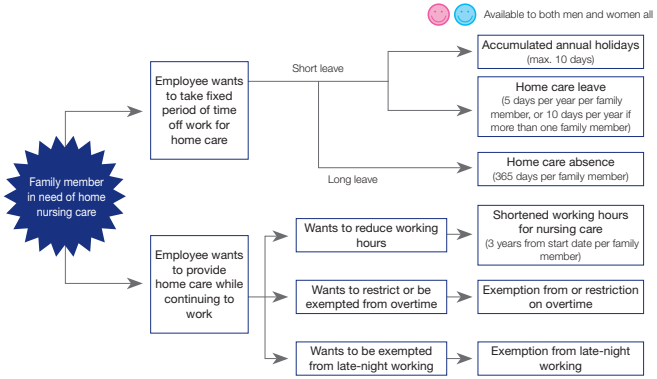
1. Improvement of employment environment to support both the work life and home life of employees such as those engaged in child-rearing
   (1) Implementation of measures to promote the taking of childcare absence by male employees
   (2) Implementation of measures to provide financial assistance to employees when using child-rearing support services
2. Improvement of various labor conditions conducive to revising work styles
   (1) Implementation of measures to reduce overtime work

Furthermore, in FY2016, KDDI updated the work regulations with a provision to prohibit maternity harassment. We set up a counseling office, and provide training to spread awareness within the company.

Program for Work-Childcare Balance



Program for Work-Home Care Balance



Labor Practices

Activity and Results KDDI

Efforts to Support Childcare and Nursing Care (Excerpt)

Measure	Target	Content
Supporting return to work after childcare absence	Employees planning to take childcare absence	Hold seminars on lifestyle during childcare absence.
	Employees planning to return to work	Hold seminars on improving awareness of issues employees may face after returning to work and on supporting a smooth transition back to work.
	Superiors of people planning to return to work	Share information needed by working mothers for career development.
Support for male employees' participation in childcare	Male employees with spouse expecting to give birth	Grant paid paternity leave in the period approximately one month before or after the expected delivery date or the birth (up to 3 days, on a day-by-day basis). ・In FY2016, 279 employees took advantage of this program.
Supporting a balance between work and nursing care	All employees	Offer educational lectures on the balance between work and nursing care, and provide booklets on in-company programs.
Promoting the active role of employees with shortened working hours for childcare	Superiors of employees with shortened working hours for childcare	Create guidebooks on measures to promote the active role of the relevant employees, and publish them on the company intranet.

* Only measures that exceed the legal standards are described here as examples.

Results

Usage of Childcare and Nursing Care Support System (KDDI)

Unit: person

Program		Gender	FY2012	FY2013	FY2014	FY2015	FY2016
Childcare	Maternity leave	Female	157	168	190	185	181
	Paternity leave	Male	280	283	328	269	279
	Childcare absence	Male	5	15	11	14	16
		Female	268	270	275	281	276
	Childcare absence reinstatement rate [1]	Male	100.0%	100.0%	100.0%	100.0%	100.0%
		Female	95.7%	95.0%	96.5%	96.6%	99.0%
	Retention rate of employees who take childcare absence [2]	Male	100.0%	100.0%	100.0%	100.0%	–
		Female	99.1%	98.2%	100.0%	96.5%	–
	Shortened working hours for childcare	Male	2	2	1	2	1
		Female	356	378	394	417	440
	Sick/injured child care leave	Male	638	520	320	290	344
		Female	370	362	316	344	445
Home care	Home care absence	Male	4	6	6	7	8
		Female	2	1	5	6	5
	Home care leave	Male	112	117	80	90	107
		Female	24	44	50	63	87
	Shortened working hours for nursing care	Male	1	2	1	4	1
		Female	1	0	1	2	2

[1] Total number of regular employees who returned to work after childcare absence ÷ Total number of regular employees who planned to return to work after childcare absence

[2] (Total number of regular employees who remain at KDDI 12 months after returning to work after childcare absence ÷ Total number of regular employees who returned to work after childcare absence) x 100

Labor Practices

Policy and System

Implementing Work Style Reform

In January 2017, KDDI implemented a full-scale launch of work style reform to encourage a fundamental transformation of our awareness and activities, and to shift away from the conventional work style toward a more highly productive work style.

<Purposes of work style reform>

(1) Preserve employee health
(2) Comply with labor-related regulations
(3) Create free time to improve the strength of employees
(4) Maintain human capital

To foster the understanding and full cooperation of employees on these efforts, work style reform assistance funds were paid to employees (non-managerial positions) in the 2017 summer bonus.

Usage Rate of Annual Paid Vacation Time

	FY2016 Goal	FY2016 Result
Usage rate of annual paid vacation time	70.0%	65.1%

Policy — KDDI

Safety and Health Management System

In accordance with the Industrial Safety and Health Act, KDDI has established a safety and health management system and appoints general safety and health managers, safety officers, health officers, safety and health promoters, health promoters, and industrial physicians in each workplace. In addition, KDDI has established Health and Safety Committees that plan and conduct activities as joint labor-management efforts. In addition to exchanging opinions on occupational safety, fire and disaster risk prevention, mental health, long working hours, health management, traffic safety, talks by industrial doctors and other such themes, the committees work toward employee health management and maintenance and the prevention of workplace injuries.

The committees have been established at every office with 50 or more workers and they meet once a month. The minutes of the committee meetings held at each office enable the sharing of information among offices. By sharing health and safety measures, accidents can be prevented. In addition, a system is in place for reporting important items relating to health and safety to Executive Ofcer, CSR Environmental Sustainability (General Manager, General Administration & Human Resources Division).

Policy — KDDI

Priority Measures Relating to Occupational Health and Safety

KDDI is pursuing a variety of efforts aimed at the “elimination of long working hours” and the “reduction of number of employees absent due to mental health problems,” based on the company policy of “valuing human life, ensuring the safety of employees in the workplace at all times, maintaining and promoting their mental and physical health, and maintaining a pleasant working environment.” The final goal for these efforts is for there to be “no one who cannot work due to health disorder,” and to this end, KDDI has established a mechanism for reporting to management.

Activity and Results — KDDI Group

Diverse Work Styles

The KDDI Group is implementing a variety of work style reform initiatives designed to enable each employee to maximize their individual abilities, for the purposes of improving labor productivity, producing high-quality results, and creating new value.

Labor Practices

Activity KDDI

Efforts to Implement Work Style Reform

In January 2017, KDDI established benchmarks for work hours, as the first step in work style reform. To achieve these benchmarks, KDDI is implementing company-wide measures urging employees to leave work by 8:00 PM. In addition, to promote work style reform at the organizational level, KDDI established a "work style reform promotion committee" composed of general managers of each department. To further strengthen efforts aimed at improving productivity, KDDI has set up working groups that span multiple departments, and is implementing measures to encourage employees to systematically use their annual paid vacation time.

In addition, KDDI has pursued efforts such as thoroughly implementing the previously established "No Overtime Day," establishing rules for filing an application before performing overtime, and adding a provision to the work regulations that requires an interval of at least 8 hours between the end of one workday and the start of the next. Through these efforts, KDDI achieved an approximately 30% reduction in the average prescribed work hours among non-managerial employees from January to March 2017, compared to the same period in the previous year.

Programs That Support Diverse Work Styles

Program	Content
Telework program (Working at Home)	Introduced a telework program for all employees, to enable flexible work hours and to boost operational efficiency. Established a support program for employees who need to provide constant child care or nursing care, which only requires them to come into the office as little as once a month. * Selected as a "Telework Pioneer 100" certified by the Ministry of Internal Affairs and Communications (MIC), in April 2016.
Adjustable work hour system	Introduced an "Adjustable Work Hour System", through which an employee's prescribed number of working hours differs every month or every three months according to their working duties. The system is also available on a monthly basis to employees with shortened working hours due to childcare or nursing care responsibilities.
Flexible work hours	This program was decided following discussions between labor and management on whether or not the program should be introduced by job category, in accordance with the main purport of the Labor Standards Law. As of the end of March 2017, the program is used by 1,950 employees in the assistant manager class in the applicable departments, and by approximately 55.6% of company employees.
Work shift interval system	This system ensures at least 8 hours of off-time between the completion of a work shift (including work outside regular hours) and the start of the next work shift, for the purpose of improving awareness about the issues of health management, long working hours, and work-life management. The system applies to all company employees.
Spouse accompaniment leave system	This system, which was established in April 2017 to support the balance between work and home life with a long-term perspective, allows a maximum three-year leave of absence to employees whose spouse is assigned overseas, who accompany the spouse to the location to live together. The system also applies to employees whose spouse is not a KDDI employee.
Career-track employment with restricted work area (L course)	Established in 2016, this system of career-track employment (L course) where the work location is restricted to a certain area, and where employees are not transferred outside the specified area without their consent, enables KDDI to continue employing career-track workers who have difficulty relocating due to factors such as a changing home environment. Conventional all-area career-track employees are able to transfer to this system.

Activity and Results KDDI

Promotion of Mental Healthcare

KDDI is making efforts to reduce absences due to mental health disorders. We are putting particular effort into preventing new onset and preventing recurrence of mental health disorders.

As a means of preventing new onset, KDDI conducts activities such as e-learning courses, training, and seminars at all levels within the company, and is proactively encouraging selfcare and line care. In FY2016, following the revision of the Industrial Safety and Health Act in December 2015, KDDI offered stress checks for all regular employees and contract employees, and achieved a participation rate of more than 80%. After the stress check results were analyzed and feedback was provided to the workplaces, information about issues was shared and improvement plans were examined.

In addition, KDDI is aggressively promoting the prevention of mental health problems by obligating employees who have worked longer than the prescribed number of hours to submit a questionnaire, and by providing consultations with an industrial doctor and individual follow-ups by industrial health staff. In addition, KDDI has established the Employee Counseling Center and an external counseling office, where industrial counselors offer counseling to employees regarding issues in both their professional and personal lives.

As measures to prevent recurrence, when an employee returns to the workplace following leave due to mental health issues, the industrial doctor always interviews the returnee and the returnee's superior, offering training (recommended participation in the Re-Work Program) before they return to work and reduced hours after they return, to ease the physical and mental burden of returning to work. In terms of the workplace environment, support is provided by the returnee's superior, and the returnee, his or her colleagues, superior,

Labor Practices

industrial doctor and industrial health staff work together to facilitate a smooth return to work.

Changes in Number of Employees Absent Due to Mental Health Problems (KDDI)

FY2013	FY2014	FY2015	FY2016
102	103	87	100

Status of Workplace Injuries (KDDI)

		FY2012	FY2013	FY2014	FY2015	FY2016
Injury/illness	Unit: person	20	14	14	19	21
Death	Unit: person	0	0	0	0	0
(Total)	Unit: person	20	14	14	19	21
Frequency rate [1]		0.82	0.48	0.52	0.62	0.78
Severity rate [1]		0.0032	0.0037	0.0078	0.0024	0.0102
Lost time injury frequency rates [2]		0.20	0.14	0.15	0.20	0.19

[1] Calculated based on the method used in the Survey on Industrial Accidents of the Ministry of Health, Labour and Welfare
[2] LTIFR: Lost time injuries frequency rate is the number of deaths and injuries due to industrial accidents divided by the cumulative hours worked multiplied by one million (lost time is defined as any period of one day or more)

Overtime Hours, Overtime Allowance, Total Annual Actual Hours Worked, Paid Vacation, Average Annual Salary (KDDI)

		FY2012	FY2013	FY2014	FY2015	FY2016
Average overtime hours per month [1]	Unit: hours/month	28.6	29.6	29.2	29.9	27.5
Average overtime allowance per month [1]	Unit: yen/month	–	–	101,218	100,197	96,395
Total annual actual hours worked (average) [1]	Unit: hour	–	–	1,944.6	1,941.6	1,919.2
Rate of paid vacation taken	Unit: Number of days granted	20.0	19.8	19.8	19.8	19.7
	Unit: Number of days obtained	13.8	11.8	13.1	13.1	12.8
	Unit: %	69.3	59.5	66.4	66.3	65.1
Average annual salary [2]	Unit: yen	9,067,548	9,396,971	9,763,079	9,510,045	9,532,136

[1] Applicable to KDDI employees in non-managerial positions.
[2] Average annual salary includes bonuses and extra wages

Main Measures to Prevent New Onset

Measure	Target	Content
E-learning	All employees of KDDI Group	Acquisition of knowledge about selfcare
	Manager	Acquisition of knowledge about line care
	Newly appointed managers	Basic understanding of line care
	Newly appointed line managers	Basic understanding of line care
	Employees transferred within the company	Learning about selfcare for transferees
Group training	Newly appointed line managers	Studying case examples of line care
	Manager	Line care seminars by industrial psychiatrists
	Line managers	・Mental health seminars by public health nurses and clinical nurses ・Mental health management seminars
	New employees	Health management seminars by public health nurses
Stress check	All employees of KDDI Group	Stress checks using checksheets, and interviews based on results
Individual interviews	Employees who have been at the company for up to 3 years	Health checks for employees who have worked longer than the prescribed number of hours
	Employees who have worked for 3 months after returning from absence	Interviews with superiors and notification of interview results to industrial doctor

Labor Practices

Policy and System — KDDI

Enhancing Employees' Health Management

Providing Health Checks That Exceed Legal Requirements

KDDI is pursuing efforts in health management to ensure that employees maintain good health and feel a sense of liveliness at work. In particular, the company provides regular health checks that are more detailed than the legal requirements, and a consultation rate of 100% has been maintained since FY2010. As a post-examination follow-up, KDDI provides emergency counseling through medical institutions to employees with conditions having a high degree of severity, which was accepted by 100% of those who were eligible in FY2016. For employees with conditions that do not appear to improve over time, we provide counseling with their work superiors and industrial doctors, and provide health guidance until their conditions improve. In addition, in FY2017, we introduced a company program to assist with complete medical checkups and breast cancer screening.

Furthermore, in partnership with the KDDI Health Insurance Union, we started implementing measures aimed at preventing the aggravation of diseases (data health planning) on a trial basis in FY2014, and began full-scale operations in FY2015. In addition, the KDDI Health Insurance Union provides e-learning courses on the prevention of lifestyle diseases, as well as health seminars on topics such as walking and getting in shape, as health promotion measures.

Other Health Management Measures

Measure	Target	Content
Healthcare room	Regular employees, contract employees, and temporary staff	When employees are not feeling well, they can take a temporary rest in this room and receive first-aid care and health counseling.
Refresh room	Regular employees, contract employees, and temporary staff	Services such as massage by nationally qualified practitioners are offered.
Wellness benefits	Employee	・KDDI Group Welfare Association provides subsidies for activities such as childbirth/child-rearing, nursing care, health maintenance, personal development, and domestic help. (Employees are free to choose how to carry out the activities.) ・KDDI Health Insurance Union provides special benefits for the use of sports clubs

System — KDDI

Safety and Health Management for Employees and Family Members Transferring Overseas

KDDI is pursuing a variety of efforts aimed at maintaining the health and safety of employees working overseas. KDDI provides consultations with industrial doctors to employees before taking a new post overseas, and consultations with medical staff after they return to Japan. While employees are stationed overseas, medical staff monitor the results of their regular health checks. Since FY2015, industrial doctors, public health nurses, and clinical nurses have traveled around to the overseas offices to visit the sites and provide consultations. In FY2015, KDDI also began providing stress checks and follow-ups to employees while they are stationed overseas.

Furthermore, KDDI has established a system to support the safety and health of all employees and accompanying family members in developing countries.

The level of medical care in Asia, particularly in Myanmar, India, Cambodia, Mongolia and Vietnam, is generally lower than in Japan, and it is difficult to receive the same level of medical services as in Japan due to language and cultural problems as well as the high risk of infectious diseases rarely found in Japan. Under these circumstances, KDDI has established and implemented the Vaccination and Health Report Guidelines for International Transferees and Business Travelers, from the perspective of health management and safety of employees who are transferring or traveling to these regions on business.

In FY2017, KDDI introduced a medical return program that covers the expenses of returning sick or injured employees or accompanying family members to Japan, if an industrial doctor determines that it is necessary to receive treatment in Japan. Furthermore, in FY2017, KDDI expanded the availability of emergency evacuation services and emergency medical transport services, which were provided as an emergency precaution to employees stationed in developing countries. These services are now available to all employees on business trips or stationed overseas, and efforts have been made to extend coverage across the entire globe.

Labor Practices

Policy KDDI

KDDI's Approach (Sound Labor-Management Relations)

KDDI aims to achieve decent work for all employees by working toward maintaining and improving labor-management relations through honest discussion and negotiations with employee representatives.

Policy KDDI

Creating Sound Labor–Management Relations

Signing of Union Shop Agreement and Cooperation between Labor and Management

KDDI guarantees the right to freedom of association and collective bargaining.

KDDI adopted a Union Shop Agreement that requires all employees in Japan, except for managers and non-regular employees, to become members of the KDDI Workers Union starting in January 2012, and we signed the Labor-Management Relations Agreement, Union Activities Agreement, and Collective Bargaining Agreement with the KDDI Workers Union.

As of the end of March 2017, 98% of all eligible company employees (11,150 people) belong to the Union.

Regarding items with a significant influence on the treatment of employees, such as organizational changes and institutional improvements related to human resources, discussions are held with the KDDI Workers Union, and their consent is obtained before implementing any changes. In addition, to facilitate labor-management cooperation, meetings between labor and management are held regularly to deliberate on a variety of issues, such as improving the working environment. In FY2016, such meetings were held 39 times. Furthermore, the KDDI Workers Union provides union members with information about the contents of negotiations between labor and management.

In addition, through the Agreement on Handling of Personnel Transfers, KDDI has stipulated in the Labor Agreement that an employee shall be notified at least 5 days before a personnel transfer is officially announced, and we have established a system for receiving complaints from the person concerned.

Results

Status of Union Membership* (KDDI) (FY2016)

		FY2016
Total number of union members	Unit: person	11,150
Union membership rate (Percentage of employees covered by collective agreements)	Unit: %	98.4

* Includes KDDI's currently serving regular employees and contract employees, as well as employees on loan from KDDI.

System KDDI Group

Pension System

KDDI has introduced its own retirement benefit and pension system, which is managed by the KDDI Pension Fund (a separate organization). The retirement benefit savings plan offered to employees is structured as a "defined-benefit pension plan," and the entire amount is borne by the company (374.915 billion yen* as of the end of March 2017).

KDDI strives to provide fair and strict management of the fund to ensure a stable lifestyle for fund subscribers and recipients in the future.

* Fund assets for the entire KDDI Group (including the companies affiliated with the fund)

Securing and Cultivating Human Resources

Policy KDDI

KDDI's Approach (Securing and Cultivating Human Resources)

The declining birth rate and rising aging population are continuing issues in Japan, and it is believed that if the working-age population continues to lower, the country's economic growth will slow down. In order to maintain and strengthen KDDI's competitiveness, it is important to create an environment in which employees with the desire to work can actively demonstrate their individual strengths regardless of gender or age.

KDDI continues to maintain an environment in which each and every employee can freely demonstrate their skills while respecting one another's diverse viewpoints despite differences in gender, age, nationality, disability, faith, sexual orientation, etc., with the KDDI Group Philosophy that "diversity is fundamental" as our axis.

Policy KDDI

Approach to Securing Human Resources

As stated in our corporate philosophy, KDDI considers our employees to be among our most important stakeholders, as well as important assets. The market environment of the information communications field in recent years has experienced technological innovation, competitive intensification, and the participation of a variety of carriers, causing rapid change. In order to rapidly respond to these changes and continue growing, we are striving to provide active support, as well as employ a diverse employee base without regard to gender, age, nationality, or disability.

KDDI also prohibits child labor and forced labor, and obeys the law with regards to minimum wage.

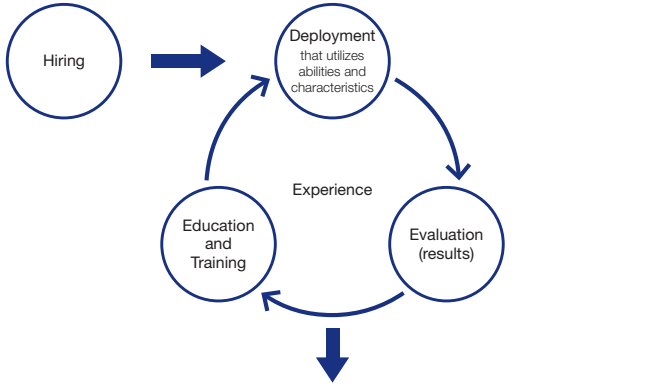
Examples of Initiatives

- FY2016 recent graduate hires of foreign nationality…6
- FY2016 percentage of female recent graduates hired…28%
- Removal of the gender category on job applications when hiring

Policy KDDI

Approach to Human Resource Cultivation

KDDI considers improving the strength of our employees to be an essential issue with regards to realizing our transformation into a "Life Design Company". We have formed a Talent Management Process to strategically hire, cultivate, apply, and appoint with the objective of maximizing human resource value and finding employees perfectly suited for their jobs. This enables the growth of each and every employee and the maximization of organization performance.



System KDDI

Human Resource Cultivation Management

KDDI executes various measures for effective employee cultivation including On the Job Training (OJT) and Off the Job Training (OFF-JT), which includes various trainings opportunities. Additionally, we create a drive to grow in employees by providing each of them proper evaluation and feedback. We have also prepared various programs to promote self-education and create a space in which employees with a strong will to grow and become leaders of change can continue to grow and develop. KDDI supports the acquisition of company designated qualifications through payment of other related expenses including examination fees.

Employee Training	FY2016 Result
Training expenses per employee (yen/person)	93,802 yen
Training time per employee (hours/person)	6.5 hours (86,405 hours total)

Link Page_91 Enhancing Various Evaluation Systems
Link Page_90 KDDI Human Resource Cultivation
Link Page_92 Employment turnover rate

Securing and Cultivating Human Resources

Activity KDDI

KDDI Human Resource Cultivation

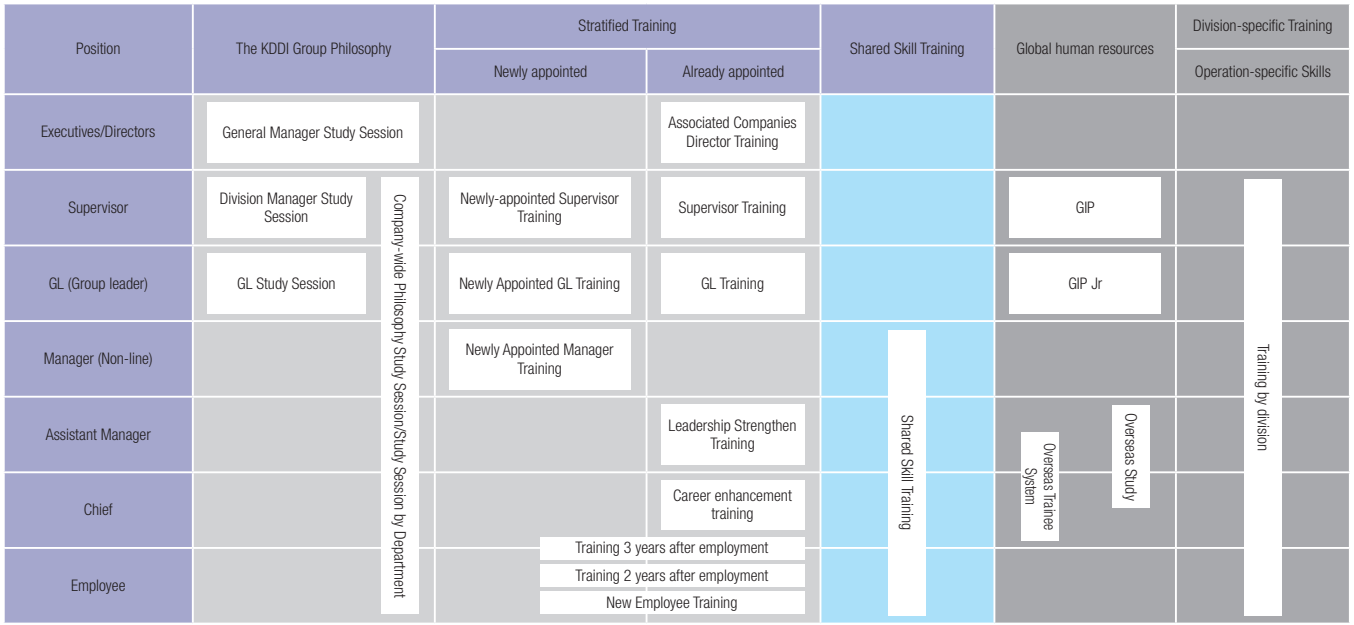
Major Systems	Major Details
Stratified training	Participants are divided by each career level to acquire knowledge and skill needed for carrying out their work
Common skill training	Participants acquire various business skills needed for all KDDI employee business
Support for acquisition of qualifications	KDDI supports the acquisition of company-designated qualifications through payment of examination fees and other related expenses
Global initiative program for managers	KDDI creates management that can manage global business and global bases through overseas and domestic training
Business study abroad	Participants learn business global standards through overseas universities and exchange and internships with businesspersons at NPO
Specialized study abroad	Participants study at an overseas university or specialized institution, and they receive training to acquire high-level specialist knowledge and build human networks with relevant persons
Overseas trainee system	Applicants are sent to an overseas base for a fixed period, and through their business activities are trained to be employees who can carry out their work even while surrounded by people with various values and different business conventions
English circle support	A workplace's English self-study circle is supported by sending instructors and contributing funds
Global employee exchange program	Through the program, employees hired overseas are invited to our headquarters to learn about business practices in Japan, our operations, the KDDI Group Philosophy, and strengthen partnerships with customers who have offices in Japan

Policy KDDI

Fair Personnel Evaluation

To achieve fair and transparent personnel evaluation and remuneration, KDDI establishes consistent standards and grades for the performance and requirements demanded by the company, and conducts personnel evaluation based on targets set for individuals. Personnel evaluations are conducted twice per year through face- to-face interviews with supervisors. For remuneration, KDDI adopts a bonus system that is linked to business results, in which bonus amounts are based on factors such as the company's business results in the previous fiscal year. In addition, individual bonus amounts are decided based on the personal business results of each employee in the previous fiscal year. Any employee who is not satisfied with their evaluation can file a complaint with the Human Resources Department after submitting application sheet.

Training System by Position



Securing and Cultivating Human Resources

System KDDI

Enhancing Various Evaluation Systems

KDDI has introduced the System of Objective Management for non-managerial employees.

Under this system, each employee meets with their supervisor to determine the employee's "personal objectives," which combine company and organizational goals with said employee's individual goals. This system is designed to make employees challenge themselves toward personal growth and performance improvement, and is linked with personnel evaluations. We also incorporate the process of achieving objectives into our personnel evaluations with the aim of making them more fair and transparent.

For managers, KDDI introduced the Mission Grade System, which is determined not by evaluation based on accumulated past performance, but by the size of the role, such as the responsibility for currently executed duties, the authority borne, and the degree of impact of output. The system defines the management roles assigned to line managers and the professional roles assigned to non-line managers, and specifies the grade according to the size of the role. This makes the Mission Grade System a remuneration system under which employees with the greater contributions to the company receive greater reward.

System KDDI

System of Promotion to Regular Employee Status

KDDI directly employs people who sell KDDI smartphones and au HIKARI products in mass retail stores and other shops as sales advisers, and people who execute basic office work and general affairs as office contract employees.

As they are the ones who actually come into contact with customers in shops, the sales advisers are very important to us, and we have enhanced their various training and qualification systems. To create a work environment that supports career development and makes working worthwhile, KDDI not only provides office contract employees with routine work, we also have them participate in projects to improve operations. In addition to all this, we have introduced a regular employee appointment system to increase future career opportunities, and in FY2016, 122 employees were promoted to regular employee status.

System KDDI

KDDI Human Resource Cultivation System

Program		Details
Executive assistant		Employees work as directors' assistants, learning first-hand how to think like a manager
Job rotation system	Challenge rotation	Employees work in multiple job positions and departments to pursue expansion of and adaptation to their work fields
	Professional rotation	Employees contribute to society at a higher level by exploring and expanding their individual expertises
Self career produce system (SCAP)		Employees can transfer to departments of their choice after accumulating a certain amount of experience in their current positions and earning positive evaluations
Open recruitment system		Employees who are enthusiastic about starting up new business or expansion of division regions are transferred to their chosen sections
Self-reporting system		In this system employees report on their personal career inventories and personal career situations to their supervisors, and also consult with them on their future career plans

Activity and Results KDDI

Employee Awareness Survey

Each year, KDDI conducts the "KDDI Kaitai Shinsho" awareness survey targeting all employees and contract employees. In FY2016, the survey was conducted with the themes of "the degree of practice of actions of change" and "the degree of transparency of the KDDI Group Philosophy". This highlighted several issues, including the fact that while the necessity for change is well understood, there is a lack of concrete action, such as voluntary initiatives for improving the strength of our employees.

We have publicized these survey results on our intranet and in our internal newsletter. We are also discussing the issues raised by the survey in training sessions at all levels within the company, as we introduce measures to enhance communication throughout the company and implement measures tailored to the issues in individual workplaces.

(Respondents: 10,812 (91.9%))

System KDDI

Providing Long-term Incentives

In FY2015, KDDI introduced a stock grant system linked to the business results, to serve as an incentive plan for managers. This system is designed to provide our company's stocks to KDDI managers when specific requirements are met, in accordance with stock grant regulations set by the company in advance. By providing incentives, the system aims to improve awareness about the business results of managers and the stock price, as well as to further encourage the execution of operations aimed at improving

Securing and Cultivating Human Resources

business results while contributing to the improvement of mid-to-long term corporate value.

Activity and Results KDDI

Award Program for Employees

KDDI has implemented award ceremonies for employees to increase motivation and a sense of solidarity.

2016 President's Award Results

(evaluation period: April 1, 2015 - March 31, 2016)

Award	Number Won
President's Award	4
Contribution Award	3
Nice Try Award	1
Individual MVP Award	3

Link Page_69 Activities to Enhance Operational Quality

Results

Status of Employment

		Gender	FY2012	FY2013	FY2014	FY2015	FY2016
Number of employees [1]	Unit:person	Male (KDDI)	9,034	8,648	8,588	8,649	8,718
		Female (KDDI)	2,197	2,091	2,083	2,126	2,198
		Total (Male and Female)	11,231	10,739	10,671	10,775	10,916
		Consolidated number of employees	20,238	27,073	28,172	31,834	35,032
Average age (KDDI)	Unit: age	Male	41.8	42.1	41.8	42.7	42.9
		Female	38.2	38.6	38.2	39.2	39.3
		Total (Male and Female)	41.1	41.4	41.1	42.0	42.2
Average work years (KDDI)	Unit: year	Male	16.8	17.1	17.3	17.6	17.7
		Female	15.3	15.6	15.9	16.0	16.0
		Total (Male and Female)	16.5	16.8	17.0	17.3	17.4
Employment turnover rate [2] (KDDI)		Unit: %	(Total)0.84 (Male)0.58 (Female)2.06	(Total)0.94 (Male)0.72 (Female)1.92	(Total)0.89 (Male)0.68 (Female)1.78	(Total)0.92 (Male)0.68 (Female)1.99	(Total)1.11 (Male)0.95 (Female)1.79

[1] "Number of employees" is the number regular KDDI employees including employees temporarily transferred to KDDI. The number does not include employees who are on loan to other companies.

[2] "Turnover rate" is the calculated percentage of "natural resignations during the relevant term (employees who resigned at their request, excluding employees who retired at retirement age)" in the total number of regular employees in the first month of the relevant term.

Unit: person

		Early	Self	Company	Transfer	Other	Total
Departing Employees FY2016 (KDDI)	Male	0	101	17	4	11	133
	Female	0	45	3	0	3	51
	Total (Male and Female)	0	146	20	4	14	184

		June 2013	June 2014	June 2015	June 2016	June 2017
Number of employees with disabilities	Unit: person	300	334	350	372	403
Employment rate of persons with disabilities	Unit: %	2.02	2.02	2.11	2.19	2.38

* This number includes persons with disabilities who are employed at KDDI, as well as at KDDI Challenged and KDDI Engineering.

Securing and Cultivating Human Resources

Foreign Employees

Unit: person

	FY2012	FY2013	FY2014	FY2015	FY2016
Number of foreign employees (KDDI)	53	85	103	105	101
Proportion of foreigners in new employees (KDDI)	11.3%	15.1%	8.3%	5.2%	2.0%
Number of foreigners (management) (KDDI)	5	6	6	7	10
Consolidated number of foreign employees	–	2,630	2,624	4,380	4,423

Non-Regular Employees (KDDI) (Number of temporary employees)

Unit: person

	FY2012	FY2013	FY2014	FY2015	FY2016
Agency employees (KDDI)	5,128	4,197	3,848	3,512	3,940
Contract employees (KDDI)	1,686	2,850	3,416	3,317	3,101
(Total)	6,814	7,047	7,264	6,829	7,041

Employee by Age (KDDI) (As of the end of March 2017)

Unit: person

	Total	Male	Female
Under 30	1,303	896	407
30 - 39	2,616	1,977	639
40 - 49	4,461	3,561	900
50 - 60	2,534	2,282	252
61 or over	2	2	0
Total	10,916	8,718	2,198

Status of Hiring (KDDI)

Unit: person

	Gender	FY2012	FY2013	FY2014	FY2015	FY2016
Recent university graduates	Male	171	189	170	203	217
	University graduate	171	189	170	203	217
	Female	69	62	84	83	85
	University graduate	69	62	84	83	85
	Junior college or technical school	0	0	0	0	0
	Senior high school and others	0	0	0	0	0
	Total (Male and Female)	240	251	254	286	302
Mid-career hires	Male	20	29	38	46	46
	University graduate	20	28	37	45	45
	Other	0	1	1	1	1
	Female	3	2	7	4	9
	University graduate	3	2	7	4	9
	Other	0	0	0	0	0
	Total (Male and Female)	23	31	45	50	55
Reemployment	Male	75	68	100	126	143
	Female	6	6	10	13	17
	Total (Male and Female)	81	74	110	139	160
Number of regular employees from non-regular employees		–	23	33	82	122

Securing and Cultivating Human Resources

Retention of Recent Graduates (KDDI)

Unit: person

	Male	Female
Graduate entry in April 2014	170	84
Currently employed in April 2017	161	77

Manager (KDDI)

Unit: person

	FY2012	FY2013	FY2014	FY2015	FY2016
Male Managers	3,609	3,785	3,961	4,115	4,155
Department Managers or higher	356	367	408	411	465
Section Managers	3,253	3,418	3,553	3,674	3,690
Female Managers	124	140	177	251	270
Department Managers or higher	5	11	9	11	12
Section Managers	119	129	168	240	258
Proportion of Female Department Managers or higher	1.4%	2.9%	2.2%	2.4%	2.5%
Proportion of Female Section Managers	3.5%	3.6%	4.5%	6.1%	6.5%
Newly Appointed Managers	293	330	370	390	195
Male	278	312	330	309	169
Female	15	18	40	81	26

[1] The number of managerial personnel is the number of KDDI managerial personnel including those temporarily transferred outside of KDDI.
[2] The number of male managers between FY2013 and FY2015 was corrected

Community Involvement and Development

Policy KDDI Group

KDDI's Approach (Community Involvement and Development)

KDDI Group is continuing initiatives to solve societal and environmental issues of the countries and regions we have expanded to in order to achieve a truly connected society. Each regional office is in charge of regional social contribution activities in that region, and we place importance on discussion and cooperation with a variety of stakeholders from local communities, administrations, universities, NGOs and NPOs.

Social Contribution Policy

Basic Principles

Operating in accordance with the KDDI Group Philosophy, by satisfying all its stakeholders the KDDI Group seeks to contribute to society's happiness by encouraging fulfilling lives for people around the world in a sustainable manner.

Behavioral Guidelines

1. As a company involved in information and communications business, KDDI recognizes its social responsibility to address societal issues through the use of information and communications technologies (ICT). We aim to provide appropriate communication environments that are safe and secure for all people.
2. KDDI has established medium-term themes for its social contribution activities in five areas: "bridging the digital divide,"* "sound development of youth," "environmental conservation," "social and cultural support," and "support in times of disaster." By maximizing our application of such resources as networks, products and services, we conduct social contribution activities through ICT, in a manner characteristic of KDDI.
3. Through communications with stakeholders, we notify and share information concerning ongoing improvements in the content of our operations, thereby contributing to society's development.
4. By sharing with KDDI Group employees our directions on social contribution activities, we pursue independent-minded activities as a good corporate citizen in the aim of achieving sustainable growth in tandem with society.

* 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.

Policy KDDI Group

Social Contribution Policy

The KDDI Group established its Social Contribution Policy in 2012. As a good corporate citizen, we respond to the demands of society and earn its trust by using our technologies and human resources to contribute to society in domestically and overseas.

When selecting and implementing activities, we discuss policies and methods while considering issues shared in international society, including Sustainable Development Goals (SDGs).

Link Page_19 Relationship of SDGs to KDDI Business and CSR

Policy KDDI Group

Community Contribution in 5 Fields

KDDI is engaged in social contribution activities focused on the following five areas published in our Social Contribution Policy: (1) bridging the digital divide, (2) sound development of youth, (3) environmental conservation, (4) social and cultural support, and (5) support in times of disaster.

Link Page_55 About Efforts in Growing Markets

Results KDDI Group

Initiative Conditions

(1) Bridging the Digital Divide (related SDGs:)

Targets	FY2016 Outcomes and Progress
Improve Senior ICT Literacy	・KDDI Smartphone and Mobile Phone Safety Classes for seniors (215 times, 3,900 participants, 82% comprehension)
Bridging the Digital Divide in Developing Countries	・Presented the vocational training school affiliated with Myanmar's NLD Education Network with 200 notebook PCs and an MPT Wi-Fi router, sent trainers, and in September 2016 started "Digital Skills to Go Forward", a CSR program aimed toward improving the digital skills of Myanmar's youth (MPT) ・Supporting network construction in Cambodia, Iraq, and Bhutan (KDDI Foundation) Link Page_55 About Efforts in Growing Markets

Community Involvement and Development

(2) Sound Development of Youth (related SDGs:)

Targets	FY2016 Outcomes and Progress
Improve youth ICT literacy	・KDDI Smartphone and Mobile Phone Safety Classes for juniors (3,806 times, 680,000 participants, 93.7% comprehension) ・"IT Class" (App development classes) for hearing impaired elementary and junior high school students Link Page_26 Awareness Activities on the Use of ICT Services
Contribute to next generation career building	・Implemented Career Education targeted at junior high school and high school students ・Cooperation with the Cabinet Office's "Riko Challenge", which supports female students in junior high, high school, and university that are interested in the sciences select paths in the field, as well as hold a summer vacation hands-on event to support young women and girls in the sciences ・Cooperation with the "summer school" (science class) held by universities (KDDI Foundation) ・Hackathon with WoT and IoT manufacturers (KDDI Foundation)

(3) Environmental Conservation (related SDGs:)

Targets	FY2016 Outcomes and Progress
Develop biodiversity in collaboration with stakeholders	・Participation in Volunteer Survey of Manazuru, Kanagawa Forest Reserve of Uotsuki ・Environmental conservation activities with employees and their families (122 times total in Japan) Link Page_115 Green Road Project

(4) Social and Cultural Support (related SDGs:)

Targets	FY2016 Outcomes and Progress
Contribute to development of local communities	・Support of NPO activities and fund-raising activities through KDDI's "Bridge of Hope" social contribution website Link Website Bridge of Hope (Japanese)
Promote cultural development in growing regions (KDDI Foundation)	・Holding charity concerts to support education in developing countries ・Holding art classes in Cambodia and Myanmar ・Holding music classes in Cambodia ・Supporting local schools in Myanmar (English, art, Myanmar language)
Support the succession of traditional culture (KDDI Foundation)	・Supporting Ty Chean's Troupe, which succeeds the traditional art of Sbaek Thom (large shadow picture play)

(5) Disaster Support (related SDGs:)

Targets	FY2016 Outcomes and Progress
Support quick recovery of disaster areas	・Fund-raising through KDDI's "Bridge of Hope" social contribution website ・Supporting Internet connectivity in disaster areas ・Volunteer activities to support disaster areas (Kumamoto) Link Website Bridge of Hope (Japanese)

Policy KDDI

KPI for Social Contribution Activity

Category	KPI	Material Issue	Related SDGs
Strengthening large-scale disaster response measures	・Holding company-wide training twice a year ・Split into 10 blocks throughout Japan and hold disaster drills in each block centered around the main branches that unify the blocks once a year	Governance	1
Sound development of youth, bridging the digital divide and improving ICT literacy	・KDDI Smartphone and Mobile Phone Safety Classes for juniors: ・Instructor satisfaction: 94% ・Material satisfaction: 94% ・Intention to reapply: 92% ・KDDI Smartphone and Mobile Phone Safety Classes for seniors: ・Comprehension: 83% ・Utilization: 85%	Society	11, 16
Measures aimed at regional revitalization	・Shimamono Project (Shimamono Lab) More than 1 area per year	Society	8
Promote biodiversity conservation	・Environmental conservation activities in various locations in Japan: More than 80 times per year	Environment	9, 13

Community Involvement and Development

Policy and Results KDDI

Local Collaboration Initiatives

Approach

Japan is facing many issues, including long-term population decline and the decrease in economic activity of provincial areas due to population concentration to metropolitan areas.

KDDI has contributed to the development of Japanese society. We consider the decline in population and industry in provincial cities to be major issues by constructing a stable telecommunications infrastructure.

Approach to Local Collaboration

KDDI promotes local collaboration initiatives from the following two viewpoints.

<As a Leader of Local Economy>

KDDI utilizes various advanced technologies and knowhow from our partner companies to support unique initiatives with local characteristics in conjunction with our many stakeholders, including local governments, companies, NPOs, and residents.

<As a Life Design Company Close to Our Customers>

KDDI utilizes advanced technologies such as big data, ICT, and IoT, to express the appeal of products and services to various locations in Japan, and aim for the revitalization of local economies by revitalizing the flow of people and things in Japan with our partner companies.

Case study: Aiming for Revitalization of Remote Island Regions with the Shimamono Project

There are approximately 420 so-called occupied remote islands in Japan, which face a variety of challenges, including out flow of young generation and population decline, strengthening island promotion and creation of value, and measures for distribution and sales activities.

In order to support remote island regions, KDDI has utilized our resources to carry out the “Shimamono Project” to distribute information about those regions and support company sales since FY2015.

Since starting the “Shimamono Project”, it has contributed to remote island companies and regional vitalization, including sales of remote island companies in “au WALLET Market” increasing approximately 10%. Since FY2016, we have also carried out the “Shimamono Lab” to teach sales basics through online classes with the objective of supporting remote island companies that have challenges with expanding sales channels and product PR.

Shimamono Project

Starting Year	Initiative	Details of Initiatives	Performance
2015	Shimamono Marche	・Selling remote island company products on au WALLET Market	19 islands, 24 products (performance as of June 2017)
2016	Shimamono Labo	・Online classes for marketing analysis that utilize “au Smart Pass” product monitor for remote island companies that have challenges with market growth and product PR ・Sales education support for selling products on “au WALLET Market”	FY2016 Kikaijima, Kagoshima ・Shimamono Lab participation (6 companies, 12 people) ・Number of selling products on “au WALLET Market”: 3 companies

Major Local Collaboration Initiatives (Performance)

Local Government	Details of Initiatives
Toyooka, Hyogo	・Promotion of tourism marketing utilizing big data ・Selling specialty products utilizing au WALLET Market
Shirakawa, Gifu	Established a structure for suggesting customers by utilizing “au Smart Pass” coupons and providing a communication environment that corresponds to inbound demands
Higashi-Matsushima, Miyagi	Started smart fishing model business collecting data using underwater cameras and Smart-V to achieve stable and efficient fishing Link Website Smart Fishing Trial Service (Japanese)
Manazuru, Kanagawa	Held a vegetation survey in Forest Reserve with Fish utilizing KDDI tablets and solution services

Policy and Results KDDI

Locally Rooted Initiatives

Approach

As a corporate citizen, KDDI makes efforts to contribute to society by matching the needs specific to a region we operate in.

Systems

KDDI appoints divisions and representatives assigned to promote communication with local communities in all branches in Japan. Assigned divisions and representatives establish opportunities to hold dialogue with local parties.

Taking the opinions acquired from local communities, we consult with the related department in our company in accordance its contents and respond sincerely to the opinions.

Furthermore, the initiatives for each region are made available

Community Involvement and Development

to throughout the company using the KDDI intranet and other information sharing systems.

Activity: KDDI Oyama Network Center Open House

As a show of appreciation to our customers, KDDI opens the Network Center to the general public, including neighboring residents.

In FY2017, in order to promote deeper understanding of KDDI's initiatives in local residents, we held tours of the facilities and exhibited drones in the center.

- Number of visitors: 3,900
- Satisfaction: 94%

Locally Rooted Initiatives

Link Page_26 KDDI Smartphone and Mobile Phone Safety Classes

Link Page_115 Environmental Conservation Activities by Employees

Activity and Policy | KDDI

Action for Reconstruction Support

Support to Kumamoto Earthquake Disaster Area

(1) Providing aid	・Provision of drinking water: 500 mL×24,768 bottles ・Provision of blue sheets: 700 ・Provision of antiseptics: 1 L×10 containers
(2) Volunteer activities in disaster areas	・FY2016 performance: 100 KDDI employees participated
(3) Other support activities	・Implementation of reconstruction support Marche ・Invited elementary school children from the Kumamoto disaster area and their parents to the Yamaguchi Technology Maintenance Center (28 families, 64 members total)

Support to Great East Japan Earthquake Disaster Area

Initiatives through loans to disaster area local governments	The Reconstruction Support Office (currently: Regional Creation Support Office), which was formed mainly of natives to the Tohoku region, loans workers to the Reconstruction Agency and various disaster area local governments, utilizing KDDI's extensive ICT knowhow to work with local governments and residents to promote new town development
Reconstruction support activities in disaster areas	・Special support for the reconstruction concert (Sendai, Miyagi) Link Website ~Connecting Hearts, Connecting Power~ A Reconstruction Concert Made Together (Japanese) ・Assistance for fishing activities using IoT (Fukushima Prefecture) Link Website Don't Rely on Intuition or Experience! "Smart Fishing" Utilizing Ocean Big Data Starts (Japanese) ・Comprehensive partnership agreement for regional revitalization Link Website Comprehensive Partnership Agreement with Fukushima Prefecture and KDDI (Japanese)

Support Activities in FY2016

- April 15: 2016 Kumamoto Earthquake Reconstruction Support Efforts
- August 31: Support in aftermath of Typhoon No. 10 (Hokkaido, Iwate Prefecture)
- October 21: 2016 Central Tottori Earthquake Reconstruction Support Efforts
- December 22: 2016 Itogawa, Niigata Large-Scale Fire Reconstruction Support Efforts

Community Involvement and Development

Results KDDI

Status of Social Contribution Activities

KDDI is a member of the 1% Club established by the Keidanren Japan Business Federation. The status of our activities in FY2016 are as follows.

Unit: 10,000 yen

Fields of Activity	Expenses
(1) Bridging the digital divide (2) Sound development of youth	46,016
(3) Environmental conservation	11,897
(4) Social and cultural support	9,145
(5) Disaster support	15,803
Other	14,512

[1] Even if they have the goal of social contribution, items such as advertising expenses and membership fees are excluded. Also, political contributions are not included in total social contribution expenditures
[2] In-store fund-raising and employee donations are not included in total social contribution expenditures
[3] Since the applicable activities in activity fields (1) and (2) overlap, donations and initiatives in affected areas are added together

Field		Rate	Examples of Initiatives
Philanthropic activities	Non-continuous donations and initiatives	32%	・Funding affected areas through KDDI's "Bridge of Hope" social contribution website ・Kumamoto Earthquake reconstruction support efforts ・Tohoku affected areas reconstruction support efforts
Investment in local communities	Long-term investments to solve social issues	68%	・Implementing KDDI Smartphone and Mobile Phone Safety Classes ・Executed the Shimamono Project with the aim of vitalizing outlying island areas

[1] Even if they have the goal of social contribution, items such as advertising expenses and membership fees are excluded. Also, political contributions are not included in total social contribution expenditures
[2] In-store fund-raising and employee donations are not included in total social contribution expenditures

Results KDDI

Disaster Funding (FY2016)

Source of funds: KDDI's "Bridge of Hope" social contribution website

Japan

	Total Contributions	Donated to
Earthquake in Kumamoto	60,042,200 yen	Japanese Red Cross Society Central Community Chest of Japan
Typhoon No. 10	2,117,500 yen	Japanese Red Cross Society Central Community Chest of Japan

*KDDI matches the contributions donated by customers and KDDI employees.

Overseas

	Total Contributions	Donated to
Earthquake in Ecuador	3,591,700 yen	Japanese Red Cross Society
Hurricane in Haiti	1,362,000 yen	Japanese Red Cross Society

*KDDI matches the contributions donated by customers and KDDI employees.

Performance

Usage of Volunteer Leave and Japan Overseas Cooperation Volunteers (JOCV) (KDDI)

		FY2012	FY2013	FY2014	FY2015	FY2016
Volunteer leave	Unit: Number of persons required	23	8	31	16	20
JOCV*	Unit: Number of persons dispatched	1	2	2	2	1

*The number of JICA volunteers (Japan Overseas Cooperation Volunteers System) is equal to the number of KDDI employees dispatched to JICA in each fiscal year

Environmental Management

Policy

KDDI Group

KDDI's Approach (Environment)

KDDI's attitude toward environmental conservation is defined in the KDDI Environmental Charter, which regulates the Basic Principle (Approach to Global Environmental Problems), which is its highest concept, and the Code of Conduct for setting the direction of its concrete initiatives.

KDDI Environmental Charter

Manifesto

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 Guideline

1. 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:
   (1) Develop and operate environmental management systems necessary to make continuous improvements in such environmental fields as energy conservation, resource conservation and waste reduction.
   (2) 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.
   (3) Promote communication through the appropriate disclosure of information.
2. We will strive to develop and offer services that reduce environmental impact through the use of next-generation information technologies.
3. 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.
4. We will promote corporate purchasing policies that favor eco-friendly products and equipment.
5. 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.

Scope of Reports of Environmental Information

Link Page_102 Range of Environmental ISO Certification (KDDI Group ISO14001 Certification Acquisition)

Link Page_106 Environmental Accounting Scope of Calculation (Scope of Environmental Accounting)

Link Page_108 Environmental Impact Scope of Calculation (Environmental Impact of FY2016 Business Activitiesment Turnover Rate)

Message from Executive Officer

In recent years, natural disasters caused by climate change are occurring frequently, bringing with them immense damage. The Paris Agreement and Sustainable Development Goals (SDGs) were adopted based on these conditions, both setting long-term worldwide objectives in the environmental field, and changing the direction of the world toward becoming a "Zero CO_2 Emissions Society." In 2017, KDDI has also established KDDI GREEN PLAN 2017-2030, a long-term plan to extend over 14 years. The utilization of ICT reduces the CO_2 in society and contributes to the suppression of climate change, but ICT itself harbors the contradiction of increasing environmental impact. In our plan, KDDI has set objectives to solve these problems and reduce our own CO_2 emissions by increasing the energy efficiency of our telecommunications facilities and devices and utilizing renewable energy. We are further strengthening our initiatives from the position of fulfilling our responsibility to achieve this plan.

Akira Dobashi
Executive Officer, CSR
Environmental Sustainability
General Manager
General Administration &
Human Resources Division

Link Page_09 CSR Promotion Framework

Environmental Management

Policy KDDI Group

Risks and Opportunities from Climate Change

According to the Intergovernmental Panel on Climate Change (IPCC), when it comes to global warming, there is no room for doubt. They consider it extremely likely that influences from human activities such as economic growth and an increasing population form the main cause for global warming.

KDDI considers the risks from climate change to be important management challenges, and we believe there are opportunities to make adjustments to reduce climate change by lessening existing influences through "moderation" in order to suppress greenhouse gas emissions.

Risks and Opportunities from Regulations

Each country and region has regulations and measures that influence the business activities of corporations, such as energy-saving standards, carbon taxes, and emissions negotiations. KDDI considers such regulations and measures as potential risks to business continuity and growth. We also consider it an opportunity for business growth, and in order to comply with these regulations, we are building environmentally-friendly bases, as well as providing services that save energy and reduce society's environmental impact through the use of ICT.

Risks and Opportunities from Physical Influences

Global warming has caused typhoons to grow in size and increase in precipitation, bringing damage to various locations. These kinds of natural disasters also influence the telecommunications facilities of KDDI, and we perceive them as risks to business continuity. The demand for measures against such natural disasters is increasing globally. KDDI is working to expand our business by spreading anti-disaster measures that use ICT services such as monitoring systems and disaster-prevention systems to prepare for disasters.

Other Risks and Opportunities

A lack of response to climate change can lead to business continuity risks such as a decline in market competitiveness and reliance from stakeholders. KDDI has set long-term objectives to suppress climate change, and we believe that providing services that contribute to the reduction of environmental impact leads to business expansion and can also contribute to SDG Goal 7 (Affordable and clean energy).

Policy KDDI

Fourth Environmental Conservation Plan KDDI GREEN PLAN 2017-2030

KDDI has established the KDDI GREEN PLAN 2017-2030, a new environmental conservation plan. This is a long-term plan extending to FY2030, based on the long-term Paris Agreement objectives adopted at COP21 in 2015 and the government's Plan for Global Warming Countermeasures, with the objective of reducing KDDI's CO_2 emissions by 7% in comparison to FY2013. With the aim of achieving these objectives, we are making efforts to reduce CO_2 emissions by utilizing renewable energy and other various methods.

With this plan, in addition to making performance reports in each fiscal year, we will consider revisions and reviews when necessary, which will then be reflected in the plan.

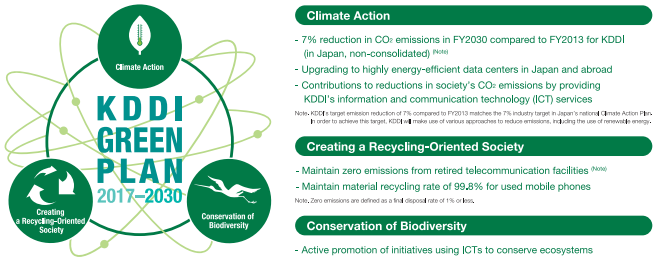
Overview of KDDI Green Plan 2017-2030

(1) Climate Action
- 7% reduction in CO_2 in FY2030 compared to FY2013 for KDDI (in Japan, non-consolidated)
- Upgrading to highly energy-efficient data centers in Japan and abroad
- Contributions to reductions in society's CO_2 emissions by providing KDDI's information and communication technology (ICT) services

(2) Creating a Recycling-Oriented Society
- Maintain zero emissions* from retired telecommunication facilities
- Maintain material recycling rate of 99.8% for used mobile phones

(3) Conservation of Biodiversity
- Active promotion of initiatives using ICTs to conserve ecosystems

* Zero emissions are defined as a final disposal rate of 1% or less.



Environmental Management

System KDDI Group

Environmental Management Regime

Environmental Management System

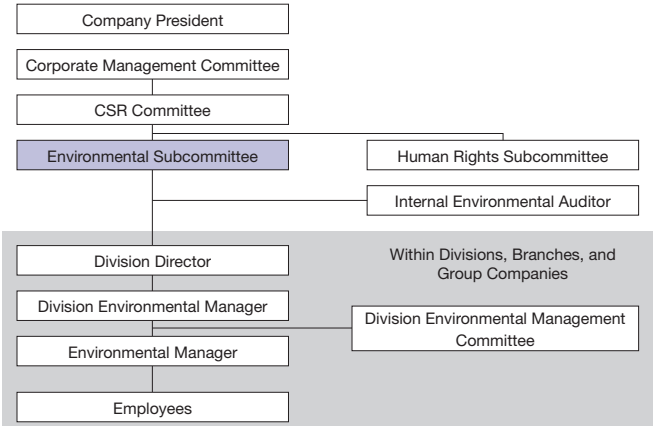
In order to clearly state our position on promoting CSR and the environment with management, the CSR Committee was established in the CSR & Environment Management Department to discuss important issues on the environment lead by the General Manager of the Corporate Sector with the CSR & Environment Management Department as the secretariat. Through the Environmental Subcommittee headed by the executive officer in charge of CSR as chairman and the CSR & Environment Management Department as the secretariat and attended by the managers of each division and group company that have acquired ISO14001 certification, the deliberation results will be reflected in each division and associated company, as well as in the objectives of each organization.

In the KDDI Group, the CSR & Environment Management Department takes a role of promotion, cooperating with related divisions to promote a group-wide system of management.

Environmental Management System Construction

KDDI Group has formed the Environmental Subcommittee, which serves as the center for the Environmental Management System (EMS). This subcommittee is comprised of a system that centrally manages the status of EMS operations carried out by each division, branch, group company, and related organizations, and cooperates with each group company to promote efficient environmental conservation activities throughout the group.

KDDI Group's Environmental Management Regime



Link Page_09 CSR Promotion Framework

KDDI Group ISO14001 Certification Acquisition (certifying authority: Japan Quality Assurance Organization (JQA)

As of the end of March 2017: KDDI CORPORATION, Okinawa Cellular Telephone Company, KDDI Evolva Inc., KDDI Evolva Okinawa Corporation, KDDI Research, Inc., KDDI Technology Corporation, KDDI Engineering Corporation, mediba inc., Japan Telecommunication Engineering Service Co., Ltd., KDDI Group Foundation, KDDI Health Insurance Union, KDDI Pension Fund, KDDI Web Communications Inc., KDDI Challenged Corporation, KDDI Foundation, TELEHOUSE International Corporation of Europe Ltd., Chubu Telecommunications Co.,Inc., WebMoney Corporation, KDDI MATOMETE OFFICE CORPORATION, KDDI MATOMETE OFFICE HIGASHINIHON CORPORATION, KDDI MATOMETE OFFICE CHUBU CORPORATION, KDDI MATOMETE OFFICE KANSAI CORPORATION, KDDI MATOMETE OFFICE NISHINIHON CORPORATION, Kokusai Cable Ship Co.,Ltd.

Total: acquired by 24 companies and groups

System KDDI Group

Internal Environmental Audits

The KDDI Group holds internal audits as an ISO14001 requirement, and appoints auditors from each branch in order to ensure objectivity and independence, with a focus on the CSR & Environment Management Department.

In FY2016, 57 divisions and 64 offices in KDDI and group companies were audited. Referring to internal environmental audit results in FY2015, emphasis was placed on (1) compliance, (2) response to regulations revised in 2015, (3) EMS operation management, and (4) objective management, and self-checks using a check sheet were held in conjunction with face-to-face audits executed by auditors. There were 0 indicated matters, 161 matters requiring revision, with approximately 60% in operations management. Due to the decline in matters requiring revision or suggestion in comparison to the previous fiscal year, we believe that EMS is becoming firmly established.

System KDDI Group

Compliance with Environmental Regulations

Compliance with Various Environmental Management Regulations

In order to prevent or reduce damage to the environment from our business activities, KDDI strictly complies with environmental regulations, as well as with regulations of various local governments and agreements made with regional authorities. There were no environmental regulation violations in FY2016.

Environmental Management

<Related Regulations>

- Act on the Rational Use of Energy
- Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging
- Waste Management and Public Cleansing Act
- Act on Rationalized Use and Proper Management of Fluorocarbons
- Law Concerning Special Measures for Promotion of Proper Treatment of PCB Wastes (PCB Special Measures Law)

Appropriate Processing of PCB-containing Apparatus

KDDI promotes the disposal of components that previously included high-concentration PCB. In FY2016, disposal could not be performed because the disposal processors were not fully prepared to receive the large disposal items. We will continue the disposal of remaining high-concentration PCB devices as soon as disposal processors that can accept them are in place. We are also scheduling the disposal of low-concentration PCB devices.

Activity — KDDI

Acquiring the Eco ICT Mark

KDDI acquired the Eco ICT Mark established by the ICT Ecology Guidelines Council* as part of our endeavor toward environmental consideration and the reduction of our environmental impact.

* Council founded for the purpose of establishing energy-saving indices to be referenced when procuring ICT devices and data centers

Activity and Results — KDDI Group

Education and Infusion for Employees

KDDI believes that increase in environmental awareness and promotion of environmental understanding are needed in order to vitalize environmental activities, and we provide environmental education for all employees.

Initiatives	Target	Details/Performance
Beginning of period information session	KDDI Group Environmental ISO Representatives	Theme: KDDI's EMS, environmental regulations, details of new regulation revisions 17 companies, 56 participants
Training of inside auditors		Study session to train 4 auditors
E-learning	All Employees of KDDI Group	Theme: Biodiversity 12,430 participants (90.9% of the target)

Policy — KDDI

Promoting Green Procurement

KDDI formulated the KDDI Green Procurement Guidelines to promote purchasing of more environment-friendly products, and procure business equipment (communications devices, air conditioning systems, and power supply facilities) with high energy-saving performance. The Guidelines promote procurement activities for the devices defined in the new ICT Ecology Guidelines specified by the ICT Ecology Guideline Council.

Furthermore, through the CSR procurement survey for business partners we have run since FY2015, we have confirmed our business partners' status of response toward environmental management.

Link Website State of Compliance with Green Purchasing Law (Japanese)
Link Website List of Compatible Models (Japanese)
Link Website Product Line-Up
Link Page_76 Supply Chain Management

System — KDDI

Cooperation of Business Partners

KDDI is continuing cooperation with our business partners to make our base stations lighter and more energy efficient. We have worked with our base station equipment suppliers to develop equipment that is lighter and consumes less power (approximately 45% lighter and approximately 22% less power consumption than before), and have continued to introduce this equipment since FY2015.

KDDI will continue to promote approaches to business partners and work with suppliers ti reduce its environmental impact.

Environmental Management

Performance

KDDI

Self-evaluation Check List for CO_2 Emission Reduction Efforts by Telecommunication Operators

		Evaluation item	If implemented, description of actions taken
Formulation of voluntary environmental action plan, etc.	1	Has the organization formulated a voluntary environmental action plan that describes actions for reducing CO_2 emissions? Has the plan been implemented?	KDDI has formulated a Medium-term Environmental Conservation Plan based on the KDDI Environmental Charter, and the plan is being implemented. Link Page_100 KDDI Environmental Charter
	2	Does the voluntary environmental action plan include specific actions for which quantitative goals for CO_2 emission reduction are stated?	The Third Medium-term Environmental Conservation Plan (KDDI GREEN PLAN 2012-2016) sets the following targets. ・30% constraint in energy use estimated for FY2016 compared with not taking any energy-saving measures ・15% reduction in energy use per subscriber estimated for FY2016 compared with FY2011 ・Expansion of Tribrid Base Stations to 100 by March 31, 2012 (Target achieved). ・Achieve zero emissions for retired telecommunications facilities (*Zero emissions is defined as having a final disposal rate of 1% or less) ・Recycling rate of used mobile phone material over 99.8% ・Recycling rate of general waste material for KDDI buildings and headquarters over 90% Link Page_34 Third Medium-term Environmental Conservation Plan – KDDI GREEN PLAN 2012-2016
	3	Does the organization put efforts into informing and enlightening employees about environmental conservation actions to improve their environmental awareness, as well as publishing the organization's voluntary environmental action plan internally and externally?	・The Medium-term Environmental Conservation Plan is published inside and outside the company by means of the Integrated Report (Detailed ESG Version) and the corporate website. ・KDDI also provides e-learning program and internal seminars for employees whenever necessary. ・Integrated Report (Detailed ESG Version) Link Page_103 Education and Infusion for Employees
	4	Are the implementation statuses of and the targeted achievements for actions given in the voluntary environmental action plan disclosed to the public?	The attainment statuses of trend targets toward the achievement of the Medium-term Environmental Conservation Plan are published in the Integrated Report (Detailed ESG Version) and the corporate website. Link Page_32 Material Issue 4: Initiatives to Conserve the Global Environment
Eco-efforts in procurement	5	Has the organization formulated, with a view to energy-saving, procurement standards for ICT devices and data centers? Does procurement conform to the established standards?	KDDI conducts its procurement activities in accordance with the KDDI Green Procurement Guidelines. Link Page_103 Promoting Green Procurement
	6	Does the organization procure office supplies and other goods as well as logistics service in an energy-saving manner (Green purchasing, etc.)?	KDDI promotes green purchasing under the KDDI CSR Procurement Policy. Link Page_76 Supply Chain Management

Environmental Management

		Evaluation item	If implemented, description of actions taken
Promotional system for eco-efforts	7	Is there an assigned group or personnel in charge of CO_2 emission reduction actions?	The CSR & Environment Management Department is established as the internal organization responsible for CO_2 emission reduction efforts.
	8	Does the organization have a system for appropriately monitoring and checking the status of implementation and the achievement level of targets given in the voluntary environmental action plan as well as for conducting internal audits?	KDDI monitors the status of implementation and the achievement level and conducts inspections and improvements through internal audits, both of which are realized through the ISO Environmental Management System.
Other eco-efforts	9	Does the organization undertake eco-friendly actions beside energy- saving efforts?	The promotion of 3R (Reduce, Reuse, Recycle) is also a core KDDI challenge, and the following goals are pursued: ・Promotion of recycling communications equipment; Improvements in recovering resources; ・Promotion of recycling used mobile phones; Improvements in recovering resources ・Reduction in paper resource use via"Green by ICT" (Bill on WEB, KDDI paperless fax service, slimmed-down au mobile phone manual, compact individual packaging, etc.); ・Reduction in office waste and improvements in recovering resources. KDDI is also engaged in improving the supply chain through Scope 3 and LCA efforts, and support for Biodiversity. Link Page_111 Environmental Performance (Low-Carbon society) Link Page_112 Environmental Performance (Recycling-Oriented society) Link Page_114 Environmental Performance (Biodiversity)
	10	Does the organization perform activities for environmental conservation in collaboration with the community?	KDDI implements forest conservation activities in which employees and customers work together across the country. Link Page_115 Environmental Conservation Activities by Employees

Environmental Management

Policy

KDDI Group

Environmental Accounting

KDDI has implemented environmental accounting since 2010 as a powerful system to quantitatively evaluate environmental activity costs and effects.
We analyze calculated costs and effects and utilize them toward more efficient environmental management.

[Scope of Environmental Accounting]

- Period: April 1, 2016 to March 31, 2017
- Scope of calculation: 30 KDDI Group companies*
- Calculation standard: Ministry of Environment "Environmental Accounting Guidelines 2005" and "KDDI Environmental Accounting Guidelines"

Environmental Protection Costs		Transaction Examples	FY2015 (Millions of Yen)		FY2016 (Millions of Yen)		Change from Previous Year (Millions of Yen)	
			Investment	Cost	Investment	Cost	Investment	Cost
Business area costs	Pollution prevention costs	Pollution prevention costs stipulated by law, costs for proper disposal of PCB, etc.	0	43	0	0	0	△43
	Global environmental protection costs	Power-saving wireless equipment for mobile base stations (Investment amount is calculated proportionally based on the power-saving effect.)	9,512	23,202	2,509	23,764	△7,002	562
	Resource recycling costs	Reduction of paper resources, processing and disposal of waste products	0	560	0	823	0	263
Upstream/downstream costs		Collection, recycling, and reuse of merchandise and products	0	1,281	0	1,396	0	115
Administrative costs		Operation and updating of environmental ISO standards, disclosure of environmental information	0	134	0	122	0	△12
R&D costs		R&D of technology, equipment, handsets, products, services, and other items conducive to reducing the environmental burden	0	340	0	108	0	△232
Social activity costs		Donations and support for forest conservation activities and to environmental protection groups	0	56	0	50	0	△6
Environmental damage restoration costs		Measures for prevention of asbestos spraying, restoration of polluted soil	0	0	0	0	0	0
Total			9,512	25,616	2,509	26,263	△7,002	647

* KDDI Web Communications Inc., mediba Inc., KDDI Research, Inc., KDDI Engineering Corporation, KDDI Evolva Okinawa Corporation, KDDI Challenged Corporation, KDDI Technology Corporation, WebMoney Corporation, KDDI MATOMETE OFFICE CORPORATION, KDDI MATOMETE OFFICE HIGASHINIHON CORPORATION, KDDI MATOMETE OFFICE CHUBU CORPORATION, KDDI MATOMETE OFFICE KANSAI CORPORATION, KDDI MATOMETE OFFICE NISHINIHON CORPORATION, Okinawa Cellular Telephone Company, KDDI Evolva Inc., Japan Telecommunication Engineering Service Co., Ltd., Chubu Telecommunications Co., Inc., Kokusai Cable Ship Co., Ltd, TELEHOUSE International Corp. of Europe Ltd. (UK), TELEHOUSE International Corp. of Europe Ltd. (France), TELEHOUSE International Corp. of America. (US), TELEHOUSE Deutschland GmbH (Frankfurt), HKCOLO.NET LTD. (Hong Kong), TELEHOUSE Beijing Co., Ltd (Beijing), TELEHOUSE BEIJING BDA Co., Ltd (Beijing), TELEHOUSE Shanghai Co., Ltd (Shanghai), KDDI Korea Corporation (Seoul), KDDI Singapore Pte Ltd. (Singapore), TELEHOUSE International Corp. of Vietnam (Hanoi)

Environmental Management

1. Environmental Protection Benefits (Physical)		Indicator Category (Unit)	FY2015	FY2016	Change from Previous Year
(1) Benefits derived from business area	1) Benefits related to resources invested in business activities	Power consumption (MWh)	2,438,952	2,440,582	1,629
		Paper usage (t)	12,047	9,800	△2,247
		Paper reduced by Bill on WEB (t)	3,834	3,892	58
	2) Benefits related to environmental burden and waste products discharged from business activities	Greenhouse gas emissions (t-CO_2) *	1,392,753	1,277,094	△115,659
		Industrial waste emissions related to telecommunications facilities and buildings (t)	5,298	5,820	521
(2) Benefits derived from upstream/downstream costs	Benefits related to goods and services produced by business activities	Number of used mobile phones and other devices collected (10,000 units)	348	359	11

2. Economic Benefits of Environmental Protection Measures (Yen)	Substantive Benefits (Major Effects)	FY2015 (Millions of yen)	FY2016 (Millions of yen)	Change from Previous Year
Revenues	Revenues from sales through disposal of telecommunications facilities and buildings	333	150	△182
Costs reductions	Reduction in energy costs by adopting the use of low-pollution vehicles	12	15	3
	Reduction in costs of new purchases by reusing disposed of telecommunications facilities	3,879	4,083	203
Total		4,224	4,248	24

* Emission coefficient used per telecommunications operator

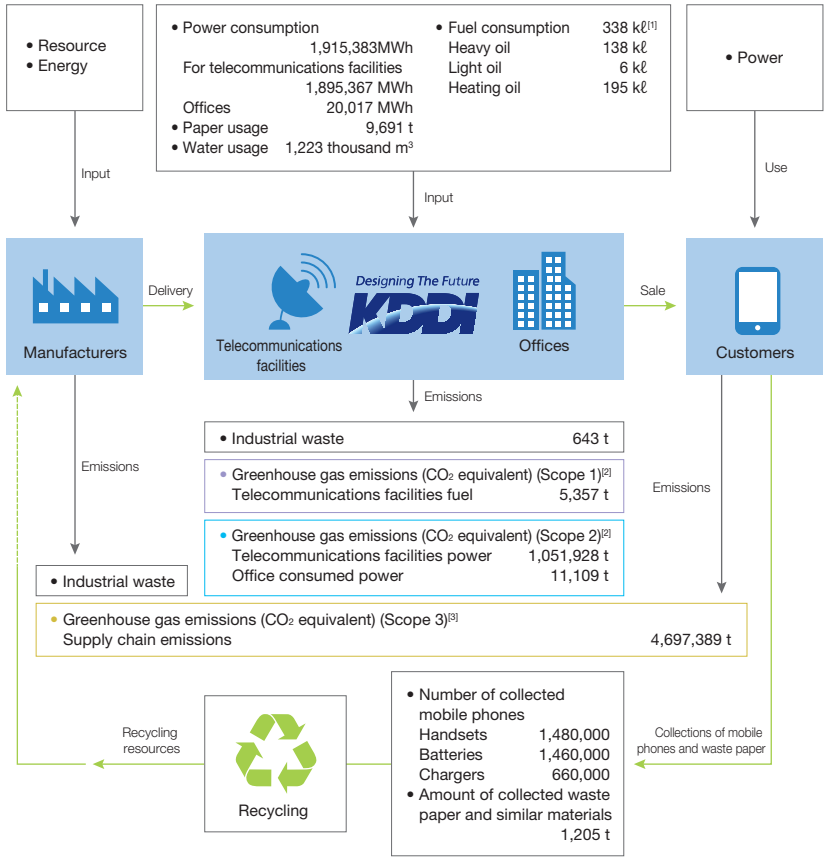
Environmental Performance

Activity and Results | KDDI

Environmental Impact of Business Activities

Most input energy is electric power for telecommunications facilities. Heavy oil, light oil, heating oil and other fuels are input when test running emergency power generation facilities. Most water usage is generated by everyday business activities in the offices. Greenhouse gas emissions were calculated in three areas, Scope 1, Scope 2 and Scope 3 (all items), and third-party verification was received.

Environmental Impact of FY2016 Business Activities (Coverage: KDDI)



[1] Used for air conditioning of telecommunications facilities and for emergency generators.
[2] CO_2 emissions are calculated using a conversion coefficient of 0.555kg-CO_2/kWh for the power consumption and the emission coefficients for fuel consumption applied to the calculation, reporting, and disclosure systems based on the "Act on Promotion of Global Warming Countermeasures."
[3] CO_2 emissions are calculated using emission factors indicated in the Ministry of the Environment's "Overview of Basic Conversion Guidelines Related to the Calculation of the Greenhouse Effect through the Supply Chain."

Environmental Performance

Activity and Results | KDDI

Understanding Environmental Impact

In order to quantitatively understand and share information about our environmental impact, KDDI has calculated our supply chain greenhouse gas emissions (Scopes 1, 2, and 3) in adherence with various guidelines [1] since FY2012.

In our FY2016 business activities, Scope 3 accounted for 81.47% of total greenhouse gas emissions (Scopes 1, 2, and 3). When viewed by category, the percentages of Categories 1 and 2 have continued to grow since the previous fiscal year. Additionally, in order to ensure the reliability of calculations, the results of Scopes 1 and 2 were subjected to independent third party verification by Lloyd's Register Quality Assurance Limited, while the results of Scope 3 were subjected to third party verification by Waseda Environmental Institute Co.,Ltd.

KDDI also conducts life-cycle assessments (LCA) to evaluate the environmental impact by calculating CO_2 emissions in every step in the life of its products and services, from manufacturing to use, disposal, and recycling [2], as well as conducting regular LCA for "au HIKARI" and "au".

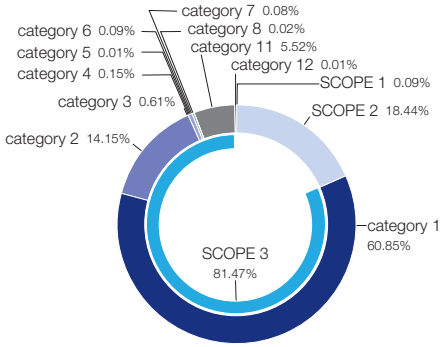
[1] Green Value Chain Platform
[2] Environmental load at the disposal and recycling stage includes environmental load at the manufacturing stage.

GHG Emissions and the Proportions of Each Category

Category			FY2012		FY2013		FY2014		FY2015		FY2016	
			t-CO_2	%	t-CO_2	%	t-CO_2	%	t-CO_2	%	t-CO_2	%
SCOPE 1		All direct GHG emissions	2,857	0.05	3,505	0.06	4,680	0.08	5,344	0.10	5,357	0.09
SCOPE 2		Indirect GHG emissions from consumption of purchased electricity, heat or steam	1,046,565	20.08	935,996	16.08	1,039,677	17.97	1,076,209	19.54	1,063,038	18.44
SCOPE 3	category 1	Purchased goods and services	2,733,364	52.45	3,343,506	57.44	3,306,863	57.16	3,236,999	58.78	3,507,745	60.85
	category 2	Capital goods	952,799	18.28	1,093,184	18.78	1,053,203	18.21	776,711	14.10	815,893	14.15
	category 3	Fuel- and energy-related activities	34,439	0.66	31,480	0.54	34,967	0.60	35,379	0.64	34,913	0.61
	category 4	Upstream transportation and distribution	8,261	0.16	4,994	0.09	7,003	0.12	7,370	0.13	8,706	0.15
	category 5	Waste generated in operations	921	0.02	588	0.01	500	0.01	681	0.01	583	0.01
	category 6	Business travel	5,154	0.10	5,080	0.09	4,590	0.08	4,831	0.09	5,314	0.09
	category 7	Employee commuting	3,497	0.07	2,671	0.05	5,031	0.09	4,574	0.08	4,642	0.08
	category 8	Upstream leased assets	1,751	0.03	1,519	0.03	1,367	0.02	1,309	0.02	1,209	0.02
	category 9	Downstream transportation and distribution	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
	category 10	Processing of sold products	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
	category 11	Use of sold products	419,922	8.06	397,324	6.83	325,364	5.62	356,359	6.47	318,023	5.52
	category 12	End-of-life treatment of sold products	1,451	0.03	819	0.01	1,606	0.03	886	0.02	363	0.01
	category 13	Downstream leased assets	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
	category 14	Franchises	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
	category 15	Investments	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
			4,161,559	79.86	4,881,165	83.86	4,740,493	81.95	4,425,098	80.36	4,697,389	81.47
TOTAL			5,210,981	100.00	5,820,666	100.00	5,784,851	100.00	5,506,651	100.00	5,765,785	100.00

* CO_2 emissions are calculated using a conversion coefficient of 0.555 kg-CO_2/kWh for the power consumption and the emission coefficients for fuel consumption applied to the calculation, reporting, and disclosure systems based on the "Act on Promotion of Global Warming Countermeasures."

Comparison of GHG Emission Ratio of Each Category (FY2016)



Environmental Performance

Activity and Results

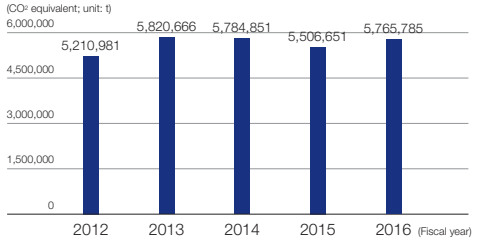
KDDI

Environmental Impact Data

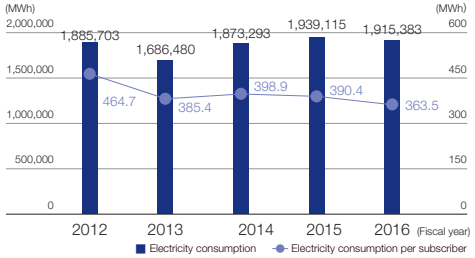
		FY2012	FY2013	FY2014	FY2015	FY2016
Greenhouse gas emissions (CO_2 equivalent; unit: t) *		5,210,981	5,820,666	5,784,851	5,506,651	5,765,785
Electric power consumption (unit: MWh)		1,885,703	1,686,480	1,873,293	1,939,115	1,915,383
Electric power consumption per subscriber (unit: MWh)		464.7	385.4	398.9	390.4	363.5
Fuel consumption (unit: kℓ)		308	260	254	258	338
Paper usage (unit: t)		17,924.0	43,429.2	13,303.0	11,853.0	9,691.1
Water usage (unit: 1,000m³)		1,638	1,864	2,206	2,159	1,223
Industrial waste emissions (unit: t)		1,401.1	1,445.7	1,283.0	1,399.0	643.1
Number of mobile phones and other devices collected by KDDI (unit: 10,000 devices)	Mobile phones	181	154	163	141	148
	Batteries	182	161	182	143	146
	Chargers	83	72	79	65	66
Amount of waste paper and similar materials collected for recycling (unit: t)		2,394	2,235	2,531	1,695	1,205
Equipment-related energy usage at centers (unit: MWh)		685,885	664,798	747,016	779,504	778,224

* CO_2 emissions are calculated using a conversion coefficient of 0.555 kg-CO_2/kWh for the power consumption and the emission coefficients for fuel consumption applied to the calculation, reporting, and disclosure systems based on the "Act on Promotion of Global Warming Countermeasures."

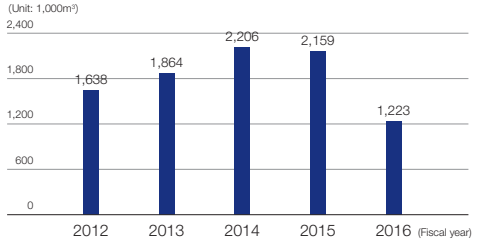
Greenhouse Gas Emissions



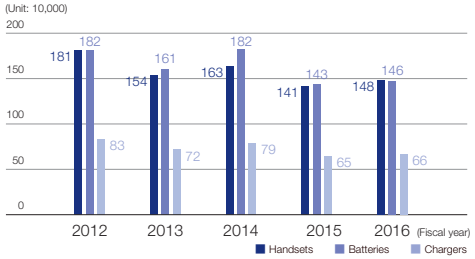
Electricity Consumption and Electricity Consumption per Subscriber



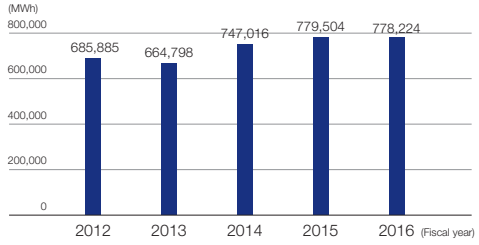
Water Usage



Number of Mobile Phones Collected by KDDI



Equipment-Related Energy Usage at Centers



Environmental Performance

Policy KDDI Group

KDDI's Approach (Low-Carbon Society)

Greenhouse gas emissions, which are considered a cause of global warming, are increasing year-by-year, and reducing them has become a social issue shared by all humankind.

The utilization of ICT leads to greater efficiency of business activities such as production and consumption, and is expected to contribute to the reduction of customers' CO_2 emission. In addition to expanding utilization, there are fears of an increase in environmental impact caused by the data center and base stations, so that consideration for energy use with regards to the development and introduction of facilities and devices has become an issue.

In order to actualize an affluent low carbon society, KDDI is providing new ICT services to contribute to the reduction of CO_2 emissions in society.

Activity KDDI Group

Green by ICT

The Environmental Eco Label is provided to services that contribute to reducing the environmental impact of customers and society (reducing CO_2 emissions) through the use of ICT services offered by KDDI.

KDDI Cloud Platform Service

KDDI conducts the operation and maintenance of the platform through "KDDI Cloud Platform Service", enabling customers to increase and decrease server capacity remotely from their own office, without having to travel to the data center where the servers are located. Furthermore, customers can reduce the amount of CO_2 that they generate by moving the servers that they install, operate, and maintain by themselves (on-premises environment) to the "KDDI Cloud Platform Service".

With the "KDDI Cloud Platform Service", server operations are performed with an economy of scale unique to a telecommunications carrier, enabling an approximately 38% reduction in CO_2 emissions per server per year in comparison to when customers operate their servers individually.

TELEHOUSE Data Center Services

The TELEHOUSE data centers provided by KDDI are located in 48 bases in 24 cities around the world, including in Japan. They are equipped with high-capacity electric power and incorporate the latest in energy- saving facilities, such as highly efficient and reliable power supply equipment, energy-efficient air conditioning, LED illumination, and outdoor lighting that uses wind and solar power, in an effort to reduce power consumption, achieve low PUE*, and provide significantly lower CO_2 emissions than conventional data centers.

The TELEHOUSE LONDON Docklands North Two fully opened in November 2016, and adopts an indirect external air cooling system and other cutting-edge environmental technologies to achieve PUE 1.16, the highest-level energy efficiency for a data center operator. In Japan, TELEHOUSE TOKYO tama3 also employs the latest in energy-saving facilities and LED illumination, achieving PUE of 1.31 (design value).

TELEHOUSE LONDON Docklands North Two was recognized for achieving highest-level energy efficiency in the 2017 Data Centre Solution Awards.

* PUE is an index representing the energy efficiency of data centers and other IT facilities. It is calculated from average power consumption and design values.

FY2016 Products "MATOMETE KURUMATICS"

"MATOMETE KURUMATICS" is a next generation vehicle operation management service that combines telecommunications that enable checking operating conditions in real time with cloud technologies.

Link Website MATOMETE KURUMATICS (Japanese)

Other Eco-Efforts

Initiatives	Details
Participate in the project to achieve an energy-saving society with active robot and drones	Develop an operation management system that utilizes drones for security and operation management functions
Participate in Ministry of Economy, Trade and Industry's virtual power plant launch test project	Promote initiatives for management of power supply and demand utilizing storage batteries for ordinary households and IoT Link Page_52 Virtual Power Plant Construction and Demonstration Project
Provide KDDI IoT Cloud ～Toilet Water-Saving Management～	Monitor water data in each restroom utilizing IoT to reduce water use by between 40 and 50%* Link Page_53 Other Exemples of Environment Innovation

* Expected values calculated from performance values of bulb manufacturer

Environmental Performance

Activity KDDI

Green of ICT

Reducing Power Consumption in Base Stations and Undertaking Disaster Measure Initiatives

The au mobile phone base stations account for 60% of the total energy consumed by KDDI, reducing the power that base stations consume, which is one of our topmost priorities. Furthermore, 77% of the base stations that ceased to operate in the aftermath of the Great East Japan Earthquake that struck in 2011 did so because of power outages. This shows that disaster preparedness measures that address power outages are a pressing topic.

In regard to these issues, KDDI has promoted Tribrid Base Station initiatives* and extending the life of base station batteries to 24 hours.

* Base stations utilizing tribrid electric power control technology to efficiently supply three kinds of electric power: ordinary commercial power, power generated by solar panels, and midnight power saved in storage batteries

	Numbers as of the end of March 2017
Tribrid base stations	100 stations in Japan
Extending life of base station batteries to 24 hours	Around 2,200 stations in Japan

<Portable Batteries>

In FY2013, KDDI introduced and utilizes portable batteries with reduced environmental impact at 5 maintenance bases throughout Japan as a substitute for the mobile power supply vehicles used in the past to power mobile phone base stations during electricity outages.

Portable Battery Trial Test Results (FY2012)

Mobile power supply vehicles	8.2 L diesel fuel consumed per time	CO_2 emissions: 21.5 kg
Portable batteries	10 kWh of power consumed per time	CO_2 emissions: 4.1kg

A reduction of 17.4 kg of CO_2 emissions per time

* With an approximately 10-hour base station power outage and 1 kW wireless device power consumption

Renewable Energy (Internal use)

In order to actualize even better energy conservation and CO_2 emissions cuts at KDDI, a portion of the electric power used at large scale communications stations and tribrid base stations are utilizing natural energy sources such as solar power. In addition, almost all electrical power at eight mobile telephone base stations in Japan come from natural energy sources.

The amount of natural energy produced by each Tribrid Base Station is approximately 4.2 kWh per day*, accounting for 18% of the power used by every device. Furthermore, by utilizing midnight power, we predict that CO_2 emissions will be reduced 20 to 30%.

* Includes values researched by KDDI where average energy production is predicted from 6 solar batteries installed in test stations during clear skies

Renewable Energy (solar power generation business)

KDDI launched its solar power generation business in November 2013 with the aim of contributing to reduction of CO_2 emissions. We constructed solar power generation facilities on idle land owned by KDDI in three locations around Japan, and we sell the power generated to electric power companies based on the Feed-in Tariff Scheme for Renewable Energy.

Unit: MWh

	FY2013	FY2014	FY2015	FY2016
Total Power Generated (Total Generated Power Sold)	3,034	14,403	13,674	14,288

Results KDDI

External Assessment

Link Page_117 Winner of the Minister of the Environment Gold Award in Low Carbon Cup 2017

Policy KDDI

KDDI's Approach (Recycling-Oriented Society)

In order to reduce our environmental impact from waste produced through business activities, we effectively utilize our resources to contribute to the formation of a recycling-orientated society.

Results KDDI

Reducing Waste and Promoting Recycling

KDDI promotes reuse activities that regenerate and effectively employ retired telecommunication facilities. We also use material recycling to effectively employ equipment, components and materials that have become unnecessary.

In FY2016, KDDI recycled a total of 2,400.8 tons of the materials in old deteriorated rechargeable batteries installed in telephone exchange stations used in test environments, to effectively utilize their resources. We will continue to make proactive efforts to reuse and

Environmental Performance

recycle the retired equipment generated during regular upgrades of communications equipment for base stations and other facilities in the future.

Activity and Results — KDDI

Promotion of Mobile Phone Recycling

Used mobile phone handsets that have been collected from customers at au shops are manually disassembled, separating out substrates, displays, cameras, plastics, screws, iron, antennas, motors, speakers and other items, in a secured room. Gold, silver, copper, palladium and other resources are extracted from the substrates, while screws and antennas are recycled into steel products and plastics are recycled into plastic products. When a machine is used to disassemble a mobile phone, plastics are burned up in the incineration process and so cannot be used as a recycled resource. In addition, recycling eliminates the need to conduct new mining and refining of mineral resources such as oil, iron, gold, silver, and copper, while also reducing the amount of carbon dioxide that is generated through the mining and refining processes. KDDI performs all disassembly manually to prevent recyclable resources from being wasted.

Performance in FY2016

Collection Performance*	Recycling Rate
3.59 million	99.8%

* Includes main body, batteries, and chargers

Link Website au shop Locator (Japanese)

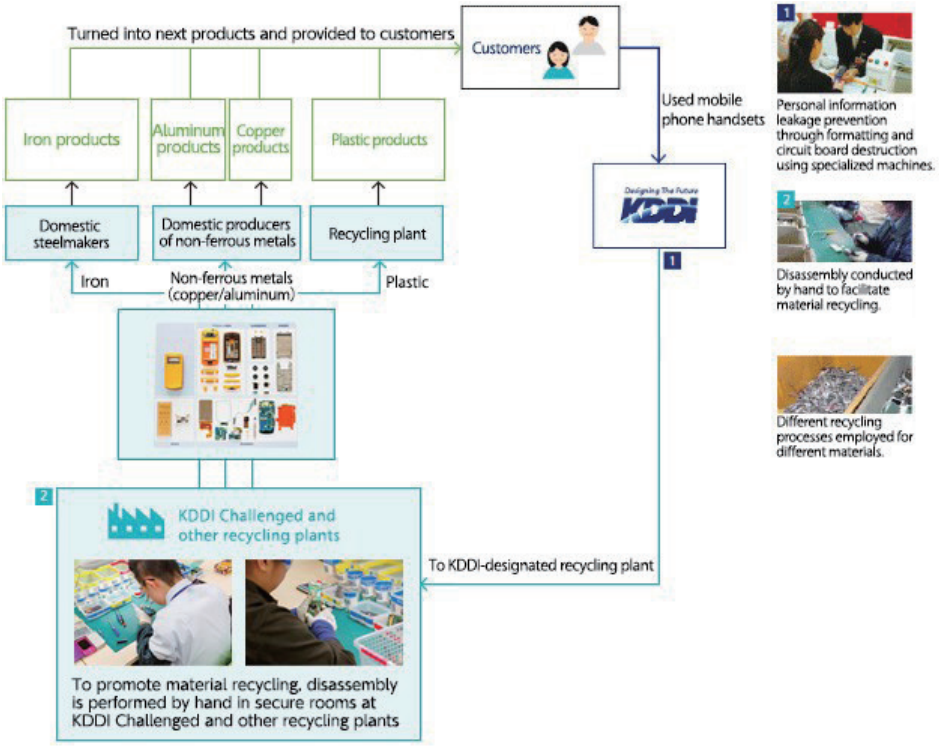
Link Page_80 Expanding Employment Opportunities and Advancement of Persons with Disabilities

Activity and Results — KDDI

Reduction of Paper Resources

Initiatives	FY2016 Result
Reduction of paper by putting bills on the Web	3,892 t

Basic flow for Recycling of Mobile Phones



Environmental Performance

Policy KDDI

Approach to Water Use

There are fears of losing water resources from population increase on a global scale and the reduction of useable water caused by climate change. Disputes concerning water distribution and pollution have broken out in various locations around the world, making efficient water use an issue. KDDI is making efforts to provide products and services to reduce water use from business activities and contribute to efficient water use.

Providing KDDI IoT Cloud ~Toilet Water-Saving Management~

In office and public restrooms, toilets with only one setting when flushing are usual, leading to excessive water use. “KDDI IoT Cloud ~ Toilet Water-Saving Management~” detects users with a sensor set in toilet stalls, optimizing control of the amount of toilet water while the user is present.

Furthermore, by understanding the water amount data in individual stalls utilizing IoT, we can monitor and remotely maintain precise water amounts, saving 40 to 50%* water and reducing costs compared to before.

* Expected values calculated from performance values of bulb manufacturer. Value may be lower depending on the location installed.

Policy KDDI

KDDI’s Approach (Biodiversity)

KDDI has established the KDDI Action Guidelines on the Preservation of Biodiversity to multilaterally assess our contributions toward the preservation of biodiversity. In these guidelines, we defined the 3 principles of Preserving Diversity in Business Activities, Collaboration and Cooperation with Related Organizations, and Promoting Recycling of Resources. Using this policy, we pinpoint various opportunities to promote activities.

KDDI Action Guidelines on the Preservation of Biodiversity

Preserving Diversity in Business Activities

When formulating business plans, we take into consideration the impact on the related ecosystems and local community.

Collaboration and Cooperation with Related Organizations

We strengthen collaboration and cooperation with administrative authorities, NPOs and other organizations, and undertake CSR activities using ICT.

Promoting Recycling of Resources

To prevent the depletion of bioresources and minimize degradation of the natural environment, we continuously and proactively engage in recycling of resources.

Policy KDDI

Biodiversity Consideration for Building Base Stations

KDDI is also taking biodiversity into consideration when constructing base stations. This includes cooperation with local governments and environmental conservation associations to delay construction when it falls during nest building and egg laying periods of the Northern Goshawk and the Oriental Stork. Another example is the transplanting and afforestation of rare plants that exist on sites with guidance from the Ministry of the Environment. Furthermore, we select construction methods that do not produce pile driving noise so that the delivery, breeding, and milking of race horses and dairy cattle are not affected by construction noise. Although we have their understanding on the necessity for base station construction, we take great efforts to build reliable relationships with local governments and residents by minimizing the effect that base station construction has on the environment.

Activity KDDI Group

Research on Behavior of Endangered Ganges River Dolphins

KDDI Research utilizes the acoustic technology cultivated by underwater robots that maintain and inspect submarine cables that connect continents and collaborates with the Institute of Industrial Science, The University of Tokyo, the Kyushu Institute of Technology, the Indian Institute of Technology Delhi, and WWF-India to observe the ecology of the endangered Ganges River dolphin.

The researchers catch the ultrasonic waves these dolphins emit to determine their surrounding environment through murky waters using underwater microphones in hopes of surveying the dolphins’ behavior underwater. One advantage of using this method is that it enables the

Environmental Performance

observation of large numbers of dolphins without having any effect on their behavior because it does not physically touch the dolphins.

This initiative won the Fujisankei Group Award at the 25th Global Environment Awards.

Activity and Results KDDI

Green Road Project

Participation in Volunteer Survey of Manazuru Forest Reserve of Uotsuki

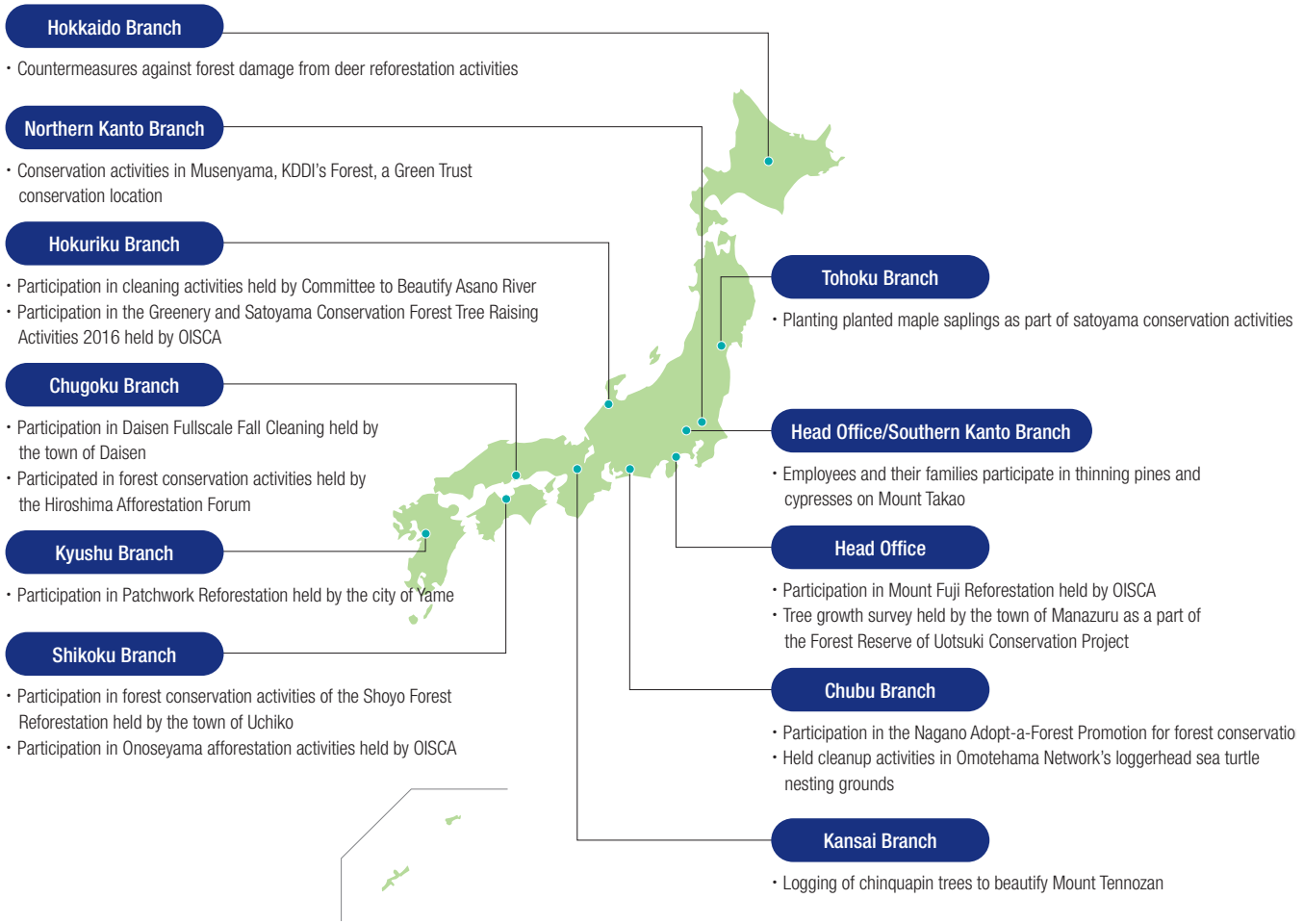
KDDI participated in the volunteer survey of the Forest Reserve of Uotsuki located in the Manazuru Peninsula. This activity is carried out with the objective of permanently preserving the Forest Reserve of Uotsuki formed from black pines afforested in the Edo period. It forms a part of the Forest Reserve of Uotsuki Conservation Project executed in collaboration between the town of Manazuru and OISCA International. Utilizing tablets loaned out by KDDI and the "G Suite Basic(TM)*" solution service, we cooperated with the citizens of Manazuru to survey the degree of growth of the trees.

* A cloud groupware service that can be used online or offline on smartphone and tablet apps

Environmental Conservation Activities by Employees

In FY2016, as in previous years, KDDI conducted environmental conservation activities in regions across Japan. Employees and their families participated in volunteer activities in a variety of settings in each region, ranging from mountains to rivers and beaches.

Environmental conservation activity execution	Total participants
122 times	4,529



External Assessment

Overseas

Inclusion in the FTSE4Good Global Index, a Socially Responsible Investment Index

KDDI is included in the FTSE4 Good Index Series, which is the representative socially responsible (SRI) index in the world. The FTSE4 Good Index Series was developed by FTSE Russell, which belongs to the London Stock Exchange Group. The number of companies selected after the index review in June 2017 is 883 (of which Japanese companies make up 148). This index is widely used as a standard for selecting investees by institutional investors who focus on the social responsibility and sustainability of companies.

FTSE4Good

Inclusion in MSCI Global Sustainability Indexes, a Socially Responsible Investment Index

KDDI is included in the MSCI Global Sustainability Indexes, which is one of the global SRI indices (as of June 2017). MSCI Global Sustainability Indexes were developed by a US company, MSCI Inc., that selects companies with strong Environmental, Social and Governance (ESG) performance.

MSCI 2017 Constituent MSCI Global Sustainability Indexes

THE INCLUSION OF KDDI CORPORATION IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF KDDI CORPORATION BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

Inclusion in Euronext Vigeo World 120

As of June 2017, KDDI is included in the Euronext Vigeo World 120 sustainability evaluation indices, selected by NYSE Euronext, the world's biggest stock exchange group, and Vigeo which evaluates companies' performance in social responsibility.

EURONEXT vigeo eiris INDICES WORLD 120

Inclusion in SRI Indices (Ethibel Sustainability Index Excellence Global label)

KDDI is included in the Ethibel Sustainability Index Excellence Global label from the socially responsible investing promotion group Forum ETHIBEL, based in Belgium. This brand is composed from a corporation that displays high performance from the view of social responsibility, and as a corporation that is among those with the best CSR initiatives in its industry, KDDI was selected for the Ethibel PIONEER Investment Register, the highest grade in the index. (March 2017)

Furthermore, we have continuously been selected for Ethibel Excellence since 2013.

member of the INVESTMENT REGISTER
ETHIBEL PIONEER & EXCELLENCE

Japan

Inclusion in SRI Indices (Morningstar Socially Responsible Investment Index)

KDDI is included in the Morningstar Socially Responsible Investment Index (MS-SRI), which is the first socially responsible investment index in Japan (As of January 2017). The MS-SRI is a stock index of 150 socially exceptional companies selected by Morningstar Japan K.K. from listed domestic companies.

MS-SRI

Selected as "Nadeshiko Meigara" for Five Consecutive Years

KDDI has been selected as a "Nadeshiko Meigara" for being a company that proactively promotes women in the workplace for five consecutive years since 2012.

Nadeshiko Meigara is a joint undertaking by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange to select and introduce companies that proactively promote the advancement of female employees as attractive stock.

NADESHIKO BRAND 2017

Winner of the Gold Award in the PRIDE Index

KDDI won the highest Gold award in the PRIDE Index which evaluates the efforts of companies concerning sexual minorities including LGBT. The PRIDE Index was established by a private organization, work with Pride, with the aim of promoting the creation of

work with Pride Gold 2016

External Assessment

LGBT friendly workplaces in companies.

* In July 2015, KDDI started applying au family discount and various services based on the "condition that the users are family members" to same sex partners upon presentation of an official partnership certificate

Ranked 3rd Overall in CSR Company Ranking

KDDI was placed third overall in the 11th CSR Company Ranking announced by TOYO KEIZAI INC. This is a ranking of "companies that are trusted" by a wide range of stakeholders. 1,400 domestic companies were analyzed with scores assigned for "utilization of human resources," "environment," "corporate governance and social nature," and "finance" based on the findings of a survey conducted in 2016.

KDDI was highly appraised particularly for "utilization of human resources" and "corporate governance and social nature".

Winner of the Minister of the Environment Gold Award in Low Carbon Cup 2017

KDDI's "Tribrid Base Stations That Make Use Of Renewable Energy" won the Minister of the Environment Gold Award out of a total of 951 organizations across Japan in the Low Carbon Cup 2017 organized by the Japan Network for Climate Change Actions.

The award was given in recognition of KDDI's efforts to transfer technology to developing countries in addition to installing 100 Tribrid Base Stations in Japan, which can reduce CO_2 emissions up to 30% annually compared to base stations that only use commercial power.

Other External Assessment

Survey/Award	Evaluation
CDP2016	Top Domestic Telecommunications Carrier
19th Environmental Management Survey organized by Nikkei Inc.	Ranked 8th by Industry
Environment Human Development Award sponsored by the Ministry of the Environment	Incentive Award
Awards for Companies Promoting Experience-based Learning Activities sponsored by the Ministry of Education, Culture, Sports, Science and Technology (MEXT)	Selection Committee Special Award
"2016 Chiyoda-Ku System For Action Plan To Give Consideration To Global Warming" organized by Chiyoda-ku, Tokyo	Special Award
2017 Commendation On Instructional Materials For Consumer Education organized by the National Institute on Consumer Education (NICE)	Award of Excellence Link Page_26 KDDI Smartphone and Mobile Phone Safety Classes (classes for juniors)
2017 Data Centre Solution Awards*	Data Centre Energy Efficiency Project of the Year Link Page_111 TELEHOUSE Data Center Services

* Won by TELEHOUSE EUROPE

External Assessment

Scope 1 and Scope 2 FY2015 Greenhouse Gas Emission Verification Statement

Lloyd's Register LRQA

Assurance Statement
related to KDDI Corporation's GHG Emissions
for the fiscal year 2015

Terms of Engagement
This assurance statement has been prepared for KDDI Corporation.

Lloyd's Register Quality Assurance Ltd. (LRQA) was commissioned by KDDI Corporation (hereafter called as the Organisation) to assure its greenhouse gas (GHG) emissions data for the fiscal year 2015, that is, 1 April 2015 to 31 March 2016, (hereafter referred to as "the Report"). The Report relates to the GHG emissions data from the activities of the Organisation and its consolidated subsidiaries in Japan and overseas.

Management Responsibility
The Organisation's management was responsible for preparing the Report and for maintaining effective internal controls over the data and information disclosed. LRQA's responsibility was to carry out an assurance engagement on the Report in accordance with our contract with the Organisation.

Ultimately, the Report has been approved by, and remains the responsibility of the Organisation.

LRQA's Approach
Our verification has been conducted in accordance with ISO 14064–3:2006 *Specification with guidance for validation and verification of greenhouse gas assertions* to provide limited assurance that GHG emissions data as presented in the Report have been prepared in conformance with the Organisation's in-house reporting procedures.

To form our conclusions the assurance engagement was undertaken as a sampling exercise and covered the following activities:

- reviewed processes related to the control of GHG emissions data and records;
- interviewed relevant staff of the Organisation responsible for managing GHG emissions data and records;
- visiting site to establish whether the in-house procedures have been effectively implemented; and
- verified historical GHG emissions data and records at an aggregated level for the fiscal year 2015.

Level of Assurance & Materiality
The opinion expressed in this Assurance Statement has been formed on the basis of a limited level of assurance and at a materiality of the professional judgment of the verifier.

LRQA's Opinion
In this verification, the Organisation properly calculated only CO_2 from the energy source out of the GHG emissions. Since the other GHGs are not calculated, they are not included in the target of verification. In other respects, based on LRQA's approach nothing has come to our attention that would cause us to believe that the total GHG emissions disclosed in the Report as summarised in Table 1 below are not materially correct and the Report has not been prepared in conformance with the Organisation's in-house reporting procedures.

Page 1 of 2

Lloyd's Register LRQA

LRQA's Recommendations
The Organisation should establish and review its reporting procedures with expanding the calculation range of GHG emissions and adding group companies, and continuous improvement is recommended. Also the Organisation should continue improving the quality assurance and control systems with internal self-verification particularly across its group companies in Japan and overseas.

Signed Dated: 20 March 2017

Wataru Kawamura
LRQA Lead Verifier
On behalf of Lloyd's Register Quality Assurance Limited
Japan Business Centre, Queen's Tower A, 10th Floor
2-3-1 Minatomirai, Nishi-ku, Yokohama 220-6010, Japan

LRQA reference: YKA4005450

Table 1. Summary of KDDI Corporation's GHG emissions FY 2015

Scope of GHG emissions	Tonnes CO_2e
Direct GHG emissions (Scope 1)	97,784
Energy indirect GHG emissions (Scope 2, Market-based)	1,294,969
Note 1: Scope 2, Market-based is defined in the GHG Protocol Scope 2 Guidance, 2015. "Market-based" includes Location-based calculation (in the guidance) partially.	

This Assurance Statement is subject to the provisions of this legal section:

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Page 2 of 2

Scope 3 FY2016 Greenhouse Gas Emission Verification Report

Scope3 Greenhouse gas emission verification report

Messrs. KDDI Corporation

June 28, 2017
Waseda Environmental Institute

Waseda Environmental Institute. (hereinafter, WEI) made verification of the calculation results for greenhouse gas emission for Scope3 in the period from April 1, 2016 to March 31, 2017 that KDDI CORPORATION (hereinafter, KDDI) reported on website.

1. Scope of the verification

KDDI requested WEI to verify the accuracy of following greenhouse gas emission information.

- Scope3 greenhouse gas emission
  - It is based on Basic Guideline Ver2.1 on greenhouse gas emission calculations through supply chain.
  - All Scope3 greenhouse gas emission ranging from Category 1 to Category 15

2. Verification methods

WEI conducted following activities for verification, based on the requirements of ISO14064-3, to give the limited assurance.

- Interview to the parties in charge of identifying and calculating the greenhouse gas emission
- Confirmation of methods of collecting, totalizing, and analyzing information used to determine the greenhouse gas emission of KDDI
- Sample audit of source data for checking the accuracy of greenhouse gas emission

3. Conclusion

According to the verification activities and process conducted, the evidence showing that the claim of greenhouse gas emission was as follows was not found.

- It lacks accuracy remarkably and does not indicate the greenhouse gas emission data in the scope properly.
- It is not prepared according to the greenhouse gas emission calculation method provided by KDDI.

Greenhouse gas emission validated

Scope3	4,697,389t-CO2

Note Direct greenhouse gas (GHG) emissions include the amount emitted by an overseas subsidiary.
Energy indirect greenhouse gas (GHG) emissions are calculated using utility-specic emission factors.

External Assessment

KDDI Corporation Integrated Report 2017 (Detailed ESG Version) Third-Party Opinion

Masahiko Kawamura

Alterna Research Institute - President and Chief ESG Analyst

NLI Research Institute - Visiting ESG Analyst

Kawamura earned his master's degree from the Kyushu University Faculty of Engineering in 1976, and joined Mitsui Ocean Development & Engineering Co., Ltd. (MODEC). He entered NLI Research Institute in 1988 and the Alterna in fall 2016. His areas of expertise are environmental management, environmental business, CSR management, and integrated reporting. He has served at various organizations, including the Sustainable Management Forum of Japan (Vice Chairman), BERC (Fellow), and Sun Messe Co., Ltd. (Adviser), and his published works include "Perfect Guide to CSR Management (CSR Keiei Paafekuto Gaido) (sole author), "New Trends in Integrated Reporting" (Tougou Houkoku no Shin-chouryuu) (co-author), and "Carbon Disclosure" (co-editor).

This opinion is intended to provide an evaluation and discussion of issues and expectations based on the information published in the KDDI Corporation Integrated Report 2017 (Detailed ESG Version), particularly with respect to the disclosure of CSR management information, as well as to the approach to CSR management and the details and results of initiatives. This is the second opinion, following the one from last year.

1. Disclosure of CSR Management Information

◆ The Integrated Report (Detailed ESG Version) expands on non-financial information, and is published as a companion to the Integrated Report, which focuses on financial information. In recent years, other integrated reports have included only a summary of the CSR and ESG information, but I highly evaluate this report for its reliable qualitative expansion on information disclosure. Employment and environmental performance data are easy to understand, and the disclosure of customer used rank (scope 3) CO_2 emission details are particularly worthy of appraisal.

◆ Unlike last year's report, the construct of this report is in accordance with KDDI's more distinct CSR System Diagram, making it easier to understand. That is to say, in addition to KDDI's CSR and the Material Issues for CSR, "CSR Initiative Through Business" (KDDI Products and Services) and "CSR Initiatives Supporting Operations" (KDDI Business Foundations) are also largely included. In particular, understanding of the essence of CSR is expressed in the latter, which conforms to the core subjects of ISO26000.

◆ As stated in the editorial policy, this report is centered on the KDDI company itself, but the boundaries of each subject are clearly stated as applying to the KDDI company alone or to the KDDI group, clearly defining the current scope of CSR management. As a global corporation, the issue from here out is how to expand the CSR to the whole group, including overseas bases.

◆ In the Targets, Results and Issues in Material Issues for CSR progress supervision table, self-evaluation and future issues are stated for each item, making it possible to evaluate from the view of PDCA. However, although policies, systems, activities, and results of each item are concisely described in the report, their issues and measures for resolution are not listed, so I would like to see this resolved in the future.

2. Details of CSR Management

◆ The KDDI's Approaches (Recognition of Social Issues, Risks and Opportunities, and Management), KPI, Stakeholders, and Future Issues for each of the four Material Issues for CSR (Governance x 1, Society x 2, Environment x 1) are described so that they are easy to understand. I expect to see these materialities lead to "Integrated Thinking" for creating value in the future.

◆ The materialities determined in 2008 are currently under review, and I believe that employing SDGs that aim to solve social and environmental issues on a global level by 2030 is a good idea. However, as a corporation whose main market is domestic Japan, KDDI must also give consideration to drastic decreasing birthrate and population, that is the Japan's greatest social issues.

◆ In order to tackle the rapidly changing business environment, it is a necessity for KDDI to change from a homogenized organization to an organization that possesses many diverse viewpoints. Work reform is currently a management issue in Japan, and I can highly appraise KDDI for formulating the KDDI Group Human Rights Policy, LGBT response (redefining the definition of a spouse), hiring employees of foreign citizenship, creating systems to support a variety of working styles, and taking other actions from the viewpoint of diversity and inclusion.

◆ The new environmental conservation plan, KDDI GREEN PLAN 2017-2030, differs from past ones, and the fact that it was determined with a long-term perspective of 14 years is worthy of note. I believe that exceeding energy-saving goals and displaying CO_2 emission reduction goals in total amounts means a lot (KDDI (domestic): 7% reduction by FY2030 with comparison to FY2013).

◆ However, while this reduction goal satisfies the 7% industrial sector global warming countermeasure plan goals of the Japanese government, it does not achieve the 26% mid-term goal of Japan as a whole, including the household and transportation sectors. With an understanding of the various initiatives based on industry characteristics made up to this point, including reducing the power consumption at base stations, and with the Paris Agreement currently in effect, I expect to see a review of value goals during the execution of this new long-term plan.

◆ To this point, I would recommend an examination of SBT (Science Based Targets). This relates to the transition risks and financial impacts toward a low carbon economy by TCFD (Task Force on Climate-related Financial Disclosures), which has the attention of ESG investors. In addition, I believe that with CDP climate change, KDDI should not be content with topping the domestic telecommunications sectors in Japan, but must focus on the highest ranks of the "A list".

◆ At this point, I am veering away from this Integrated Report (Detailed ESG Version) to lastly express my opinion on what an integrated report should be based on the IIRC's International Integrated Reporting Framework.

◆ Typically, an integrated report is meant to comprehensively integrate the context of long-term and structural business environmental changes with financial and non-financial elements from strategic point of view and shows how corporate value is created (or avoids damage), in other words, recording "Integrated Thinking". ESG investors around the world are making efforts to remove carbon from their portfolios, making corporations that have a large amount of CO_2 emissions ineligible for investment. Due to this, I look forward to KDDI's long-term strategies and actions as a telecommunications company that represents Japan.

External Assessment

Our Response to the Third-Party Opinion

Akira Dobashi
KDDI Corporation
Executive Officer, CSR Environment Sustainability
General Manager, General Administration & Human Resources Division

I would like to express my deep appreciation for the valuable opinion about the Integrated Report 2017 (Detailed ESG Version).

In this year's report we followed the report from the previous fiscal year in strengthening transmission of ESG information to investors, making proactive, exhaustive efforts to disclose the information. In order to increase awareness of CSR management, we used the KDDI Group Philosophy and KDDI Code of Conduct as a basis and altered the report structures which conform to KDDI's CSR System, such as CSR Initiatives Through Business and CSR Initiatives Supporting Operations. In addition to promoting workstyle reform, we have also executed initiatives to strengthen and intensify CSR management, including establishing and publishing the KDDI GREENPLAN 2017-2030, a new environmental conservation plan that aims to reduce KDDI's CO_2 emissions by 7% by FY2030 with comparison to FY2013.

With regards to information disclosure, it was noted that the construct of this report was easier to understand and understanding of the essence of CSR is expressed. For CSR management, it was noted that our creating of systems to support a variety of working styles was worthy of high praise, and our exceeding energy-saving goals and displaying CO_2 emission reduction goals in total amounts mean a lot. We are pleased to receive such positive evaluations.

At the same time, we also received the suggestion to list the issues and measures for resolution in each subject in the report. With regards to our records of "integrated thinking" which states how corporate value is created (or avoids damage), we are discussing improvements with the aim to respond to expectations for genuine integrated thinking. In addition to promoting reliable and easy-to-understand disclosure of information required by stakeholders, I believe KDDI's business activities should continue to create value for our stakeholders and society, as well as promote CSR management that leads to the long-term creation of value for our corporation.

Moving forward, KDDI will value communication with our stakeholders as we work to accomplish SDGs and solve social issues that are unique to Japan, and continue to contribute to the development of a sustainable society.

CSR Data

Results

Status of Employment

		Gender	FY2012	FY2013	FY2014	FY2015	FY2016
Number of employees [1]	Unit:person	Male (KDDI)	9,034	8,648	8,588	8,649	8,718
		Female (KDDI)	2,197	2,091	2,083	2,126	2,198
		Total (Male and Female)	11,231	10,739	10,671	10,775	10,916
		Consolidated number of employees	20,238	27,073	28,172	31,834	35,032
Average age (KDDI)	Unit: age	Male	41.8	42.1	41.8	42.7	42.9
		Female	38.2	38.6	38.2	39.2	39.3
		Total (Male and Female)	41.1	41.4	41.1	42.0	42.2
Average work years (KDDI)	Unit: year	Male	16.8	17.1	17.3	17.6	17.7
		Female	15.3	15.6	15.9	16.0	16.0
		Total (Male and Female)	16.5	16.8	17.0	17.3	17.4
Employment turnover rate [2] (KDDI)		Unit: %	(Total)0.84 (Male)0.58 (Female)2.06	(Total)0.94 (Male)0.72 (Female)1.92	(Total)0.89 (Male)0.68 (Female)1.78	(Total)0.92 (Male)0.68 (Female)1.99	(Total)1.11 (Male)0.95 (Female)1.79

[1] "Number of employees" is the number regular KDDI employees including employees temporarily transferred to KDDI. The number does not include employees who are on loan to other companies.

[2] "Turnover rate" is the calculated percentage of "natural resignations during the relevant term (employees who resigned at their request, excluding employees who retired at retirement age)" in the total number of regular employees in the first month of the relevant term.

Unit: person

		Early	Self	Company	Transfer	Other	Total
Departing Employees FY2016 (KDDI)	Male	0	101	17	4	11	133
	Female	0	45	3	0	3	51
	Total (Male and Female)	0	146	20	4	14	184

		June 2013	June 2014	June 2015	June 2016	June 2017
Number of employees with disabilities	Unit: person	300	334	350	372	403
Employment rate of persons with disabilities	Unit: %	2.02	2.02	2.11	2.19	2.38

* This number includes persons with disabilities who are employed at KDDI, as well as at KDDI Challenged and KDDI Engineering.

Data about the environment is here

Link Page_106 Environmental Accounting

Link Page_108 Environmental Performance

CSR Data

Foreign Employees

Unit: person

	FY2012	FY2013	FY2014	FY2015	FY2016
Number of foreign employees (KDDI)	53	85	103	105	101
Proportion of foreigners in new employees (KDDI)	11.3%	15.1%	8.3%	5.2%	2.0%
Number of foreigners (management) (KDDI)	5	6	6	7	10
Consolidated number of foreign employees	–	2,630	2,624	4,380	4,423

Non-Regular Employees (KDDI) (Number of temporary employees)

Unit: person

	FY2012	FY2013	FY2014	FY2015	FY2016
Agency employees (KDDI)	5,128	4,197	3,848	3,512	3,940
Contract employees (KDDI)	1,686	2,850	3,416	3,317	3,101
(Total)	6,814	7,047	7,264	6,829	7,041

Employee by Age (KDDI) (As of the end of March 2017)

Unit: person

	Total	Male	Female
Under 30	1,303	896	407
30 - 39	2,616	1,977	639
40 - 49	4,461	3,561	900
50 - 60	2,534	2,282	252
61 or over	2	2	0
Total	10,916	8,718	2,198

CSR Data

Status of Hiring (KDDI)

Unit: person

	Gender	FY2012	FY2013	FY2014	FY2015	FY2016
Recent university graduates	Male	171	189	170	203	217
	University graduate	171	189	170	203	217
	Female	69	62	84	83	85
	University graduate	69	62	84	83	85
	Junior college or technical school	0	0	0	0	0
	Senior high school and others	0	0	0	0	0
	Total (Male and Female)	240	251	254	286	302
Mid-career hires	Male	20	29	38	46	46
	University graduate	20	28	37	45	45
	Other	0	1	1	1	1
	Female	3	2	7	4	9
	University graduate	3	2	7	4	9
	Other	0	0	0	0	0
	Total (Male and Female)	23	31	45	50	55
Reemployment	Male	75	68	100	126	143
	Female	6	6	10	13	17
	Total (Male and Female)	81	74	110	139	160
Number of regular employees from non-regular employees		–	23	33	82	122

Retention of Recent Graduates (KDDI)

Unit: person

	Male	Female
Graduate entry in April 2014	170	84
Currently employed in April 2017	161	77

CSR Data

Manager (KDDI)

Unit: person

	FY2012	FY2013	FY2014	FY2015	FY2016
Male Managers	3,609	3,785	3,961	4,115	4,155
Department Managers or higher	356	367	408	411	465
Section Managers	3,253	3,418	3,553	3,674	3,690
Female Managers	124	140	177	251	270
Department Managers or higher	5	11	9	11	12
Section Managers	119	129	168	240	258
Proportion of Female Department Managers or higher	1.4%	2.9%	2.2%	2.4%	2.5%
Proportion of Female Section Managers	3.5%	3.6%	4.5%	6.1%	6.5%
Newly Appointed Managers	293	330	370	390	195
Male	278	312	330	309	169
Female	15	18	40	81	26

[1] The number of managerial personnel is the number of KDDI managerial personnel including those temporarily transferred outside of KDDI.
[2] The number of male managers between FY2013 and FY2015 was corrected

Status of Union Membership* (KDDI) (FY2016)

		FY2016
Total number of union members	Unit: person	11,150
Union membership rate (Percentage of employees covered by collective agreements)	Unit: %	98.4

* Includes KDDI's currently serving regular employees and contract employees, as well as employees on loan from KDDI.

CSR Data

Usage of Childcare and Nursing Care Support System (KDDI)

Unit: person

Program		Gender	FY2012	FY2013	FY2014	FY2015	FY2016
Childcare	Maternity leave	Female	157	168	190	185	181
	Paternity leave	Male	280	283	328	269	279
	Childcare absence	Male	5	15	11	14	16
		Female	268	270	275	281	276
	Childcare absence reinstatement rate [1]	Male	100.0%	100.0%	100.0%	100.0%	100.0%
		Female	95.7%	95.0%	96.5%	96.6%	99.0%
	Retention rate of employees who take childcare absence [2]	Male	100.0%	100.0%	100.0%	100.0%	–
		Female	99.1%	98.2%	100.0%	96.5%	–
	Shortened working hours for childcare	Male	2	2	1	2	1
		Female	356	378	394	417	440
	Sick/injured child care leave	Male	638	520	320	290	344
		Female	370	362	316	344	445
Home care	Home care absence	Male	4	6	6	7	8
		Female	2	1	5	6	5
	Home care leave	Male	112	117	80	90	107
		Female	24	44	50	63	87
	Shortened working hours for nursing care	Male	1	2	1	4	1
		Female	1	0	1	2	2

[1] Total number of regular employees who returned to work after childcare absence ÷ Total number of regular employees who planned to return to work after childcare absence

[2] (Total number of regular employees who remain at KDDI 12 months after returning to work after childcare absence ÷ Total number of regular employees who returned to work after childcare absence) x 100

Usage of Volunteer Leave and Japan Overseas Cooperation Volunteers (JOCV) (KDDI)

		FY2012	FY2013	FY2014	FY2015	FY2016
Volunteer leave	Unit: Number of persons required	23	8	31	16	20
JOCV*	Unit: Number of persons dispatched	1	2	2	2	1

*The number of JICA volunteers (Japan Overseas Cooperation Volunteers System) is equal to the number of KDDI employees dispatched to JICA in each fiscal year

CSR Data

Status of Workplace Injuries (KDDI)

		FY2012	FY2013	FY2014	FY2015	FY2016
Injury/illness	Unit: person	20	14	14	19	21
Death	Unit: person	0	0	0	0	0
(Total)	Unit: person	20	14	14	19	21
Frequency rate [1]		0.82	0.48	0.52	0.62	0.78
Severity rate [1]		0.0032	0.0037	0.0078	0.0024	0.0102
Lost time injury frequency rates [2]		0.20	0.14	0.15	0.20	0.19

[1] Calculated based on the method used in the Survey on Industrial Accidents of the Ministry of Health, Labour and Welfare
[2] LTIFR: Lost time injuries frequency rate is the number of deaths and injuries due to industrial accidents divided by the cumulative hours worked multiplied by one million (lost time is defined as any period of one day or more)

Overtime Hours, Overtime Allowance, Total Annual Actual Hours Worked, Paid Vacation, Average Annual Salary (KDDI)

		FY2012	FY2013	FY2014	FY2015	FY2016
Average overtime hours per month [1]	Unit: hours/month	28.6	29.6	29.2	29.9	27.5
Average overtime allowance per month [1]	Unit: yen/month	–	–	101,218	100,197	96,395
Total annual actual hours worked (average) [1]	Unit: hour	–	–	1,944.6	1,941.6	1,919.2
Rate of paid vacation taken	Unit: Number of days granted	20.0	19.8	19.8	19.8	19.7
	Unit: Number of days obtained	13.8	11.8	13.1	13.1	12.8
	Unit: %	69.3	59.5	66.4	66.3	65.1
Average annual salary [2]	Unit: yen	9,067,548	9,396,971	9,763,079	9,510,045	9,532,136

[1] Applicable to KDDI employees in non-managerial positions.
[2] Average annual salary includes bonuses and extra wages