

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

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Page_41 Responsibility for Products and Services

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

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

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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

-  [The KDDI Group Philosophy](#)
-  [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

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,

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
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[Work, Childcare and Nursing Care Support Systems](#)

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.



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"

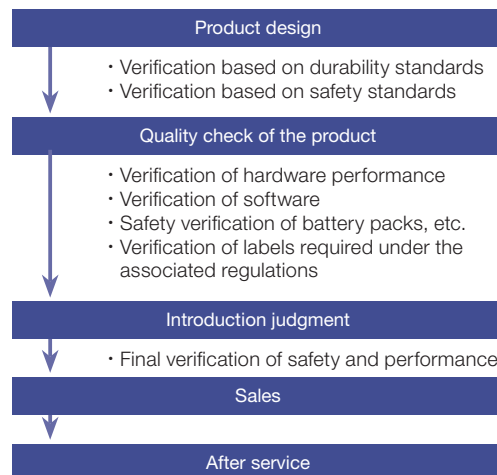
KDDI, in collaboration with Toyota Motor Corporation and Komeda Co.,LTD., introduced the "Nagara Smartphone Driving" (driving while operating a smartphone) accident prevention project using the smartphone app Driving BARISTA in Aichi Prefecture that has the most traffic accident related deaths in Japan.

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	<ul style="list-style-type: none"> 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

Quality control flow diagram



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.  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.
Simple Phone KYF32	Seniors	A feature phone focused on ease of use, with a high-quality audio communication function, simple menu screens, and larger keys.  Simple Phone KYF32 Product Information Page
Simple 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 conducive 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.



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.

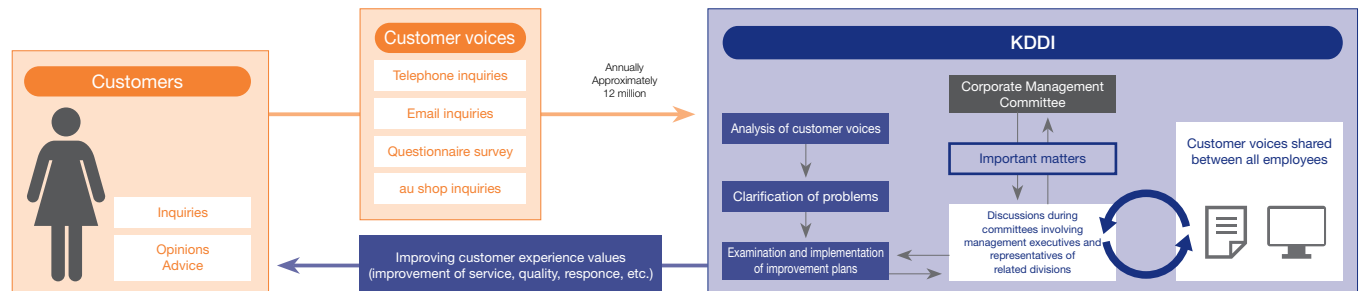
System

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)

-  [Sign language support](#) Page_43
-  [Multilingual correspondence at au shops](#) Website

■ 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  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  au Support Movies (Japanese)
au Osekkai-bu	Introduces smartphone usage based on various lifestyles  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  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.

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	<ul style="list-style-type: none"> 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

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

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

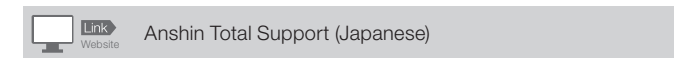
KDDI

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.



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,

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	

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.

System

KDDI Group

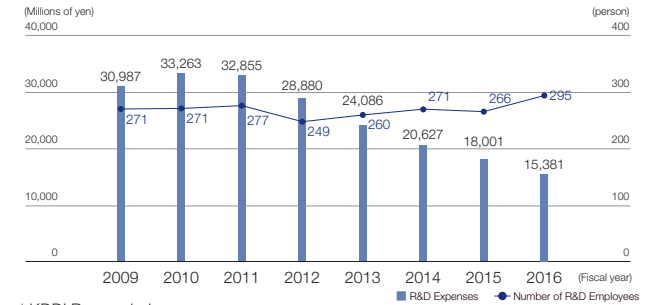
Research and Development Promotion System

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.

 [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.

 [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.

 [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.

 [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.  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.  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

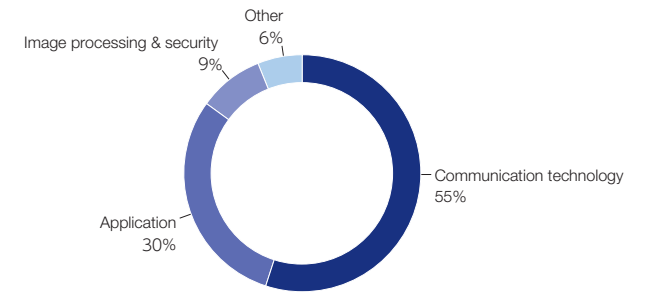
Protecting Intellectual Property

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
<ul style="list-style-type: none"> 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

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.

 [Support for LGBT](#)
Page_80

 [Regulations for Internal Reporting Process \(Business Ethics Helpline\)](#)
Page_66

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.

 [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.

 [KDDI Guidelines for CSR in Supply Chain \(Japanese\)](#)

 [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	<ul style="list-style-type: none"> • 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

Activity and Results

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.

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 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.

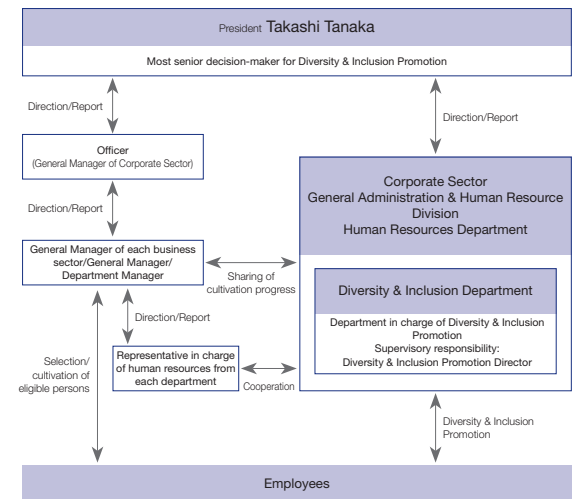
System

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

 Selected as "Nadeshiko Meigara" for Five Consecutive Years



Selected as "Diversity Management Selection 100" award



 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	<ul style="list-style-type: none"> 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%.

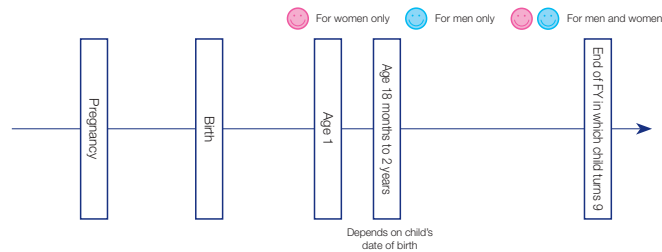
Furthermore, we have established programs for rehiring employees who previously left for reasons of childbirth or nursing care. In 2009, KDDI acquired "Kurumin" certification in recognition of our efforts to support the balance between work and home life.

<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

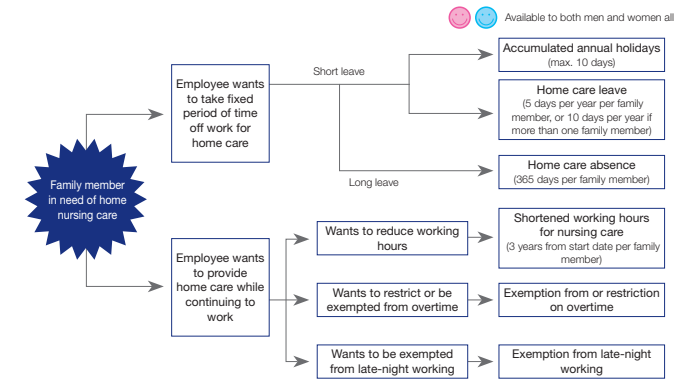
Furthermore, in FY2016, KDDI updated the work regulations with a provision to prohibit maternity harassment. We set up a counseling office, and provide training to spread awareness within the company.

Program for Work-Childcare Balance



Support during pregnancy	Less commuting to work Time for antenatal hospital checkups Time for antenatal hospital checkups (only if so directed by doctor)	For women only	For men only	For men and women
Support before and after birth	Maternity leave Paternity leave	For women only	For men only	For men and women
Support during leave of absence	Childcare absence "wiiwi" support services for return to work after childcare absence	For women only	For men only	For men and women
Support for work-childcare balance	Childcare time Shortened working hours for childcare Flextime Sick/injured child care leave Exemption from overtime work Restrictions on overtime Exemption from late-night working	For women only	For men only	For men and women

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

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).

KDDI

Policy

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
Group training	Employees transferred within the company	Learning about selfcare for transferees
	Newly appointed line managers	Studying case examples of line care
	Manager	Line care seminars by industrial psychiatrists
	Line managers	<ul style="list-style-type: none"> • Mental health seminars by public health nurses and clinical nurses • Mental health management seminars
Stress check	New employees	Health management seminars by public health nurses
	All employees of KDDI Group	Stress checks using check sheets, 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	<ul style="list-style-type: none"> • 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

Position	The KDDI Group Philosophy	Stratified Training		Shared Skill Training	Global human resources	Division-specific Training	
		Newly appointed	Already appointed			Operation-specific Skills	
Executives/Directors	General Manager Study Session		Associated Companies Director Training				
Supervisor	Division Manager Study Session	Newly-appointed Supervisor Training	Supervisor Training		GIP		Training by division
GL (Group leader)	GL Study Session	Newly Appointed GL Training	GL Training		GIP Jr		
Manager (Non-line)		Newly Appointed Manager Training					
Assistant Manager			Leadership Strengthen Training	Shared Skill Training	Overseas Trainee System	Overseas Study	
Chief			Career enhancement training				
Employee			Training 3 years after employment				
			Training 2 years after employment				
			New Employee Training				

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
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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.

		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

Unit: person

		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	<ul style="list-style-type: none"> • KDDI Smartphone and Mobile Phone Safety Classes for seniors (215 times, 3,900 participants, 82% comprehension)
Bridging the Digital Divide in Developing Countries	<ul style="list-style-type: none"> • 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) <p>Link Page_55 About Efforts in Growing Markets</p>

Community Involvement and Development


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

Targets	FY2016 Outcomes and Progress
Improve youth ICT literacy	<ul style="list-style-type: none"> 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 <p> Awareness Activities on the Use of ICT Services <small>Page_26</small></p>
Contribute to next generation career building	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Participation in Volunteer Survey of Manazuru, Kanagawa Forest Reserve of Uotsuki Environmental conservation activities with employees and their families (122 times total in Japan) <p> Green Road Project <small>Page_115</small></p>

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







Targets	FY2016 Outcomes and Progress
Contribute to development of local communities	<ul style="list-style-type: none"> Support of NPO activities and fund-raising activities through KDDI's "Bridge of Hope" social contribution website <p> Bridge of Hope (Japanese)</p>
Promote cultural development in growing regions (KDDI Foundation)	<ul style="list-style-type: none"> 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)	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Fund-raising through KDDI's "Bridge of Hope" social contribution website Supporting Internet connectivity in disaster areas Volunteer activities to support disaster areas (Kumamoto) <p> Bridge of Hope (Japanese)</p>

Policy KDDI

KPI for Social Contribution Activity

Category	KPI	Material Issue	Related SDGs
Strengthening large-scale disaster response measures	<ul style="list-style-type: none"> 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	
Sound development of youth, bridging the digital divide and improving ICT literacy	<ul style="list-style-type: none"> KDDI Smartphone and Mobile Phone Safety Classes for juniors: <ul style="list-style-type: none"> Instructor satisfaction: 94% Material satisfaction: 94% Intention to reapply: 92% KDDI Smartphone and Mobile Phone Safety Classes for seniors: <ul style="list-style-type: none"> Comprehension: 83% Utilization: 85% 	Society	 
Measures aimed at regional revitalization	<ul style="list-style-type: none"> Shimamono Project (Shimamono Lab) More than 1 area per year 	Society	
Promote biodiversity conservation	<ul style="list-style-type: none"> Environmental conservation activities in various locations in Japan: More than 80 times per year 	Environment	 

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	<ul style="list-style-type: none"> Selling remote island company products on au WALLET Market 	19 islands, 24 products (performance as of June 2017)
2016	Shimamono Labo	<ul style="list-style-type: none"> 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 Kikajima, Kagoshima <ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> • Provision of drinking water: 500 mLx24,768 bottles • Provision of blue sheets: 700 • Provision of antiseptics: 1 Lx10 containers
(2) Volunteer activities in disaster areas	<ul style="list-style-type: none"> • FY2016 performance: 100 KDDI employees participated
(3) Other support activities	<ul style="list-style-type: none"> • 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	<p>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</p>
Reconstruction support activities in disaster areas	<ul style="list-style-type: none"> • Special support for the reconstruction concert (Sendai, Miyagi) <ul style="list-style-type: none"> Link Website ~Connecting Hearts, Connecting Power~ A Reconstruction Concert Made Together (Japanese) • Assistance for fishing activities using IoT (Fukushima Prefecture) <ul style="list-style-type: none"> Link Website Don't Rely on Intuition or Experience! "Smart Fishing" Utilizing Ocean Big Data Starts (Japanese) • Comprehensive partnership agreement for regional revitalization <ul style="list-style-type: none"> 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	46,016
(2) Sound development of youth	11,897
(3) Environmental conservation	9,145
(4) Social and cultural support	15,803
(5) Disaster support	14,512
Other	

- [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	32%	<ul style="list-style-type: none"> 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	68%	<ul style="list-style-type: none"> 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

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