Environmental Management

Policy

KDDI Environmental Charter

KDDI Environmental Charter is composed of the Manifesto (Approach to Global Environmental Problems) which is the highest concept, and the Action Guideline for defining the direction of concrete initiatives.

Manifesto
KDDI Group recognizes the importance of fulfilling its duty as a responsible global corporate citizen to conserve and protect the Earth's irreplaceable environment so that it can be inherited by future generations. We are committed to pursuing our business in eco-conscious ways, through programs of activities that span the entire company.

Action Guideline

1. We will strive to evaluate the quantitative impact of our activities as a company on the global environment, implement effective environmental protection programs and continuously improve these programs. Specifically, we will:
   (1) Develop and operate environmental management systems necessary to make continuous improvements in such environmental fields as energy conservation, resource conservation and waste reduction.
   (2) Comply with environmental laws, ordinances and other regulations and requirements. In particular, we will promote measures to reduce our electricity consumption from the perspective of preventing global warming.
   (3) Promote communication through the appropriate disclosure of information.
2. We will strive to develop and offer services that reduce environmental impact through the use of next-generation information technologies.
3. We will contribute to the development of a recycling-oriented society by promoting measures to mitigate and reduce the environmental impact of activities that necessarily entail mass consumption, such as the supply of mobile handsets.
4. We will promote corporate purchasing policies that favor eco-friendly products and equipment.
5. As a responsible corporate citizen, we will contribute to society and local communities through activities that promote an affluent society that is in harmony with the environment.

Policy

KDDI Action Guidelines on the Preservation of Biodiversity

KDDI has established the KDDI Action Guidelines on the Preservation of Biodiversity based on the Third Medium-term Environmental Conservation Plan, which began in FY2012, to multilaterally capture the contributions towards the preservation of Biodiversity. Using this policy, we are pinpointing various opportunities to engage in promoting activities.

Preserving Diversity in Business Activities
When formulating business plans, we take into consideration the impact on the related ecosystems and local community.
Collaboration and Cooperation with Related Organizations
We strengthen collaboration and cooperation with administrative authorities, NPOs and other organizations, and undertake CSR activities using ICT.
Promoting Recycling of Resources
To prevent the depletion of bioresources and minimize degradation of the natural environment, we continuously and proactively engage in recycling of resources.

Environmental Management

■ Message from Executive Officer

The Paris Agreement, an international framework for new climate change mitigation measures that become effective in 2020, was adopted at the COP21 summit held in Paris last year. The Paris Agreement sets international standards that aim to hold the increase in the global average temperature to well below 2°C above pre-industrial levels. Accordingly, the Ministry of the Environment has announced a policy for implementing climate change measures in line with the Paris agreement. Based on this policy, KDDI is moving forward with improving the energy efficiency of base station equipment and other communications equipment, and working to reduce the amount of power that we consume. At the same time, by providing ICT services, we are contributing to the reduction of energy consumption by customers and society and to the reduction of greenhouse gas emissions.
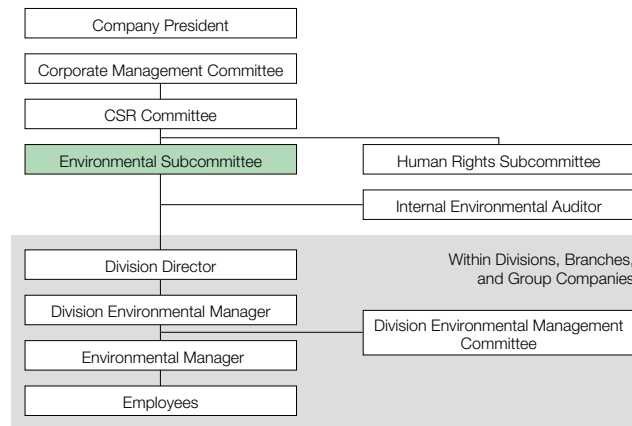
In addition, FY2016 is the final year in our Third Medium-term Environmental Conservation Plan. Moving forward, KDDI will continue promoting activities that aim to achieve our objectives, while working to establish and publicize our next Environmental Conservation Plan for FY2017 and beyond. Through the promotion of various conservation activities with the efforts from customers, business partners, and employees, KDDI will continue striving to fulfill our social responsibility.

Akira Dobashi

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

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System

Environmental Management Regime

■ KDDI Group's Environmental Management Regime

KDDI Group has formed the KDDI Environmental Subcommittee, comprising members from each division, branch, Group company, and related organization. This subcommittee serves as the center for formulating KDDI's environmental management system and promoting efficient environmental preservation activities throughout the Group.

KDDI Group's Environmental Management Regime

KDDI has acquired ISO14001 certification for this management system.

As of the end of March 2016, of the 83 companies that make up KDDI and its domestic consolidated subsidiaries, 20 companies (24%) have acquired this certification, along with 1 overseas company and 4 related organizations.

KDDI Group ISO14001 Certification Acquisition

As of March 31, 2016: KDDI CORPORATION, Okinawa Cellular Telephone Company, KDDI Evolva Inc., KDDI Evolva Okinawa Corporation, KDDI R&D Laboratories Inc., KDDI RESEARCH INSTITUTE INC., KDDI Technology Corporation, KDDI Engineering Corporation, Kokusai Cable Ship Co., Ltd., mediba inc., Japan Telecommunication Engineering Service Co., Ltd., KDDI Group Foundation, KDDI Health Insurance Union, KDDI Pension Fund, KDDI Web Communications Inc., KDDI Challenged Corporation, KDDI Foundation, TELEHOUSE International Corporation of Europe Ltd., Chubu Telecommunications Co.,Inc., WebMoney Corporation, KDDI MATOMETE OFFICE CORPORATION, KDDI MATOMETE OFFICE HIGASHINIHON CORPORATION, KDDI MATOMETE OFFICE CHUBU CORPORATION, KDDI MATOMETE OFFICE KANSAI CORPORATION, KDDI MATOMETE OFFICE NISHINIHON CORPORATION

■ Internal Environmental Audits

KDDI conducts internal environmental audits once each year. In FY2015, 57 departments and 84 offices were provided with a checklist and then interviewed by internal environmental auditors in a two-phase evaluation on the state of conformity with environmental legislation. The audit also verifies the functioning of the system for systematic and ongoing improvement of environmental activities.

In FY2015, we had no violations of environmental legislation.

■ Appropriate Processing of PCB

KDDI manages the disposal of transformers, capacitors, and other components that previously included high-concentration PCB. In FY2015, disposal could not be performed because the disposal

Environmental Management

processors were not fully prepared to receive the disposal items. We will continue the disposal of remaining high-concentration PCB devices as soon as disposal processors that can accept them are in place. We are also scheduling the disposal of low-concentration PCB devices.

■ Compliance with the Green Purchasing Law

Read about KDDI's compliance with the standards required by the Law Concerning the Promotion of Procurement of Eco-friendly Goods and Services by the State and Other Entities (enacted in 2000; subsequently referred to as "Green Purchasing Law") and the Basic Policy for the Promotion of Procurement of Eco-friendly Goods and Services.

🖥 Link Website	State of Compliance with Green Purchasing Law (Japanese)
🖥 Link Website	List of Compatible Models (Japanese)
🖥 Link Website	Product Line-Up

■ Acquiring the Eco ICT Mark

KDDI acquired the Eco ICT Mark established by the ICT Ecology Guidelines Council* as part of our endeavor to further environmental conservation and the reduction of environment load.

* Council founded for the purpose of establishing energy-saving indices to be referenced when procuring ICT devices and data centers. The constituting members are: Telecommunications Carriers Association (TCA), Telecom Services Association (TELESA), Japan Internet Providers Association (JAIPA), Communications and Information Network Association of Japan (CIAJ), and ASP-SAAS Industry Consortium (ASPIC).

Infusion

Environmental Awareness for Employees

In order to deepen understanding with regard to KDDI's environmental initiatives, each year the company periodically institutes e-learning programs targeting all employees. In FY2015, during June, which is Environment Month, KDDI held e-learning sessions about climate change and Scope 3 in which 12,677 participants attended (participant rate of 93.2%).

Environmental Management

Activity and Results

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

		Evaluation item	If implemented, description of actions taken
Formulation of voluntary environmental action plan, etc.	1	Has the organization formulated a voluntary environmental action plan that describes actions for reducing CO_2 emissions? Has the plan been implemented?	KDDI has formulated a Medium-term Environmental Conservation Plan based on the KDDI Environmental Charter, and the plan is being implemented. KDDI Environmental Charter/Action Guidelines Link Page_87
	2	Does the voluntary environmental action plan include specific actions for which quantitative goals for CO_2 emission reduction are stated?	The Third Medium-term Environmental Conservation Plan (KDDI GREEN PLAN 2012-2016) sets the following targets. 30% reduction in energy use estimated for FY2016 compared with not taking any energy-saving measures 15% reduction in energy use per subscriber estimated for FY2016 compared with FY2011 Expansion of Tribrid Base Stations to 100 by March 31, 2012 (Target achieved) Achieve zero emissions for retired telecommunications facilities (*Zero emissions is defined as having a final disposal rate of 1% or less) Recycling rate of used mobile phone material Over 99.8% Recycling rate of general waste material for KDDI buildings and headquarters Over 90% Third Medium-term Environmental Conservation Plan – KDDI GREEN PLAN 2012-2016 Link Page_92
	3	Does the organization put efforts into informing and enlightening employees about environmental conservation actions to improve their environmental awareness, as well as publishing the organization's voluntary environmental action plan internally and externally?	The Medium-term Environmental Conservation Plan is published inside and outside the company by means of the Integrated Report (Detailed ESG Version) and the corporate website. KDDI also provides e-learning programs and internal seminars for employees whenever necessary. Environmental Awareness for Employees Link Page_89
	4	Are the implementation statuses of and the targeted achievements for actions given in the voluntary environmental action plan disclosed to the public?	The attainment statuses of trend targets toward the achievement of the Medium-term Environmental Conservation Plan are published in the Integrated Report (Detailed ESG Version) and the corporate website. Material Issue: Environment Link Page_86

Environmental Management

		Evaluation item	If implemented, description of actions taken
Eco-efforts in procurement	5	Has the organization formulated, with a view to energy-saving, procurement standards for ICT devices and data centers? Does procurement conform to the established standards?	KDDI conducts its procurement activities in accordance with the KDDI Green Procurement Guidelines. 🔍 Promoting Green Procurement Link Page_98
	6	Does the organization procure office supplies and other goods as well as logistics service in an energy-saving manner (Green purchasing, etc.)?	KDDI promotes green purchasing under the KDDI CSR Procurement Policy. 🔍 Supply Chain Management Link Page_78
Promotional system for eco-efforts	7	Is there an assigned group or personnel in charge of CO_2 emission reduction actions?	The CSR & Environment Management Department is established as the internal organization responsible for CO_2 emission reduction efforts.
	8	Does the organization have a system for appropriately monitoring and checking the status of implementation and the achievement level of targets given in the voluntary environmental action plan as well as for conducting internal audits?	KDDI monitors the status of implementation and the achievement level and conducts inspections and improvements through internal audits, both of which are realized through the ISO environmental management system.
Other eco-efforts	9	Does the organization undertake eco-friendly actions beside energy-saving efforts?	The promotion of 3R (Reduce, Reuse, Recycle) is also a core KDDI challenge, and the following goals are pursued: Promotion of recycling communications equipment; Improvements in recovering resources Promotion of recycling used mobile phones; Improvements in recovering resources Reduction in paper resource use via "Green by ICT" (Bill on WEB, KDDI paperless fax service, slimmed-down au mobile phone manual, compact individual packaging, etc.); Reduction in office waste and improvements in recovering resources. KDDI is also engaged in improving the supply chain through Scope 3 and LCA efforts, and support for Biodiversity. 🔍 Low-carbon society Link Page_99 🔍 Recycling-oriented society Link Page_102 🔍 Biodiversity Link Page_104
	10	Does the organization perform activities for environmental conservation in collaboration with the community?	KDDI implements forest conservation activities in which employees and customers work together across the country. 🔍 Environmental Conservation Activities by Employees Link Page_104

Environmental Management

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

As a 5-year Environmental Conservation Plan beginning from FY2012, KDDI established the KDDI GREEN PLAN 2012-2016 Third Medium-term Environmental Conservation Plan. This plan takes three material issues – Low-carbon society, Recycling-oriented society, and Biodiversity – and establishes concrete targets for each. By promoting the 3G – Green of ICT, Green by ICT, and Green Road Project – we will continue further contributing to the conservation of the global environment.

3Gs	Issue addressed	Example of initiatives
Green of ICT	Low-carbon society	Reduction of power consumption in base stations and disaster preparedness initiatives
	Recycling-oriented society	Reuse and recycling of communications equipment
Green by ICT	Low-carbon society	Environmental monitoring that uses M2M/IoT
	Biodiversity	Research on behavior of endangered river dolphins
Green Road Project	Recycling-oriented society	Promotion of mobile phone recycling
	Biodiversity	Environmental conservation activities by employees

Material issues and specific targets

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

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

Progress of the Third Medium-term Environmental Conservation Plan

Looking toward the target FY2016, we are promoting concrete targets for the Third Medium-term Environmental Conservation Plan established in FY2012. At the end of March 2016, barring the target of the over 90% recycling rate of general waste material for KDDI buildings and headquarters, we are progressing at a pace to achieve our goals including already having achieved the goal of expanding to 100 Tribrid Base Stations. The recycling of general waste material is dependent on equipment specifications of processors and other conditions of the processing area, which is making it difficult to achieve our target.

Environmental Management

Activity and Results

Environmental Accounting

Noteworthy changes in parameters of environmental accounting during FY2015 were twofold: (1) the expansion of the scope of calculation and the addition of 1 domestic consolidated subsidiary (Kokusai Cable Ship Co,.Ltd) and 5 overseas consolidated subsidiaries (TELEHOUSE Beijing Co.,Ltd., TELEHOUSE Shanghai Co.,Ltd., KDDI Korea Corporation, KDDI Singapore Pte Ltd., TELEHOUSE International Corp. of Vietnam), and (2) the increase in electric power consumption (MWh) and greenhouse gas (t-CO_2) compared with the preceding fiscal year.

KDDI and 30 major consolidated subsidiaries [1]
Period: April 1, 2015 to March 31, 2016

Environmental Protection Costs		Transaction Examples	FY2014 (Millions of Yen)		FY2015 (Millions of Yen)		Change from Previous Year (Millions of Yen)	
			Investment	Cost	Investment	Cost	Investment	Cost
Business area costs	Pollution prevention costs	Pollution prevention costs stipulated by law, costs for proper disposal of PCB, etc.	0	10	0	43	0	33
	Global environmental protection costs	Power-saving wireless equipment for mobile base stations (Investment amount is calculated proportionally based on the power-saving effect.)	6,602	22,176	9,512	23,202	2,909	1,027
	Resource recycling costs	Reduction of paper resources, processing and disposal of waste products	0	282	0	560	0	278
Upstream/downstream costs		Collection, recycling, and reuse of merchandise and products	0	1,186	0	1,281	0	95
Administrative costs		Operation and updating of environmental ISO standards, disclosure of environmental information	0	78	0	134	0	56
R&D costs		R&D of technology, equipment, handsets, products, services, and other items conducive to reducing the environmental burden	0	143	0	340	0	197
Social activity costs		Donations and support for forest conservation activities and to environmental protection groups	0	44	0	56	0	12
Environmental damage restoration costs		Measures for prevention of asbestos spraying, restoration of polluted soil	0	0	0	0	0	0
Total			6,602	23,919	9,512	25,616	2,909	1,696

Environmental Management

1. Environmental Protection Benefits (Physical)		Indicator Category (Unit)	FY2014	FY2015	Change from Previous Year
(1) Benefits derived from business area	1) Benefits related to resources invested in business activities	Power consumption (MWh)	2,296,470	2,438,952	142,482
		Paper usage (t)	13,469	12,047	△1,423
		Paper reduced by Bill on WEB (t)	3,665	3,834	169
	2) Benefits related to environmental burden and waste products discharged from business activities	Greenhouse gas emissions (t-CO_2) [2]	1,298,422	2,376,524	1,078,102
		Industrial waste emissions related to telecommunications facilities and buildings (t)	7,556	5,298	△2,258
(2) Benefits derived from upstream/downstream costs	Benefits related to goods and services produced by business activities	Number of used mobile phones and other devices collected (10,000 units)	424	348	△77

2. Economic Benefits of Environmental Protection Measures (Yen)	Substantive Benefits (Major Effects)	FY2014 (Millions of yen)	FY2015 (Millions of yen)	Change from Previous Year
Revenues	Revenues from sales through disposal of telecommunications facilities and buildings	566	333	△233
Costs reductions	Reduction in energy costs by adopting the use of low-pollution vehicles	10	12	2
	Reduction in costs of new purchases by reusing disposed of telecommunications facilities	2,361	3,879	1,519
Total		2,936	4,224	1,288

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

[2] Emission coefficient used per telecommunications operator