


Compliance

Policy

Basic Stance

KDDI is improving and reinforcing its compliance structures, based on its belief that compliance with the law - including strict observance of the privacy of communications by telecommunications providers as established in the Telecommunications Business Law – is fundamental to business operations. In conjunction with these efforts, KDDI is working to improve awareness of compliance to ensure that all executives and employees maintain a high sense of ethics at all times and execute their duties appropriately, through the KDDI Code of Business Conduct as well as through the following activities:

- Spreading The KDDI Group Philosophy
- Fostering a sense of organizational unity and improving communication
- Quickly responding to violations, and performing analysis and prevention activities
- Eliminating relationships with anti-social forces

 [KDDI Code of Business Conduct \(Basic Principles\)](#)
Link Website

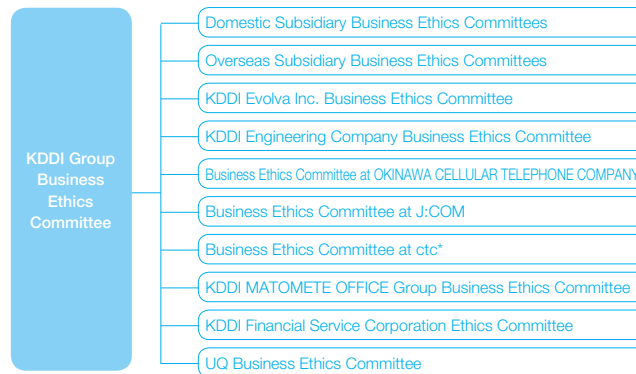
System

Compliance Promotion System of the KDDI Group

KDDI has also put in place a KDDI Group Business Ethics Committee, in which the KDDI Chairman serves as Committee Chairman, to deliberate and make decisions on compliance-related items. The Business Ethics Committee convenes semi-annually to ascertain the situation at each company and support the establishment and reinforcement of compliance structures.

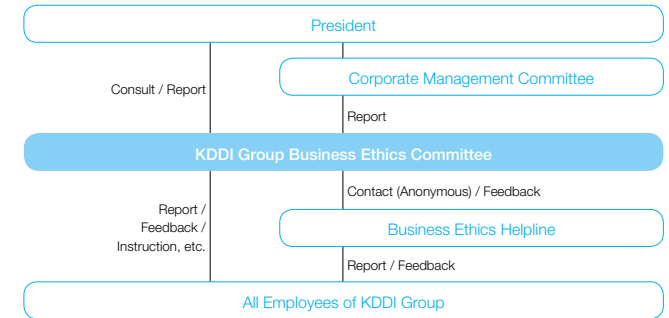
In addition, the Business Ethics Committee formulates policies for educational activities, and in the event that a violation of compliance occurs, it deals with the situation, discloses information outside of the Company, and deliberates on measures to prevent recurrence. The status of the committee's activities is made available to all employees via the intranet.

KDDI Group Business Ethics Committee Framework



*Chubu Telecommunications Co., INK. (ctc)

Compliance Framework



Infusion

Compliance Education and Training

KDDI believes that fostering a dynamic communication environment within the company is an essential prerequisite for further improving employee awareness of compliance. In FY2015, KDDI continued to hold study sessions for sector managers, all employees, and division managers, in an effort to spread The KDDI Group Philosophy. In addition, as part of the effort to more quickly respond to violations and perform analysis and prevention, seminars on violation-related issues were offered to supervisors and group leaders. In addition, ongoing training continues to be provided to all employees, to raise awareness about compliance.

Compliance

System

Regulations for Internal Reporting Process (Business Ethics Helpline)

In 2006, KDDI established the Business Ethics Helpline to serve as a contact point for all employees of KDDI, group companies, and business partner companies who have questions or concerns about business ethics and legal compliance. Concerns can be reported either through an in-company contact point or an external contact point that works in collaboration with external experts (email and telephone inquiries are accepted, and multilingual support is available). KDDI has also established internal regulations that enable informants to remain anonymous, thus protecting them in accordance with the requirements of the Whistleblower Protection Act, which went into effect in April 2006. In addition, KDDI is actively conducting educational activities regarding the use of the Helpline.

In FY2015, the Helpline received 27 reports, including inquiries. Internal investigations were conducted primarily by the KDDI Group with regard to the issues reported, and information regarding reporters was kept confidential. When problems were uncovered, steps were taken to rectify the situation, including proposing improvements and instituting measures to prevent recurrence.

Furthermore, the internal reporting system does not subject informants to any disadvantages in terms of whistleblower protection.

Policy

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

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

Policy

Anti-corruption Practices

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

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

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

In FY2015, there were no cases of legal action against KDDI related to corruption or bribery.

Policy

Preventing Anti-competitive Behavior

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

In FY2015, there were no cases of legal action against KDDI related to anti-competitive behavior or monopolistic practices.

Policy

Responsible Tax Practice

Efforts for Tax Compliance in KDDI Group

In addition to efforts aimed at improving customer satisfaction and pursuing profits, the KDDI Group strives to fulfill its social responsibility by promoting and improving international tax compliance in accordance with international standards and tax-related regulations in each country and region, and by making appropriate tax payments. In FY2015, KDDI paid 253.649 billion yen in adjusted corporate income tax, at a taxation rate of 31.0% on profit before tax.

Compliance

■ Efforts for Tax Governance

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

■ Efforts to Establish Favorable Relations with Tax Authorities

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

■ Efforts to Prevent Tax Avoidance

In accordance with various Base Erosion and Profit Shifting (BEPS) action plans, KDDI is conducting activities to support the revision of tax regulations toward BEPS compliance in Japan and other countries, and working to match the locations of economic activity and value creation with the appropriate tax jurisdictions to ensure proper taxation.

In addition, KDDI takes measures to prevent the transfer of tax sources to countries and regions with low or zero tax rates (tax havens) for the purpose of minimizing taxation, and strives to ensure the proper assessment of taxes in accordance with the tax regulations of each country.