

Fair Personnel Evaluation and Human Resource Cultivation

Policy

Approach to 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.

System

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

Policy

Approach to Human Resource Cultivation

To achieve our business vision and bring about an ideal world, it is essential for KDDI to strengthen the business foundation and embrace the challenge of creating new value around information and communication, which only KDDI can provide.

KDDI views human resource cultivation as the process of bolstering the development of people who, instead of being passive, have a strong desire to grow and play an instrumental role in innovation. To this end, KDDI offers a variety of training programs aimed at helping employees improve themselves.

For employees who enter the company after graduating from university, the first three years at the company are regarded as a period for building their foundation both as members of society and as a KDDI employees. As such, they are required to participate in training sessions once a year. In the initial training that employees receive when entering the company, they learn about the basics of being members of society and KDDI employees. In the second year, after employees are assigned to their positions, the training focuses on how to perform work and basic logical thinking. In the third year, the training focuses on improving practical, action-oriented skills.

System

Enhancing Various Systems

■ Mission Grade

In FY2013, KDDI introduced a Mission Grade System for managers. The system defines the management role assigned to line managers and the professional role assigned to non-line managers and

specifies the grade according to size. The grade 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, authority borne, and degree of impact of the outputs, creating a pay structure that rewards employees according to their contribution to the company.

■ Management by Objectives System

KDDI has introduced a system of management by objectives for non-managerial employees.

Under a system of management by objectives for non-managerial employees, employees and their supervisors meet to determine an employee's "personal objectives," which feature a combination of company and organizational targets and individual targets for the employee, and are designed to encourage a sense of challenge that will spur employees on to further efforts toward personal growth. This system is linked with employee evaluations. We have also incorporated planning skills and other evaluation items as part of the process of achieving objectives and we are promoting more impartial and transparent personnel evaluations.

■ Executive Assistant

In FY2011, KDDI established a new executive post of assistant to a director, a position in which the holder learns the company's business approach. The assistant is present at all meetings attended by the director and learns at first hand the management's attitudes and way of thinking. In FY2015, 11 executive assistants were appointed, bringing the total number of executive assistants to 43 as of the end of March 2016. After gaining experience as assistants, they will be assigned to duties in the various divisions as line managers. By providing the opportunity to learn KDDI's business approach, we aim to develop the human resources needed to carry KDDI into the future.

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■ Job Rotation System

By allowing employees to work in multiple job positions and departments, the “Challenge Rotation” program pursues expansion of and adaptation to individual work fields. The “Professional Rotation” program aims to contribute to society at a higher level by exploring and further expanding individual expertise.

■ Self Career Produce System (SCAP)

In FY2008, KDDI introduced a Self Career Produce System (SCAP) to spark employees' enthusiasm and evoke a spirit of challenge by enabling them to chart their own career courses. The system enables employees to transfer to departments of their choice after they have accumulated a certain amount of experience in their current positions and have earned positive evaluations.

■ Self-Reporting System

KDDI has introduced a self-reporting system whereby each individual employee conducts career inventory and reports on his or her personal career situation annually. Supervisors conduct interviews with employees based upon these reports, to strengthen communications and to develop a career plan.

■ Support for Qualification Acquisition

KDDI supports the acquisition of KDDI-designated qualifications to enable employees to improve their knowledge and technical skills and contribute to enhanced business quality, through payment of the related fees and other expenses.

In FY2015, a total of 24.16 million yen was paid to 1,127 eligible employees who applied for support.

■ Employee Training

KDDI provides group training for all company employees to enable them to acquire the necessary knowledge and skills to carry out their work, according to their position and qualifications. We have also built and operate a shared e-learning system to allow all employees, without exception, to acquire the necessary business knowledge.

In FY2015, KDDI conducted an average of 7.2 hours of training and e-learning per individual employee (94,686 hours in total). Furthermore, the training and e-learning classes cost KDDI an average of 97,000 yen per individual employee.

In addition, the various business divisions conduct their own training and human resource cultivation activities.

Activity and Results

Cultivating Human Resources Globally

■ Cultivating Locally Hired Employees

(Global Human Resources Exchange Program)

As part of efforts to promote the cultivation of human resources globally, the KDDI Group implements the Global Human Resources Exchange Program, which offers employees hired overseas an opportunity to work at our headquarters.

Through the program, employees hired overseas who are dispatched to our headquarters can learn about business practices in Japan, The KDDI Group Philosophy, the operations and perspectives of our headquarters, and strengthen partnerships with customers who have offices in Japan.

Program participants are stationed at our headquarters for a maximum of two years. Since FY2012, more than 10 employees from overseas offices have participated in the exchange program with headquarters.

■ Global cultivation of executives and next-generation executives

In the second half of FY2015, KDDI launched the Global Intensive Program (GIP) and Global Intensive Program Junior (GIPJr.), which aim to cultivate executives capable of performing management of global business operations and global offices.

Participants in GIP are removed from their duties for a period of six months while they receive training overseas or in Japan, and when training is complete, they are sent to a new department or operation. Participants in GIPJr. receive their training in Japan while they continue to carry out their duties, thereby requiring strong time management skills.

In FY2015, a total of 15 employees participated in the training programs (5 in GIP, 10 in GIPJr.), and they successfully enhanced their abilities as global human resources. To build on these results, KDDI plans to expand the number of participants and lengthen the training period and preparation period for the programs in FY2016.

■ Overseas Study Program (University and Internship Programs)

KDDI has introduced two overseas study courses, “Business Study Abroad” and “Specialized Study Abroad”, for the purpose of discovering and cultivating global human resources among mid-level employees. Applications to the courses are open to any motivated employees who take the initiative to apply.

In the “Business Study Abroad” course, employees attend a six-month training course before being dispatched to an overseas university or NPO for one to four months, where they have an opportunity to interact with businesspeople from around the world while learning about global standards for business ethics, frameworks, and procedures. In addition, some programs include an internship (work abroad program*) at an international company, or opportunities to engage in real business activities.

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Participants in the “Specialized Study Abroad” program spend about a year at an overseas university or specialized institution, and they receive training to acquire high-level specialist knowledge and build human networks with relevant persons.

Number of participants in overseas study courses (FY2000 - FY2015)

- Business Study Abroad: 35
- Specialized Study Abroad: 22

Overseas Trainee System

Launched in FY2001, KDDI's overseas trainee system has undergone several revisions before taking its current form in FY2008.

The purpose of the system is to provide trainees with practical experience in sales operations, technical support, corporate duties, and other activities, in an effort to cultivate superior human resources with global sensibilities, who can conduct business smoothly in environments with diverse values and different business practices.

Another aim of the program is to discover and cultivate young employees who are self-motivated. As such, the application process is completely open to those who are eligible, without any need for recommendations from superiors. Eligibility is open to people in their fourth to eighth year of employment, who have a TOEIC score of at least 500. Approximately 10 people are selected each year, and in principle, they are dispatched to overseas locations for a period of two years.

The assigned operations during the dispatch period are determined based on the suitability of the trainee and the office to which they are dispatched. At the end of the dispatch period,

employees return to their original organization to apply the experience they gained as trainees.

- Number of trainees (FY2002 - FY2015): 120

English-language group study support

In FY2015, KDDI began implementing measures to support English-language group lessons in an effort to promote the self-study of English among employees.

The group lessons are held about once a week for an hour, and are conducted by native English instructors dispatched to the students' location. The Human Resources Department handles the dispatch of instructors and the program costs, but the actual lesson contents are up to the students. Lessons are conducted outside of business hours, such as before or after work, or during lunch break.

In FY2015, six group classes were held on a trial basis for 32 employees over a three-month period. In FY2016, 21 group classes are being conducted for 127 employees, over a six-month period from July to December.

Correlation between Position / Qualification and Training

Position or Qualification	Stratified Training	Theme-based Training				Division-specific training			
		Acquisition of skills & knowledge	Support for acquisition of qualification	Self-development support	Global human resources	Job-specific skills			
Director	Director Training								
Line Manager	Line Manager Training				GIP GIP Jr.				
Manager	Manager Training	ICT training	Common business knowledge (e-learning)	Coaching training	Support for acquisition of qualifications	Career development training	Overseas Trainee System	Overseas study	Training by division
Assistant Manager	Assistant Manager Training								
Chief	Career enhancement training								
Employee	Training 3 years after graduation								
	Training 2 years after graduation								
	On joining company / Follow up training								