

# Building Labor Relations and Creating a Conducive Workplace Environment

## Policy

### Creating Sound Labor-management Relations

#### ■ Signing a Union Shop Agreement

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. Meetings between labor and management are held regularly to deliberate on a variety of issues, such as improving the working environment. As of the end of March 2016, 98.1% of all eligible company employees (11,412 people) belong to the Union.

In addition, based on the Agreement on Handling of Personnel Transfers, we have set out 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.

#### ■ Basic Labor-Management Agreement (excerpt, simplified)

(Basic Terms of Agreement)

- Both parties recognize that job stability and security are important issues for labor and management and will do their best not to cause situations in which Union members are dismissed.
- Autonomy and rights will be mutually respected, a relationship based on trust and cooperation will be maintained and strengthened, and issues will be settled amicably through dialog based on mutual understanding and mutual responsibility.

## Activity and Results

### Labor-Management Cooperation

In an effort to foster communication between workers and management, labor-management talks were held a total of 20 times in FY2015. Information about the talks and other such events is disclosed to union members by the KDDI Workers Union as needed.

## System

### 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 (361,423,699,083 yen as of the end of March 2016).

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

\* These are the fund assets for the entire KDDI Group (including the companies affiliated with the fund).

## Activity and Results

### Employee Awareness Survey

Each year, KDDI conducts the KDDI Kaitai Shinsho awareness survey targeting all employees and contract employees. The FY2015 survey highlighted a variety of employee issues, such as their need to learn from other companies, industries, and departments, their need for greater enthusiasm and action that aggressively seeks to

achieve more than what is asked, as well as their need to take more conscious action on a higher level.

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.

## Activity and Results

### Award Program for Employees

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

In July 2015, we held an awards ceremony for activities in FY2014, at which five President's Prizes, one Contribution Prize, one Nice Try Prize, three MVP Prizes for individuals, and one Operational Quality Improvement Prize were awarded.

## System

### 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. As they are the ones who actually come into contact with customers in shops, the sales advisers are very important to us. We have enhanced the various training systems and qualification systems to create a work environment that supports career development and makes working worthwhile.

We have introduced a regular employee appointment system to increase future career opportunities, and in FY2015, 83 employees were promoted to regular employee status.