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**
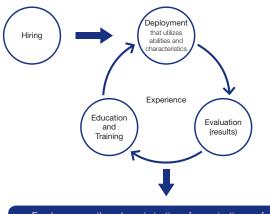- FY2016 recent graduate hires of foreign nationality…6
- FY2016 percentage of female recent graduates hired…28%
- Removal of the gender category on job applications when hiring

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.

Hiring → Deployment that utilizes abilities and characteristics → Evaluation (results) → Education and Training (Experience)

Employee growth and 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)

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 — Newly appointed	Stratified Training — Already appointed	Shared Skill Training	Global human resources	Division-specific Training / 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	
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			
Chief			Career enhancement training	Shared Skill Training	Overseas Trainee System / Overseas Study	Training by division
Employee		Training 3 years after employment / Training 2 years after employment / New Employee Training				

(Company-wide Philosophy Study Session/Study Session by Department)

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.
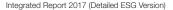
(Respondents: 10,812 (91.9%))

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

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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

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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.

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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