#### **Editorial Policy for CSR & ANNUAL REPORT 2012**

Previously, KDDI has published separate CSR Reports, which detail its corporate social responsibility (CSR) activities, and Annual Reports, yearly financial reports for shareholders and investors. However, for the year ended March 31, 2012, we have selected the most important information from these two reports and compiled into one booklet: CSR & ANNUAL REPORT 2012. Also, our web site provides a wide range of information on pertinent issues.



## Contents

16

- 02 To Our Stakeholders
- 04 The Three Steps to Understanding KDDI

Full-fledged Launch of the 3M Strategy

#### **Growth Strategy**

Special Feature

- 06 Message from the President
- 18 au Smart Value
- 20 au Smart Pass
- 22 Smart Network

#### Performance/Operation

- 24 Consolidated Financial Highlights
- 28 Performance Analysis for FY2012.3
- 34 FAQ about Operating and Financial Results
- 36 Market Overview
- 40 Overview of Operations
  - 40 Mobile Business
  - 44 Fixed-line Business
- 46 New Segment Overview
- 48 Research and Development

#### 49 **CSR**

50 CSR Special Feature

Our Social Mission as a Telecommunications Operator

- 54 CSR Yearly Activities Report
  - 54 Organizational Governance
  - 58 Consumer Issues
  - 62 Environment
  - 68 Labour Practices
  - 72 Human Rights
  - 73 Fair Operating Practices
  - 74 Community Involvement and Development

#### 77 Corporate Governance

- 78 Mission Statement / Corporate Governance Promotion Framework
- 80 Risk Management
- 81 Information Security
- 82 Compliance
- 83 Internal Controls
- 84 Directors and Auditors

#### 85 Financial Section

### 122 Corporate Overview

#### Disclaimer Regarding Forward-Looking Statements

Statements contained in this report concerning KDDI's plans, strategies, beliefs, expectations, or projections about the future, and other statements other than those of historical fact, are forward-looking statements based on management's assumptions in light of information currently available and involve risks and uncertainties. Actual results may differ materially from these statements. Potential risks and uncertainties include, but are not limited to, domestic and overseas economic conditions; fluctuations in currency exchange rates, particularly those affecting the U.S. dollar, euro, and other overseas currencies in which KDDI or KDDI Group companies do business; and the ability of KDDI and KDDI Group companies to continue developing and marketing services that enable them to secure new customers in the communications market—a market characterized by rapid technological advances, the steady introduction of new services, and intense price competition.

# with Boundless Innovation with Unwavering Responsibility