



## Governance

Reinforcing corporate governance is an important priority for achieving sustainable growth and increased corporate value over the medium to long term. KDDI is in accordance with the tenets of the “Corporate Governance Code” defined by the Financial Instruments Exchange Act. While maintaining transparency and fairness, we endeavor to enhance our structures for ensuring timely and decisive decision-making.

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## KDDI's Material Issues for CSR

KDDI has identified four material issues for CSR as priority tasks to be addressed.

Among the numerous issues we face in relation to our businesses, we identified those of highest concern to society and initiatives that we need to focus on to achieve sustainable growth that is in harmony with society.

For more detailed ESG information not included in this report, please refer to the following website.

<http://www.kddi.com/english/corporate/csr/>

### Material Issue

#### Offering reliable information and communications services

- Provision of reliable information and communications services
- Response to and actions to be taken in the event of large-scale disasters

### Material Issue

#### Vitalizing the Company by developing a diverse workforce

- Diversity
- Promoting diverse work styles
- Low childbirth and aging society
- Occupational safety and health

### Material Issue

#### Creating a safe and secure information and communications society

- Safe and secure information and communications services and products
- Support for secured development of youth (e.g. measures against harmful content)
- Closing the digital divide for seniors

### Material Issue

#### Initiatives to conserve the global environment

- Climate change
- Biodiversity
- Reducing the environmental impact of products and services
- Reducing waste and recycling resources

### Governance

#### P31 [Material Issue] Offering Reliable Information and Communications Services

KPI:

Improvement on issues identified in disaster response training  
Target: **100%** → Result: **100%**

### Society

#### P32 [Material Issue] Vitalizing the Company by Developing a Diverse Workforce

KPI:

Number of female line managers (ratio of female line managers)  
Target: **90** (7%) → Result: **94** (7.1%)

#### P34 [Material Issue] Creating a Safe and Secure Information and Communications Society

KPI:

KDDI Smartphone and Mobile Phone Safety Classes  
Junior Course Satisfaction Level  
Target: **90** points → Result: **93.5** points  
Senior Course Understanding Level  
Target: **83%** → Result: **83.1%**

### Environment

#### P35 [Material Issue] Initiatives to Conserve the Global Environment

KPI:

Reduce Electric Power Consumption by the Fiscal Year Ending March 31, 2017 (compared with the level if energy-saving measures had not been implemented)

Target: **30%** → **Making progress on the basis of attaining the target**

# Executive Members

(As of June 22, 2016)

## Directors



### Tadashi Onodera

Chairman

Number of the Company's shares held: 241,200

Feb. 1948 Born  
 June 2001 President  
 June 2005 President and Chairman  
 Dec. 2010 Chairman  
 June 2013 Director, Kyocera Corporation  
 (Current position)  
 June 2014 Director, Daiwa Securities Group Inc.  
 (Current position)  
 June 2015 Chairman (Current position)



### Takashi Tanaka\*

President

Number of the Company's shares held: 53,200

Feb. 1957 Born  
 June 2007 Managing Executive Officer, Director  
 June 2010 Senior Managing Executive Officer, Director  
 Dec. 2010 President (Current position)  
 June 2013 General Manager, Corporate & Marketing  
 Communications Sector  
 (Current position)



### Hirofumi Morozumi\*

Executive Vice President, Director

Number of the Company's shares held: 28,400

May 1956 Born  
 June 2003 Managing Executive Officer, Director  
 June 2007 Senior Managing Executive Officer, Director  
 Apr. 2010 General Manager, Corporate Sector  
 (Current position)  
 June 2010 Executive Vice President, Director  
 (Current position)



### Makoto Takahashi\*

Executive Vice President, Director

Number of the Company's shares held: 25,000

Oct. 1961 Born  
 June 2007 Managing Executive Officer, Director  
 June 2010 Senior Managing Executive Officer, Director  
 Apr. 2016 General Manager, Value Business Sector,  
 and Corporate Strategy Planning Division  
 (Current position)  
 June 2016 Executive Vice President,  
 Director (Current position)



### Yuzo Ishikawa\*

Executive Vice President, Director

Number of the Company's shares held: 37,200

Oct. 1956 Born  
 June 2010 Managing Executive Officer, Director  
 June 2011 Senior Managing Executive Officer, Director  
 June 2014 Senior Managing Executive Officer, Director  
 Apr. 2015 General Manager, Consumer Business  
 Sector, Business Management, Solution  
 Business, Media and CATV Business,  
 and Product & Customer Service Sector  
 (Current position)  
 June 2016 Executive Vice President, Director  
 (Current position)



### Hidehiko Tajima

Senior Managing Executive Officer, Director

Number of the Company's shares held: 12,500

Feb. 1954 Born  
 Apr. 2010 Executive Officer  
 Apr. 2013 Managing Executive Officer  
 June 2013 Managing Executive Officer, Director  
 Apr. 2016 General Manager, Global Business  
 Sector (Current position)  
 June 2016 Senior Managing Executive Officer,  
 Director (Current position)



### Yoshiaki Uchida

Senior Managing Executive Officer, Director

Number of the Company's shares held: 11,700

Sept. 1956 Born  
 Apr. 2013 Executive Officer  
 Apr. 2014 Managing Executive Officer  
 June 2014 Managing Executive Officer, Director  
 Apr. 2016 General Manager, Technology Sector  
 (Current position)  
 June 2016 Senior Managing Executive Officer,  
 Director (Current position)



### Takashi Shoji

Managing Executive Officer, Director

Number of the Company's shares held: 9,600

Sept. 1958 Born  
 Oct. 2010 Executive Officer  
 Apr. 2011 General Manager, Solution Business  
 Sector (Current position)  
 Apr. 2014 Managing Executive Officer  
 June 2016 Managing Executive Officer, Director  
 (Current position)



### Shinichi Muramoto

Managing Executive Officer, Director

Number of the Company's shares held: 7,600

Mar. 1960 Born  
 Oct. 2010 Executive Officer  
 Apr. 2016 Managing Executive Officer  
 Deputy General Manager, Corporate  
 Sector (Current position)  
 June 2016 Managing Executive Officer, Director  
 (Current position)

### Tetsuo Kuba

Director

Number of the Company's shares held: 7,500

Feb. 1954 Born  
 June 2008 Director and Senior Managing Executive Officer of Kyocera Corporation  
 Apr. 2009 President and Representative Director, President and Executive Officer of Kyocera Corporation  
 Apr. 2013 Chairman of the Board and Representative Director of Kyocera Corporation (Current position)  
 June 2013 Director of KDDI (Current position)

### Kuniko Tanabe

Director

Number of the Company's shares held: 900

Apr. 1945 Born  
 Mar. 1973 Registered as attorney at law  
 Feb. 1982 Joined Tanabe & Partners, Partner (Current position)  
 June 2003 Audit & Supervisory Board Member of DAIDO METAL CO., LTD. (Current position)  
 June 2015 Director of KDDI (Current position)

### Nobuyori Kodaira

Director

Number of the Company's shares held: 0

Mar. 1949 Born  
 June 2010 Senior Managing Director of Toyota Motor Corporation  
 June 2011 Director and Senior Managing Officer of Toyota Motor Corporation  
 June 2012 Executive Vice President of Toyota Motor Corporation  
 June 2013 Director of KDDI (Current position)  
 June 2016 Member of the Board of Directors of Toyota Motor Corporation (Current position)

### Yoshiaki Nemoto

Director

Number of the Company's shares held: 0

Dec. 1945 Born  
 Apr. 1995 Professor, Graduate School of Information Sciences, Tohoku University  
 Apr. 2000 Head of Information Synergy Center, Tohoku University  
 Apr. 2004 Councillor of Educational Research Board, Tohoku University  
 Apr. 2008 Director, Tohoku University  
 Apr. 2012 Director General of Resilient ICT Research Center, the National Institute of Information and Communications Technology (NICT)  
 June 2016 Director of KDDI (Current position)

### Shinji Fukukawa

Director

Number of the Company's shares held: 4,800

Mar. 1932 Born  
 June 1988 Retired as Vice-Minister of Ministry of International Trade and Industry  
 Dec. 1988 Senior Advisor of Global Industrial and Social Progress Research Institute (Current position)  
 Nov. 2002 Chairman of Japan Industrial Partners, Inc. (Current position)  
 Nov. 2003 Administrative Director of Toyo University (Current position)  
 Dec. 2012 Chairman of Toyo University (Current position)  
 June 2014 Director of KDDI (Current position)

## Audit & Supervisory Board Members

### Hiroshi Kobayashi

Audit & Supervisory Board Member

Number of the Company's shares held: 10,800

### Kouichi Ishizu

Audit & Supervisory Board Member

Number of the Company's shares held: 10,600

### Akira Yamashita

Audit & Supervisory Board Member

Number of the Company's shares held: 0

### Kakuji Takano

Audit & Supervisory Board Member



Number of the Company's shares held: 0

### Nobuaki Katoh

Audit & Supervisory Board Member

Number of the Company's shares held: 0

\* Directors with representative rights

 Outside directors and Audit & Supervisory Board members  
 Independent directors and Audit & Supervisory Board members

## Composition of Directors and Advisory Committees

Name	Newly appointed	Representative right	Independent	Outside	Execution of business	Nomination Advisory Committee	Remuneration Advisory Committee	Other
Tadashi Onodera						○	○	Chairman of Board of Directors
Takashi Tanaka		○			○	○	○	
Hirofumi Morozumi		○			○			
Makoto Takahashi		○			○			
Yuzo Ishikawa		○			○			
Hidehiko Tajima					○			
Yoshiaki Uchida					○			
Takashi Shoji	○				○			
Shinichi Muramoto	○				○			
Tetsuo Kuba				○		○	○	Chairman of Remuneration Advisory Committee Vice Chairman of Nomination Advisory Committee
Nobuyori Kodaira				○		○	○	Chairman of Nomination Advisory Committee Vice Chairman of Remuneration Advisory Committee
Shinji Fukukawa			○	○		○	○	
Kuniko Tanabe			○	○		○	○	
Yoshiaki Nemoto	○		○	○		○	○	

# Corporate Governance

## Basic Views on Corporate Governance

As a telecommunications operator that provides social infrastructure, the Company has the important social mission of providing stable communications services on an ongoing basis, 24 hours a day and 365 days a year, regardless of conditions. Furthermore, as a telecommunications operator, our business derives from utilizing radio waves—an important asset shared by all citizens. Accordingly, we recognize that we have the social responsibility to address the issues society faces and seek to resolve them through telecommunications.

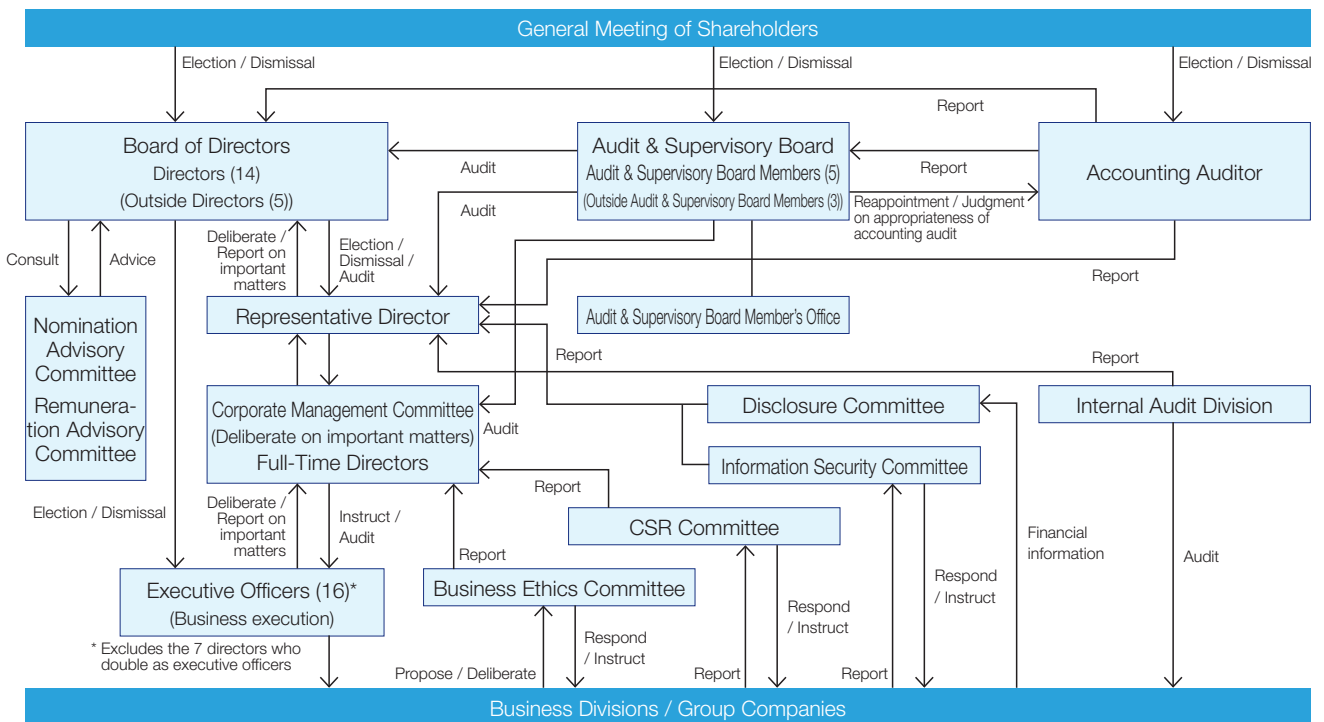
Attaining sustainable growth and increased corporate value over the medium to long term is essential to achieving this social mission and social responsibility. Furthermore, we strive to engage in dialogue with all our stakeholders, including customers, shareholders, business partners, employees, and local communities and work in cooperation to proactively address societal issues. In this manner, we aim to contribute to the development of a safe, secure, and truly connected society.

We recognize reinforcing corporate governance as important to achieving sustainable growth and increased corporate value over the medium to long term. Accordingly, we are in accordance with the tenets of the “Corporate Governance Code” defined by the Financial Instruments Exchange Act. While maintaining transparency and fairness, we endeavor to enhance our structures for ensuring timely and decisive decision-making.

In addition to our corporate credo and mission statement, we have formulated the “KDDI Group Philosophy,” which defines perspectives, values, and code of conduct that officers and employees should share. We conduct activities to promote awareness of this philosophy throughout the Company.

By proactively adhering to Japan’s Corporate Governance Code and practicing the KDDI Group Philosophy, which we consider inseparable from the standpoint of corporate management, we will endeavor to enhance corporate governance throughout the KDDI Group, including its subsidiaries, to achieve sustainable growth and increased corporate value over the medium to long term.

## Corporate Governance Framework (As of June 22, 2016)



## Reasons for Adoption of Current Corporate Governance System

The Company is a company with an Audit & Supervisory Board. From the perspective of the “proper and efficient business execution” and “appropriate auditing and supervision functions” expected of corporate governance, the Company has appointed multiple outside directors and has adopted an Audit & Supervisory Board and other systems that include a majority of outside Audit & Supervisory Board members.

Regarding “proper and efficient business execution,” the Company believes swift decision-making by the Board of Directors,

centered on internal directors, points to a high level of efficiency. With respect to “appropriate auditing and supervision functions,” the Company believes that its auditing and supervision functions are functioning appropriately, as outside executives—including independent executives—perform checks of the bodies performing business execution from diverse perspectives. In particular, Audit & Supervisory Board members have no Board of Directors voting rights, enabling them to audit the execution of duties by directors objectively. Furthermore, we believe independent outside auditors are able to conduct audits from a perspective independent from other members of the management team.

## Changes in the Corporate Governance Framework

(Year)

		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016			
President		Yuusai Okuyama*1											From June 2001 Tadashi Onodera						From December 2010 Takashi Tanaka		
Directors*2	Number of directors	53*3	13	12	11	→						10	13	12	→		13	→ Now 14 people			
	Number of outside directors			2	3	→		4	3	→			2	→		3	4	Now 5 people			
	Number of independent directors															1	2	Now 3 people			
Assurance of diversity*2	Number of female directors																1	Now 1 person			
Establishment of Advisory Committee														Remuneration Advisory Committee established in 2011				Nomination Advisory Committee established in 2015			
Transparency in executive remuneration				Introduction of a stock option system in 2002										Remuneration Advisory Committee established in 2011				Introduction of a performance-based bonus system for executives in 2011		Introduction of stock compensation plan for directors in 2015	
KDDI Group Philosophy		Enactment in October 2000											Revision project from 2012 to 2013						Revised, continued promotion activities from 2013		

\*1 Appointed president of DDI in December 1993. Became president of KDDI in October 2000.

\*2 Number of people at the conclusion of each Annual General Meeting of Shareholders

\*3 Number of people at the conclusion of an Extraordinary Meeting of Shareholders convened in October 2000

## Reasons for Appointment as Outside Officers and Principal Activities

Name	Reason for appointment as an outside director of the Company	Principal activities
Tetsuo Kuba	Mr. Kuba has abundant experience and superior knowledge stemming from his roles as managers in listed companies. We wish to leverage this experience and knowledge in the supervision of the Company's business activities and in its decision making. Accordingly he has again been appointed as a director.	Attended 11 of the 12 meetings of the Board of Directors (92%)
Nobuyori Kodaira	Mr. Kodaira has abundant experience and superior knowledge stemming from his roles as manager in listed companies. We wish to leverage this experience and knowledge in the supervision of the Company's business activities and in its decision making. Accordingly he has again been appointed as a director.	Attended 12 of the 12 meetings of the Board of Directors (100%)
Shinji Fukukawa	Mr. Fukukawa has abundant experience and superior knowledge he has gained from many years of practical experience in the public sphere and involvement in the execution of business at various organizations. We wish to leverage this experience and knowledge to contribute to the enhancement of the Company's corporate value. Moreover, with this background we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has been appointed as an independent director.	Attended 12 of the 12 meetings of the Board of Directors (100%)
Kuniko Tanabe	Ms. Tanabe has abundant experience and superior knowledge, cultivated as the partner at a law office. From the perspective of leveraging this knowledge and experience to contribute to the sustainable growth of the Company, she has again been appointed as a director. Moreover, with this background we judge there to be no risk of a conflict of interest with general shareholders and accordingly she has been appointed as an independent director.	Attended 10 of the 10 meetings of the Board of Directors (100%)
Yoshiaki Nemoto	Mr. Nemoto has a high level of knowledge in information processing, communications and network engineering, which is directly relevant to the business of the Company, as well as a deep understanding of disaster prevention that is valuable for the operation of our business. From the perspective of leveraging this knowledge and experience to enhance the corporate value of the Company, he has been appointed as a director. Moreover, with this background we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has been appointed as an independent director.	—

Name	Reason for appointment as an outside Audit & Supervisory Board member of the Company	Principal activities
Akira Yamashita	Mr. Yamashita has cultivated, abundant experience and knowledge gained from many years of practical experience in the public sphere and involvement in the execution of business at various organizations. From the perspective of leveraging this knowledge and experience to monitor general management and to engage in appropriate audit activities, he has been appointed as an Audit & Supervisory Board member. Furthermore, with his background we judge there to be no risk of a conflict of interest with general shareholders and accordingly has been appointed as an independent auditor.	—
Kakuji Takano	Mr. Takano has abundant experience as a Certified Public Accountant, as the representative of an accountancy firm and as an auditor for other companies, in addition to which he has cultivated extensive experience and knowledge in the execution of business at various organizations. From the perspective of leveraging this primarily accounting-related knowledge and experience to monitor general management and to engage in appropriate audit activities, he has been appointed as an Audit & Supervisory Board member. Furthermore, with his background we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has been appointed as an independent auditor.	—
Nobuaki Katoh	Mr. Katoh has abundant experience as a director of listed companies, and has extensive experience and knowledge as an auditor and through execution of business at various organizations. From the perspective of leveraging this knowledge and experience to monitor general management and to engage in appropriate audit activities, has been appointed as an Audit & Supervisory Board member. Furthermore, with his background we judge there to be no risk of a conflict of interest with general shareholders and accordingly has been appointed as an independent auditor.	—



### Advisory Committee

KDDI has formed a Nomination Advisory Committee and a Remuneration Advisory Committee to discuss with and provide advice to the Board of Directors to maintain both transparency and objectivity on the system of nomination of executive candidates and Audit & Supervisory Board member candidates and the level of remuneration for executives.

The Chairman, Vice Chairman and half or more of the members of these committees are outside directors.

### Policy and Procedures for Determining Nomination as Directors or Audit & Supervisory Board Members

The nomination of director and Audit & Supervisory Board member candidates involves deliberation by the Nomination Advisory Committee following a selection of candidates based on the below-stated standard. In addition, Audit & Supervisory Board member candidates are approved by the Board of Directors following approval by the Audit & Supervisory Board.

#### Directors Candidates

People who satisfy any of the following:

- Specialist knowledge or experience in various fields of business
- A shareholder's perspective and management knowledge
- Highly degree of independence and specialist knowledge appropriate for supervising

#### Audit & Supervisory Board Member Candidates

- People who are able to supervise overall management from a perspective independent from directors and who have the extensive experience and broad-ranging insight to enhance audit appropriateness.

### Decision Standards for Independence of Outside Executives

In addition to the outside directors requirements in the Companies Act and the independence standards provided by financial instruments exchanges, the Company has formulated its own standards. Specifically, these standards state that people hailing from business partners making up 1% or more of the Company's consolidated net sales or orders placed are not independent.

### Policy on Transactions Between Related Parties

In accordance with the Companies Act, the Company requires competitive or conflict-of-interest transactions by directors to be approved by and reported to the Board of Directors.

Individual transactions with major shareholders are conducted in accordance with "Appropriate Accounting and Adherence to Agreements," one of the basic principles of the KDDI Code of Business Conduct. In line with this principle, such transactions are decided upon in the same manner as other transactions, through internal requests for decision, rather than by setting special standards. In addition, internal requests for decision are checked by Audit & Supervisory Board members.

The representative director of Kyocera Corporation, which is a major shareholder of the Company, serves as outside director of the Company. Accordingly, we strike a balance between comprehensive approval by the Board of Directors and internal requests for decisions on individual transactions.

### Matters for Resolution by the Board of Directors

At KDDI, Board of Directors resolutions determine:

- Matters prescribed by the Companies Act or other laws and regulations,
- Matters prescribed by the Articles of Incorporation,
- Matters delegated for resolution at the general shareholder meeting, and
- Other important management-related matters.

For other important management-related matters, their importance is determined according to such factors as the scale of money, business, assets, and investment involved.

These decision standards for importance are not permanent. Rather, they are reviewed appropriately in accordance with changes in the legal system and the environment in which the Company operates, with the aim of ensuring management speed and effectiveness.

### Analysis and Evaluation of the Effectiveness of the Board of Directors

The Board of Directors conducts an evaluation and discussion every year of its effectiveness aimed at helping to improve its effectiveness.

In the fiscal year ended March 31, 2016, the Company used questionnaires to evaluate its Board of Directors in order to obtain an objective understanding of the Company's situation by eliciting the opinions of outside directors and part-time Audit & Supervisory Board members who have the knowledge and experience that enables them to make comparisons of Boards of Directors at listed companies and who understand actual conditions at the Company's Board of Directors.

As a result, through spirited discussion including proactive opinions and advice from inside and outside executives, the Company's Board of Directors conducted decision-making and received evaluations based on objective and multifaceted perspectives. Accordingly, the Company believes its Board of Directors is functioning effectively.

However, while we believe that the monitoring of annual and other plans is sufficient, we have received opinions stating "The strategy for medium-to long-term growth requires more extensive discussion" and "Receiving information on matters for deliberation in advance would allow for more appropriate deliberations."

Based on these comments, the Company is working to enhance the effectiveness of its Board of Directors and make ongoing improvements.

### Policy on Strategic Shareholdings

KDDI believes that participating in tie-ups with a variety of companies is essential to providing its customers with increasingly diverse and advanced services.

To this end, our basic policy is to engage in cross-shareholdings after comprehensively judging that such holdings will contribute to KDDI's business and support the sustainable growth and increased corporate value of the entire KDDI Group over the medium to long term.

Accordingly, if determined to be necessary given such factors as the scale and importance of these holdings, the purpose and rationality of such holdings is explained to the Board of Directors.

There are no cross-shareholdings between KDDI and its investors for the sake of holding each other's shares. (However, there may be some cross-shareholding for form's sake if the company invested in has acquired the Company's shares on the open market).

### Standards for Ensuring Appropriate Exercise of Voting Rights on Strategic Shareholdings

Given the extensiveness and diversity of the KDDI Group's businesses, we believe that setting uniform standards throughout the Company could impair the corporate value of companies issuing such shares, as well as of the KDDI Group. For this reason, while respecting the intentions of share-issuing companies we set as our standard for exercising voting rights the sustainable growth and increased corporate value of the entire KDDI Group over the medium to long term, taking into overall consideration such factors as periodic business results and the results of dialogue with issuing companies.

To guard against decisions skewed toward short-term business interests, we have created a process for exercising voting rights that involves checks by the management team, thereby ensuring that management decisions are made from a companywide perspective.

### Executive Remuneration

To clarify directors' management responsibilities and enhance incentives for business improvement, at the 27th Annual Shareholders Meeting on June 16, 2011, a system was introduced to link executive bonuses from the fiscal year ended March 31, 2012, onward to the business results of the KDDI Group within 0.1% of consolidated net income during the applicable fiscal year.

In addition, at the 31st Annual Shareholders Meeting on June 17, 2015, the introduction of a stock compensation plan was approved, and this system commenced operation on September 1, 2015. The percentage of remuneration that is performance-linked increased as a result. The KDDI Group sets director remuneration

systems and levels in a manner that allows it to respond swiftly to environmental changes while taking into account directors' responsibilities for the management targets of achieving sustainable growth and increased corporate value over the medium to long term.

Note: A decision was reached at the 22nd Annual Shareholders Meeting, held on June 15, 2006, to introduce a plan for issuing stock acquisition rights to serve as an incentive for executing operations and increasing operating performance, with an upper limit of ¥40 million per year. However, no stock acquisition rights have been allocated based on this plan since the fiscal year ended March 31, 2011.

### Policy for Determining Compensation of Directors and Audit & Supervisory Board Members

The Remuneration Advisory Committee discusses compensation for directors and Audit & Supervisory Board members to maintain both transparency and objectivity of the system of and the level of remuneration for executives.

#### Directors

Remuneration for directors consists of fixed-amount salaries and performance-linked executive bonuses and stock remuneration provided that they are responsible for improving business results every fiscal year, as well as medium- to long-term corporate value. Fixed-amount salaries are based on such factors as directors' professional ranking and the management environment. Executive bonuses and stock remuneration are based on the KDDI Group's level of achievement of its performance targets for each fiscal year, as well as on individual directors' roles.

#### Audit & Supervisory Board Members

Remuneration of Audit & Supervisory Board members is determined in consultation with Audit & Supervisory Board members. These members receive fixed compensation that is not affected by fluctuations in the Company's operating performance.

### Remuneration for Executive Members

#### Total remuneration by executive classification, number of recipients, and total remuneration by type

Executive classification	Total remuneration (millions of yen)	Number of recipients (people)	Total remuneration by type (millions of yen)		
			Basic remuneration	Bonus	Stock compensation
Directors	Outside Directors	4	44	—	—
	Directors other than the above	10	370	140	111
	Total	14	414	140	111
Audit & Supervisory Board members	Audit & Supervisory Board members	3	43	—	—
	Audit & Supervisory Board members other than the above	2	47	—	—
	Total	5	90	—	—

\* The maximum monthly remuneration for directors is ¥50 million.

\* The maximum annual remuneration for the Audit & Supervisory Board members is ¥100 million (based on the Company's business year).

\* Remuneration amounts include bonuses for directors (except for outside directors), introduced in June 2011 and that were defined as being linked to performance and no more than 0.1% of net income attributable to owners of the parent.

\* A stock compensation plan for directors was introduced in September 2015.

\* In addition to the above, directors and Audit & Supervisory Board members received a retirement allowance in connection with the cancellation of the executive retirement bonus system.

#### Total remuneration of persons receiving total remuneration of ¥100 million or more

Name	Executive classification	Company classification	Total remuneration (millions of yen)	Total remuneration by type (millions of yen)		
				Basic remuneration	Bonus	Stock compensation
Takashi Tanaka	Directors	KDDI	119	70	27	22

# Compliance

## Basic Stance on Compliance

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 addition to establishing the KDDI Code of Business Conduct to ensure that all executives and employees maintain a high sense of ethics and execute their duties appropriately, we are undertaking the following efforts to raise compliance awareness.

- Conducting activities to instill the KDDI Group Philosophy
- Cultivating a sense of organizational togetherness and improving communications
- Performing activities to detect early on, analyze, and prevent violations
- Blocking any relationships with anti-social forces

KDDI Code of Business Conduct (Basic Principles)  
<http://www.kddi.com/english/corporate/kddi/philosophy/principle/>

## Compliance Promotion System

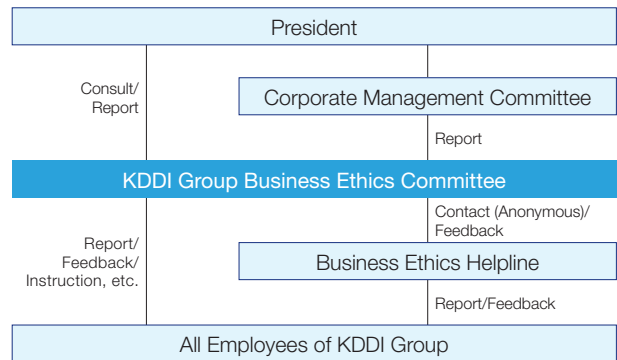
We have put in place the KDDI Group Business Ethics Committee, headed by the chairman of KDDI, to deliberate and make decisions on compliance-related items. The committee meets semi-annually to ascertain the situation at each company and support the establishment and reinforcement of compliance structures.

### KDDI Group Business Ethics Committee Framework



The KDDI Group Business Ethics Committee also formulates policies for educational activities and, in the event a compliance violation occurs, discloses information outside 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.

## Compliance Framework



## Rules for Processing Internal Reports (Business Ethics Helpline)

KDDI established the Business Ethics Helpline in 2006 to serve as a contact point for all employees of KDDI, KDDI Group companies, and business partners who have questions or concerns about business ethics and legal compliance. The helpline can receive reports through an internal contact point or an external contact point established in collaboration with external experts. Furthermore, we have established internal regulations in response to the Whistle-Blower Protection Act, enacted in Japan in April 2006, and have made it possible to make reports anonymously. We actively conduct educational activities on how to use the helpline.

In the fiscal year ended March 31, 2016, 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.

## KDDI Group Tax Compliance and Anti-Avoidance Initiatives

The KDDI Group pursues the enhancement of customer satisfaction and profit and also strives to fulfill its corporate responsibility by maintaining and enhancing its international tax compliance. Specifically, we comply with international rules and tax related laws and regulations in each country and region, and pay tax appropriately.

In addition, steps are being taken in various countries, including Japan, to respond to tax revisions related to base erosion and profit shifting (BEPS) in accordance with various BEPS plans and KDDI pays taxes that match its economic activities, place of value creation and area in which taxes are paid.

KDDI strives to file appropriate tax returns and pays taxes complying with local tax systems in the respective companies in which it does business while preventing transfer of tax sources to countries or regions that excessively reduce tax burdens or do not levy taxes (so-called tax havens).

In the fiscal year ended March 31, 2016, KDDI paid ¥253,649 million in corporate income tax, a tax rate of 31.0% against income before income taxes.



# Risk Management and Internal Controls

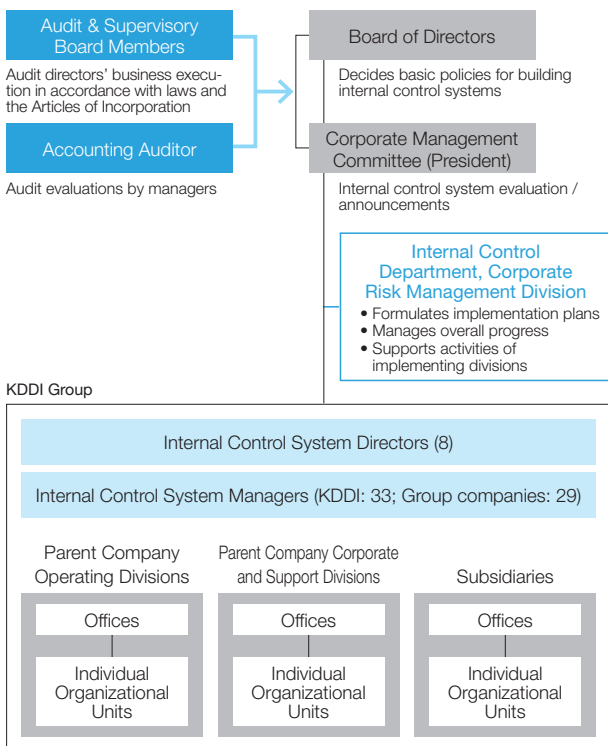
## KDDI's Risk Management and Internal Control Systems

KDDI has established a system to centralize the management of risks, which it defines as factors that have the potential to block the achievement of management objectives. The corporate risk management division is the core of this system.

To realize sustainable growth across the entire Group, KDDI and its Group companies, including subsidiaries and other affiliates, operate and maintain a Groupwide internal control system, and engage in risk management activities. We also promote operational quality enhancement activities to realize a corporate constitution that prevents risks from materializing.

In order to realize our management objectives with certainty, in the fiscal year ended March 31, 2016, we designated 32 items as significant risks, reflecting on issues that have come to the fore in the past and changes in our operating environment, such as the provision of high-quality networks, the increasing homogeneity of our products and services to those of our competitors, and new business domains. We worked to foresee risks and reduce significant risks and conducted internal audits as a risk approach.

### Internal Control Systems



## Response to Internal Control Reporting System

To ensure trust in financial reporting, KDDI and the main Group companies in and outside of Japan have constructed an internal control system and conducted internal control system assessments as a response to the internal control reporting system applicable under the Financial Instruments and Exchange Act that has been in place since the fiscal year ended March 31, 2009. Assessment results are summarized in an internal control report, which was submitted to the prime minister in June 2016 and disclosed to investors.

## Protection of Intellectual Property

KDDI has formulated the creation and protection of the company's intellectual properties and respect for others' intellectual properties as a basic principal under the KDDI Code of Business Conduct.

Furthermore, KDDI has also determined Intellectual Property Handling Regulations for the appropriate management and utilization of its commercial property rights, including inventions, ideas, designs, and trademarks, copyrights on software and other materials, and technological expertise and other rights protected under the Unfair Competition Prevention Act.

As of the end of March 2016, KDDI owns about 2,000 patents in Japan and about 250 overseas due to its research and development to accelerate communication speeds through such means as LTE and 5G, and for security technologies protecting personal information as part of efforts to deliver to customers faster, higher quality, safer and more secure communication services. Looking ahead, we will strengthen our intellectual property to increase competitiveness in Japan and overseas.

## Strengthening Information Security

KDDI is reinforcing its information security to prevent any leakage of the information it retains for some 45.91 million au customers, as well as numerous other individual and corporate customers.

KDDI has established and administers an Information Security Committee composed of management-level employees, along with the heads of the sales, technology, and corporate administrative divisions. This committee is part of a structure that carefully recognizes the status of information security controls for the entire Company, and readily implements measures to enhance information security at KDDI itself and throughout the Group.

In April 2009, we acquired information security management system (ISMS) certification\* (ISO/IEC 27001) for the entire Company. Since then, we have continued to implement measures to improve information security centered on the maintenance of these systems. In the fiscal year ended March 31, 2013, we formulated regulations for KDDI Group companies based on the KDDI Group Information Security Standards that we formulated in the fiscal year ended March 31, 2012. Since the fiscal year ended March 31, 2014, we have continued working to strengthen information security and governance at KDDI Group companies through the appropriate execution of Group company regulations and application of a plan-do-check-act (PDCA) cycle, as well as appropriately auditing its status.

\* This is a third-party certification system for information security systems. It was established with the goal of contributing to widespread improvements in information security and encouraging companies to target levels of information security that can be trusted around the world.

# Disclosure and IR

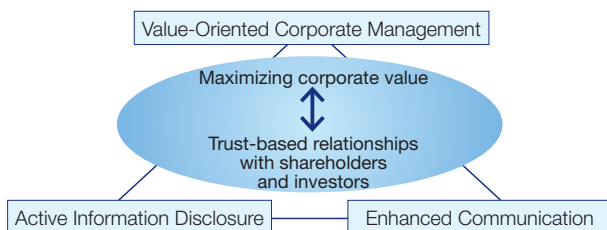
The Company is fully committed to undertaking fair and timely disclosure in an easily understandable manner of any information that could have a material bearing on the investment decisions of investors. Such disclosure is conducted on an ongoing basis, and is focused on the requirements of shareholders and investors. The Company's policy in this regard is in line with the Financial Instruments and Exchange Act and the Securities Listing Regulations of Tokyo Stock Exchange, Inc. governing the timely disclosure of information concerning the issuers of publicly listed securities. KDDI discloses its IR Basic Policy\*1 on its website, explaining such matters as fundamental thinking regarding IR activities and the system for disclosing pertinent information. In particular, KDDI has set up a Disclosure Committee that concentrates on determining what information should be disclosed with the goal of improving business transparency and supplying appropriate information to the public.

KDDI takes the opinions expressed by shareholders and investors seriously, communicating them not only to management but also to employees in general. Such opinions are considered an extremely valuable reference in the formation of business and management strategies.

\*1 IR Basic Policy is an item for resolution by the Board of Directors.

## IR Basic Policy

KDDI places top management priority on building a trusting relationship with its shareholders and investors, ensuring value-oriented corporate management, active information disclosure, and enhanced communication.



## Three IR Activity Guidelines

Through IR based on the activity guidelines outlined below, KDDI strives to build long-term, trust-based relationships with shareholders and investors, as well as maximize its corporate value.

### Open IR Activities

We value interactive dialogue with our shareholders and investors as well as ensuring accountability to our shareholders and investors through honest and fair information disclosure.

### Proactive IR Activities

By always incorporating new ideas into our IR activities, we strive to make KDDI known to more people and promote further knowledge of the Company.

### Organized IR Activities

Under the leadership of management, all of our officers and employees, including those of Group companies, engage in organized IR activities to further increase corporate value.

## IR Activities in the Fiscal Year Ended March 31, 2016

### Enhancing Communication

Earnings presentation meetings were held quarterly to allow management to directly communicate the Company's results. KDDI also held individual and small group meetings with investors from Japan and overseas, and participated in various conferences and seminars for individual investors sponsored by securities companies for better communication.

Also, timely feedback was provided to management based on opinions and requests from shareholders and investors.

In recognition of these initiatives, KDDI was ranked No. 1 in the Best IR Professionals Communications Category and No. 2 in the Best IR Companies Communications Category in Institutional Investor magazine's Best IR Company Rankings 2016.

### Results of IR Activities in the Fiscal Year Ended March 31, 2016

	(Times)
Individual meetings with institutional investors	977
Financial results briefings	4
Overseas road shows	11
Seminars for individual investors*2	62

\*2 Includes seminars for individual investor sales staff of securities companies

### Active Information Disclosure

KDDI provides webcasts of its results presentations on its website, and also posts an English-language version of its results presentations. Earnings reports, financial statements and operational data, information related to corporate governance, and other types of disclosure documents are made available. Information is prepared for use on multiple devices, including various web browsers, smartphones, and tablets.

KDDI's IR activities earned strong praise during the fiscal year ended March 31, 2016. We were recognized through the receipt of the "Internet IR Best Company Award in 2015," by Daiwa Investor Relations Co., Ltd. We also ranked third in the "Gomez IR Website Overall Ranking 2015" by Morningstar, Inc., and fifth of all listed companies in Japan for the HP Depth Ranking by Nikko Investor Relations Co., Ltd.





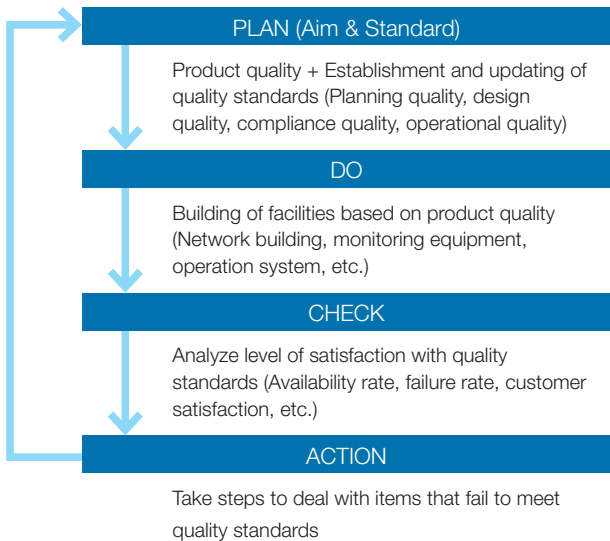
## [Material Issue] Offering Reliable Information and Communications Services

In an advanced information society, communications services are the most important lifeline, and the disruption of those services due to natural disaster or cyber-terrorism can be a major factor behind a downturn in society and the economy itself. To continue providing reliable communications services 24 hours a day, 365 days a year, KDDI has decided on a business continuity plan (BCP) for responding to large-scale disasters and built a robust infrastructure to detect, analyze and defend against cyber-attacks.

KPI for the Fiscal Year Ended March 31, 2016	
Improvement on issues identified in disaster response training	
Target: 100%	Result: 100%

### Service Quality Management Structure

KDDI owns an array of telecommunications facilities including optical cables and mobile phone base stations, which it maintains and operates via technical centers situated throughout Japan. At operations centers scattered across the country, we conduct centralized monitoring of telecommunications conditions 24 hours a day, 365 days a year. In the event of an outage, these centers control communications as appropriate, communicating with operational departments throughout Japan. With regard to communications service quality, we configure, analyze, and improve our facility operating system in line with the stringent standards that we have set for ourselves. In this manner, we strive to provide reliable communications services of consistently high quality.



### Business Continuity Plan (BCP) for Large-Scale Disasters

Following the Great East Japan Earthquake, we established a Companywide Disaster Response Project, and in October 2011 formulated a BCP for Large-Scale Disasters. This plan includes various measures designed to “confirm the safety of employees and their families” and to “carry out the Company’s responsibility of continuing telecommunications services as a designated public institution.” Specifically, the plan establishes detailed rules for each phase of response to a disaster, from initial action through to full restoration. We are also creating satellite network links to principal bases throughout Japan in preparation for a scenario in which all fixed-line and mobile circuits cease to function. We have identified personnel who will, in the event of a disaster, be dispatched quickly to provide support at emergency shelters, and have stockpiled the equipment necessary for this eventuality. In addition to these measures to shore up our structure, we are proactively conducting disaster response training throughout Japan that focuses on initial disaster response.

In March 2016, the Disaster Response Office spearheaded efforts by countermeasure offices to link communications equipment from all divisions and branches throughout Japan as part of disaster response training in anticipation of an earthquake directly underneath the Tokyo metropolitan area. As well as employing a “blind” method of training in which participants are not told what sort of disaster to expect until just before the training begins, training was conducted assuming total disruption of communications immediately after the disaster, with the disaster response meeting held under a communications environment consisting only of satellite networks.

The training was held for approximately 300 emergency participants. At the start of the training, they responded as information about the disaster began to unravel and considered new damage assumptions that were disclosed as time went on. The training will help us to build a more robust foundation for disaster response measures by shedding light on issues and points for improvement that will be reflected in our BCP for Large-Scale Disasters in the future.



Disaster response training using communications equipment to link all divisions and branches nationwide