

The Environment

KDDI is dedicated to reducing the environmental impact of society as a whole through our business activities and social contribution programs by enhancing the quality of our environmental management.

Environmental Management

KDDI Environmental Charter

Manifesto

The KDDI Group recognizes the importance of fulfilling its duty as a responsible global corporate citizen to conserve and protect the Earth's irreplaceable environment so that it can be inherited by future generations. We are committed to pursuing our business in eco-conscious ways, through programs of activities that span the entire company.

Action Guidelines

1. We will strive to evaluate the quantitative impact of our activities as a company on the global environment, implement effective environmental protection programs and continuously improve these programs. Specifically, we will:
 - (1) Develop and operate environmental management systems necessary to make continuous improvements in such environmental issues as energy saving, resource saving and waste reduction.
 - (2) Comply with environmental laws, ordinances and other regulations and requirements. In particular, we will promote measures to reduce our electricity consumption from the perspective of preventing global warming.
 - (3) Promote communication through the appropriate disclosure of information within and outside a company.
2. We will strive to develop and offer services that reduce environmental impact through the use of next-generation information technologies.
3. We will contribute to the development of a recycling oriented society by promoting measures to mitigate and reduce the environmental impact of activities that necessarily entail mass consumption, such as the supply of mobile handsets.
4. We will promote corporate purchasing policies that favor eco-friendly products and equipment.
5. As a responsible corporate citizen, we will contribute to society and local communities through activities that promote an affluent society that is in harmony with the environment.

KDDI's Medium-term Environmental Conservation Plan

The Second Medium-term Environmental Conservation Plan formulated in 2007 upholds numerical goals for energy-savings, recycling, and waste reduction in order to carry out effective measures. As of the end of the fiscal year 2010, we have made progress, attaining our goals except for the targeted resource recovery rate for demolished telecommunications facilities. The

resource recovery rate for demolished telecommunications facilities fell slightly below the numerical target 99% (actual recorded rate was 98.2%) for FY2010, but we will continue to pursue the goal with cooperation from the contracted services. For FY2011, since it is the final fiscal year of the Second Medium-term Plan, we plan to formulate and release our Third Medium-term Environmental Conservation Plan as well as aiming to completely accomplish all our goals.

Second Medium-term Environmental Conservation Plan

1. Combating Global Warming

Reduce energy consumption by 16% from expected fiscal 2011 levels and achieve greenhouse gas emissions of 1,520,000 tons (CO₂ equivalent).

2. Waste Reduction and Recycling Promotion

- Achieve a resource recovery rate of at least 99% for mobile phones, demolished telecommunications facilities and the like
- Conscientiously reduce and sort office waste and achieve a resource recovery rate of at least 70%

3. Improving in Quality of Environmental Management

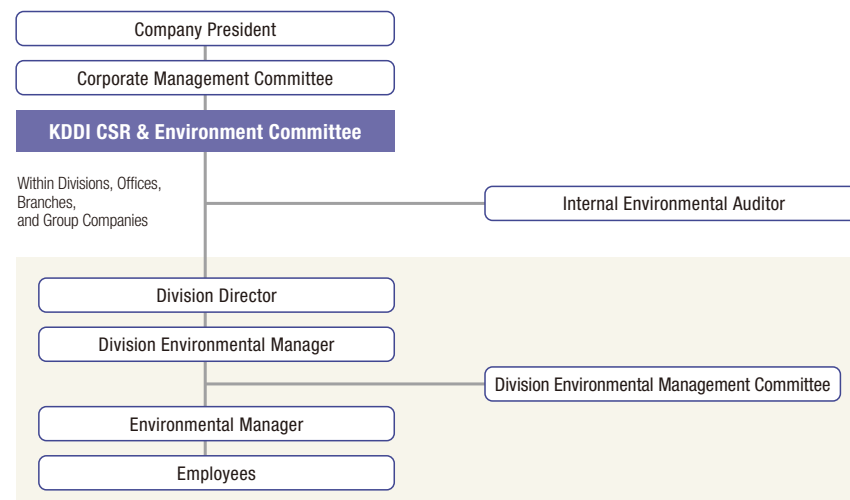
- Enhance compliance assessments and internal audits
- Enhance internal environmental education and awareness-raising activities

Environmental Management System

To promote group-wide, efficient environmental conservation efforts, the KDDI Group has established an environmental management system driven by the "KDDI CSR & Environment Committee", which consists of members

selected from each division, office, branch, group company, and affiliated organization. This management system, which covers KDDI and 21 group companies as of the end of 2010 (206 offices with approximately 36,000 employees), has also been "ISO 14001-certified".

KDDI Group's Environmental Management Regime



Environmental Impact of Our Business Activities

The environmental impact of KDDI's business activities comes primarily from the CO₂ emissions generated from the power usage by electrical and telecommunications equipment and the industrial waste produced when upgrading our equipment. We are committed to quantitatively ascertain the impact of these activities on the environment and reduce the environmental burden. We also consider the recycling of used mobile phones as a key undertaking for KDDI from the perspective of effective utilization of resources.

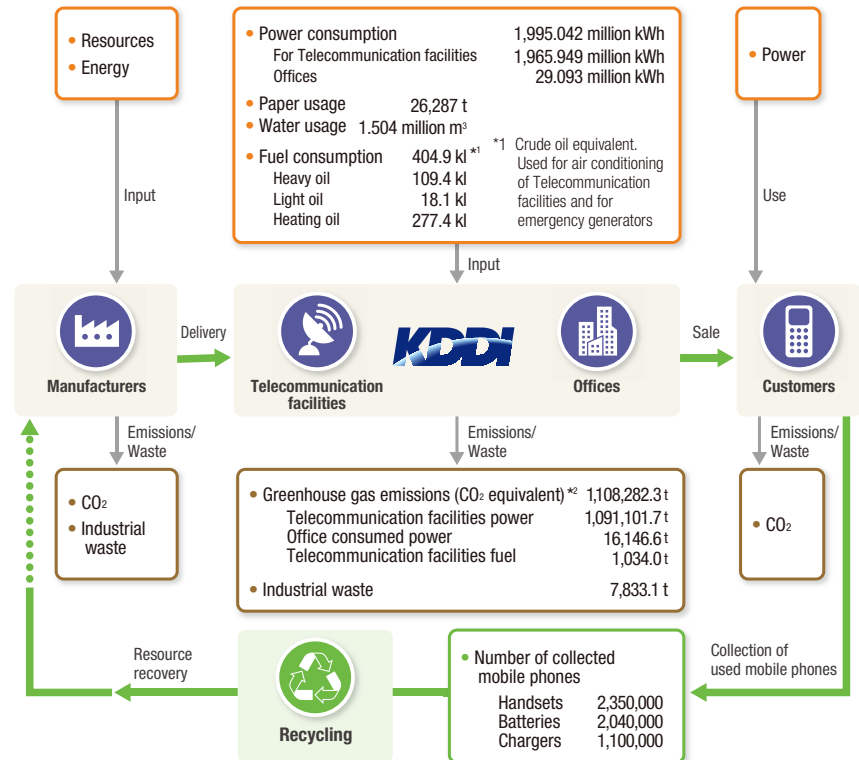
Environmental Accounting

KDDI has adopted environmental accounting since FY2009 for the purpose of improving the quality of our environmental management.

As a highlight from the FY2010 environmental accounting report, the power consumption (kWh) decreased year-over-year, which is attributable to the environmental investments such as the construction of power-saving base stations.

Environmental Impact of FY2010 Business Activities

Coverage: KDDI



^{*2} CO₂ emissions are calculated using a conversion coefficient of 0.555 kg-CO₂/kWh for the power consumption and the emission coefficients for fuel consumption applied to the calculation, reporting, and disclosure systems based on the "Act on Promotion of Global Warming Countermeasures."

Coverage: KDDI and 11 major consolidated subsidiaries ^{*3}

Period: April 1, 2010 to March 31, 2011 (FY2009 environmental accounting targeted KDDI only)

Environmental Protection Costs		Transaction Examples	2010 (Millions of Yen)		2009 (Millions of Yen)		Change from Previous Year (Millions of Yen)	
			Investment	Cost	Investment	Cost		
Business area costs	Pollution prevention costs	Pollution prevention costs stipulated by law, costs for proper disposal of PCBs, etc.	0	0	0	0	0	0
	Global environmental protection costs	Base stations using solar power generation (Investment amount is calculated proportionally based on the power-saving effect.)	964	374	1,480	628	△ 516	△ 254
	Resource recycling costs	Reduction of paper resources, processing and disposal of waste products	27	675	6	1,111	21	△ 436
Upstream/downstream costs		Collection, recycling, and reuse of merchandise and products	84	164	0	171	84	△ 7
Administrative costs		Operation and updating of environmental ISO standards, disclosure of environmental information	0	1,065	0	720	0	345
R&D costs		Research & Development of technology, equipment, handsets, products, services, and other items conducive to reducing the environmental burden	66	166	929	412	△ 863	△ 245
Social activity costs		Donations and support for forest conservation activities and to environmental protection groups	0	12	0	12	0	0
Environmental damage restoration costs		Measures for prevention of asbestos spraying, restoration of polluted soil	0	0	0	118	0	△ 118
Total			1,141	2,456	2,415	3,172	△ 1,275	△ 716

1. Environmental Protection Benefits (Physical)		Indicator Category (unit)	2010	2009	Change from Previous Year
(1) Benefits derived from business area	1) Benefits related to resources invested in business activities	Power usage (MWh)	2,110,104	2,130,055	△ 19,951
		Paper usage (tons)	26,338	28,445	△ 2,106
		Paper reduced by Bill on WEB (tons)	2,105	510	1,595
	2) Benefits related to environmental burden and waste products discharged from business activities	Greenhouse gas emissions (tons-CO ₂) (The coefficient is changed to using the emission coefficient by electric power supplier in FY2010; thus the increase from FY2009)	896,086	724,503	171,584
		Industrial waste emissions related to telecommunications facilities and buildings (tons)	11,629	10,090	1,539
(2) Benefits derived from upstream/downstream costs	Benefits related to goods and services produced by business activities	Number of used mobile phones and other devices collected (10,000 units)	548	516	32

2. Economic Benefits of Environmental Protection Measures (yen)	Substantive Benefits	2010 (Millions of Yen)	2009 (Millions of Yen)	Change from Previous Year
	Major Effects			
Revenues	Sales revenues associated with dismantling communication facilities and buildings	390	457	△ 68
Costs reductions	Reduced fuel costs due to low-emission vehicles	8	12	△ 4
	Reduced purchasing costs due to reuse of dismantled communication facilities	4,721	3,475	1,246
Total		5,119	3,945	1,174

^{*3} KDDI Web Communications, Inc., KMN Corporation, mediba Inc., JAPAN CABLENET LIMITED (JCN), KDDI R&D Laboratories, KDDI Technology Corporation (KTEC), KDDI RESEARCH INSTITUTE, INC., KDDI Technical & Engineering Service Corporation, KDDI Evolve Okinawa Corporation, KDDI Challenged, Telehouse International Corp. of Europe Ltd. (London)

Green by ICT

Remote Access Solution

KDDI is promoting "Green by ICT" to reduce the overall environmental impact of society by means of Information and Communications Technology (ICT). As part of this endeavor, we offer our enterprise customers telework systems that utilize remote access. Telework not only helps maintain a work-life balance and enable work to be compatible with bringing up children and/or caring for elderly family members, but also reduces the commuting, hence contributes to reduction in CO₂ emissions by reducing transportation-derived energy consumption.

"KDDI Secure PC Access" service enables home computers and other non-office PCs with Internet access to work as a thin client terminal simply by inserting a USB key. Therefore, it allows customers to introduce a safe and secure remote access environment without building a new system*. This service is also equipped with robust security provided through encrypted communication channels and multi-factor authentication using mobile phones to prevent impersonated use. Today, we have many customers using the KDDI Secure PC Access for use as a business continuity planning (BCP) measure, as well as for the realization of work-life balance.

We will continue our efforts to provide various ICT services that can contribute to the reduction of CO₂ emissions in society.

* Application must be installed on office computers for use with KDDI Secure PC Access. For remote computers, a software version is also available along with the USB version.

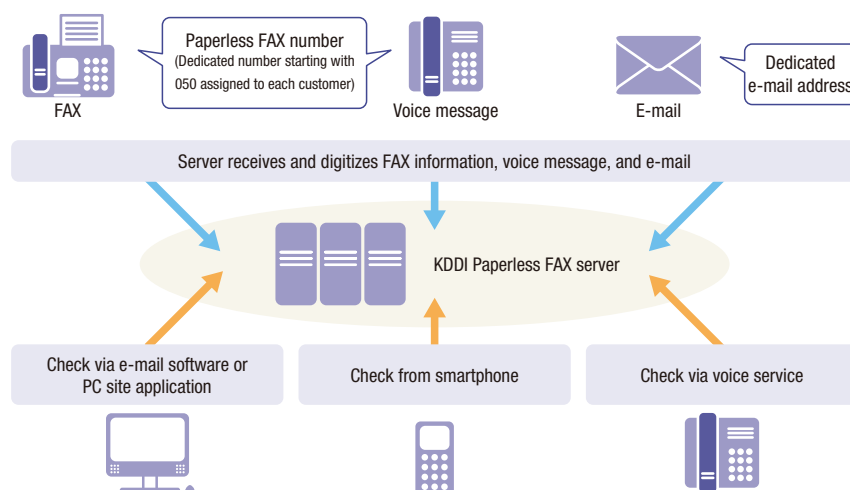
KDDI Paperless FAX Service

KDDI Paperless FAX Service allows our users to check the faxed content on their PC or smartphone instead of printing it on paper. This is also applicable when

sending a fax; users can send their Word or Excel files from their computers via fax. Transmission records are all managed at the KDDI Paperless FAX server, so as long as there is an Internet connection available, users can view previous records anywhere, anytime.

By minimizing the amount of paper used and its storage space, we contribute to the conservation of the global environment by reducing industrial waste and the CO₂ emissions generated from paper production.

How the KDDI Paperless FAX Service Works



TOPICS

Collection of Mobile Phones and Our Recycling Efforts

Precious metals and rare metals, such as gold, silver, copper, and palladium, are used in mobile phones. The recovery of these metals and plastics from used products plays an important role in protecting earth resources from depletion. To promote "Material Recycling," in which reusable resources are recovered for use as raw materials, at KDDI, we disassemble used and disposed mobile phones by hand and sort the pieces into materials and parts for subsequent processes for reuse, such as melting and refining. As a result, we achieved a Material Recycling rate of 99.8% for FY2010.

Basic Flow of Mobile Phone Recycling



Environmental Conservation Programs

Green Road Project

"Green Road Project" is an annual customer-participation environmental conservation program organized by KDDI. In the "Green Road Project," the distance walked or jogged by our customers are counted by the mobile phone-based "au SmartSports Run & Walk" service and converted into money (1 kilometer = 1 JPY) to be donated through KDDI for the environmental protection of Japan.

During FY2010, we implemented the "Okinawa Walk" from May to July and the "Kumano Kodo Walk" from September to November. As a result of the "Okinawa Walk", KDDI donated JPY 5,711,355 to AQUA PLANET, a specified nonprofit corporation. The contribution is planned to be used for coral reef regeneration projects and coral reef nurseries. After the "Kumano Kodo Walk", we donated JPY 6,697,196 to the Wakayama World Heritage Center and enjoyed an exchange with the local people through activities such as the presentation ceremony at Kumano Kodo and the clean-up of pilgrimage routes by KDDI employees together with local junior high school students. The donated money is planned to be used for repairing the routes in Kumano Kodo.

KDDI will continue to extend services that contribute to society while providing content for our customers' satisfaction.



Pilgrimage route cleaning by KDDI employees and local students (Kumano Kodo Walk)



Donations are used for farming and growing coral reefs in "au Coral Pond" (Okinawa Walk)

Expansion of Forest Conservation Areas

Through the employee-participating social contribution project "+α Project" (see p.37) and other efforts, KDDI employees have taken part in forest conservation programs in 11 locations in Japan alongside our customers.



Cherry tree planting at Mt. Onose, Kagawa Prefecture



Hiroshima Forest Planting Forum

Efforts for Biodiversity

Project for Supporting the Efforts to Protect Regional Nature and Culture

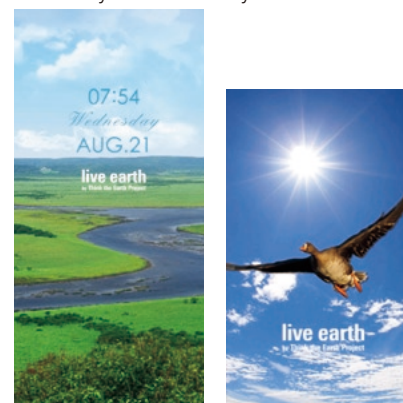
As part of KDDI's biodiversity conservation effort, we carried out the "au Loves Toki" project, which supports the efforts to protect the *toki* (Japanese crested ibis), in August 2010. This project donates part of the proceeds from the sales of au mobile phones at au shops in Niigata Prefecture to the "Niigata Prefecture Toki Protection Fund." The donated money is planned to be used for supporting efforts to return the ibises to the wild and to restore their habitats.

In addition, KDDI donated a total of JPY 2,726,450 during FY2010 through this project, to a fund engaged in cleaning Lake Kasumigaura, the protection of the Cedar Avenue of Nikkō, and the efforts aimed at the registration of Mt. Fuji as a World Heritage Site.

Efforts Using the Mobile Phone Application "live earth"

KDDI has been providing a mobile phone application called "live earth" since July 2005 in cooperation with an NPO "Think the Earth Project." The application "live earth" enables users to view the Earth real-time as seen from space, along with the times, shade lines, and cloud image data from major cities in the world. Moreover, a part of the information charge from using "live earth" is offered as contribution for Earth support via the Think the Earth Project to an organization providing disaster relief in all parts of the world, including support for the Sichuan Earthquake in 2008 and the Great East Japan Earthquake this year, as well as global environmental conservation programs. KDDI donated a total of about JPY 9 million in the past 7 years.

We launched a new "live earth campaign" from FY2010 to contribute to environmental conservation in Japan. Our contribution of JPY 4,763,700, which comes from information charges, are put to use in nature conservation and protection efforts in selected regions, such as the Hiwasa Beach in Tokushima Prefecture (spawning ground for loggerhead turtles), the Kabukuri Wetland in Miyagi Prefecture (registered under the Ramsar Convention; Site stopover for greater white-fronted geese), and the Kiritappu Wetland in Hokkaido, known as the "wetland of flowers," hosting an incredibly diverse ecosystem.



Stand-by screen provided in the "live earth campaign"
(Left) Kiritappu Wetland
(Right) Kabukuri Wetland