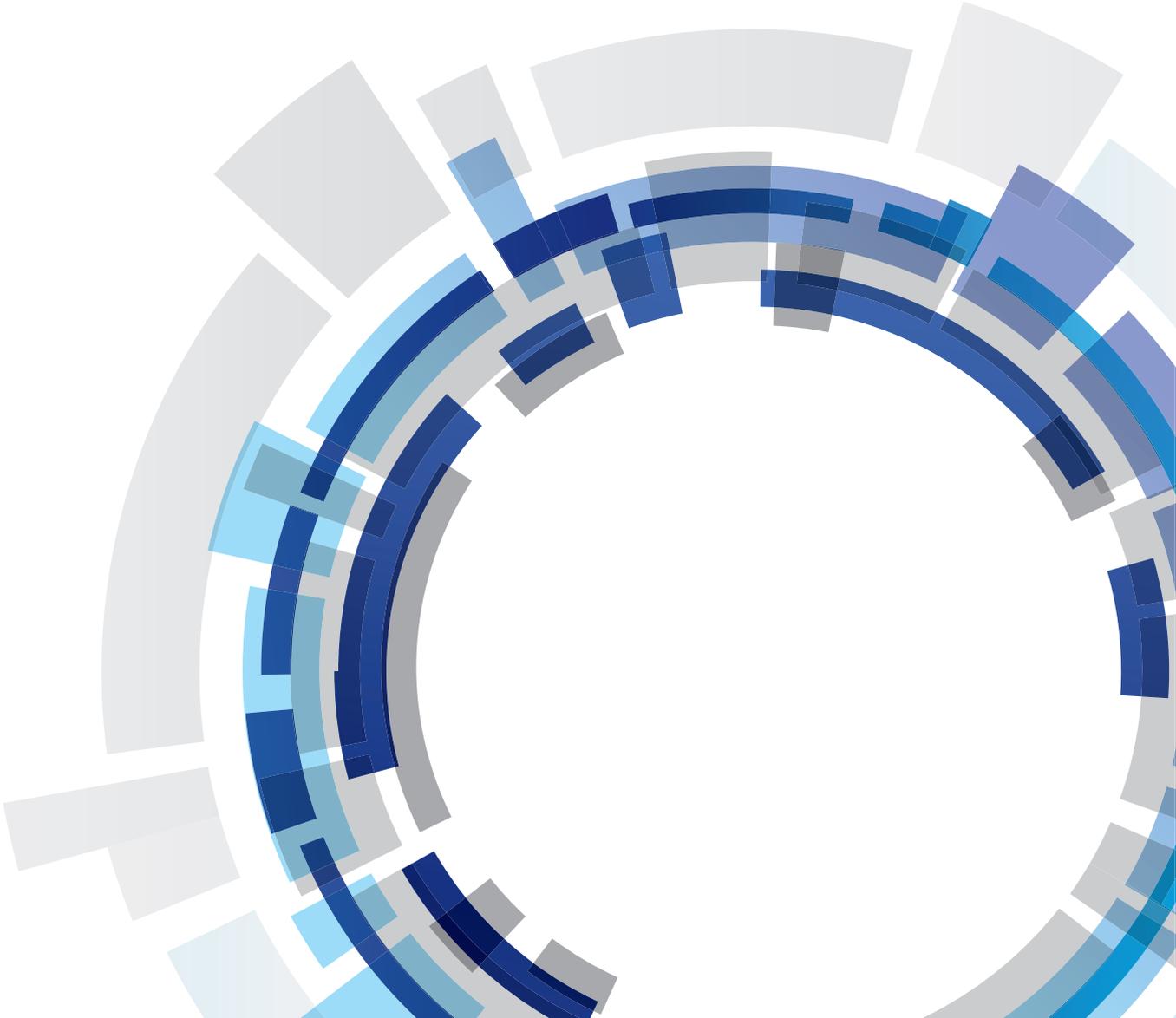


Designing The Future



Sustainability Report 2014



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Disclosure of CSR Information

CSR Information Disclosure Concept

KDDI discloses information about its CSR activities to all of its stakeholders, beginning with the most prominent issues outlined under the 7 core subjects addressed by the ISO 26000 international standard for social responsibility.

In 2014, KDDI disclosed CSR information utilizing two tools, an integrated report and a sustainability report. The integrated report, based on the framework issued by the International Integrated Reporting Council (IIRC), describes CSR initiatives with a focus on environmental, social and governance (ESG) information required by investors. The sustainability report, on the other hand, is targeted at multi-stakeholders and covers general CSR information. The sustainability report is issued only in PDF format, and together with the CSR website which contains the same information, it is available in Japanese and English.

KDDI intends to communicate openly with all of its stakeholders as it promotes CSR.



Period Covered

This report covers business activities for FY2013 (April 1, 2013 to March 31, 2014). However, this report also contains descriptions of a few initiatives from before and after this period.

Scope of Report

Although the scope of this report is the business activities of KDDI only, this report also includes some of the activities of our Group companies.

Publication Date

CSR Website: July 2014 (Next scheduled publication: July 2015)

Sustainability Report (PDF): August 2014 (Next scheduled publication: August 2015)

Referenced Guidelines

- GRI (Global Reporting Initiative) Sustainability Reporting Guidelines 2006
- Ministry of the Environment, 2012 Environmental Reporting Guidelines
- ISO 26000: 2010 (Guidance on Social Responsibility)
- JISZ 26000: 2012 (Guidance on Social Responsibility) Japanese Industrial Standards

Message from the President



Implementing the KDDI Philosophy and contributing to the development of an affluent communications-oriented society

The KDDI Philosophy is the Basis of CSR Management

KDDI aims to be a company that is loved and trusted by all our stakeholders through implementation of the KDDI Philosophy. As a telecommunications carrier that provides social infrastructure, our societal mission is to deliver stable services regardless of conditions, 24 hours a day, 365 days a year. As our business derives from utilizing radio waves, which are an important asset shared by all citizens, we recognize that we have a social responsibility to aim high and contribute to addressing the various issues facing society. The KDDI Philosophy defines our stance as a company and the perspectives that our employees should maintain, and I see this as the essence of CSR management.

Paying Close Attention to Customer Feedback and Creating Value Together

Providing stable telecommunications services and fulfilling our responsibilities to society are fundamental to our business. To be the company of choice for our customers, we need to take this concept to the next stage. This understanding is central to exceeding customers' expectations and stimulating them, and is inherent in the commitment of our company philosophy. We recognize that listening humbly to feedback from our customers about their needs and anticipating the things that will trouble them is essential to our ability to exceed their expectations.

Going forward, we will actively seek out dialogue with a variety of stakeholders, including the customers who underpin our businesses, partner companies, shareholders, local communities and government institutions, as we seek to resolve issues in a host of fields. We will make contributions to society through our business, working in harmony to deliver new societal value.

We will continue to innovate in KDDI's own distinctive way

Our strength lies in the fact that we possess mobile and fixed-line capabilities, which we can integrate. By accelerating our growth strategy, the “3M Strategy,” we will promote innovation in numerous fields that relate to our customers’ lives and livelihoods, and we will strive to resolve the problems facing society and contribute to sustainable development.

* 3M Strategy: KDDI is pursuing a “3M Strategy” named after the initial letters of “Multi-Use,” “Multi-Network” and “Multi-Device.” Through this strategy, we aim to provide a communications environment that gives customers seamless access via their devices of choice – such as smartphones, tablets or others – to attractive and diverse services and content, over optimized networks.

Highlight <Special Feature 8 Stories>

Connecting Feelings, Connecting Happy Smiling Faces

 <p>▶ KAIZEN</p> <p>Quality Improvement Never Ends</p>	 <p>▶ Diversity</p> <p>I had the chance to expand my range of activity in an environment conducive to the participation of women</p>	 <p>▶ Growth</p> <p>Acting as a bridge between venture companies and big business with support as the first step</p>
 <p>▶ Technology</p> <p>Using cutting-edge sound technology to study the behavior of endangered species that are difficult</p>	 <p>▶ Hope</p> <p>Cultivating a sense of togetherness rather than simply giving</p>	 <p>▶ Support</p> <p>Becoming able to develop a truly sympathetic view of resident by living together</p>
 <p>▶ Person</p> <p>Focusing on personal qualities to broaden the possibilities for all people with disabilities</p>	 <p>▶ Security</p> <p>Motivated to see customers smile, and devoted to the mission of providing continuous communications even in emergencies</p>	

Highlight1 KAIZEN



In November 2012, KDDI began providing its 4G LTE service via an 800MHz platinum frequency band. As of March 14, 2014 the actual population coverage rate of 4G LTE in the 800MHz band had reached 99%, meaning that the LTE service area had increased 1.5 fold over the previous year. The driving force behind this achievement was the Office of Area Quality Improvement, which was established in August 2013. In this article, Masatomi Kinoshita, Director of the Office of Area Quality Improvement, talks about what led to that achievement as well as a variety of initiatives designed to improve area quality.

Making improvements even outside coverage areas

“In this day and age with its proliferation of smart phones and mobile data, customers have begun to take it for granted that they will be able to get a signal. I realized that showing these customers KDDI’s area quality could best be achieved using numbers and this led to the actual population coverage target of 99% for our 800MHz band 4G LTE.”

The actual population coverage ratio is the ratio determined by breaking Japan into 500-square-meter blocks, and calculating the ratio of the total population in those blocks to the population that is within KDDI’s service areas. The story behind the story of how we raised the coverage ratio from 96% in March 2013 to 99% just a year later tells of many hardships, including erecting a base station in the middle of a blizzard.

However, KDDI’s challenges did not end with the achievement of 99% coverage. The actual population coverage only includes areas where people live; it does not include highway service areas or tourism destinations such as mountains or the seaside.

“It doesn’t matter to customers whether an area is a coverage area or not. In order to avoid disappointing customers who take it for granted that they will be able to get a signal no matter where they go, we would have to include in our coverage areas all the places where people go.”

It was then that the company began to simultaneously develop coverage in places considered “thoroughfares of human activity” such as local roads, airports, and tourism destinations. As part of the process of developing these areas, the company carefully determined whether each and every area was worthy of development based on information provided by local employees. Among the areas selected for development were, for example, the Jomon Sugi (cedar) Area on the island of Yakushima and Tomioka Silk Mill, which at the time was expected to become a draw for tourists once its scheduled designation as a World Heritage Site was approved.

Stressing unity with customers by supporting events

“KDDI was one of the first companies to offer support at events where people gather for short time periods. Even so, at first there were objections from those who doubted the necessity of setting up vehicle-mounted base stations only for the one or two days a particular event was held. However, those one or two days are the very times when customers want to use their mobile phones and our efforts were greatly praised particularly by those who attended the events. As we continued supporting these events while emphasizing customer needs, we began receiving backing from our technology, PR, and other departments. Now, in addition to setting up vehicle-mounted base stations, we have come up with ideas that can create unity among customers, such as deploying “human Wi-Fis” in comic markets. These “human Wi-Fis” are employees dressed up to serve as human Wi-Fi access points.”

Aiming to always be one step ahead in quality

Mr. Kinoshita stresses that eliminating areas where signals are interrupted is an essential part of getting customers to experience how easy it is to get a signal in the areas where there is 99% coverage.

“For example, we have made marked improvements over the last few years in the ability to easily get a signal in a moving bullet train. Previous studies showed that on the Tokyo-Osaka line the signal dropped to 3G once on average. Currently, however, this has been improved to once in only one of every five mobile phones, which represents an improvement in quality that approaches a zero failure rate (as of the end of April 2014).”

The company is aware that there are still locations in urban areas, such as underground shopping complexes and railway tunnels, where it is difficult to get a signal and work is underway to improve coverage in these locations. One important element of this effort



The line status measurement tool "Made by Employees! au area"

has been the input of employees who reflect the users' point of view.

“We received a great deal of valuable information obtainable only from the customer's unique point of view, such as the fact that in commuter train carriages signals are interrupted in the center of the carriage even though they are stable near the windows. The paramount advantage that employees have is the fact that it is easy for us to make requests of them such as ‘Measure the signal again’ and ‘Give me more details on the circumstances.’ Our task is to use this advantage that employees have to the fullest extent as we continue in our efforts to make improvements.”

Mr. Kinoshita stresses that an important part of making sure customers are able to use the company's products and services in comfort is making sure they are not dissatisfied, and he has identified this as the mission of his office.

“As far as customers are concerned, the current level of quality is the norm, so there is demand for even higher quality. In order to meet the expectations of these customers, we have to improve quality over and above current levels. That's why it's important to continually work to improve quality.”



- ▶ [High-Speed Communication with LTE-Advanced \(CA\) and WiMAX 2+ Technologies](#)
- ▶ [Network reconstruction and swift restoration of service](#)

Highlight2 Diversity



In 2014, KDDI was selected for the second year in a row as a “Nadeshiko Brand.” This program, run jointly by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange (TSE), selects companies listed on the TSE that are actively working to promote the increased participation of women at the workplace. The promotion of women’s participation at the workplace is one of the issues taken up in KDDI’s management strategy. In this environment, what kinds of activities are women participating in at the workplace? We discussed this issue with Masako Yano, Director of the Public Relations Department at the Communications Headquarters talks.

Taking the position of executive assistant was the turning point

In October 2013, a KDDI/au commercial was ranked first for the month in CMDATA BANK’s monthly “CM Likability Ranking.” It was the first time in seven years that KDDI/au achieved top ranking. The person in charge of that commercial was Masako Yano.

Shortly after being hired by KDDI, Ms. Yano built a career in the consumer field. After creating a proposal for a rates policy, she entered management as a group leader, a position equivalent to section chief. Her turning point had come in the fall of 2011.

The position of executive assistant had been recently established at KDDI. The ratio of men and women in this position was roughly half and half. Each one was assigned to a company director of at least the level of a managing director for one year during which they learned the duties of that director’s position on their own. Ms. Yano was among those selected for the first round of this program.

“That was a time when I was having problems with the difficulty of a management position,” said Ms. Yano. “At this same time the fact that I didn’t have a clear idea of what my career goals should be was also making me anxious.”

Another of the goals of the executive assistant program was training candidates for future service as executives. When Ms. Yano heard about this she was overcome with anxiety caused by her doubt as to whether she was competent to handle that role. However, she worked hard to convince herself that it would be a good chance for further personal growth and this led her to



TV commercial “au Smart Value, Stage version”

resolve herself to meeting the challenges of management head on.

The executive assistant program has two missions. One is to support the director he or she is working under by vetting proposals before they are implemented and monitoring their progress. The other is gaining experience and knowledge. Executive assistants attend the same meetings directors do so that they can learn how to discuss issues with management and how decisions are made.

“While working as an executive assistant,” said Ms. Yano, “I learned a lot. I am particularly thankful for having had the chance to see for myself the mind and point of view of top management by observing President Tanaka. By observing President Tanaka’s powerful ideas with which and the high vantage point from which he runs the company I came to understand how management should be conducted and I could imagine myself in those situations. I also understood that many of the things I considered matters-of-course were not necessarily so from President Tanaka’s overarching vantage point. From that point I always tried to see things from the perspective of the entire company.”

The promotion of women’s participation at the workplace is likely to gain even more strength

After completing the executive assistant program, Ms. Yano became the Director of the Public Relations Department, a field she had no experience in.

“In this age in which there is almost no difference between the price plans and mobile units offered by the various companies, the most important way we can get customers to choose us is to make sure they have goodwill toward au. To ensure this, President Tanaka had the idea that we need to improve communication even further. Understanding the expectations and ideas of top management based on his or her own experience is useful to the executive assistant in making decisions as a line chief.” [1]

Ms. Yano used what she learned during her time as executive assistant to aim for new heights. In fiscal 2013, the number of women in managerial positions throughout all of KDDI was 140. This was three times the number in fiscal 2007, but the percentage of women in managerial positions vis-à-vis the total number of managers was a mere 3.6%. Ms. Yano talks about her reaction to these figures.

“The fact that there were so few role models,” said Ms. Yano, “was one important reason why women don’t become enthusiastic about seeking managerial positions. But now that there is not only a system in place that allows women to work longer but there are also chances for women to be promoted to upper managerial positions means that the number of women in management will definitely go up. If there are more role models, the number of women with an image of the kind of manager they want to become will also naturally rise, and this will contribute greatly to increased motivation among those employees who are aiming for managerial positions.”



[1] A leader in the organization; a manager with the right to evaluate employees

Note: as of April 2014, there was one female executive (a director).

▶ Cultivating and Promoting Female Leaders

Highlight3 Growth



8 stories

Acting as a bridge between venture companies and big business with support as the first step

Tomohiro Ebata
Head of the Strategy Promotion Division
New Business Promotion Headquarters

Engulfed in the “age of the smartphone,” there was a feeling at KDDI that active communication with the outside was essential to further development. The awareness of this problem was what led to the initiative to support venture companies. The name given to this initiative is “KDDI ∞ Labo (Mugen Labo).” Under the slogan “Towards unlimited development that exceeds our imagination through cooperation with the unlimited potential of young people,” we are working toward making the innovations that occur within into developments that exceed our imagination.

Communicating with the outside world by supporting entrepreneurs

KDDI ∞ Labo, hereinafter referred to as “Mugen Labo”, is a program that supports the development of global internet services. It targets venture business owners and engineers, including students, who have recently set up their companies. Tomohiro Ebata, in charge of its promotion, talks about the story behind the creation of Mugen Labo, a program keenly focused on the outside world.



KDDI∞Labo Space

“As the age of the smartphone advanced, young people found themselves in an environment in which it was easy to start up a business. Still, there were cases in which service and venture companies that managed to get off the ground later disappeared because their founders did not have the wherewithal to keep them going. One of KDDI’s philosophies is “Look outside yourself to know yourself.” Taking a cue from this, I thought I’d like to try and communicate with the world outside KDDI by supporting young entrepreneurs. I thought that this communication would in turn fuel the kind of innovation and development I wanted to achieve.”

Company president Takashi Tanaka offered strong support to the realization of this idea. President Tanaka dreamt of starting a company while he was an exchange student at Stanford University in the US, but in those days the development and support environments of today did not exist.

“As someone in a position to offer support,” says President Tanaka, “I would like to be of help to young people today who have the same dream I had when I was young.”

With the backing of President Tanaka’s new dream, Mugen Labo kicked off in 2011.

Discovering business hints leads to greater employee motivation

This support, however, is not financial assistance. Rather, it is support that is designed to create an environment that is conducive to development and commercialization. Teams selected from a pool of applicants are provided with mentors (people who offer advice and guidance) chosen from all departments of the company and outside advisors (young venture company executives, business administration consultants, lawyers, researchers) who offer advice on commercialization and business management. The participating teams have the goal of releasing a beta version (test version) of their idea in three months. Applicants number one hundred or more each round. Mr. Ebata talks about how difficult it is to narrow this field down to approximately five teams.

“No matter how interesting an idea is, simply being new and original does not mean that it will succeed as a business. The important factor is whether the idea is able to solve a problem that exists in the world. For example, Giftee, one of the teams in the very first round, is an internet service that developed “micro-gifts,” which are small gifts that can be sent via email. But in Japan there is no custom of giving gifts worth just a few hundred yen each. The fact is, however, that there are countless times when people want to express a little appreciation. We were impressed by the novelty of that perception.”

Currently Giftee is making great progress, while at the same time KDDI is also benefiting through Mugen Labo. Though we expected to get business hints from concepts that are outside the normal business operations of a telecommunications company, the fact that these could be effective in employee training was unforeseen.

Contact with the participating teams produced changes in the young employees in their 20s and 30s who acted as their mentors. Observing entrepreneurs of the same age who were staking their very lives on the challenges they had to meet in the program led them to wonder whether they themselves were capable of doing more, and this led to increased motivation.



“giftee”, a team in the first round of KDDI ∞ Labo Program

Moving toward the second step in acting as a bridge between venture companies and big business

As the program continued into its fourth and fifth rounds, observes Mr. Ebata, problems with Mugen Labo began to arise.

“The primary problem,” says Mr. Ebata, “was how to create a good relationship with teams that have graduated. The way we solved this was by aiming to build a strong partnership from the very beginning, and as of the sixth round we changed the program so that it was focused on teams that were starting from scratch. We emphasized building relationships with the graduating teams and established a program called the “Engineer Pool.” Orders sent to graduating teams whose business operations were related to KDDI services began to increase. The idea was to create business link-ups with them as we continued to offer support.”

Recently an increasing number of major companies have inquired about contacting venture companies. Mr. Ebata believes that what lies behind this increase in interest is the fact that large companies in Japan surprisingly do not have much interaction with venture companies as well as

the fact that Mugen Labo's perseverance has created the impression that KDDI's venture company initiative is at the forefront of this field.

"We have designated our second stage of development as the stage in which we make KDDI an enabler.[1] We would like to actively work to support venture companies in cooperation with other major corporations. I believe that this is something that KDDI is uniquely positioned to achieve since we already have the advantage of established interaction with venture companies."

Not satisfied with offering only support, Mugen Labo is moving toward acting as a go-between for venture companies and big business, an endeavor that promises a wealth of business opportunities.



[1] Someone who helps make things possible

▶ ["KDDI Mugen Labo"](#)

□ [KDDI Mugen Labo \(Japanese\)](#)

Highlight4 Technology



Many people would be hard-pressed to find the connection between KDDI and biodiversity protection, but the key resides in underwater acoustic technology. We spoke with Junichi Kojima, who serves as Project Leader at KDDI R&D Laboratories, about his efforts in a long-term project to study the behavior of endangered species.

Using sound technology to save endangered species

Since joining KDDI, Kojima has been involved in the development of underwater robots used in the installation and maintenance of undersea cables. “Underwater communication generally relies on sound alone,” says Kojima. “Sound waves are used to communicate with underwater robots that were developed to inspect undersea cables. This was the original purpose of our acoustic technology.”

The underwater acoustic technology developed by KDDI R&D Laboratories has been constantly advancing and improving through practical experience. The technology was first put to use in the observation of animal behavior 15 years ago, with a study on the behavior of whales.

“Researchers from the University of Tokyo who were developing underwater robots approached me with a proposition to use underwater acoustic technology to study the behavior of whales. At the time, I felt that the project would be a worthy challenge to see what role my underwater robots could play in another field.”



AE2000 underwater robot equipped with hydrophone array on wings

Kojima’s team worked with the University of Tokyo to jointly develop a whale-tracking system, which was then incorporated into underwater robots used for inspecting undersea cables. They initially tested the technology in a study of humpback whales around Zamami, Okinawa in 2000. In 2004, they started using the underwater robots to study sperm whales around the Ogasawara Islands.

In the course of studying whales, the behavior of the endangered Ganges river dolphin surfaced as a new topic of study.

Using sound to observe the movements of animals that are difficult to view

“Due to water quality deterioration and bycatch in fishing nets, India’s Ganges river dolphin population had dwindled to about 2,000, making it an endangered species,” says Kojima. “The government of India implemented measures to protect the dolphins, but the murky water made visual observation difficult, so there were many things about the dolphins that we did not understand. For this reason, it became crucial for us to understand their behavior in order to prevent their extinction.”

River dolphins emit ultrasonic waves that humans cannot hear. These sound waves bounce off objects and return to the dolphins, enabling them to understand their immediate environment. The use of underwater acoustic technology makes it possible to capture these ultrasonic clicking sounds, enabling researchers to perform observation with greater reliability and without affecting the behavior of the subject, unlike the use of microchips attached to the body.

With expectations high in India, the project became a joint effort between a Japanese team mainly from KDDI R&D Laboratories and the Institute of Industrial Science at the University of Tokyo, and an Indian team with members from WWF India and the Indian Institute of Technology (IIT).

“However, things did not go smoothly,” says Kojima. “The river bank where we planned to conduct the study (Karnavas region) is regarded as a sacred place by the local people who come to the Ganges to bathe, so it was not easy to get permission.”

Initially, the research team successfully studied river dolphins in another area (Chilika Lake), and drew attention to those achievements in order to bolster support. Following their success, they started studying the Ganges river dolphins at Karnavas in 2008. However, they had to fight an uphill battle against a multitude of problems that hindered the study, including a powerful storm that blew away their tent, as well as the intense heat and humidity, which seriously affected the health of the staff one by one. Despite the great difficulties, however, the team achieved great results in this study as well.

Kojima’s team developed a new observation apparatus for studying the behavior of the Ganges river dolphin. The apparatus incorporates position measurement technology used in underwater robots, and it features six hydrophones (underwater microphones) that are configured to perform triangulation. The simple system operates by measuring the differences in arrival time of sound at each microphone, enabling the researchers to accurately determine the position of the river dolphins in three dimensions.



Placing underwater microphones

“If we understand the position of the river dolphins, we can understand their movements, which brings their habits into view,” says Kojima. “Our research up to this point has, for example, improved our understanding of how river dolphins raise their young. First we learned that adult river dolphins produce different clicking sounds than those of the young, and recently we came to understand that the young are kept together in a group at one location, and the adults go back and forth to care for them.”

Aiming to expand activities around the world

Sound waves received by the device are analyzed in real-time using a computer, and the data is transferred over the Internet via a mobile phone modem and stored in a server located in Japan. Furthermore, this data can be shared in real-time with researchers around the world if a special graphical user interface (GUI) is installed.

In addition to research, efforts to make this type of data open can also help to save animals. Three years ago, Kojima was contacted directly by a professor at Mulawarman University in Indonesia, who expressed a desire to work together to study critically endangered Irrawaddy dolphins in the Mahakam River in Borneo. The researchers began using acoustic technology to study the Irrawaddy dolphins in 2013.

Meanwhile, Kojima intends to continue studying the Ganges river dolphin. “There is still a lot that we do not understand about river dolphins,” he says. “We plan to continue our long-term study, but since we cannot stay in the area permanently, we are attempting to develop equipment that the local staff can use by themselves.”

With a combination of existing communications technology, new cutting-edge technology, and creativity, these efforts to protect biodiversity have produced results that have spread outward like ripples from a stone thrown in water, and the extent of their influence is starting to become evident.



▶ Biodiversity

Highlight5 Hope



The development of information and communications technology (ICT) has led to the emergence of the digital divide, which refers to the economic, social, and employment inequality gaps that arise between people based on their ability to use or access technology. KDDI pursues a variety of activities in developing countries to bridge the digital divide, including a project to construct schools. This project, which broadens our global perspective as a member of international society while remaining independent from information communications technology, is receiving much attention both in Japan and overseas.

Motivated by the innocent delight of children

With over half a century of involvement in international contribution activities, the KDDI Group has accepted approximately 5,700 trainees from 144 countries and made numerous other achievements. KDDI Foundation currently plays a key role in the KDDI Group's international contribution activities in five areas: (1) overseas human resource development, (2) dispatch of experts, (3) projects to bridge the digital divide, (4) overseas consulting, and (5) educational support. As one of the educational support activities, KDDI Foundation donates schools to Cambodia.

According to Yuki Umezawa, who heads the school construction project in his role as Senior Manager of the International Cooperation Department, the motivation for the project began in 2004, after a representative from the World Assistance for Cambodia NGO (referred to below as the "NGO"), which conducts support activities in Cambodia, came to give a speech. The shock at the lack of schools in Cambodia spurred the project into action. Since then, KDDI Foundation has sponsored a charity classical concert every year, and the proceeds and contributions are donated toward the construction of KDDI Schools (elementary and junior high schools), which are built at a rate of one per year in various parts of Cambodia with the cooperation of the NGO.



Children in the KDDI School

“Since the first school was constructed, we questioned whether it was sufficient to just provide the school buildings,” says Riyoko Kojima, who is involved in the KDDI School construction project. “As we wrestled with these doubts and held meetings with the NGO, we started to discuss how we might be able to develop human resources that can lead Cambodia into the future, if we could teach them IT skills and English. In particular, due to KDDI’s unique potential to offer support as a telecommunications company, we decided to use KDDI Foundation’s financial resources to support IT and English education. With that, a new objective for KDDI Foundation was born.”

Prior to opening the school, an Internet environment was established and educators were hired to teach the IT and English classes. In November 2005, the project’s first facility, named Phom O KEC School, was completed in the village of Phom O, located in a forest area approximately 200 kilometers north of the capital city of Phnom Penh.

“I went to the school opening ceremony and was surprised,” says Kojima. “I had heard that the village was in a remote area with no electricity, but it was beyond what I expected. The roads were accessible only by motorcycle, so I had to ride in on the back seat of one. It was a struggle, but I finally arrived.”

When she arrived at Phom O Elementary School, children and adults from the village had gathered there. For everyone in the village, it was their first time to see a personal computer or digital camera. When the adults were shown a video, they recoiled in astonishment. “However, the children had stars in their eyes, and they quickly learned how to use the devices,” she says. “After witnessing the innocent delight of the children and seeing the poor state of education with our own eyes, it was our natural inclination to want to do the same thing again the following year.”

Support that bolsters the future of the local people

It was not the original plan to continue the project for ten years, but it has carried on simply because it has provided so many benefits, and no reasons have emerged for stopping it.

“As we continued the project, some issues arose, particularly in terms of operating costs,” says Kojima. “If you increase the number of schools, expenses such as salaries for IT and English instructors and the costs of computer maintenance start accumulating until they pose a significant burden. However, we couldn’t just stop constructing schools. The reality is that no matter how many we build, it isn’t enough.”

Ten years after the project began, the members have been able to look back on their experience and assess the issues that they have encountered along the way. They have reaffirmed their commitment to the original purpose of the project, which was to construct school buildings and provide places to learn, and they have vowed to continue, no matter what it takes. However, they have shifted course with respect to support for IT and English education, and they plan to continue offering it as an extra program in areas where the proper environment can be sustained.

“In addition to our own issues, we also encountered an issue facing Cambodia, which is that there are no music or physical education classes in their elementary and junior high schools,” says Kojima.

Kojima recalls that just when they started considering the possibility of developing education enrichment programs, they discovered traditional Cambodian shadow puppetry, known as Sbek Thom. At the time, the project members discussed the idea of trying to



Sbek Thom performance at the donated special theater

establish an after-school program similar to the kabuki appreciation classes offered at schools in Japan.

“Even though Sbek Thom is a traditional art, there aren’t many young people interested in carrying on the tradition,” she says. “Instead of inviting children to see it once and stopping there, we considered support that would enable theatrical groups to continue, and donated special theaters with practice rooms.”

It is not enough to provide temporary, short-term support. The KDDI Group aims to provide support that benefits the long-term future of the local people. To that end, it is important to view the local people, with their unique way of life and culture, as colleagues who coexist in the same era. The KDDI Group, which has been engaged in international contribution activities for many years, has embraced this perspective and stance at a fundamental level.

Bringing smiles to children in the Federated States of Micronesia

KDDI’s efforts to bridge the digital divide have expanded to Micronesia. Computers that were previously used at KDDI offices are donated to the Federated States of Micronesia, and five telecom centers have been set up to support the local telecommunications operators in the states of Chuuk, Pohnpei, and Kosrae, which comprise three of the nation’s four states. In Yap, the fourth state, a project to introduce Internet service is being implemented this fiscal year. In the Woleai Atoll in Yap, which is about ten days by boat from Pohnpei Island where the nation’s capital is located, project members are configuring hardware and providing training. In addition, KDDI is conducting joint efforts with Micronesia’s Department of Transportation, Communications & Infrastructure to construct a social system that the local people can operate for a long time to come.



- ▶ [Charity Concerts and School Construction](#)
- ▶ [Efforts overseas](#)

Highlight6 Support



Since the Great East Japan Earthquake, many companies have been engaged in supporting reconstruction. KDDI's particular form of support has been to send employees to the stricken municipal governments. This was an unprecedented type of support and as such it was covered by media. How did KDDI come up with this type of support and what kinds of relationships with the stricken areas have been formed through this activity? Hironori Abe, director of the Reconstruction Support Office and person in charge of these activities, talks about these issues.

Realizing we didn't truly understand the situation in stricken areas was the starting point

Currently, the Reconstruction Support Office, which was established in the city of Sendai in July 2012, has a staff of six including Hironori Abe. However, the five staff members other than Mr. Abe all work at local municipalities, the Reconstruction Agency, and similar organizations.

"At each municipality where we have staff members we are working to understand from the point of view of local people what their needs are," said Mr. Abe, "and are searching for ways in which we can use IT and related technologies for the purpose of reconstruction support. This was not the form our reconstruction efforts took immediately after the disaster. It was rather the result of reflecting on our first year of reconstruction support activities."

In the beginning, KDDI proposed supplying merchandise that it thought was required for reconstruction, but for a while local municipalities ignored the company's offers.

"There were two main reasons for this," explained Mr. Abe. "One was that we didn't truly understand the fact that the municipalities were already overwhelmed with the immediate problems of daily life. The other was the fact that we didn't understand the sort of work that municipalities do."

Once the office understood that the problem was our lack of understanding the local municipalities, they realized that they needed to think about what the municipalities actually wanted. "And that's when we decided that we would send employees to the municipalities," reflected Mr. Abe.

Variety in the work done at municipalities

Support activities were begun in October 2012 at Kamaishi City Hall, Iwate prefecture. The KDDI employee sent there worked out of the Department of Public Information and Public Relations. This employee worked on creating plans and proposals for ICT used in municipal duties, making plans for an integrated ICT facility, and similar tasks.

Subsequently, employees were sent to other municipalities (one employee per municipality). The employee sent to Kesennuma City Hall, Miyagi prefecture worked on a base for transmitting the city's public relations magazine and tourism information and system maintenance for this base. The employee at



At the assigned Kamaishi City Hall

Higashi Matsushima City Hall worked on promotion of the city as an “Eco-Future City” and surveying the city's energy infrastructure. And the employee at Sendai City Hall worked on a reconstruction project known as the “Eco-Model Town Project.”

“Since each of these activities was suited to the needs of each area,” explained Mr. Abe, “each was unique. But in the end, each plan was as comprehensive as possible, including everything from systems to services and from planning to implementation.”

Use in community development around the country

As employees increasingly become a part of the communities they work in as residents, they are able to understand more and more.

“In the past there were stories in the media about money allocated for reconstruction being left unused,” said Mr. Abe, “but that did not happen because there was nothing that could be done with the money. What we came to understand from the people in those areas was that the cause behind this was the fact that they had no time for the application process required to receive the money. The employees sent to Kamaishi and Kesennuma lived in temporary housing, so they were far more sympathetic to the concerns of local residents – and especially the victims – because they could speak directly with them.”

There were many things that we came to understand through the experience of living in the stricken areas, and our ability to see things as the local residents helped us create relationships with them. Those relationships, explained Mr. Abe, were the powerful driving force behind our reconstruction support efforts.

“Even though the program of sending employees to stricken areas has ended, our basic position of offering support has not changed,” said Mr. Abe. “Even though our initial goal was to make a contribution to society, our goal now should be to create a system in which local industry could succeed on its own. No matter what course our next step takes, we realize that it will be a new challenge. The problems we see in the Tohoku region, such as the ageing population and population declines, are problems that exist throughout Japan. The fact that KDDI now has a good understanding of the work that municipal governments do will fuel its future efforts. We would like to use the know-how we have gained to support community development around the country.”



- ▶ [Participation in Community-Rebuilding Projects in Disaster-Stricken Areas Suffering Depopulation](#)

Highlight7 Person



KDDI is actively engaged in efforts to promote employment opportunities for people with disabilities. At the core of these efforts is KDDI Challenged Corporation, a special subsidiary company established by KDDI. We spoke with Administration Manager Kimikazu Ikeuchi on a wide range of topics related to employing people with disabilities, ranging from hiring and education to operations planning.

Expanding employment opportunities for people with mental disorders

In April 2008, KDDI Challenged was established as a special subsidiary company aimed at creating an environment and opportunities that can challenge both disabled and able-bodied people.

Up to now, KDDI has actively employed individuals with physical disabilities, but the company has been presented with the obligation to employ people with mental disorders in FY2018. Initially, people with mental disorders are to be employed in the special subsidiary company, and efforts will be made to expand the range of opportunities outside the company. Ikeuchi believes these efforts will lead to greater employment opportunities for people with mental disorders, who continue to face barriers to employment.

The current efforts, which have been developed through trial and error, are to assign people with mental disorders to operations that make use of the unique characteristics of each disability. For example, developmentally-disabled people with extraordinary math skills can be put to work in accounting or purchasing operations, and people with Asperger syndrome who have difficulty communicating with others can be put to work in individual activities such as PC kitting, which requires concentration and precision. By relying on each individual's personal qualities, the range of occupations can be expanded for people with mental disorders. "Our company now employs 23 people with mental disorders," says Ikeuchi with pride.

These expanded operations are attracting attention from many companies across a wide range of industries. There are increasing requests for lectures and observation tours from parties who wish to learn from the achievements and expertise that KDDI Challenged has gained in employing people with mental disorders.

Diversifying operations while focusing on personal qualities

Initially, KDDI Challenged employed people in relaxation room (acupuncture and massage) operations and mobile phone disassembly and separation operations. The company decided to become involved in the relaxation room activities because other special subsidiary companies were also involved, and because the relaxation services and facility are provided as a wellness benefit to KDDI employees. The company also decided to become involved in mobile phone disassembly and separation operations, because they involve simple activities for the mentally-handicapped that require concentration and manual labor, and they contribute to the material recycling efforts promoted by KDDI.

“In working with employees with disabilities, you shouldn’t simply give up when there is a task that cannot be performed,” says Ikeuchi. “If you consider the body of the employee who is performing the task and reconsider the procedure and instructions for performing it, you can devise a way for them to carry out any operation, instead of thinking that they can’t do it because of their disability.” With this approach, opportunities have been expanded to include accounting and purchasing operations, mobile phone maintenance center operations, PC kitting, support activities for related companies, and business mobile phone recycling operations.

“Recently, mentally-handicapped employees took on the challenge of mail delivery operations for the first time,” says Ikeuchi. “Moving forward, we plan to continue making a variety of efforts. As we expand operations and open up new opportunities for challenge, we will continue to focus on developing more comfortable work environments. We are embracing a variety of challenges in creating environments that take personal qualities into account, such as installing colored and textured floors that facilitate the mobility of the visually-impaired, and creating new seating arrangements and playing background music for employees who have trouble concentrating because they pay too much attention to the people around them.”

Committed to the mission of providing long-term employment

Meanwhile, KDDI Challenged is engaging in efforts aimed at companies in the KDDI Group, which seek to improve understanding toward people with disabilities.

“This fiscal year, the training sessions for new employees at KDDI and each of the group companies included an opportunity to experience KDDI Challenged operations,” says Ikeuchi. “Activities included communicating with hearing-impaired members and working with mentally-handicapped members to disassemble and separate mobile phones. Eating lunch together and sharing time as co-workers seemed to boost the mindfulness of everyone involved. Participants voiced impressions such as, ‘After working with people with disabilities, I realized that they do not view their disabilities as a way out,’ and ‘I realized the importance of being considerate to others, regardless of whether they are disabled or able-bodied.’ When I hear impressions like these, it gives me a great sense of expectation for the future, because if the KDDI Group is filled with employees who think this way, it will become an even better company.”

Always mindful of the importance of providing long-term employment at KDDI Challenged, Ikeuchi discussed his



New employees observing mobile phone disassembly and separation operations



ambition to keep searching for activities that people with disabilities can accomplish. “If we devoted the necessary attention to the personal qualities of each person one by one, it would not be difficult at all to employ people with mental disorders,” he says. “By encouraging the employment of people with mental disorders, I think we can contribute to broadening the employment possibilities for all people with disabilities.”

▶ [Boosting Employment Opportunities](#)

Highlight8 Security



A business continuity plan (BCP) is a structure that is put into place under usual conditions, which ensures that important business operations can continue uninterrupted in the event of a disaster. Always striving to develop and implement BCP measures to fulfill its responsibilities as a telecommunications operator, even during large-scale disasters, KDDI established the Disaster Prevention Planning Office in April 2012 and is making efforts to improve the speed and safety of disaster countermeasures. We discussed these efforts and activities with Akira Dobashi, Executive Director of the General Administration & Human Resources Division who served as Director of the Disaster Response Office until March 2014, along with Hiroshi Kisanuki, General Manager of the Disaster Prevention Planning Office, which plays an active role in affected areas.

Realistic training drills that assume large-scale devastation

Although KDDI has long implemented BCP measures, the experience of the Great East Japan Earthquake motivated the company to rapidly intensify efforts to establish BCP measures that assume a greater level of devastation. Akira Dobashi discussed emergency assembly drills and disaster response drills, which represent the two main types of training exercises.

“Emergency assembly drills mainly involve department directors, managers, and senior level employees, who walk or ride bicycles from their homes to a designated meeting point,” says Dobashi. “Because we never know when disaster will strike, emergency assembly drills are conducted without advance notice, even in winter or summer, or in poor weather. This adds a greater sense of realism to the exercises. The purpose of emergency assembly drills is to check whether the participants actually gather together, and more than 60% of participants successfully carry out the exercise even though they are conducted without any advance notice.”



Disaster response drill

Disaster response drills, on the other hand, aim to test whether business operations can be recovered according to BCP objectives. For example, in an exercise conducted last year,

participants were presented with a scenario of a major earthquake in the Nankai Trough without advance notice, and asked to respond with the appropriate actions in their departments.

“New lessons are learned each time drills are conducted,” says Dobashi. “Participants also become acutely aware of how important it is to accumulate experience under normal conditions. When events do not occur as anticipated, the participants must consider other procedures that can better prepare them for the future. In this sense, the drills encourage them to pay meticulous attention so that they can always be prepared to respond to unforeseen situations.”

Accumulating practical expertise in preparing for major disasters

A core component of the KDDI Philosophy is the mission to provide stable services that are available 24 hours a day, 365 days a year. The operations departments are responsible for full-time network monitoring, which is key to fulfilling this mission.

Hiroshi Kisanuki, who serves as General Manager of the Disaster Prevention Planning Office, discussed how his department came to be established. “Previously, the Disaster Response Section played a lesser among the operations departments,” he says. “But after our experience with the Great East Japan Earthquake, there was a sense of crisis that maintaining the status quo would leave us inadequately prepared for a major disaster. As a result, the Disaster Prevention Planning Office was established in April 2012.”

The mission of the Disaster Prevention Planning Office is to ensure that communications can always be provided, even under abnormal circumstances, by coordinating with the operations departments in each region throughout Japan and by studying and making advance preparations from a BCP perspective. In the two years since the Disaster Prevention Planning Office was established, equipment has been expanded significantly through measures such as doubling the number of mobile base stations and power generators. In addition to simply acquiring equipment, efforts have been made to improve expertise by responding to issues that arise at large-scale events.



Disaster recovery drill using a helicopter

“At events such as fireworks displays where the communications environment is not sufficient, we provide more reliable communications by making adjustments based on the activity of the people at the event,” says Kisanuki. “Similarly, unexpected numbers of people gather at places such as evacuation sites during disasters, and the way to ensure communications in the area is a major issue. For this reason, we thought that the expertise gained through responding to large-scale events would be useful.”

In terms of personnel-based measures, a variety of efforts are being pursued in human resource education and training. One such effort is a contest between regional teams in setting up vehicle-mounted base stations.

“The point is to set up the base stations safely and quickly, but it is up to each team to decide how to set them up,” says Kisanuki. “This lets us see the advantages and disadvantages of each procedure. The competition improves our technical capabilities, and it also helps to boost motivation.”

In addition, more than 50 training exercises per year are conducted with local governments. When setting up a vehicle-mounted base station during a disaster, for example, several hours might be lost if the installation site has not been decided. Training exercises can improve understanding on both sides, resulting in a smoother response when a crisis occurs. Each and every training exercise is carried out with this critical importance in mind.

Always aware of the importance of KDDI's activities

It is also evident that employee awareness of BCP is improving. A prime example of this is a measure to ensure the constant presence of decision-makers. Executives in Tokyo take turns residing near specified buildings so that decision-makers are always available, 24 hours a day, 365 days a year.

Customers who tour the Disaster Response Office facilities are often surprised at the extent of KDDI's preparedness, which raises the question of why KDDI takes such thorough BCP measures.

"Like the KDDI Philosophy, which clearly states our mission to provide stable services 365 days a year, KDDI employees are highly aware that our business activities are closely linked to social infrastructure," says Dobashi. "I think this awareness drives us to pursue aggressive BCP measures."

Kisanuki concurs. "The employees in the operations departments are extremely aware of the importance of protecting the network," he says. "Two hours after the Great East Japan Earthquake struck, employees from all regions across Japan were heading to the stricken area without any instructions to do so."

For Kisanuki, the desire to see customers smile is a source of motivation. "At the time of the earthquake, I was serving as Director of the Kanazawa Technical Center," he says. "Kanazawa was functioning as a logistical base for Tohoku, and I had also previously worked in Sendai, so I quickly rushed off to the area. The customers there welcomed me with smiles. The end goal of our mission is to make the customers smile, and that joy has become my motivation."

Dobashi also recalls how his heart was touched by words of gratitude from customers. "After the earthquake, I received letters from people who thanked me for the peace of mind they got when they could finally talk on the phone with their families, after not hearing from them for days. It was a powerful reminder of the importance of our work. I think that we need to remain committed to our BCP efforts so that we never lose sight of our mission to provide continuous communications."



▶ Initiatives in Preparation for Emergencies

KDDI's Approach to CSR

KDDI Philosophy

The KDDI Philosophy indicates the type of company we aim to become and expresses the attitudes, values and behavior that employees need to exhibit in order to reach our goal. The KDDI identity and KDDI vision that we must embrace as a telecommunications operator are incorporated throughout. We aim to establish the KDDI Philosophy so that it underlies the behavior of all employees.

Corporate Philosophy

"The KDDI Group is committed to the pursuit of the physical and mental happiness of all its employees while at the same time contributing to the development of a prosperous communications-oriented society by delivering excitement beyond the expectations of customers."

KDDI's Approach to CSR

Putting the KDDI Philosophy into Practice and Contributing to the Development of a Prosperous Communications-Oriented Society

By putting the KDDI Philosophy into practice, KDDI aims to be a company that is appreciated and trusted by all its stakeholders. KDDI recognizes that as a telecommunications operator that provides social infrastructure, it has the important social mission of providing stable services that are available 365 days a year, regardless of conditions. Furthermore, we understand that the telecommunications business involves utilizing radio waves and other important assets of the Japanese people. Accordingly, it is our responsibility to aim high and contribute to society by addressing the numerous issues that society faces. The KDDI Philosophy describes the sort of company that we need to become and the attitudes that employees of such a company need to maintain.

KDDI Business Activities and Social Responsibility

The foundation of our business operations is the provision of stable telecommunications services. KDDI's CSR activities, which support the provision of such services, include TCS (a mechanism for listening to customers) and other stakeholder engagement, CSR procurement, promotion of diversity and BCP response. Recognizing the impact on society of not only our business activities but also the CSR activities that underlie them, based on our value chain, will be increasingly important for KDDI's social responsibility.

Viewing the numerous social problems that occur in each link of the value chain, such as the digital divide, mobile phone and internet-related crime, and environmental burden, as risks, we are pursuing various CSR activities through our business operations aimed at solving these problems. By promoting CSR activities both through our operations and in support of our operations, KDDI will achieve both "business growth" and "development of a sustainable society."



Creating Society Together

To put the KDDI Philosophy into action, going forward we will continue to value dialogue with all of our stakeholders – customers, shareholders, business partners and regional communities. We will also build up collaboration with our stakeholders and proactively address the issues facing society in our aim to contribute to the development of a prosperous communications-oriented society.

CSR Promotion

Promotion System

In October 2005, we created the CSR Management Department (currently the CSR & Environment Management Department) in our General Administration Department to promote CSR activities from an objective viewpoint. At the same time, the department works to raise employee awareness of CSR through in-house training, our company newsletter and our intranet. The department also promotes social contribution activities, having created an environment that makes it easy for employees to participate in volunteer activities.

Furthermore, the KDDI Environment Committee has created an integrated system to debate and promote policies and planning related to the environmental conservation efforts of KDDI and its Group companies and affiliates.

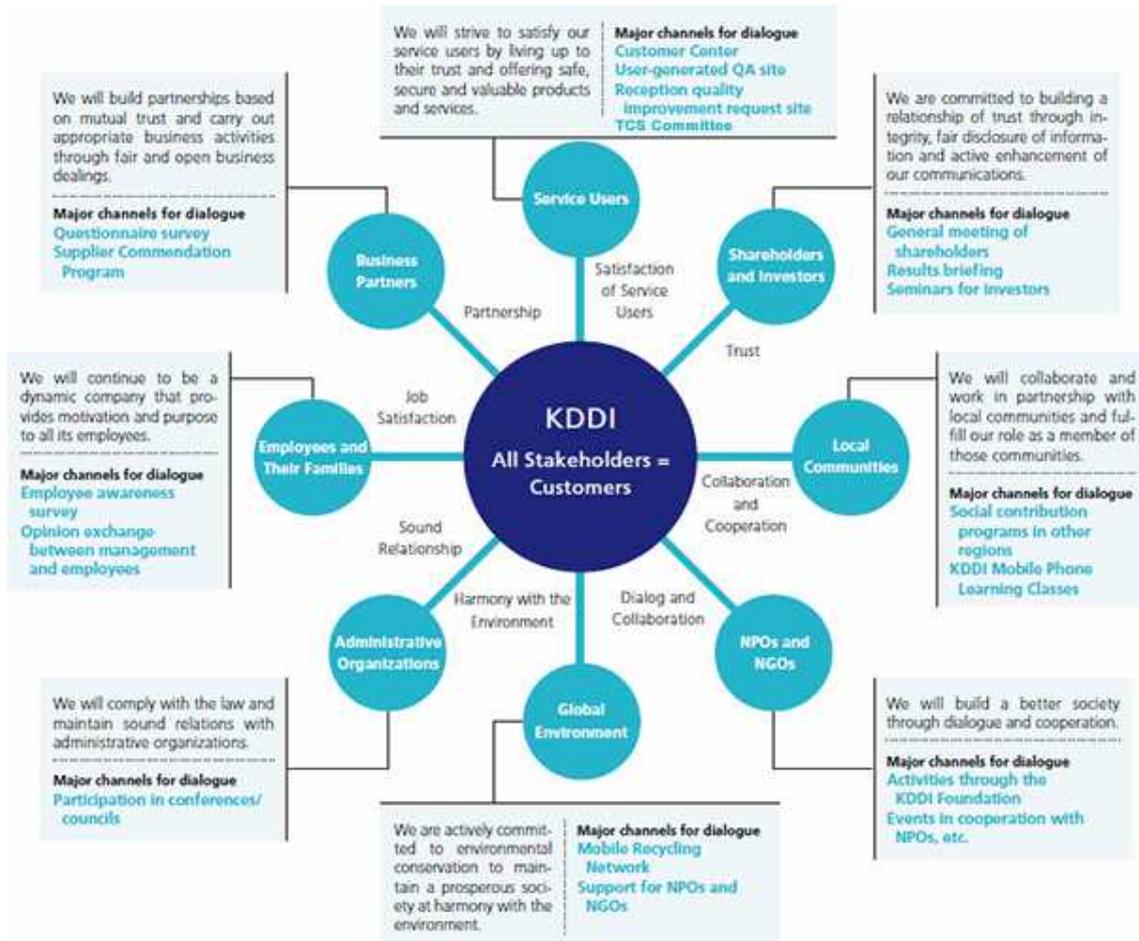
CSR Promotion Activities

In FY2013 we worked aggressively to review and make improvements according to our self-evaluation of some 250 items based on the 7 core subjects addressed by the ISO 26000 global standard pertaining to social responsibility and the analysis of our CSR activities against this list. This process was used to formulate the KDDI CSR procurement policy enforced in February 2014. Furthermore, we will actively pursue dialogue and other types of interaction with stakeholders, reflecting their opinions and comments in our future CSR activities.

In FY2014 we will work to review materiality based on GRI-G4 guidelines to further promote CSR activities.

Principal Channels for Dialogue with KDDI Stakeholders

KDDI perceives all stakeholders as its customers, and conducts various activities geared toward fully satisfying all of these stakeholders.



Stakeholder Engagement

In FY2008, KDDI identified “4 material issues for CSR.” As part of this initiative, we entered into dialogue with various experts, receiving advice on our activities. In FY2013, we engaged in dialogues with stakeholders themed on the core subjects of ISO 26000 and participated in the United Nations workshop on human rights, and in FY2014 we referred to this input when setting objectives for each department.

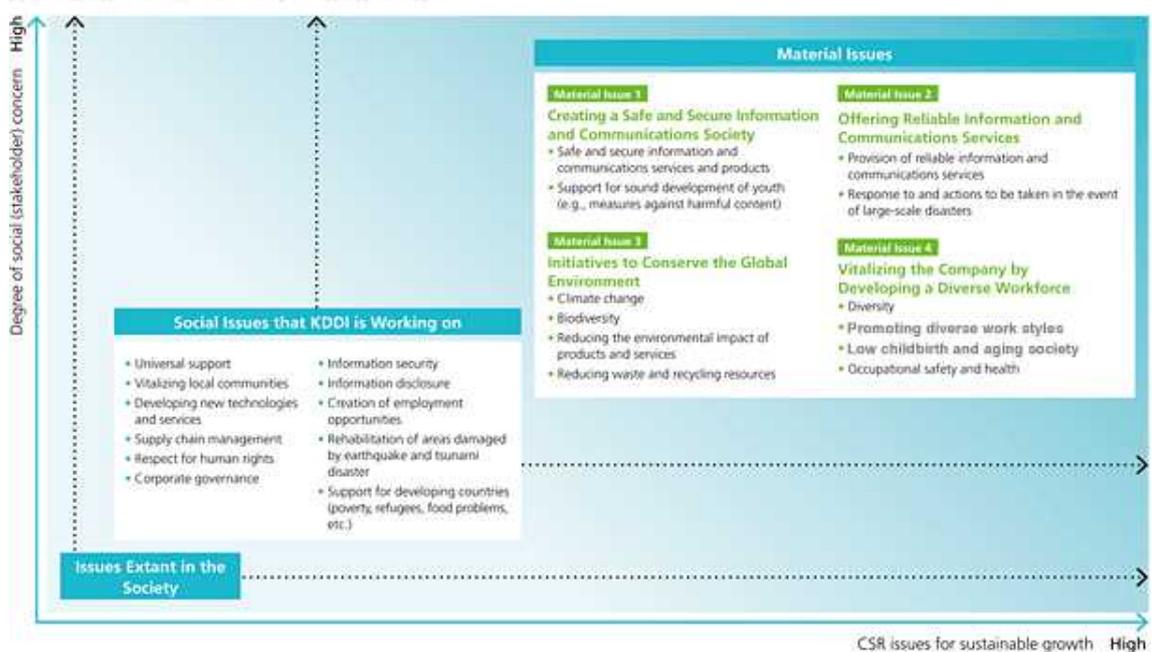
▶ Stakeholder Engagement

About Material Issues

Defining Material Issues

Of the wide range of issues that KDDI faces in the course of its business activities, in FY2008 we identified a number of topics of significant social concern as “4 material issues for CSR” that we particularly need to focus our efforts on to grow sustainably and with society at large. We also established the KDDI CSR & Environment Committee to formulate initiatives for resolving these problems and report on these activities.

Social Issues and the Four Material Issues for CSR



Material Issue 1 Creating a Safe and Secure Information and Communications Society

The phenomenon of children using mobile phones to access the Internet and getting trouble is becoming a social problem. KDDI is addressing this situation by conducting the KDDI Mobile Phone Learning Class, through which it aims to raise children’s “information literacy.” We also encourage the use of filtering to block harmful content. These are some of the many initiatives under way at KDDI with the aim of creating a safe and secure information and communications society.

- ▶ [Material Issue 1 Creating a Safe and Secure Information and Communications Society](#)

Material Issue 2 Offering Reliable Information and Communications Services

ICT provides important “lifelines” for society. As KDDI sees it, the biggest responsibility the Company faces in its operations is to provide customers with stable information and communications services.

We are therefore committed to avoiding network outages due to natural disasters and equipment failures to the greatest extent possible, and maintaining our ability to always offer high-quality information and communications services.

▶ [Material Issue 2 Offering Reliable Information and Communications Services](#)

Material Issue 3 Initiatives to Conserve the Global Environment

Environmental preservation is a need that all mankind faces, and one that requires long-term initiatives. Accordingly, every 5 years KDDI formulates a Medium-term Environmental Conservation Plan including initiatives involving a “low-carbon society,” “recycling-oriented society,” and “biodiversity.” To achieve these objectives, in addition to reducing its own environmental impact, KDDI provides ICT services that help to reduce the environmental impact of society and promotes a host of activities involving customers and employees.

▶ [Environment Material Issue 3 Initiatives to Conserve the Global Environment](#)

Material Issue 4 Vitalizing the Company by Developing a Diverse Workforce

At KDDI, promoting diversity is one aspect of its management strategy for achieving sustainable corporate growth. Respecting the individuality of employees, rather than forcing different people to fit into the same box, we are working to create an organization and environment that harnesses our employees’ capabilities by leveraging external differences, internal differences, and differences in corporate organizations. Encouraging diversity puts into practice “Chapter 1: Vision” of the KDDI Philosophy, namely “Embracing diversity.”

▶ [Labor Practices Material Issue 4 Vitalizing the Company by Promoting Diverse Work Styles](#)

CSR Targets, Achievements, and Issues

CSR Targets, Achievements, and Issues in Fiscal 2013

The chart below provides an overview of principal targets and achievements during FY2013 and reports our main targets for FY2014.

[Evaluation standard]

A+: Significant achievements made on the issue

A: Certain achievements were made

B: Action was taken, but with no achievements

C: No achievement was made or no action was taken

	FY2013			FY2014
	Targets	Primary Achievements	Rating	Primary Issues
Organizational Governance	Improve promotion of CSR activities	Promote awareness among all employees through in-house newsletters (6 times a year) and e-learning (twice a year) Engage with stakeholders (human rights, environment and consumer issues)	A	Strengthen our system for promoting CSR activities
Consumer Issues	Strengthen large-scale disaster response measures	Establish No.2 Chikura Submarine Cable Relay Station to introduce 4G LTE-compatible wide-zone base stations for disasters and build a disaster-resistant global network Sign a Disaster Agreement with the Ministry of Defense Establish a verification and improvement system through disaster response training, including training open to the public Conduct demonstration trials of shipboard base stations, boosting disaster response capabilities that are unaffected by land-based disasters	A+	Increase number of KDDI Mobile Phone Learning Classes held and improve quality Enhance user support targeting seniors
	Increase number of KDDI Mobile Phone Learning Classes held and improve quality	Conducted Safety and Security Seminars 3,186 times in FY2013 with approx. 550,000 participants (62% more than in FY2012) Revise the program to respond more closely to schools' needs	A+	Meet customer demands by improving network quality and providing stable information and communications services
	Provide equipment that is easy for seniors to use and provide user support	Provide courses for seniors aged up to 70 (202 times a year with approx. 4,300 participants) Total sales of au mobile phones equipped with Smart Sonic Receiver® for voice transmission by sound and vibration passed 1 million	A	Further strengthen large-scale disaster response measures
	Respond quickly to customers' requests to increase network quality and provide stable services	Achieve 4G LTE population coverage rate of 99% Create scheme for employees to improve quality in KDDI service areas	A+	
	Provide reliable networks and increase communications quality	Introduce countermeasures and prepare a system to prevent the recurrence of major accidents leading to the disruption of communications	A	

	FY2013			FY2014
	Targets	Primary Achievements	Rating	Primary Issues
Environment	Roll out Third Medium-term Environmental Conservation Plan	Respond to Scope 3 (Implement 2 out of 15 items) Use externally oriented Web sites to provide information on used mobile phone recycling activities Conduct appropriate material recycling for disused equipment resulting from bandwidth reorganization Establish systems in various regions of Japan to promote environmental conservation	A+	Roll out Third Medium-term Environmental Conservation Plan (Strengthen Scope 3 response) Promote environmental preservation activities in regions throughout Japan
	Promote environmental communications	Conduct e-learning for all employees with regard to the Third Medium-term Environmental Conservation Plan (once a year)	A	Reinforce environmental conservation
Human Rights and Labor Practices	Cultivate and promote diverse human resources and formulate related measures	Cultivate and promote female leaders Introduce mission grade system Support for LGBT Conduct "Workplace Survey of Employees with Disabilities" Issue "Guidelines on Communication with Employees with Hearing Disabilities" Provide training for local recruits overseas and conduct personnel exchanges	A	Further promote diversity (achieve numerical targets for female managers) Improve social dialogue and workplace environment Enhance internal communications
	Improve social dialogue and workplace environment	Hold dialogue with labor union (total 32 times a year) Conduct awareness survey of all employees Participate in corporate accessibility consortium Hold forums and seminars for employees who have taken childcare leave	A	
	Enhance internal communications	Establish KDDI Philosophy (861 study meetings in FY2013 with total participation of 39,309 employees) Hold award ceremony for President's Award, MVP Award, Operational Quality Improvement Prize, etc.	A	
Fair Operating Practices	Enforce KDDI CSR procurement policy	Consider content, formulate and enforce	A	Promote CSR procurement policy Augment information security Promote measures to eradicate compliance-related accidents Promote risk management
	Strengthen information security further	Put in place standards at KDDI Group companies based on the "KDDI Group Common Information Security Standards"	A	
	Promote risk management	With regard to risks in the operating environment, reduce risks, support operational improvements, and conduct internal audits on 28 important items	A	
	Strengthen and promote measures to eradicate compliance-related accidents	Hold regular Business Ethics Committee meetings Conduct group training and e-learning on compliance (26 times a year)	A	

	FY2013			FY2014
	Targets	Primary Achievements	Rating	Primary Issues
Community Involvement and Development	Continue implementing disaster relief efforts	Support region affected by the Great East Japan Earthquake (employee volunteers, educational support, etc.) Activities of Reconstruction Support Office	A	Expand disaster area support through collaboration Create new social value by strengthening relations with local communities Contribute to development of the international community through the utilization of ICT
	Foster stronger ties with local communities	Through the "+α Project," increase employee-participatory regional community contribution activities (highest number of points ever) Conduct career training for junior high school, senior high school, and university students (total 10 times)	A+	
	Contribute to sustained growth of the global community through the use of ICT	Provide support services for venture companies Through the KDDI Foundation, support efforts to overcome the digital divide and provide technological expertise in developing countries	A	

Stakeholder Engagement

In FY2008, KDDI identified “4 material issues for CSR.”As part of this initiative, we entered into dialogue with various experts, receiving various advice on our activities.

Recent Activities

<Fiscal 2013>

▶ Environmental Initiatives and Expectations of KDDI



Held on December 4, 2013

We invited environmental experts to participate in a lively dialogue with KDDI representatives on the topics of creating a low-carbon society and protecting biodiversity.

▶ Aiming to Solve Social Issues - CSV Initiatives



Held from June to September 2013

In FY2013, five conference sessions were held from June to September, in which basic CSV awareness was raised, instructors from outside the company presented case studies, and conference members participated in discussions, workshops, and general study sessions.

▶ Sponsorship and Participation in Conference on CSR and Risk Management



Held on September 5, 2013

KDDI sponsored and participated in the Conference on CSR and Risk Management organized by Caux Round Table Japan and the United Nations Working Group on the Issue of Human Rights and Transnational Corporations and Other Business Enterprises.

FY2013 Stakeholder Dialogue: Environmental Initiatives and Expectations of KDDI

Recent Stakeholder Dialogues

Environmental Initiatives and Expectations of KDDI

We invited two environmental experts to participate in a lively dialogue with KDDI representatives on the topics of creating a low-carbon society and protecting biodiversity.

The invited experts



Satoko Ekberg, Director of E-Square Inc.,
Guest Lecturer at Tohoku University
Graduate School of Environmental Studies



Hiroshi Onoda, Director of Waseda University
Environmental Research Institute, Associate
Professor at Waseda Environmental Institute

Part 1: Issues to address in establishing a low-carbon society

Creating an efficient logistical system with the supply chain in mind

Ekberg: Many of today's social issues are related to climate change in one way or another. The CO₂ emission reduction targets set forth by Japan at COP19 (19th Session of the Conference of the Parties to the UN Framework Convention on Climate Change) were regarded as lackluster. At the same time, electrical appliance and electronics manufacturers in the 2008 to 2012 period reported a 43% increase in average annual manufacturing-related CO₂ emissions compared to 1990 levels (and a 48% decrease in CO₂ emissions intensity). How should we view this? Also, as floods and droughts intensify due to climate change, there is a need for us to think together about a sustainable model of development in emerging and developing countries. Companies play an important role in improving the situation, and I think it would be nice to be able to discuss what can be done to establish a low-carbon society, and what is necessary to lay the groundwork.

Onoda: In measures taken by companies to combat global warming, attention is being paid to Scope 3 [1], which tracks and reports CO₂ emissions in the value chain. It is difficult to reduce emissions only through conventional energy-saving measures, so there is a need for measures involving the transport of business partners and employees to and from work, the procurement of parts, and other factors. At the same time, discussions have started on the idea of a Scope 4 that indicates the level of contribution to society. For example, environmentally-friendly products such as solar power generation systems, rechargeable batteries, and electric vehicles can help society curb CO₂ emissions, but the companies that manufacture the parts and materials increase their CO₂ emissions. Scope 4 would take this increase and decrease into consideration by quantifying the contribution that companies make toward society's reduction of CO₂ emissions, even though they themselves increase their emissions.

[1] This is one of the Scopes that is calculated and reported for a company's greenhouse gas emissions.

Moderator: For KDDI, the amount of electricity consumed in telecommunications is increasing, but the customers can reduce CO₂ emissions by using the KDDI network for videoconferencing, which reduces the need for business trips and meetings outside the office, and for sending electronic files instead of heavy paper documents.

KDDI: It will be valuable for us to consider the rules for calculating the level of contribution (i.e., Scope 4) once they are established. Now, we are focused on improving the efficiency of a wide variety of logistical operations to reduce our CO₂ emissions. We are studying how to improve the efficiency, speed, and cost of logistical operations such as gathering products from business partners at the local logistical centers and distributing them to au Shops and retailers, returning reclaimed mobile phones to the manufacturers, and distributing base station materials nationwide.

Onoda: In the general insurance industry, efforts are being made to recommend energy-efficient driving, with the aim of reducing automobile accidents and insurance premiums, as well as the impact on the environment. In other words, by tracking the fuel consumption data, we can improve driving efficiency and traffic safety while reducing CO₂ emissions. This leads to a greater focus on accident rates in the transport industry, and it promotes fuel economy and energy-efficient driving. In addition to backbone logistics, home deliveries and individual item shipping to end users needs to be managed properly to reduce CO₂ emissions, so KDDI should place a higher priority on measures for small-lot logistics. It is important to address questions such as how to utilize return vehicles effectively, whether they can carry other items back, or whether they can be used in cooperative transport operations with another industry.

KDDI: In examining the distribution from logistical centers to au Shops and retailers, as well as the status of each region, we believe there is room for improvement.

Ekberg: There are plenty of examples where innovations in wrapping and packaging materials result in more efficient use of truck load capacity, but I think there should be joint research across industries, as well as information sharing. In the drink manufacturing industry, rival companies are sharing distribution points and distributing each other's products to retailers, which is reducing costs along with CO₂ emissions.

KDDI: In the mobile phone industry, cooperative transport between rivals would be difficult to achieve. However, in the procurement of products from overseas manufacturers, there are demands to reduce the size of packaging, which results in more compact packing and lower transport and container costs. About 20 million items per year move through distribution bases in Japan, and we are focused on reducing the number of transport trips.

Ekberg: It is important to have a system that improves the efficiency of the entire group, through the coordination and effective use of each department's goals and expertise. In the US, major IT companies have introduced carbon offset systems that allow business departments to buy and sell the CO₂ that they generate. It is a pioneering effort in which you are charged for the amount of CO₂ produced in your department, and if you can reduce emissions, you can sell the surplus to another department and use the funds to purchase renewable energy.

KDDI: A few years ago, when we started doing business with a global mobile phone manufacturer, we experienced the strictness of the world's environmental specifications. Prior to that, au had packaged products from all manufacturers in the same type of box, but we saw how global manufacturers were using extremely compact, lightweight packaging for shipment by plane. As a consequence, since 2009, we have been rapidly reducing the size of boxes and instruction manuals. Smartphones are packaged in cardboard and inner boxes, and KDDI is working with paper manufacturers and printing companies to further reduce the amount of paper used. Instruction manuals and basic information can be viewed with apps or online, so paper is being reduced as more information becomes available electronically.

Moderator: What efforts are being made in terms of product performance?

KDDI: Customers place a high priority on battery life, so there are demands on manufacturers to reduce power consumption. In the past, mobile phones could last for a week on a single battery charge, but with the first generation of smartphones, a full battery was not able to last for one day, depending on the customer's usage. KDDI is not involved in the development of batteries, but we are focusing on items such as reducing the amount of power consumed by the apps that we provide.

Using smartphones as a tool for solving social issues

Moderator: Nowadays, attention is shifting away from CSR (corporate social responsibility) and toward CSV (creating shared value) factors that resolve social issues through the main business. What do you think about using smartphones as a means to reduce the customer's CO₂ emissions and solve social issues?

Onoda: KDDI entered the electric power selling industry, and this is the simplest approach. For example, KDDI can reduce emissions by purchasing and operating on electricity generated at biomass power plants and other similar sources. With mega solar, KDDI could use the power for base stations rather than sell it. A paradigm shift is now underway in the supply and demand of electric power, and because electricity from electric power companies is expensive, many companies in the manufacturing industry are moving toward sourcing their own electricity for their factories. If you considered delivering information and electricity together, you could tie everything together effectively. Because KDDI is in the mobile business and you have the infrastructure of cables and base stations, there is a low hurdle to entering this field.

Ekberg: From the perspective of CSV, it is important to generate ideas. For example, if you think of the ubiquitous mobile phone as a mini-generator, you could devise a system where they could all be connected together to use as a power source when a major natural disaster occurs. This is similar to how hybrid vehicles can be used to provide power to homes.

KDDI: We haven't considered taking this concept of using hybrid vehicles as a power source, and applying it to mobile. It might be a good way to expand possibilities.

Ekberg: In Africa, people use their mobile devices in a variety of ways. For example, they are used as flashlights, clocks, and bank accounts. In Japan, mobile phones were created in a society overflowing with material goods, so only a narrow range of possibilities is considered. If you take the perspective of Africa, you realize that small devices have great potential.

Onoda: But it's also important to think simply. Efficiency in logistics has immediate environmental benefits, so it should be pursued exhaustively. In addition, smartphones cannot be regarded as mature products in terms of their lifecycle, so there is plenty of room for advancement there. And most importantly, KDDI has contact with users, so you can exhaustively gather market opinions and provide feedback to the manufacturers. This can serve as a driving force to reduce costs and improve functionality, which can lead to reduced CO₂ emissions, so I think a straightforward approach is good.

KDDI: We set standards for reducing battery consumption, encourage manufacturers to improve performance, and make strong efforts to reduce the energy consumption of power-hungry apps and hardware. As for market opinions, we are focused on understanding actual usage in a variety of terms, including overall usage patterns, usage by region, usage while commuting by train or car, and usage by age group. Battery consumption varies depending on how long smartphones are used, which apps are used, and when and where they are used, but by conducting these types of studies, we think we will encounter different topics and approaches than those of manufacturers.

Part 2: Issues to address in protecting biodiversity

First step is to understand and analyze the positive and negative impacts of business

Moderator: Biodiversity protection spans an extremely broad range of issues, and its connection to business activities is unclear. How should we approach this topic?

Ekberg: First you need to figure out how your company impacts biodiversity through the resources and energy that are used, and then analyze and understand the environmental risks and benefits. For example, on the positive side, advances in IT might contribute to the study of endangered species, whereas on the negative side, the mining of rare metals used to improve product performance might threaten the ecosystem. Particularly with respect to the latter, international regulations on conflict minerals have been strengthened, and conferences are being conducted with the participation of representatives from a variety of industries. A topic of discussion is the establishment of standards and regulations that include the supply chain, so I think that you, as a telecommunications company, can avoid environmental risks and get some tips for your efforts by participating in these types of discussions.

KDDI: Due to the humanitarian problems surrounding the mining of conflict minerals, we at KDDI are examining manufacturers and verifying that these materials are not used in the products that we purchase. There are particularly strict disclosure obligations imposed on manufacturers in the US, so we are bolstering our efforts and paying close attention to the compliance of each manufacturer.

KDDI: As a positive example of the use of IT, KDDI R&D Laboratories has been working with universities and NGOs to conduct behavioral studies of the endangered Ganges river dolphin since 2008. The murky river water makes visual observation difficult, so an acoustic observation system is used to monitor the river dolphin's population numbers and birth rates, as well as their behavior. This data is playing a role in preservation activities.

Ekberg: That is a good example of an activity that makes use of advanced communications technology. Biodiversity is regarded as a territory that is far removed from IT, but to implement effective protection measures, it is essential to obtain basic data for analyzing behavior. I think there is great potential to make contributions in this area.

How to contribute to biodiversity protection in our daily lives

Onoda: IT is not making much progress in primary sector industries such as agriculture and forestry, but security companies have recently commercialized warning systems to protect crops from animals. Traps for deer, boars, and monkeys are set up, and when an animal is captured, the land manager is notified by e-mail. This greatly reduces the amount of work required to monitor a large area. Reducing over-abundant deer populations preserves the ecosystem and prevents forest damage, which in turn deters natural disasters. In addition, measures against problems such as foot-and-mouth disease need to be conducted for each individual animal. This is an opportunity to use IT. There are many opportunities to provide solutions that address the problems of each region. Find out what initially needs to be done to contribute to society, and from there you can discover new topics related to biodiversity.

KDDI: Related to this topic, KDDI has been conducting so-called "instruction manual recycling" activities since 2007. At au Shops across Japan, the instruction manuals, pamphlets, and leaflets included with mobile phones, as well as the paper packaging, are accumulated after they are no longer needed, and recycled into envelopes and pamphlets. In addition, recovered waste paper is sold to paper companies, and the funds are used for forest preservation activities such as tree-thinning. Since 2012, KDDI has been using the wood obtained through tree-thinning activities to create original novelty products for au mobile phone users, such as smartphone stands, desktop calendars, and wood coasters. Wood has also been donated to bus stations in the city of Kamaishi in Iwate prefecture. In the future, we will continue our instruction manual

recycling activities as a way to contribute to forest preservation in Japan.

Onoda: If you approach things with an eye on the monumental issue of biodiversity, it is difficult to see the connection to daily activities. However, if you think of the wood from tree-thinning activities, you think of mountains. And if you think of mountains, you think this is where base stations are located, and this is connected to the local society. For undersea cables, there is a deep connection to the fishing industry. It is good to make contributions through technology, but if you consider the perspective of regions where there is everyday contact, the entrance becomes even wider. You can also support regions by introducing local specialty products through smartphones, buying in bulk, and making individual purchases. If employees can adopt this attitude in their relationships to regions, the KDDI Group can bring a lot of power with its size. I think this can create new new opportunities and collaborations, and in a roundabout way, lead to biodiversity protection.

KDDI: It is comforting to think that simply purchasing local specialty goods can lead to biodiversity protection. The entire question of how to contribute to biodiversity is difficult to grasp. The environmental awareness of our employees changed with the opportunity to do business with global manufacturers mentioned earlier, but along with that type of external stimulation, we need a system that encourages us to always think of what we can do and which fosters awareness.

Ekberg: As an example from the perspective of education, there is a financial institution that participates actively in volunteer activities, which has achieved positive results by establishing a system that rewards employees who offer good ideas. In addition, there is an IT device manufacturer that established a project that recruits volunteers to discover business chances from social issues in developing countries. The project has invigorated their company by helping them rediscover their own potential, and by leading to the creation of a training program that dispatches employees from Japan to the sites.

KDDI: Thank you very much. In today's enlightening discussion, we heard some innovative suggestions from a variety of angles and perspectives, along with plenty of case examples. To the employees who attended this session, we hope you can take these ideas back to your departments and raise awareness. We encourage you to reevaluate and delve deeper into your efforts, and work toward setting goals and creating schemes for new projects.

Aiming to Solve Social Issues - CSV Initiatives

Establishment of CSV Conference

Approaches to CSV that include not only conventional social contribution activities such as donations and volunteer activities, but also efforts to solve social issues through business activities, are receiving attention around the world.

In June 2013, KDDI established a CSV [1] conference for the purpose of spreading CSV awareness within the company.

The CSV conference is administered by the CSR & Environment Management Department and includes the participation of 14 management-level officers from 12 business divisions, including the R&D Strategy Division, Corporate Strategy Planning Division, Service Planning Division, and KDDI R&D Laboratories.

[1] CSV is a business concept that aims to create both social and corporate value by solving social issues through corporate business activities.

CSV Conference Activities

In FY2013, five conference sessions were held from June to September, in which basic CSV awareness was raised, instructors from outside the company presented case studies, and conference members participated in discussions, workshops, and general study sessions. After beginning with the raising of basic awareness, the conference facilitated the exchange of opinions across the company, ultimately consolidated the opinions into three major topics for inclusion in the workshops, and reported CSV plans to management. In FY2013, which was characterized as a period for gathering information, some positive results were achieved.

Moving forward, KDDI will continue making proactive CSV efforts such as participating in activities through the Japan CSV Business Development Organization, of which it has been a member since FY2013.

Comments from Outside Experts

This time, I was fortunate to serve as a facilitator. We conducted a lively discussion and heard suggestions on topics covering three major social issues. I felt that the opportunity for participants to share various perspectives from different business departments made this an extremely fruitful occasion. Communications networks can bring together value from various distant places, and this can lead to real interaction and trade. I am convinced that this is the CSV direction that KDDI should aim for.

Yoshinori Takahashi, President, Universal Design Intelligence, Inc.



I was invited to the second CSV conference to discuss key issues involved in CSV efforts. All participants from the various business divisions across the organization were highly motivated, and I felt that the culture of embracing the challenge of the unknown is a strength for KDDI.

In new business creation, it is essential to have a clear commitment from top management. Environment and social contracts tie the hands of existing businesses, but a change in perspective can lead to business opportunities. I hope that management maintains a strong will and KDDI uses its unique perspective to make bold efforts.

Hiro Motoki, President, E-Square Inc.



Sponsorship and Participation in Conference on CSR and Risk Management

Sponsorship and Participation in Exclusive Session on Human Rights Due Diligence

In the second half of the 20th century, corporations in developed nations became increasingly multinational while developing countries experienced growing problems with environmental pollution and illegal labor practices. These problems have come to be recognized as a global issue, which has led to a growing social awareness of corporate social responsibility and sustainability that includes the value chain. Consequently, human rights due diligence, which involves the continuous implementation of measures to identify, evaluate, prevent and redress any human rights risks linked to a company's business activities, has recently been receiving attention in Japan. At KDDI, the human rights of every stakeholder are recognized as an important issue.



Participants in exclusive session (22 people from 18 companies)

As part of the response to these issues, KDDI sponsored and participated in the Conference on CSR and Risk Management organized by Caux Round Table Japan and the United Nations Working Group on the Issue of Human Rights and Transnational Corporations and Other Business Enterprises in September 2013. At the conference, discussions were held on how corporations should address human rights due diligence issues through CSR risk management.

A seminar was held on the "Guiding Principles for Implementation of the UN 'Protection, Respect, and Remedy' Framework for Business and Human Rights," which are incorporated in various CSR guidelines as an effective tool for implementing CSR risk management. The speaker, who is a member of the United Nations Working Group on the Issue of Human Rights and Transnational Corporations and Other Business Enterprises, which is tasked with putting the framework into practice, offered concrete advice on applying the guiding principles to CSR risk for corporations.

Role of Corporations in Human Rights

In a lecture on the Guiding Principles on Business and Human Rights (informally known as the "Ruggie Report"), which were endorsed by the United Nations in 2011, participants learned a key principle, which states: "Human rights are the inalienable fundamental rights to which a person is inherently entitled simply because he or she is a human being. Therefore, human rights due diligence and risk management should not be implemented for the purpose of hedging business continuity risks." Instead of idealistic theory, the lecture covered what is required in actual practice, such as the minimum actions that are necessary to avoid human rights infringements, which are integral to the corporate responsibility to respect human rights.

Establishing a Framework for Human Rights Risks

The workshop included a discussion of a hypothetical case study about what happens when a business partner in the supply chain commits serious human rights violations, as well as what actions an outsourcer can take in response to that business partner, and what the maximum risks are for the outsourcer.

Maximum risks	Envisioned KPIs
<ul style="list-style-type: none">- No right to collective bargaining- No trade unions- Use of child labor- Routine use of low-wage labor- Health-damaging work environment- Poor, accident-prone work environment Etc.	<ul style="list-style-type: none">- Productivity improvement- Operation delay rate- Number of grievances (of employees)- Number of work accidents- Employee turnover rate- Number of dialogues with management- Wage gap Etc.

Business Partners Countermeasures That Are Unique to Japan

The workshop also discussed the countermeasures that should be taken if the business partner in the previous example does not heed the demands of the outsourcer regarding the human rights-holders (the business partner's workers). Opinions such as those below were expressed.

- Work with other outsourcers to pressure the business partner into engaging with the human rights-holders.
- Request the cooperation of NGOs to investigate the business partner, and conduct interviews with the human rights-holders.
- Open a help line from the outsourcer to the human rights-holders, and conduct interviews directly.
- Visit the factory where the human rights-holders work, and have NGOs conduct interviews with the human rights-holders.
- Publish details of the above activities on the company website to communicate the business partner's human rights violations as broadly as possible.

Another opinion that was expressed was to: "Hold talks with the business partner instead of simply trying to break off the relationship, and work together to make progress." Participants from the UN praised this opinion and remarked that the perspective was unique to Japan and had not come up in previous workshops held in other countries.

Future Issues for KDDI

By participating in UN human rights workshops in countries around the world, KDDI has studied international comparisons and different observations related to respecting human rights and avoiding complicity in human rights violations. At KDDI, we are conducting in-company workshops on human rights issues with the recognition that we need to communicate what is now required of us as a global corporation.

Organizational Governance

Through various means of dialogue with all our stakeholders, we aim to contribute to the sustainable development of society and remain a company that society trusts.

 <p>▶ Corporate Governance</p> <p>KDDI will streamline operations and boost its transparency so it can increase its corporate value and continue to grow dynamically.</p>	 <p>▶ Risk Management and Internal Controls</p> <p>We have implemented and operate an internal control system and are enhancing risk management as well as operational quality related to risk reduction in order to continue to increase our corporate value.</p>
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Corporate Governance

KDDI will streamline operations and boost its transparency, so that it can increase its corporate value and continue to grow dynamically.

Corporate Governance Promotion Framework

KDDI considers strengthening corporate governance to be a vital issue in terms of enhancing corporate value for shareholders, and is working to improve management efficiency and transparency. With regard to business execution, an executive officer system was introduced in June 2001 to assign authority, clarify responsibilities, and ensure that operations are conducted effectively and efficiently. The Company is also working to systematize internal decision-making flow with a view to ensuring timely management decisions.

KDDI is making active efforts to vitalize the General Meeting of Shareholders and ensure smooth exercise of voting rights. Convocation announcements are issued early, and the Company strives to avoid scheduling the meeting on days when many other companies hold their shareholders' meetings. KDDI also allows shareholders to exercise their voting rights via PC and mobile phone platforms.

The Board of Directors, which includes outside directors, makes decisions regarding important matters as prescribed by relevant statutes, and oversees the execution of business by directors and other managers to ensure proper conduct. The agenda items for the Board of Directors, as well as important matters relating to the execution of business, are decided by the Corporate Management Committee, composed of directors and executive officers. The Board of Directors also has the right to appoint and dismiss executive officers.

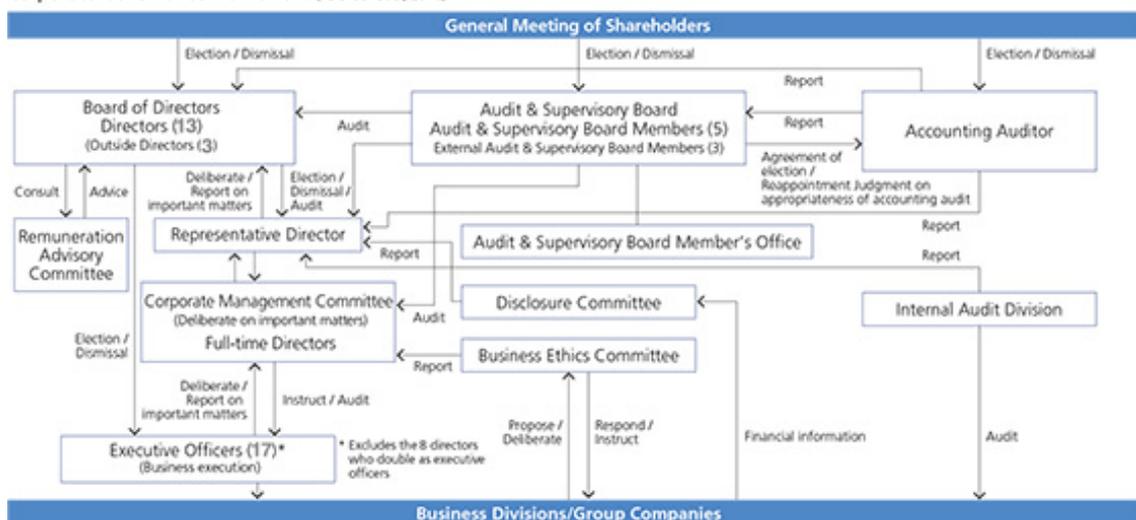
The Remuneration Advisory Committee, of which more than half of its members including the chairman consist of outside directors, provides advice on remuneration to executives.

Audit & supervisory board members attend meetings of the Board of Directors, as well as other important internal meetings. The Board of Directors and the Internal Audit Division provide, in an appropriate and timely manner, all data necessary to the execution of audit & supervisory board members' duties, exchange opinions, and collaborate with auditors. The Board also periodically listens to reports from the accounting auditor on the annual accounting audit plan, the progress, and the result of accounting audits. It also makes recommendations and exchanges of opinion as necessary. In addition, in 2006, KDDI established the audit & supervisory board member's office to assist audit & supervisory board members with their duties. The opinions of the audit & supervisory board members are taken into account when selecting personnel for assignment to the office.

All KDDI Group operations are subject to internal audits to regularly assess the appropriateness and effectiveness of internal controls. The results of internal audits are reported to the president and to audit & supervisory board members, along with recommendations for improvement and correction of problem areas.

KDDI also has a Business Ethics Committee, which makes decisions on compliance-related issues, and a Disclosure Committee, which oversees disclosure of information. By bringing together the various systems and frameworks for managing each Group company, KDDI is working to enhance governance across the entire Group.

Corporate Governance Framework (As of June 18, 2014)



Major Activities of Outside Directors and Outside Audit & Supervisory Board Members

Outside Directors

Name	Reason for selection as an outside director of the Company (if designated as an independent director, reason for this designation)	Principal activities in FY2013
Tetsuo Kuba	Mr. Kuba was appointed because of his demonstrated effectiveness in the management of one of the Company's principal shareholders, his extensive experience as a director of other companies, and the perspective rooted in broadbased insight that he brings to supervising the Company's business activities.	Assumed office on June 19, 2013 Attended 7 of 7 meetings of the Board of Directors
Nobuyori Kodaira	Mr. Kodaira was appointed because of his demonstrated effectiveness in the management of one of the Company's principal shareholders, his extensive experience as a director and auditor of other companies, and the perspective rooted in broadbased insight that he brings to supervising the Company's business activities.	Assumed office on June 19, 2013 Attended 6 of 7 meetings of the Board of Directors

Name	Reason for selection as an outside director of the Company (if designated as an independent director, reason for this designation)	Principal activities in FY2013
Shinji Fukukawa	<p>Mr. Fukukawa was appointed because of the extensive experience and broad-based insight he has developed over numerous years as an executive officer in public administration and at various foundations involving the execution of operations at those organizations, which he brings to supervising the Company's business activities.</p> <p>Given his career history, we judge that no danger exists of conflicts of interest with general shareholders, consider him appropriate as an outside director, and have appointed him as an independent outside director.</p>	Assumed office on June 18, 2014

Outside Audit & Supervisory Board Members

Name	Reason for selection as an outside auditor of the Company (if designated as an independent auditor, reason for this designation)	Principal activities in FY2013
Takeshi Abe	<p>Mr. Abe was appointed because of the extensive experience and broad-based insight he has developed over numerous years as an executive officer in public administration and at various foundations involving the execution of operations at those organizations. Consequently, he has been appointed to supervise overall management from a position independent from that of a director with the objective of promoting even more appropriate auditing. Mr. Abe's tenure as executive officer at the Development Bank of Japan, Inc., was short.</p> <p>A substantial amount of time has passed since he retired from that position, and he currently receives no benefits from that organization.</p> <p>Given this experience, and the fact that he hails primarily from organizations involved in administrative operations, we recognize that he has scant relationship with KDDI. Consequently, we judge that no danger exists of conflicts of interest with general shareholders, consider him appropriate as an audit & supervisory board member, and have appointed him as an independent audit & supervisory board member.</p>	<p>Assumed office on June 20, 2012</p> <p>Attended 9 of 9 meetings of the Board of Directors and 8 of 8 meetings of the Audit & Supervisory Board</p>

Name	Reason for selection as an outside auditor of the Company (if designated as an independent auditor, reason for this designation)	Principal activities in FY2013
Kishichiro Amae	<p>Although Mr. Amae has no direct involvement with corporate management, he has extensive experience gained through many years as a diplomat and in the execution of operations at various organizations. Consequently, he has been appointed to supervise overall management from a position independent from that of a director with the objective of promoting even more appropriate auditing.</p> <p>Given his career history, we judge that no danger exists of conflicts of interest with general shareholders, consider him appropriate as an audit & supervisory board member, and have appointed him as an independent audit & supervisory board member.</p>	<p>Assumed office on June 20, 2012</p> <p>Attended 9 of 9 meetings of the Board of Directors and 8 of 8 meetings of the Audit & Supervisory Board</p>
Yukihisa Hirano	<p>Mr. Hirano has extensive experience and expertise as a corporate manager. Consequently, he has been appointed to supervise overall management from a position independent from that of a director with the objective of promoting even more appropriate auditing.</p> <p>A significant amount of time has passed since Mr. Hirano retired from his position as president of Toyota Motor Corporation, and he currently receives no benefits from that organization. In addition, after retiring he served as president of the Central Japan International Airport Co., Ltd., and we recognize that he currently has no relationship with Toyota Motor Corporation. Consequently, we judge that no danger exists of conflicts of interest with general shareholders, consider him appropriate as an audit & supervisory board member, and have appointed him as an independent audit & supervisory board member.</p>	<p>Assumed office on June 20, 2012</p> <p>Attended 9 of 9 meetings of the Board of Directors and 8 of 8 meetings of the Audit & Supervisory Board</p>

Remuneration for Directors and Audit & Supervisory Board Members (FY2013)

Executive Classification	Total Remuneration (Millions of yen)	Total Remuneration by Type (Millions of yen)			Number of Corresponding Executives
		Basic Remuneration	Stock Options	Bonus	
Directors (Excluding Outside Directors)	574	385	—	188	12
Outside Directors	20	20	—	—	4
Audit & Supervisory Board Members (Excluding Outside Audit & Supervisory Board Members)	47	47	—	—	2
Outside Audit & Supervisory Board Members	40	40	—	—	3

Notes:

- * The above-stated remuneration for Board members included amounts for 2 Directors and 2 Outside Directors who stepped down at the end of the 29th Annual Meeting of Shareholders, held on June 19, 2013.
- *The maximum monthly remuneration for directors pertaining to the above was set at ¥40 million by a resolution of the 17th Annual Meeting of Shareholders, held on June 26, 2001. Furthermore, directors may receive up to an additional ¥40 million of annual remuneration in the form of stock acquisition rights issued as stock options, as decided by a resolution of the 22nd Annual Meeting of Shareholders, held on June 15, 2006. Moreover, the maximum basic monthly remuneration for directors after July 2014 was set at ¥50 million by a resolution of the 30th Annual Meeting of Shareholders, held on June 18, 2014.
- * The maximum annual remuneration for audit & supervisory board members was set at ¥100 million by a resolution of the 28th Annual Meeting of Shareholders, held on June 20, 2012. This amount is based on the Company's fiscal year.
- * Remuneration amounts outlined above included the following Board members' bonuses, which were defined as being linked to performance and no more than 0.1% of consolidated net income for the applicable fiscal year by a resolution of the 27th Annual Meeting of Shareholders, held on June 16, 2011.
- * In addition to the above, at the 20th Annual Meeting of Shareholders, held on June 24, 2004, it was decided to pay a retirement allowance to directors in connection with the cancellation of the executive retirement bonus system.

Policies Regarding Decisions on the Contents of Remuneration

KDDI has set policies regarding decisions on the contents of remuneration for directors and audit & supervisory board members as following. The Company has also formed a Remuneration Advisory Committee to discuss with and provide advice to the Board of Directors in order to maintain both transparency and objectivity on the system of and the level of remuneration for executives. More than half of its members, including its chairman, consist of outside directors.

Policies on Remuneration for Directors

Remuneration for directors consists of fixed-amount salaries and executive bonuses provided that they are responsible for improving business results every fiscal year, as well as mid-to-long term corporate value. Fixed-amount salaries are based on their professional ranking and the management environment. Executive bonuses are based on the business results of the KDDI Group, representing their sector and the individual's performance during the fiscal year.

To clarify management responsibilities and enhance incentives for business improvement, executive bonuses after FY2011 will be linked to the business results of the KDDI Group within 0.1% of consolidated net profit in the fiscal year. This linking has been set by taking into account the responsibility of directors to sustain continuous growth and to lead the new age while swiftly reacting to environmental changes within the Group.

Policies on Remuneration for Audit & Supervisory Board Members

Remuneration for audit & supervisory board members is based on discussions with audit & supervisory board members and is only a flat-rate salary that is not linked to the business results of the KDDI Group.

State of Corporate Governance

The State of KDDI Corporate Governance is available in PDF format.

 [State of Corporate Governance \(287KB\) \(Japanese\)](#)

Risk Management and Internal Controls

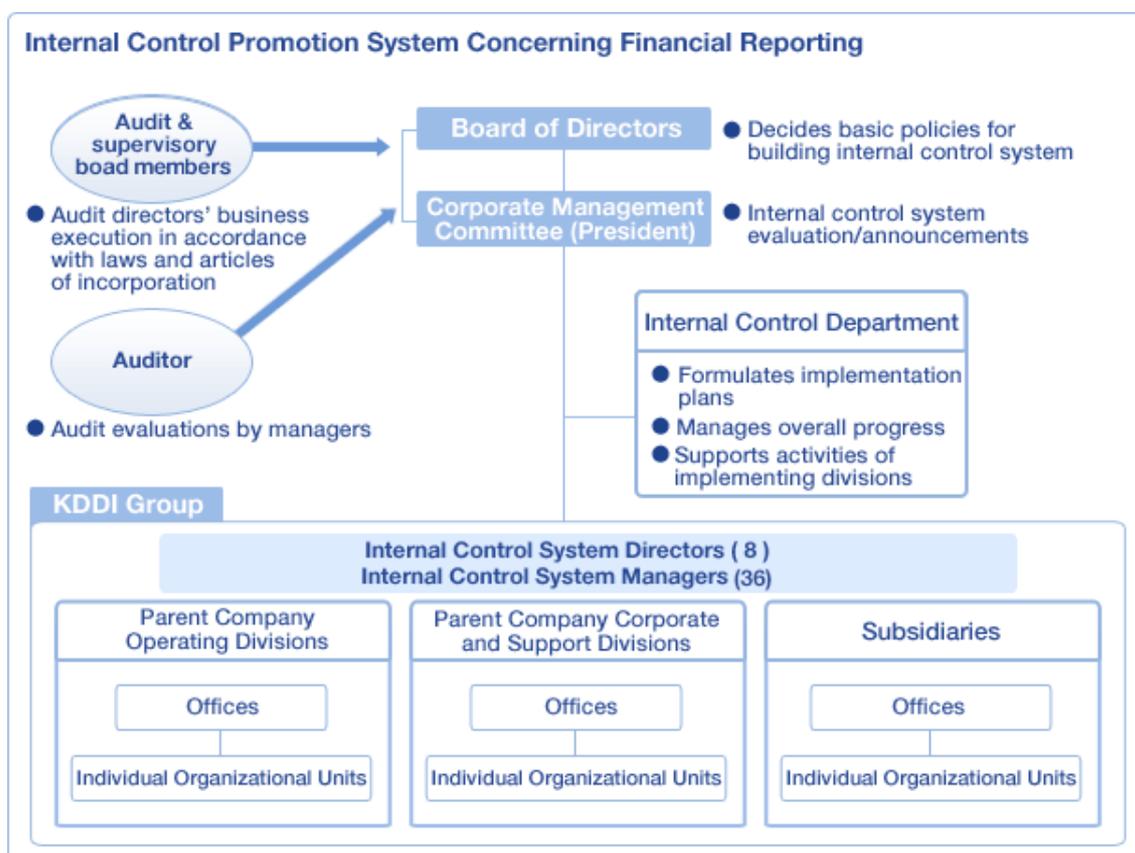
We have implemented and operate an internal control system and are enhancing risk management as well as operational quality related to risk reduction in order to continue to increase corporate value and improve overall corporate quality.

KDDI's Risk Management and Internal Control Promotion 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. KDDI and its principal Group companies have appointed 36 Internal Control System Managers, as well as 8 Internal Control System Directors to oversee their activities. This structure forms the basis for our internal control system and its operation as well as our 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 FY2013 we designated 28 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, homogenization of products and services with rival companies, and expansion into new business domains. We worked to foresee risks, reduce significant risks, support operational improvements, and conduct internal audits.

Furthermore, we are undertaking Companywide initiatives to improve the quality of our operations, thereby cultivating a corporate culture that prevents risks from materializing.

▶ Basic Policy for Constructing an Internal Control System



Initiatives in Response to the Internal Control Reporting System

In response to the Internal control reporting system based on the Financial Instruments and Exchange Law implemented in FY2008, KDDI established internal control systems at the Company and major Group subsidiaries in Japan and overseas, and conducted evaluations of its internal controls to ensure reliability in its financial reporting. The results of these evaluations were compiled in an internal controls report, which was submitted to the Japanese Prime Minister in June 2014, as well as disclosed to investors.

Protecting Intellectual Property

KDDI's commitment to creating and protecting intellectual property and respecting the intellectual property rights of others is defined in the basic policies of the KDDI Code of Business Conduct.

In addition, the Company has established the Intellectual Property Department, a specialized department for the protection and management of intellectual property.

Furthermore, it has formulated intellectual property handling regulations to ensure the proper management and usage of KDDI's inventions, ideas, designs, trademarks, and other industrial property; software and other copyrighted materials; and technologies, expertise, and other rights protected under the Unfair Competition Prevention Act.

Enhancing Operational Quality to Improve Overall Corporate Quality

KDDI considers its initiatives in response to the internal control reporting system to be part of its ongoing effort to improve overall corporate quality. The Internal Control Department, established as part of the response to this system, acts as the managing authority for the entire Company's internal control efforts, working to improve overall corporate quality by enhancing operational efficiency and providing standardization, while at the same time raising the quality of operations and the degree of added value.

To increase individual divisions' motivation to improve operating processes, KDDI has introduced the "Operational Quality Improvement Prize" to recognize excellent and motivational improvements, and in addition, we are conducting a "low-cost operation" initiative aimed at boosting the motivation of each employee toward improvement and forging a link between these activities and increases in operating performance. Through this initiative, all employees aim to (1) make even small business process improvements, (2) accumulate results through sustained efforts, (3) generate profits, and (4) encourage independent action to become firmly rooted in our corporate culture.

In addition, we are undertaking a number of measures to ensure that this initiative gets through to all employees, enhancing their understanding of internal control and making the activities a permanent fixture. For example, the sharing of executive messages and positive case studies through a regular email magazine and our internal newsletter, and the conducting of e-learning classes.

Management System in Times of Large-Scale Disaster

As part of our disaster preparedness, KDDI promotes initiatives to secure stable telecommunications services for customers, such as combating long-term base station power outages and deploying wireless shipboard base stations. In order to further promote these initiatives, on November 1, 2013, KDDI signed a “Disaster Agreement (hereafter Central Agreement)” with the Ministry of Defense aimed at ensuring mutual wide-area cooperation in securing telecommunications throughout the country in the event of disaster.

Under the Central Agreement, the Ministry of Defense, which is the designated administrative agency provided for in the Disaster Countermeasures Basic Act, and KDDI, which is the designated public agency, cooperate with each other with the aim of conducting speedy restoration activities in times of disaster. More precisely, as well as establishing a smooth communication system between the two parties, KDDI undertakes to provide, on a priority basis, satellite mobile phones, au mobile phones and other information terminals as the necessary means of communication for Ministry of Defense and Self-Defense Forces activities. Furthermore, the Ministry of Defense, through Self-Defense Forces units, will cooperate with KDDI in the transportation of supplies, use of various facilities and equipment, and loan of supplies and equipment such as fuel and materials. In addition, to ensure smooth collaboration in times of disaster, the Agreement also includes broad cooperation such as sharing of the necessary information and implementation of joint training at least once a year.

Following the signing of the Central Agreement, the signing of a “Disaster Agreement (hereafter Regional Agreement)” aimed at the building of a mutual cooperation system in each region is being promoted with the armies of the Japan Ground Self-Defense Force (JGSDF) across the country, based on the Central Agreement. In March 2014 Regional Agreements were signed between KDDI Kansai Regional Office and the JGSDF Middle Army, and between KDDI Kyushu Regional Office and the JGSDF Western Army.

Through these efforts, KDDI is now capable of establishing broad mutual cooperation and creating a system that promotes rapid restoration activities in the event of disaster, such as a massive earthquake in the Nankai Trough which is predicted to occur in the future.

KDDI will continue to strengthen its partnership with the Ministry of Defense and Self-Defense Forces and fulfil its obligations as a telecommunications carrier towards swift recovery in times of disaster.

Basic Policy for Constructing an Internal Control System

Based on the provisions of Article 362, Paragraph 5 of the Companies Act, KDDI passed the Basic Policy for Constructing an Internal Control System at a meeting of the Board of Directors and issued a public announcement. KDDI aims to ensure fair, transparent and efficient execution of its corporate duties and to maintain an effective system for internal controls.

Corporate Governance

1. The Board of Directors

- (1) The Board of Directors is composed of both internal and external Directors, who determine important legal matters as stipulated by laws and ordinances based on the Board's regulations and Agenda standards. In addition, the Board oversees the competent execution of business duties by the Directors themselves.
- (2) Information pertaining to the execution of business duties by the Directors must be stored and managed appropriately in accordance with internal regulations.

2. System for executing business duties

- (1) The Executive Officers' System aims to clarify both the delegation of authority and responsibility system, as well as ensure that tasks are executed effectively and efficiently.
- (2) The Corporate Management Committee, which is composed of Directors and Executive Officers, shall discuss and determine important matters pertaining to the execution of tasks, as well as discussing and determining the Board's Agenda items, based on the Corporate Management Committee regulations.

3. System for ensuring the effective execution of business duties by Auditors

- (1) Auditors shall attend the Meetings of the Board of Directors, and additionally, may attend the principle internal meetings of the company.
- (2) The Board of Directors and Internal Auditing Division aim to collaborate by providing timely, appropriate information necessary for executing the business duties of the Auditors, as well as by exchanging opinions and ideas.
- (3) The Auditing Office was established to support the business duties of the Auditors, and the opinion of the Auditor determines the personnel for those users engaged therein.

Compliance

1. All Directors should continuously maintain high ethical standards in accordance with the basic principles set forth in the 'KDDI Action Guideline,' which should be complied with, and aim to execute their business duties properly.

Furthermore, firm measures should be taken against antisocial forces, and efforts should be made to sever all such relationships.

2. KDDI shall aim to ensure compliance is maintained by linking appropriately with the following types of organizational systems.

- (1) Each KDDI Group company shall make efforts to promptly identify and resolve any serious violation of laws and ordinances or other compliance-related matters or incidents, at KDDI Group company meetings pertaining to business ethics.
- (2) KDDI shall aim to appropriately operate a compliance-related internal reporting system established both internally and externally to the company.
- (3) KDDI shall strive to improve the understanding and awareness of compliance through both internal and external training and enhancement activities.

Risk management for achieving business goals fairly and efficiently

All Divisions and their Directors shall cooperate based on various meetings participated in by Directors, as well as the Risk Management Division which regularly identifies and uniformly manages risk information. The KDDI Group's risk should be managed appropriately in accordance with internal regulations, and efforts should be made to achieve business objectives fairly and efficiently.

Execution of these efforts shall be led by the person responsible for internal control in each division, and they shall be promoted autonomously.

1. Risk Management Initiatives

(1) KDDI shall conduct business risk analyses, stringently prioritize business activities and formulate appropriate business strategies and business plans at meetings concerning business strategy, with the objective of continuous growth for the KDDI Group. To achieve this, business risk should be monitored monthly at meetings pertaining to performance management, and this performance should be managed thoroughly.

(2) KDDI shall regard all its stakeholders as customers, and all Directors should become involved in efforts towards TCS (Total Customer Satisfaction) activities that aim to improve the level of satisfaction. To promote this, efforts should also be made at meetings pertaining to TCS to evaluate and improve TCS activities, and to respond promptly and appropriately to customer demands and complaints.

In addition, the various laws regarding product safety should be complied with, in order to provide customers with stable, safe, high-quality products and services. Information about products and services should be provided in an easy-to-understand format and indicated appropriately, so that customers can select and use the most appropriate product and/or service.

The whole company shall make efforts to gain support and trust for all KDDI Group activities, improve customer satisfaction, and strengthen & expand the company's customer base.

(3) KDDI shall strive to further enhance its PR and IR activities, ensuring the transparency of KDDI Group management and gaining the understanding and trust of all its stakeholders. The KDDI Group's business risk shall be fairly identified and disclosed in a timely and appropriate manner at meetings pertaining to information disclosure. In addition, CSR reports shall be created and disclosed, centering on those departments promoting CSR, for matters pertaining to the KDDI Group's social responsibilities, including its environmental efforts and contributions to society.

(4) KDDI shall examine measures for minimizing the risk of business interruptions as much as possible, and shall formulate a Business Continuity Plan (BCP), in order to respond to events which could have serious and long-term effects on corporate business.

2. Initiatives for enhancement of the quality of business duties

In accordance with the internal control reporting system based on the Financial Instruments and Exchange Act, KDDI shall implement documentation, assessment and improvement of the state of company-wide internal control and of important business processes on a consolidated basis, with the aim of further improving the reliability of financial reporting.

Furthermore, KDDI shall aim to maintain and enhance the systems necessary to improve the quality of the business duties of the KDDI Group, including enhancement of the effectiveness and efficiency of business duties and appropriate acquisition, safekeeping and disposal of assets.

3. Initiatives as a telecommunications carrier

(1) Protecting the privacy of communications

Protecting the privacy of communications is at the very root of the KDDI Group's corporate management, and the Group will abide by this.

(2) Information Security

KDDI aims to manage the company's total information assets, including preventing leaks of customer information and cyber-terrorism of networks for telecommunications services, by formulating measures at meetings pertaining to information security to ensure this security in cooperation with the Directors.

(3) Recovering networks and services in times of disaster

In order to minimize as much as possible the risk of a termination or interruption to telecommunications services in the event that a major accident, obstruction or large-scale disaster occurs, measures will be implemented to improve network reliability and prevent the halting of services.

In order to facilitate a prompt recovery in times of emergency or disaster, a Disaster Response Headquarters shall be established as expeditiously as possible.

Internal Audits

Internal audits are conducted for all aspects of business of the KDDI Group, and the suitability and effectiveness of the Internal Control system is verified regularly. The results of internal audits are reported to the President with added suggestions for points that can be improved or revised, and a report is also made to the Auditor.

Systems for ensuring business suitability of corporate groups

KDDI aims to further establish and maintain group management systems, as well as provide support and management for the construction of internal control systems for each Group Company and support the efficient and appropriate operation of these systems, thus ensuring appropriate business operations across the entire KDDI Group.

Consumer Issues

KDDI takes into sincere consideration the feedback from all its service users in order to improve customer satisfaction by providing more secure and higher quality information and communications services.

<p><Material Issue1> Creating a Safe and Secure Information and Communications Society</p>  <p>We introduce a wide range of activities aimed at realizing a society in which everyone has safe and secure access to abundant information and communication services.</p> <ul style="list-style-type: none"> ▶ Ensuring Safety and Security ▶ Providing Products and Service that Offer Users Peace of Mind ▶ Communication with Society for Safety and Security 	<p><Material Issue2> Offering Reliable Information and Communications Services</p>  <p>As a telecommunications operator that supports the social infrastructure, KDDI believes that its utmost responsibility lies in continuing to provide customers with stable services of consistently high quality. We undertake a wide range of initiatives to achieve this goal.</p> <ul style="list-style-type: none"> ▶ Providing Reliable Service ▶ Technology Development and Environmental Enhancement for Improved Communications Quality ▶ Initiatives in Preparation for Emergencies
<p>For Our Customers</p>  <p>KDDI's commitment to customer satisfaction, by each person from top management down to individual employees, is the foundation of its business activities.</p> <ul style="list-style-type: none"> ▶ Always with Customers ▶ Strengthening Communications with Customers ▶ Easy-to-understand Advertisements ▶ Project for Bridging the Digital Divide 	

<Material Issue 1> Creating a Safe and Secure Information and Communications Society

KDDI supports increases in information literacy and strives to develop products that are easy to use, so that children and seniors can also employ mobile phones as beneficial tools. Through a variety of initiatives, we are working to provide safe and secure information and communications services for society to use.

<p>Ensuring Safety and Security</p> <p>We continue to work to create a usage environment where young people can use our information and communication services safely and securely while keeping out of trouble.</p>	<p>Providing Products and Services that Offer Users Peace of Mind</p> <p>KDDI strives to offer products and services for stress-free telecommunications.</p>
<p>Communication with Society for Safety and Security</p> <p>Through linkage with the government, industrial world, and individuals involved in education, KDDI is maintaining an environment that allows safe and secure usage of mobile telephones and the internet and implementing educational activities to improve information literacy.</p>	

Ensuring Safety and Security

Efforts for Safety and Security

Basic Policy on Safety and Security

KDDI strives to create a social environment for information and telecommunications that allows children to communicate safely and securely. To that end, we have created the KDDI Basic Guidelines Concerning Safe and Secure Communication for Young People.

KDDI's Basic Guidelines Concerning Safe and Secure Communication for Young People

At KDDI we are working to safeguard young people from trouble arising from communication services such as mobile phones and the internet.
We will continue to work to create a truly safe and secure society while building smooth communication services for young people.

Holding KDDI Mobile Phone Learning Class Safety and Security Seminars

In FY2005, KDDI, Okinawa Cellular Telephone Company and KDDI Group Welfare Association [1] began conducting the KDDI Mobile Phone Learning Class - Safety and Security Seminars throughout Japan as a way to educate children on the safe and secure use of mobile phones and the internet. The class provides the necessary information on rules and etiquette and teaches them how to identify trouble and protect themselves.



KDDI Mobile Phone Learning Class Safety and Security Seminar under way

As a result of actively holding the class and targeting elementary, junior high and senior high schools as well as parents, guardians and teachers, in FY2013, the class was held a total of 3,186 times, a 62% increase on the previous year, for some 550,000 participants. This brings the total number of classes to 9,650, for 1.76 million people between FY2005 and the end of FY2013. Comments from the participants include, "The instructor explained how to deal with incidents and trouble in an easy-to-understand way" and "It made me think about the use/misuse of mobile phones and about the rules we must follow." The communication methods that children use, including mobile phones, smartphones and the internet, grow more sophisticated and diverse with every passing year. To meet requests to respond more appropriately to these needs, we review our program each year in an effort to augment our courses. In FY2014, we aim to make the courses easier to follow and to enhance the quality.

[1] KDDI Group Welfare Association holds classes for elementary schools.

[□ KDDI Mobile Phone Learning Class - Safety and Security Seminars \(Japanese\)](#)

<TOPICS> Aoi Zemi

KDDI, in collaboration with AOI Pro. Inc., provider of the Aoi Zemi live-streamed online lecture service, held a special KDDI Mobile Phone Learning Class at KDDI Mugen Labo's fifth demo day on January 31, 2014. Combining the expertise of KDDI Mobile Phone Learning Class which is held in schools throughout the country and the expertise of the AOI online lecture service, it was an experiment in internet lessons on safe and secure use of mobile phones.

Junior high school students who participated commented, "I really learned a lot from this class!" "It was a valuable class and very relevant to me" and "It taught me that I must think for myself." KDDI will continue to work toward the realization of a safe and secure information and communication-oriented society and the development of the community.

Offering the KDDI Mobile Phone Learning Class for Seniors

KDDI also offers a class for seniors. We offer the Mobile Phone Course for Seniors and the Smartphone Course for Seniors, designed for people who do not have mobile phones or are not sure how to use them. KDDI employees serve as instructors on these courses. After liaising with local governments, they visit regional facilities, providing video content and lending an au Simple Phone or smartphone to each person taking the class. Participants learn the basics of how to operate mobile phones and smartphones, gaining experience in sending e-mail and using the internet. In FY2013, we held these classes 202 times for approximately



KDDI Mobile Phone Learning Class for Seniors

4,300 participants. Following requests from participants for “more detailed instruction in how to use and how to get the most out of mobile phones,” we are reviewing the program.

Going forward, while taking on board participants’ views, we plan to continue this support with the aim of helping seniors enjoy using mobile phones and smartphones effectively as well as safely and securely.

[□ KDDI Mobile Phone Learning Class for Seniors \(Japanese\)](#)

<TOPICS> Participating in the Information Accessibility Forum and Mimi-no-Hi (Ear Day) Cultural Festival

KDDI participated in the 1st Information Accessibility Forum, held on November 23 and 24, 2013, and the 43rd Mimi-no-Hi Cultural Festival, held on March 2, 2014. The Information Accessibility Forum is organized by the Japanese Federation of the Deaf with the aim of eliminating barriers for persons with impaired hearing, and the Mimi-no-Hi Cultural Festival is held annually by the Tokyo Federation of the Deaf to coincide with Mimi-no-Hi (Ear Day) on March 3rd to provide general support for persons with hearing difficulties.

Visitors to the KDDI booth had the opportunity to try out mobile phones and smartphones equipped with Smart Sonic Receiver, a function jointly developed with Kyocera Corporation that makes the caller’s voice easy to hear, as well as the trial Volume Boosting Handset, Volume Boosting Simple Phone and Sound Concentrating App. In one scene, a visitor with an implanted cochlear who tried the Smart Sonic Receiver-equipped Urbano smartphone was delighted to be able to hear the voice on the mobile phone. Many voices also called for more detailed explanation by sign language support.



KDDI booth gets lots of visitors (1st Information Accessibility Forum)



KDDI employees explain by sign language and written messages (43rd Ear Day Culture Festival)

Keeping Children Out of Danger

Societal Problems Involving Children

Many parents worry about whether to give their children mobile phones or not, because while they want to keep their children safe, they are concerned about overuse and the possibility of getting into trouble via the Internet.

“mamorino3” au Mobile Phones for Children

KDDI sells “mamorino” au mobile phones for children in the lower grades of elementary school as a way of keeping them safe. In March 2011, we launched the “mamorino2” and in January 2013 the “mamorino3”.

“mamorino” phones are a recommended product of the National Congress of Parents and Teachers Association of Japan and the National Federation of Kodomo-Kai [2], and are supported by many parents.

“mamorino3” phones only allow calls and mails to and from a maximum of 10 registered people, rejecting calls and mails from unregistered phones, and automatically send GPS-based location information at fixed times. Parents can also use the Anshin Navi system to check where their children are at any time and the phones can receive Emergency Rapid Mail and use Disaster Message Boards and emergency voicemail services. There is an additional service whereby when the security buzzer goes off, it automatically alerts SECOM Co., Ltd., and an employee hurries to the scene (a separate contract is necessary for this service).

Furthermore, access to the internet is blocked, so there is no worry about children getting caught up in “cyber-bullying.”

KDDI will continue to provide products and services which contribute to the resolution of the societal issue of children’s safety and security.



mamorino3

[2] Certification number: KSM-P001

- [□ mamorino 3 \(Japanese\)](#)
- [□ Teens Mode \(Japanese\)](#)
- [□ mamorino 3 review meeting by KDDI moms in Time & Space Online \(Japanese\)](#)

Provision of “Age Confirmation Service”

KDDI has provided the “Age Confirmation Service” since January 2011. For the purpose of safely and securely using online community services such as social networking sites and blogs, with prior consent from the customer, this service transmits age information [3] from KDDI to the site provider when the customer uses a community site that requires age confirmation.

This is in compliance with the requirement for CGM [4] content providers to ensure age authentication as part of the youth protection policy in relation to using CGM services.

Furthermore, KDDI has taken timely actions on the SNS “GREE,” which is jointly operated with GREE, Inc., to protect youths and their sound development. Our actions include the expansion and improvement of the site patrol system, setting up age restrictions on certain functions, and educational activities on and off the site. We believe that the introduction of this service will be conducive to the improved safety and security of our customers.

[3] Age information: Information that indicates whether the potential user has reached or is under the age specified by the content provider. This information is based on the customer’s date of birth used in the mobile phone subscription, or if user registration is submitted, the user’s date of birth used in the registration; the actual date of birth and age are not transmitted. If user registration is submitted, user’s age information is transmitted.

[4] CGM (Consumer Generated Media): Collective term for media in which consumers contribute their own content; examples include social networking services (SNS), blogs, and word-of-mouth sites.

Filtering Services

KDDI encourages the use of filtering services to prevent young people from getting involved in unpleasant situations by accessing harmful sites. We offer appropriate filtering services according to the age of the child and the type of terminal used, and in the case of minors, unless the parents opt out, subscription to the filtering service is included in the au mobile phone contract.

In November 2012, KDDI became the first mobile phone carrier in Japan to provide a Wi-Fi-enabled browser app-type filter service for Android™ smartphones, Safety Access Service for Android™, featuring Japan’s first app filtering function.



Settings & service guides are distributed in au shops

Furthermore, with the provision of Safety Access for iOS [5] for iPhone and iPad in June 2013, and in response to parents’ concerns about use at night and use by children in the lower grades of elementary school, the addition of features restricting use times and call contacts to Safety Access for Android™, we are working to improve services to ensure that children can use smartphones as safely and securely as au mobile phones.

[5] Safety Access for iOS does not support the app filtering function. App filtering suited to age can be applied by enabling restrictions on the iPhone or iPad.

- [Safety Access Service \(Japanese\)](#)
- [Safety Access Service for Android™ \(Japanese\)](#)
- [Safety Access Service for iOS \(Japanese\)](#)

Anshin Security Pack Services for Smartphones

KDDI operates Anshin Security Pack services so customers can use smartphones more securely.

The Anshin Security Pack is a package of several security services enabling not only current au smartphone users but also new users to use au smartphones more safely and securely. Included in the pack is a secure platform developed by Good Technology Inc. [6] which allows for remote locking and location searches in case the phone is lost; Trend Micro Inc.'s Virus Buster for au which protects the device from illegal sites, including one-click fraud sites, harmful sites for young people, and dangerous apps; and OPTiM Corporation's [7] remote support service through which operators can remotely operate and change settings of smartphones.

[6] Corporation that provides secure platforms for Android devices

[7] Corporation that provides comprehensive IT solutions

[□ Anshin Security Pack \(Japanese\)](#)

Content Patrol

To ensure the safety of appealing content, KDDI works together with business partners to monitor content of the EZweb official website and various other contents. Human eyes and a content patrol system are used to find inappropriate content and direct the content provider to make suitable changes, and KDDI is constantly working to maintain and improve the quality of the content for protecting the safety and security of users.



Member of the patrol office

Providing Products and Services that Offer Users Peace of Mind

Offering Secure Products

“Anshin GPS” lets you check location information at any time by remote control

KDDI provides “Anshin GPS” to enable you to check the location information at any time by remote control from a pre-registered au smartphone.

Launched in December 2013, the small, light “Anshin GPS” can be easily attached to a car, motorbike, bag or other object, allowing you to check its current location immediately should it be lost or stolen. The function to send an alert when a specified area is entered or exited or to send location information at preset times is useful for parents who want to check that their children are safe. Furthermore, there are additional services whereby, when the emergency buzzer is pressed, an alert is sent to a pre-registered au smartphone, or SECOM Co., Ltd. is automatically alerted and an employee hurries to the scene. (A separate contract is necessary for these services.)

In addition, the device is equipped with a pedometer function and calorie counter as aids to daily health management.



Anshin GPS

Total sales of au mobile phones fitted with Smart Sonic Receiver® top 1 million

Total sales of au mobile phones equipped with the Smart Sonic Receiver® which allows the accurate transmission of voices by sound and vibration passed the one million mark in June 2013.

Jointly developed by KDDI and Kyocera, Smart Sonic Receiver® is a function that transmits clearer voice quality to the user than conventional receivers through vibration of the display screen. This function is provided on the URBANO PROGRESSO series from the model launched in May 2012 until the latest URBANO L2.



URBANO L2

*URBANO L3 has been released since June 28, 2014.

Augmented Hearing Phones for the Elderly and Hard-of-Hearing

As well as developing Smart Sonic Receiver technology for transmitting the other party's voice by sound and vibration on "new hearing smartphones," announced at CEATEC in 2011, KDDI has produced prototypes of Augmented Hearing Phones with new augmented hearing functions.

Based on the Simple Phone K012, Augmented Hearing Phones are designed for the elderly and hard-of-hearing with many different ways of fine-tuning to suit hearing levels, including a frequency equalizing function which adjusts the receiver volume higher to match customers' hearing, and a dynamic range compression function so the speaker can be heard even when he or she is speaking quietly. Furthermore, it is possible to listen using the Smart Sonic Receiver's wide receiver area, and as the volume does not suddenly change if listeners move their phones away from their ears to some extent, there is no need to worry about a sudden increase when held against the ear.

KDDI will continue to develop new products to provide customers using its mobile phone services with peace of mind.



Augmented Hearing Phones

The Simple Phone K012 Designed for Easy Use by Anybody

Targeting a mobile phone that customers of all ages can use easily, KDDI provides the Simple Phone series with such features as one-touch dialing to registered numbers, an easy-to-see screen display, and user-friendly design.

Our Simple Phone K012, launched in summer 2012, was developed not only for the elderly but also for visually-impaired customers.

Functions and services designed for visually-impaired customers include a text-to-speech function for operating instructions and emails that works even in manner mode and an improved, easier-to-use key design. We are also increasing convenience through such initiatives as making PDF instruction manuals on our website compatible with text-to-speech software.



The Simple Phone K012

[Simple Phones](#)

"au Smart Pass Secure App Verification" for Android™ Devices

KDDI provides au Smart Pass Secure App Verification for applications offered by the au Smart Pass service for au Android™ terminals. Using a security check tool developed by KDDI R&D Labs, the service detects not only existing malicious applications but unknown malicious applications. KDDI will continue to work toward enabling secure and safe use of applications.

Offering Secure Service

Free Privacy Policy Creation Support Tool for Smartphone App

To enable safe, secure and easy use of smartphone apps, in September 2013 KDDI and KDDI R&D Labs made this tool to support privacy policy creation available for free.

With the growing ubiquity of smartphones, there is concern from the perspective of privacy about the existence of apps that send users' information to external parties without users' consent. This tool is promoted by the Ministry of Internal Affairs and Communications and is introduced to European and US government agencies as an example of Japan's initiatives.

Braille Request Service

KDDI operates a braille request service for visually-impaired customers through which it is possible to receive monthly usage billing information in braille (including amount charged and breakdown).

[□ Braille Request Service \(Japanese\)](#)

Smile-heart Discount

Mobile phones are becoming more and more indispensable in people's daily lives. "Smile-heart Discount" has been introduced to make au mobile phones easier to use by providing discounted rates for disabled persons.

[□ Smile-heart Discount \(Japanese\)](#)



Sign Language Support Service

KDDI provides electronic writing pads at all au shops throughout Japan to aid customers with hearing or speaking difficulties. In addition, at "au NAGOYA" and au shops centered in the Tokyo metropolitan area, staff who are conversant in sign language are available to assist with purchasing, explain how to use devices, and provide repair support.



[□ Sign Language Support Service \(Japanese\)](#)
[▶ Introducing a "Sign Language Support System" Using Tablets](#)

Safety of Electrical Waves

Over the past few years, mobile phones and other wireless systems have come to be used in daily life. As we gain more opportunities to use such emitters of electrical waves in familiar settings, there has been a rising interest in the effects of such radiation on the human body and on medical devices.

The Ministry of Internal Affairs and Communications created the “Radio Radiation Protection Guidelines” to enable the safe use of electromagnetic fields, and regulations have been introduced in accordance with these guidelines. The Radio Radiation Protection Guidelines are equivalent to international guidelines advocated by the World Health Organization (WHO) and were created to keep electromagnetic radiation within a range ensuring an adequate safety ratio, in accordance with the results of international research. Experts from WHO and other international institutions are in consensus that no safety issues will be posed if these guidelines are met.

We take great care to ensure that the electromagnetic radiation from our base stations poses no threat to safety. In order to ensure this, we design, build, maintain and periodically inspect our mobile phone base stations in strict compliance with the relevant laws and regulations, including the Radio Radiation Protection Guidelines stipulated in the Radio Law and the Building Standards Law, as well as local government ordinances.

KDDI is also committed to providing accurate information to all. We actively collaborate with relevant organizations on research and testing relating to the impact of electromagnetic radiation from mobile phones on the human body and on medical equipment, and we strive to stay abreast of trends in research into the safety of electromagnetic waves, both in Japan and internationally.

Measures Against Money Transfer Scams

Money transfer scams are on the rise again. KDDI is fully aware that this is a societal problem, and we are taking the following measures to prevent fraudulent mobile telephone and PHS subscriptions through the Telecommunications Carriers Association (TCA).

- Enhancement of identity confirmation through restrictions on payment methods for usage fees in individual subscriptions
- Enhancement of screening through the sharing among mobile telephone and PHS providers of subscriber information for lines where identity confirmation is not possible
- Prevention of mass fraudulent subscriptions through restrictions on the number of subscribed lines during the formation of individual subscriptions

We will continue to strive to prevent fraudulent subscriptions and increase awareness of money transfer scams as well as enhance our actions to eradicate crime.

[□ Measures Against Money Transfer Scams \(Japanese\)](#)

Communication with Society for Safety and Security

Education Activities Through Japan Smartphone Security Forum

KDDI joined, as one of the originators, the preparatory association for establishing the Japan Smartphone Security Forum (JSSEC) in February 2011. JSSEC's 157 members as of March 31, 2014, including telecommunications carriers, equipment manufacturers, application developers, system integrators and other relevant organizations, cooperate in conducting efforts to create a safe and secure environment for smartphone users. KDDI currently participates as a core member.

Through JSSEC, KDDI will continue to create guidelines and conduct education activities aimed at improving security for smartphone application and service providers and users.

[Japan Smartphone Security Forum](#)

Participation in the Safe Net-making Promotion Conference

For the purpose of organizing a safe and secure environment for using the Internet, KDDI is a party to the Safe Net-making Promotion Conference, which is formed by users, the business sector, educational personnel and other interested persons.

The Conference upholds the Internet Declaration "Motto Good Net" (Better, Safer Internet) as a national movement engaging the whole Japanese population for the protection of children from harmful information on the Internet and safe use of the Internet by everyone alike. The Conference holds educational events around the country and studies and proposes issues relating to smartphones. As an active member of the Conference, KDDI endeavors to develop an environment in which young people can safely and securely use the Internet as well as pursuing improvements in general media literacy.



Safe Net-making Promotion Conference

[Safe Net-making Promotion Conference](#)

- ["Mobami Mobile Phone Family" website provided by the Safe Net-making Promotion Conference where families can learn about the rules for using mobile phones safely \(Japanese\)](#)

Participation in the e-Net Caravan

Internet use has quickly expanded across homes and educational spheres, which also has increased the chances of youths coming into contact with the Internet. While the Internet allows young people to reap tremendous benefits, more youths are getting drawn into trouble through the Internet. To protect young people from Internet-derived troubles, it is important to promote an understanding of how to use the Internet safely among parents, guardians, and teachers.

KDDI has joined the e-Net Caravan, which is an initiative undertaken by the Ministry of Internal Affairs and Communications and the Ministry of Education, Culture,

Sports, Science and Technology and various related companies and organizations. Under this initiative, we dispatch instructors continuously to “e-Net Safety Lectures” targeting parents, guardians and teachers. Employees of KDDI and KDDI Group companies are registered as instructors, actively promoting safe and secure Internet use.



e-Net Caravan

[e-Net Caravan Official Website \(Japanese\)](#)

<Material Issue 2> Offering Reliable Information and Communications Services

As a telecommunications operator that supports social infrastructure, KDDI believes that its utmost responsibility lies in continuing to provide customers with stable services of consistently high quality. We undertake a wide range of initiatives to achieve this goal.

<p>Providing Reliable Service</p> <p>In order to continually supply customers with high quality and stable service in our role as a total telecommunications carrier upholding the foundation of society, we implement service quality control and communications network surveillance and control.</p>	<p>Technology Development and Environmental Enhancement for Improved Communications Quality</p> <p>KDDI is committed to improving service and developing an agreeable communication environment for each and every user. We deliver reliable, high-quality information and communications Technological Development service anywhere, anytime.</p>
<p>Initiatives in Preparation for Emergencies</p> <p>KDDI implements disaster measures in order to be able to continuously provide stable information communications services even in times of disaster.</p>	

Providing Reliable Service

Service quality management

Offering Reliable Information and Communications Services



At KDDI, we have a lot of communications facilities including optic cables and mobile phone base stations which are maintained and managed by a nationwide network of operations departments and technical centers.

KDDI's Operation Center centrally monitors communications nationwide 24 hours a day, 365 days a year. It is responsible for appropriate communication control as well as recovery work in cooperation with operations departments across Japan in the event of failure.

With regard to service quality, we are constantly working to offer high-quality, reliable communication services by building, analyzing and improving the facilities and operation system in accordance with our own strict standards based on our management system.

Network Service Enhancement Project

We launched the "Network Service Enhancement Project" with the aim of identifying and speedily rectifying issues, based on customer feedback through our communication network service. Through this project we aim to solve problems promptly by a system that cuts across relevant departments including sales, operations, products, and technology and equipment.

Maintenance and operation of global network

KDDI connects communications providers around the world to their networks. In cooperation with these companies, we maintain and operate a global network linking all parts of the world. As well as offering high-quality international communication services using highly reliable optic submarine cables, KDDI aims to offer services using new technologies centered on its IP services.

In addition, through a direct tie-up with INMARSAT (headquarters in London), we offer INMARSAT services using satellite communications, enabling call and data transmissions in every region of the world with the exception of the North and South Poles.

INMARSAT service

Multiple Surveillance and Controlling Operation Centers

In order to provide secure information communications services to customers, KDDI uses the following seven centers to constantly assess communications status. The Mobile Operation Center is in charge of surveillance of the au mobile phone network. The Server Operation Center is in charge of surveillance of the server facilities. The Network Operation Center is in charge of surveillance of landline backbone circuits. The Technical Service Center is in charge of surveillance of private corporate lines and VPN lines. The IT Outsource Center is in charge of surveillance of individual solution equipment and operation of the data center. The Security Operation Center is in charge of detection, analysis and defense against cyber attacks. The Global Network Operation Center is in charge of overall surveillance of international circuits. These centers operate 24 hours a day, 365 days a year.

These centers are linked to their related divisions in each region to allow prompt and accurate response in the event of obstructions.

Response to Product Accidents and Base Station Construction

Response to Product Accidents and Bugs

When an accident or bug involving a KDDI product occurs, a report is sent to the Product Accident Response Desk in each relevant department at KDDI, and a response plan is promptly established upon consultation with the Survey Committee, which is chaired by the president. Customers are also notified immediately in the event of a serious accident, and thorough reports are filed with the authorities.

Auditing of Base Station Equipment Production Plants

KDDI conducts thorough quality control of equipment to be used in mobile phone base stations to ensure a stable communication environment for customers. Because failures in base station equipment can lead to communication difficulties over a whole area, we perform audits at plants which produce equipment for KDDI base stations.

Audits consist of tests for a variety of causes of malfunctions and defects, and strict checks of production processes and the production environment. If there are problems, we communicate them to the plant and take painstaking preventative action against breakdown of equipment.

To allow our customers to use mobile phones and smartphones with peace of mind, we will continue to ensure our manufacturers understand KDDI's quality control philosophy and work together with plants to reduce the number of equipment malfunctions.

Setting up au mobile phone base stations and neighborhood care

With the aim to provide a reliable communications environment to au mobile phone users, KDDI sets up au mobile phone base stations in all parts of Japan in order to support new services and improve service area quality.

For the design and construction when setting up a new base station, we abide by the Radio Act, Building Standards Act, and other relevant laws and regulations as well as municipal ordinances and guidelines.

Furthermore, in cases where the construction is expected to cause a nuisance or inconvenience to the neighborhood (for example, due to the traffic of construction vehicles and noise from construction) or if we received inquiries regarding an au mobile phone base station, KDDI provides general information about the base station and explanation of the construction work so that we can earn the understanding and cooperation of the neighborhood.

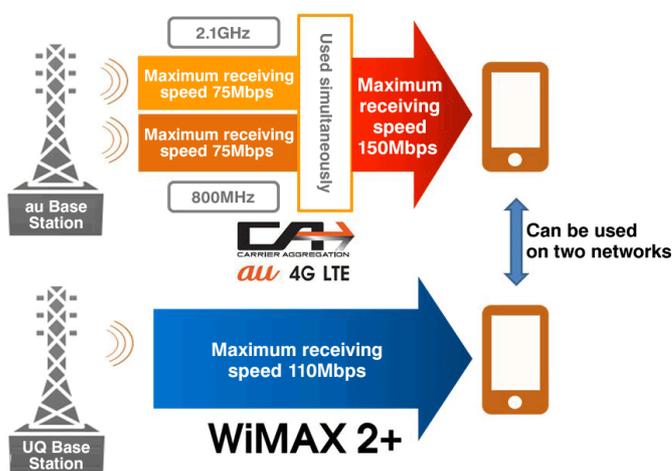
Technological Development to Improve Communications Quality

High-Speed Communication with LTE-Advanced (CA) and WiMAX 2+ Technologies

In FY2014, KDDI will launch sales of smartphones and tablets that support two next-generation communications networks, Carrier Aggregation, an LTE-Advanced technology based on the next-generation high-speed communication standard LTE, and WiMAX 2+. The network is selected automatically depending on the customer's usage environment, further enhancing high-speed data communication. [1]

Carrier Aggregation technology allows LTE data communication simultaneously in multiple frequency bands. By aggregating data received in different frequencies, a maximum transmission speed of 150Mbps is achieved.

* WiMAX +2 is an ultra-high speed communications service with a maximum receiving speed of 110Mbps offered by UQ Communications.



[1] A connection is made to the network that KDDI deems has the least amount of traffic, in accordance to traffic and other conditions.

▶ Highlight1 KAIZEN

Providing a Convenient Usage Environment

Providing Area Quality Information Transmission Function for 4G LTE Smartphones (Android™)

KDDI expanded the availability of its Area Quality Information Transmission Function from au mobile phones to 4G LTE smartphones (Android™) in March 2013 [2].

The Area Quality Information Transmission Function detects and collects information on quality, signal condition and location during voice calls and data transmission and automatically sends it to au for the purpose of further improving the quality of the au service area. The area quality information sent to au is analyzed statistically and used for improving the signal quality in places where transmission errors and slow transmission speeds were experienced.

[2] This function is only available with the prior consent of the customer. No personal information is handled. Furthermore, no communication charges are generated by automatic transmission of the automatically detected information.

“Employees Building the au Area!” Working Together Companywide on Bandwidth Reorganization Initiatives

In line with mobile phone bandwidth reorganization, from April 2012 KDDI has launched the “Employees Building the au Area!” initiative to increase the post-reorganization signal area and to improve points of deterioration. As part of this movement, employees use specialized handsets and applications to search out points where the new bandwidth cannot be used. We have set up an internal scheme that allows failure points to be declared and are publicizing progress toward their improvement on a portal site. By working together on this initiative throughout the Company, we have succeeded in improving signal quality to the same level as or better than before the bandwidth reorganization.

Following bandwidth reorganization, we plan to leverage this initiative to increase ultrahigh-speed “4G LTE” data communications and Wi-Fi quality. Amid ongoing changes in the radio wave environment, this scheme, whereby employees take the initiative to enhance quality throughout the service area, is bringing the Company closer together.

Providing High Quality International Videos

During the 22nd Winter Olympics held in Sochi, Russia, from February 7 to 23, 2014, KDDI received a blanket order for international transmission of the Sochi Olympics from the Japan Consortium, composed of NHK and commercial networks, as well as from NHK and broadcasting stations in Tokyo. To ensure that videos of the events taking place in Sochi would be delivered to Japan without interruption in case of system failure, the images were transmitted by a “round-the-world ring” consisting of a “westward route” via the UK and USA and an “eastward route” across Russia via the Russia-Japan Cable Network (RJCN) of submarine fiber optic cables linking Nakhodka and Naetsu. During the Olympics, a 10-strong team was on 24-hour standby in the international broadcasting center set up in Sochi, delivering videos full of excitement and drama to Japan by an all-KDDI support system.



KDDI employees on 24-hour standby (in the international broadcasting center in Sochi)

Improvement of Communications Environment by Home Visits

As part of the efforts to improve the communications environment for au mobile phones, KDDI offers the Signal Support 24 service for customers nationwide. In this service, KDDI staff visit the homes of customers who have inquired about signal quality and examine the reception condition for au mobile phones. This is done within 24 hours of the customer's inquiry. KDDI then implements service area improvements using au repeaters or au Femtocells. In addition, KDDI proposes and installs Wi-Fi routers for customers who use au smartphones. We accept inquiries about signal quality not only in homes, but also outdoors and in offices and restaurants. We will continue to strive to improve service area quality as well as deliver a reliable communication environment through committed reactions to the voices of our customers.



au repeater



Home visit service – Examining signal reception quality to create better service area

[□ Signal Support 24 \(Japanese\)](#)

au Wi-Fi SPOT Public Wireless LAN Service

KDDI offers the “au Wi-Fi SPOT Public Wireless LAN Service,” which allows easy Internet access by anyone with an au smartphone.

By using the dedicated “au Wi-Fi Connection Tool” application, anyone can easily connect to an au Wi-Fi SPOT. Also, depending on the strength of the signal, devices can switch from 4G to Wi-Fi automatically for easy Internet communications.

KDDI is enhancing au Wi-Fi SPOT network construction and increasing the number of hotspots so as to provide easy telecommunications access to all au smartphone users.



[□ au Wi-Fi SPOT](#)

Initiatives in Preparation for Emergencies

As a telecommunications operator in charge of social infrastructure, KDDI's social mission is to provide stable services, even in the event of a disaster. KDDI is applying the lessons learned from our experience in the Great East Japan Earthquake in building networks that can withstand natural disasters, and we are making efforts to ensure we can be of service to customers when disasters strike.

▶ Highlight8 Security

□ Initiatives in Preparation for Emergencies (Japanese)

Introducing 4G LTE-Compatible Wide-Zone Base Station for Disasters

In preparation for an earthquake occurring directly beneath the Tokyo metropolitan area, KDDI is reviewing its disaster measures from various perspectives, and as a backup for the time between when an earthquake strikes and recovery, we have introduced a "wide-zone base station for disasters." Installation began in April 2013 and was completed on February 26, 2014 when the station was brought into operation. The base station supports voice communication (1x), 3G communication (EVDO) and LTE communication (4G LTE), allowing provision of mobile phone services such as voice calls and data transmission should an earthquake directly hit the capital. It is the first 4G LTE-compatible wide-zone base station in Japan.



One of the wide-zone base station antennas on the roof of KDDI Office Building Shinjuku

Ten base stations have been constructed, covering an area from Chiba in Chiba Prefecture to the east to Kawaguchi in Saitama Prefecture to the north, Tachikawa in Tokyo to the west and Kawasaki in Kanagawa Prefecture. Furthermore, learning from the experience of the Great East Japan Earthquake, the backhaul line (connected to the core network) in the wide-zone base station has a dual structure of microwave radio and fiber optic cable.



Radio Transmission Path Relay Station

We will study wide-zone base stations based on damage assumptions in each region of Japan in the event of disaster, not just in the Tokyo area.

Chikura No.2 Cable Landing Station Safe From Effects of Tsunami

As a BCP measures-related project based on the draft basic law to make Japan more resilient against disasters, promoted by the Cabinet Office, KDDI has established a new cable landing station in Minami Boso City, Chiba Prefecture, that will not be impacted by tsunamis. The Chikura No.2 Cable Landing Station is an elevated station located 28m above sea level, based on the assumption of the highest tsunami in the Chikura area announced by the government, so it will not be affected by any tsunami that may occur.

In addition to submarine fiber optic cables linking Japan with America and Asia, as part of our international communications network BCP, KDDI will utilize cable routes to Europe via Russia and satellite networks. In this way, KDDI will continue to strive to provide safe and secure communications services by ensuring the continuity of international communications in times of disaster.

Conducting Demonstration Experiments on Shipboard Base Stations

In November 2012, we conducted a shipboard test (aboard the patrol vessel Kurose) in the city of Kure, Hiroshima Prefecture, in cooperation with the Ministry of Internal Affairs and Communications' Chugoku Bureau of Telecommunications and the Japan Coast Guard. This demonstration experiment involved installing a mobile phone base station and satellite communications equipment on the Kurose and checking voice and data communications between land and sea. Radio waves sent from the ship's mobile phone base station were received in the coastal area, and we tested voice and data communications to see how they were affected by factors such as changes in tide levels and the rocking of the ship. We are currently planning to confirm its practical applicability to evacuation centers on high ground facing the sea and verify the effectiveness of different communication systems (frequency, antenna, etc.). Learning from its experiences during the Great East Japan Earthquake, KDDI has been working on measures to quickly restore coverage in its service area following a disaster by transmission from the ocean, which is not affected by disaster conditions on land.



Satellite antenna (inside the cylindrical cover) toward the bow of the patrol vessel Kurose
Source: Study Team for Shipboard Installation of Mobile Phone Base Stations for Use in Emergencies

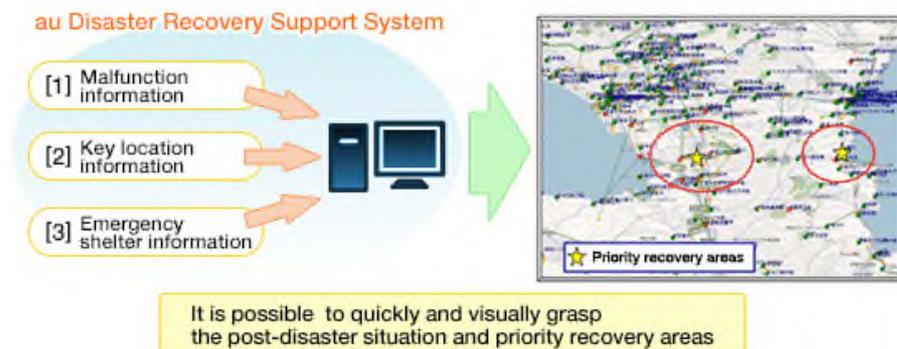
au Disaster Recovery Support System

KDDI has implemented an au Disaster Recovery Support System in 10 technical centers nationwide to quickly grasp the situation and draw up precise recovery plans if a large-scale disaster takes place.

The au Disaster Recovery Support System comprehensively manages the overall area situation based on equipment malfunction information, the situation in key locations based on data traffic, and information related to emergency shelters and evacuation routes. By plotting this data on a map, it is possible to understand priority recovery areas visually and in real time.

Even if a disaster affects a wide area, the system makes possible effective recovery activity. Also, by using it as a means to exchange information with government institutions and internal departments, it can be used not only to restore communications infrastructure but also as a useful tool for supporting general disaster recovery.

To quickly restore communications to service areas in case of outage, such as due to a disaster, we are pursuing equipment-based measures including increases in vehicle-mounted base stations, portable base stations, and radio entrance circuits [1]. We are also bolstering personnel-based measures to ensure this equipment is used effectively.



[1] Equipment is connected by radio link if the line between the mobile phone base station and the exchange is cut

Participation in Nationwide Disaster Response Training

As a designated public institution under the Basic Act on Disaster Countermeasures, KDDI participates in comprehensive disaster response training held by the national and local governments, and as a provider of information communications infrastructure we cooperate with relevant authorities to ensure rapid and effective recovery activities.

In Disaster Readiness Week in 2013, the week that included Disaster Readiness Day, September 1, we took an active part in disaster response training held by local governments in different areas throughout Japan to increase awareness and knowledge of what to do if a disaster takes place.



Comprehensive disaster response training in Toyama Prefecture



Comprehensive disaster response training in Nara Prefecture



Portable base station aerial transport training held with Self-Defense Forces in Kyushu



Comprehensive disaster response training in Iwate Prefecture

Reinforcement of Equipment for Reconstruction of Network and Quick Recovery

KDDI is targeting improved network reliability and implementing various initiatives to prepare for the kind of large-scale disaster it is feared may take place, such as an earthquake directly underneath the Tokyo metropolitan area or a massive earthquake in the Nankai Trough (Tokai, Tonankai, Nankai).

As part of efforts to build disaster-resistant networks, we have augmented our backbone networks from three routes to four, and furthermore, we have installed a new facility monitoring system in Kansai to decentralize our monitoring functions.

Also, as a facilities measure to allow quick recovery in disaster-hit areas, we augmented deployment of mobile power supply vehicles and emergency power generators to make possible quick power supply to telecommunications facilities in the disaster area. Furthermore, we are implementing various initiatives to ensure communications services in the disaster-hit areas, such as increasing deployment of emergency radio entrance facilities [2] as well as vehicle-mounted and portable base stations and equipping around 2,000 mobile phone base stations with batteries capable of operation for more than 24 hours.



Vehicle-mounted base station

Apart from their usage in times of disaster, vehicle-mounted base stations are used as a measure for handling increased traffic at fireworks festivals, outdoor events, and other times when a large number of customers are concentrated in a small area. In July 2013, to allow for even faster communications, we upgraded our vehicle-mounted base stations for compatibility with the next-generation high-speed data communications standard, 4G LTE.

▶ Highlight1 KAIZEN

[2] Facilities that connect using radio networks in the event a line is broken between a mobile phone base station and telephone exchange station during a disaster

Useful Services in Times of Disaster

When a disaster happens, many people try to use their phones simultaneously, making voice communications difficult. For this reason, we have begun offering a variety of new services that people can use to communicate or check the safety of loved ones after a disaster. We are also enhancing our Emergency Rapid Mail to provide tsunami warnings as well as useful information in times of disaster.

To ensure use in times of disaster, “au Disaster Countermeasures Apps” is preset on au smartphones (Android™) currently on the market. An iPhone version is also available from the App Store.



au Disaster Countermeasures App

“au Countermeasures Measure Apps” combines a variety of services that can be used when a disaster occurs, including the Disaster Message Board for registering and confirming safety in the event of disaster, Emergency Rapid Mail for directly sending disaster-related information such as emergency earthquake early warnings, tsunami warnings and disaster/evacuation information [3], and the Disaster Voice Messaging Service for conveying “spoken” confirmation of safety through use of the packet communications network in times of disaster. Furthermore, pre-initialization enables registration of safety information and sending of voice files from Wi-Fi, and use of mobile phone data transmission lines when voice transmission is interrupted. We have also begun an arrangement allowing mutual usage of the Disaster Message Board and Disaster Voice Messaging Service between all mobile phone providers that transcends company fences.

[3] A service which sends evacuation advisories, instructions, various warnings, and other citizen safety information from national and local governments simultaneously to all au mobile phones in the target area

Business Continuity Plan (BCP) Initiatives

Following our experiences in the March 2011 Great East Japan Earthquake, we established a Companywide Disaster Response Project, and in October 2011 we formulated a Business Continuity Plan (BCP) for Large-Scale Disasters. We are pursuing a host of measures to address the plan's objectives of "ensuring the safety of employees and their families" and "fulfilling our responsibilities to continue providing telecommunications services as a designated public institution." Specifically, we have established detailed rules for each phase of response to 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 with these measures to shore up our structure, we are proactively conducting disaster response training throughout Japan that focuses on initial disaster response.



Disaster response training connecting the communications equipment of all branches throughout Japan

In February 2014, 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 completely "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 communication environment consisting of satellite network only.

The training was held for approximately 260 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, lending the training a sense of reality.

We will reflect in future BCP the issues and areas for improvement that became apparent as a result of this training, building the foundations for more robust disaster response going forward. Based on the "Guidelines for Taking Action against an Influenza Pandemic" (February 2009 Council on Countermeasures Related to a New Strain of Influenza and Avian Influenza), we formulated the "Plan for Maintaining Companywide Operations in the Event of an Outbreak of a New Strain of Influenza" to ensure employee health and accurate responses so that we can continue to provide our customers with communications services in the event of an outbreak of a new strain of influenza.

<VOICE> Reassuring Customers as Quickly as Possible

Having experienced the Great East Japan Earthquake, I recognized my mission as an employee of a telecommunications company that provides a social lifeline. I also gained a greater sense of the importance that communications play in reassuring and bringing joy to customers and realized that in a disaster, every second matters. Understanding this reality, KDDI's management departments have reinforced response capabilities within everyday operations to ensure that service can be restored quickly in the event of a disaster. We are conducting 2 types of training to this end, and are dedicating a significant amount of time to testing and considering the content of this training and to determining any issues or areas for improvement that emerge.

Going forward, we will step up our training to include such assumptions as areas becoming isolated when roads are destroyed so that we can create systems for responding to all manner of disasters.



Hiroshi Kisanuki
General Manager, Disaster
Prevention Planning Office
Operations & Service Quality
Management Department
Operations Division

Content of Training

1. Internal Training

This training, conducted over several days, envisions a variety of scenarios and concentrates on getting services back on line quickly, paying attention to the time elapsed from when disaster strikes until service is recovered.

2. Training Open to the Public

This training, conducted at national and city disaster preparedness centers, involves setting up vehicle-mounted base stations and eliciting the understanding of as many people as possible regarding activities to recover service in the event of a disaster.



Training open to the public

For Our Customers

KDDI's commitment to customer satisfaction, by each person from top management down to individual employees, is the foundation of its business activities. We will do our utmost to improve our business and to create a stable, long-term, trust-based relationship with our customers.

<p>Always with Customers</p> <p>Through service enhancements responding to customer opinion based on the "KDDI CS Policy," KDDI deploys companywide activities designed to maximize customer satisfaction.</p>	<p>Strengthening Communications with Customers</p> <p>We work proactively to incorporate customer feedback into service improvements, quality upgrades, and product developments.</p>
<p>Easy-to-understand Advertisements</p> <p>For the creation of advertisement products, KDDI has formulated a policy for creating advertisements to minimize the chance that customers are misled by advertisements as much as possible.</p>	<p>Project for Bridging the Digital Divide</p> <p>As part of our efforts to eliminate the digital divide, we are working toward the creation of communication environments in developing countries.</p> <p>* Digital divide: Problems arising from the information disparities between the "haves" and the "have-nots" with regard to information communication technology such as PCs and the internet.</p>

Always with Customers

■ For Maximum Customer Satisfaction

The Total Customer Satisfaction (TCS) improvement process

Total Customer Satisfaction (TCS) is not merely an abstract concept. At KDDI, it is the guiding principle for every thought and behind every action of everyone from our executive management to the newest employee. It derives from our understanding that successful business begins by exerting the utmost effort for the benefit of our customers and carefully forging enduring relationships of trust with each user.

In order to maximize user satisfaction, the operations of every department are considered points of contact that provide products and services to users. We review all processes through the eyes of our customers, and we constantly endeavor to raise the level of satisfaction not only for users, but all KDDI stakeholders.

Basic Concept of TCS

To maximize customer satisfaction, every operation is considered to be connected to the products and services, and every process is reviewed from the customer's viewpoint.

Targeting all stakeholders, from the top managers to the employees, each person makes it his or her own task to realize customer satisfaction on a company-wide basis.

This is the mission undertaken by all persons of the KDDI Group, and the basic conditions required of all.

KDDI CS Policy

We have formulated the KDDI CS Policy to embody our "customer-first" philosophy and to assert that this basic guideline be shared throughout the organization.

□ [KDDI CS Policy](#)

Listening closely to the voices of our customers

KDDI listens closely to the voices of our customers and has created a system in which the ideas and needs of our customers regarding points that need to be improved are shared across our organization and lead to action.

Customers' views and needs are registered daily in the system, creating a database that is shared by all the employees. The views and needs are then analyzed from various angles by the relevant department to identify the issues. In order to provide better products and services, efforts are made to resolve issues in TCS Committee meetings attended by the president and management executives.

Initiatives for improved services and quality are posted on the website as the occasion arises.



Personal

[Action! – Acting on Customers' Views – \(Japanese\)](#)

Business

[More "Likes". KDDI \(TCS improvement initiatives\) \(Japanese\)](#)

Ranked top for overall satisfaction in customer service survey for 2 consecutive years

KDDI received the highest ratings for overall customer satisfaction for two years in succession in the 2013 Japan Mobile Phone Service Study SM conducted by J.D. Power Asia Pacific.

We will continue to work to provide better products and services to ensure yet greater customer satisfaction.

[J.D. Power – Japan](#)

Strengthening Communications with Customers

Providing au Smart Support

au Smart Support is a comprehensive support service for individual customers that provides the best support according to the customer's situation, enabling even first-time users to get the most out of their smartphone. The service is available for an initial subscription charge of ¥3,000 (excluding tax) and a monthly charge of ¥380 (excluding tax) starting in the fourth month after subscription.

Customers have access to a variety of membership privileges through the service, including a full-time customer support team that provides 24-hour [1], 365-day assistance via the au Smart Support Center, on everything from configuring the initial settings on au smartphones to new operating tips. Other privileges include the On-site Smartphone Support service [2] in which a representative travels to the customer's location to provide assistance with au smartphones, and the Smartphone Trial Rental service which may help to eliminate anxiety before purchasing an au smartphone.

[1] Advance reservation is required for use of this service between 11:00 PM and 9:00 AM.

[2] A separate charge is incurred when using this service.

Providing Anshin Total Support

KDDI provides an Anshin Total Support service for customers using the "au one net" Internet service provider with operator support for various Internet problems until 11PM each day 365 days a year.

Specialist operators on the Anshin Total Support service answer many different kinds of questions relating to network connections and settings as well as user guidance via telephone and remote operation. By meeting a wide range of customer needs concerning PC peripheral equipment and software settings as well as KDDI equipment, we are creating a more convenient Internet environment.

[□ Anshin Total Support \(Japanese\)](#)

Communication with Corporate Customers

KDDI ENTERPRISE USERS' GROUP (KUG) is an organization operated by corporate members who are users of KDDI's services. In KUG, which KDDI acts and supports as the organizer, member companies from various industries gather for seminars, observation tours and workshops that are held for the purpose of interchange, study and friendship. The member gatherings also serve as an opportunity for various activities to reflect the voices of our corporate users concerning improvements to KDDI's services and the development of new products.



Using Twitter® to Provide Active Support

The proliferation of smartphones and the surge in use of social networking services (SNS [3]) has enabled customers to express their dissatisfaction via “tweets” and made them increasingly visible.

Realizing that it is becoming more difficult to provide support that satisfies customers through telephone inquiries and consultations at au shops, we use Twitter® – a particularly prolific SNS – to provide “active support” by proactively searching for problems. One approach that has led to helping us to resolve issues among customers who tweet, but in an offhand manner without really intending to ask for help, has been to respond with our own tweet, saying “We saw your tweet. We may be able to help you, so could you provide us with more details?” Using an open forum like SNS allows us to simultaneously address areas that many people may find inconvenient or dissatisfying. We have received strong positive feedback outside of the company for this initiative.

[3] Social Networking Service (SNS) : A web-based service for cultivating interaction between people

Holding the “au CS AWARDS” in Pursuit of Quality Customer Service

Each year, KDDI holds the “au CS AWARDS” in locations throughout Japan in an attempt to enhance the customer service skills of au shop staff, thereby increasing customer satisfaction at au shops.

The theme of the FY2013 contest – our 10th – was to “Share practical skills to augment value proposition abilities.” Staff members who won the contest’s qualifying round in different regions went on to pit their customer service skills against their peers, scoring points for the customer service skills they cultivate on a daily basis, covering items such as customer service etiquette, hospitality and other fundamental customer



au shop staff demonstrating their customer service skills

service skills, as well as proposing value suited to each customer, comprehensively combining 3M Strategy [4] products and services. Retailers and au shop staff attend the contest, sharing outstanding customer service skills. We aim to maximize customer satisfaction by encouraging the spread of customer service on display at this contest to all our shops.

[4] 3M Strategy: KDDI is pursuing a “3M Strategy” named after the initial letters of “Multi-Use,” “Multi-Network” and “Multi-Device.” Through this strategy, we aim to provide a communications environment that gives customers seamless access via their devices of choice – such as smartphones, tablets or others – to attractive and diverse services and content, over optimized networks.

Easy-to-understand Advertisements

When creating advertisement products, due care must be taken to avoid advertisement placement that may constitute unfair customer enticement. The Act Against Unjustifiable Premiums and Misleading Representations purports to protect the benefits of general consumers, and in accordance with this law, KDDI has formulated the Basic Policy for Advertisement Placement, which explains the precautions that must be taken when creating advertisements so that the chance of any advertisement misleading customers is not created.

Project for Bridging the Digital Divide

Introducing a “Sign Language Support System” Using Tablets

KDDI has installed simplified communication devices at all au shops throughout Japan to aid customers with hearing or speaking difficulties. In addition, at KDDI’s directly operated “KDDI Designing Studio” and “au NAGOYA,” staff who are conversant in sign language are available to assist with purchasing, explain how to use devices, and provide repair support. Furthermore, we have introduced a sign language support system using tablets at both shops. (This service was introduced at au NAGOYA in March 2013, and at KDDI Designing Studio in May 2013.)



Customer service using the sign language support system

With this service, sign language capable staff at both shops use tablets to assist customers with hearing or speaking difficulties who visit certain shops in the metropolitan and Kanto regions (Tokyo, Kanagawa, Chiba, Saitama and Yamanashi prefectures) and the Chubu region (Aichi, Gifu, Mie, Shizuoka and Nagano prefectures), employing the videophone function to provide remote customer support.

[Sign Language Support Service \(Japanese\)](#)

Environment <Material Issue 3> Initiatives to Conserve the Global Environment

We are undertaking a variety of initiatives to contribute further to environmental conservation through our business operations and social contribution activities.

 <p>▶ Environmental Management</p> <p>KDDI has prepared the “KDDI Environmental Charter” and “Medium-term Environmental Conservation Plan” to serve as the KDDI basic policy and plan on environmental preservation activities. In order to execute activities in an ever more effective way throughout the entire company, KDDI is constructing an “Environmental Management System” for checks on and improvements of the creation and action status of specific planning.</p>	 <p>▶ Low-Carbon Society</p> <p>While the expansion of ICT use results in an increase in CO₂ emissions in some aspects, greater utilization of ICT could contribute to CO₂ emissions reduction by reducing the use of materials and transport. KDDI is promoting ICT-based energy conservation solutions to help bring about a low-carbon society.</p>	 <p>▶ Recycling-Oriented Society</p> <p>KDDI promotes the 3R (reduce, reuse, recycle) with the aim of bringing about a recycling society. We make particular efforts to reduce landfill waste generated by removal of communications and other equipment, and set aggressive materials recycling ratio targets.</p>
 <p>▶ Biodiversity</p> <p>KDDI is engaging in a variety of activities so as to make a diversified contribution to the preservation of biodiversity based upon the KDDI Action Guidelines on the Preservation of Diversity.</p>	 <p>▶ Compliance with the Green Purchasing Law</p> <p>See information on KDDI’s status of compliance with the standards required by the Law on Promoting Green Purchasing.</p>	 <p>▶ Eco ICT Mark</p> <p>KDDI acquired the Eco ICT Mark established by the ICT Ecology Guidelines Council as part of our endeavor to further environmental conservation and the reduction of environment load.</p>

Environmental Management

KDDI Environmental Charter

KDDI Environmental Charter is composed of two tiers, the Manifesto (Approach to Global Environmental Problems) which is the highest concept, and the Action Guideline for defining the direction of concrete initiatives.

Manifesto

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.

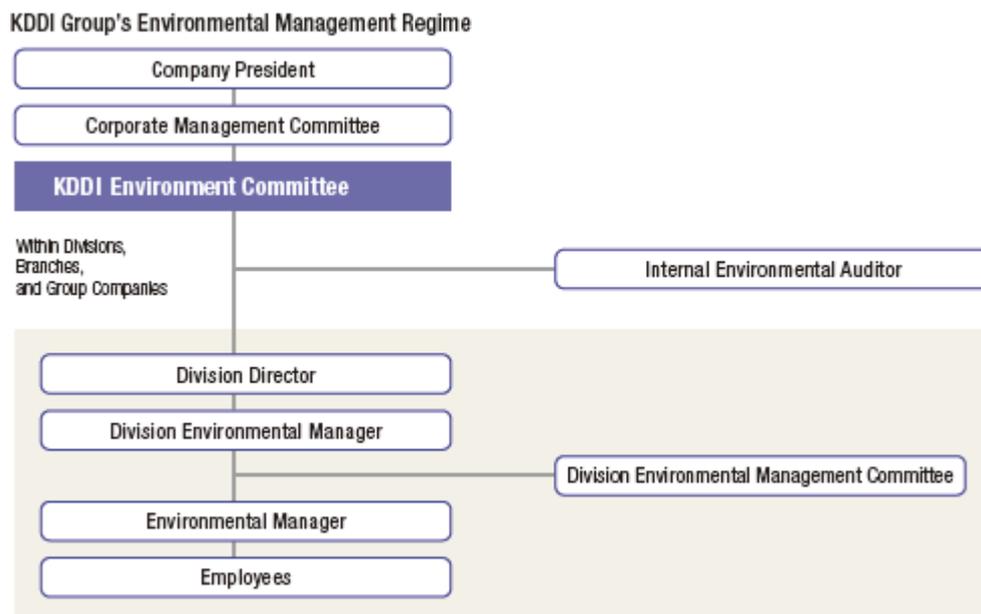
Action guideline

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 fields as energy conservation, resource conservation 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.
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.

Environmental Management Regime

KDDI Group's Environmental Management Regime

KDDI Group has formed the KDDI Environment Committee, comprising members from each division, branch, Group company, and related organization. This committee serves as the center for formulating KDDI's environmental management system and promoting efficient environmental preservation activities throughout the Group. KDDI has acquired ISO14001 certification for this management system, which covered KDDI and 21 Group companies as of the end of March 2014 (targeting 187 sites and approximately 48,600 people).



KDDI Group ISO14001 Certification Acquisition

As of end of March 2014: KDDI CORPORATION, OKINAWA CELLULAR TELEPHONE COMPANY, KDDI Evolva Inc., KDDI Evolva Okinawa Corporation, KDDI R&D Laboratories Inc., KDDI RESEARCH INSTITUTE INC., KDDI Technology Corporation, KDDI Engineering Corporation, Kokusai Cable Ship Co., Ltd., mediba inc., Japan Telecommunication Engineering Service Co., Ltd., KDDI-Group-Kyosaikai, KDDI Welfare Association, KDDI Health Insurance Union, KDDI Pension Fund, KDDI Web Communications Inc., KDDI Challenged Corporation, Japan Cablenet Limited, KDDI Foundation, TELEHOUSE International Corporation of Europe Ltd., Chubu Telecommunications Co.,Inc., WebMoney Corporation, KDDI MATOMETE OFFICE CORPORATION

Internal Environmental Audits

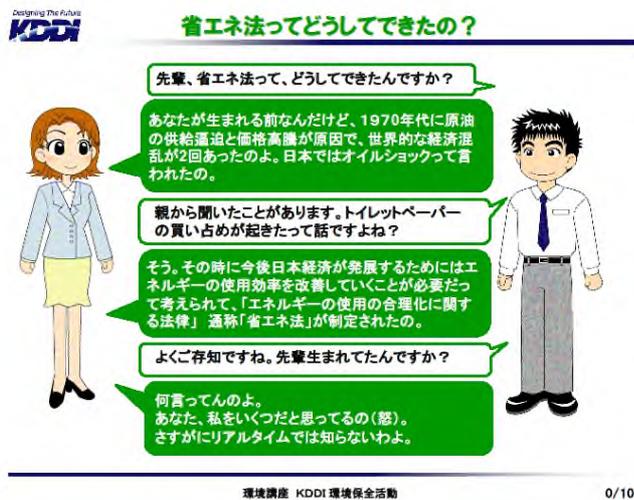
KDDI conducts internal environmental audits once each year. In these audits, each department is provided with a checklist and asked to evaluate itself, and internal environmental auditors perform a second check on the state of conformity with environmental legislation. In addition, these audits verify the functioning of the system for systematic and ongoing improvement of environmental activities.

Appropriate Processing of PCB

KDDI ensures that transistors, capacitors and other components that previously included high-concentration polychlorinated biphenyls (PCBs) are disposed of properly in accordance with legislation and the Company's internal disposal regulations. We disposed of approximately 10 tons of high-concentration PCBs in FY2013, completing the disposal of high-concentration PCBs that disposal processors can currently accept. In future, we will promote the disposal of equipment containing low-concentration PCBs one after another.

Environmental e-learning for Employees

In order to deepen understanding with regard to KDDI's environmental initiatives, each year the company periodically institutes e-learning programs targeting all employees. Most recently, we educated employees through programs developed based on the theme of environmental laws and regulations.



Environmental e-learning in FY2014

KDDI's Medium-term Environmental Conservation Plan

Third Medium-term Environmental Conservation Plan Progress under the "KDDI GREEN PLAN 2012-2016"

The Third Medium-Term Environmental Conservation Plan, which we formulated in FY2012, introduces three priority issues to be achieved by FY2016 – a low carbon society, a recycling-oriented society, and biodiversity – and sets specific targets for each. In addition to already reaching our goal of increasing the number of tribrid base stations [1] to 100 by the end of March 2013, as of the end of March 2014, we had made progress toward all of our goals.

[1] These au mobile phone base stations automatically select from 3 kinds of electric power – power generated by solar panels, power saved in charged storage batteries, and power supplied by power companies – and provide power to base stations in the most efficient way at the time it is used.

KDDI GREEN PLAN 2012-2016

Material Issues	Targets
Low-Carbon Society	(1) By FY2016, reduce electric power consumption by 30%, compared with the level if energy-saving measures had not been implemented.
	(2) By FY2016, lower electric power consumption per subscriber by 15%, compared with FY2011.
	(3) By the end of FY2012, increase the number of Tribrid Base Stations to 100.
Recycling-Oriented Society	(1) Achieve zero emissions for retired telecommunications facilities.
	(2) Achieve material recycling ratio of 99.8% or more for used mobile phone handsets.
	(3) Achieve a material recycling ratio for general waste of 90% or more at KDDI-owned buildings and in the headquarters building.
Biodiversity	(1) Pursue activities based on our action guidelines for preservation of biodiversity.

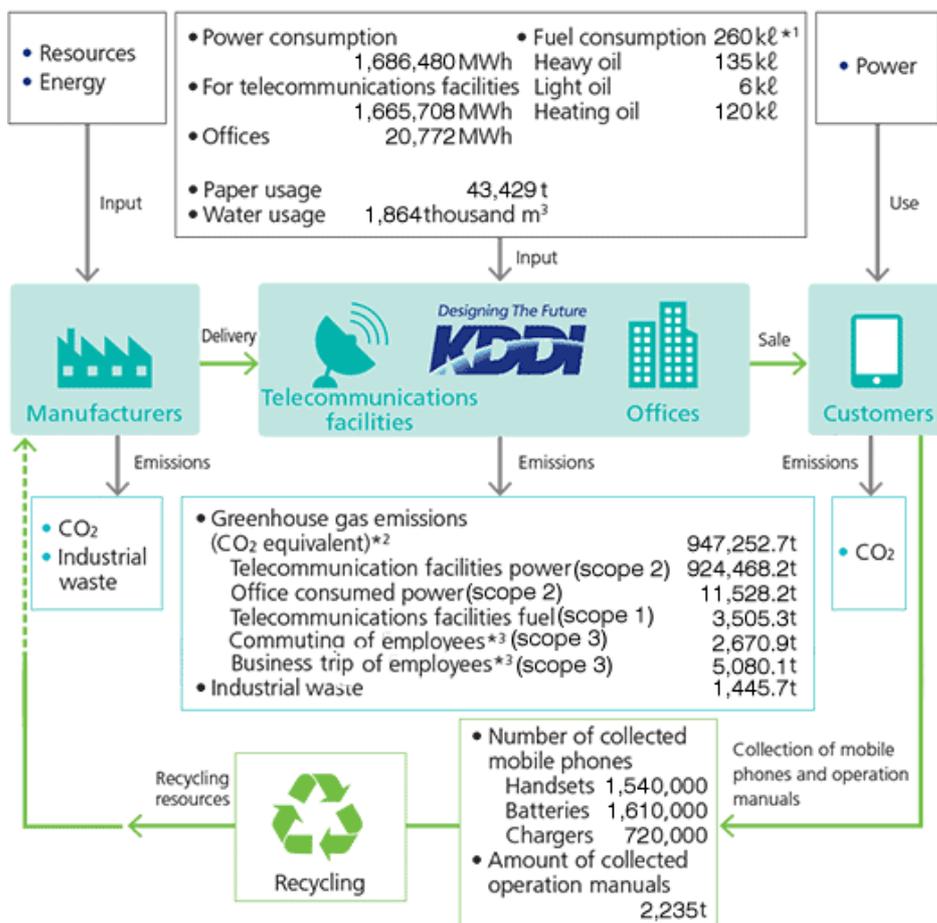
Environmental Data

Environmental Impact of Business Activities

Most input energy is electric power for telecommunications facilities. Heavy oil, light oil, heating oil and other fuels are input when test running emergency power generation facilities. Most water usage is generated by everyday business activities in the offices. Greenhouse gas emissions were calculated in three areas, Scope 1, Scope 2 and Scope 3 (commuting by employees, business trips by employees).

Environmental Impact of FY2013 Business Activities

Coverage: KDDI (KDDI non consolidated)



*1 Crude oil equivalent. Used for air conditioning of telecommunications facilities and for emergency generators.

*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."

*3 CO₂ emissions are calculated using emission factors indicated in the Ministry of the Environment's "Overview of Basic Conversion Guidelines Related to the Calculation of the Greenhouse Effect through the Supply Chain."

Environmental Accounting

Noteworthy changes in parameters of environmental accounting during FY2013 were twofold: (1) the expansion of the scope of calculation and the addition of 3 consolidated subsidiaries (KDDI Evolva Inc., Japan Telecommunication Engineering Service Co., Ltd., Chubu Telecommunications Co., Inc.), and (2) the decline in electric power consumption (MWh) compared with the preceding fiscal year.

Coverage: KDDI and 16 major consolidated subsidiaries*

Period: April 1, 2013 to March 31, 2014

Environmental Protection Costs		Transaction Examples	FY2013 (Millions of Yen)		FY2012 (Millions of Yen)		Change from Previous Year (Millions of Yen)	
			Investment	Cost	Investment	Cost	Investment	Cost
Business area costs	Pollution prevention costs	Pollution prevention costs stipulated by law, costs for proper disposal of PCBs, etc.	0	151	0	141	0	9
	Global environmental protection costs	Power-saving wireless equipment for mobile base stations (Investment amount is calculated proportionally based on the power-saving effect.)	96,858	13,767	7,319	5,174	89,539	8,593
	Resource recycling costs	Reduction of paper resources, processing and disposal of waste products	0	252	0	378	0	△ 126
Upstream/downstream costs		Collection, recycling, and reuse of merchandise and products	0	935	0	636	0	299
Administrative costs		Operation and updating of environmental ISO standards, disclosure of environmental information	0	78	1	96	△ 1	△ 18
R&D costs		R&D of technology, equipment, handsets, products, services, and other items conducive to reducing the environmental burden	0	121	0	130	0	△ 9
Social activity costs		Donations and support for forest conservation activities and to environmental protection groups	0	31	0	16	0	15
Environmental damage restoration costs		Measures for prevention of asbestos spraying, restoration of polluted soil	0	0	0	0	0	0
Total			96,858	15,335	7,320	6,572	89,538	8,763

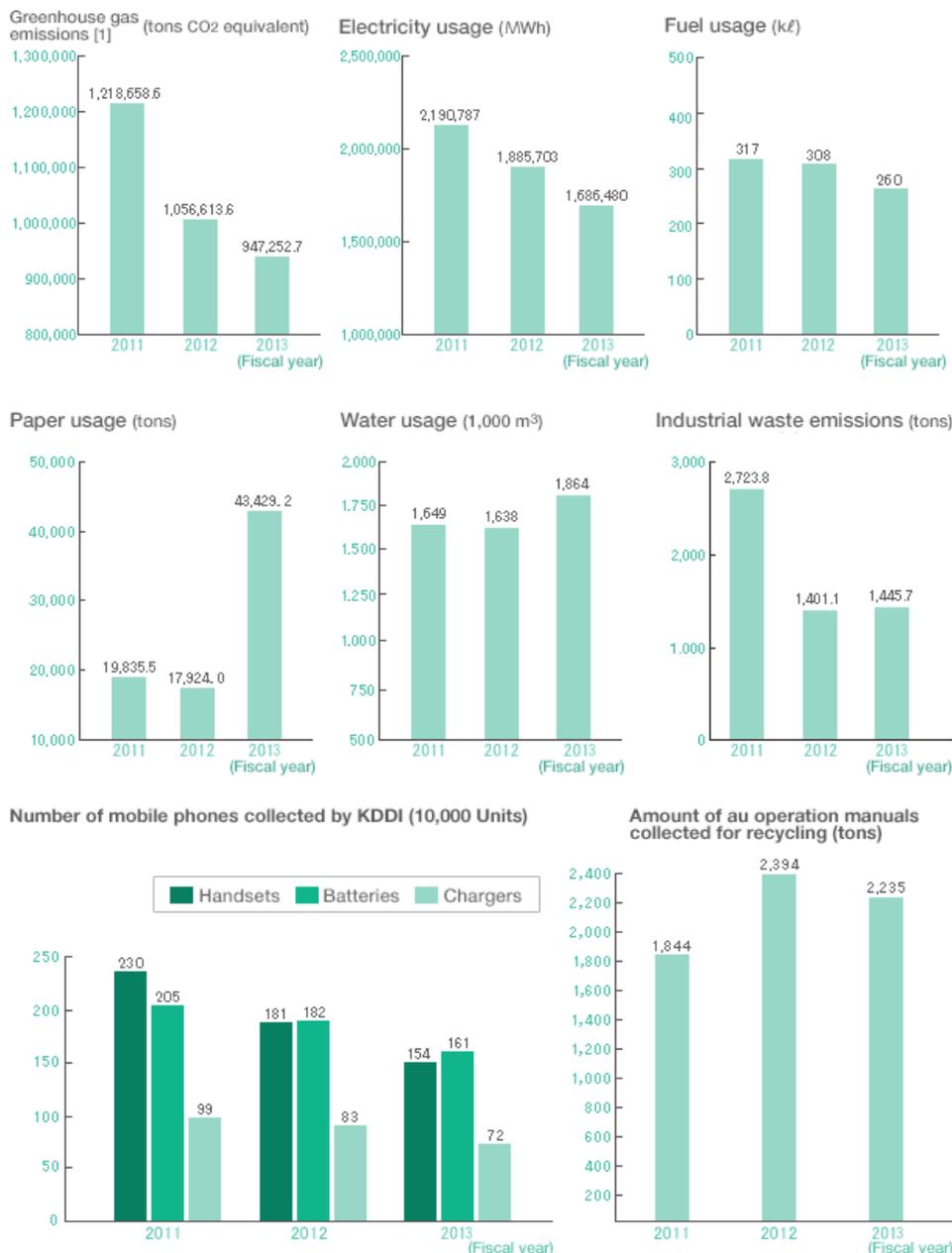
1. Environmental Protection Benefits (Physical)		Indicator Category (Unit)	FY2013	FY2012	Change from Previous Year
(1) Benefits derived from business area	1) Benefits related to resources invested in business activities	Power consumption (MWh)	1,889,604	2,038,462	△ 148,858
		Paper usage (t)	43,691	17,991	25,700
		Paper reduced by Bill on WEB (t)	3,481	3,339	142
	2) Benefits related to environmental burden and waste products discharged from business activities	Greenhouse gas emissions (t-CO ₂)	1,070,006	1,035,576	34,430
Industrial waste emissions related to telecommunications facilities and buildings (t)		3,388	2,041	1,347	
(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)	387	446	△ 59

2. Economic Benefits of Environmental Protection Measures (Yen)		FY2013 (Millions of yen)	FY2012 (Millions of yen)	Change from Previous Year
Revenues	Revenues from sales through disposal of telecommunications facilities and buildings	631	502	129
Costs reductions	Reduction in energy costs by adopting the use of low-pollution vehicles	13	12	1
	Reduction in costs of new purchases by reusing disposed of telecommunications facilities	3,200	2,136	1,065
Total		3,845	2,650	1,195

* KDDI Web Communications Inc., mediba Inc., JAPAN CABLENET LIMITED (JCN), KDDI R&D Laboratories Inc., KDDI Technology Corporation (KTEC), KDDI Research Institute, Inc. KDDI Engineering Corporation, KDDI Evolva Okinawa Corporation, KDDI Challenged Corporation, TELEHOUSE International Corp. of Europe Ltd. (London), WebMoney Corporation, KDDI MATOMETE OFFICE CORPORATION, OKINAWA CELLULAR TELEPHONE COMPANY, KDDI Evolva Inc., Japan Telecommunication Engineering Service Co., Ltd., Chubu Telecommunications Co., Inc.

Environmental Data

Coverage: KDDI (non consolidated)



* Regarding calculation of CO2 emissions quantity, a conversion factor of 0.555kg - CO2/kWh is used for power consumption quantity and an emissions factor applicable in the calculation/reporting/announcing system for greenhouse gas based on the “Act on Promotion of Gloval Warming Countermeasures” (Global Warming Act) is used for fuel consumption quantity.

Low-Carbon Society

Green of ICT

LCA Initiatives

To quantify and disclose environmental impact, KDDI periodically conducts life-cycle assessments (LCA) of its products and services to determine the amount of CO₂ generated at each stage of operations from manufacturing and use to disposal or recycling [1]. In FY2008 and FY2012 we conducted LCA on “au HIKARI” and “au.” KDDI plans to continue its efforts to determine and disclose the environmental impact of its products and services as part of its initiatives toward achieving a low-carbon society.

[1] Environmental impact at the disposal and recycling stage includes environmental impact at the manufacturing stage.

* Calculated by KDDI Research Institute, Inc.

Promoting Green Procurement

KDDI formulated “KDDI Green Procurement Guidelines” to promote purchasing of more environment-friendly products, and since April 2010 we have procured business equipment (communications devices, air conditioning systems, power supply facilities, etc.) with high energy-saving performance. The Guidelines set standards for 29 kinds of equipment, of which the standards for 10 kinds of equipment are based on guidelines specified by the ICT Ecology Guideline Council, while those for the remaining 19 are based on KDDI's own standards set with reference to public standards in Japan and abroad (Top Runner Standards, ATIS [USA], CoC [Europe], etc.).

[□ ICT Ecology Guideline Council](#)

[📄 KDDI Green Procurement Guidelines \(245KB\) \(Japanese\)](#)

Portable Batteries

In FY2013, KDDI introduced and utilizes portable batteries with reduced environmental impact at five maintenance bases throughout Japan as a substitute for the mobile power supply vehicles used in the past to power au mobile phone base stations during electricity outages. In the portable battery trial conducted in FY2012, assuming a power outage of approximately 10 hours per base station and wireless device power consumption of 1kW, whereas a mobile power supply vehicle would consume 8.2 liters per time (equivalent to 21.5kg of CO₂ emissions), a portable battery required 10kWh per time (equivalent to 4.1kg of CO₂ emissions). Given this 17.4kg difference in CO₂ emissions, we expect an approximate 80% reduction in emissions compared with mobile power supply vehicles. KDDI plans to expand the number of portable batteries introduced in readiness for the future increase in base stations and to continue to work toward reduction in CO₂ emissions.



Portable Batteries

Using Natural Energy

In order to actualize even better energy conservation and CO₂ emissions cuts at KDDI, a portion of the electric power used at large scale communications stations like the Yamaguchi Technical Service Center, Oyama Network Center No. 2 and Tokyo Technical Center, and almost all electrical power at seven mobile telephone base stations including Hokkaido and Aomori come from natural energy sources such as solar power.



Large scale communications station using natural energy

We have been making progress in introducing renewable energy, establishing 100 tribrid base stations (base stations utilizing tribrid electric power control technology to efficiently supply three kinds of electric power – ordinary commercial power, power generated by solar panels, and midnight power saved in storage batteries – according to the time of day and changes in the weather) throughout Japan.

Renewable Energy

KDDI launched its solar power generation business on November 18, 2013, with the aim of contributing to reduction of CO₂ emissions. We constructed solar power generation facilities on some idle land owned by KDDI in three locations around the country, and we sell the power generated to electric power companies based on the Feed-in Tariff Scheme for Renewable Energy. Total power generation (total power sales) in FY2013 amounted to 3,034MWh.

Location of solar power generation facilities	Start of operation	Site area	Generating capacity	Estimated annual power output
KDDI Oyama Network Center (Oyama, Tochigi Prefecture)	February 26, 2014	Approx. 41,000m ²	Approx. 3,500kW	Approx. 4,000MWh
Adjacent to KDDI Yamata Transmitting Station (Furukawa, Ibaraki Prefecture)	January 24, 2014	Approx. 57,000m ²	Approx. 3,300kW	Approx. 4,500MWh
Former site of Kitaura Receiving Station (Namegata, Ibaraki Prefecture)	November 18, 2013	Approx. 78,000m ²	Approx. 2,000kW	Approx. 2,600MWh

Road Heating that Uses Waste Heat

The Sapporo Technical Center in the KDDI Hokkaido Building is contributing to the reduction of CO₂ through road heating that uses waste heat. Road heating is equipment that raises the heat of the ground to prevent the accumulation of snow and icing on roads and sidewalks. The road heating for the Hokkaido Building melts fallen snow by circulating hot water through pipes laid under concrete. Usually road heating uses boiler facilities run on kerosene and gas to heat the circulating water, but the Hokkaido Building system recycles heat generated in machinery areas to heat the cycling water, dramatically cutting CO₂ generation.



Road heating facilities

Conference on Ecology Guidelines for the ICT Field

KDDI is participating in the ecology guideline proposal process as a member of the “Conference on Ecology Guidelines for the ICT Field” [2], which was launched in June 2009, and is striving towards the popularization and promotion of energy conservation devices in the communications field. Also, KDDI has acquired the Eco ICT Mark systemized by these guidelines and worked towards the enhancement of activities for environmental awareness and environmental burden reduction.

[2] A conference designed to establish an energy conservation index to be referred to when procuring ICT devices and data centers. Organized by the Telecommunications Carriers Association, Telecom Services Association, Japan Internet Providers Association, Communications and Information Network Association of Japan, and the ASP/SaaS Industry Consortium.

▶ [Eco ICT Mark](#)

Reducing Power Consumption in Base Stations and Undertaking Disaster Measure Initiatives

The dense blanket of mobile phone base stations covering Japan accounts for 60% of the total energy consumed by KDDI, and reducing the power that base stations consume is a topmost priority. Furthermore, 77% of the base stations that ceased to operate in the aftermath of the Great East Japan Earthquake that struck in March 2011 (in six Tohoku prefectures, as of March 12, 2011) did so because of power outages. Clearly, disaster preparedness measures that address power outages are a pressing topic.

In regard to these issues, KDDI has promoted initiatives combining reduction of environmental impact and disaster preparedness measures by increasing the number of tribrid base stations and extending the life of base station batteries to 24 hours.

Tribrid base stations are base stations that employ tribrid power control technology to determine which of three types of power to use depending on the time of day and changes in the weather. Tribrid power control involves the use of technology to efficiently control the source of electric power by the hour, combining typical commercial electric power with generation from solar panels and charging batteries with nighttime power. Compared with base stations that only use conventional electric power, tribrid base stations have been proved to reduce CO₂ emissions by as much as 30% a year. As of March 31, 2014, 100 tribrid base stations were installed throughout Japan.

Furthermore, serving as backup in case power is interrupted, KDDI has installed batteries with life extended to 24 hours, focusing on prefectural and municipal government offices and train stations serving more than 100,000 passengers per day. As of March 31, 2014, extended life batteries have been installed at 2,200 base stations throughout Japan.



Tribrid Base Station

A video about the advancement of tribrid base stations is available for viewing.

R&D related to adaptive utilization technology for limited network resources in the event of disaster

<R&D of Highly-Efficient Disaster-Adaptive Communication Facility Operation Technology>

Together with “Research and development related to variable-capacity optical network control systems” and “Research and development of obstruction estimation in times of disaster and restoration plan analysis and calculation technology,” the “Study on advancement of tribrid base stations” (KDDI project name) forms part of the “Research and development of management and control technology for disaster-proof networks guaranteeing communications even during large-scale disasters,” sponsored by the FY2011 supplementary budget of the Ministry of Internal Affairs and Communications.

[Click here for movie](#)

Green by ICT

Provision of Remote Access Service to Support Work Style Innovation

KDDI provides various services in support of work style innovation. Compatible with PCs, tablets, smartphones and other multi-devices, Google Apps for Business™, a cloud-based groupware service, allows use of web-based mail, calendars and documents, while Office 365 with KDDI enables browsing and editing of Microsoft Office documents from outside the office or home, similar to a PC. We also offer the KDDI GoToMyPC service which, for a monthly fee, provides a remote access environment enabling easy, high-speed and secure access to company PCs from anywhere at any time, without the need for installation of any equipment. In addition, Office Keitai Pack materializes transmission/reception by fixed line number on a mobile phone or smartphone, no longer keeping you bound to your desk, and supporting reform of office work styles by eliminating conveyance of phone messages and communication loss within the company and supporting an ICT-based teleworking environment.

Through the provision of these services, KDDI supports reform of corporate customers' work styles and contributes to improved business efficiency. We will continue to contribute to reducing society's impact on the environment by curtailing CO₂ emissions arising from employee transfers and promoting paperless operations.

Recycling-Oriented Society

Green of ICT

Reuse and Recycling of Telecommunications Facilities

KDDI promotes reuse activities that regenerate and effectively employ retired telecommunication facilities. We also use material recycling to effectively employ equipment, components and materials that have become unnecessary. Owing to the migration of au mobile phones to a new 800MHz frequency, following on from the previous year, in FY2013 we retired base stations using the former 800MHz band, and when retiring this equipment, we employed material recycling to make effective use of resources. This work will be completed in FY2014.



Former 800MHz frequency base station storage battery



Former 800MHz frequency base station power source

Green by ICT

Paper Reduction and Recycling

Operation manuals for au mobile phones were previously quite thick, as they needed to explain a host of services and functions. However, we have begun to make manuals slimmer with the introduction of an operation manual app for smartphones. We are also making packaging on au mobile phones more compact.



From left, successive operation manuals with the most recent on the far right. For details, visit the website below.

[Environmental conservation activities \(Japanese\)](#)

Green Road Project

Promoting Recycling of Mobile Phones

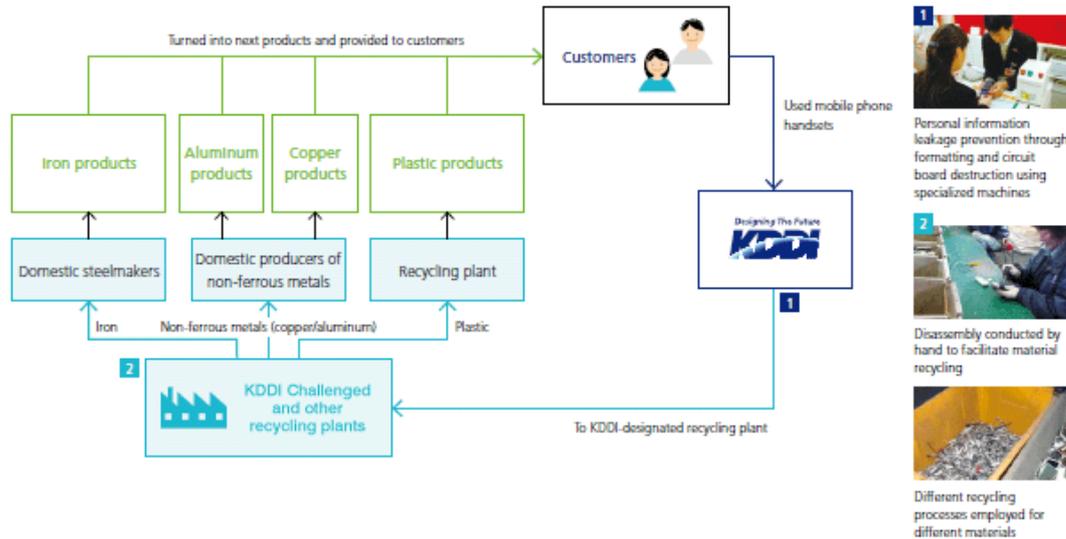
DATA Recycling ratio in 2013

99.8%

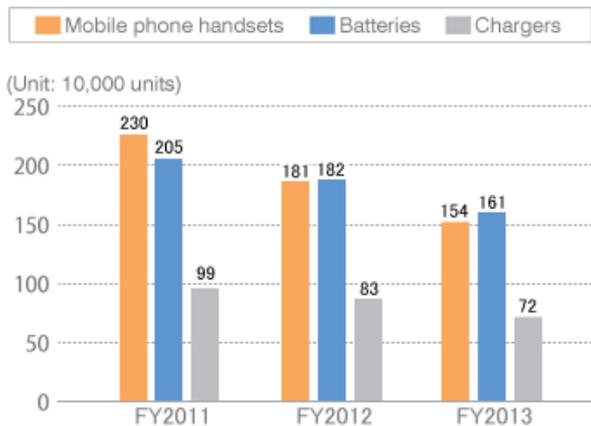
Used mobile phone handsets that have been collected from customers at au shops are manually disassembled, separating out substrates, displays, cameras, plastics, screws, iron, antennas, motors, speakers and other items. Gold, silver, copper, palladium and other resources are extracted from the substrates, while screws and antennas are recycled into steel products and plastics are recycled into plastic products.

When a machine is used to disassemble a mobile phone, plastics are burned up in the incineration process and so cannot be used as a recycled resource. KDDI performs all disassembly manually to prevent recyclable resources from being wasted.

Basic Flow for Recycling of Mobile Phones



Number of mobile phone handsets and accessories recovered by KDDI



□ [Mobile Phone Recycling Initiatives \(Japanese\)](#)

Recycling Operation Manuals and Pamphlets (Environment-Friendly Recycled Paper)

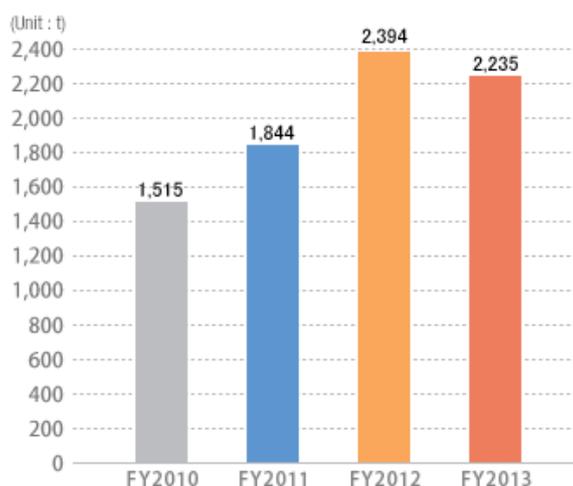
Throughout Japan, au shops recover for recycling the operation manuals, pamphlets and leaflets that are bundled together with mobile phones, as well as the individual boxes in which handsets are packaged. This effort enables us to convert item that were previously discarded as household waste into 100% “environment-friendly recycled paper.” We work to create an environment resource cycle for used paper under the keywords “recover, recycle and reuse.” KDDI uses the resulting “environment-friendly recycled paper” in envelopes for internal communications and various pamphlets.



Logo for KDDI Environment-Friendly Recycled Paper



Record on recovering au operation manuals for recycling



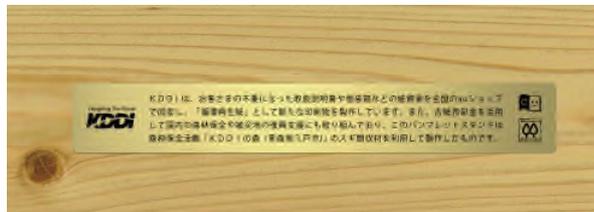
□ Detailed Operation Manual Recycling Activities (Japanese)

<TOPICS> KDDI was the first telecommunications carrier in Japan to acquire the “Kizukai-Undo (Wood Products Utilization Campaign) Logo,” promoted by the Forestry Agency, for our catalog stand made from thinned materials.

KDDI supports reconstruction in areas affected by the Great East Japan Earthquake through an operation manual recycling activities. As part of our activities, we built a catalog stand from materials from tree thinning at KDDI au Operation Manual Recycling Forest in Hachinohe, and we were the first telecommunications carrier in Japan to acquire the Kizukai-Undo Logo promoted by the Forestry Agency for products made from only materials from Japan.

The catalog stand was installed in KDDI Office Building as well as in the Tohoku Regional Office and KDDI Designing Studio.

We will continue to publicize our activities widely among our stakeholders and support environment-friendly reconstruction in areas affected by the Great East Japan Earthquake through our operation manual recycling activities.



Biodiversity

KDDI Action Guidelines on the Preservation of Biodiversity

We have formulated the KDDI Guidelines on the Preservation of Biodiversity. In line with these principles, we take opportunities to preserve biodiversity in a host of ways.

■ Preserving Diversity in Business Activities

When formulating business plans, we take into consideration the impact on the related ecosystems and local community.

■ Collaboration and Cooperation with Related Organizations

We strengthen collaboration and cooperation with administrative authorities, NPOs and other organizations, and undertake CSR activities using ICT.

■ Promoting Recycling of Resources

To prevent the depletion of bioresources and minimize degradation of the natural environment, we continuously and proactively engage in recycling of resources.

Green by ICT

Acoustic Observation of the Ganges River Dolphin

▶ [Highlight4 Technology](#)

Green Road Project

DATA Number of employees participating in environment preservation activities

FY2012: **383** people → FY2013: **949** people

Expansion of Forest Conservation Areas (Examples)

Location	Main Activities in FY2013
Hokkaido	Undergrowth Clearing Activities at Volunteer Reforestation Forest at Foot of Mt. Tarumae
Hokkaido	Undergrowth Clearing Activities at Volunteer Reforestation Forest in Hills On Shore of Lake Shikotsu
Miyagi	Kajikamura Forest Preservation Activities
Miyagi	Tohoku Region – Kesenuma Fisheries Cooperative Volunteer Activities
Tokyo	Mt. Takao Voluntary Environmental Preservation Activities
Ishikawa	Clean Beach Ishikawa Activities
Ishikawa	Asano River Cleaning Activities
Nagano	KDDI au Manual Recycling Forest – Voluntary Forest Improvement Activities
Aichi	Omotehama Coast Cleaning Activities
Kyoto	Tennozan Forest Voluntary Preservation Activities
Tottori	Hino River Cleaning Activities, Tottori Prefecture
Tokushima	Hiwasa Clean Beach Activities
Kagawa	Mt. Onose Environmental Preservation Activities
Ehime	Rito Meguri 2013 – Mikan Day Walking & Beach Cleaning Activities

Mt. Takao Environmental Preservation Activities

In June, August and December 2013, KDDI held environmental preservation activities at Mt. Takao in Hachioji, Tokyo. In the Kanto region, Mt. Takao was chosen as a long-term site for activities from FY2013. KDDI Group employees and their families took part as volunteers, cooperating with the Takao Green Club, an environmental protection group which mainly operates on Mt. Takao, working up a sweat in cutting and thinning of the cypress forest.



KDDI employees doing thinning work

OKINAWA CELLULAR TELEPHONE COMPANY Coral Protection Activities

As part of OKINAWA CELLULAR TELEPHONE COMPANY's environmental preservation activities, starting from 2010, for every old mobile phone that is returned ¥35 is donated to the Keitai 35 Recycle Fund. This supports coral reef preservation activities, particularly the au Coral Pond at the coral aquaculture facility Sango Batake in Yomitan, Okinawa. In May 2013, we raised a total of ¥468,090 from the third year of Keitai 35 Recycle activities and donated this to the NPO AquaPlanet. The money will be used for renewal of coral reefs, cultivation of coral larvae, and other activities. It will also help with study workshops about the growth process of coral held by Sango Batake for elementary school students in the prefecture.



Replanting of coral

Compliance with the Green Purchasing Law

Read about KDDI's compliance with the standards required by the Law Concerning the Promotion of Procurement of Eco-friendly Goods and Services by the State and Other Entities (enacted in 2000; subsequently referred to as "Green Purchasing Law") and the Basic Policy for the Promotion of Procurement of Eco-friendly Goods and Services.

-  [State of Compliance with Green Purchasing Law \(60KB\) \(Japanese\)](#)
-  [List of Compatible Models \(72KB\) \(Japanese\)](#)
-  [Product Line-Up](#)

Eco ICT Mark



Eco ICT Mark acquired

KDDI acquired the Eco ICT Mark established by the ICT Ecology Guidelines Council [1] as part of our endeavor to further environmental conservation and the reduction of environmental load.

[1] Council founded for the purpose of establishing energy-saving indices to be referenced when procuring ICT devices and data centers. The constituting members are: Telecommunications Carriers Association (TCA), Telecom Services Association (TELESA), Japan Internet Providers Association (JAIPA), Communications and Information Network Association of Japan (CIAJ), and ASP-SAAS Industry Consortium (ASPIC).

Self-evaluation Check List for CO₂ Emission Reduction Efforts by Telecommunication Operators

Business name: KDDI Corporation

<Mandatory fields>

		Evaluation item	If implemented, description of actions taken
Formulation of voluntary environmental action plan, etc.	1	Has the organization formulated a voluntary environmental action plan that describes actions for reducing CO ₂ emissions? Has the plan been implemented?	KDDI has formulated a medium-term environmental conservation plan based on the KDDI Environmental Charter, and the plan is being implemented. ▶ KDDI Action Guidelines
	2	Does the voluntary environmental action plan include specific actions for which quantitative goals for CO ₂ emission reduction are stated?	The Third Medium-Term Environmental Conservation Plan (KDDI Green Plan 2012-2016) sets the following targets. · 30% reduction in energy use estimated for FY2016 compared with not taking any energy-saving measures · 15% reduction in energy use per subscriber estimated for FY2016 compared with FY2011 · Expansion of tribrid base stations to 100 by March 31, 2012 (Target achieved) ▶ Third Medium-Term Environmental Conservation Plan – KDDI Green Plan 2012-2016 –
	3	Does the organization put efforts into informing and enlightening employees about environmental conservation actions to improve their environmental awareness, as well as publishing the organization's voluntary environmental action plan internally and externally?	· The Medium-Term Environmental Conservation Plan is published inside and outside the company by means of the Sustainability Report (formerly CSR & Annual Report) and the corporate website · KDDI also provides e-learning programs and internal seminars for employees whenever necessary. □ Sustainability Report ▶ Environmental Education

		Evaluation item	If implemented, description of actions taken
Formulation of voluntary environmental action plan, etc.	4	Are the implementation statuses of and the targeted achievements for actions given in the voluntary environmental action plan disclosed to the public?	The attainment statuses of trend targets toward the achievement of the Medium-term Environmental Conservation Plan are published in the Sustainability Report (formerly CSR & Annual Report) and the corporate website. ▶ Environment <Material Issue 3> Initiatives to Conserve the Global Environment
Eco-efforts in procurement	5	Has the organization formulated, with a view to energy-saving, procurement standards for ICT devices and data centers? Does procurement conform to the established standards?	KDDI conducts its procurement activities in accordance with the KDDI Green Procurement Guidelines.  Formulation of KDDI Green Procurement Guidelines (245KB) (Japanese)
	6	Does the organization procure office supplies and other goods as well as logistics service in an energy-saving manner (Green purchasing, etc.)?	KDDI promotes green purchasing under the KDDI CSR Procurement Policy. ▶ Working with Business Partners
Promotional system for eco-efforts	7	Is there an assigned group or personnel in charge of CO ₂ emission reduction actions?	The CSR & Environment Management Department is established as the internal organization responsible for CO ₂ emission reduction efforts.
	8	Does the organization have a system for appropriately monitoring and checking the status of implementation and the achievement level of targets given in the voluntary environmental action plan as well as for conducting internal audits?	KDDI monitors the status of implementation and the achievement level and conducts inspections and improvements through internal audits, both of which are realized through the ISO environmental management system.

<Optional fields>

		Evaluation item	If implemented, description of actions taken
Other eco-efforts	9	Does the organization undertake eco-friendly actions beside energy-saving efforts?	<p>The promotion of 3R (Reduce, Reuse, Recycle) is also a core KDDI challenge, and the following goals are pursued:</p> <ul style="list-style-type: none"> · Promotion of recycling communications equipment; Improvements in recovering resources · Promotion of recycling used mobile phones; Improvements in recovering resources · Reduction in paper resource use via "Green by ICT" (Bill on WEB, KDDI paperless fax service, slimmed-down au mobile phone manual, compact individual packaging, etc.) · Reduction in office waste and improvements in recovering resources <p>KDDI is also engaged in support for biodiversity.</p> <ul style="list-style-type: none"> ▶ Recycling-Oriented Society ▶ Low-Carbon Society ▶ Biodiversity
	10	Does the organization perform activities for environmental conservation in collaboration with the community?	<p>KDDI implements forest conservation activities in which employees and customers work together across the country.</p> <ul style="list-style-type: none"> ▶ Environmental Conservation Activities

Labor Practices <Material Issue 4> Vitalizing the Company by Developing Diverse Workforce

KDDI is committed to being a company at which all employees feel motivated to work and are able to realize their full potential. To this end, it implements employee education programs and strives to develop the best workplace environment possible.

 <p>▶ Promoting Diversity</p> <p>KDDI recognizes the promotion of diversity as a corporate strategy for achieving sustainable growth, and we respect our employees' individuality, not forcing them into one standardized pattern and all employees accepting each other's differences. In this way, we are targeting the creation of an organization and work environment where employees can maximize their individual abilities.</p>	 <p>▶ Promoting Diverse Work Styles</p> <p>In order to enable all employees to exploit their full potential in their work while achieving a balance between work, raising children, caring for elderly parents, etc., we have created the Telework program and various other systems to support diverse work styles.</p>	 <p>▶ Improving Social Dialogue and the Workplace Environment</p> <p>KDDI periodically creates opportunities for direct communication between top management, employees and labor unions as part of our approach to develop a framework that can reflect the issues and needs within the organization in KDDI's plans.</p>
 <p>▶ Occupational Safety and Health</p> <p>To help employees maintain their mental and physical health, KDDI promotes efforts based on the results of health checks and initiatives for people suffering from mental health issues.</p>	 <p>▶ Human Resource Cultivation</p> <p>In order to enable each employee to improve his or her professional skills and abilities, we have created a training program and career-support system, and we develop human resources that will maintain a continual spirit of challenge and change the status quo.</p>	 <p>▶ Employment Data</p> <p>Data regarding work and employment such as number of employees and number of hires.</p>

Promoting Diversity

Our Perspective on Diversity

Chapter 1 of the KDDI Philosophy states “Embracing diversity,” setting forth clearly our belief that mutual respect for and understanding of people regardless of gender, age, nationality, religion, disability, and other diverse characteristics and values is essential to the sustainable growth of society. We promote diversity throughout the Company on this basis.



Diversity logo selected from internally solicited proposals

Diversity awareness

In April 2008, we established the Diversity & Inclusion Department in the Human Resource Department, and we are engaged in companywide promotion of the professional advancement of female employees, diverse work styles and the advancement of employees with disabilities.

In order to spread understanding of diversity and inclusion, we have published a KDDI Diversity handbook on the company intranet. The handbook contains the principle of and approaches to diversity as well as messages that serve as tips for promoting diversity and inclusion.

In FY2013, the Divers Café seminar, aimed at promoting understanding of diversity and providing the latest information, was held five times.



“KDDI Diversity” handbook

Cultivating and Promoting Female Leaders

In order to reinforce our power as a company by the participation of women in company decision-making situations, since FY2012 we have focused on cultivating female leaders. More precisely, our goal is the appointment of 90 female employees as line managers by FY2015, accounting for 7% of all line managers [1]. The line managers are organizational leaders with the authority to conduct personnel evaluations. To achieve this goal, in FY2012 we introduced the Ladies Initiative Program for promoting female line managers. The program involves on-the-job training, group training, study meetings and communication with role models. In the group training, the president and top executives participate in round-table discussions, delivering feedback on the trainees’ presentations. In FY2013, we introduced a mentor system on a trial basis, with general managers acting as mentors for the incumbent female line managers. Furthermore, we are striving to expand our cultivation of female managers as the basis of our cultivation of female leaders. KDDI had 140 female managers as of March 31, 2014, our eighth consecutive year of increases.

[1] Organizational leadership/managerial post with the authority to evaluate personnel

Female Manager Data (as of April 2014)

No. of female managers	139
No. of female line managers	52
No. of female directors	1

▶ Highlight2 Diversity

<VOICE> First female director at KDDI was created on April 1, 2014

<What kick-started my career plan>

When I first joined the company, I wasn't career-minded, but a turning point came when I switched to the managerial track and the personnel manager talked about women working in management positions. After that, I was inspired by the opportunities provided by my boss to interact with female executives in other companies, and in the process of building a network with various women working outside the company, I started to think about my own career plan. I am grateful to my boss and my colleagues at KDDI for creating so many opportunities for me.



Nanae Saishouji
Director, Corporate
Management Division and
General Manager,
Accounting and Finance
Department

<Cultivation of female managers>

Women have such a strong sense of responsibility that sometimes they cannot act boldly because they are too concerned about the impact on people around them. I feel that the boss or the company is required to give such women a push forward. I don't particularly think about gender, but I make a point of creating as many opportunities as possible for pre-managerial employees to develop "good judgment", and don't just require "work perfection." Often I do not want to let outstanding human assets go, but I also think that well-timed personnel transfers are necessary for the sake of the person's career and optimization of the company's human assets.

Promoting the Advancement of Female Employees

"Win-K" Project to Promote the Professional Advancement of Female Employees

KDDI has in place "Win-K", a companywide internal program under the direct control of the president to promote the advancement of female employees by "creating a workplace environment that celebrates and takes full advantage of the power of the individual." We have continued to promote this program since its launch in 2007.



Project logo selected from internally
solicited proposals

In FY2013, to promote the appointment of female managers, five female line managers became members and we implemented initiatives to solve the issues involved in women playing an active role as managers. In March 2014, we held a seminar in which superiors and female candidates for managerial positions participated in pairs.

Boosting Employment Opportunities

Promoting Employment Opportunities for People with Disabilities at KDDI Challenged Corporation

We set up KDDI Challenged Corporation in 2008 to further expand employment opportunities for people with disabilities. The company strives to instill in employees with disabilities the awareness of what they can achieve. With a working environment tailored to the needs of these individuals, KDDI Challenged seeks to create and expand the types and scope of activities of each of its employees.

As of March 31, 2014, the company employed 44 people with disabilities. Among the work that these employees handle under contract from the KDDI Group are the disassembly of mobile phone handsets, performing maintenance on business mobile phones, handling accounting procedures, PC kitting [2], facility maintenance, and Refresh Room operations. In FY2013, we expanded new job areas to increase employment of people with mental disabilities as obligated in FY2018.

By providing new employee training at KDDI Challenged, the KDDI Group is also providing opportunities for employees to work with people with disabilities.



Mobile phone handset disassembly

[2] The process of setting up a PC operating system, installing applications, and other activities

▶ [Highlight7 Person](#)

□ [KDDI Challenged \(Japanese\)](#)

Support for Employees with Disabilities

In FY2013, we conducted a questionnaire of all KDDI employees with disabilities in order to ascertain what inconveniences they face in the company, changes in their disability status, etc. Based on the views and comments obtained through the questionnaire, we conduct interviews at the workplace and strive to improve the work environment in support of our employees with disabilities.

Support for Employees with Hearing Disabilities

To improve support for employees with hearing difficulties, in FY2013 we published the Guide to Communication with Employees with Hearing Difficulties. The guide was created by a project team whose members included employees with impaired hearing. It sets out the rules for sign language interpretation and describes in an easy-to-understand manner how to support summary writing in the workplace.

<VOICE> Spreading the Concept of Normalization

Employees with hearing difficulties cannot just collect information that is delivered via the ears. They feel very uneasy working with able-bodied people, as they are unable to grasp the content of meetings or briefings at which many people voice their opinions. Three employees with hearing difficulties participated in the creation of this guide, discussing alternate methods of sharing information other than ears. Just as no two people have the same fingerprints, so no two people have the same hearing disability. Starting first from deepening the understanding of work colleagues with regard to hearing impediments, the Communication Guide covers up to information guarantee [3]. By creating and publishing the guide, we hope that the concept of normalization will spread throughout the workplace.



Kouko Ikeda
Human Resources
Department, General
Administration & Human
Resources Division

[3] Providing information by alternative means to people who cannot collect information due to physical handicap

Promoting the Active Role of Senior Employees

KDDI has in place a “reemployment” program for employees who have reached the retirement age of 60, enabling them to work as non-regular employees until age 65. This system employs open recruiting, allowing the employees to select their desired job type and activity while creating a mechanism for former full-time employees to make full use of their skills and experience in a host of workplaces.

We also hold career development support seminars to motivate employees aged around 50, providing an opportunity for them to think about their work style after age 55.

From Non-Regular to Regular Employees

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 FY2013, 23 employees were promoted to regular employee status.

Support for LGBT

In January 2014, KDDI held a seminar at which employees acquired basic knowledge about LGBT [4]. There are laws in Japan regarding gender change for people with gender identity disorder, and while there is a growing trend toward recognition of gay marriage in an increasing number of countries and regions abroad, understanding and support for such human rights in companies is still inadequate. To bring this situation to the notice of employees, we invited Ms. Maki Muraki, representative of Nijiuro Diversity, a non-profit organization, to give a talk on basic knowledge of LGBT and we held a workshop with the aim of becoming allies.

The participants were surprised to learn that LGBT account for about 5% of the population, and they were very interested in hearing about precedents abroad.

[4] LGBT: Collective term for L=lesbians, G=gays, B=bisexuals and T=transgender

Promoting Diverse Work Styles

KDDI's Approach to Diverse Work Styles

We have in place a broad range of systems to realize “diverse work styles” that ensure time for work, childcare and nursing care by enhancing operational efficiency and performing work in a speedy, well-planned and efficient manner.

Work, Childcare and Nursing Care Support Systems

KDDI has in place a broad range of systems designed to help employees balance work with other commitments, such as childcare and nursing care. These systems include maternity leave, childcare absence, and shortened working hours for childcare and child nursing care leave, as well as nursing care absence, vacation time, and shortened working hours for nursing care.

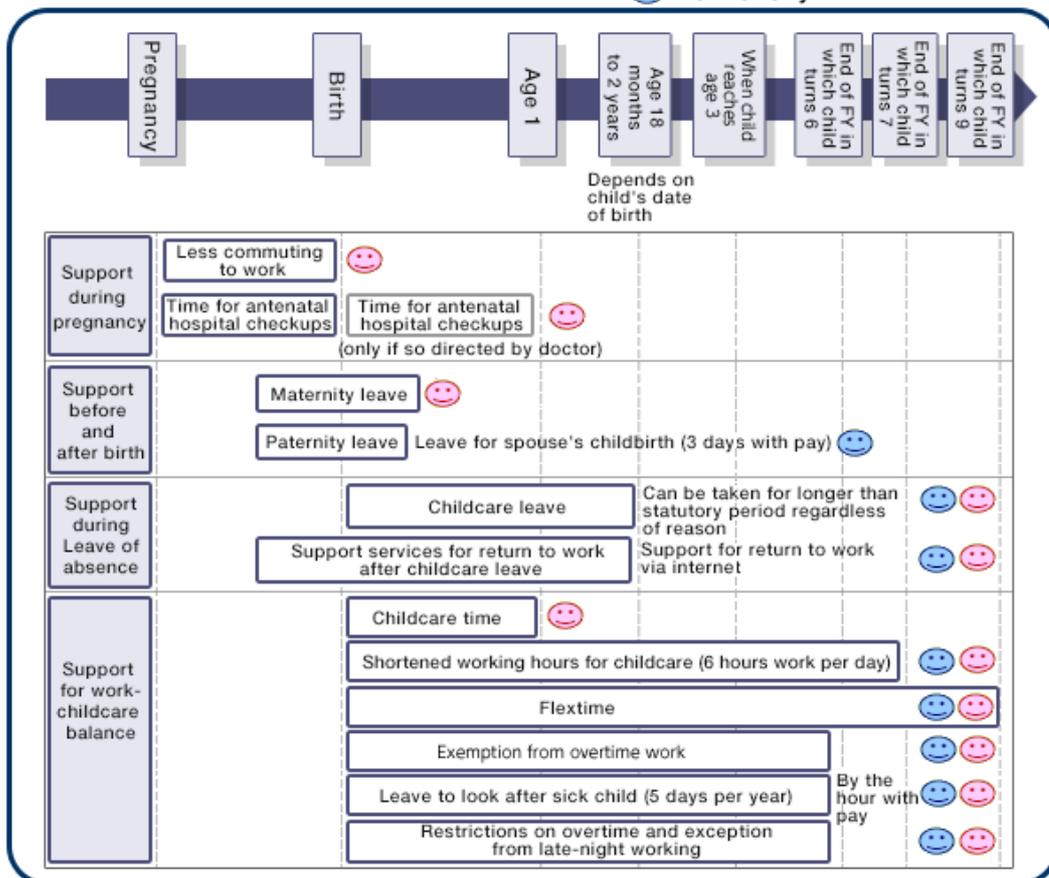
While on childcare leave, employees use a dedicated Web site so that they can maintain communication with their superiors and take part in e-learning courses. Systems such as these help to ease the sense of uncertainty that employees may feel while on leave.

We also have an adjustable work hour system. The scheme is flexible and allows employees to adjust working hours to their availability.

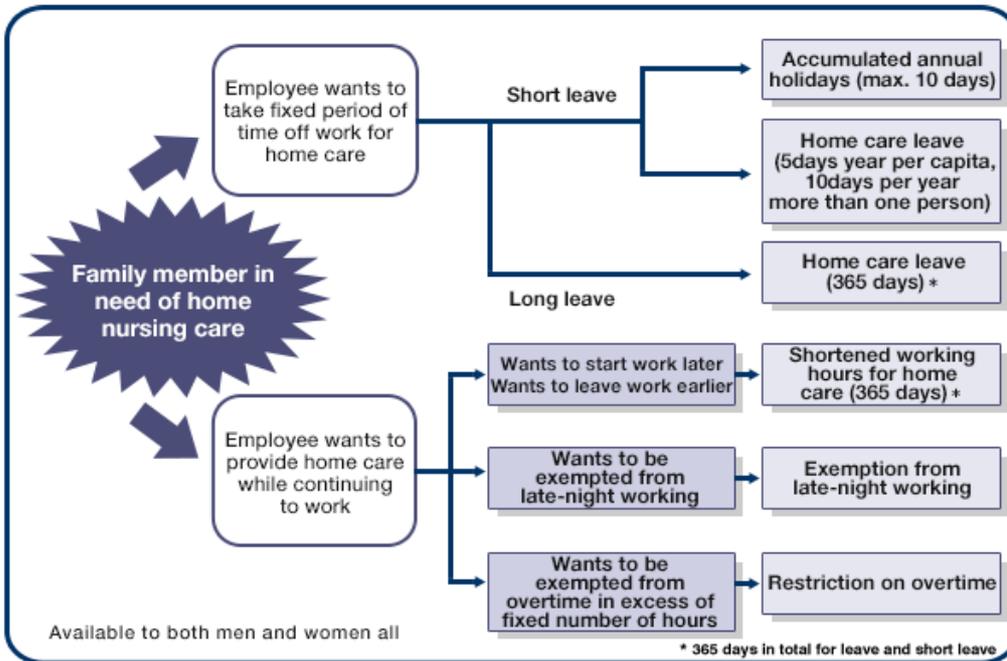
Thanks to programs such as these, nearly 100% of employees who take childcare leave return to their positions in the Company. Furthermore, we have in place programs for rehiring employees who previously left for reasons of childbirth or nursing care.

Program for Work-Childcare Balance

😊 For women only 😊😊 For men and women
 😊 For men only



Program for Work-Home Care Balance



Supporting Return to Work After Childcare Leave

KDDI offers the Forum for Employees before Returning after Childcare Leave, which provides employees planning to return to work following childcare leave with information that may be helpful as they strive for success while balancing work and child-rearing.

In FY2012, we added a seminar for the superiors of employees planning to return to work at which we introduced the results of an employee hearing survey covering successful ways to balance work and child-rearing. The seminar also featured discussions with superiors who have subordinates who have already returned to work, providing the opportunity to share information needed by working mothers for career development.



Forum for Employees before Returning after Childcare Leave

<TOPICS> Work-Life Management for “Iku-Men” (Men Participating in Child-rearing)

In February 2014, we held a seminar for men who actively participate in child-rearing, popularly known as “Iku-Men.” The seminar dealt with the key points in work-life management to proactively participating in child-rearing and housework while at the same time demonstrating high performance at work, the mentality necessary for self-development, and better communication with one’s family. One participant commented, “I discovered that the way to get on well with the kids at home and the way to enhance teamwork in the company have the same basis in management.”



Employees working on the Housework/Childcare-Sharing Sheet

Supporting a Balance between Work and Nursing Care

As the number of employees facing the issue of providing nursing care is on the rise, following on from FY2012, on Nursing Care Day on November 11, 2013, we held the Course on Balancing Work and Nursing Care to help them balance these responsibilities.

Designed to enhance employees' understanding about nursing care, the course covered the fundamentals of preparing for nursing care and the nursing care systems that KDDI offers.

In July 2012, we published the Guidebook Supporting Balance between Work and Nursing Care. This guidebook provides easy-to-understand explanations on how to use the Company's systems and promotes their effective utilization, helping to prepare employees who face the issue of providing nursing care now or will in the future. A smartphone version of this guide is also available.

Acquisition of "Kurumin" Certification as Provider of Next-generation Childcare Support

In July 2009, KDDI acquired "Kurumin" certification from the Ministry of Health, Labor and Welfare as a company that provides support to employees to maintain next-generation child care. This certification attests to the success of our efforts in planning and conducting activities to support both work and home life, thereby enhancing our systems related to child-rearing and our introduction of a teleworking system. Going forward, we plan to continue striving to create a work environment where each employee can realize their full potential.

Efforts that were recognized

1. Revision of the current system concerning childcare and implementation of a new system
2. Maintenance of an environment that allows employees on childcare leave to easily reintegrate back into the workplace
3. Revision of the current system concerning care giving
4. Reduction of overtime work
5. Maintenance of diverse labor conditions conducive to revising work styles
6. Promotion of activity by female employees and correction of ideas about gender role allotment



The "kurumin" logo
This symbolizes commitment to childcare, represented by the baby blanket in which the infant is lovingly wrapped (okurumi), and the concern and care of the entire workplace or company (shokuba-gurumi/kaisha-gurumi).

Diverse Work Styles

Telework Program (Working at Home)

KDDI has introduced a telework program to allow employees to work flexible hours and to boost operational efficiency.

In June 2011, KDDI expanded its network to make the system available to all employees. Taken from the perspective of business continuity, this extension was designed to enable employees to continue working even if travel to the Company was hampered by disaster or other situation.



Use of the teleworking system

Adjustable Work Hour System

KDDI wants its employees to use their time at the Company effectively by improving their productivity and aims to prevent them from working long hours. To encourage this behavior, we have introduced a “Adjustable Work Hour System,” through which an employee’s prescribed number of working hours differs every month or every three months according to their working duties. In addition to the system that we put in place in May 2011 to shorten working hours for employees responsible for childcare or nursing care, the system of variable hours is designed to allow employees flexibility in choosing the number of hours they work.

Flexible Work Hours

KDDI introduced flexible working hours on October 1, 2012. Introduction of the system was decided following discussions between labor and management on whether or not the system should be introduced by job category, in accordance with the main purport of the Labor Standards Law.

Initiative to Improve Long Working Hours

KDDI is striving to promote a “No Overtime Day” as a means of improving long working hours. Every Wednesday is designated as a “no overtime day” and the banning of overtime is enforced especially on the second and third Wednesdays. The enforcement rate of the no overtime day in each division is posted on the intranet to raise awareness within the company. In addition, the industrial doctors and personnel managers interview all employees who work long hours in an effort to establish thorough health-care management.

Improving Social Dialogue and the Workplace Environment

Social Dialogue (Creating Sound Labor-management Relations)

Signing a Union Shop Agreement

KDDI works with the KDDI Workers Union to promote employee welfare and social development under the banner of “Building a better KDDI.” We meet regularly to deliberate on a host of issues related to improving the working environment and strive to create sound labor-management relations. In December 2012 we signed a “Union Shop Agreement.” This accord makes membership in the KDDI Workers Union mandatory for all employees, except for managers and non-regular employees.

To nurture a sense of unity throughout the company, KDDI Sports Festival 2013, the first sporting event to be held jointly with KDDI Workers Union, was held in November 2013 at the company’s ground at Oyama in Tochigi Prefecture. Employees and their families from all over the country participated in the event together with the president and directors, and friendship among the employees and families was promoted through a workplace vs. workplace road relay race, tug-of-war, ball-toss game and other events.

Dialogue with Workers Union (Disclosure of Labor-Management Talks)

In an effort to foster communication between workers and management, labor-management talks were held a total of 32 times in FY2013. Information about the talks and other such events is disclosed to union members by the KDDI Workers Union as needed.

Establishing the Ideal Workplace

KDDI Kaitai Shinsho Employee Awareness Survey

Each year, KDDI conducts the KDDI Kaitai Shinsho awareness survey targeting all employees. The FY2013 survey looked at how awareness and behavior have changed over the past year and how the organizational climate has evolved over time, seeking to understand the current situation as well as any issues. Responses suggested that the pace of work by employees and overall workplace activity has accelerated, and that there have been marked improvements in superiors’ communication of policies and decisions, bringing a significant increase in the number of employees who feel a sense of unity with the company. At the same time, many responses pointed to the lack of communication in the course of work and the gap in awareness from workplace to workplace.

We have publicized these survey results on our intranet and in our internal newsletter. We are also discussing the issues raised by the survey at training sessions for all levels within the company, from general employees to directors, as we introduce measures to enhance communication throughout the company, implement measures tailored to the issues in individual workplaces, and invigorate communication in the workplace.

Participating in Accessibility Consortium of Enterprises

KDDI participated as a founding member in the Accessibility Consortium of Enterprises (ACE) which was founded in September 2013.

ACE aims to create new values that maximize diversity from the perspective of disability, to reform corporate culture and achieve an inclusive society, with the goal of establishing a new model for employment of people with disabilities that contributes to corporate growth, and expediting a society of human resources sought by companies. As of March 2014, the consortium had 24 members. Tadashi Onodera, chairman of KDDI Corp., currently serves as an ACE director.



Improving the Workplace Environment

Implementing the Workplace Improvement Project

Since FY2011, KDDI has been proactively pushing forward with the Workplace Improvement Project, which targets the creation of a bright and motivating, but lean, workplace. Based on the results of the Employee Awareness Survey, throughout the company we continue to promote mandatory greetings, morning meetings and joint cleaning activities in which all staff participate.



Greetings campaign in headquarters building

Smooth Guidance for Customers

KDDI has installed an unmanned automatic reception machine in the first floor entrance hall of the KDDI Office Building (Chiyoda-ku, Tokyo) to facilitate the giving of directions to customers visiting the KDDI Building and expedite their entry into the building without recourse to a manned reception desk.

In the visitors' conference room, we have introduced a conference room management system, installed an electronic information board to provide directions to visitors and linked the conference room reservation system on the company intranet with room access control, ensuring efficient use of the conference room.



Enhancing Environment for the Internal Sharing of Information

We have augmented our communication tools to enhance the internal sharing of information via streaming video and in-house SNS [1]. We have created an environment that enables employees to view announcements of company direction and other information on their own PC, either live or on demand, and also allows them to easily access employee opinions and information about other departments as well as conference materials. This approach facilitates the smooth and swift sharing of messages from management and internal information.

[1] Social Networking Service (SNS) : A web-based service for cultivating interaction between people

Imbuing Employees with the KDDI Philosophy

We have created applications, posters and other tools and conducted dissemination activities using these tools to encourage employee behavior based on the KDDI Philosophy, as well as implementing group activities devised by the organizations. In addition, employees have planned and held study meetings attended by all employees, regardless of organization or division. Through these activities, all employees share the direction and values of the company, which we hope will result in personal development and the continued growth of the company.

DATA	Number of study meetings held in FY2013
	861
DATA	Total number of participants
	39,209

PM2.5 Measures

To protect the health of employees working in China and India and their families, in FY2013 KDDI provided grants for the purchase of new air purifiers as a measure to combat PM2.5. At the same time, we distributed PM2.5 protective masks to employees working in China and their families as well as to locally hired employees and their families.

AED Installation and Training

KDDI has installed AEDs in the KDDI Office Building and in its offices all over the country. AED training sessions were held 188 times in FY2013 for a total of 3,361 participants.

Promoting Internal Communication

Award Ceremony to Award the President's Prize, the MVP Prize, and the Operational Quality Improvement Prize

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

In July 2013, we held an awards ceremony for activities in FY2012 at which the President's Prize, the MVP Prize, and the Operational Quality Prize were awarded. A total of eight President's Prizes, three MVP Prizes, and one Operational Quality Improvement Prize were awarded.



Awards ceremony

Occupational Safety and Health

Health Management and Mental Health Care

Enhancing Employees' Health Management

KDDI provides health checks with testing categories that are more detailed than the legal requirements, and we offer health guidance to employees who undergo regular health checks. We have also reinforced our efforts targeting the prevention of lifestyle diseases, providing a specific health checkup and specific counseling guidance.

Furthermore, in partnership with the health insurance society, we promote facilities for the prevention of aggravation of diseases (data health planning).

We have a Healthcare Room and a Refresh Room to encourage employee health maintenance and recovery.

Employees can take a temporary rest in the Healthcare Room when they are not feeling well, and receive first-aid care and health counseling. At the Refresh Room, nationally qualified masseurs (health keepers) work to ease away back and neck aches and to soothe tired eyes, helping to support the health of employees and temporary staff.



Refresh Room

Promotion of Mental Healthcare

Throughout society, an increasing number of people suffer from mental health issues. In response, at its Employee Counseling Center, KDDI conducts counseling, proactively encouraging self-care and line care.

We also require employees working more than a prescribed number of hours to continuously consult the industrial physician and medical staff and to be interviewed by the industrial physician if necessary, to preempt any mental health problems.

In addition, we are aggressively promoting e-learning about self-care and line care, and we conduct stress checks for new graduates for three years after joining the company, providing feedback to the person concerned. We are also implementing measures for mental health care such as setting up the "Mind Clinic" portal site on our intranet as a repository of information related to mental health.

Smoothing Return to the Workplace Following Personal Medical Absences or Leave

When an employee returns to the workplace following vacation leave or leave of absence due to physical or mental health issues, the industrial physician and the workplace work together to facilitate their return by providing various support plans, such as the industrial physician interviewing the returnee and the returnee's superior, offering shortened working hours to ease the physical and mental burden of returning to work, and providing support for the returnee's superior.

Occupational Safety and Health

At each of our offices, KDDI has health and safety committees that plan and conduct activities as joint labor-management efforts. In addition to serving as a forum for exchanging opinions on disaster prevention, traffic-related workplace injuries, and other aspects of workplace safety and occupational health, these committees work toward employee health maintenance and the prevention of workplace injuries. Furthermore, by sharing information among offices, these committees determine conditions at different locations at an early stage, facilitating the introduction of preventive measures.

▶ Number of Workplace Injuries

Conducting Driver Training

KDDI conducts driver training throughout Japan for employees who use vehicles on Company business.

In September 2013, we introduced a vehicle service management system which has been applied to some company vehicles and will be expanded to all company vehicles in FY2014. The system aims to enforce safe driving by the driver and provide an enhanced deterrent effect on traffic accidents by recording data on the vehicle's operation and the driver's driving and alerting the driver.

KDDI will continue to encourage driver safety awareness throughout Japan, promoting respect for traffic rules and the learning of proper driving manners to eliminate traffic accidents.

Human Resource Cultivation

Human Resource Cultivation System

Mission Grade

In FY2013, KDDI introduced a Mission Grade System for managers. The system defines the management role assigned to line managers and the professional role assigned to non-line managers and specifies the grade according to size. The grade 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, authority borne, and degree of impact of the outputs, creating a pay structure that rewards employees according to their contribution to the company.

Management by Objectives System

Under a system of management by objectives for non-managerial employees, employees and their supervisors meet to determine an employee's "personal objectives," which feature a combination of company and organizational targets and individual targets for the employee, and are designed to encourage a sense of challenge that will spur employees on to further efforts toward personal growth. This system is linked with employee evaluations. We have also incorporated planning skills and other evaluation items as part of the process of achieving objectives and we are promoting more impartial and transparent personnel evaluations.

Establishment of a New Post: Executive Assistant

In FY2011, KDDI established a new executive post of assistant to a director, a position in which the holder learns the company's business approach. The assistant is present at all meetings attended by the director and learns at first hand the management's attitudes and way of thinking. In FY2013, 11 executive assistants were appointed. After gaining experience as assistants, they will be assigned to duties in the various divisions as line managers. By providing the opportunity to learn KDDI's business approach, we aim to develop the human resources needed to carry KDDI into the future.

▶ [Highlight2 Diversity](#)

Job Rotation System

By allowing employees to work in multiple job positions and departments, the "Challenge Rotation" program pursues expansion of and adaptation to individual work fields. The "Professional Rotation" program aims to contribute to society at a higher lever by exploring and further expanding individual expertise.

Self Career Produce System (SCAP)

In FY2008, KDDI introduced a Self Career Produce System (SCAP) to spark employees' enthusiasm and evoke a spirit of challenge by enabling them to chart their own career courses. The system enables employees to transfer to departments of their choice after they have accumulated a certain amount of experience in their current positions and have earned positive evaluations.

Self-Reporting System

KDDI has introduced a self-reporting system whereby each individual employee conducts career inventory and reports on his or her personal career situation annually. Supervisors conduct interviews with employees based upon these reports, to strengthen communications and to develop a career plan.

Support for Qualification Acquisition

KDDI supports the acquisition of qualifications designated by the company so that employees can improve their knowledge and technical skills and contribute to improvement of business operations. To support and encourage self-development, we pay the related fees for those employees who successfully acquire qualifications.

e-learning

KDDI has launched the companywide e-learning system environment “DO-JO,” allowing all employees to use a shared platform and challenge the world of self-study via online content learning.

Cultivating Human Resources Globally

Training and Cultivating Locally Hired Employees

In keeping with globalization promptly, the KDDI Group is placing an emphasis on cultivating employees who have been locally hired overseas.

We provide training that is differentiated according to employees' positions and skills. Practical Skills Training uses the understanding of the KDDI Philosophy as the base and augments training in practical skills such as an understanding of services. We also provide Training for middle Managers that is aimed at cultivating an understanding of business strategies and the improvement of management skills, as well as Upper Management Training that cultivates human resources for leadership roles as location managers.

Through our Global Human Resources Exchange Program, we also provide employees hired overseas with opportunities to work for a certain period of time at our headquarters. This program aims to encourage personnel interaction between overseas locations and headquarters.



Practical Skills Training for Employees Working Overseas

Conducting Training for Employees Being Posted Overseas

KDDI conducts Training for Employees Being Posted Overseas to prepare them to take up their positions at our overseas locations. This training focuses on the fundamental knowledge required by people dispatched overseas and provides instruction in topics such as KDDI Philosophy activities, governance and risk management outside Japan.

We also provide region-specific training for employees headed for English- or Chinese-speaking destinations. They receive language instruction by native speakers of those languages and learn about things to take into account when cultivating relationships with local people. This training is designed to be practical, so that employees can quickly apply it upon reaching their destination.

Overseas Study Program (University and Internship (Work Abroad*) Programs)

KDDI has introduced two overseas study courses, "Business Study Abroad" and "Specialized Study Abroad."

Under the "Business Study Abroad" program, employees attend an overseas university for 1-4 months and interact with a number of global businesspeople. Through this process, the program aims to encourage employees to learn about global standards for business ethics and frameworks, as well as to master business promotion methods.

In addition to the university program, last year we started recruiting for an internship program (work abroad*) aimed at acquiring practical business skills. The first person to be dispatched has been selected and is preparing to leave in FY2014.

Employees taking advantage of the "Specialized Study Abroad" system spend about a year at an overseas university or specialized institution. The training is aimed at enabling employees to acquire high-level specialist knowledge and build human networks with relevant persons.

Six employees participated in these programs in FY2013.

Work abroad*: Under this program, the employee goes to an NPO abroad and participates in local operations. The system is aimed at enabling the employee to acquire broader vision while young and enhance his/her business and diversity capabilities in different cultures.

Overseas Trainee System

By allowing employees to take part in sales operations, technical support, and through other practical experience, the overseas trainee system helps them learn more diverse values and different business practices. This experience is intended to cultivate superior human resources who have global sensibilities and can conduct business smoothly under such circumstances.

This training is offered to young employees who have a certain number of years of experience. In principle, they are dispatched to overseas locations for a two-year period. Their destination is determined according to the appropriateness and requests of the operation to which they will be assigned. At the end of their dispatch period, employees return to their original organization to apply the experience they gained as trainees.

In FY2013, 12 trainees were sent to develop their skills in the United States, and countries in Europe, Southeast Asia, and East Asia.

Employment Data (as of March 2014)

Employment Trends

	Gender	FY2011	FY2012	FY2013
Number of employees [1]	Male (The total number of Managers)	9,001 (3,453)	9,034 (3,609)	8,648 (3,752)
	(Department Manager)	-	-	334
	(Section Managers)	-	-	3,418
	Female (The total number of Managers)	2,193 (113)	2,197 (124)	2,091 (140)
	(Department Manager)	-	-	11
	(Section Managers)	-	-	129
Average age	Male	41.4	41.8	42.1
	Female	37.7	38.2	38.6
Average work years	Male	16.5	16.8	17.1
	Female	14.8	15.3	15.6
Employment turnover rate (%) [2]		0.50	0.84	0.94
Number of employees with disabilities		246	285	300
Employment rate of persons with disabilities (%)		1.95	1.91	2.02

[1] "Number of employees" is the number regular KDDI employees including employees temporarily transferred to KDDI. The number of managerial personnel is the number KDDI managerial personnel including those temporarily transferred outside of KDDI.

[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.

Recruitment Data

	Gender	FY2011	FY2012	FY2013
Recent university graduates	Male	151	171	189
	Female	60	69	62
	Total	211	240	251
Mid-career hires	Male	23	26	29
	Female	7	6	2
	Total	30	32	31
Reemployment	Male	37	75	68
	Female	5	6	6
	Total	42	81	74

Temporary Employee Data

	FY2011	FY2012	FY2013
Agency employees	4,471	5,128	4,197
Contract employees	179	1,686	2,850
Total	4,650	6,814	7,047

Number of Overtime Hours and Amount of Paid Vacation Taken

	FY2011	FY2012	FY2013
Average overtime hours per month	31.3	28.6	29.6
Rate of paid vacation taken	70.7%	69.3%	59.5%

Number of Employees Using the Childcare and Home Care Support System

		(No. of people)			
Program		Gender	FY2011	FY2012	FY2013
Childcare	Maternity leave	Female	143	157	169
	Childcare absence	Male	9	5	15
		Female	253	268	270
	Parental leave reinstatement rate		100%	98.2%	97.2%
	Shortened working hours for childcare	Male	2	2	2
		Female	342	357	378
	Sick/injured child care leave	Male	634	638	520
		Female	322	370	362
Home care	Home care absence	Male	3	4	6
		Female	4	2	1
	Home care leave	Male	100	112	117
		Female	28	24	44
	Shortened working hours for nursing care	Male	0	1	2
		Female	2	1	0

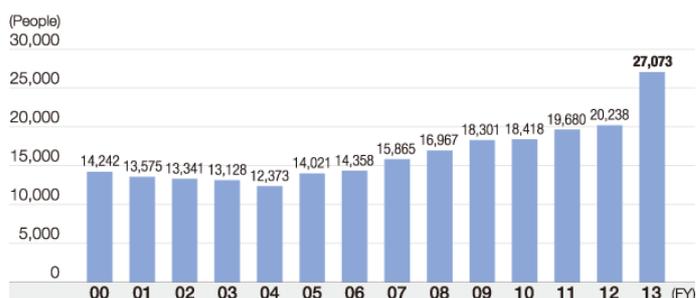
Number of Workplace Injuries

		(No. of people)		
		FY2011	FY2012	FY2013
Injury/illness		44	33	14 [3]
Death		0	0	0
Total		44	33	14
Rate of work-related accident frequency		-	-	0.48 [3]

* Rate of work-related accident frequency = the number of person who have injuries, illnesses and work-related accident / total number of work-hours×1,000,000

[3] Commuting accidents are not included in calculations of the number of injuries and illnesses and work-related accident frequency.

Number of Employees since Our Establishment (consolidated basis)



Human Rights

In line with the KDDI Code of Business Conduct (Basic Principles), KDDI strives to encourage respect for human rights within its management activities.



▶ Human Rights Initiatives

All employees respect human rights and privacy based on the “KDDI Code of Business Conduct,” which prescribes respect for human rights and individuality in all our business activities, and we aim to be a workplace that embraces diverse values.

Human Rights Initiatives

Our Approach on Human Rights

The “KDDI Code of Business Conduct” defines our basic principles on maintaining respect for human rights and individual characteristics throughout all our business activities. The guideline celebrates the diverse values of our employees, clearly prohibiting discrimination on the basis of such factors as gender, age, race, place of birth, religion, or disability, as well as any behavior that disrespects human rights, such as violence, sexual harassment, and power harassment.

* The KDDI Code of Business Conduct is based on respect for basic human rights and equal human rights.

In relations with government offices inside and outside Japan and with governmental companies inside and outside Japan, any behavior deemed to be back-scratching or collusive (such as bribery, entertaining and illegal political donations) is forbidden.



KDDI Code of Business Conduct Handbook

[KDDI Code of Business Conduct \(Basic Principles\)](#)

Edification Activities

The guiding principle “KDDI Philosophy” forms the basis of the code of conduct established for KDDI group companies in Japan and is shared throughout the group for edification.

As part of its aim to prevent all sorts of harassment, including sexual harassment, KDDI has developed and distributed the “Harassment Prevention Guidebook” and has provided information over the Company intranet. In addition, we set up the “Sexual Harassment Hotline” operated by a third-party professional counselor who receives reports and consultation requests. We ensure that consultants and reporters remain secret so that no detriment is caused to these individuals.

[Business Ethics Helpline](#)

Human Rights Education

- ▶ [Sponsorship and Participation in Conference on CSR and Risk Management](#)
- ▶ [Support for LGBT](#)
- ▶ [Social Dialogue \(Creating Sound Labor–management Relations\)](#)

Fair Operating Practices

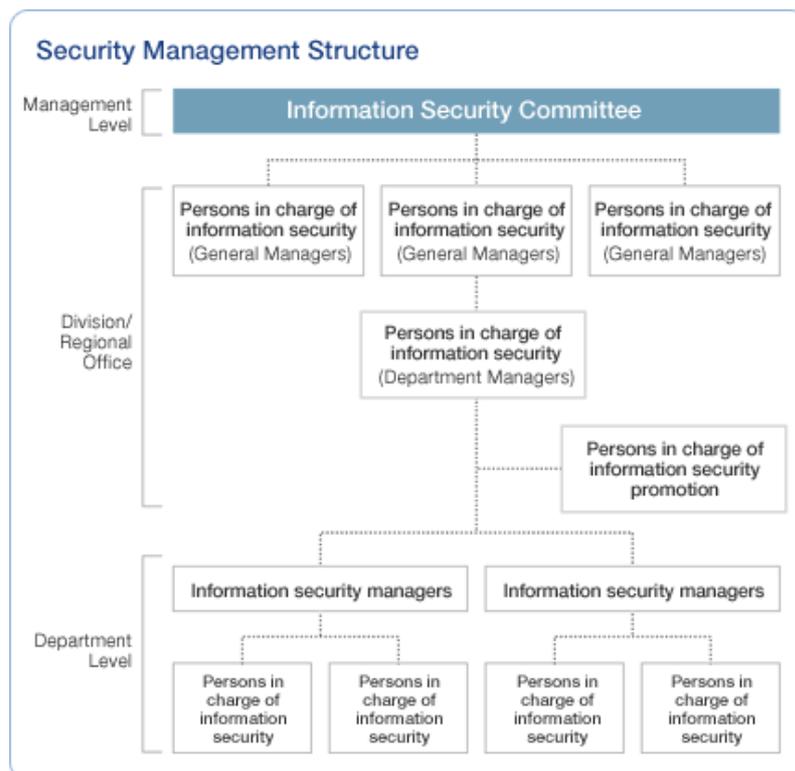
KDDI strives to ensure the trust of its stakeholders through information security and compliance initiatives, as well as fair and impartial business activities and proper and appropriate information disclosure.

 <p>▶ Information Security</p> <p>We have in place a system of groupwide measures to readily implement and enhance information security.</p>	 <p>▶ Compliance</p> <p>KDDI will promote the maintenance of a system environment that enables each and every employee to behave consciously in relation to compliance.</p>	 <p>▶ Working with Business Partners</p> <p>KDDI ensures fair and equitable trade through sound business partnerships that are established on the basis of mutual understanding and trust.</p>
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Information Security

KDDI's Approach to Information Security

KDDI has established 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 when necessary readily implements Group-wide measures to enhance information security.



KDDI's Security Policy—Our Basic Policy on Information Security

KDDI recognizes the appropriate management of information as a topmost management priority. Accordingly, we have formulated the Security Policy as our basic policy on information security. To earn the trust of customers and other stakeholders, we publicize this policy both inside and outside the Company and declare our observance to it, consistently taking appropriate defensive action to counter the risk of information leaks.

[Security Policy](#)

KDDI's Privacy Policy—Our Basic Policy on Personal Information Protection

KDDI realizes the importance of personal information. To ensure the thorough protection of such information, KDDI conforms with the Telecommunications Business Law, legislation concerning the protection of personal information, industry-specific guidelines such as those related to the protection of personal information in the telecommunications business, and other laws. We also publicize and declare adherence to our basic policy in this area, the Privacy Policy.

[Privacy Policy](#)

Strengthening Information Security

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 [1] (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 FY2012, we formulated regulations for KDDI Group companies based on the KDDI Group Information Security Standards that we formulated in FY2011. Since FY2013 we have continued working to strengthen information security and governance at KDDI Group companies through the appropriate execution and timely inspection of Group company regulations and application of a PDCA cycle.

[1] 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.

ISMS Certification at KDDI

Registration Number	Organization	Initial Registration
IS 95253	KDDI CORPORATION [2]	June 7, 2005
IS 76406	KDDI CORPORATION (Operations Division) [3]	July 4, 2003
IS 85329	KDDI CORPORATION (Information Systems Division)	September 28, 2004

[2] Includes corporate, technology and sales, and customer support divisions, as well as KDDI KYOSAIKAI (now, KDDI Group Welfare Association), KDDI Health Insurance Union, KDDI Pension Fund, KDDI Research Institute, Inc. and KDDI MATOMETE OFFICE CORPORATION

[3] Includes Japan Telecommunication Engineering Service Co., Ltd.

Responding to Incidents Involving Information Leaks via Social Media

The expanding use of social media has prompted a spate of incidents in which corporate trust has been damaged or individual privacy compromised over the Internet. KDDI has addressed this situation by formulating and disseminating thoroughly rules that all executives and employees must follow when using social media.

Preventing Information Leaks Due to Emailing Errors

Email has supplanted the telephone as an essential two-way communication tool for business. However, a major issue when using email is preventing information leaks caused by sending emails to the wrong address, attaching the wrong documents, or other mailing errors.

To resolve these issues, KDDI has introduced mechanisms for preventing emailing errors, such as prevention of automatic mail forwarding (systems), automatic encoding of attached files when emails are sent outside the company, temporary delays before sending, and mandatory bcc of addresses (prevention of leaking of email addresses). In these ways, we are bolstering activities to prevent information leaks accompanying emailing errors.

Compliance

Basic Stance

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 conjunction with these efforts, the company is working to improve awareness of compliance to ensure that all employees maintain a high sense of ethics at all times and execute their duties appropriately, through the KDDI Philosophy as the corporate principles and the KDDI Code of Business Conduct as a code of conduct for all employees.

We believe that the building of a dynamic communication environment within the company is an essential prerequisite for further improvement of employees' awareness of compliance. In FY2013, we held workplace visits and social get-togethers by birthplace area.

KDDI Code of Business Conduct

Compliance Promotion System

KDDI has also put in place a KDDI Group Business Ethics Committee to deliberate and make decisions on compliance-related items. The committee formulates policies for educational activities, and in the event that a violation of compliance occurs, it deals with the situation, discloses information outside of 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 Education and Training

DATA Conducted training for managers

25 times in total for **521** participants (FY2013)

KDDI has also conducted e-learning once for all employees.
KDDI has set up and conducts compliance classes in an effort to enhance employee awareness.

Business Ethics Helpline

KDDI established the Business Ethics Helpline to serve as a contact point for all employees with questions or concerns about business ethics and legal compliance. By establishing a contact point in collaboration with external experts, the Company is creating an environment where it is easy for employees to report concerns. The Company has also established internal regulations in response to the enforcement of Japanese legislation designed to protect public informants, and actively conducts educational activities on this topic. We have also opened the Business Ethics Helpline to overseas companies in English and Chinese.

In FY2013, the Helpline received 10 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.

Basic Policy for Eliminating Anti-Social Forces and Status of Implementation

Our Basic Policy for the Creation of Internal Systems takes a firm stand on countering anti-social forces. In addition to rules defining initiatives for blocking off any relations with such forces, the KDDI Code of Business Conduct, which defines basic principles to be followed and enforced by all executives and employees, takes a firm stand against anti-social forces, rejecting any requests for illicit funds and refusing to comply with their demands.

Enhancing the Compliance Structure of KDDI Group Companies

KDDI has also codified its business ethics for Group companies, and has established company-based Business Ethics Committees and Business Ethics Helplines. The Business Ethics Committees convene semi-annually to ascertain the situation at each company and support the establishment and reinforcement of compliance structures.



Working with Business Partners

KDDI CSR Procurement Policy

On February 1, 2014, KDDI enforced the KDDI CSR Procurement Policy. In doing so, we conveyed the policy to our business partners. To ensure further dissemination of the policy, in FY2014, we are considering carrying out a questionnaire survey. KDDI will continue to aim for improvement of CSR procurement standards.

[KDDI CSR Procurement Policy](#)

Conflict Minerals

The U.S. government requires companies listed in the United States to disclose the use in their products of minerals produced in the Democratic Republic of the Congo and other conflict-plagued regions (below “conflict minerals” [1]).

KDDI is not listed in the United States, but to fulfill its social responsibility in its procurement activities, it is working together with suppliers and implementing initiatives to ensure that it does not use conflict minerals.

[1] Conflict minerals are tantalum, tin, gold, tungsten and other minerals designated as such by the U.S. Secretary of State.

Reinforcement of Partnerships with Business Partners

KDDI considers the companies with which it conducts transactions to be important business partners. Accordingly, we conduct questionnaire-based surveys of our business partners as well as our own departments that place orders with these companies in an attempt to build trust-based relationships, and strive to achieve shared understanding and mutual improvements in operational quality. We also have in place systems to provide feedback of questionnaire results to business partners and reward systems for recognizing business partners that earn particularly high marks.

To strengthen our partnerships, we have also extended the KDDI Group’s Business Ethics Helpline to business partners. It serves as a contact point for employees with questions or concerns about business ethics and legal compliance.

Educational Support to au Shop Staff

KDDI believes that training au shop staff is an essential element of its efforts to pursue customer satisfaction on a host of fronts. We encourage au shop staff to learn efficiently and effectively by conducting group training for learning essential sales skills, and e-learning for new product information, where basic operational knowledge and rapid mastery are required.

We also implement a qualification and certification system to evaluate staff skills and conduct professional training, recognizing sales efforts that generate high levels of customer satisfaction as “au Advisors,” “au Masters” and “au Experts.”

Support for Content Providers

We work with content providers, who are our business partners, to provide customers with unlimited access to an extensive lineup of popular apps, coupons, cloud services and other items through “au Smart Pass” – one way in which we propose attractive new value offerings to our customers.

We support content providers with a counter for face-to-face discussions and a helpdesk for website-based inquiries. This system gives our business partners direct access on the technical and operational fronts. To enhance satisfaction among content providers, each month we hold TCS [2] Promotion Meetings, attended by the heads of departments and divisions that work with content providers. At these meetings, we consider customers’ and content providers’ opinions and requests and implement improvement measures.

To enable content providers to provide content quickly and without inconvenience, going forward we plan to shorten website-based service procedures and clarify sections that are difficult to understand.

[2] An abbreviation for “total customer satisfaction,” through which we recognize all stakeholders as “customers” and work toward their satisfaction.

Support for Individual Shareholders

KDDI proactively redistributes profits by increasing dividends and implements measures to deepen individual shareholders’ understanding of KDDI’s business operations.

In FY2013, we held tours of the Chikura Cable Landing Station and the Kokusai Cable Ship Yokohama Maintenance Center.

The shareholders who participated in the tours gained a deeper understanding of KDDI’s technical skills that support optical submarine fiber optic cable communications and of the realities of maintenance of the submarine cables that is carried out 24 hours a day, 365 days a year.

In October 2013, we announced the introduction of a shareholder special benefit plan aimed at thanking shareholders for their constant support and further deepening understanding of KDDI Group operations.

We present [3] complimentary tickets to shareholders according to the number of KDDI shares held and the length of time held, for use when purchasing au devices. KDDI will continue to further strengthen our ties with individual shareholders.



[3] Shareholders recorded in the list of shareholders as of March 31 every year who hold more than 1 unit (100 shares) are eligible.

Community Involvement and Development

KDDI conducts a variety of social contribution activities and aids community development through the development of technologies and grant activities. In these ways, we fulfill our role as a member of local communities.

 <p>▶ Active Community Involvement</p> <p>KDDI has established a Social Contribution Policy, and as a good corporate citizen we respond to the demands of society and earn its trust by using our technologies and human resources to contribute to society in Japan as well as overseas.</p>	 <p>▶ Educational Support for Local Communities</p> <p>KDDI is implementing a variety of initiatives, including career education and constructing schools in developing countries.</p>	 <p>▶ Communication with local communities</p> <p>KDDI conducts a variety of activities aimed at deepening communications with communities and contributing to their betterment.</p>
 <p>▶ Developing and providing technical skills for community development</p> <p>With an eye on the development of the international community, KDDI continues its numerous support activities for developing countries through efforts including specialist dispatching, technical support, and contribution activities.</p>	 <p>▶ Supporting the Growth of Venture Companies</p> <p>We actively support venture companies through such measures as cultivating and assisting the next generation of engineers and providing an array of services.</p>	

Active Community Involvement

Social Contribution Policy

The KDDI Group established its Social Contribution Policy in 2012.

As a good corporate citizen, we respond to the demands of society and earn its trust by using our technologies and human resources to contribute to society in Japan as well as overseas.

Basic Principles

Operating in accordance with the KDDI Philosophy, by satisfying all its stakeholders the KDDI Group seeks to contribute to society's happiness by encouraging fulfilling lives for people around the world in a sustainable manner.

Behavioral Guidelines

1. As a company involved in information and communications business, KDDI recognizes its social responsibility to address societal issues through the use of information and communications technologies (ICT). We aim to provide appropriate communication environments that are safe and secure for all people.
2. KDDI has established medium-term themes for its social contribution activities in five areas: "bridging the digital divide [1]," "sound development of youth," "environmental conservation," "social and cultural support," and "support in times of disaster." By maximizing our application of such resources as networks, products and services, we conduct social contribution activities through ICT, in a manner characteristic of KDDI.
3. Through communications with stakeholders, we notify and share information concerning ongoing improvements in the content of our operations, thereby contributing to society's development.
4. By sharing with KDDI Group employees our directions on social contribution activities, we pursue independent-minded activities as a good corporate citizen in the aim of achieving sustainable growth in tandem with society.

[1] Issue where an information disparity occurs between people who have access to information and communication technology such as the computers and the internet and those who do not.

The "+α Project" for Employee-participatory Social Contribution Activities

DATA Total contributions through the "+α Project" in 2013

¥8,783,500

The "+α Project" is KDDI's original employee-participatory social contribution project. Project members who are engaged in social contribution activities both within and outside the company are awarded points. These points are converted to cash at the rate of ¥100 per point, and this money is then donated by KDDI to charitable organizations recommended by the members. As of March 2014, the number of employees who are registered as members totaled 9,800 throughout the country, and the total number of points earned in 2013 was the highest on record. Donations during fiscal 2013 went to a total of 35 charitable organizations, including environmental-related non-profit organizations such as Omotehama Network and Sanriku Hitotsunagi Nature School as well as medical non-profit organizations such as Home Medical Care Support Association.

Social Contribution through Our Business

“Pieces of Hope” Click Donation Site

“Bring together many small friendly feelings to make a big hope.” With this wish in mind, KDDI has opened a click-based donation site, “Pieces of Hope,” on its Web site. Each click on the donation page is converted to ¥1, and KDDI donates the total amount to NPOs that undertake social contribution activities. In FY2013, total donations reached ¥2,275,951.



[☐ “Pieces of Hope” Click Donation Site \(Japanese\)](#)

Support to Disaster-Stricken Areas

KDDI sets up a “Disaster Area Support Contribution Site” on EZweb when a major disaster strikes and donates all the proceeds earned from customer purchases of wallpaper.

[☐ KDDI Kibou-no-Kakehashi \(Japanese\)](#)

Japan

	Total Contributions	Obtained from	Donated to
Typhoon No. 26	¥2,209,775	Disaster Area Support Contribution Site, KDDI	Japan Red Cross, Tokyo Metropolitan Chapter
Typhoon No. 18	¥1,442,811	Same as above	Central Community Chest of Japan

Overseas

	Total Contributions	Obtained from	Donated to
Typhoon Haiyan (Philippines)	¥5,086,720	Disaster Area Support Contribution Site, KDDI	Japan Red Cross
Flooding in Southeast Asia	¥988,554	Same as above	Japan Platform
Flooding in Luzon, Philippines	¥951,154	Same as above	Japan Platform
Flooding in Myanmar	¥600,054	Same as above	Japan Platform
Flooding in Northern India	¥2,036,687	Same as above	Japan Red Cross
Tornadoes in Oklahoma in the USA	¥1,415,000	Same as above	Japan Red Cross

Participation in Community-Rebuilding Projects in Disaster-Stricken Areas Suffering Depopulation

Since fiscal 2011, KDDI has implemented a variety of support activities in areas stricken by the Great East Japan earthquake. A total of approximately 400 KDDI employees participate in these activities.

Since February 2012, KDDI has been working with Oraga Otsuchi Yume Hiroba, which was started in the town of Otsuchi, Kamihei District, Iwate Prefecture immediately after the reconstruction of that town to help regain a sense of hope and a new future. The work being done with this organization is focused mainly on revitalization of industries that flourished before the disaster such as tourism, commerce and industry, the marine products industry, and agriculture as well as supporting daily life and employment. KDDI employees go to Otsuchi, where they engage in a variety of support activities such as holding discussions in temporary housing facilities, removing debris from the seacoast, cutting down trees that have suffered salt damage, reforming old Japanese-style homes, and helping with shipping scallops and wakame seaweed.



KDDI employees participating in activities in Otsuchi

▶ Highlight6 Support

Report on Activities during Fiscal 2013

KDDI employees were engaged in helping with the reformation of old Japanese-style homes for use as community facilities, maintenance of the surrounding environment, and shipping scallops and wakame seaweed.

Reformation of old Japanese-style homes	
May	Preparation of land and creation of crop fields near old Japanese-style homes
June	Preparation of land and creation of crop fields near old Japanese-style homes
Sept.	Trimming grass near old Japanese-style homes, pouring cement flooring for old Japanese-style homes
Nov.	Reconstructing floors in old Japanese-style homes
Activities in support of fishing	
Jan.	Recovering floats and sorting wakame seaweed
Feb.	Boxing scallops, etc.

Experiences of employees participating in support activities

I think the activities we are engaged in are very small things, but I believe that if these small-scale activities spread throughout society, they will have a large effect. Every time I participate I think about what it is that we can do. Even though we do not really have much of an effect, I want to continue activities that support the disaster-stricken areas.



Employees participating in volunteer activities

Experiences of people in Otsuchi

Oraga Otsuchi Yume Hiroba

We requested that KDDI get involved not only in the reformation of old Japanese-style homes but also in post-activity workshops. In these workshops we all sit in a circle and discuss what we learned from the experience of participating in the activity. Sometimes our discussions about the future of the town last until late into the night. The town residents who participate range from elderly people living in temporary housing to high school students and people in the fishing industry. Among the things that we have come to understand through these workshops are the merits of the town that we ourselves sometimes fail to notice. One reason for this is that things that we residents simply take for granted are seen as important assets by people who come in from cities. One of the important tasks before us is using this information to create a vision of our future.



Kazuyuki Usuzawa
Director, Oraga Otsuchi Yume Hiroba

New Otsuchi Fishing Cooperative

Before the disaster, Otsuchi was a fishing town where salmon ran upstream. It boasted a fishing ground in which the Oyashio and Kuroshio converge along its ria coastline, which is unique to the Sanriku region. Before the disaster, the total value of its annual catch was ¥1.1 billion, but the devastating effects the disaster had on this industry led to the de facto bankruptcy of the fishing cooperative and the drastic reduction in the number of producers. The Scallop Cultivation Cooperative (10 members including myself) is working hard under these conditions to reconstruct this fishing town. We want everyone in Japan to be able to enjoy Otsuchi's scallops and wakame seaweed, both of which are the finest in Japan. We anticipate further reinvigoration of the cooperation through our continued collaboration with KDDI's social contribution activities.



Shuichi Koshida
Director, New Otsuchi Fishing Cooperative,
Otsuchi Bay Scallop Cultivation Cooperative

Educational Support for Local Communities

Career Education

There is growing need for career education that cultivates children's ability to play their role in society as they create their own individual ways of life. KDDI is developing career education programs mainly for junior high and high school students with these goals in mind.

In fiscal 2013, KDDI held career education programs in a total of ten schools. These were not field trips or visits to the company; rather, these were programs designed to get students to have a deeper understanding of a variety of jobs and provide an opportunity to think about the sort of work they might like to do in the future through interaction with KDDI

employees who are working in the real world. The programs have been praised by teachers with comments such as, "There are not many companies that cooperate in career education programs. I am very grateful to KDDI," and "It was very easy to understand the explanation of the difference between working for a company and working independently."



A KDDI employee leading a career education class

Charity Concerts and School Construction

Cambodia, which was embroiled in civil war from the 1970s through the early 1990s, is currently in a recovery phase, including on the educational front. Each year since 2005, the KDDI Foundation has held charity concerts to support Cambodia. KDDI augments the funds that are raised through these concerts, which are provided to World Assistance for Cambodia, an NGO, to build schools.

Through these activities, each year a "KDDI School" is constructed to cultivate human resources that are adapted to internationalization and the use of ICT. In January 2014, the opening of Phnom Touch KDDI School, the ninth school KDDI constructed in Kampot Province, was marked with an opening ceremony attended by local villagers.



Group photo for the opening of the KDDI school

▶ [Highlight5 Hope](#)

Educational Support in Developing Countries

KDDI Foundation continued in fiscal 2012 to provide support to the NGO "Chisa-na Bijutsu (Small Art) School," which teaches painting to Cambodian children. Many of the children's paintings are used in the programs of charity concerts held in Japan and KDDI newsletters. In addition, notebooks with paintings made by children attending the Chisa-na Bijutsu School on their covers are distributed at concert halls to help solicit donations to the school.

Mobile decomposition classroom experience for families at KDDI Designing Studio

In August 2013, KDDI held a mobile decomposition classroom experience for parents and children at KDDI Designing Studio, teaching about mobile phone recycling with real live dismantling of parts by hand, including the camera, speaker, and LCD.

Through this activity, which children cannot normally experience, we were able to teach them the importance of recycling and many of the participants said that they would like to take part again next year.



Dismantling activity

Communication with local communities

Main social contribution activities around Japan

KDDI strives to deepen communications with people in local areas and takes part in activities that contribute to local communities.

Local development

Area	Main activities in fiscal 2013
Hokkaido	Participation in the "2nd Moiwayama Hill Climb Run"
Miyagi	Participation in the "Sendai PTA Festival"
Tochigi	Oyama Network Center opened to the public: 1,800 people visit
Saitama	KDDI transfers land in Komuro to Saitama Pref. and the town of Ina
Tokyo	Participation in the local event "i-i FESTA"
Yamaguchi	Held the Satellite Communication Demonstration & Parabola Antenna Light Up
Yamaguchi	Participation in the "Michi-no-Eki Niho-no-Sato" Agriculture Festival
Ehime	Participation in pre-marathon volunteer activities for the "52nd Ehime Marathon"
Fukuoka	Booth in the "Raising Tomorrow's Children" Festival
Fukuoka	Entered into an agreement with the City of Yame, Fukuoka Pref. and the Yamamura Juku for the model project "Ties of Friendship with Rural Areas"

Environmental protection

▶ Expansion of Forest Conservation Areas (Examples)

Cleanup activities

Area	Main activities in fiscal 2013
Hokkaido	Participation in the "Sosei River Park Cleaning & Beautification Activity"
Miyagi	Held cleanup activities after the "SENDAI Hikari Pageant"
Ishikawa	Participation in "Clean Beach Ishikawa"
Ishikawa	Participation in the "Asanogawa Cleanup Activity"
Ishikawa	Participation in cleanup activities after the fireworks display
Aichi	Held the "Omotehama Seashore Cleanup Activity"
Tottori	Participation in the "Tottori Pref. Hinogawa Cleanup Activity"
Hiroshima	Participation in the "Gomi Zero Clean Walk"
Yamaguchi	Held cleanup activity in the area around the Yamata Transmitting Station
Yamaguchi	Participation in "Aki-kan Zero no Hi"
Shikoku	Participation in "88 Clean Walk Shikoku"
Tokushima	Participation in "Hiwasa Clean Beach Activity"
Ehime	Participation in "Rito Meguri 2013 Mikan no Hi Walking & Beach Cleaning"
Fukuoka	Participation in "Hakata Station Cleanup Clean Day"

Fire prevention

Area	Main activities in fiscal 2013
Aomori	Entered into agreement with Aomori Pref. for the "Pact on Cooperation to Restore Service at Communications Facilities during Disasters"
Kanto	Participation in the Nine City & Prefecture Joint Disaster Drill
Tokyo	Held disaster countermeasure drill for an earthquake that occurs directly below Tokyo
Kanagawa	Participation in the first "Traffic Countermeasure Drill in times of Disaster held by Kanagawa Pref."
Ishikawa	Participation in the Kanazawa Office Building fire drill
Ishikawa	Participation in the Ishikawa Pref. Emergency Response Drill
Shizuoka	Held a disaster drill with Hamamatsu City Hall
Hiroshima	The KDDI Ebisu Office (Hiroshima Pref.) participated in a disaster drill
Saga/Kagoshima	Participation in Emergency Response Drills in Saga and Kagoshima Prefectures

Earthquake reconstruction support

Area	Main activities in fiscal 2013
Hokkaido	Supported the Sapporo Snow Festival "Tohoku Reconstruction Support Candle Event"
Iwate	Participation in support activities for disaster areas experiencing depopulation
Iwate	Participation in disaster area fishing volunteer activities in Otsuchi
Miyagi	Exhibited "Support Folded Paper Cranes" at the Sendai Tanabata Matsuri
Miyagi	Held the "Kesenuma Fishing Cooperative Volunteer Activity"
Miyagi	Held the "Support Activity for Strawberry Farmers"
Miyagi	Held the "Mina de Tsukuru Reconstruction Concert"
Tokyo	Supported the Fukushima Prefecture Event for Refugees Outside the Prefecture

Other

Area	Main activities in fiscal 2013
Hokkaido	Promotion of "Filtering Fukyu"
Hokkaido	Participation in snow plowing volunteer activities in areas of heavy snowfall
Saitama	Jr. High students from Minami Soma City (Fukushima Pref.) visited KDDI's research lab
Tokyo	In charge of the "Career Education" course at Chuo University
Tokyo	Company president gave lecture at the "Broadcast Memorial Day"
Tokyo	Company president gave keynote lecture at the "World ICT Summit 2013"
Tokyo	Held "KDDI Mobile Phone Class" at Senju Fire Station, Tokyo Fire Department
Tokyo	Held summer vacation special class "Taking Apart a Mobile Phone"
Tokyo	Held "Nishi Shinjuku Town Project x KDDI Mobile Phone Parent & Child Class"
Tokyo	Booth at the "1st Information Accessibility Forum"
Tokyo	Held "Charity Concert Classic 2014"
Tokyo	Booth at the "Mimi no Hi Memorial Culture Festival"
Toyama	Delivered lecture at the "Promotion of Women's Participation Event"
Aichi	Held "Work Experience Class for Jr. High Students" at au NAGOYA
Fukuoka	Delivered lecture at the "Promotion of Women's Participation Event"
Fukuoka	Participation in the "Forum on Building an Environment for Young People to Use the Internet in Fukuoka"

Developing and providing technical skills for community development

Efforts in Japan

Summer school

Each year KDDI Foundation sponsors science classes for elementary and junior high school students held by Tohoku University, Nagoya University, and Kyushu University.

The “Enjoyable Science Summer School,” designed to get students interested in science by having them participate in science experiments, is held every year at Tohoku University. The 20th class was held in fiscal 2013.

The experiments included making models using LED and electronic components. University students and professors taught the students about the mechanisms and how to make them.

Participating students from Sendai’s No. 2 Junior High School said they gained an understanding of the mechanism of radio waves and light-emitting diodes by constructing wave detectors and familiarized themselves with the basics of the technology. University student staff members said it was difficult to teach the children how to solder, but that they felt it was worthwhile because there were enthusiastic students who had come prepared.



Junior high school students who participated in the class

International Cooperation for R&D on Cyber Attack Forecasting Technology

KDDI represents a research institution comprising six companies and organizations on a publicly subscribed R&D project tendered by the Ministry of Internal Affairs and Communications, “Proactive Response Against Cyber-attacks Through International Collaborative Exchange.” In recent years, unauthorized access, information exploitation, and other types of cyber attacks have grown in scale and become increasingly sophisticated. Through this project, the Ministry of Internal Affairs and Communications seeks to enhance information collection networks and international collaboration related to cyber attacks. To this end, the ministry is promoting cooperation among Internet service providers (ISP), universities, and other organizations on the promotion of “Proactive Response Against Cyber-attacks Through International Collaborative Exchange.”

As part of this program, KDDI has installed sensors to monitor for cyber attacks at several overseas locations. Also, in cooperation with KDDI R&D laboratories and Nanotechnologies, the Institute of Systems, Information Technologies and Nanotechnologies, Secure-Brain Corporation, Yokohama National University, and Japan Datacom Co., Ltd., KDDI is promoting cutting-edge R&D related to the early detection and prevention of cyber attacks through international collaboration. Through this project, we aim to ensure the safety of important network infrastructure an essential part of Japan’s business foundation.

Supporting Yuichiro Miura’s climb to the summit of Mt. Everest

On May 23, 2013, Yuichiro Miura reached the summit of Mt. Everest for the third time and became the oldest person ever to achieve that feat. One of the things that supported him in this effort was KDDI’s B-GAN service.

“During high altitude climbs, information is your lifeline. B-GAN represents a great improvement in a mountain climber’s ability to get weather and medical information and to communicate information to those below. Increased speed means it takes less time to get video, and since there is a fixed price for data from the time you connect up to 1MB, I was able to remain connected while making my climb and get information from the sources in real time without worrying about the cost.” (Miura Everest 2013 Communications Supervisor)

Efforts overseas

International Cooperation Activities

Established in 2009, the “KDDI Foundation” undertakes a wide range of activities contributing to the healthy development of society as a major implementing agency for international cooperation.

Refer to the KDDI Foundation website for details.

- [KDDI Foundation](#)
- [Highlight5 Hope](#)

Development of Grant Activities

KDDI Foundation provides assistance to research and study in specific regions, including ICT-related field research, and provides grants to all types of social and cultural activities such as NPOs, foreign exchange students, and Japanese students studying abroad. In addition, it has a project that provides aid totaling approximately ¥70 million per year and awards the KDDI Foundation Prize to research that has produced exemplary results. It also links with universities to hold scientific experiment classes for elementary and junior high school students.

Accepting trainees from overseas

KDDI Foundation has taken over operation of the program to accept trainees from overseas that was started in 1957 by the company’s predecessor KDD (Kokusai Denshin Denwa Co., Ltd.). Up to March 2014 the program has accepted a total of 5,700 trainees from 144 countries. The program has made great contributions to human resource training in developing countries, with many of the trainees taking important jobs after returning to their countries.

In fiscal 2013 there were two courses: Small-scale communications for rural areas (remote areas) and Cyber-security policies and technologies for broadband communications.



Trainees from overseas

Provision of overseas ODA technical consulting

KDDI Foundation is conducting two official development assistance (ODA) technical consulting programs: The Project to Create a Trunk Network in the Mekong Region of Cambodia (CP-P5) and The Project to Create Communications Networks in Major Iraq Cities (yen loan; IQ-P17).

The Project to Create a Trunk Network in the Mekong Region of Cambodia (CP-P5) came about after KDDI and another consulting company received a request to consult with Telecom Cambodia (TC). An optical cable trunk transmission route (460 km) was built from Kampong Cham, Cambodia to Sihanoukville via the capital city Phnom Penh, a route along the Outer Ring Road of the Phnom Penh metropolitan area (30 km) as well as an optical access line in major cities. And it introduced the NGN next-generation communication system (IMS: IP Multimedia Subsystem). In fiscal 2013 contract negotiations were held with bid suppliers related to equipment procurement, agreements were entered into, and contracts went into effect.

The Project to Create Communications Networks in Major Iraq Cities (yen loan; IQ-P17) was begun in fiscal 2013 as a new ODA technical consulting program. Subcontracting agreements were made with Japanese companies that received orders from this consulting project to send personnel to support the consulting operations, IP engineers (several people) were sent to neighboring Jordan, support was offered to consulting operations related to next-generation network IP-related equipment, and field research and preliminary designs were done.

Japan Overseas Cooperation Volunteers and Senior Overseas Volunteers

KDDI has created a support system to allow employees to engage in activities in developing countries as Japan Overseas Cooperation Volunteers and Senior Volunteers while remaining employed by the company. Since 1967, a total 66 people have been sent to 23 countries as Japan Overseas Cooperation Volunteers and Senior Volunteers.

Project for Bridging the Digital Divide

KDDI recognizes that as a company that provides a network information service it must actively work to bridging the digital divide, a major social problem in developing countries. From fiscal 2002, KDDI Foundation has continued to focus its efforts in this field mainly on the countries of the Asia-Pacific region.

In fiscal 2013, KDDI set up and researched how to maintain Internet connections to isolated islands without telephone service in the Federated States of Micronesia in the Pacific Ocean. In Nauru, where phosphate rock mines have been completely depleted, KDDI created an optical fiber network to replace the government's LAN cables that were laid several decades ago and have since been exposed to the elements. The company makes sure the government's applications are quick and stable and that higher resolution video images could be sent.



KDDI's project being reported on by a local TV news program (Nauru)



Training of future doctors in front of a clinic on an isolated island (Micronesia)

<TOPICS> KDDI and KDDI Foundation receive certificate of appreciation from the Ministry of Communications and Information, Kingdom of Bhutan

KDDI and KDDI Foundation received a certificate of appreciation from the Kingdom of Bhutan for the Asia-Pacific Telecommunications Community (APT) project conducted for a year starting in 2012 in cooperation with the Bhutan Ministry of Communications and Information and local telecommunications companies.

This project organized the cooperative development of optical fiber, WiMAX, and Wi-Fi pilot networks in three rural (remote) areas in order to demonstrate the effectiveness of broadband communications technology and broadband applications in Bhutan.



KDDI representatives receiving certificates of appreciation from the Bhutan Ministry of Communications and Information

Dispatch of Technical Experts

In response to requests from the Japanese government, Japan International Cooperation Agency (JICA), and the International Telecommunication Union (ITU), since 1960, KDDI Group has played an active role in Japanese technology transfer programs by sending experts in telecommunications technology to more than 20 developing countries primarily in Asia, but also in Africa, South America, and other regions. This transfer of technology in telecommunication operations, switchers and transmission routes, and other fields based on KDDI's extensive experience has contributed to an improved telecommunications infrastructure and better international communication conditions in developing countries.

International Cooperation through International Organizations

KDDI Group is working to improve the state of telecommunications in developing countries through participation in communications-related international organizations such as ITU-D (ITU Telecommunication Development Sector) and APT (Asia-Pacific Telecommunications Community).

One of the projects being done with ITU-D is the creation of a variety of handbooks that are designed to contribute to the smooth development of telecommunications in developing countries. In this way, KDDI is using its know-how to provide information related to IMT systems and broadband systems. As part of the overseas research sponsored by APT, KDDI plans and operates research courses on mobile communications, broadband communications, and information security, among others.

These wide-ranging international cooperative activities are receiving high praise, and each year several participants are awarded international cooperation awards and international activity encouragement awards (both jointly awarded by the World Information Society Forum Committee/Japan ITU Society).

Supporting the Growth of Venture Companies

KDDI ∞ Labo (Mugen Labo)

In 2011, KDDI launched “KDDI ∞ Labo,” a program designed to support young engineers who are passionate about creating revolutionary Internet services for use around the world. This program provides total support to teams selected from a pool of applicants. This support ranges from service development support from the perspective of telecommunications companies to business support and promotion when they start up their business. In addition, KDDI provides a variety of other kinds of support such as communication space within its offices and free loans of terminals required for service development work. In the fifth round five teams were selected from a pool of approximately 100 companies that applied. During the three months on the program, these five teams developed their services. They were then evaluated for originality, marketability, and degree of completion. In the end, the smartphone auction application for women “Sumaoku,” which was developed by Zawatt Inc., was awarded the grand prize. The sixth round began in March 2014. Its three-month program under the concept of “From zero to one! Make a new global Internet service!” is currently underway.

KDDI is dedicated to continuing its efforts to support the commercialization of creative ideas and technologies with new initiatives such as the establishment of programs for students that are designed to train new engineers.



Participants in the sixth round of KDDI ∞ Labo

▶ Highlight3 Growth

KDDI Open Innovation Fund

The “KDDI Open Innovation Fund” was established in February 2012 as a corporate venture fund that supports promising venture companies. Funded by KDDI, it operates Global Brain Corporation. Funding is provided to nineteen companies both in Japan and overseas (as of April 2014), including the e-commerce companies LUXA (Headquarters: Shibuya, Tokyo), MONOCO (Headquarters: Shibuya, Tokyo), and ORIGAMI (Headquarters: Minato-ku, Tokyo), the user-created information site nanapi (Headquarters: Shibuya, Tokyo), the taxi dispatching service HAILO (Headquarters: London). KDDI cooperates with these companies and other venture companies that are leading the future of IT. But support is not limited to investments. KDDI collaborates via link-ups to its platform and services in a variety of ways, including linking up with Origami and Isetan to hold events at Isetan’s Shinjuku store, awarding presents to people who check into event locations using Origami’s app, and providing the Q&A service “Moya Moya nanapi for au” through a link-up with au Smart Pass. In 2014, KDDI is continuing its efforts to create financial link-ups with venture companies that use IT to improve people’s lives.



Capital alliance with LUXA

CSR External Assessment

Selected as a “Nadeshiko Meigara” for two consecutive years

KDDI was recognized for two years in succession, in FY2012 and FY2013, as a “Nadeshiko Meigara,” acknowledging us as a company that proactively promotes women in the workplace. Introduced in FY2012, “Nadeshiko Meigara” is a joint undertaking by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange to select and introduce companies that proactively promote women in the workplace as attractive



stock in order to promote and accelerate the advancement of female employees, positioned by the government as the “core of the growth strategy.” In the area of female career advancement, KDDI has set concrete numerical targets for promotion of women by FY2015, and implements various programs to support upskilling and career development. In addition, KDDI actively supports the balancing of work and family, introducing a teleworking system and encouraging male employees to play a greater role in child care, with the aim of achieving more flexible work styles. These initiatives were highly appraised, earning KDDI recognition as a “Nadeshiko Meigara” for two consecutive years. KDDI will continue to promote the advancement of female employees and endeavor to enhance customer satisfaction by applying women’s views in its business operations.

Inclusion in SRI Indices (Morningstar Socially Responsible Investment Index)

The Morningstar Socially Responsible Investment Index (MS-SRI) is the first socially responsible investment index in Japan. The MS-SRI selects the best 150 Japanese listed companies, in terms of social performance, for inclusion in its index of socially responsible companies.

KDDI is included in this index as of January 2014.



Inclusion in SRI Indices (Ethibel EXCELLENCE Label)

As of September 2013, KDDI is included in the Ethibel EXCELLENCE label from the socially responsible investing promotion group Forum ETHIBEL, based in Belgium. Forum ETHIBEL selects companies that demonstrate high performance from a CSR perspective.



Inclusion in Euronext Vigeo World 120 Index

As of January 2014, KDDI is included in the Euronext Vigeo World 120 sustainability evaluation index, selected by NYSE Euronext, the world’s biggest stock exchange group, and Vigeo which evaluates companies’ performance in social responsibility.



Selected as an ESG Meigara by the Tokyo Stock Exchange

As of May 2012, KDDI was recognized by the Tokyo Stock Exchange in FY2012 as an “ESG stock,” pointing to corporate excellence in environmental, social and governance (ESG) endeavors.

KDDI Corporation Sustainability Report 2014 Third-Party Opinion



One Akiyama
President
IntegreX Inc.

Earned Masters degree in finance after graduating from Keio University of Economics. In 2001, she founded the company IntegreX Inc. for the promotion of SRI (Socially Responsible Investment) and CSR and became its president.

1. Points on Which to Be Commended

For the past two years, KDDI has published the CSR & Annual Report as an integrated report and has been reporting on CSR activities. This year, in addition to publishing the Integrated Report, which includes ESG information required by institutional investors who were the main readers of previous annual reports, a separate Sustainability Report was published, which includes a wide range of CSR information for a broad variety of stakeholders, including consumers. This approach more effectively clarifies who the target readers are.

The Sustainability Report was created with a strong focus on readability and intelligibility. The report communicates the KDDI Philosophy, which expresses the ideal attitudes and values of KDDI with its 40 million users, along with efforts to implement these attitudes and values in the real world. The intent to convey these concepts to all relevant parties in a clear and easy-to-understand manner is evident in the report.

The “8 stories” presented at the beginning are emblematic of this approach. The stories document the efforts made by employees in a variety of fields, and the topics include the evolution of KDDI’s role away from providing support to venture companies and toward connecting them with major corporations, their efforts to use cutting-edge sound technology in biodiversity protection, their reconstruction support in the form of temporary assignments to local governments, and their sensible and practical emergency drills aimed at maintaining continuous communications in a crisis. All of these topics are interesting, and the discussion of the thinking behind the implementation of these activities gave me the impression that KDDI is striving for “Connecting Feelings, Connecting Happy Smiling Faces” (“The Kind of Company We Want to Become” in the KDDI Philosophy). Simply by reading these highlights, readers can get an understanding of the broad diversity of KDDI’s engagement with society.

In addition, with the description of business activities and social responsibilities in “KDDI’s Approach to CSR” this year, the CSR activities are organized into those that support business and those that are implemented through business. This more effectively clarifies the efforts that KDDI is making to fulfill its social responsibilities in the value chain.

As for the annual report on CSR activities, seven material issues are spotlighted in the “CSR Targets, Achievements, and Issues” table again this year, and a detailed description of the activities for each issue are reported on the subsequent pages. By incorporating these issues into the table, it is possible to review the activities and understand the status of their year-to-year progress. I think this is useful for the ongoing efforts to improve the activities.

In the activities report, I was impressed with the quality of the “Labor Practices” description. In terms of KDDI’s ongoing diversity promotion activities, I am impressed with their continuous efforts to effectively raise awareness, their activities such as seminars that educate participants on LGBT issues, and their attitude of quickly engaging on generally unfamiliar topics. In addition, with respect to stakeholder engagement, KDDI’s establishment of a CSV Conference this year, along with their sponsorship and participation in international meetings hosted by organizations such as United Nations Working Groups, expanded their range of activities while they engaged in efforts on global issues.

2. Areas for Improvement

Companies are motivated to do whatever it takes to achieve the performance objectives in terms of sales and the number of contracts, but there is also a similar need for the dedication to achieve the company philosophy (company dedication). When there is company dedication, the specific judgments and instructions of the superiors have a significant influence on the actions of each individual employee toward achieving the philosophy (influence of superiors). In the direction that the company is aiming for, the motivation of the company as a whole can be maximized when individual employees experience a sense of reward through their work and realize their dreams and hopes (affinity toward the company).

In addition to promoting the further spread of the updated KDDI Philosophy within Japan and abroad, I hope that KDDI will demonstrate the power of ICT that establishes bonds between people, companies, and society above and beyond their basic mission of providing stable communications services. I also hope the company will contribute to the resolution of social issues and do whatever it takes to succeed in their efforts for “Connecting Feelings, Connecting Happy Smiling Faces” and “Delivering Excitement Beyond Surprise to Customers” as promoted in the KDDI Philosophy.

Our Response to the Third-Party Opinion

In this year’s report, we included “8 stories” that highlight the actual efforts of individual employees. The aim of this section is to communicate our efforts in the workplace, in an easy-to-understand manner, to customers who are stakeholders.

We are extremely pleased to receive a positive evaluation from Ms. Akiyama.

As we proceed to spread the new KDDI Philosophy, which serves as the philosophical foundation for our CSR activities, within Japan and abroad, we will keep in mind the three factors that Ms. Akiyama highlighted as areas for improvement (company dedication, influence of superiors, and affinity toward the company). Moving forward, we will continue making concerted employee efforts for “Connecting Feelings” through providing stable communications services, and to follow through in solving social issues through ICT.



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