

The background of the page is a white canvas filled with numerous 3D cubes of various sizes. The cubes are rendered in a style that gives them depth, with lighter shades on the top and front faces and darker shades on the side faces. The colors of the cubes include bright yellow, vibrant orange, deep red, and various shades of blue (light blue, medium blue, and dark blue). The cubes are scattered across the page, with some appearing in the foreground and others receding into the background, creating a sense of three-dimensional space.

Integrated Report 2015

Detailed ESG Version

Integrated Report 2015 (Detailed ESG Version) Contents

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Disclosure of CSR Information

Approach to the Disclosure of CSR Information

KDDI publishes its Integrated Report as a means for disclosing financial and non-financial information. In addition to the normal Integrated Report, which focuses on financial information, KDDI publishes its Integrated Report (Detailed ESG Version), which expands on the non-financial information of the environment and social aspects in PDF format (Japanese and English).

The Integrated Report (Detailed ESG Version) expands on information referencing the report of the GRI's Sustainability Reporting Guidelines 4th Edition (G4), as well as information determined to contribute to promoting the understanding of the creating of KDDI's value. Furthermore, in order for KDDI's message to reach a wider range of stakeholders, KDDI releases its Highlights of 2015 in Japanese and English on its CSR website. We will continue fashioning ways to communicate with all stakeholders while promoting our CSR initiatives.

Period Covered

This report covers business activities for FY2014 (April 1, 2014 to March 31, 2015). 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 covers the business activities of the 147 companies in KDDI and its Group, it focuses on KDDI only since the ratio of Group's consolidated sales is approximately 1.2 times of KDDI's unconsolidated sales.

Publication Date

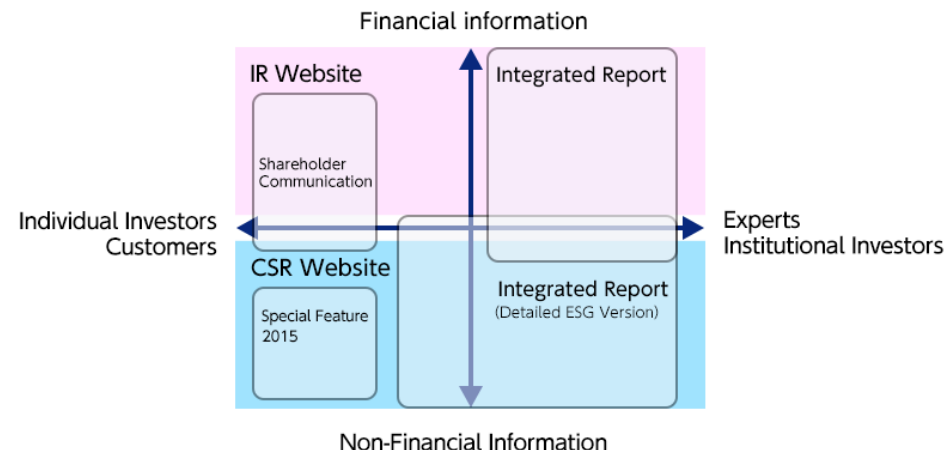
Integrated Report (Detailed ESG Version) and Highlights of 2015 (CSR website and PDF version)
August 2015 (Next scheduled publication: August 2016; Previous publication: July 2014)

Referenced Guidelines

- GRI (Global Reporting Initiative)
Sustainability Reporting Guidelines 4th Edition
- SASB (SUSTAINABILITY ACCOUNTING STANDARDS BOARD) (Telecommunications)
- IIRC (International Integrated Reporting Council)
- ISO26000: 2010 (Guidance on Social Responsibility)
- JISZ26000: 2012 (Guidance on Social Responsibility)
- Japanese Industrial Standards
- Ministry of the Environment, 2012 Environmental Reporting Guidelines

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In 2013 we published our last print edition of the Integrated Report. Out of consideration for the environment, we now publish the report exclusively online. It can be downloaded from our website as PDF files.

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 and maintain their trust.

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 aim to make contributions to society through our business, working in harmony to deliver new societal value.

Message from the President

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

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. Furthermore, using the knowledge cultivated throughout the years, we will continue to contribute to a rich communications society focusing on developing countries by expanding telecommunications operations to meet the cultural, societal, and economical conditions of countries and regions around the world.

A workforce rich in individuality will shape KDDI's future

With the diversification of society's needs and values, it is important for companies themselves to diversify so that they can continue creating new value. We are using our approach to diversity and inclusion to utilize the individualities and capabilities of our diverse employees in our organization, regardless of gender, age, nationality, language, or disability. We are especially putting an emphasis towards the advancement of women, and society has recognized our efforts by selecting us as a Nadeshiko Meigara for the third consecutive year for being a company that promotes the advancement of women. We will continue to deepen our efforts for the equality of a diverse workforce to become an active dynamic company.

* 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.

KDDI's CSR

| Policy | KDDI's Approach to CSR

In order to promote its corporate philosophy of "contributing to the development of a prosperous communications-oriented society", 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 condition.

We believe that CSR is the axis needed to carry out this mission. 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 company that we need to become and the attitudes that employees of such a company need to maintain.

KDDI Philosophy

The KDDI Philosophy expresses the attitudes, values and behavior that employees need to exhibit in order to achieve our corporate philosophy. The KDDI identity and KDDI vision that we must embrace as a telecommunications operator are incorporated throughout. By putting the KDDI Philosophy into practice, we aim to be a company admired and trusted by all stakeholders.

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."

The KDDI Group Philosophy

Chapter 1: Vision

- 1.1 Connecting people "heart to heart", bringing smiles from "face to face"
- 1.2 Being global
- 1.3 Responsibility extending 24/7 and 365 days a year
- 1.4 Satisfying customers
- 1.5 Delivering a thrilling customer experience by always going further than expected
- 1.6 Keeping aspirations alive
- 1.7 Each one of us makes the KDDI Group what it is
- 1.8 Embracing diversity

Chapter 2: Management Principles

- 2.1 Fulfilling our corporate and social responsibilities
- 2.2 Clearly state the purpose and mission of our business
- 2.3 Pursue profit fairly
- 2.4 Transparent management
- 2.5 Maximizing revenues, minimizing expenses
- 2.6 Lean and mean management
- 2.7 Real-time business management

Chapter 3: Professional Mindset

- 3.1 We set specific goals with a pure and aspirational mind. Once our targets are set, we will drive ourselves to keep going with a strong commitment until we

achieve success. Then we will share the fruits of our accomplishments.

Chapter 4: Way Forward

- 4.1 Be self-motivated
- 4.2 Keep your fighting spirit alive
- 4.3 Taking ownership
- 4.4 Open and direct communication
- 4.5 Be agile; think and act with a sense of urgency
- 4.6 Let's unite as a team to achieve our goals
- 4.7 Put yourself in the perspective of your boss
- 4.8 Look at what you do, from the outside in
- 4.9 Tackle a challenge head-on
- 4.10 Always be creative in your work
- 4.11 Every small effort counts
- 4.12 Believe in our potential
- 4.13 Go back to the basic principles
- 4.14 To know the problem, go, see and touch
- 4.15 Playing by the rules
- 4.16 Tough love at work

Chapter 5: Formula for Success

- 5.1 Achievement = Attitude x Effort x Ability
- 5.2 Do the right thing as a human being
- 5.3 Be altruistic
- 5.4 Be grateful to others
- 5.5 Have an open mind and a humble attitude
- 5.6 Be positive

KDDI's CSR

| Issue Awareness |

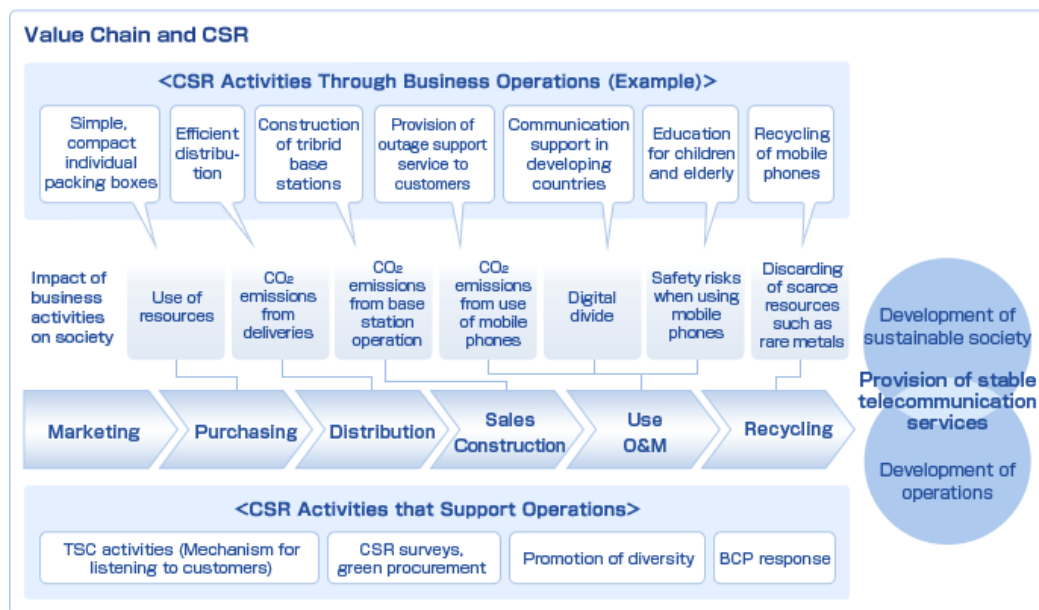
KDDI Business Activities and Social Responsibility

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 (Business Continuity Plan) 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."

| Management | CSR Promotion

In October 2005, we created the CSR Management Department (currently the CSR & Environment Management Department) in our General Administration Department and established a system to promote company-wide CSR activities from an



objective viewpoint. We have implemented activities to address our various stakeholder, which include safety and security seminars geared toward the youth to avoid mobile phone problems; activities to close the digital divide among seniors; explanations of CSR activities for investors; making employees aware of CSR activities through in-company training; creating an environment where employees can easily participate in volunteer activities; and activities to support the restoration of the Great East Japan Earthquake.

In the efforts to promote diversity, in April 2008, we established the Diversity & Inclusion Department in the Human Resources Department, and we have established company-wide initiatives to promote the advancement of female employees and employees with disabilities as well as initiatives to promote different working styles.

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.

In FY2015, we will establish the KDDI CSR & Environment Advisory Committee whose responsibility will be to create systems to report and discuss the latest CSR developments with management on the subjects of human rights, occupational health and safety, the environment, preventing corruption, and other themes facing KDDI and Group companies. For our procurement system, we also implement procurement activities based on the KDDI Procurement Policy, Green Procurement Policy, and other policies.

Stakeholder Engagement

| Policy | Creating Society Together

KDDI values the dialogue with all of our stakeholders – customers, shareholders, business partners, employees and their families, and regional communities – who have given us their support. We will continue to 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

| System | 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. We also use the GRI (G4), SASB, IIRC, ISO26000, and other global CSR standards and checklists created from items from hearings with investors to create and implement policies that address the analysis of our current conditions and issues.

Service users (Primary point of contact: Customer Center)

As of the end of March 2015, KDDI has approximately 43.48 million au customers. By listening and responding to the opinions and demands of our customers and those that reach us by SNS, Twitter®, and other means, extracting the social issues of stakeholders, and providing each division feedback from KDDI R&D Laboratories and other sources, we are making efforts to achieve a sustainable society.

Stockholders and investors (Primary point of contact: IR Department)

In FY2014, we held individual meetings with investors 949 times. Also, 574 stockholders attended the general stockholder meeting held on June 17 in 2015.

Regional society (Primary point of contact: CSR & Environment Management Department)

In FY2014, KDDI held free lectures through its KDDI Mobile Phone Learning Classes for about 570,000 elementary, junior high, and high school students and about 3,600 senior citizens.

NPOs and NGOs (Primary point of contact: CSR & Environment Management Department and individual regional offices)

In FY2014, KDDI cooperated with government agencies, NPOs, and NGOs nationwide to implement forest conservation activities, coastal cleanup activities that inhabit rare organisms, and other various environmental conversation activities.

Government agencies (Primary point of contact: Government and Industrial Affairs Department)

In FY2014, KDDI participated in the Ministry of Internal Affairs and Communications' Information and Communications Bureau's "2020-ICT Infrastructure Policy Special Committee", which aimed at providing a specific direction for policies for the existence of telecommunication operators responsible for the ICT infrastructure. We also participated in the Ministry of Internal Affairs and Communications' "ICT Service Safety and Security Research Committee", which reviews and enhances consumer protection rules.

Employees and families (Primary point of contact: General Administration Department)

In FY2014, KDDI held the KDDI Sports Festival offering management and employees the opportunity to interact in which approximately 2,200 employees and their families participated.

Business partners (Primary point of contact: Purchasing Management Department)

In FY2014, in order to recognize the risk in the entire supply chain and strengthen management, KDDI implemented a CSR procurement survey for its business partners and received replies from 72%.

Stakeholder Engagement

| Initiative |

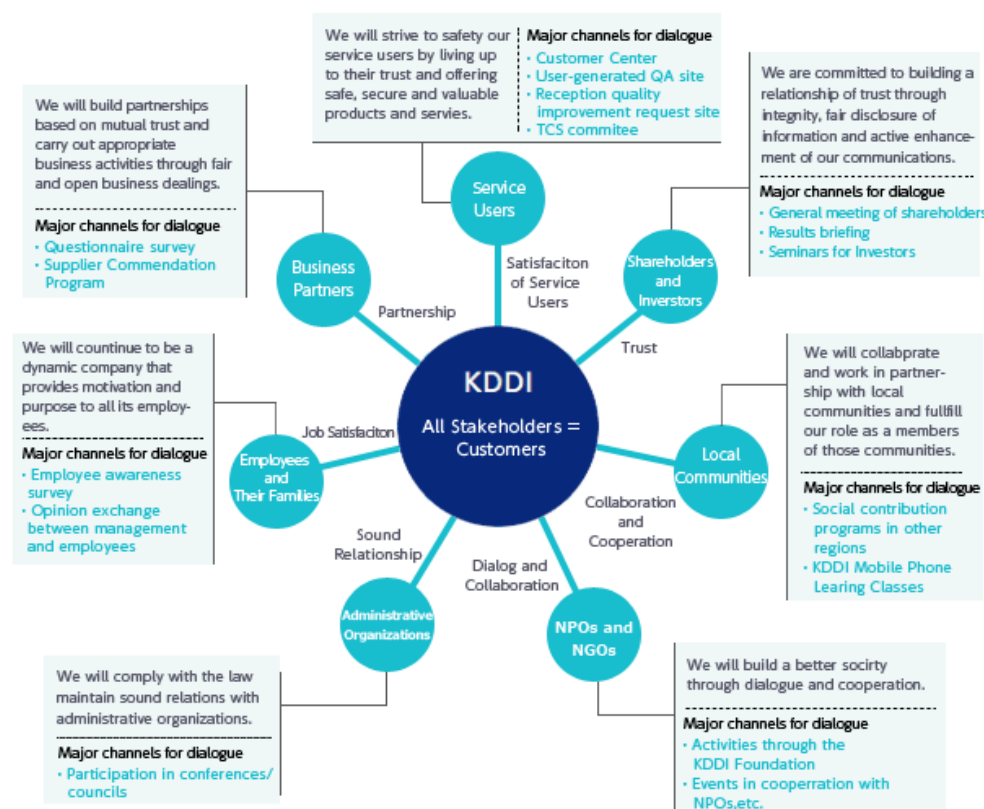
Holding Dialogues and Participating in Initiatives

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 FY2014, KDDI held a dialogue with stakeholders regarding how to utilize Scope 3 calculation results.

We also participated in the Global Conference on CSR and Risk Management organized by Caux Round Table and the United Nations Working Group on the issue of human rights and transnational corporations and other business enterprises.

[□ Dialogue Archive](#)



About Material Issues

KDDI'S Material Issues for CSR

KDDI has identified four material issues for CSR where it is focusing its efforts. From the various issues we face in the course of our business activities, we have identified issues with significant social concerns that we need to focus our efforts on to grow sustainably and with society at large.



| Material Issue: Society | 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. We are also strengthening efforts to close the digital divide among seniors.

Key Performance Indicators (KPI)

KDDI Mobile Phone Learning Class	FY2014 Goal	FY2014 Result
Level of satisfaction for children's lectures	90%	91.6%
Level of understanding for senior's lectures	80%	82.7%



| Material Issue: Society | 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."

Key Performance Indicators (KPI)

	FY2015 Goal	FY2014 Result
Female line managers	90 (7%)	74 (5.7%)



| Material Issue: Environment | 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.

About Material Issues

Key Performance Indicators (KPI)

	FY2016 Goal	FY2014 Result
Amount of power consumption (compared to when energy conservation measures are not taken)	30% constraint	Progressing at pace to achieve this goal
Amount of power consumption per subscriber (compared to FY2011)	15% reduction	31.9% reduction
Number of Tribrid Base Stations established	100 stations (FY2012 Goal)	Achieved at the end of March 2013
Achieve zero emissions for retired telecommunications facilities (* Zero emissions is defined as having a final disposal rate of 1% or less.)	Final disposal rate of 1% or less	Final disposal rate of 0.4%
Recycling rate of used mobile phone material	Over 99.8%	99.8%
Recycling rate of general waste material for KDDI buildings and headquarters	Over 90.0%	87.5%



| Material Issue: Governance | Offering Reliable Information and Communications Services

ICT provides important "lifelines" for society. The biggest responsibility KDDI 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 24 hours a day 365 days a year.

Key Performance Indicators (KPI)

	FY2014 Goal	FY2014 Result
Rate of issues improved extracted from disaster response training	100%	100%

| Initiative | Process for Identifying Material Issues for CSR

We are engaged in addressing social issues that surround KDDI. We identify four issues that we should focus our efforts on from the many issues which result from dialogues with stakeholders and experts. The four themes rate high in importance in terms of social concern and issues for the sustainable growth of KDDI. Afterwards, a committee that is committed to CSR and the environment selects the material issues.

We also hold dialogues between the management including the President and experts. After careful consideration of everyone's opinions, the President decides on the continuation of material issues. We use the Global Reporting Initiative (GRI) Guidelines 4th Edition, ISO26000, SASB (TELECOMMUNICATIONS Research Brief), and other documentation as check items for more specific initiatives for the four material issues and reflect those initiatives in our business activities.

About Material Issues

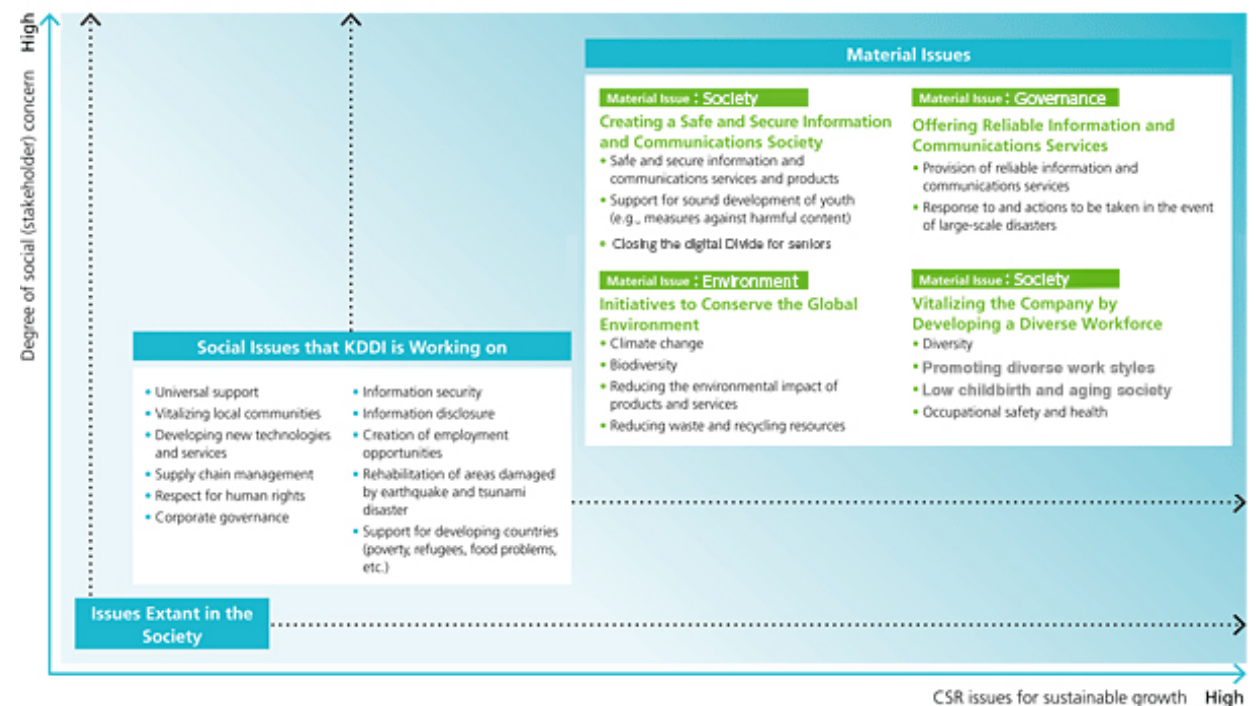
| Initiative | Promotion Activities

The CSR & Environment Management Department is the main body responsible for spreading awareness of the promotion of the four material issues.

The material issues cover the 147 companies of KDDI and the Group.

We have also begun sharing the issues with business partners through the KDDI CSR Procurement Policy implemented on February 2014. Furthermore, we hold proactive dialogues with stakeholders, and apply the opinions and advice obtained from them to the promotion of future CSR activities.

Social Issues and the Four Material Issues for CSR



External Assessment

Selected as a "Nadeshiko Meigara" for Three Consecutive Years

KDDI has set a specific goal for the recruitment of female employees for FY2015 and continues to work cultivating and recruiting female leaders. Furthermore, to promote flexible working styles, we proactively offer support for work and the home.

These efforts have been recognized, and KDDI has been selected as a "2014 Nadeshiko Meigara" for being a company that proactively promotes women in the workplace. This is the third consecutive year that KDDI has been honored with this recognition.

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 the advancement of female employees as attractive stock.

We will continue our efforts to promote the advancement of female employees, and work to increase customer satisfaction by utilizing a female point of view in our management.



Ranked Top in DBJ Environmental Rating, First for the Telecommunications Industry

KDDI has received the top rank of the DBJ Environmental Rating from Development Bank of Japan Inc. (hereafter DBJ), becoming the first telecommunications operator to do so.

This rating awards points for the level of a company's environmental management to select exceptional companies, looking at business activities, such to general environmental management, eco-products, and the 3R's, and performance, such as global warming measures and management of chemical substances.

KDDI has:

- Developed standards for introducing equipment, utilized energy-saving technology during operation, and carried out R&D for saving power in communication equipment and networks;
- Made efforts to establish company-wide functional security by installing LTE infrastructure strengthening measures at our headquarters to strengthen business continuity at times of disaster;
- Defined four material issues for CSR and worked on continuing improvements by holding dialogues with stakeholders.

With this recognition and the funds procured, we will continue to devote investment in communication network equipment that considers the environment.



Logo:
Trademark Registration Number 5019301
DBJ Environmental Rating:
Trademark Registration Number 5019302

Inclusion in SRI Indices (Morningstar Socially Responsible Investment Index)

As of January 2015, KDDI is included in the Morningstar Socially Responsible Investment Index (MS-SRI), which is the first socially responsible investment index in Japan.

The MS-SRI is a stock index of 150 socially exceptional companies selected by Morningstar Japan K.K. from listed domestic companies.



External Assessment

Inclusion in SRI Indices (Ethibel EXCELLENCE Label)

As of March 2015, 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 Indices

As of May 2015, KDDI is included in the Euronext Vigeo World 120 sustainability evaluation indices, 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.

* Selection for the ESG Meigara by the Tokyo Stock Exchange only took place in FY2012.

CSR Targets, Achievements, and Issues

CSR Targets, Achievements, and Issues in Fiscal 2014

The chart below provides an overview of principal targets and achievements during FY2014 and reports our main issues for FY2015 and their measures.

[Evaluation standard]

A+: Significant achievements made on the issue

A: Certain achievements were made

B: Action was taken, but with no achievements

C: No action was taken

	FY2014			FY2015
	Targets	Primary Achievements	Rating	Primary Issues and Measures
Environment	Roll out Third Medium-term Environmental Conservation Plan	•Excluding improvement of the recycling rate of general waste material, we are progressing at a pace that will achieve the FY2016 targets for power consumption amount, power consumption amount per subscriber, zero emissions for dismantling of communications equipment, recycling rate of used mobile phone material, etc.	A+	Issue: Create initiatives for achieving KPIs (Medium-term Environmental Conservation Plan) and begin considering the Medium-term Plan for FY2017 and beyond Measure: Execute the Third Medium-term Environmental Conservation Plan (strengthen approach of supply chain)
	Understand the supply chain issue	•Respond to all 15 items of Scope 3 (calculate and verify all 15 items for FY2012 and FY2013)	A +	Issue: Strengthen Scope 3 response Measure: Calculate all items of Scope 3 for FY2014 and consider future reduction measures by understanding the trend of the past 3 years
	Promotion of biodiversity conservation	•Promote environmental conservation activities nationwide	A	Issue: Create new initiatives for biodiversity conservation Measure: Conduct surveys of endangered species on land owned by KDDI
	Reinforce environmental communication	•Implement mandatory e-learning program from all employees on the subject of environmental regulations surrounding KDDI (1 time per year) •Implement stakeholder engagement with experts (environment)	A	Issue: Strengthen environmental communication Measure: Continue implementing stakeholder engagement with experts (environment)

CSR Targets, Achievements, and Issues

	FY2014			FY2015	
	Targets	Primary Achievements	Rating	Primary Issues and Measures	
Society	Further promote diversity (Female managers and achievement of targets)	<ul style="list-style-type: none"> •Progression rate of cultivation and recruitment of female leaders at the end of FY2014 (female line managers: 74; comparison rate of female line managers: 5.7%) •Implement IT education for persons with disabilities and continued educational activities related to LGBT 	A	Issue: Further promotion of diversity Measure: Achieve target for female line managers by the end of FY2015 (KPI: Female line managers: 90; Comparison rate of line managers: 7%) Measure: Continue IT education for persons with disabilities and LGBT educational activities	
	Improve society dialogue and workplace environment	<ul style="list-style-type: none"> •Dialogues with unions (total of 18 times a year) •Implement awareness survey for all employees (extract and improve issues) •Promote mental health care •Ensure safety and health in developing countries 	A+	Issue: Further improve society dialogue and workplace environment Measure: Promote improvement activities through stakeholder dialogue	
	Expand disaster area support through collaboration	<ul style="list-style-type: none"> •Disaster relief for areas affected by the Great East Japan Earthquake (Implement tablet classes led by volunteer employees, support IT education for the Otsuchi Scallop Fishermen's Union, etc.) •Activities of the Reconstruction Support Office (dispatch employees to municipalities) •Hold the KDDI Reconstruction Support Marche (Market) (Fukushima, Miyagi) 	A+	Issue: Implement continued support activities that acknowledge the needs of disaster areas Measure: Support activities by the Reconstruction Support Measure: Expand disaster relief that utilizes IT Measure: Hold the KDDI Reconstruction Support Marche (Market) (Iwate)	
	Create new social value by strengthening relations with local communities	<ul style="list-style-type: none"> •Expand society contribution activities of regions by employees by utilizing the +α Project (achieved highest number of points ever in FY2014) •Implement career education for junior high and high school students (total of 8 times) 	A+	Issue: Strengthen relations with regional communities by further invigorating employee volunteer activities Measure: Set new record for social contribution activities by employees (+α Project)	
	Contribute to development of the international community through the utilization of ICT	<ul style="list-style-type: none"> •Provide support services for venture companies •Provide support for closing the digital divide and technology to developing countries through the KDDI Foundation 	A	Issue: Continue contributing to the sustainable development of the global society by utilizing ICT Measure: Expand range of support for venture companies Measure: Provide support for closing the digital divide and technology through the KDDI Group	
	Improve quality of KDDI Mobile Phone Learning Classes	<ul style="list-style-type: none"> •Implement 3,283 security and safety lectures with about 570,000 participants (3% increase compared to last year) •Revise programs so they respond precisely to the needs of schools 	A+	Issue: Further improve quality of KDDI Mobile Phone Learning Classes Measure: Create and provide learning materials that respond to the latest society issues	
	Expand usage methods and support for seniors	<ul style="list-style-type: none"> •Implement lectures for seniors roughly under the age of 70 (200 times per year with about 3,600 participants) •Release the first smartphone for seniors •Conduct awareness activities for measures against money transfer scams 	A	Issue: Close the digital divide (seniors) Measure: Establish tablet classes for seniors Issue: Strengthen response to measures against money transfer scams Measure: Develop products	

CSR Targets, Achievements, and Issues

	FY2014			FY2015	
	Targets	Primary Achievements	Rating	Primary Issues and Measures	
Governance	Strengthen our system for promoting CSR activities	<ul style="list-style-type: none"> Promote purchasing activities based on the KDDI CSR Procurement Policy (Implement CSR procurement survey with response rate of 72%) Educate all employees using the company newsletter (5 times per year) and e-learning (20 times per year) 	A+	Issue: Promote CSR activities externally Measure: Promote purchasing activities based on the KDDI CSR Procurement Policy (further improve response rate of CSR procurement survey) Issue: Promote CSR activities internally Measure: Strengthen system for promoting CSR activities (implement continued educational activities for management and all employees)	
	Further strengthen large-scale disaster response measures	<ul style="list-style-type: none"> Hold training drills of BCP measures (all executives participate) (2 times per year) Sign the Disaster Agreement from the Ministry of Defense Improve verification and system by holding disaster countermeasure training drills that include public training Expand disaster countermeasures that disaster conditions on land do not affect KDDI, such as demonstration experiments on shipboard base stations Install infrastructure equipment that can withstand disasters (data centers, etc.) 	A+	Issue: Provide stable services continuously 24 hours a day and 365 days a year even during times of large scale disasters Measure: Hold training drills of BCP measures where all executives participate 2 times per year, and further extract and create measures for issues Measure: Continue demonstration experiments through collaboration with stakeholders Measure: Strengthen disaster countermeasures of KDDI infrastructure equipment	
	Meet customer demands by improving network quality and providing stable information and communications services	<ul style="list-style-type: none"> Launch the VoLTE service and release devices that support it Improve signal conditions by analyzing the Area Quality Information Transmission Function 	A+	Issue: Improve network quality by responding to customer demands and provide stable information communication services Measure: Continue to reflect the opinions of stakeholders in services through committees that include management	
	Provide reliable networks and increase communications quality	<ul style="list-style-type: none"> Promote measures and system preparation to prevent the recurrence of major accidents leading to the disruption of communications 	A	Issue: Further improve the highly reliable network communication quality Measure: Prepare and execute internal systems that prevent communication disruptions	
	Enhance internal communications	<ul style="list-style-type: none"> Spreading of the KDDI Philosophy (in FY2014, informational sessions for all employees were held 833 times with a total of 36,953 participants) Hold the 2nd KDDI Sports Festival (about 2,200 participants attended including management, employees, and their families) Hold awards ceremonies to award the President's Prize, MVP Prize, Operational Quality Improvement Prize, etc. 	A+	Issue: Strengthen internal communication Measure: Continued activities to spread the KDDI Philosophy Measure: Hold the 3rd KDDI Sports Festival	
	Augment information security	<ul style="list-style-type: none"> Implement inspections of KDDI Group companies for compliance with KDDI Group Information Security Standards Educate all employees through e-learning programs 	A	Issue: Strengthen information security Measure: Implement PDCA for information security management Measure: Continued information transmission and awareness activities for employees	
	Promote risk management	<ul style="list-style-type: none"> Provide support for the reduction of significant risks and support for improvement of business operations in consideration of the business environment, and implement internal inspections 	A	Issue: Promote risk management Measure: Continue re-evaluating details	
	Promote measures to eradicate compliance-related accidents	<ul style="list-style-type: none"> Periodically convene the Business Ethics Committee for the entire KDDI Group Implement group training and e-learning programs relating to compliance Strengthen governance by holding informational sessions for the KDDI Philosophy 	A	Issue: Promote and strengthen measures for the eradication of compliance accidents Measure: Strengthen and expand the details of the Business Ethics Committee	



Material Issue: Society

Creating a Safe and Secure Information and Communications Society

KDDI's Approach

● Recognition of social issue

Due to the rapid proliferation of mobile phones, smartphones, other ICT, society has become more convenient. At the same time, issues such as children being caught up in trouble through the use of these devices and the digital divide among senior citizens (information gap) still exist. Furthermore, there is an increasing need for information ethics education, such as newly defining the information ethics that students learn for new courses of study in elementary and junior high schools (Ministry of Education, Culture, Sports, Science and Technology).

● KDDI's risk and opportunity

- Through services and products provided by KDDI, it is assumed that there is a social and economical risk of a wide range of customers, not only the socially-vulnerable, being caught up in crime or problems through mobile phones, smartphones, and the Internet.
- There is a new demand to provide smartphones and services equipped with various functions that offer safe and secure use for children and comfortable use for senior citizens.

● KDDI's management

KDDI has established the KDDI Basic Guidelines Concerning Safe and Secure Communication for Young People so that children can communicate safely and securely. Through the activities of the KDDI Mobile Phone Learning Classes, we implement awareness activities to increase literacy so that children and senior citizens can use mobile phones and smartphones safely and securely. We have set participant satisfaction levels and comprehension levels as key indicators, and are working to increase the quality of lectures. We also enforce our Privacy Policy for the protection of client information.

> Policies

- [KDDI Basic Guidelines Concerning Safe and Secure Communication for Young People](#)
- [Privacy Policy](#)

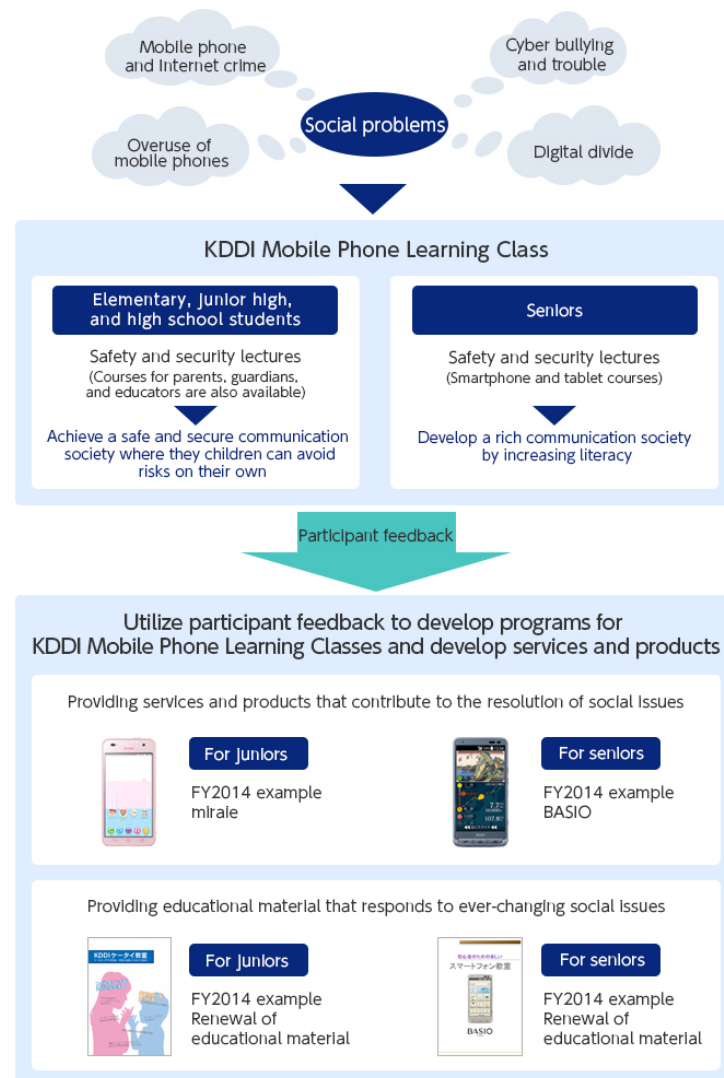
● Key Performance Indicators (KPI)

KDDI Mobile Phone Learning Class	FY2014 Goal	FY2014 Result
Level of satisfaction for children's lectures	90%	91.6%
Level of understanding for senior's lectures	80%	82.7%

Material Issue: Society

Creating a Safe and Secure Information and Communication Society

Resolution of social issues utilizing KDDI Mobile Phone Learning Classes



Highlights of FY2014 Activities

In order to achieve safe and secure communication for a wide range of customers from children to senior citizens, in FY2014, KDDI overhauled the programs of its KDDI Mobile Phone Learning Classes and worked to implement lectures based on the latest trends. On the product front, we released the miraie smartphone, the first smartphone for children, and the BASIO smartphone for seniors, and made efforts to provide products that children and senior citizens can use easily and safely. We also provided the Privacy Data Setting function for au Android™ smartphones to ensure the protection of privacy.



miraie

● Future issues

- Re-evaluate programs to respond to the diversification of trouble
- Respond to the needs of tablet classes for seniors
- Provide products and services that prioritize privacy protection and data security



Material Issue: Society

Vitalizing the Company by Developing a Diverse Workforce

KDDI's Approach

● Recognition of social issue

From a global perspective, women in politics and the workplace advancement for women have progressed greatly. The gap between men and women has decidedly decreased. Compared to this global trend, one can say that Japan is an underdeveloped country when it comes to the social advancement of women.

● KDDI's risk and opportunity

- When it comes to the workplace advancement of women, simply relying on approaches based on domestic standards increases the risk of criticism from society in labor practice aspects such as equal opportunity and decent work when expanding business activities globally to achieve sustainable growth.
- KDDI is re-evaluating its management strategy making women in management a sustainable company requirement to accelerate its diversity promotion with a global outlook. Internally, KDDI is creating an organization that promotes openness where a different value system based on the advancement of female employees functions organically, that is filled with different working styles, and where employees with disabilities can advance.

● KDDI's management

KDDI advocates "diversity is fundamental" as the aspiration of the KDDI Philosophy. In 2008, we established the Diversity & Inclusion Department, and we have set a comparison target of 7% for female line managers in FY2015.

> Policies

- [KDDI Philosophy](#)
- [KDDI Code of Business Conduct](#)

● Key Performance Indicators (KPI)

	FY2015 Goal	FY2014 Result
Female line managers	90 (7%)	74 (5.7%)

Highlights of FY2014 Activities

Efforts on the proactive promotion for the advancement of female employees have been recognized and KDDI has been selected as a "Nadeshiko Meigara" for the third consecutive year since FY2012. We have also been awarded the 2015 J-Win Diversity Award's grand prize. In 2014, KDDI saw its first

female executive. Furthermore, KDDI employees were awarded the grand prize of the first ACE Awards acknowledging them as role models for persons with disabilities.



● Future issues

- Achieve KPI of 90 (7%) female line managers
- Enhance employment of persons with mental disabilities

Ensuring Safety and Security

Efforts for Safety and Security

| Policy |

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.

| Initiative |

Holding KDDI Mobile Phone Learning Class Safety and Security Seminars

In FY2005, KDDI, Okinawa Cellular Telephone Company and KDDI Group Welfare Association* 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.

As a result of actively holding the Mobile Phone Learning Class for Juniors and targeting elementary, junior high and senior high school students as well as parents, guardians and teachers, in FY2014, the class was held a total of 3,283 times, a 3% increase on the previous year, for some 570,000 participants. This brings the total number of classes to 13,179 for 2.38 million people between FY2005 and the end of FY2014.

Comments from the participants included, "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, KDDI and Okinawa Cellular Telephone Company in collaboration with KDDI Group Welfare Association held classes for elementary schools.



KDDI Mobile Phone Learning Class Safety and Security Seminar under way

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

| Initiative | Updating the Teaching Materials for Schoolchildren

In the KDDI Mobile Phone Learning Class for Juniors, due to the increasingly young age of smartphone users and the need for early awareness to avoid getting caught up in trouble, a new intermediate course was introduced, and teaching material on the subject of "revenge porn", a growing source of trouble recently, was added.

| Initiative | Updating the Program for Parents, Guardians and Teachers

In the KDDI Mobile Phone Learning Class for Juniors, the FY2015 course targeted at parents, guardians and teachers underwent overall revision. The participants consider the causes of trouble that occur today and how to deal with it while watching an actual video of a discussion in which senior high school students talk about real smartphone situations.

Comparison of Old and New Mobile Phone Learning Class for Juniors

		FY2014	FY2015
Elementary School Students	Grades 1-3	Course for Elementary School Students (Basic Course, Applied Course)	Introductory Course
	Grades 4-6		Intermediate Course
Junior High School Students		Course for Junior High & Senior High School Students	
Senior High School Students		Advanced Course	
Parents, Guardians & Teachers		Course for Parents, Guardians & Teachers	Course for Parents, Guardians & Teachers

- Uses videos and slides of characters the participants can identify with
- Uses videos and slides to convey the scariness of trouble
- Uses an actual video of a discussion among senior high school students

Ensuring Safety and Security

* In FY2015, KDDI and Okinawa Cellular Telephone Company in collaboration with KDDI Group Welfare Association hold classes for elementary and junior high schools.

| Initiative | 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 FY2014, we held these classes 200 times for approximately 3,600 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. In FY2015, we will introduce a new tablet course.



KDDI Mobile Phone Learning Class for Seniors

| Initiative | Information Ethics Education Using Smartphones

KDDI and KDDI R&D Laboratories, together with Soja City Government in Okayama prefecture, held a class in information ethics utilizing smartphones.

Focusing on nurturing communication skills on the internet, it was the first such initiative in Japan. The class was held at Soja Nishi Junior High School in November 2014. In a hypothetical situation in which a meteorite falls on Soja city, the students used smartphones to text each other disaster information and collaborate in evacuating to safety. Through the lesson, students learned how to use smartphones to be of service to society.



Lesson in information ethics

| Initiative | Open Class in Empirical Study in Education using ICT in Fukuoka Prefecture

KDDI and KDDI R&D Laboratories, in collaboration with Fukuoka City Board of Education, conducted an empirical study in education utilizing ICT from September 2014

to March 2015. The study was carried out with the aim of promoting utilization of ICT in the classroom and fostering students’ ability to



Open Class in Empirical Study in Education using ICT

express themselves and think for themselves as well as improving their academic achievement. Fukuoka City Board of Education’s appreciation of KDDI’s commitment to information ethics education, including ICT utilization in the field of education and mobile phone learning classes in the Fukuoka area, contributed to realization of the study. 100 tablets were provided to Kamo Elementary School (Sawaraku, Fukuoka City), the model school in the study, and used in lessons and in various learning situations to take advantage of the convenience of ICT to collect information on the internet, improve writing ability through interaction using SNS for schools and enhance awareness of information ethics.

Providing Products and Services that Offer Users Peace of Mind

| Policy |

Responsibility for Products and Services

KDDI implements total integrated quality control from product design to after-sales service. Together with mobile phone manufacturers, KDDI pays due regard to the impact of products on customer safety, presenting KDDI standards to mobile phone manufacturers and not relying solely on the manufacturer's standards. When products are shipped, they are delivered after the labels required under the associated regulations have been checked. KDDI operates a system whereby, if any serious defects are found, policy is determined by the market response screening committee under the chairmanship of the company president, ensuring prompt action is taken.

Offering Secure and Safe Products

| Product | Junior Smartphone "miraie"

KDDI has released au's first junior smartphone, the "miraie," featuring a wide range of functions to ensure children can enjoy safe, secure smartphone use and a shock-resistant design. The functions installed on the phone directly reflect not only the views of parents and guardians but the views of children themselves and were developed based on the views of stakeholders gathered at mobile phone learning classes.



miraie

- ◇ Safety and security for parents and children with camera functions, a security buzzer and detailed restriction functions
- Pushing the dedicated button on the side of the phone sounds the security buzzer. Location data is then captured and photos taken with phone's main and sub cameras. The phone is equipped to automatically send the parent or guardian the child's location information and photos of their surroundings.

- A dedicated browser is included to protect children from harmful sites. Parents can choose a filtering level according to the child's age (elementary school/junior high school), allowing the child safe, secure use of the internet.
- Use of downloaded apps requires the approval of a parent or guardian. Approvals are easy to set with just the tap of an icon.
- A text monitoring function is provided that displays a warning if a child enters an inappropriate word when entering text in an email or browser. Parental settings also allow parents and guardians to check the input history for any inappropriate words that trigger a warning display.
- To prevent excessive use of the smartphone, parents can set limits on time spent using the phone or on talk time. Parents and children can also decide on their own rules which can be easily configured under the Parent/Guardian Setting Menu, allowing the child to use the phone within appropriate limits.
- To protect children from the dangers of phone calls or email from strangers, contact from anyone not registered in the phone's contacts can be blocked and contact allowed only from parties known to the parent.
- Another function senses when the smartphone screen is lit while walking and displays a warning not to use the device while walking.

Providing Products and Services that Offer Users Peace of Mind

- Because the study fonts used display every stop and upstroke in compliance with standardized characters recommended by the Ministry of Education, Culture, Sports, Science and Technology, children can learn proper notation just by using their smartphones.
- Device limitations can be temporarily unlocked with an SMS from a parent in the event of a disaster, crime or other trouble.

◇ Tough with waterproof, dustproof and impact resistance performance

- The miraie is both waterproof and dustproof. It also offers impact resistance performance that complies with MIL standards.

◇ An enhanced selection of useful content just for children

- au Smart Pass offers children an enhanced selection of safe, secure apps.
- miraie comes pre-installed with a Family Guide to Children and Mobile Phones to ensure children understand the proper use of smartphones.
- Age-appropriate, easy-to-use au Navi Walk is also included.

| Product |

"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. "mamorino" phones are a recommended product of the National Congress of Parents and Teachers Association of Japan and the National Federation of Kodomo-Kai,* and are supported by many parents. 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.

* Certification number: KSM-P001



mamorino3

| Product |

"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.



Anshin GPS

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.

Providing Products and Services that Offer Users Peace of Mind

| Product |

BASIO, the first au smartphone for seniors

KDDI offers the BASIO, a smartphone for seniors that is easy even for first-time users to use.

The BASIO is equipped with a variety of features designed to improve readability and usability, including a Home screen with easy-to-read text size and contrast, separate hard buttons for phone and email functions, and a shortcut icon that connects users directly to the au Customer Service Center when they have a question about how to operate the device. The user-friendly features make this model easy to operate and master, even for seniors who are using a smartphone for the first time. The BASIO is also equipped with Smart Sonic Receiver® which has been fine-tuned to support au VoLTE. As sound is transmitted by vibration of the entire display, voice calls are possible without worrying about which part of the screen should be pressed to the ear. This model is also equipped with features designed to make sound easy to hear, such as the Slow Voice function which improves comprehensibility by slowing the other person's voice speed, and Audibility Adjustment which enables the user to adjust the sound quality of the caller's voice to the desired level.



BASIO

In addition, the BASIO is equipped with functions that enhance family communication, such as a pedometer that notifies family members of the user's daily step count, as well as a family-based SNS function that makes it easy for the user to share photos with family members.

| Product |

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

Providing Products and Services that Offer Users Peace of Mind

Offering Safe and Secure Service

| Service | 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 \(Japanese\)](#)

| Service | Sign Language Support

KDDI provides electronic writing pads at all au shops throughout Japan to aid customers with hearing or speaking difficulties. In addition, at au SHINJUKU, au NAGOYA and au OSAKA, staff who are conversant in sign language are available to assist with purchasing, explain how to use devices and provide repair support. A sign language support system using tablets is also being introduced.

This service is provided remotely for customers with hearing or speaking difficulties who come to certain au shops in the metropolitan and Kanto areas (Tokyo, Kanagawa, Chiba, Saitama, Yamanashi) and Chubu area (Aichi, Gifu, Mie, Shizuoka, Nagano) by staff who are conversant in sign language, using tablet-based videophone functionality.

Sign language seminars on smartphone use are also held at au SHINJUKU.



Various other seminars are also held by staff with sign language capability

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

| Service | Smile-heart Discount

Mobile phones are becoming more and more indispensable in people's daily lives. KDDI has introduced Smile-heart Discount to make au mobile phones easier to use by providing discounted rates for disabled persons. In March 2015 the target segment was expanded to include holders of a physical disability certificate, rehabilitation certificate, certification of the psychiatric disorder, medical care certificate for specified diseases, registration certificate for specified diseases, and medical expenses certificate for specified intractable diseases.



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

| Service |

Smartphone Use While Walking Caution App

KDDI provides a Smartphone Use While Walking Caution app in an effort to prevent accidents caused by walking while looking at the smartphone screen and to improve manners.

When you walk along looking at the screen of the smartphone, the app detects that you are walking and displays a warning screen. The message stays on the screen until you stand still. The walk-sensing technology achieves a high degree of accuracy, not displaying the warning screen when you are traveling in a car or a train or just shaking the phone, but only when it detects distinctive postures or actions while walking operating a smartphone. When the warning screen is displayed, the screen becomes semi-transparent and screen operations can be performed, so that you can save email drafts or game data.



Example of warning screen display

Providing Products and Services that Offer Users Peace of Mind

| Service |

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^[1] 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^[2] content providers to ensure age authentication as part of the youth protection policy in relation to using CGM services.

We believe that the introduction of this service will be conducive to the improved safety and security of our customers.

[1] 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.

[2] 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.

| Service |

Spreading Awareness of Filtering Services

In conjunction with the "Spring Term Campaign for Safe Internet Use" led by the Ministry of Internal Affairs and Communications to coincide with the spring graduation season and start of the new school year, KDDI is undertaking initiatives aimed at safe and secure internet use by young people. Information on Safety Access for Android™/iOS filtering services is provided at au shops when a new contract is concluded for an au mobile phone that will be used by a minor.

KDDI and KDDI Group Welfare Association promote rules and etiquette that they would like mobile phone users to observe and introduce cases of trouble or incidents, and they hold courses at which children learn how to avoid risk. In addition, the Telecommunications Carriers Association (TCA) has created video content that can be widely used at events and in shops to improve internet literacy and is mounting efforts to encourage the spread and awareness of filtering.

[□ TCA "Filtering Services" video on mobile phone and smartphone rules for family discussion](#)

| Service |

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

The financial damage caused by special frauds and the number of confirmed cases are increasing from year to year.

In response to this situation, in May 2015 KDDI introduced the Nuisance Call Light-up service that notifies the user of the risk level of calls to fixed-line phones by the color of the light on a dedicated device and automatically blocks calls judged to be high risk. The Nuisance Call Light-up service informs the user whether or not an incoming call is a scam call, cold call or some other kind of prank call. The database used to detect nuisance calls utilizes nuisance call number data provided by the police, local governments, etc. As the

Providing Products and Services that Offer Users Peace of Mind

service does not require an internet environment, it can be used easily, simply by connecting your home phone to the dedicated device.

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

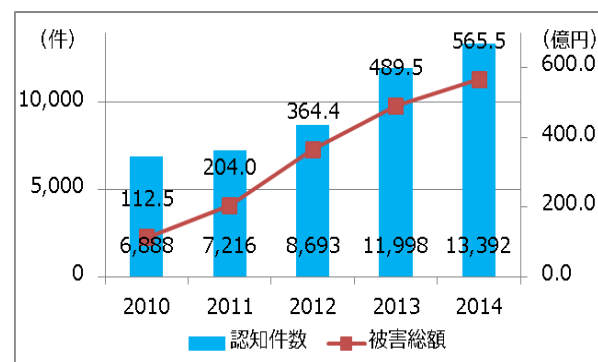
- [□ Measures Against Money Transfer Scams \(Japanese\)](#)
- [□ KDDI introduces Nuisance Call Light-up service for protection against money transfer scams and other nuisance calls \(Japanese\)](#)

Service Concept



* A separate contract is required for incoming number display services (Number display, etc.)

Ref. Financial damage caused by special fraud and number of confirmed cases



Source: National Police Agency

Confirmed Cases of Special Fraud and Arrests (2014 final values)

Confirmed Cases of Special Fraud and Arrests as of March 2015

| Service | Provision of "Get More Out of Your Smartphone Course"

KDDI has introduced a Get More Out of Your Smartphone Course through which users learn smartphone skills through hobby or situation-themed video content displayed on their smartphone or PC. The themes of the course include topics such as travel, cooking, golf and movies, and useful smartphone techniques in each situation are introduced in the videos. (A total of 20 lesson videos are available as of the end of May 2015.)

Up to now KDDI has held various events and workshops at which participants learned how to get the most out of their smartphones. The present course was introduced in response to requests such as "I want to know how to use my smartphone in various

situations" and "I forget what I have learnt when I've only had one lesson."

| Service |

Provision of World's First Service Aimed at Bridging the Digital Divide

Phone loss and theft are some of the biggest challenges facing smartphone users today. According to a recent survey, one in five smartphone owners have lost or misplaced their phone.^[1]

With the highly personal information smartphones carry – from banking records to mobile payment information to email – safeguarding private information when the phone is lost is a pressing issue. In response to such demand, KDDI has for some time provided a remote lock system, but high information literacy is required of persons who use this service. Under these circumstances, KDDI has introduced Japan's first operator-assisted support service to enable safe and secure smartphone use.

<Examples of first operator-assisted support service by domestic telecommunications carrier>

November 2011

- KDDI launches support service through which the operator can remotely operate the customer's Android™ smartphone when the customer is unsure of the operating procedure.
- KDDI introduces service to safeguard information. Acting on the customer's behalf, the operator can locate and remotely lock Android™ smartphones that have been lost.

Providing Products and Services that Offer Users Peace of Mind

The above-mentioned services have received a strong response from customers, with the senior segment in particular requesting that the location search service be extended from Android phones to iPhones and iPads. Customers' comments are taken up as issues to be solved by management through the TCS Committee.^[2] In October 2014, KDDI introduced "Lookout for au," the world's first operator-assisted location search service using GPS to locate lost iPhones or iPads. As of the end of May 2015, KDDI was the only telecommunications carrier to offer such a service.

KDDI will continue to listen closely to the voices of our stakeholders and provide services that offer users peace of mind.

[1] From results of Lookout research (as of October 2014)

[2] [TCS Committee](#)



| Service | Provision of "Life Safety Service" in collaboration with cable TV provider

Through a tie-up with a cable TV (CATV) provider, KDDI offers the "Life Safety Service" aimed at making customers' lives safer and more secure.

The Life Safety Service offers two options, a Home Plan and a Bicycle Plan. Under the Home Plan, professional staff provides response to emergencies in everyday life related to water, keys, glass, etc., while the Bicycle Plan involves supplemental insurance, in addition to road service cover for bicycles, to provide up to 100 million yen compensation in the event of everyday accidents eligible for reparations. Previously, KDDI has provided the Cable-plus Phone service for fixed line phones and au Smart Value in conjunction with CATV companies, but through the Life Safety Service, in alliance with a CATV provider, it aims to enable local customers to use services that are safe and secure and deliver more affluent and more comfortable lifestyles.

| Service | Privacy Data Setting for Android™ Smartphones

With the growing popularity of smartphones, there is concern about the protection of privacy, given the existence of apps that transmit user information without the user's consent. To address this problem, KDDI and KDDI R&D Laboratories provide a Privacy Data Setting function on Android™ smartphones to notify the user by pop-up when an app accesses user information (address book, location information, phone number) and block such access.



Example of screen display

| Service | "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.

| Service | Provision of KDDI Business ID for more secure cloud use

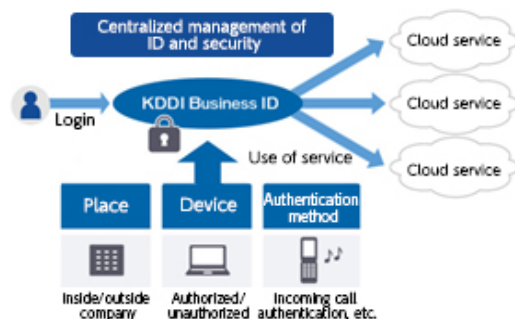
KDDI offers KDDI Business ID, an IDaaS^[1] service for corporate customers that enables safe and easy login with one ID from a PC or smart device to Google Apps for Work™, Office 365 with KDDI and other cloud services. By introducing this service, there is less risk of shared or leaked passwords and centralized use of multiple cloud services is achieved. KDDI is the first domestic telecommunications carrier to offer this service as IDaaS, using incoming call authentication to provide secure authentication by incoming call to the mobile phone and code input. This enables customers to use multi-stage authentication when logging in to cloud services from feature phones as well as smartphones.

KDDI will continue to expand its services for more convenient and secure use of cloud services and support diverse work styles with devices, networks and cloud services.

Providing Products and Services that Offer Users Peace of Mind

[1] Short for Identity as a Service. ID and authentication management are provided as a service

* Google, Google Apps and Google Apps for Work are registered trademarks or trademarks of Google Inc.



| Service | Safety of Electrical Waves

Policy

In regard to radio wave safety standards related to KDDI mobile phones and all KDDI base stations in Japan, KDDI complies with the provisions of laws and regulations regarding radio waves and operates at an electromagnetic wave level below the Radio Radiation Protection Guidelines.

Awareness of current situation and organization

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 safety will be ensured 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. In addition, we provide mobile phone terminals that comply with the permissible values for radio wave strength and radio wave absorption by the human body stipulated in laws and regulations relating to radio waves. KDDI is also committed to providing accurate information to all. We will continue to 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 continue striving to stay abreast of

trends in research into the safety of electromagnetic waves, both in Japan and internationally.

Organizations to which KDDI belongs: Electromagnetic Environment Committee, Association of Radio Industries and Business, Association of Radio Industries and Businesses; Electromagnetic Compatibility Conference Japan; National Institute of Information and Communications Technology, NICT/EMC-net, National Institute of Information and Communications Technology

Communication with Society for Safety and Security

Cooperation and Participation with Various Organizations

| Initiative |

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 147 members as of March 31, 2015, 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](#)

| Initiative | 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

| Initiative |

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



e-Net Caravan

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 Official Website \(Japanese\)](#)

Communication with Society for Safety and Security

| Initiative |

Cooperation in Events Organized by Administrative Agencies

KDDI cooperates in campaigns and events held all over Japan by administrative agencies, local governments and education committees as well as the National Congress of PTA Associations and newspaper companies. At each venue we promote familiarity with rules for internet use and filtering and we provide information on safe and secure use of the internet for young people in the area.

Some events in FY2014

- 2015 Spring Term Campaign for Safe Internet Use (Ministry of Internal Affairs and Communications (MIC) and others)
- "Tokyo Campaign for Internet Rules to Protect Children," "Street Campaign in Miyagi," "Street Campaign in Iwate," "Street Campaign in Akita," "Kanazawa Ekimae Plaza," "Fukui Ekimae Plaza," "Fuchu Hiroshima," etc.
- Video Festa on Safe and Secure Internet Use in Kinki – Announcement of Winners (MIC)
- Information Ethics Education Project for Children (MEXT)
- 11th Sendai PTA Festival (Miyagi)
- Tohoku University Science Summer School (Miyagi)
- Family Day Nagoya 2014 (Aichi)
- Osaka Smartphone Summit 2014 (Osaka)
- Smartphone Summit in Hyogo – Internet trouble among young people (Hyogo)
- 2nd Okayama Educational Support Activity Menu Fair (Okayama)
- Forum on Safe, Secure Internet Use in Iwakuni, Yamaguchi (Yamaguchi)
- 2nd Raising Tomorrow's Children Festival (Fukuoka)

[2015 Spring Term Campaign for Safe Internet Use \(Ministry of Internal Affairs and Communications\) \(Japanese\)](#)

[Initiative for increasing awareness of filtering service in run-up to new school term \(Japanese\)](#)

| Initiative | Support for "koetora" App

KDDI supports the communication support app "koetora" for people with hearing disabilities. "koetora" uses voice recognition and speech synthesis technologies to aid smooth communication between persons with hearing disabilities and people with normal hearing.



"koetora" support app for the hearing impaired

[Koe Tra App Support Page](#)

Always with Customers

Initiatives for Customer Satisfaction

| Policy | For Maximum Customer Satisfaction

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.

| Policy | 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

To enable the continuation of the company's unending evolution in step with its customers through the establishment of an optimal information exchange environment, and strong in our intention to provide the best possible service to customers through the close observation of daily-changing customer needs, reform of obstructive attitudes, and maximum utilization of our abilities and knowledge, KDDI has adopted the following seven policies.

1.Realization of Satisfaction

KDDI treats the opinions and feelings of customers with utmost seriousness, realizing a level of satisfaction acceptable to customers.

2.Customer-orientated Thinking and Action

All KDDI employees, from management down, consider everything from the customer's point of view, respond quickly and provide a quality service.

3.Working with Customer to Create Better Services

KDDI works together with customers to create better services and business operations.

4.Customer Evaluation

The flip side of customer expectation, KDDI appreciates customer criticism and welcomes the excellent opportunity it presents for realizing satisfaction.

5.Customer Trust

KDDI always keeps its promises to customers, providing thorough explanations acceptable to customers and consolidating customer trust with an honest and fair relationship.

6.Building and Repaying Customer Satisfaction

KDDI is able to increase sales by building customer satisfaction; increasing profits by minimizing costs ensures a return to customers, thus further increasing satisfaction.

7.Recognition of Excellence

KDDI strives to create a workplace environment in which each employee does their utmost for customers in their decisions and actions and employees recognize each others' efforts.

Always with Customers

| 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.

| Initiative |

Customer Satisfaction Survey

KDDI ranked second in the 2014 Japan Mobile Phone Service Satisfaction StudySM conducted by J.D. Power Asia Pacific. We have failed to achieve the top rank for overall satisfaction for the past two years, but we will continue to improve customer satisfaction by providing higher quality and better services.

KDDI received the number one rating for two years in succession for voice services for corporate customers in the 2014 IP Phone and Direct-line Phone Service Satisfaction Study.

| Initiative |

Improving the Popularity of our TV Commercials

KDDI won the "Best Advertiser" award in the Fiscal 2014 Corporate Commercial Popularity Ranking by the CM

Research Center/CM Databank. KDDI's "Santaro" series of commercials launched in January 2015 is proving highly popular and KDDI was ranked top overall for four consecutive months from December 2014 in the above survey. In particular, we ranked top in February in all age groups among both sexes, evidence of our increasing popularity with a wide-ranging audience.



| Initiative |

Improvement of Communication Environment in Myanmar

Through a joint venture with SUMITOMO CORPORATION and Myanma Posts & Telecommunications (MPT), KDDI is working to improve communication services for users in Myanmar

where upgrading of the telecommunications infrastructure is urgently needed.



A commemorative SIM card is presented to Japanese Prime Minister Shinzo Abe who attended the opening event of an MPT store during his visit to Myanmar

As a result, the mobile phone penetration rate that was 13% at the outset of the project stands at over 50%* as of the end of March 2015, and we are further accelerating upgrading of the telecommunications infrastructure to allow the use of mobile phones anywhere in the country. Together with SUMITOMO CORPORATION and MPT, KDDI will continue to contribute to the development of Myanmar's economy and industry and the enhancement of Myanmar citizens' standard of living through high quality communication services.

* KDDI estimate

Reinforcing communication with our customers

| Initiative |

Action! – Acting on Customers' Views

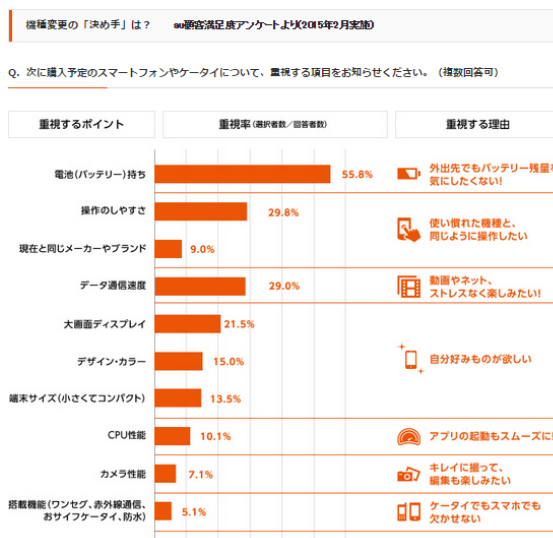
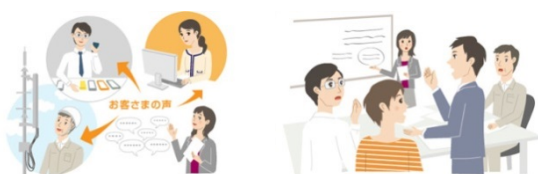
In order to retain our customers' loyalty, KDDI listens closely to the voices of our customers, promptly translating their views into action. Based on our commitment to continuously refine our services and quality, we are undertaking Action! initiatives geared to enhanced services.

The views and requests that we receive from our customers through questionnaires and inquiries are shared among all KDDI employees through our in-house system that is updated daily. Analysis of customer views and requests helps highlight problems and issues.

Always with Customers

Issues that require prompt judgment are discussed in meetings attended by senior executives headed by the company president as well as representatives from product development, service planning, customer service, marketing and other divisions, and solutions are addressed on a company-wide basis.

Comments from customers are a valuable resource that helps us to improve services and enhance quality. For example, based on the view that “spam mail is a real pain,” we are strengthening functions to block specific incoming mail, and based on the view that “data is a real worry when your mobile phone breaks down or is lost,” we are reviewing our service for storing phone books, photos and such like. KDDI will continue to listen to our customers and strive to further improve our services.



| Initiative | Providing au Smart Support

KDDI offers the comprehensive au Smart Support service for individual customers for a fee, providing the best support according to the customer's situation and ensuring that even first-time users get the most out of their smartphone.

Customers have access to a variety of membership privileges through the service, including a full-time customer support team that provides 24-hour, 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 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.

| Initiative | Providing Anshin Total Support

KDDI provides an Anshin Total Support service for a fee for customers using the "au one net" Internet service provider with operator support for various Internet problems from 9AM 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 \(Japanese\)](#)

| Initiative | 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

Always with Customers

activities to reflect the voices of our corporate users concerning improvements to KDDI's services and the development of new products.

KUG activities in FY2014 included nine seminars and observation tours. Communication among the members is energized by focusing on topics that can only be discussed in user meetings, such as presentation of the latest technologies by KDDI R&D Laboratories staff or introduction of the latest ICT developments abroad by staff deployed to KDDI bases overseas.



| Initiative | Using Twitter® to Provide Active Support

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

We don't simply wait for customers to make a telephone inquiry or come along to an au shop for a consultation; 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.

| Initiative | 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 contest was launched in 2004 with the aim of enhancing the customer service skills of au shop staff. At last year's contest, staff pitted their customer service skills against their peers on the theme of "Sharing practical skills to augment value proposition abilities."

In FY 2015, KDDI will showcase outstanding au shop staff for their "best past successes" in implementing inventive approaches and ideas for everyday customer service, with the aim of further encouraging the spread of good practices. By providing an opportunity where participants can learn from each other, they will gain knowledge acquired and strengthen their customer service skills.

Sharing of outstanding customer service skills with retailers and the staff of other au shops attending the event also leads to further maximization of customer satisfaction.



au shop staff demonstrate their customer service skills

Responsible Advertising and Marketing

| Initiative | Advertisement Creation System and Employee Training

KDDI advertisements are created based on the rules and provisions of the Act against Unjustifiable Premiums and Misleading Representations as well as voluntary standards and guidelines on placement of telecommunication service advertisements, to avoid advertisement placement that may constitute unfair customer enticement.

To continue providing services that will earn and maintain customer loyalty, KDDI will observe related laws and regulations and voluntary industry standard guidelines as well as continuing to place importance on improving the in-house system and employee training and working to ensure the rectification of advertisement displays related to telecommunication services.

Human Rights

| Policy |

Our Approach on Human Rights

KDDI understands the wording of the Universal Declaration of Human Rights and the Declaration of the International Labour Organization on Fundamental Principles and Rights at Work as the most fundamental policy relating to human rights. Based on this view, we endeavor to fulfil our duty to respect human rights by referring to the United Nations Guiding Principles on Business and 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.

KDDI Code of Business Conduct states that we will:

- foster a corporate culture in which diverse human assets can select diverse work styles
- not allow discrimination by reason of sex, age, color of skin, nationality, physical appearance, ethnic background, disability, religion, political persuasion, or thoughts and beliefs



KDDI Code of Business Conduct (Basic Principles)

- create a sound working environment by strict compliance with relevant laws, treat people equally and foster a corporate culture of openness and uninhibited discussion
- foster a workplace culture that is free of sexual harassment and power harassment
- respect the various viewpoints of contract employees, part-timers and temporary staff

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

| Initiative | 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](#)

| Initiative |

Participation in Conference on CSR and Risk Management

Following on from FY2013, in FY2014 KDDI participated in the 2014 International 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. Taking "business and human rights" as CSR risk management, we learned through the workshop how important prevention is. We also learned about the latest initiatives from persons on the front line of business and human rights around the world.

Diversity and Inclusion

Promoting Diversity

| Policy |

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 & Inclusion

Diversity logo selected from internally solicited proposals

| System | 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 FY2014, efforts were made to raise awareness within the company through the holding of various seminars for managers and female employees and the provision of e-learning for all employees.



"KDDI Diversity" handbook

Message from Executive Vice President

KDDI came into being through the merging of 17 companies with different structures and cultures. A company does not attain sustainable development simply through "diversity" based on mutual acceptance of individuals with different cultural backgrounds and ideas. What is needed is inclusion (diversity management) that reflects their respective strengths in the organization. KDDI aims to create a synergistic effect by mutual respect among employees with diverse backgrounds^[1] and the clash of honest opinions.^[2] The setting of KPI for female line managers is one such example.

[1] KDDI philosophy

"Embracing diversity"

[2] KDDI philosophy

"Open and direct communication"

"Always be creative in your work"



Hirofumi Morozumi
Member of the Board
Executive Vice President
General Manager, Corporate Sector

Diversity and Inclusion

| External Assessment | Selected as “Nadeshiko Meigara” for Three Consecutive Years

[External Assessment](#)

| External Assessment | Winner of 2015 J-Win Diversity Award

One item of the KDDI Philosophy is “Embracing diversity.” In acknowledgment of our commitment to proactively promoting women in the workplace, KDDI has become the first telecommunications carrier to win the Grand Prize in the 2015 J-Win Diversity Awards presented by NPO J-Win.

Since FY2012 KDDI has focused on cultivating and promoting female leaders, and we have set concrete numerical targets for promotion of women by FY2015. As well as senior management communicating this message, we are promoting female employees to the position of “executive assistant” where they can learn about the decision-making process at managerial level and implementing the Ladies Initiative Program (LIP) for promoting female line managers to create a pipeline for turning out women leaders with a view to cultivating and promoting female executives. KDDI created its first female director in 2014, and the number of female line managers* has more than doubled in the three years from April 2011 to April 2014. In addition, KDDI actively supports the balancing of work and family, establishing a work-

childcare support system, raising awareness within the company and introducing a teleworking system with the aim of achieving more flexible work styles.

KDDI will continue to promote the advancement of female employees and strive to enhance customer satisfaction by applying women’s views in its business operations.

* Line manager is an organizational leadership/managerial post with the authority to evaluate personnel

| External Assessment | KDDI Employee Wins Grand Prix in 1st ACE Awards as Role Model for Persons With Disabilities

In November 2014, a KDDI employee won the Grand Prix in the 1st ACE Awards presented by the Accessibility Consortium of Enterprises (ACE).* The ACE Awards recognize role models (persons demonstrating model actions or thinking) for persons with disabilities working in a company. 16 employees from ACE member companies were nominated in 2014, the first year in which the awards were held. Tsuyoshi Mihara, the winner of the Grand Prix, works at au NAGOYA, an au shop under the direct management of KDDI. His creation of new services from the perspective of persons with disabilities and of work fields for persons with disabilities and his contribution to enhanced corporate awareness and expansion of sales channels were highly appraised.

* Founded in FY2013, ACE aims to create new values that maximize diversity from the perspective of disability, reform corporate culture and achieve an inclusive society, with the goal of establishing a new model for employment of people with disabilities that will contribute to corporate growth and expediting a society of human resources sought by companies. ACE has 27 members (as of February 1, 2015) including KDDI.

| Initiative | 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.* 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 FY2015, we decide to launch a new initiative combining mentoring by general managers with coaching as a further incentive for the advancement of female leaders.

Diversity and Inclusion

Furthermore, we are striving to expand our cultivation of female managers as the basis of our cultivation of female leaders. KDDI had 177 female managers as of March 31, 2015, our ninth consecutive year of increases.

No. of female managers	177 (including loaned employees)
No. of female line managers	74
No. of female directors	1

* No. of female outside directors 1 (As of the end of June 2015)

* Organizational leadership/managerial post with the authority to evaluate personnel

| Initiative | "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. In FY2014, to promote



Project logo selected from internally solicited proposals

the appointment of female managers, six female line managers became members of the program. They worked to solve the challenges to the professional advancement of women and became candidates for managerial positions and advisers to female employees after their promotion to line managers.

| Initiative | New Generation Saleswoman College

In June 2014, female sales representatives from seven companies representing different industries (Recruit, Nissan Motor Company, IBM Japan, Kirin, Sumitomo Mitsui Banking Corporation, Suntory and KDDI) gathered to launch "New Generation Saleswoman College ~ Project for the Advancement of Female Marketing Representatives in Different Industries." The members, for whom a common issue is the difficulty of producing leaders due to the shortage of women in marketing, drew up a proposal for the further advancement of women in marketing and compiled a final report in November 2014. They gave a presentation to executives from the marketing and personnel divisions of the seven companies and presented a proposal to utilize the offices of the seven companies as "joint satellite offices" as a means of solving long working hours.

| Initiative | Support for LGBT

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, since FY2013 KDDI has promoted activities in the company to provide basic knowledge about LGBT.*

In FY2014, we provided e-learning courses for all KDDI employees to teach them this basic knowledge. And we have taken the step of removing the gender box from the 2016 graduate recruitment application form. The purpose of this is to enable us to recruit a wider range of outstanding human resources by extending KDDI's embracement of diversity to the recruitment stage and demonstrating our intention not to place importance on gender.

Following the passage of the Partnership Ordinance by Shibuya Ward in Tokyo, we also started applying a family discount to same-sex partners upon presentation of a partnership certificate.

* LGBT: Collective term for L=lesbians, G=gays, B=bisexuals and T-transgender

Diversity and Inclusion

VOICE

Addressing the advancement of women employees seriously and proactively as a “business challenge,” I feel, has resulted in heightened awareness among all KDDI employees, especially the women themselves, and an increase in female line managers. On the other hand, the reality is that, even while “embracing diversity,” women-specific activities are still required and many issues still remain to be solved.

KDDI has set a numerical target of 90 female line managers by 2015 (7% of all line managers) and is implementing various programs to support upskilling and career development. KDDI also actively supports the balancing of work and child-raising. However, with no female line managers around them, many female employees feel a vague sense of unease and are convinced that they could never become managers themselves. KDDI will enhance its support for women who aim to strive zealously to develop their careers and become role models as active, hard-working female line managers in an age that needs the participation of women in the workplace.



Nanae Saishoji
Administrative Officer
Deputy General Manager,
Corporate Management Division
Corporate Sector

| Initiative |

Support for Employees with Disabilities

In FY2014, 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.

| Initiative |

Support for Employees with Hearing Disabilities

To improve support for employees with hearing difficulties, KDDI has 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.

Boosting Employment Opportunities

| Initiative |

Promoting Employment Opportunities for People with Disabilities

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. In FY2014 we opened the Osaka Office and appointed six new employees.

As of March 31, 2015, the company employed 61 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,* facility maintenance, and Refresh Room operations. At the Osaka Office, employees work full time, cleaning in the morning and disassembling mobile phone handsets in the afternoon.



Mobile phone handset
disassembly

Diversity and Inclusion

We will continue to expand job areas with a focus on developing diverse occupations to enable people to realize their potential in their respective fields of expertise based on an understanding of their character through pre-employment training, and increase employment of people with mental disabilities as obligated by FY2018.

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

* The process of setting up a PC operating system, installing applications, and other activities

| Initiative | Participation in career seminars for students with disabilities

In December 2014, the ACE Career Seminar ~ Working for a Company was held for students with disabilities and school teaching staff. Two employees from KDDI participated in the seminar, exchanging views with the students.

The seminar was hosted by the Accessibility Consortium of Enterprises (ACE) of which KDDI is a member, providing the opportunity for communication with employees with disabilities who are working in a company with the aim of helping students think about their future careers.

| Initiative | IT Class for People with Hearing Disabilities

KDDI held an IT class for people with hearing difficulties in March 2015. The class was attended by about 60 junior high and senior high school students from a nearby school for

the deaf who wanted to “have a go at creating apps.” In one day they made their own original smartphone app or original two-dimensional game. KDDI will continue to implement activities to expand job areas through IT classes for people with disabilities.



Deaf school students assembled at KDDI

| Initiative | 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.

| Initiative | 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 FY2014, 33 employees were promoted to regular employee status.

Promoting Diverse Work Styles

| Policy |

KDDI's Approach to Diverse Work Styles

KDDI is promoting work-life management by enhancing operational efficiency and labor productivity to enable employees to think for themselves and manage their work and private lives. We are also pursuing flexible work styles by enhancing the support systems for balancing work with childcare or nursing care to allow employees to fully demonstrate their individual strengths at each stage of life with the passage of time.

Work, Childcare and Nursing Care Support Systems

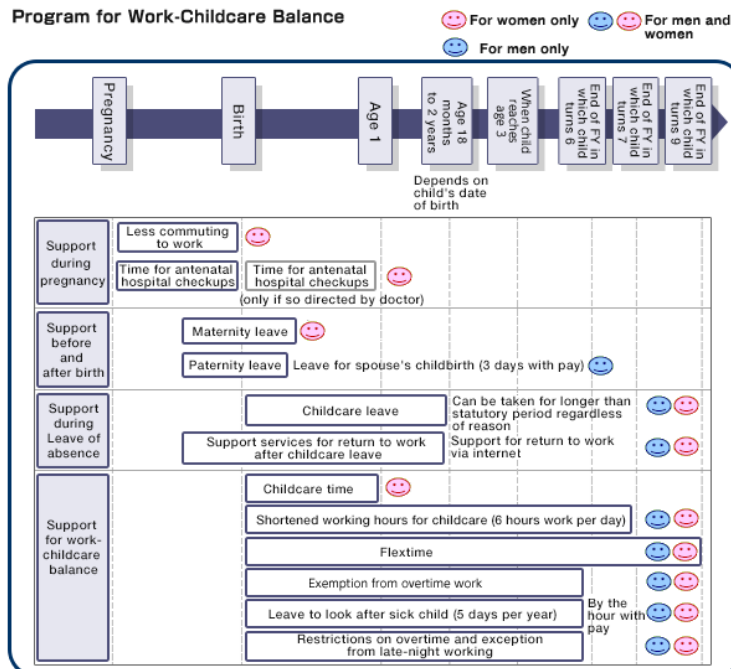
| Policy |

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

Program for Work-Childcare Balance

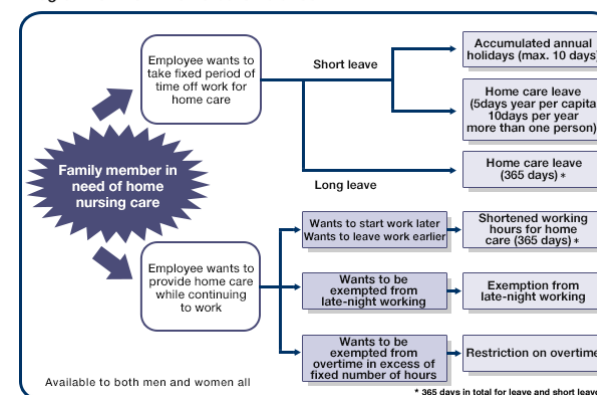


with their superiors and take part in e-learning courses. Systems such as these help to ease the sense of uncertainty that employees may feel while on leave.

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-Home Care Balance



Promoting Diverse Work Styles

| Initiative |

Supporting Return to Work After Childcare Leave

KDDI has offered the Forum for Employees before Returning after Childcare Leave, which provides employees planning to return to work following childcare leave with information



Forum for Employees before Returning after Childcare Leave

that may be helpful as they strive for success while balancing work and child-rearing. From FY2015 we are planning to hold a seminar before employees take maternity leave and after they return to work after childcare leave, and provide more content-rich programs.

Also 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 continues to educate and create sensitive superiors by featuring discussions with other superiors who have subordinates who have already returned to work, providing the opportunity to share information needed by working mothers for career development.

| Initiative |

Support for Male Employees' Participation in Childcare

KDDI grants paid paternity leave on a day-to-day basis for up to 3 days one month before and after their spouse's expected delivery date or the birth, and supports male employees' participation in childcare. In FY2014, 339 men took advantage of the system.

| Initiative |

Supporting a Balance between Work and Nursing Care

Since FY2012 KDDI has continued to hold a Course on Balancing Work and Nursing Care to raise the awareness of employees about nursing care problems and provide an opportunity for thinking about balancing work and nursing care.

In FY2014, over 100 employees participated in the course and enhanced their understanding of nursing care, including the fundamentals of preparing for nursing care.

We also 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.

| Initiative |

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.



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).

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

Promoting Diverse Work Styles

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

Diverse Work Styles

| Initiative | 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

| Initiative | 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 an "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.

| Initiative | 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.

Building Labor Relations and Improving the Workplace Environment

Creating Sound Labor-management Relations

| Initiative | 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 based on the Labor-Management Relations Agreement, Union Activities Agreement and Collective Bargaining Agreement. In December 2011, we signed a Union Shop Agreement toward building a close labor-management relationship. This accord makes membership in the KDDI Workers Union mandatory for all employees, except for managers and non-regular employees. The percentage of Union members is 97.6% of eligible employees (12,061 persons as of the end of March 2015).

In addition, based on the Agreement on Handling of Personnel Transfers, we have set out in the Labor Agreement that an employee shall be notified at least 5 days before a personnel transfer is officially announced and we have established a system for receiving complaints from the person concerned.

Basic Labor-Management Agreement (excerpt, simplified)

(Basic Terms of Agreement)

- Both parties recognize that job stability and security are important issues for labor and management and will do their best not to cause situations in which Union members are dismissed.
- Autonomy and rights will be mutually respected, a relationship based on trust and cooperation will be maintained and strengthened, and issues will be settled amicably through dialog based on mutual understanding and mutual responsibility.

(Freedom of Union Activities)

- The company recognizes the freedom of the Union or Union members to conduct Union activities.
- The company will not discriminate against Union members for conducting legitimate Union activities.

(Interpretation of Labor and Other Agreements and Handling of Questions)

- Any questions that arise regarding interpretation of the Labor Agreement or other agreement concluded through collective bargaining during the period of validity of the agreement will be solved by the entities that concluded the agreement in question.

| Initiative | Dialogue with Workers Union

In an effort to foster communication between workers and management, labor-management talks were held a total of 18 times in FY2014. Information about the talks and other such events is disclosed to union members by the KDDI Workers Union as needed.

| Initiative | Labor-Management Unity Event

KDDI Sports Festival 2014 was held jointly with the KDDI Workers Union in November 2014. Approximately 2,200 regular and temporary employees



KDDI Sports Festival 2014

and family members from all over the country participated in the event and interaction with the president and directors was promoted through sports, enhancing a sense of unity throughout the company.

Building Labor Relations and Improving the Workplace Environment

Establishing the Ideal Workplace

| Initiative | KDDI Kaitai Shinsho Employee Awareness Survey

Each year, KDDI conducts the KDDI Kaitai Shinsho awareness survey targeting all employees. The FY2014 survey highlighted the following issues.

- The sense of unity in each workplace toward achievement of goals has not necessarily improved
- Original and creative action on a higher level toward higher goals has not been attained
- The link between policy- and goal-oriented actions and philosophy is weak

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.

| Initiative | 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 31, 2015, the consortium had 27 members. Tadashi Onodera, chairman of KDDI Corp., currently serves as an ACE director.

| Initiative | 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. 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.

In FY2014, live announcements by management were made a total of six times.

Building Labor Relations and Improving the Workplace Environment

| Initiative |

Imbuing Employees with the KDDI Philosophy

KDDI conducts various dissemination activities to encourage employee behavior based on the KDDI Philosophy.

The employees themselves plan and run study meetings attended by all employees, regardless of organization or division. Group study meetings, dissemination activities and other initiatives devised by each organization are conducted using applications, posters and other tools.

In FY2014, we interviewed foreign employees to create an English version of the KDDI Philosophy, which we then used as a base to create a Chinese version and versions in other languages to its expand awareness. Executives from Japan visited the four world blocks to hold executive study meetings. 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.

Total number of study meetings held in FY2014	833
Total number of participants	36,953

| Initiative | Pension System

KDDI has introduced the KDDI Pension Fund as the company's own retirement benefit and pension system. The fund is managed by the KDDI Pension Fund (a separate organization).

The retirement benefit savings plan offered to employees is structured as a "defined-benefit pension plan" and the entire amount is borne by the company.

Promoting Internal Communication

| Initiative |

Award Ceremony to Award the President's Prize, the Contribution 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 2014, we held an awards ceremony for activities in FY2013 at which three President's Prizes, one Contribution Prize, three MVP Prizes, and one Operational Quality Improvement Prize were awarded.

Occupational Safety and Health

Occupational Safety and Health

| Policy |

KDDI Basic Policy on Health and Safety

Based on the corporate philosophy that the “KDDI Group will pursue the happiness of all employees both physically and mentally,” KDDI has introduced a company-wide policy of “valuing human life, ensuring the safety of employees in the workplace at all times, maintaining and promoting their mental and physical health, and maintaining a pleasant working environment” and is taking various measures to prioritize the health and safety of employees. This policy is incorporated in all company regulations throughout the KDDI Group, ensuring management of health and safety in the work environment.

| System |

Health and Safety Committees

KDDI has established Health and Safety Committees that plan and conduct activities as joint labor-management efforts. In addition to exchanging opinions on occupational safety, fire and disaster risk prevention, mental health, long working hours, health management, traffic safety, talks by industrial doctors and other such themes, the committees work toward employee health management and maintenance and the prevention of workplace injuries. The committees have been established at every office with 50 or more workers and they meet once a month. The minutes of the committee meetings held at each office enable the sharing of information among offices. By sharing health and safety measures, accidents can be prevented. In addition, a system is in place for reporting important items relating to health and safety to the General Administration & Human Resources Division Executive Officer.

□ Number of Workplace Injuries

(rate of work-related accident frequency, rate of work-related accident severity, LTIFR)

- * There have been no deaths due to work-related accidents since the founding of KDDI
- * KDDI has not acquired OHSAS 18001 certification

| Initiative |

Priority Measures Relating to Occupational Health and Safety

KDDI has set “reduction of long working hours” and “reduction of number of employees absent due to mental health problems” as key performance indicators and is taking various steps toward such reduction. These efforts have their basis in KDDI’s corporate philosophy and basic policies relating to health and safety. Our final goal is for there to be “no one who cannot work due to health disorder” and to this end we have established a mechanism for reporting to management.

Occupational Safety and Health

| Initiative |

Initiative for Improvement of Long Working Hours

KDDI has set reduction of long working hours as a key performance indicator and is endeavoring to achieve such reduction. For example, we are striving to promote a “No Overtime Day” as a means of reducing long working hours with every Wednesday designated as a no overtime day. In addition, rules have been introduced on advance application for overtime, and some offices have introduced a Long Working Hours Reduction Month.

We also added a provision to the work regulations in July 2015 that will require a break of at least 8 hours between the end of one workday and the start of the next.

| Initiative |

Promotion of Mental Healthcare

KDDI has set reduction in absence due to mental health disorder as a key performance indicator and is striving to achieve such reduction.

We are focusing particularly on “measures to prevent new onset” and “measures to prevent recurrence” to eliminate absence due to mental health problems.

As a means of preventing new onset, we provide e-learning courses for management, e-learning courses for all employees, e-learning courses and group training for newly appointed line managers, mental health seminars by psychiatric specialist industrial doctors, and stress checks by interviews and check sheets for new graduates for three years after joining the company, and we are proactively encouraging self-care and line care.

We are also aggressively promoting prevention of mental health problems by requiring employees who have worked longer than the prescribed number of hours to submit a questionnaire and consult the industrial doctor. Industrial health staff are also required to provide individual follow-up.

In addition, the Employee Counseling Center provides counseling by industrial counselors and we have set up the “Mind Clinic” portal site on our intranet as a repository of information related to mental health.

As measures to prevent recurrence, when an employee returns to the workplace following leave due to mental health issues, the industrial doctor always interviews the returnee and the returnee’s superior, offering reduced working hours to ease the physical and mental burden of returning to work. In terms of the workplace environment, support is provided for the returnee’s superior, and the returnee, his or her colleagues, superior, industrial doctor and industrial health staff work together to facilitate a smooth return to work.

Occupational Safety and Health

| Initiative | 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

| Initiative | Risk Assessment Related to Health and Safety in Developing Countries

The level of medical care in Asia, particularly in Myanmar, India, Bangladesh, Mongolia and Vietnam, is lower than in Japan and it is difficult to receive the same level of medical services as in Japan due to language and cultural problems as well as the high risk of infectious diseases rarely found in Japan. Under these circumstances, in FY2014, KDDI established the Vaccination and Health Report Guidelines for Transferees and Business Travelers to Hardship Regions from the perspective of health management and safety of employees to such regions on business. Employees transferred or traveling abroad on business are required to take measures against infectious diseases based on the guidelines. More precisely, the guidelines set out the pathogens and viruses, infection route, incubation period, symptoms, pathology/aggravation, prognosis, treatment, existence of vaccine, vaccination, prevention, and benchmarks for temporary repatriation for 35 infectious diseases including malaria.

When specific prerequisites are met, all employees are obliged to submit a Health Report. And in the event of the onset of disease, the employee will be compelled to return to Japan for treatment by the industrial doctor.

In addition, in the case of Myanmar, risk assessment is conducted through a medical support company that is familiar with the situation in the country.

KDDI considers traffic accidents to be the biggest risk in Myanmar and takes the following measures for all employees and their families.

- Designation of hospital (designation of hospital in Myanmar with the latest treatment facilities)
- Transportation to and from hospital (to avoid the employee having to drive)
- Medical support in Burmese, Japanese and English (treatment will be provided by doctor in Myanmar)
- Daily life support by Myanmar staff, holding of seminar.
- Monthly report (implementation of PDCA), etc.

Occupational Safety and Health

| Initiative |

PM2.5 Countermeasures

To protect the health of employees working in China and India and their families, KDDI provides grants for the purchase of new air purifiers as a measure to combat PM2.5. As an initiative in FY2014, we added “sputum test” to the health check items for employees working in China and India and their families.

| Initiative |

Basic Life-Saving Training

KDDI regularly holds Basic Life-Saving Training sessions to teach employees how to perform cardiopulmonary resuscitation and how to use an AED (automated external defibrillator).

The participants acquire both the knowledge and practical skills for saving lives in an emergency. After the training, the participants are presented with a Basic Life-Saving Training Certificate from the Fire Department.

At the present time, KDDI has installed AEDs in all KDDI offices and is working to enhance employees' emergency preparedness.

Number of participants in training session at KDDI Office Building (example)

FY2014: 20

FY2013: 48

| Initiative |

Driver Training and Introduction of Vehicle Operation Management System

KDDI conducts driver training throughout Japan for employees who use vehicles on company business. In FY2014 we introduced a vehicle operation management system for all company vehicles. 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 to inadequacies.

In FY2014 the accident rate fell 17.4% year on year.

| Initiative |

STOP! Falls Project 2015

The Ministry of Health, Labour and Welfare and workplace accident prevention organizations launched the STOP! Falls Project 2015 to reduce accidents by falling, the number one cause of death or injury resulting in 4 or more days absence from work. Of the reported accidents during or on the way to and from work, accidents caused by falling are on the increase, with some of the more serious resulting in several months off work. To raise awareness of safety in the workplace (including commuting) and create a safe work environment, KDDI is taking measures to prevent falls. From January 20 to December 31, 2015, we aim to create a workplace environment where employees can work without worry, focusing on February when falls reach a peak and June, the preparation month for National Safety Week.

Human Resource Cultivation

Human Resource Cultivation System

| Initiative | **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.

| Initiative | **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.

| Initiative | **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 FY2014, 11 executive assistants were appointed, bringing the total number of executive assistants to 32 as of the end of March 2015.

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.

| Initiative | **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 level by exploring and further expanding individual expertise.

| Initiative |

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.

| Initiative | **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.

| Initiative |

Support for Qualification Acquisition

KDDI supports the acquisition of KDDI-designated qualifications to enable employees to improve their knowledge and technical skills and contribute to enhanced business quality, through payment of the related fees and other expenses.

In FY2014, a total of 36 million yen was paid to 2,000 eligible employees who applied for support.

Human Resource Cultivation

| Initiative |

Employee Training (Group Training)

KDDI provides group training for all company employees to enable them to acquire the necessary knowledge and skills to carry out their work, according to their position and qualifications.

In FY2014, group training was provided for a total of 1,000 days, and a total of 10,000 employees participated in the training.

| Initiative |

Employee Training (e-learning)

KDDI has built and operates a shared e-learning system to allow all employees, without exception, to acquire the necessary business knowledge.

E-learning provided in FY2014 included 580 types of online content, an average of 30 types per employee.

Correlation between Position/Qualification and Training

Position or Qualification	Stratified Training	Theme-based Training					Division-specific training
		Acquisition of skills & knowledge	Support for acquisition of qualifications	Self-development support	Global human resources		Job-specific skills
Director	Director Training						
Line Manager	Line Manager Training						
Manager	Manager Training						
Assistant Manager	Assistant Manager Training						
Chief	Training 5 years after graduation						
Employee	Training 3 years after graduation Training 2 years after graduation On joining company/Follow-up training						

Cultivating Human Resources Globally

| Initiative |

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



Practical Skills Training for Employees Working Overseas

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.

In FY2014, we twice invited managerial staff from our overseas subsidiaries to Tokyo to attend a one-week

Human Resource Cultivation

Global Management Meeting (GMM) that included intensive individual feedback sessions. Simultaneous interpretation in English and Japanese was provided for discussion of important topics relating to management of overseas subsidiaries attended by all board directors.

At the GMM held in February 2015 to coincide with a meeting of the Overseas Compliance Business Ethics Committee, Vice President Hirofumi Morozumi gave a talk on business management outside Japan. KDDI is committed to strengthening governance by prevention of bribery and corruption.

| Initiative | 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. In the training conducted in FY2014, in addition to awareness of the KDDI Philosophy as basic knowledge required by people dispatched overseas, the Executive Officer of the General Administration Division, the division responsible for compliance, provided guidance on good governance practices to prevent bribery and corruption, and on risk management. KDDI also provided region-specific training for employees headed for English or Chinese-speaking destinations. This training is designed to be practical, so that employees can quickly apply it upon reaching their destination. They learn from native instructors what to keep in

mind when conducting global business, gain an understanding of diversity in the context of their particular location, and learn what to take into account when cultivating relationships with local people.

| Initiative | 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, recruit for an internship program (work abroad)* aimed at acquiring practical business skills.

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.

Number of participants in Business Study Abroad and Specialized Study Abroad programs: 30

USA (university): 25

UK (business school or university): 3

China (language school + internship): 1

Indonesia (internship): 1

* 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.

| Initiative | Overseas Trainee System

By allowing employees to take part in sales operations, technical support, corporate duties, and through other practical experience, the KDDI 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.

Number of trainees: 110 (FY2002 – FY2014)

USA 30, East Asia: 21, Europe: 27,

Southeast Asia: 22, M&A Base: 10

Employment Data

| Data | Employment Trends

		Gender	FY2012	FY2013	FY2014
Number of employees ^[1]	Unit: person	Male	9,034	8,648	8,588
		The total number of Managers	3,609	3,752	3,921
		Department Manager	356	334	368
		Section Managers	3,253	3,418	3,553
		Female	2,197	2,091	2,083
		The total number of Managers	124	140	177
		Department Manager	5	11	9
		Section Managers	119	129	168
		Total (Male and Female)	11,231	10,739	10,671
		Consolidated number of employees	20,238	27,073	28,172
Average age	Unit: age	Male	41.8	42.1	41.8
		Female	38.2	38.6	38.2
		Total (Male and Female)	41.1	41.4	41.1
Average work years	Unit: year	Male	16.8	17.1	17.3
		Female	15.3	15.6	15.9
		Total (Male and Female)	16.5	16.8	17.0
Employment turnover rate ^[2]		Unit: %	(Total) 0.84 (Male) 0.58 (Female) 2.06	(Total) 0.94 (Male) 0.72 (Female) 1.92	(Total) 0.89 (Male) 0.68 (Female) 1.78
Number of employees with disabilities		Unit: person	285	300	350
Employment rate of persons with disabilities		Unit: %	1.91	2.02	2.11

[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.

Employment Data

| Data | Number of Foreign Employees

Unit: person

	FY2012	FY2013	FY2014
Number of foreign employees (KDDI)	66	102	123
Proportion of foreigners in new employees (KDDI)	11.3%	15.1%	8.3%
Consolidated number of foreign employees	-	2,630	2,624
Number of foreigners (management)	5	6	6

| Data | Employees by Age (As of end of March 2015)

Unit: person

	Total	Male	Female
Under 30	1,193	846	347
30 - 39	2,923	2,171	752
40 - 49	4,348	3,596	752
50 - 60	2,204	1,972	232
61 and over	3	3	0
Total	10,671	8,588	2,083

| Data | Recruitment Data

Unit: person

	Gender	FY2012	FY2013	FY2014
Recent university graduates	Male	171	189	170
	Female	69	62	84
	Total (Male and Female)	240	251	254
Mid-career hires	Male	26	29	38
	Female	6	2	7
	Total (Male and Female)	32	31	45
Reemployment	Male	75	68	100
	Female	6	6	10
	Total (Male and Female)	81	74	110
Number of regular employees from non-regular employees		-	23	33

Employment Data

| Data | Trends in Non-Regular Employees (Number of temporary employees) Unit: person

	FY2012	FY2013	FY2014
Agency employees	5,128	4,197	3,848
Contract employees	1,686	2,850	3,416
(Total)	6,814	7,047	7,264

| Data | Recent Graduate Hires Unit: person

	Entered KDDI in April 2013	Entered KDDI in April 2014	Entered KDDI in April 2015
Total number of university graduates	251	254	286
Male university graduates	189	170	203
Female university graduates	62	84	83
Junior college or technical school	0	0	0
Senior high school and others	0	0	0

| Data | Mid-Career Hires Unit: person

	FY2012	FY2013	FY2014
Total	25	31	45
Total number of university graduates	25	30	44
Male university graduates	22	28	37
Female university graduates	3	2	7
Other males	0	1	1
Other females	0	0	0

| Data | Number of People Leaving Employment in FY2014 Unit: person

	Early	Self	Company	Transfer	Other	Total
Male	0	73	15	6	14	108
Female	0	43	1	0	2	46
Total (Male and Female)	0	116	16	6	16	154

Employment Data

| Data | Retention of Recent University Graduates

Unit: person

	Male	Female
Graduate entry in April 2012	171	69
Currently employed in April 2015	169	64

| Data | Union Members

			FY2014
Total number of union members	Unit: person		12,061
Percentage of employees under Labor Agreement (Industry level or company level)	Unit: %	Japan	98
* Membership rate thereof		Worldwide	98

| Data | Number of Employees Using the Childcare and Home Care Support System

Unit: person

Program		Gender	FY2012	FY2013	FY2014
Childcare	Maternity leave	Female	157	169	190
	Childcare absence	Male	5	15	12
		Female	268	270	275
	Parental leave reinstatement rate		95.9%	95.6%	95.5%
	Shortened working hours for childcare	Male	2	2	1
		Female	357	378	394
	Sick/injured child care leave	Male	638	520	320
		Female	370	362	316
	Leave for spouse's delivery	Male	280	283	328
Home care	Home care absence	Male	4	6	6
		Female	2	1	5
	Home care leave	Male	112	117	80
		Female	24	44	50
	Shortened working hours for nursing care	Male	1	2	1
		Female	1	0	1

Employment Data

| Data | Volunteer leave, JOCV

		FY2012	FY2013	FY2014
Volunteer leave	System available Unit: Number of persons required	23	8	31
JOCV*	Unit: Number of persons dispatched	1	2	2

* Japan Overseas Cooperation Volunteers

| Data | Overtime Hours Per Month, Overtime Allowance, Paid Vacation

		FY2012	FY2013	FY2014
Average overtime hours per month	Unit: hours	28.6	29.6	29.2
Average overtime allowance per month	Unit: yen/month	-	175,350	101,218
Rate of paid vacation taken	Unit: Number of days granted	20.0	19.8	19.8
	Unit: Number of days obtained	13.8	11.8	13.1
	Unit: %	69.3	59.5	66.4
Total annual actual hours worked (average)	Unit: hour	-	2,196.4	1,920.1
Average annual salary	Unit: yen	9,067,548	9,396,971	9,763,079

| Data | Number of Workplace Injuries

		FY2012	FY2013	FY2014
Injury/illness	Unit: person	20	14	14
Death	Unit: person	0	0	0
(Total)	Unit: person	20	14	14
Frequency rate ^[1]		0.82	0.48	0.52
Severity rate ^[1]		0.0032	0.0037	0.0078
Lost time injury frequency rates ^[2]		0.20	0.14	0.15

[1] Calculated based on the method used in the Survey on Industrial Accidents of the Ministry of Health, Labour and Welfare

[2] LTIFR: Lost time injuries frequency rate is the number of deaths and injuries due to industrial accidents divided by the cumulative hours worked multiplied by one million (lost time is defined as any period of one day or more)

Working with Business Partners, Shareholders

Supply Chain Initiatives

| Policy | **KDDI CSR Procurement Policy**

In order to fulfil our social responsibility as a general telecommunications carrier responsible for social infrastructure at a higher standard and avoid procurement risk in the supply chain as far as possible, amid concerns about growing risk with the increasing globalization of business, KDDI established the KDDI CSR Procurement Policy in February 2014 and began consolidating our grasp and management of risk in the entire supply chain.

The Procurement Policy requests that the business partners participate in initiatives under 7 themes in which KDDI involves, such as Environmental consideration, Consideration for Human Rights and Working Environment, Fair and Equitable Transactions and Appropriate Information Management.

To provide satisfactory services to our customers and achieve the sustainable development of the company and society together with our business partners, we are extending our demands and support based on the policy to the entire KDDI supply chain.

[□ KDDI CSR Procurement Policy](#)

| Initiative | **CSR Procurement Questionnaire**

In order to operate the Procurement Policy effectively, KDDI requested its leading business partners to answer a CSR Procurement Check Sheet. We carried out this questionnaire survey in January 2015 to objectively grasp the initiatives undertaken

by our business partners and we received responses from 72% of our key business partners. In addition to working to further disseminate our CSR Procurement Policy, we will use the results of the survey to identify problems in promoting CSR procurement and link this to concrete efforts.

The questionnaire was formulated on the basis of the Supply-Chain CSR Deployment Guidebook published by the Japan Electronics and Information Technology Industries Association (JEITA) to which items independently deemed necessary by KDDI were added.

| Initiative | **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").*

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.

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

Partnerships and Support

| Initiative | **Reinforcement of Relationships with Business Partners**

KDDI holds briefings for business partners in order to obtain their understanding of our purchasing activities. Briefings have so far been held four times. 63 companies were invited to the briefing in August 2014 and opinions were exchanged based on explanation of our situation and presentation of the initiatives we are undertaking. One business partner who attended commented that it was "good to have a frank exchange of opinions."

KDDI has expanded the KDDI Group's Business Ethics Helpline to business partners and we are striving to strengthen our relationships in the areas of business ethics and legal compliance.

| Initiative | **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."

Working with Business Partners, Shareholders

| Initiative | 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 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.

| Initiative | About the KDDI Open Innovation Fund

KDDI Open Innovation Fund is a corporate venture fund operated by KDDI and Global Brain Corporation for investment in promising startups both domestically

and internationally. We provide full-scale support for the growth of our partner startups through utilization of our business networks and marketing skills and collaboration with our services including au Smart Pass.

Based in San Francisco, USA, we are also looking to invest in startups with the latest technologies or innovative business models. We will provide wide-ranging support for business development, marketing and localization by companies looking to expand their business in Japan.

KDDI Open Innovation Fund has so far invested in a total of 30 companies (18 companies in Japan and 12 companies overseas, as of the end of April 2015).

[KDDI Open Innovation Fund](#)

| Initiative | KDDI∞Labo (Mugen Labo) Supporting the Growth of Venture Companies

In 2011, KDDI launched "KDDI ∞ Labo," a program designed to support young engineers who are passionate about created revolutionary Internet services for use around the world. This program provides total support to teams selected from a pool of applicants.



Participants in the eighth round of KDDI ∞ Labo

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 FY2014, KDDI launched the Partners Association Program, a new initiative designed to create innovation by multiplying the development environment, information and other resources of established companies by the ground-breaking ideas and development speed of startups. In FY2015, 15 diverse companies that support the purpose will participate in the program as established companies to provide support for startups, aimed at creation of new services through partnerships.

Another new initiative, the Regional Partnership Concept, will be launched in FY2015. In partnership with regional startup support organizations, support will be provided to startups recommended by the organizations toward the creation of regional innovation that maximizes the assets of KDDI ∞ Labo. A total of 34 teams have received the support of KDDI ∞ Labo through seven rounds of this program and the eighth round (five teams) is currently underway (as of May 2015).

[KDDI ∞ Labo](#)

Working with Business Partners, Shareholders

| Initiative |

Support for IT Utilization by SMEs

KDDI, PROJECT NIPPON CO., LTD. and KDDI Web Communications Inc., in partnership with the Micro Business and Individual Unit of the Japan Finance Corporation (JFC), are working on a “First-time Web User Project” to promote IT use by small and medium enterprises and support their business.

The number of SMEs in Japan has fallen to around 3.85 million from a peak of 5.33 million in 1986.^[1] While approximately 80%^[2] of SMEs consider strengthening of sales capabilities and increase in new customers as important business challenges, only 46%^[3] of small-scale enterprises have created their own websites, an important means of growing business. To contribute to solving the challenges facing SMEs, the four companies mentioned above provide integrated support from website creation to effective utilization through this project.

In addition, in December 2014 KDDI formed a capital and business alliance with crowdsourcing^[4] giant LANCERS INC. with a view to expanding its area of SMEs support. As LANCERS’ only telecommunications carrier partner, KDDI will cooperate in developing crowdsourcing services to solve SMEs’ shortage of IT manpower.

The two companies will support the creation of affluent and comfortable regions by disseminating “diverse and flexible work styles” “irrespective of time or place” to individuals throughout the country. We will also

promote IT utilization, which reduces the economic burden, and support the creation of business opportunities and corporate growth of SMEs on an ongoing basis.

- [1] As of February 2012. “2014 White Paper on Small and Medium Enterprises in Japan” published by the Small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry
- [2] “Report on IT Utilization by Small and Medium Enterprises: Survey Report (September 2012)” published by the Japan Chamber of Commerce and Industry
- [3] Small and medium enterprises before establishment and within one year of establishment
- [4] Crowdsourcing service: An internet service that matches companies wanting work done with individuals willing to undertake the work

| Initiative |

Implementing au Smart Support Members-Only Plan

In March 2015, KDDI held a Smartphone Lesson x Bread Taxi Tour in Kobe as the 9th round in the au Smart Support Members-Only Plan.

The smartphone lesson included useful and

practical tips on how to use maps as an aid for sightseeing, how to make easy voice searches and how to take great photos. Advice was also given on the au WALLET card which can be used for shopping both in actual shops and on the internet. After that, with the cooperation of Kinki Taxi Corporation, the participants were taken round the best bakery shops in Kobe by “bread taxi” with veteran drivers acting as tour guides. The comments received from the participants afterwards included, “we enjoyed the entire program from learning how to use smartphones to sightseeing in Kobe” and “I found out how easy it is to use the au WALLET card and collect points”. KDDI will continue to suggest smartphone-themed lifestyles through experience-based events in which participants can get hints on how to get the most out of their smartphone, and reflect participants’ voices in various au support services.



Smartphone Course x Bread Taxi Tour in Kobe

Working with Business Partners, Shareholders

Support for Individual Shareholders

| Initiative | Deepening Understanding of the Company

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

In FY2014, we held a smartphone/tablet workshop at au NAGOYA and a smartphone workshop at au OSAKA, we invited shareholders to charity concerts organized by the KDDI Foundation and we held tours of the submarine cable maintenance ship facilities. The shareholders who participated in the activities asked many questions about operation of the devices, about KDDI's technical skills and about KDDI shares, and gained a deeper understanding of KDDI's operations. They also ranked their level of satisfaction very highly at over 90%. In FY2015 we will continue to work to satisfy our shareholders and deepen their understanding of our operations.

In FY2014, we launched a shareholder special benefit plan aimed at thanking shareholders for their constant support and further deepening understanding of KDDI Group operations and we presented complimentary coupons to shareholders according to the number of KDDI shares held and the length of time held, for use when purchasing au mobile phones.

KDDI will continue to further strengthen our ties with individual shareholders.

| Initiative | Stock Split and Enhancement of IR to Expand Individual Shareholder Base

On April 1, 2015, KDDI conducted a stock split of common stocks at a ratio of 1:3. As well as making stocks easier to buy by reducing the minimum investment amount, information for individual shareholders was further enhanced by the holding of a briefing.

KDDI aims to further improve its corporate value through sustained profit growth and increased shareholder returns.

Together with Society

Active Community Involvement

| Policy | 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.

| Employee Initiative | Activities by the Reconstruction Support Office

In July 2012, KDDI established the Reconstruction Support Office, which reports directly to the president, to spearhead our support efforts for reconstruction in the aftermath of the Great East Japan Earthquake. The aim is to expand

companywide support activities to the various issues facing the affected areas (medical care, education, disaster prevention, daily life support, etc.) and to provide KDDI's wealth of experience and expertise in ICT utilization.

The staff of the Reconstruction Support Office is made up mainly of employees from the Tohoku region. They visit the Reconstruction Agency in Tokyo and the various local governments (Sendai City Hall, Kesennuma City Hall and Higashimatsushima City Hall in Miyagi prefecture, and Kamaishi City Hall in Iwate prefecture) and promote new town development in collaboration with the local governments, local residents and other stakeholders.

KDDI is working with the affected areas toward reconstruction through the local governments.



KDDI employees plan and execute reconstruction redevelopment at Higashimatsushima City Reconstruction Policy Section (photo on left)

Together with Society

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

The "+α Project" is KDDI's original employee-participatory social contribution project. Project members who are engaged in social contribution activities



Presentation of List to Get in Touch

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 2015, approximately 11,000 employees all over the country were registered as members of the +α Project, and the total number of points earned in 2014 was the highest on record. Donations in FY2014 went to a total of 38 charitable organizations.

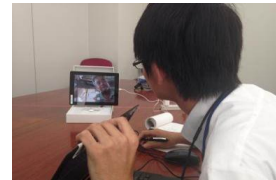
Total contributions through the +α Project in FY2014

¥9,408,400

| Employee Initiative | IT Support for Otsuchi Scallop Fishermen's Union

KDDI employees began volunteer activities in the area affected by the Great East Japan Earthquake in June 2011, and in February

2012 they conducted volunteer activities in Otsuchi, Kamihei District in Iwate prefecture. In FY2014, with the changing needs of people in the affected area, we worked to expand sales routes for the Otsuchi Scallop Fishermen's Union with the aim of supporting the self-reliance of the affected companies. In FY2014, through tablet video conferencing we supported the creation of a website and planned sales management methods using IT and sales on EC websites.



Video conference



[Otsuchi Scallop Fishermen's Union website \(Japanese\)](#)

| Employee Initiative | Tablet Workshop at Temporary Housing Sites and Recovery Housing Community Halls in Sendai

KDDI employee volunteers held tablet workshops at temporary housing sites and recovery housing community halls in Kesennuma and Sendai in Miyagi prefecture. The workshops were held as part of KDDI's support for the disaster-stricken areas. The participants

learned basic tablet operation through one-to-one instruction aimed at revitalizing the community and preventing social withdrawal among the aged. Participants in the workshops commented, "I was worried because it was the first time for me to use a tablet, but I'm glad I participated," and "I hope they will keep on holding the workshops." KDDI intends to continue these activities in FY2015.



Tablet workshop held in September 2014 (Mizunashi Community Housing Assembly Hall, Kesennuma, Miyagi)



Tablet workshop held in February 2015 (Sanbontsuka Temporary Housing Community Center, Sendai, Miyagi)

Together with Society

| Initiative Through our Business | Launch of Free Public Wireless LAN Service for First Time by Sendai

In March 2015, KDDI and Wire and Wireless Co., Ltd. launched Sendai free Wi-Fi, the first free public wireless LAN service to be offered by Sendai. The KDDI Group will conduct employee volunteer activities in the Tohoku region and provide support for the disaster areas on an ongoing basis through recovery support organizations, striving to further expand the IT environment and contribute to local communities. We will also contribute to augmentation of the inbound effect in Sendai by providing statistical behavior analysis data on foreign visitors to Japan obtained from Travel Japan Wi-Fi, a free app for foreign visitors that allows them to connect to the Wi-Fi infrastructure.

KDDI and Wire and Wireless Co., Ltd., in collaboration with Gotemba City in Shizuoka prefecture, provided a public wireless LAN service in the Mt. Fuji Trail Station at the new Gotemba Fifth Station from July 18 to September 7, 2014, in support of reinvigoration of the Mt. Fuji Gotemba trail.

KDDI provides a pleasant internet environment at sightseeing locations visited by both Japanese and foreign tourists through public wireless LAN services, and strives for further reinvigoration of tourist resorts and improved convenience for customers.

| Initiative Through our Business | Bridge of Hope

In April 2014, KDDI established "Bridge of Hope," a social contribution site linking people who are engaged in socially useful activities with people who want to support those activities. Bridge of Hope is a website that introduces the activities of NPOs and other organizations supported by KDDI, triggers social contribution activities and supports those activities. KDDI also carries out fundraising activities through the website when a major disaster occurs.

Our wish is to grow the circle of people helping each other, bringing smiles to everyone in Japan and everyone all over the world.

[KDDI Bridge of Hope \(Japanese\)](#)



| Initiative Through our Business | Signing of Agreement on Cooperation Aimed at Regional Revitalization with Shirakawa Village in Gifu Prefecture

In February 2015, KDDI signed a cooperation agreement with Shirakawa Village in Gifu prefecture. In the past, KDDI has worked with Shirakawa Village to revitalize the region by such means as improving signal reception in Shirakawa-go and Gokayama Gassho Villages, distributing au Smart Pass coupons at tourist spots and supporting the Hakusan National Park Gifu Association on KDDI's social contribution website, Bridge of Hope. Now, with the signing of the cooperation agreement, we will leverage KDDI's services and content in a wider range of fields to comprehensively revitalize Shirakawa.

[KDDI Bridge of Hope \(Japanese\)](#)



The signing ceremony was attended by (from left) Akira Okura, Local Community Revitalization Corps, Shirakawa Village; Shigeru Narihara, Mayor of Shirakawa; and Masafumi Yoshimitsu, Senior General Manager, KDDI Chubu Regional Office.



To avoid snow cover, the au base station was constructed with a gassho-style roof and raised floor

Together with Society

| Initiative Through our Business | "Pieces of Hope" Click Donation Site

KDDI has been running the "Pieces of Hope" click-based donation site since June 2007.

Each click on the donation page is converted to ¥1, and KDDI donates the total amount to NPOs that undertake social contribution activities.

"Bring together many small friendly feelings to make a big hope." This is the thought behind this clicked-based donation site.

In FY2014, total donations reached ¥1,952,783.

[□ "Pieces of Hope" Click Donation Site \(Japanese\)](#)



| Initiative Through our Business | Main Disaster Support in FY2014 (Matching Gift)

Japan

	Total Contributions	Obtained from	Donated to
Landslide disaster in Hiroshima, etc.	¥8,540,1000	KDDI social contribution site "Bridge of Hope" KDDI employees	Central Community Chest of Japan

Overseas

	Total Contributions	Obtained from	Donated to
Flooding in Serbia and Bosnia Herzegovina	¥4,153,800	KDDI social contribution site "Bridge of Hope"	Japan Platform
KDDI employees	Japan Red Cross	Same as above	Japan Platform
Earthquake in Yunnan, China	¥1,452,400	Same as above	Japan Platform

* KDDI matches the contributions donated by customers and KDDI employees.

| Initiative Through our Business | Disaster Support for Mt. Ontake Eruption

KDDI implemented various support measures for customers in areas covered by the Disaster Relief Act following the eruption of Mt. Ontake on September 27, 2014.

In addition to support measures relating to communication charges, such as reduction or exemption from au one net ADSL basic charges and extension of the limit for payment of usage charges, we took steps to partly reduce the repair charges for failure or breakdown of mobile phones damaged by the eruption. We also lent mobile phones and chargers for free at the request of the municipal headquarters for disaster control, public agencies and other organizations working for restoration from the disaster.

KDDI undertakes various support activities for areas covered by the Disaster Relief Act.

[Support Activities in FY2014]

July 10	Support in aftermath of damage caused by typhoon no.8 (Nagano)
August 8	Support in aftermath of damage caused by typhoon no.12 (Kochi)
August 11	Support in aftermath of damage caused by typhoon no.11 (Kochi/Tokushima)
August 18	Support in aftermath of torrential rain in Kyoto and Hyogo
August 20	Support in aftermath of landslide disaster due to torrential rain in Hiroshima
November 23	Support in aftermath of Nagano Hokubu earthquake
December 9	Support in aftermath of heavy snow in Tokushima

Together with Society

| Initiative Through our Business | KDDI Social Contribution Activity Expenditure in FY2014

Total amount: approximately 3.6 billion yen.

* Not including au shop donations (donations from customers) and donations from individual employees.

Sound Development of Youth

| Employee Initiative | 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



A KDDI employee leading a career education class

education programs mainly for junior high and high school students with these goals in mind.

In fiscal 2014, KDDI held career education programs in a total of eight 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."

| Initiative | Support for Junior High and Senior High School Students Aiming to Resolve Local Issues with Apps

KDDI held the Tohoku Innovators Program for junior high and senior high school students in the Tohoku region. This program is implemented as part of our reconstruction effort aimed at cultivating human resources to be future Tohoku leaders. The program lasted for approximately six months from August 2014 to February 2015. The participants learned the basics of application development and web services during a 2-night 3-day camp and then, through online lessons, created



IT camp in August



Presentation by girls' junior high school team, winners of the top prize



Presentation session (from left, Yoichi Sugano, Senior Manager, KDDI Tohoku Regional Office; Morio Furuyama, Deputy Mayor of Higashimatsushima City; Minoru Tanaka, Manager, KDDI General Administration Division; Kanekazu Shioda, Manager, KDDI ∞ Labo)

their own mock apps and web services themed on solving local issues.

Morio Furuyama, Deputy Mayor of Higashimatsushima City, was invited to the presentation session in February 2015 where he presented an award to each team. The top prize went to "Where? Here? (App for conveying location immediately before communication is cut off when a disaster warning is issued)" presented by the girls' junior high school team from Fukushima.

| Initiative | Summer school

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



Science class at Tohoku University

University from a desire to get them familiar with and interested in science by having them participate directly in unique science experiments.

| Initiative | Educational, Cultural and Daily Life Support in Developing Countries

Cambodia was engulfed by civil war from the 1970s until the early 1990s and the rehabilitation of school education is still in progress today. Every year since 2005, the KDDI Foundation has sponsored a charity concert in support of Cambodia, and the proceeds and contributions collected from the audience together with funding from KDDI are donated to World

Together with Society

Assistance for Cambodia (NGO) for the construction of KDDI schools which are built at a rate of one per year.

In January 2015, we opened the tenth KDDI school in Sihanoukville, Cambodia. We will continue to focus our support for the schools by offering the schools software support.

In addition to construction of KDDI schools, our activities in Cambodia include support for "Small Art School," free painting classes for children, and in the area of culture, support for theatrical troupes to carry on the traditional art of "Sbaek Thom" shadow puppetry.

In 2014, the tenth year since the launch of support for education in Cambodia, KDDI added Myanmar as a new support destination. With the cooperation of the NGOs New Zero and Small Art School, in October 2014, an art class for children was held in the village of Paineikon on the outskirts of Yangon. About 60



Yutaka Yasuda, President, speaking at the opening of the school



Workshop in Cambodia with children in Myanmar via Skype



Elementary school children in Myanmar hold up their art work

elementary school children from the village gathered and over the course of two days they learned the basics of painting. In January 2015, the children in Myanmar and in Cambodia linked up by Skype, promoting interaction between the two countries through an art appreciation workshop.

Developing and providing technical skills for community development

| Initiative | 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 Institute of Systems, Information Technologies and Nanotechnologies (ISIT), 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.

| Initiative | International Cooperation Activities· Development of Grant 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. 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.

Together with Society

| Initiative | 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 2015 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 FY2014, there were four courses: 'cyber-security policies and technologies for broadband communications' and 'small-scale communications technology and configurations in rural areas' provided by the Asia-Pacific Telecommunity (APT), training for Myanmar planned by the Ministry of Internal Affairs and Communications, and the KDDI Foundation's own 'mobile communications technology.'

| Initiative | Japan Overseas Cooperation Volunteers and Senior Overseas Volunteers

KDDI has created a support system to allow employees to engage in activities in developing



Accepting trainees from overseas

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.

| Initiative | 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). The contract



Relay station under construction (Cambodia)

came into effect in FY2014 and work began on construction of the relay station buildings (10 stations) on the optical cable trunk transmission path.

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.

| Initiative | Bridging the Digital Divide in Developing Countries

KDDI recognizes that as a member of a group that provides a network information service, it must actively work to bridge the digital divide, a major social problem in developing countries.

Since FY2002, the KDDI Foundation has continued to focus its efforts in this field mainly on the countries of the Asia-Pacific region, implementing joint projects with several countries. In FY2014, KDDI conducted



Japanese staff check the completed sensor

Together with Society

field tests and evaluation studies of the cloud computing environment in information science universities and university education in Myanmar. As a result, we were able to provide a virtual computing environment for cloud studies in universities and for individual students utilizing cloud services and create a moderately priced environment for running university administration apps.

KDDI conducted studies in Vietnam, including field tests of early flood warning devices for local rivers using sensors, M2M and cloud technology. In the mountainous area of central Vietnam, the frequency of river disasters due to abnormal weather events and deforestation is rising. Actual construction and operation have begun in preparation for the installation of monitoring and warning devices at moderate cost, using the latest technologies, thus allowing introduction in rural areas.

In the Republic of Nauru in the Pacific Ocean, KDDI introduced optical fiber for the first time to replace the copper LAN cables linking some of the government buildings that were laid several decades ago and had become exposed to the elements.

The government's information and communications division laid the cables themselves, ensuring that governmental staff are able to expand the system and carry out the actual work in future.

In Bangladesh, KDDI conducted surveys and provided consulting services on the effectiveness and

significance of domestic mobile application development, and the items and procedures for introduction.

| Initiative | International Cooperation through International Organizations

KDDI Group is working to improve the state of telecommunications in developing countries through participation in meetings held by 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 (mobile communication systems) and broadband systems. In APT (through development conferences and standardization conferences), we deliver presentations on the utilization of ICT in developing countries and other case examples, and propose guide books regarding the dissemination of ICT.



Presentation of project outputs
by KDDI staff at APT
Development Conference

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).



Material Issue: Environment

Initiatives to Conserve the Global Environment

KDDI's approach

● Recognition of social issue

In these times when global warming is evident, along with measures to mitigate global warming by reducing greenhouse gas emissions, people are asking about adaptations to global warming where nature and society are changing in response to the effect on the global environment. For companies, making simultaneous efforts to mitigate and adapt to this issue is important.

● KDDI's risk and opportunity

KDDI is aware of the risk of global warming and other climate changes and is taking the opportunity to mitigate and adapt to those risks. Global warming increases the risk of natural disasters, which greatly increases the chance of damage to communications equipment and interruption of communications hindering the provision of stable information communication services. Meanwhile, we are taking the opportunity to provide ICT services by using equipment that has a lesser environmental load and developing and proposing

● Key Performance Indicators (KPI)

	FY2016 Goal	FY2014 Result
Amount of power consumption (compared to when energy conservation measures are not taken)	30% constraint	Progressing at pace to achieve this goal
Amount of power consumption per subscriber (compared to FY2011)	15% reduction	31.9% reduction
Number of Tribrid Base Stations established	100 stations (FY2012 Goal)	Achieved at the end of March 2013
Achieve zero emissions for retired telecommunications facilities (* Zero emissions is defined as having a final disposal rate of 1% or less.)	Final disposal rate of 1% or less	FY2014 result: Final disposal rate of 0.4%
Recycling rate of used mobile phone material	Over 99.8%	99.8%
Recycling rate of general waste material for KDDI buildings and headquarters	Over 90%	87.5%

services and solutions that reduce the physical movement of customers. Furthermore, ICT services have become a valuable means of communications during times of disaster functioning as a lifeline that society cannot do without. As such, we are constantly working to provide high quality information communications services.

● KDDI's management

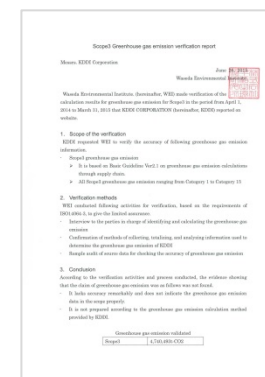
KDDI has in place the KDDI GREEN PLAN 2012-2016 medium-term environmental conservation plan based on the KDDI Environmental Charter, and the KDDI Action Guidelines on the Preservation of Biodiversity based on this medium-term environmental conservation plan. As of March 31, 2015, we are progressing in line with achieving the KDDI GREEN PLAN 2012-2016, barring one of the items.

> Policies

- [KDDI Environmental Charter](#)
- [KDDI Action Guidelines on the Preservation of Biodiversity](#)

Highlights of FY2014 Activities

We have calculated and released FY2012, FY2013, and FY2014* emissions for Scope 3, which indicate the greenhouse gas emissions in the supply chain.



□ Scope 3 FY2014 Greenhouse Gas Emission Verification Report

* The data of FY2014 was released in this report.

● Future issues

- Efforts to reduce environmental load for the supply chain
- Transferring environmental technology that considers the environment overseas

Environmental Management

Environmental Policies

| Policy | **KDDI Environmental Charter**

KDDI Environmental Charter is composed of 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.

| Policy |

KDDI Action Guidelines on the Preservation of Biodiversity

KDDI has established the KDDI Action Guidelines on the Preservation of Biodiversity based on the Third Medium-term Environmental Conservation Plan, which began in FY2012, to multilaterally capture the contributions towards the preservation of biodiversity. Using this policy, we are pinpointing various opportunities to engage in promoting activities.

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.

Environmental Management

Message from executive in charge of CSR & Environmental issues

In the course of performing business activities, KDDI consumes electricity and other forms of energy and emits greenhouse gas. To respond to global warming progressing at a global scale, we are moving forward with making base station equipment and other communications equipment energy efficient and working on reducing the amount of power that we consume. At the same time, by providing ICT services, we are contributing to the reduction of energy consumption by customers and society and to the reduction of greenhouse gas emissions. Furthermore, we will begin encouraging business partners to reduce environmental load in the supply chain in the future. Through the promotion of various conservation activities with the efforts from customers, business partners, and employees, KDDI will fulfill our social responsibility.



Akira Dobashi
Executive Officer, CSR
Environmental Sustainability
Deputy General Manager
General Administration &
Human Resources Division
Corporate Sector

Environmental Management

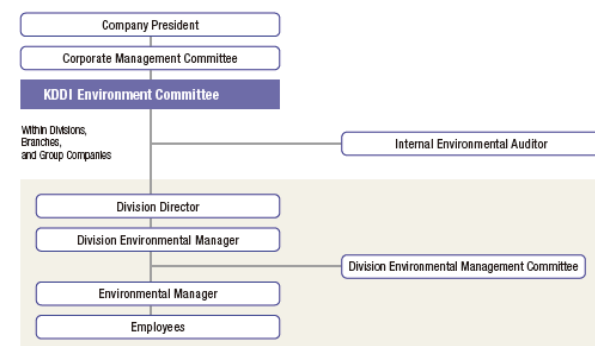
Environmental Management Regime

| System |

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. As of the end of March 2015, of the 33 companies that make up KDDI and its domestic consolidated subsidiaries, 20 companies (61%) have acquired this certification, along with 1 overseas company and 4 associations.

KDDI Group's Environmental Management Regime



| Initiative |

Internal Environmental Audits

KDDI conducts internal environmental audits once each year. In FY2014, 57 departments and 66 offices were provided with a checklist and asked to evaluate themselves followed by internal environmental auditors performing a second check on the state of conformity with environmental legislation. The audit also verifies the functioning of the system for systematic and ongoing improvement of environmental activities. In FY2014, we had no violations of environmental legislation.

| Initiative |

Appropriate Processing of PCB

In FY2014 KDDI disposed of approximately 9.3 tons of transistors, capacitors, and other components that previously included high-concentration PCB that disposal processors can accept. We will continue the disposal of remaining high-concentration PCB devices as soon as disposal processors that can accept them are in place. We are also scheduling the disposal of low-concentration PCB devices.

| Initiative |

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 \(Japanese\)](#)

[□ List of Compatible Models \(Japanese\)](#)

[□ Product Line-Up](#)

| Initiative | Acquiring the Eco ICT Mark

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.

* 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).

KDDI Group ISO14001 Certification Acquisition

As of March 31, 2015: 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 Foundation, KDDI Health Insurance Union, KDDI Pension Fund, KDDI Web Communications Inc., KDDI Challenged Corporation, KDDI Foundation, TELEHOUSE International Corporation of Europe Ltd., Chubu Telecommunications Co.,Inc., WebMoney Corporation, KDDI MATOMETE OFFICE CORPORATION, KDDI MATOMETE OFFICE HIGASHINIHO CORPORATION, KDDI MATOMETE OFFICE CHUBU CORPORATION, KDDI MATOMETE OFFICE KANSAI CORPORATION, KDDI MATOMETE OFFICE NISHINIHO CORPORATION

Environmental Management

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

		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) Achieve zero emissions for retired telecommunications facilities (*Zero emissions is defined as having a final disposal rate of 1% or less) Recycling rate of used mobile phone material Over 99.8% Recycling rate of general waste material for KDDI buildings and headquarters Over 90% 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. Integrated Report (Detailed ESG Version) Environmental Education
	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. Material Issue: 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 (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, Shareholders

Environmental Management

		Evaluation item	If implemented, description of actions taken
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.
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> <p>Promotion of recycling communications equipment; Improvements in recovering resources</p> <p>Promotion of recycling used mobile phones; Improvements in recovering resources</p> <p>Reduction in paper resource use via "Green by ICT"</p> <p>(Bill on WEB, KDDI paperless fax service, slimmed-down au mobile phone manual, compact individual packaging, etc.)</p> <p>Reduction in office waste and improvements in recovering resources</p> <p>KDDI is also engaged in support for biodiversity.</p> <p>Recycling-Oriented Society</p> <p>Low-Carbon Society</p> <p>Biodiversity</p>
	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> <p>Environmental Conservation Activities</p>

Environmental Management

| Initiative | Environmental Awareness 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. In FY2014, during June, which is Environment Month, KDDI held e-learning sessions about the Energy Conservation Act in which 10,691 participants attended (participant rate of 91.2%).

Environmental e-learning in FY2014



Medium-term Environmental Conservation Plan

| Policy | Third Medium-term Environmental Conservation Plan KDDI GREEN PLAN 2012-2016

As a 5-year environmental conservation plan beginning from FY2012, KDDI established the KDDI GREEN PLAN 2012-2016 Third Medium-term Environmental Conservation Plan. This plan takes three material issues – low-carbon society, recycling-oriented society, and biodiversity – and establishes concrete targets for each. By promoting the 3Gs – Green of ICT, Green by ICT, and Green Road Project – we will continue further contributing to the conservation of the global environment.



3 Gs	Issue addressed	Example of initiatives
Green of ICT	Low-carbon society	Reduction of power consumption in base stations and disaster preparedness initiatives
	Recycling-oriented society	Reuse and recycling of communications equipment
Green by ICT	Low-carbon society	Support of workstyle reform through ICT
	Biodiversity	Dolphin observation using acoustic technology that maintains submarine cables
Green Road Project	Recycling-oriented society	Promotion of mobile phone recycling
	Biodiversity	Environmental conservation activities by employees

Material issues and specific targets

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.

* Zero emissions is defined as having a final disposal rate of 1% or less.

Environmental Management

| Initiative |

Progress of the Third Medium-term Environmental Conservation Plan

Looking toward the target FY2016, we are promoting concrete targets for the Third Medium-term Environmental Conservation Plan established in FY2012. At the end of March 2015, barring the target of the over 90% recycling rate of general waste material for KDDI buildings and headquarters, we are progressing at a pace to achieve our goals including already having achieved the goal of expanding to 100 Tribrid Base Stations. The recycling of general waste material is dependent on equipment specifications of processors and other conditions of the processing area, which is making it difficult to achieve our target.

Environmental Data

| Initiative |

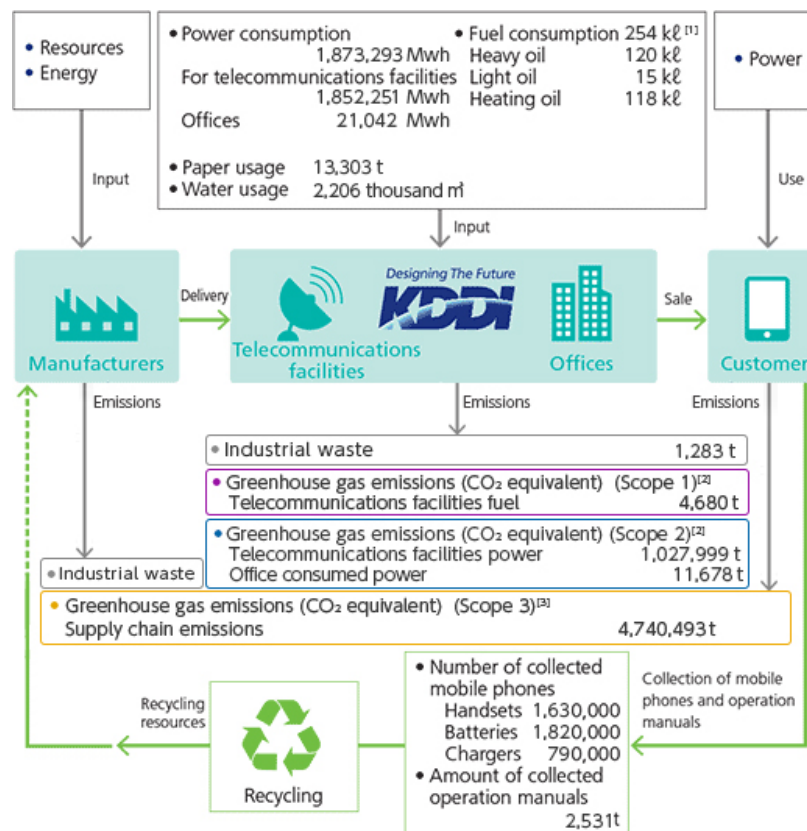
Environmental Impact of Business Activities

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 (all items).

Environmental Impact of FY2014 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 0.555kg-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 Management

| Initiative | Environmental Accounting

Noteworthy changes in parameters of environmental accounting during FY2014 were twofold: (1) the expansion of the scope of calculation and the addition of 4 domestic consolidated subsidiaries (KDDI MATOMETE OFFICE HIGASHINIHON CORPORATION, KDDI MATOMETE OFFICE CHUBU CORPORATION, KDDI MATOMETE OFFICE KANSAI CORPORATION, and KDDI MATOMETE OFFICE NISHINIHON CORPORATION) and 5 overseas consolidated subsidiaries (Telehouse International Corp. of Europe Ltd. (France), TELEHOUSE International Corp. of America (US), TELEHOUSE Deutschland GmbH. (Frankfurt), TELEHOUSE HONGKONG CCC (Hong Kong), and TELEHOUSE BEIJING BDA Co., Ltd. (Beijing)), and (2) the increase in electric power consumption (Mwh) and greenhouse gasses (t-CO₂) compared with the preceding fiscal year.

Coverage: KDDI and 24 major consolidated subsidiaries *

Period: April 1, 2014 to March 31, 2015

Environmental Protection Costs		Transaction Examples	FY2013 (Millions of Yen)		FY2014 (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	10	0	△141
	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	6,602	22,176	△90,256	8,409
	Resource recycling costs	Reduction of paper resources, processing and disposal of waste products	0	252	0	282	0	31
Upstream/downstream costs		Collection, recycling, and reuse of merchandise and products	0	935	0	1,186	0	251
Administrative costs		Operation and updating of environmental ISO standards, disclosure of environmental information	0	78	0	78	0	0
R&D costs		R&D of technology, equipment, handsets, products, services, and other items conducive to reducing the environmental burden	0	121	0	143	0	22
Social activity costs		Donations and support for forest conservation activities and to environmental protection groups	0	31	0	44	0	12
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	6,602	23,919	△90,256	8,584

Environmental Management

1. Environmental Protection Benefits (Physical)		Indicator Category (Unit)	FY2013	FY2014	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	2,296,470	406,866
		Paper usage (t)	43,691	13,469	△30,221
		Paper reduced by Bill on WEB (t)	3,481	3,665	184
	2) Benefits related to environmental burden and waste products discharged from business activities	Greenhouse gas emissions (t-CO ₂) (Emission coefficient used per telecommunications operator)	1,070,006	1,298,422	228,416
		Industrial waste emissions related to telecommunications facilities and buildings (t)	3,388	7,556	4,168
(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	424	37

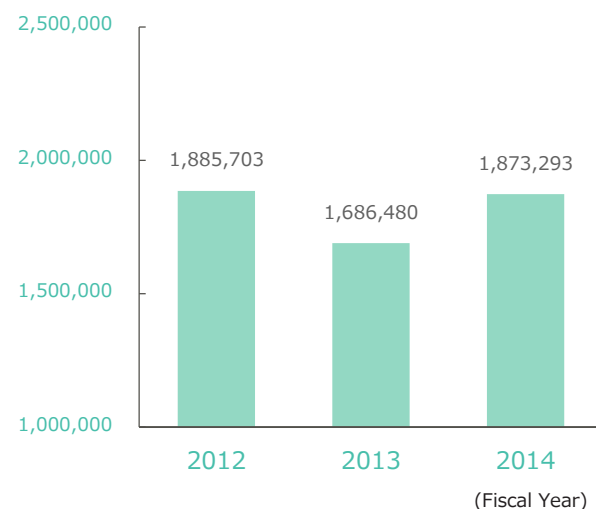
2. Economic Benefits of Environmental Protection Measures (Yen)	Substantive Benefits (Major Effects)	FY2013 (Millions of yen)	FY2014 (Millions of yen)	Change from Previous Year
Revenues	Revenues from sales through disposal of telecommunications facilities and buildings	631	566	△66
Costs reductions	Reduction in energy costs by adopting the use of low-pollution vehicles	13	10	△3
	Reduction in costs of new purchases by reusing disposed of telecommunications facilities	3,200	2,361	△840
Total		3,845	2,936	△908

* KDDI Web Communications Inc., mediba Inc., KDDI R&D Laboratories Inc., KDDI Research Institute, Inc., KDDI Engineering Corporation, KDDI Evolva Okinawa Corporation, KDDI Challenged Corporation, KDDI Technology Corporation, WebMoney Corporation, KDDI MATOMETE OFFICE CORPORATION, KDDI MATOMETE OFFICE KANSAI CORPORATION, KDDI MATOMETE OFFICE CHUBU CORPORATION, KDDI MATOMETE OFFICE HIGASHINIHON CORPORATION, KDDI MATOMETE OFFICE NISHINIHON CORPORATION, Chubu Telecommunications Co., Inc., OKINAWA CELLULAR TELEPHONE COMPANY, KDDI Evolva Inc., Japan Telecommunication Engineering Service Co., Ltd., Telehouse International Corp. of Europe Ltd. (UK), Telehouse International Corp. of Europe Ltd. (France), TELEHOUSE International Corp. of America (US), TELEHOUSE Deutschland GmbH (Frankfurt), TELEHOUSE HONG KONG CCC (Hong Kong), TELEHOUSE BEIJING BDA Co., Ltd (Beijing)

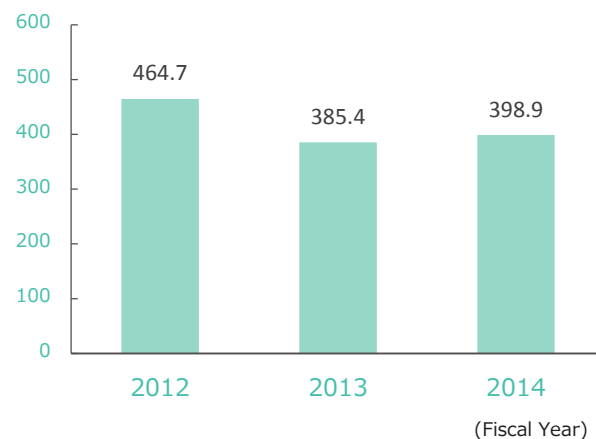
Environmental Management

| Initiative | Data (KDDI)

Electricity consumption (Unit: MWh)



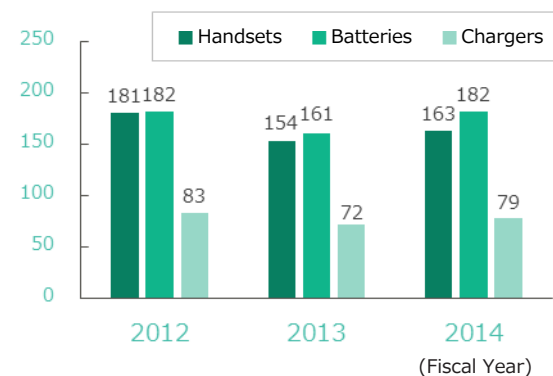
Electricity consumption per subscriber (Unit: MWh)



		FY2012	FY2013	FY2014
Greenhouse gas emissions (CO ₂ equivalent; unit: t) *		5,210,981	5,820,666	5,784,851
Electric power consumption (unit: MWh)		1,885,703	1,686,480	1,873,293
Electric power consumption per subscriber (unit: MWh)		464.7	385.4	398.9
Fuel consumption (unit: k ℓ)		308	260	254
Paper usage (unit: t)		17,924.0	43,429.2	13,303
Water usage (unit: 1,000 m ³)		1,638	1,864	2,206
Industrial waste emissions (unit: t)		1,401.1	1,445.7	1,283
Number of mobile phones and other devices collected by KDDI (unit: 10,000 devices)	Mobile phones	181	154	163
	Batteries	182	161	182
	Chargers	83	72	79
Amount collected through au Operation Manual Recycling (unit: t)		2,394	2,235	2,531

* 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."

Number of mobilephones collected by KDDI (Unit: 10,000)



Supply Chain Approach

| Initiative | Scope 3 Response

KDDI conducts periodic life-cycle assessments (LCA),^[1] which assess environmental load, by calculating CO₂ emissions in every step of its products and services from manufacturing to use, disposal, and recycling. KDDI uses these assessments to quantitatively determine and disclose its environmental load. In recent years, the movement for the visualization (determining and disclosing of management and information) of emissions from the supply chain of telecommunications carriers has intensified, and KDDI has established guidelines^[1] to respond to this need. Using these guidelines, we have calculated greenhouse gas emissions of the supply chain since FY2012. For FY2014 business activities, Scope 3 accounted for 81.95% of total greenhouse gas emissions (Scope 1, 2 and 3), and when looking at individual categories, we saw that Category 1 and Category 2 continued to account for a large percentage of emissions. We will continue analyzing these key categories and promote initiatives to reducing their emissions. To enhance the reliability of the Scope 3 calculations, the results were subjected to third party verification by Waseda Environmental Institute Co.,Ltd..^[2] KDDI plans to continue its efforts to determine its Scope 1, 2, and 3 emissions and reduce its environmental load.

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

[2] Green Value Chain Platform

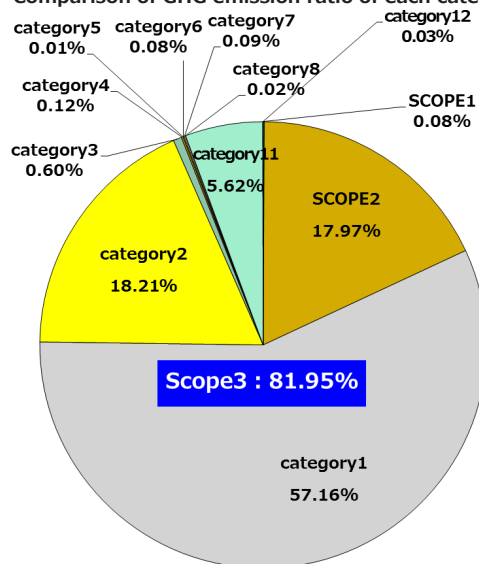
[3] Third party verification by Waseda Environmental Institute Co.,Ltd (FY2014)

[Scope 3 Greenhouse Gas Emission Verification Report](#)

GHG emissions and the proportions of each categories

Category		FY2012		FY2013		FY2014	
		t-CO ₂	%	t-CO ₂	%	t-CO ₂	%
Scope1	All direct GHG emissions	2,857	0.05%	3,505	0.06%	4,680	0.08%
Scope2	Indirect GHG emissions from consumption of purchased electricity, heat or steam	1,046,565	20.08%	935,996	16.08%	1,039,677	17.97%
Scope3	category 1 Purchased goods and services	2,733,364	52.45%	3,343,506	57.44%	3,306,863	57.16%
	category 2 Capital goods	952,799	18.28%	1,093,184	18.78%	1,053,203	18.21%
	category 3 Fuel- and energy-related activities	34,439	0.66%	31,480	0.54%	34,967	0.60%
	category 4 Upstream transportation and distribution	8,261	0.16%	4,994	0.09%	7,003	0.12%
	category 5 Waste generated in operations	921	0.02%	588	0.01%	500	0.01%
	category 6 Business travel	5,154	0.10%	5,080	0.09%	4,590	0.08%
	category 7 Employee commuting	3,497	0.07%	2,671	0.05%	5,031	0.09%
	category 8 Upstream leased assets	1,751	0.03%	1,519	0.03%	1,367	0.02%
	category 9 Downstream transportation and distribution	0	0.00%	0	0.00%	0	0.00%
	category 10 Processing of sold products	0	0.00%	0	0.00%	0	0.00%
	category 11 Use of sold products	419,922	8.06%	397,324	6.83%	325,364	5.62%
	category 12 End-of-life treatment of sold products	1,451	0.03%	819	0.01%	1,606	0.03%
	category 13 Downstream leased assets	0	0.00%	0	0.00%	0	0.00%
	category 14 Franchises	0	0.00%	0	0.00%	0	0.00%
	category 15 Investments	0	0.00%	0	0.00%	0	0.00%
TOTAL		4,161,559	79.86%	4,881,165	83.86%	4,740,493	81.95%
		5,210,981	100.00%	5,820,666	100.00%	5,784,851	100.00%

Comparison of GHG emission ratio of each categories



Supply Chain Approach

| Initiative | **LCA Initiatives**

To quantify and disclose environmental impact, KDDI periodically conducts life-cycle assessments (LCA). In FY2008 and FY2012, we conducted LCAs on “au HIKARI” and “au.” In FY2015, we plan to conduct an LCA on these same services to accompany changes in network construction such as the change of mobile communications networks to LTE.

| Initiative | **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.). Furthermore, in FY2014, we implemented a CSR procurement survey for business partners, and obtained responses from 72% of our business partners.

[!\[\]\(12e34e9e4252b30a852242f38c907701_img.jpg\) ICT Ecology Guideline Council](#)

[!\[\]\(2f7b7716d9e9a4c6bd653c73a2b75b79_img.jpg\) KDDI Green Procurement Guidelines \(Japanese\)](#)

| Initiative | **Cooperation with Suppliers**

KDDI aims to reduce its environmental load and is making efforts to make its base stations lighter and more energy efficient, among other efforts. In FY2014, KDDI worked with its base station equipment suppliers to develop equipment that is lighter and consumes less power. Together, we achieved an approximate 45% reduction in weight and an approximate 22% reduction in electric power consumption. By implementing this equipment, KDDI achieved a reduction in its environmental load. KDDI will continue promoting approaches to suppliers and work with suppliers to reduce its environmental load.

Low-Carbon Society

Green of ICT

| Initiative | 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



Tribrid Base Stations

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, 2015, 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, 2015, extended life batteries have been installed at 2,200 base stations throughout Japan. We will continue installing extended life batteries while measuring the effect on the reduction of environmental load.

A video about the advancement of Tribrid Base Stations is available for viewing (Japanese) .

[□ 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.

| Initiative | 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 mobile phone base stations during electricity



Portable batteries

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.

Low-Carbon Society

| Initiative |

Renewable Energy (Internal use)

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



Large scale communications station using natural energy

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. 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. The amount of natural energy produced by each Tribrid Base Station is approximately 4.2 kWh/day,* accounting for 18% of the power used by every device. Furthermore, by utilizing midnight power, we are predicting that CO₂ emissions will reduce 20 to 30%.

* Includes values researched by KDDI where average energy production is predicted from 6 solar batteries installed in test stations during clear skies

| Initiative |

Renewable Energy (Solar power generation business)

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) amounted to 3,034MWh in FY2013 and 14,403MWh in FY2014.

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 (Koga, 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

| Initiative |

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. The Hokkaido Building system recycles heat generated in machinery areas to heat the cycling water, dramatically cutting CO₂ generation.



Road heating facilities

Low-Carbon Society

| Initiative |

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",* 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.

* 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.

The Eco ICT Mark

Green by ICT

| Initiative |

Support for Changing Working Styles Through ICT

KDDI provides various services that support changing working styles. The services we provide support computers, tablets, smartphones, and other multi-devices and include Google Apps for Work™, a cloud-based groupware service that enables web-based use of mail, calendars, and documents, and Office 365 with KDDI, a service that enables viewing and editing of Microsoft Office documents from outside the office in the same way as if you were using a computer. KDDI will continue to provide these kinds of services through which we will support the changing working styles of our corporate customers and contribute to their business efficiency. By providing business environments where work can be done from anywhere, cloud-based IT resources, energy conservation through shared use, contributions to the conservation of resources, and other ICT services, we will continue contributing to the resolution of issues and reduction of the environmental load to society of our customers.

Recycling-Oriented Society

Green of ICT

| Initiative | 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. In FY2014, we almost completed the retirement of base stations using the former 800MHz band, and recycled the material of their equipment to effectively utilize their resources.



Former 800MHz frequency base station storage battery



Former 800MHz frequency base station power source

KDDI will continue to promote the retiring of remaining base stations. We will also make proactive efforts to reuse and recycle the retired equipment generated during periodic upgrades of communications equipment for base stations and other facilities.

Green by ICT

| Initiative | Reduction of Paper

KDDI is making efforts to slim down the operation manuals of its au mobile phones through the introduction of operation manual apps in smartphones and through other means. We are also making

packaging on au mobile phones more compact. We will continue to further reduce the use of paper and expand operation manual apps to improve usability that is kind to the environment.



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

[□ Initiatives for environmental conservation activities \(Japanese\)](#)

Green Road Project

| Initiative | Promoting Recycling of Mobile Phones

Recycling rate in FY2014

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.

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

Recycling-Oriented Society

| Initiative |

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 paper that was previously discarded as 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."

In FY2014, we collected 2,531 t in au operation manuals and other paper material, and used them for in-house company envelopes, pamphlets, and other items.

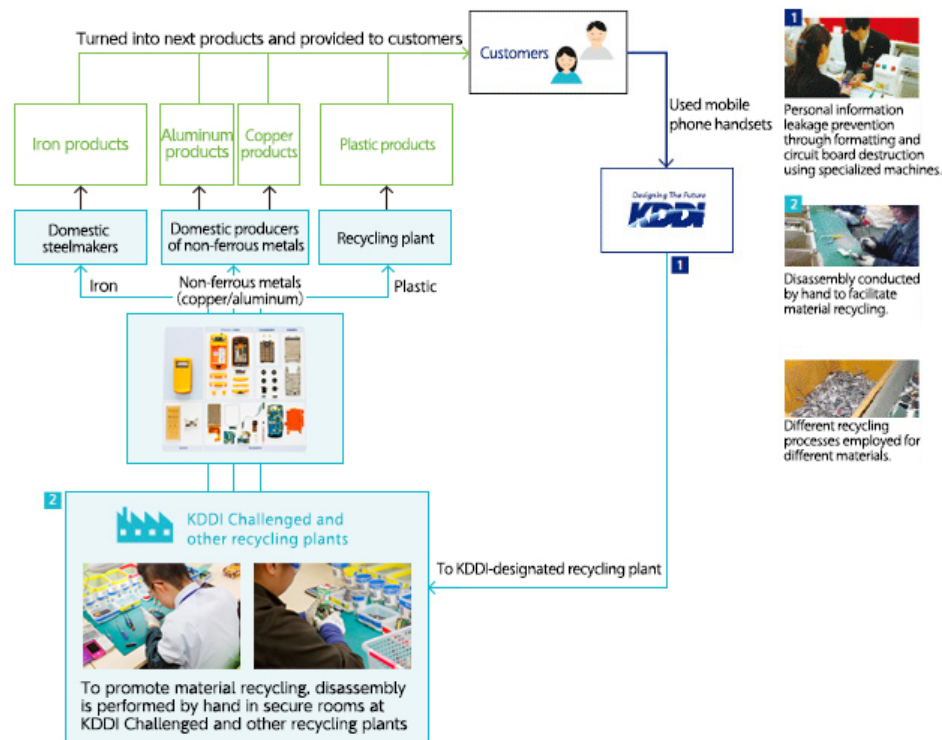


Logo for KDDI
Environment-Friendly
Recycled Paper

[□ Detailed Operation Manual Recycling Activities
\(Japanese\)](#)

Recycling-Oriented Society

Basic flow for Recycling of Mobile Phones



au Operation Manual Recycling Process (Environment-Friendly Recycled Paper)



Biodiversity

Green by ICT

| Initiative | Biodiversity Consideration for Base Station Installation

Along with energy efficiency, KDDI is also taking biodiversity into concern for the construction of base stations. One example is cooperating with municipalities and environmental conservation associations to delay base station construction when it falls during the time that the northern goshawk and oriental stork build nests and lay eggs. Another example is the transplanting and afforestation of rare plants that exist on sites with guidance from the Ministry of the Environment. Furthermore, we select construction methods that do not produce pile driving noise so that the delivery, breeding, and milking of livestock is not effected by construction noise. Even though we have their understanding on the necessity for base station construction, we take great effort to build reliable relationships with municipalities and neighbors by minimizing the effect that base station construction has on the environment.

| Initiative | Dolphin Observation Using Acoustic Technology That Maintains Submarine Cables

KDDI R&D Laboratories is utilizing the acoustic technology cultivated by maintenance and inspection of submarine cables that connects continents and collaborating with the Institute of Industrial Science, the University of Tokyo, the Indian Institute of Technology Delhi, and WWF-India to observe the ecology of the Ganges River dolphin.

The Ganges River dolphin is a species of dolphin that live in the basin of the Ganges River. There are about 2,000 dolphins and are in danger of becoming extinct. To determine the surrounding environment of the murky waters where they live, these dolphins emit high frequency ultrasonic waves known as "clicks". By catching these ultrasonic clicks, we hope to survey the dolphins' behavior underwater. Using sound for ecological observation has the advantage being able to observe an unspecified large number of dolphins with little effect on the ecology since there is no need to physically contact dolphins.

We began making full use of acoustic observation from 2006 and this activity continues to this day. Dolphins that live in rivers in all areas of the world are on the brink of extinction and we plan continue these surveys.

Biodiversity

Green Road Project

| Initiative | Environmental Conservation Volunteer Activities by Employees

Major Environmental Conservation Activities in FY2014



| Initiative | Mt. Takao Environmental Preservation Activities

KDDI has continued its environmental preservation activities for the Kanto region in Mt. Takao (Hachioji-shi, Tokyo), which began in FY2013 and which KDDI has designated a long-



KDDI employees doing thinning work

term site for environmental preservation activities. In July, September, and November of FY2014, 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. As a new initiative, we also worked together with students from Tokyo Metropolitan KOGEI High School in an industry-academic partnership where we effectively utilized the wood cut from the cypress forest and constructed benches to donate to regional retirement homes and other locations.

| Initiative | Contributing to the Use of Domestic Timber

In November 2014, KDDI was recognized for its contribution to the proliferation of the Kizukai Green Cycle, a program promoted by the Forestry Agency with the aim of reducing carbon dioxide emissions. KDDI became the first telecommunications operator to receive a certificate of appreciation from the Minister of Agriculture, Forestry and Fisheries. KDDI uses the proceeds from the selling of used paper of mobile phone operation manuals and instruction pamphlets collected for recycling at au shops nationwide to support regional forest preservation activities that our employees participate in. We also proactively use a portion of the domestic timber produced from forest preservation activities to produce catalog stands and novelty goods that have acquired the Kizukai Green Cycle Mark.

Development of Technology for Reducing Environmental Load

| Initiative |

Introduction of New Environmental Technology at London Data Center

TELEHOUSE Europe, a European subsidiary of KDDI, will introduce an indirect air conditioning system that utilizes air drawn in by exterior wall units for its TELEHOUSE LONDON Docklands North Two data center scheduled to begin operations in the first quarter of FY2016. This system also airflow control capabilities that physically separate the cool air used to cool racks and the heat exhaust paths of devices. By introducing these new kinds of environmental technology, the electric power consumption of air conditioning equipment is greatly reduced while its power efficiency is greatly increased.

| Initiative |

Introduction of Tribrid Base Stations in Indonesia

Since 2009, KDDI has installed and operated Tribrid Base Stations,^[1] which are mobile phone base stations that effectively utilize normal commercial power, solar power, and rechargeable batteries. As part of its public Global Warming Countermeasure Proliferation Promotion Project to achieve Joint Crediting Mechanism (JCM),^[2] the Ministry of Economy, Trade and Industry selected KDDI's research proposal for Indonesia, which proposes an aim for reducing greenhouse gas through the proliferation of Tribrid Base Stations.

In November 2014, KDDI invited Indonesian telecommunications and construction representatives to participate in seminars and visit Tribrid Base Stations to deepen their understanding of Tribrid technology.

KDDI will continue its efforts to consider the environment while utilizing the latest technology in order to contribute to the important responsibility entrusted to global companies of conserving the global environment.

[1] Tribrid Base Stations are mobile phone base stations that effectively use commercial power, power generated from solar panels, and power saved in rechargeable batteries in response to the time of day and the weather. Compared to base stations that only use commercial power, Tribrid Base Stations can be expected to reduce CO₂ emissions up to 30%. KDDI installed its first Tribrid Base Stations in December 2009, and as of March 31, 2014, has expanded to 100 base stations nationwide.

[2] A mechanism in which, through a bilateral agreement between two countries, the contributions to the reduction and absorption of greenhouse gas emissions by the spreading and transferring Japanese low-carbon technology, products, and infrastructure are recognized as Japanese contributions

Stakeholder Engagement: Highlight

Utilization Method of Scope 3 Calculation Results for KDDI

In October 2014, KDDI disclosed the Scope 3 results in all areas of its business activities. KDDI invited experts with detailed knowledge of Scope 3 to partake in this stakeholder dialogue, which resulted in a lively dialogue about how to utilize the results of the Scope 3 calculations and more.

Invited experts

Hiroshi Onoda (Associate Professor, Waseda University Graduate School of Environment and Energy Engineering; Director, Waseda Environmental Institute Co.,Ltd.)

Dr. Michiyo Morisawa (Director, CDP Japan)

Main opinions

Mr. Onoda

- In Japan, companies moving forward with Scope 3 initiatives are proactively attempting to assimilate them into their management strategy. Trial and error in this endeavor will continue, however, it is important to view the endeavor from the angle of how to turn these trends into something favorable.

- KDDI has made their calculations from the position of attempting to cover all categories, and I feel that this is amazing. Nevertheless, I feel that the fact that the advantages of environmental consideration have not been sufficiently discussed is an issue. The problem of

disposing mobile phones has been pointed out since before the enactment of the Small Home Appliance Recycling

Law. However, progress has been made through urban mining and by conveying the advantages of recycling. In the future,



in order to extract primary Scope 3 data from manufacturers and other suppliers, it will be important to discuss the advantages of considering the environment.

- It is important that efforts to address Scope 3 be made in every aspect of the supply chain, such as the Purchasing Department, and not just in the CSR & Environment Management Department. By creating a sense of ownership and devising specific schemes that are easy to enact, efforts become more of a reality. For example, associating internal company activities with each Scope 3 category, and then connecting them to stakeholders. It is my hope that KDDI will aim to step up their activities while keeping an eye on corporate strategy.

Dr. Morisawa

- Major overseas telecommunication companies are advancing their Scope 3 initiatives from the disclosure stage to the utilization stage by creating supplier scorecards based on the replies from CDP researchers and incorporating them in new contract processes with new suppliers.

- KDDI's large ratio for Category 2 (Capital goods [manufacturing base stations, etc.]) is distinguishing and there is room for reduction. I recommend KDDI grasps what their characteristics are and creates strategic initiatives.

- In order to differentiate suppliers, it is important for primary data to be obtained and calculated for Scope 3. By KDDI requesting that suppliers provide the information, they also declare their intent of wanting suppliers to make efforts for the environment as well.

- Even if emissions increase for Scope 1 and 2 during the product development stage, there are products that have low

emissions when used by consumers. KDDI should provide a clear explanation of the reasons for the increased emissions in Scope 1 and 2, and provide the numerical value of the reduced emissions on the user side. It is my hope that KDDI draws attention to and utilizes these aspects of Scope 3.



Stakeholder Engagement: Highlight

In response to the dialogue

- In the facets of technology and development for Category 2, we are making efforts to reduce electric power consumption and materials. In the long run, compact base stations for mobile phones have their advantages in that their establishment and relocation has become easier and their labor costs can be reduced. However, in the short run, they will incur increased costs. We believe that the challenge will be how to balance the two.

- The first step was understanding greenhouse gas emissions and we have arrived at the next step, which is to think of how we utilize them. By creating goals that combat global warming and meet investor demands, we want to reduce greenhouse gas in the supply chain with the cooperation of each division and, at the same time, turn our efforts into an improvement of our corporate value. It is no mistake that Scope 3 is an effective tool in protecting the future of the planet. In reality however, customer brand awareness, price competition with competitors, the understanding of the management layer, and other various issues exist that must be resolved. In the face of this reality, we want to move forward one step at a time resolving what we can.





Material Issue: Governance

Offering Reliable Information and Communications Services

KDDI's Approach

● Recognition of social issue

One can say that communications services are the most vital lifeline for a society whose information is becoming more advanced. Natural disasters, cyber-terrorism, and other occurrences that obstruct this lifeline are major causes of anxiety to society and the economy. We believe that it is our duty to continuously provide stable information communications services 365 days a year in any condition that may present itself in order to support a society where people can live securely.

● KDDI's risk and opportunity

- It is projected that our company value will drop should we become unable to provide communications services for any reason be it a natural disaster or cyber-terrorism.
- We feel that continuously providing communications services under any circumstance will lead to the support of society and the economy thus resulting in the increase of our company value.

● KDDI's management

As a operation system during times of large-scale disasters, we have in place a business continuity plan (BCP) as well as a Disaster Agreement with the Ministry of Defense and the Japan Self-Defense Forces. Furthermore, the KDDI Security Operation

Center is responsible for detecting, analyzing, and providing protection against cyber attacks in which they have a 24-hour-a-day system where they are aware of the communications conditions. With these robust systems, KDDI can quickly respond in times of disaster or terrorism. In the realm of information security, we have established the KDDI Group Information Security Standards created by the Information Security Committee with which each company in the group outfits their operation systems. We are also strengthening the governance for the entire Group in our efforts to make operations more efficient and transparent. As such, KDDI has established a system with the Corporate Risk Management Division at its core that promotes internal control activities. Its aim is to achieve a corporate constitution that prevents risks from materializing. The KDDI Code of Business Conduct defines the basic policies for compliance that every employee must adhere to.

> Policies

- Disaster Response Regulations
- [Security Policy](#)
- [Basic Policy for Constructing an Internal Control System](#)
- [KDDI Code of Business Conduct](#)

● Key Performance Indicators (KPI)

	FY2014 Goal	FY2014 Result
Rate of issues improved extracted from disaster response training	100%	100%

Highlights of FY2014 Activities

KDDI has invested 28 billion yen for new construction of data centers equipped with a power supply capability of the largest scale in Japan in Tama-shi, Tokyo and Osaka-shi, Osaka. The data centers will serve as BCP and DR (Disaster Recovery) measures at the time of disaster that contribute to safe and secure business continuity.



Exterior view of TELEHOUSE TOKYO Tama 3

● Future issues

- Strengthen disaster response systems to respond to earthquakes directly below the Tokyo Metropolitan area

Corporate Governance

Corporate Governance Promotion Framework

| System | Strengthening Governance of the Entire KDDI Group

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 (about 3 weeks in advance), 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 and independent outside directors, makes decisions regarding important matters as prescribed by relevant statutes, and oversees the execution of

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 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 regarded highly when selecting personnel for assignment to the office, and efforts made to ensure appropriate personnel.

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.

| Policy | Complying with Corporate Governance Code

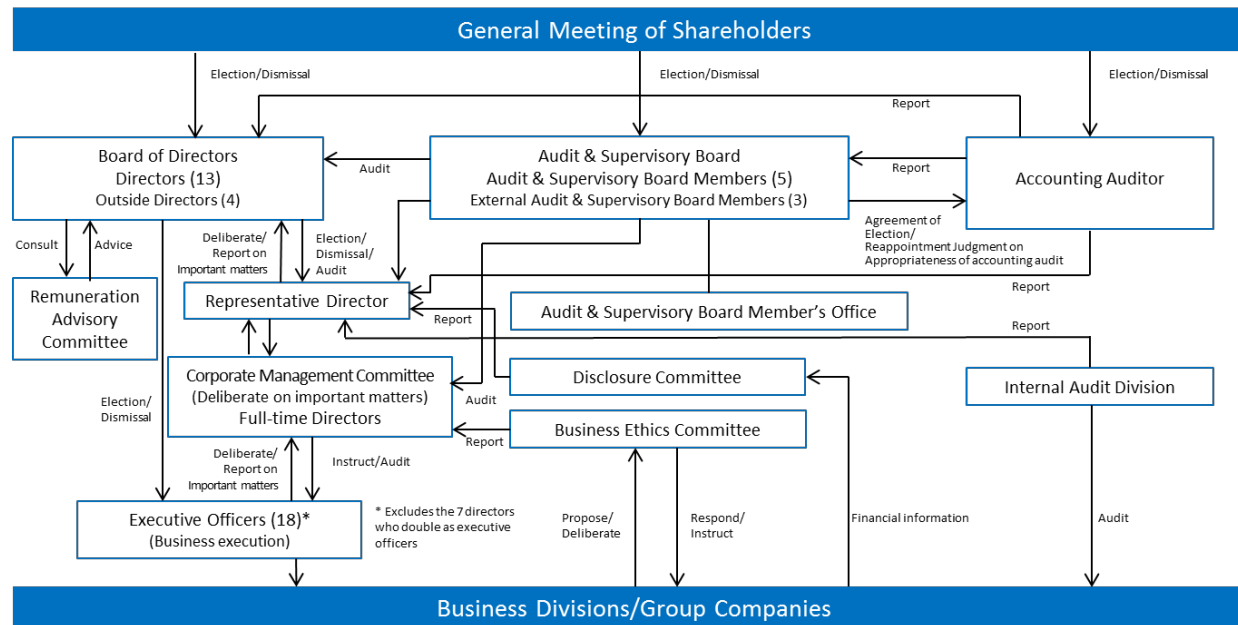
For KDDI, the goal of the corporate governance code is to achieve "aggressive governance" that enables quick and decisive decision-making while ensuring the transparency and fairness in the decision-making process, in addition to fulfilling our accountability to all stakeholders.

In line with this approach, KDDI will consider the nature of governance that is ideal for the Company and respond accordingly, by engaging in dialogue with all stakeholders, including shareholders, and by understanding various trends.

business by directors and other managers to ensure

Corporate Governance

Corporate Governance Framework (As of June 17, 2015)



Corporate Governance

| System | Items Related to Organizational Structure and Operation

Organizational form	Company with board of auditors
Number of directors in Articles of Incorporation	20
Tenure period of directors in Articles of Incorporation	1 year
Presiding officer of Board of Directors	Chairman
Number of directors	13 (including 1 female)
Selection process for outside directors	Appointed
Number of outside directors	4 (including 1 female)
Number of outside directors designated as independent directors	2 (including 1 female)
Existence of Audit & Supervisory Board	Exists
Number of auditors in Articles of Incorporation	5
Number of auditors	5 (all male)
Selection process for outside auditors	Appointed
Number of outside auditors	3 (all male)
Number of outside auditors designated as independent auditors	3 (all male)
Number of independent auditors	5 (including 1 female)
Status of implementing incentive measures for directors	<p>In addition to a performance-based remuneration system and stock option system, a stock remuneration system is scheduled to be implemented for KDDI board members in September 2015. The system will be provided to directors, as well as to executive officers that have entered into a delegation agreement with KDDI (excluding overseas residents, outside directors, and part-time directors). This system will clarify the relationship between the remuneration of executives, their business performance, and stock value, with the aim of improving the awareness of contributing to the improvement of business performance and mid-to-long term corporate value. The acquisition rights for a specified number of stocks will be provided based on their role within the organization and the degree to which the business results and KPI are achieved each fiscal year, and the cumulative amount will be delivered as stocks after the trust period ends. Note, however, that stocks cannot be obtained while serving as director.</p> <p>* Regarding the stock option system, directors are entitled to receive annual remuneration of up to ¥40 million in stock options as an incentive for executing their duties and improving business results, as decided at the 22nd Annual Meeting of Shareholders held on June 15, 2006. However, stock acquisition rights have not been allotted under this system since FY2010.</p>
Persons eligible for stock options	Internal directors, employees, subsidiary directors
Disclosure status (of remuneration for individual directors)	Because the total remuneration of directors does not exceed ¥100 million, individual remuneration is not disclosed.

Corporate Governance

Existence of policy for deciding the remuneration amount and calculation method	<p><Directors> Remuneration for directors consists of flat-rate 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. Flat-rate 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 are linked to the business results of the KDDI Group and are no more than 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 KDDI Group.</p> <p><Auditors> 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.</p> <p><Remuneration Advisory Committee> KDDI has 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 the committee members, including its presiding officer, consist of outside directors (total of 6 members, consisting of 4 outside directors, the president, and the chairman).</p>
Remuneration ratio of one director to one company employee	4.1 : 1 (Total remuneration for directors divided by the number of directors, compared to average salary at KDDI in FY2014)
Early issue of General Meeting of Shareholders announcements	Announcements are issued three weeks in advance, one week before the stipulated day.
Scheduling the General Meeting of Shareholders to avoid days when many other companies hold their shareholders' meetings	Efforts are made to hold the General Meeting of Shareholders about one week prior to the day that many other companies hold their shareholders' meetings.
Electronic voting methods	Shareholders can exercise their voting rights via an Internet voting site.
Efforts to participate in electronic voting platform and improve voting environment for other institutional investors	Joined electronic voting platform provided by Investor Communications Japan (ICJ).
English-language version of convocation announcement (summary)	English-language text of convocation announcements are provided via the KDDI website, voting platform, and Internet voting site. Business reports are also provided in English.
Other	<p>Based on requests from institutional investors, business reports and convocation announcements are incorporated into the same document. To encourage individuals to vote, an easy-to-understand illustrated guide to voting is included in convocation announcements.</p> <p>In addition, KDDI publishes a shareholders' bulletin that reports on the state of business and company topics in an easy-to-understand manner. This document is included with periodic notification letters that are sent to shareholders, and it is provided to individual investors at venues such as seminars.</p>
Existence of anti-takeover measures	None

Corporate Governance

| Initiative | 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 FY2014
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.	Attended 8 of 8 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.	Attended 7 of 8 meetings of the Board of Directors
Shinji Fukukawa (Independent director)	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. 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.	Attended 7 of 7 meetings of the Board of Directors * After being newly appointed as director at 30th Annual Meeting of Shareholders
Kuniko Tanabe (Independent director)	Although Ms. Tanabe has no direct experience as a director involved in corporate management, she was appointed because of the extensive experience and broad-based insight that she developed as a partner at a legal firm, which she brings to supervising the Company's business activities. Given her career history, we judge that no danger exists of conflicts of interest with general shareholders, consider her appropriate as an outside director, and have appointed her as an independent outside director.	-

Corporate Governance

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 FY2014
Takeshi Abe (Independent auditor)	<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.</p> <p>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>Attended 7 of 8 meetings of the Board of Directors and 7 of 8 meetings of the Audit & Supervisory Board</p>
Kishichiro Amae (Independent auditor)	<p>Mr. Amae 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>Attended 8 of 8 meetings of the Board of Directors and 8 of 8 meetings of the Audit & Supervisory Board</p>
Yukihisa Hirano (Independent auditor)	<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>Attended 8 of 8 meetings of the Board of Directors and 8 of 8 meetings of the Audit & Supervisory Board</p>

Corporate Governance

| Remuneration |

Remuneration for Directors and Audit & Supervisory Board Members (FY2014)

Executive Classification	Total Remuneration (Millions of yen)	Total Remuneration by Type (Millions of yen)			Number of Corresponding Executives
		Flat-rate Remuneration	Stock Options	Bonus	
Directors (Excluding Outside Directors)	536	387	-	148	11
Outside Directors	27	27	-	-	3
Audit & Supervisory Board Members (Excluding Outside Audit & Supervisory Board Members)	47	47	-	-	3
Outside Audit & Supervisory Board Members	40	40	-	-	3

- * Because the total remuneration of directors does not exceed ¥100 million, individual remuneration is not disclosed.
- * Flat-rate remuneration of directors is limited to a maximum total of ¥50 million per month. Furthermore, directors may receive up to an additional ¥40 million of annual remuneration in the form of stock acquisition rights issued as stock options.
- * The maximum total annual remuneration for audit & supervisory board members is ¥100 million (based on the Company's fiscal year).
- * The remuneration amount for directors includes the bonuses that are linked to performance, and is no more than 0.1% of consolidated net income for the applicable fiscal year.
- * In addition to the above, a retirement allowance is paid to directors in connection with the cancellation of the executive retirement bonus system.

State of Corporate Governance

The State of KDDI Corporate Governance disclosed to the Tokyo Stock Exchange is available in PDF format.

[□ State of Corporate Governance \(Japanese\)](#)

| Initiative |

Communicating with Management on CSR Issues

To encourage the further promotion of CSR activities, KDDI is committed to bolstering efforts to communicate with management regarding CSR issues. In FY2015, KDDI will establish the KDDI CSR & Environment Advisory Committee, which aims to address a wide range of issues facing contemporary society, such as human rights, the environment, and the supply chain.

Corporate Governance

| System | Changes in the Corporate Governance Framework

		(Year)																	
		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015		
President		Yuusai Okuyama* ¹	From June 2001 Tadashi Onodera										From December 2010 Takashi Tanaka						
Separation of management and execution* ²	Directors	53* ³	13	12	11						10	13	12			13	Now 13 people		
Management transparency* ²	Outside directors			2	3			4	3				2			3	Now 4 people		
	Independent directors															1	Now 2 people		
Assurance of diversity* ²	Female executives																Now 1 person		
Transparency in executive remuneration				Introduction of a stock option system in 2002										Remuneration Advisory Committee established in 2011					Introduction of stock compensation plan for executives in 2015
KDDI Philosophy		Enactment in October 2000												Start of a revision project in 2012			Revised, started promotion activities in 2013		

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

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

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

Compliance

KDDI's Compliance

| Policy | 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, KDDI 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 Code of Business Conduct as well as through the following activities:

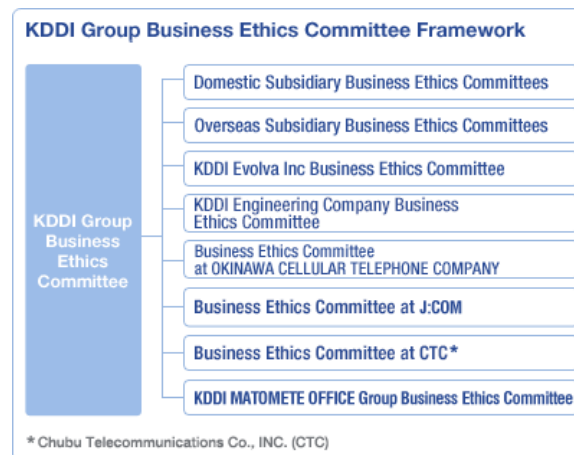
- Spreading the KDDI Philosophy, which serves as the philosophical foundation
- Fostering a sense of organizational unity and improving communication
- Quickly responding to violations, and performing analysis and prevention activities
- Eliminating relationships with anti-social forces

[□ KDDI Code of Business Conduct](#)

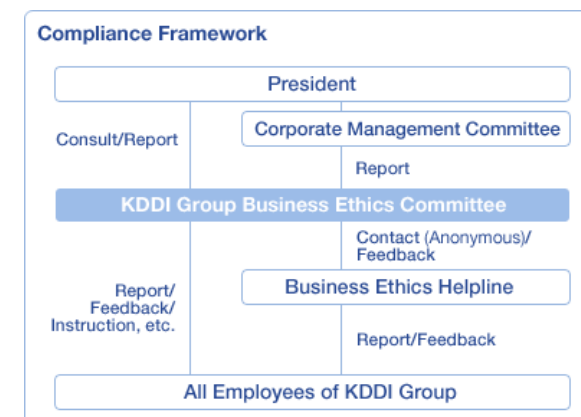
| System |

Compliance Promotion System of the KDDI Group

KDDI has also put in place a KDDI Group Business Ethics Committee, in which the KDDI Chairman serves as Committee Chairman, to deliberate and make decisions on compliance-related items. The Business Ethics Committee convenes semi-annually to ascertain the situation at each company and support the establishment and reinforcement of compliance structures.



In addition, the Business Ethics 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

| Initiative | Compliance Education and Training

KDDI believes that fostering a dynamic communication environment within the company is an essential prerequisite for further improving employee awareness of compliance. In FY2014, to spread the KDDI Philosophy, KDDI continued to hold education sessions for sector managers (12 times) and all employees (3 times), and established new education sessions for division managers (2 times). As part of the effort to more quickly respond to violations and perform analysis and prevention, seminars on violation-related issues were offered to supervisors and group leaders. In addition, ongoing training continues to be provided to all employees, to raise awareness about compliance.

In addition to the above, KDDI is also conducting e-learning classes for all employees. In FY2014, the classes covered the topics of preventing misrepresentation and insider trading regulations. These classes were also available as an option to non-regular employees.

Seminars that include a legal perspective on violations

37 times in total for 738 participants (FY2014)

| Initiative | Regulations for Internal Reporting Process (Business Ethics Helpline)

KDDI has 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, KDDI is creating an environment that makes it easy for employees to report concerns. KDDI has also established internal regulations that protect informants in line with the requirements of the Whistleblower Protection Act, which went into effect in April 2006, and actively conducts educational activities on this topic.

In FY2014, the Helpline received 23 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.

Furthermore, the internal reporting system does not subject informants to any disadvantages in terms of whistleblower protection.

| Initiative | 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.

| Initiative | Anti-corruption Practices

In the KDDI Code of Business Conduct, the principles of promoting fair business activities and conscientiously performing duties are defined to prevent corruption.

In addition to establishing certain standards of behavior, such as maintaining a sound and proper relationship with politics and administration and avoiding any behavior that could be seen as collusive, as well as avoiding the exchange of gifts and entertainment with business counterparts, KDDI is committed to communicating these standards to all employees. In 2014, there were no cases of legal action against KDDI related to anti-competitive behavior or monopolistic practices.

Risk Management and Internal Controls

| System |

KDDI's Risk Management and Internal Control Promotion

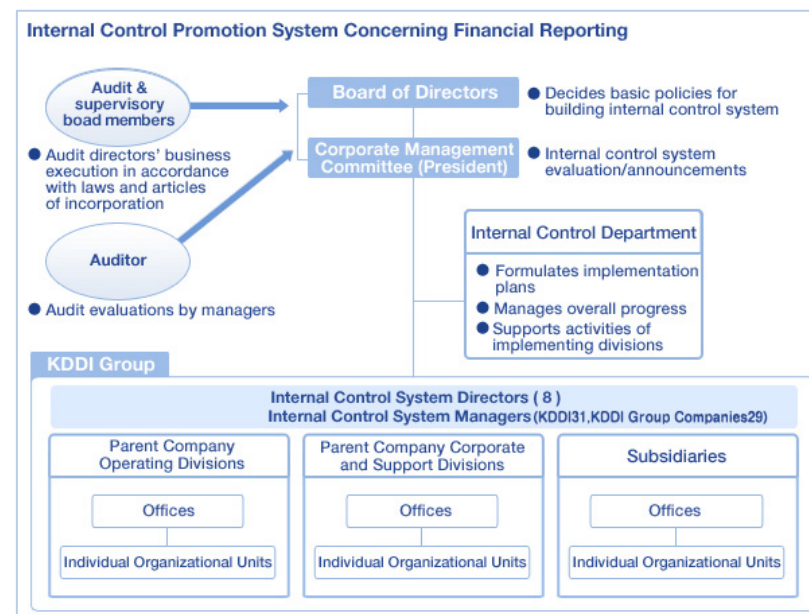
KDDI has established a system to centralize the management of risks, which it defines as factors that have the potential to block the achievement of management objectives. The Corporate Risk Management Division is the core of this system.

In addition, KDDI is working to promote risk management across the entire Group, including KDDI as well as its subsidiaries, in order to achieve continuous Group-wide growth.

KDDI has appointed 31 Internal Control System Managers and Group companies have appointed 29, 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 FY2014 we designated 32 items as significant risks, reflecting on issues that have come to the fore in the past and changes in our operating environment, such as the provision of high quality networks, 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.



Risk Management and Internal Controls

| Policy |

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.

1 Corporate Governance

(1) The Board of Directors

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.

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, steps shall be taken to allow them to attend the principle internal meetings of the company.
- [2] The Board of Directors, Directors of subsidiaries, 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; in order to ensure appropriate staffing levels due consideration shall be given to aptitude, the number of personnel required, etc., and the opinion of the Auditors.
- [4] Steps shall be taken to ensure that a person who has reported to the Auditors shall not suffer any consequences on account of having made such report.

- [5] The Auditors shall be assured of the costs required by them to carry out their duties effectively.

2 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.
- (2) Firm measures should be taken against antisocial forces, and efforts should be made to sever all such relationships.
- (3) 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.
- (4) KDDI shall aim to appropriately operate a compliance-related internal reporting system established both internally and externally to the company.
- (5) KDDI shall strive to improve the understanding and awareness of compliance through both internal and external training and enhancement activities.

Risk Management and Internal Controls

3 Risk management for achieving business goals fairly and efficiently

(1) KDDI shall conduct business risk analyses, stringently prioritize business activities and formulate appropriate business strategies and business plans at meetings participated in by Directors 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) In each Division a person shall be appointed as the person responsible for internal control, and this person shall autonomously promote the following initiatives so that business objectives may be achieved fairly and efficiently.

[1] All Divisions and their Directors shall work in cooperation with the Risk Management Division, which regularly identifies and uniformly manages risk information. The KDDI Group's risks shall be managed appropriately and in accordance with internal regulations, and efforts shall be made to achieve business objectives fairly and efficiently.

[2] KDDI shall examine measures for minimizing the risk of business interruptions as much as possible in order to respond to events which could have serious and long-term effects on corporate business.

[3] 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.

[4] KDDI shall aim to maintain and enhance the systems necessary to improve the quality of 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) In its role as a telecommunications carrier, KDDI shall pursue the following initiatives.

[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, a Business Continuity Plan (BCP) shall be formulated and measures shall 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.

4 Initiatives relating to working together with stakeholders

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

[1] By regarding all stakeholders as customers, and through the prompt and appropriate response to customer needs and complaints, all Directors shall engage in TCS (Total Customer Satisfaction) activities that aim to improve the level of customer satisfaction. To promote these activities, efforts shall also be made at meetings pertaining to TCS to evaluate and improve TCS activities.

Risk Management and Internal Controls

- [2] In addition to providing customers with safe, secure, high-quality products and services in compliance with the pertinent laws and regulations, 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.
- (2) In order to gain the understanding and trust of all stakeholders, transparency of KDDI Group management shall be ensured, and efforts shall be made to further enhance the PR and IR activities of the KDDI Group.
- (3) 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.

5 Systems for ensuring business suitability of corporate groups

- (1) Each member company of the KDDI Group shall appoint a person responsible for internal control in order to ensure appropriate business operations across the entire KDDI Group.

- (2) On the basis of the management regulations for subsidiaries, collaboration with subsidiaries shall be maintained through the establishment of a system through which subsidiaries submit appropriate, timely reports.
- (3) Risk management shall be handled appropriately in the subsidiaries so as to achieve business goals fairly and efficiently.
- (4) In addition to working, through KDDI Group company meetings pertaining to the business ethics, to promptly identify and resolve any serious violation of laws and ordinances by a subsidiary or any other compliance-related matter or incident, all subsidiary personnel shall at all times maintain high ethical standards in accordance with the KDDI Action Guideline, and ensure a system is in place whereby business duties are carried out appropriately.

6 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.

| Initiative |

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 2015, as well as disclosed to investors.

Risk Management and Internal Controls

| Initiative | 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.

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.

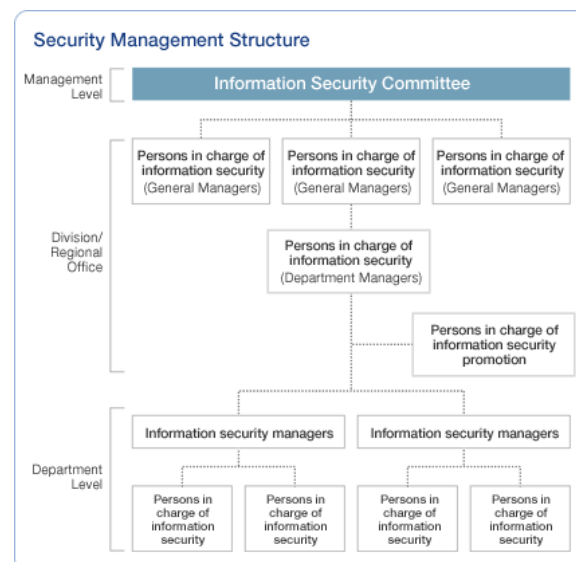
As part of its efforts to provide customers with high-speed, high-quality, safe and secure communication services, KDDI conducts research and development of technology to increase communication speed, such as Carrier Aggregation, as well as security technology that provides privacy protection. As a result of these activities, KDDI holds approximately 1,700 patents in Japan and 250 patents overseas, as of the end of March in 2015. Moving forward, KDDI will continue to bolster its intellectual property assets and strengthen its competitiveness both in Japan and overseas.

In addition, KDDI conducts educational activities every year through group training and e-learning classes, to provide employees with a deeper understanding of the importance of intellectual property, as well as the risks of infringement and its prevention.

Information Security

| System | 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.



| Policy | KDDI's Security Policy

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](#)

| Policy | KDDI's Privacy Policy

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](#)

Risk Management and Internal Controls

| Initiative |

Strengthening Information Security

KDDI is making serious efforts to strengthen information security, in order to prevent the leakage of information entrusted by numerous individual and corporate customers, including approximately 43.48 million au customers.

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

In April 2009, we acquired information security management system (ISMS) certification* (ISO/IEC 27001) for the entire company. Since then, we have continued to implement measures to improve information security centered on the maintenance of these systems. In 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.

* 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 ^[1]	June 7, 2005
IS 76406	KDDI CORPORATION (Operations Division) ^[2]	July 4, 2003
IS 85329	KDDI CORPORATION (Information Systems Division)	September 28, 2004

[1] 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

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

| Initiative |

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.

| Initiative |

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, 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.

Risk Management and Internal Controls

Enhancing Operational Quality to Improve Overall Corporate Quality

| Initiative | Activities to Enhance Operational 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, and Internal Control System Managers take the role of facilitators in each division and work 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 make even small business process improvements, accumulate results through sustained efforts, generate profits, and 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.

Providing Reliable Service

Service Quality Management

| Policy |

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.



| Initiative |

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.

| Initiative |

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 partnerships with companies such as INMARSAT and Intelsat, KDDI offers services using satellite communications, enabling call and data transmissions to anywhere in the world, including ships at sea, airplanes, the South Pole, and other remote areas such as islands where cables do not reach.

[INMARSAT service](#)

Providing Reliable Service

| Initiative |

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.

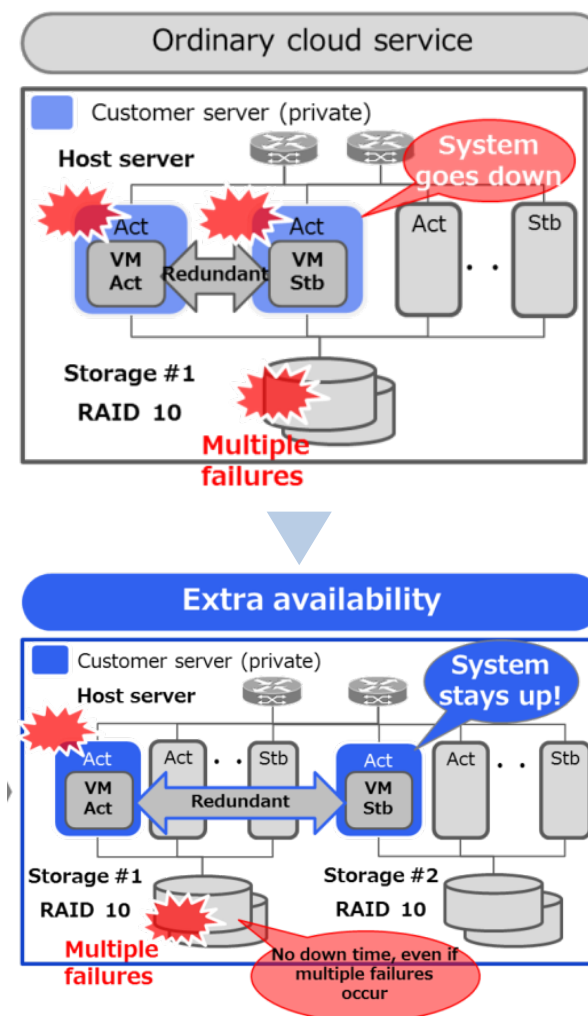
| Initiative |

Cloud Platform Aiming for Industry's Highest Level of Operational Stability

KDDI has added new functions to the KDDI Cloud Platform Service for corporate customers, including an "extra availability" feature that provides general host server redundancy in addition to decentralized storage, which is the first of its kind offered by a cloud service provider in Japan.* Although the KDDI Cloud Platform Service already offered an unprecedented level of stability, these newly added functions markedly improve the service reliability and achieve an even higher uptime rate.

Moving forward, KDDI will continue striving to improve the quality of cloud services and other products, while working to satisfy the needs of customers and contribute to their business growth.

* As of January 26, 2015, according to research by KDDI.



Providing Reliable Service

| Initiative |

Release of Iridium Go!™, the First Satellite Mobile Router Offered by a Telecom Operator in Japan

KDDI has begun to offer Iridium Go!™ to corporate customers. The Iridium GO!™ router, which is the first of its kind to be offered by a telecommunications operator in Japan, provides a Wi-Fi connection to smartphones and tablets via the Iridium satellite network, which delivers full coverage across the globe. In addition to its compact, passport-sized design, the device is built for use in times of disaster. It features superior water and dust resistance, along with a level of durability that complies with MIL-STD-810F military equipment performance standards defined by the U.S. Department of Defense. With support for conventional voice calls and short messages, as well as social networking services such as Twitter®, Iridium GO!™ satisfies a wide range of information and communication needs in emergency situations.



Iridium GO!™

| Initiative |

Development of Compact LTE-Advanced Antenna with Twice the Communication Performance

KDDI and KDDI R&D Laboratories have developed a compact antenna for LTE-Advanced base stations, which provides twice the communication performance of previous models.^[1] The antenna, which uses a 4 MIMO^[2] configuration to double the communication speed while maintaining the same size of previous antennas, is the world's first of its kind to be developed.^[3]

The aim of developing this antenna is to achieve faster communications in urban areas where installation space is limited. The 4 MIMO configuration, which enables the transmission and reception of four signals simultaneously, is expected to be used for LTE-Advanced communications, which are expected to achieve widespread market adoption, as well as for 4G mobile communication systems operating in the 3.5 GHz band. This antenna enables the construction of next-generation communication networks that accommodate the growing demands for communication services, without interfering with the scenery.

Moving forward, KDDI and KDDI R&D Laboratories will investigate the practical applications of this antenna technology, while continuing the research and development of cutting-edge technology that contributes to the creation of a comfortable communication environment.

[1] Development of the antenna was conducted jointly by KDDI R&D Laboratories and Nihon Dengyo Kosaku Co., Ltd.

[2] MIMO, which is an abbreviation of "Multiple-Input and Multiple-Output", is wireless communication technology that improves communication performance by using multiple antennas on both the transmission side and reception side.

[3] As of November 12, 2014, according to research by KDDI R&D Laboratories.

Providing Reliable Service

| Initiative | **World's First Trans-Pacific Telephone Cable Recognized as Historic Achievement**

The world's first trans-Pacific telephone cable, known as TPC-1, which was brought into service by KDDI (formerly KDD), AT&T, and Hawaiian Telcom, has been recognized by IEEE Milestones,^{[1] [2]} a program which honors historic achievements in fields related to electricity, electronics and information.^[3]

TPC-1 was brought into service in June 1964 as the world's first trans-Pacific telephone cable. Construction of TPC-1 was undertaken as a national project in the run-up to the Tokyo Olympics, which were held in October 1964, and it culminated in a commemorative phone call between then Prime Minister Ikeda and U.S. President Johnson.

This is the third time KDDI has been recognized by IEEE Milestones, following the trans-Pacific reception of a television signal via satellite (Ibaraki Satellite Communication Center) in 2009, and the international standardization of G3 facsimile in 2012. KDDI has received this award more times than any other individual or organization in Japan.

In preparation for the Tokyo Olympics in 2020, KDDI is working toward the commercialization of 8K video resolution in the broadcasting sector, as well as the enhancement and diversification of communications services through the development of technology such as 5G mobile communications aimed at achieving speeds of 10 Gbps.

[1] IEEE (pronounced "Eye-triple-E") is the world's largest organization of electrical and electronic professionals with over 430,000 members in 190 countries around the world. It is based in the U.S.

[2] IEEE Milestones is an award system established in 1983 to honor inventions and technological developments in the electrical, electronics and information sector that are technically outstanding and at the same time significantly beneficial to society. To date, over 157 achievements have been recognized around the world. Recognition is granted to achievements selected from inventions and developments that are at least 25 years old and have stood the test of public opinion.

[3] This award recognizes the joint achievement of three companies, KDDI, AT&T, and Hawaiian Telcom, the joint constructors of TPC-1.

| Initiative | **Consortium to Build "FASTER" Submarine Optical Cable Between Japan and U.S.**

KDDI formed a consortium with China Mobile International (China), China Telecom Global (China), Google (U.S.), SingTel (Singapore), and Global Transit (Malaysia) to construct a submarine optical cable between Japan and the U.S. Total investment in the cable system, which is called "FASTER", amounts to approximately \$300 million (¥36 billion).^[1] In addition, NEC Corporation will serve as the system supplier. FASTER, which will consist of a 9,000-kilometer submarine optical cable that directly connects Japan and the U.S., is scheduled to start operations in the first quarter of FY2016.

Submarine cables provide 99% of Japan's international traffic^[2], making them an important component of the social infrastructure. Moving forward, KDDI aims to provide an unprecedented level of reliability in communication services for the Asia-Pacific region, where demand is expected to continue growing.

[1] As of June 1, 2015 (calculated at rate of US\$1 = ¥120).

[2] According to research by KDDI.

| Initiative | **New Construction of Global Data Centers with Highest-Class Power Supply Capacity in Japan**

KDDI is constructing two new data centers, TELEHOUSE OSAKA 2 (scheduled to open in late August 2015) and TELEHOUSE TOKYO Tama 3 (scheduled to open in February 2016). Both data centers will feature an electrical power supply capacity that ranks among the highest in Japan.^[1]

With the construction of these facilities, the network of TELEHOUSE data centers will span 46 sites (including 21 sites in Japan) located in 24 cities in 13 countries and regions around the world, and the total floor space of all data centers will measure approximately 370,000 square meters.

Providing Reliable Service

In addition to the high-capacity power supply, both data centers boast an environmentally-friendly design that incorporates features such as highly efficient and reliable power-supply equipment, energy-efficient air conditioning, LED illumination, and motion detectors that sense the presence of people.

The buildings also incorporate a seismic base isolation system that offers protection from earthquakes and minimizes the impact on customers when they occur. Furthermore, the network cables traverse different routes underground, enabling communication services to be provided with a level of stability that only a telecommunications operator can achieve.

Use of these data centers can serve as effective BCP^[2] and DR^[3] measures when a disaster occurs, which can help customers maintain safe and secure business operations.



Simulated image of
TELEHOUSE OSAKA 2
building



Simulated image of
TELEHOUSE TOKYO Tama 3
building

- [1] TELEHOUSE OSAKA 2 power supply capacity to each rack: 30 kVA (rated)
TELEHOUSE TOKYO Tama 3 power supply capacity to each rack: 42 kVA (rated), the highest in Japan*
* As of August 26, 2014, according to research by KDDI based on public information.
- [2] BCP is an abbreviation of "business continuity plan", which refers to a plan to secure the continuity or quick recovery of important business operations in the event of a disaster.
- [3] DR is an abbreviation of "disaster recovery", which refers to measures to prevent or recover from system failures that occur due to disaster.

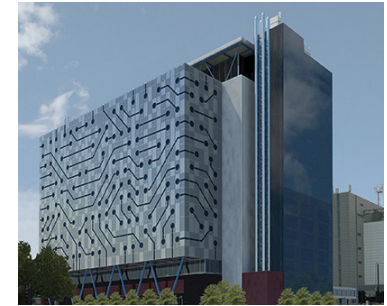
| Initiative | Contributing to the Economic Development of the UK

KDDI and TELEHOUSE EUROPE, a data center operator subsidiary of the KDDI Group, won the "UK-Japan Partnership" award at the 2014 British Business Awards for their contribution to the economic development of the UK.

TELEHOUSE EUROPE has been operating data centers in London since 1990, and they are currently home to one of the world's largest Internet exchange points. A vast majority of the UK's Internet traffic is routed through the TELEHOUSE data centers, making them a critical part of the national online infrastructure. In July 2014, KDDI began construction on the fifth TELEHOUSE EUROPE data center in the city. Moving forward, KDDI will continue its efforts to contribute to the development of data center operations in the UK.



British Ambassador
Hitchens
presents the trophy



Simulated image of TELEHOUSE
LONDON Docklands North Two building

Response to Product Accidents and Base Station Construction

| Initiative | Response to Product Accidents and Defects

When an accident or defect occurs with a KDDI product, 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. In the case of a serious product accident, customers are notified immediately and thorough reports are filed with the relevant government agencies.

Providing Reliable Service

| Initiative |

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

Specific case examples of auditing:

- Ensuring that the 5S measures (Sorting, Setting in Order, Shining, Standardizing, and Sustaining Discipline.) are implemented properly
- Ensuring that the specified values are maintained within electrostatic protection areas
- Ensuring that the appropriate temperature and humidity are maintained within parts storage rooms
- Ensuring that the details of assembly procedures and visual inspections are clear, and that they are performed properly

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

Through the auditing performed in FY2014, KDDI found no issues affecting product quality.

| Initiative |

Setting Up Mobile Phone Base Stations and Neighborhood Care

With the aim to provide a reliable communications environment to au mobile phone users, KDDI sets up 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 a 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.

| Initiative |

Operating More Than 20,000 4G LTE Base Stations That Support a Maximum Downlink Speed of 150 Mbps

As of December 2014, KDDI and Okinawa Cellular are operating more than 20,000 wireless base stations that support a maximum downlink speed of 150 Mbps in their 4G LTE data communication network.

The number of base stations that support a maximum downlink speed of 150 Mbps has been growing since October 2013, when KDDI began introducing them in limited areas. Growth was further accelerated after May 2014, when KDDI started offering Carrier Aggregation, which is supported by next-generation high-speed LTE-Advanced technology.

KDDI will continue its efforts to improve service area quality in FY2015.

Technological Development to Improve Communications Quality

Efforts to Increase Communication Speed

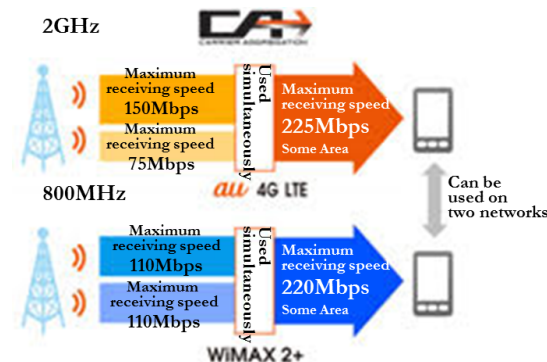
| Initiative |

Providing Carrier Aggregation for 4G LTE and WiMAX 2+

In FY2014, KDDI introduced 4G LTE Carrier Aggregation, which is supported by next-generation high-speed LTE-Advanced technology, and started releasing smartphones and tablets that support two next-generation communication networks, Carrier Aggregation and WiMAX 2+.

In FY2015, KDDI will continue to increase the speed of 4G LTE Carrier Aggregation, as well as introduce Carrier Aggregation for WiMAX 2+ and start releasing compatible smartphones and tablets. For devices that support both next-generation communication networks, the network is automatically selected based on the customer's communication environment, ensuring comfortable high-speed data communications.^[1]

Carrier Aggregation technology enables LTE data communications across multiple frequency bands simultaneously. By combining data received in different frequency bands, a maximum communication speed of 225 Mbps is achieved for 4G LTE, and a maximum communication speed of 220 Mbps is achieved for WiMAX 2+.



[1] Devices are connected to the network that KDDI determines to be the least congested, based on factors such as traffic conditions.

* WiMAX 2+ is a high-speed communication service provided by UQ Communications Inc.

Providing a Convenient Usage Environment

| Initiative |

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

KDDI has expanded the number of mobile phones that include the Area Quality Information Transmission Function in its effort to further increase communications quality. The Area Quality Information Transmission Function is a function that detects and collects information on quality, signal condition and

location during voice calls and data transmission and automatically sends it to KDDI. The area quality information sent to KDDI is analyzed statistically and used for improving the signal quality in places where customers experience transmission errors and slow transmission speeds.

| Initiative |

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. KDDI contacts the customer to setup an appointment within 24 hours of their inquiry. KDDI then implements service area improvements using au repeaters or au Femtocells. 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.

Technological Development to Improve Communications Quality



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



au repeater

| Initiative |

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 simply turning on the Wi-Fi function of their device, 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 \(Japanese\)](#)



Sticker to inform of available location

Initiative in Preparation for Emergencies

Robust Network Construction

| Initiative | 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 and began operations on a “wide-zone base station for disasters.” 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



Radio Transmission Path Relay Station

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

| Initiative | 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 tsunami. 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.

Initiative in Preparation for Emergencies

| Initiative |

Signing a Disaster Agreement with Each Regional Army of the Japan Ground Self-Defense Force and the Japan Coast Guard

In 2014, KDDI signed an agreement of mutual cooperation to secure telecommunications during times of disaster (referred to below as "Disaster Agreement") with the Eastern Army of the Japan Ground Self-Defense Force. With this signing, KDDI has now entered into a Disaster Agreement with each regional army of the Japan Ground Self-Defense Force nationwide. In addition, KDDI signed a Disaster Agreement with the Japan Coast Guard in March 2015. The aim of these Disaster Agreements is to ensure mutual cooperation in securing telecommunications across a wide area, so that quick recovery can be achieved in times of disaster, such as a major earthquake that is eventually expected to occur directly underneath the Tokyo metropolitan area or in the Nankai Trough.

KDDI will continue working closely with all stakeholders in the full pursuit of measures to facilitate recovery after large-scale disasters.

| Initiative |

Conducting Demonstration Experiments for Installing Mobile Phone Base Stations Aboard Ships

KDDI and the Japan Coast Guard participated in a comprehensive disaster-preparedness drill conducted by the Kagoshima prefecture government in 2014.

KDDI installed a mobile phone base station (experimental station) aboard a Japan Coast Guard vessel, and conducted a demonstration experiment to verify its quality as a mobile phone system using radio waves at the same frequency as those of commercial mobile phones. Each year, Kagoshima prefecture conducts a comprehensive disaster-preparedness drill based on the scenario of a major earthquake in the Nankai Trough, in an effort to improve cooperation between disaster-related organizations in the prefecture and raise disaster awareness among residents. In these drills, KDDI has worked to enhance the capabilities of equipment such as vehicle-mounted base stations, mobile base stations, and wireless entrance facilities,*



The experimental mobile phone base station is installed on the bridge of the patrol vessel Satsuma.

for the purpose of more quickly restoring service area coverage in the event of network failures caused by disasters. In addition to land-based measures to quickly restore service after a disaster, KDDI is also working on marine-based measures that are not affected by disaster conditions on land.

* Facilities that connect using wireless networks in the event a line is broken between a mobile phone base station and telephone exchange station during a disaster

Initiative in Preparation for Emergencies

| Initiative |

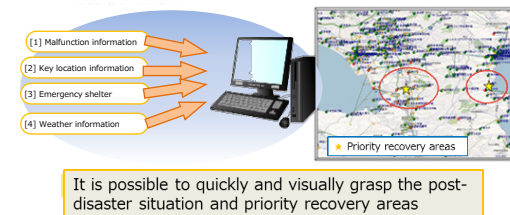
au Disaster Recovery Support System

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. We are also making efforts to further speed up recovery by making it possible for the system to link to weather information.

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 wireless entrance facilities. We are

also bolstering personnel-based measures to ensure this equipment is used effectively.

au Disaster Recovery Support System



| Initiative |

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 2014, 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.



Self-Defense Forces use a large helicopter to transport a mobile base station in an exercise conducted in Tohoku.



Self-Defense Forces use a small helicopter to transport a mobile base station in an exercise conducted in Shikoku.



Self-Defense Forces use a large helicopter to transport a mobile base station in an exercise conducted in Nagoya.



A person carries small equipment to install on a ship, in a demonstration experiment for shipboard base stations.

Initiative in Preparation for Emergencies

| Initiative | 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).



Vehicle-mounted base station

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 wireless entrance facilities* 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.

KDDI has also improved vehicle-mounted base stations by adding Carrier Aggregation (CA), which is supported by next-generation high-speed LTE-Advanced technology. In addition to ensuring the availability of voice and data communication services for mobile phones in disaster-hit areas, this equipment can be used to provide reliable service in high-traffic areas where large numbers of customers gather, such as fireworks displays or outdoor events.

| Initiative | 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



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

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

Initiative in Preparation for Emergencies

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.

In February 2015, 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 300 emergency participants. At the start of the training, they responded as information about the disaster began to unravel and considered new damage assumptions that were disclosed as time went on, 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.

Providing Services in Times of Disaster

| Initiative | Ensuring the Ability to Communicate and Check the Safety of Loved Ones

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 App" is preset on au smartphones (Android™) currently on the market. An iPhone version is also available from the App Store.

Initiative in Preparation for Emergencies

"au Disaster Countermeasures App" 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,* 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.

* 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

| Initiative | Video Introducing Useful Services in Times of Disaster

KDDI provides the Disaster Message Board Service and Disaster Voice Messaging Service, which ensure that customers can communicate or check the safety of loved ones in times of disaster. KDDI released "Moshi Moshi Keitai, Moshimo No Keitai", an easy-to-understand video that introduces these services, and offered a trial period for customers to experience the Disaster Message Board Service and Disaster Voice Messaging Service, from March 7 to 18, 2015. In addition, the "au Disaster Countermeasures App" is loaded with useful disaster-related information that can help customers prepare for disasters before they occur.

GRI Comparison Table

GRI G4 Guidelines Content Index

● Material aspects

GENERAL STANDARD DISCLOSURES

STRATEGY AND ANALYSIS

Indicator	Description	Relevant Sections in Reports		External Assurance
		Website	PDF	
1	Statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability		3-4	
2	Description of key impacts, risks, and opportunities		3-4, 6, 9, 17, 19, 72, 96	

ORGANIZATIONAL PROFILE

Indicator	Description	Relevant Sections in Reports		External Assurance
		Website	PDF	
3	Name of the organization	Corporate Profile	-	
4	Primary brands, products, and services	Our Values	-	
5	Location of the organization's headquarters	Corporate Profile	-	
6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	Brochure	-	
7	Nature of ownership and legal form	Corporate Profile	-	
8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	Our Values	-	
9	Scale of the organization, including: a. Total number of employees b. Total number of operations c. Net sales (for private sector organizations) or net revenues (for public sector organizations)	Financial Data	55	

	d. Total capitalization broken down in terms of debt and equity (for private sector organizations) e. Quantity of products or services provided			
10	Composition of the workforce, including: a. Total number of employees by employment contract and gender b. Total number of permanent employees by employment type and gender c. Total workforce by employees and supervised workers and by gender d. Total workforce by region and gender e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries)		<u>55</u>	
11	Percentage of total employees covered by collective bargaining agreements		<u>58</u>	
12	Organization's supply chain		<u>6, 83-84</u>	
13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain		-	
Commitment to External Initiatives				
14	Report whether and how the precautionary approach or principle is addressed by the organization		<u>7, 30, 36, 43-44, 71, 87</u>	
15	List of externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses		-	
16	List of memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: a. Holds a position on the governance body b. Participates in projects or committees c. Provides substantive funding beyond routine membership dues d. Views membership as strategic		<u>30</u>	

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

Indicator	Description	Relevant Sections in Reports		External Assurance
		Website	PDF	
17	a. List of all entities included in the organization's consolidated financial statements or equivalent documents b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report	Financial Statements	<u>2</u>	
18	a. Process for defining the report content and the Aspect Boundaries b. How the organization has implemented the Reporting Principles for Defining Report Content		<u>10-11</u>	
19	List of all the material Aspects identified in the process for defining report content		<u>9-11</u>	

20	For each material Aspect, report the Aspect Boundary within the organization		2 , 10-11 , 79	
21	For each material Aspect, report the Aspect Boundary outside the organization		79	
22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements		-	
23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries		79 , 94-95	

STAKEHOLDER ENGAGEMENT

Indicator	Description	Relevant Sections in Reports		External Assurance
		Website	PDF	
24	List of stakeholder groups engaged by the organization		7-8	
25	Report the basis for identification and selection of stakeholders with whom to engage		7-8	
26	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process		7-8	
27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns		7-8 , 94-95	

REPORT PROFILE

Indicator	Description	Relevant Sections in Reports		External Assurance
		Website	PDF	
28	Reporting period (such as fiscal or calendar year) for information provided		2	
29	Date of most recent previous report (if any)		2	
30	Reporting cycle (such as annual, biennial)		2	
31	Contact point for questions regarding the report or its contents		2	
GRI Content Index				
32	a. The 'in accordance' option the organization has chosen b. GRI Content Index for the chosen option c. Reference to the External Assurance Report, if the report has been externally assured		c : 72 , 83 , 145	
Assurance				
33	a. Organization's policy and current practice with regard to seeking external assurance for the report b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided c. Relationship between the organization and the assurance providers d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report		83	

GOVERNANCE

Indicator	Description	Relevant Sections in Reports		External Assurance
		Website	PDF	
Governance Structure and Composition				
34	a. Governance structure of the organization, including committees of the highest governance body b. Identify any committees responsible for decision-making on economic, environmental and social impacts		97-98	
35	Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees		103	
36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body		37, 74	
37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body		-	
38	Composition of the highest governance body and its committees		99-103	
39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization’s management and the reasons for this arrangement)		97-98	
40	Nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members		-	
41	a. Processes for the highest governance body to ensure conflicts of interest are avoided and managed b. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum: <ul style="list-style-type: none">• Cross-board membership• Cross-shareholding with suppliers and other stakeholders• Existence of controlling shareholder• Related party disclosures		97-98	
Role of Highest Governance Body in Setting the Purpose, Value and Strategies				
42	Highest governance body’s and senior executives’ roles in the development, approval, and updating of the organization’s purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts		-	
Ability of the Highest Governance Body and Evaluation of its Performance				
43	Measures taken to develop and enhance the highest governance body’s collective knowledge of economic, environmental and social topics		103	
44	a. Processes for evaluation of the highest governance body’s performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment b. Actions taken in response to evaluation of the highest governance body’s performance with respect to governance of economic, environmental and social topics		-	

Role of the Highest Governance Body in Risk Management				
45	a. Highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities		107	
46	Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics		107	
47	Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities		-	
Role of the Highest Governance Body in the Sustainability Report				
48	Highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered		-	
Role of the Highest Governance Body in the Evaluation of Social, Environmental and Social Performance				
49	Process for communicating critical concerns to the highest governance body		107	
50	Nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them		-	
Remuneration and Incentives				
51	Remuneration policies for the highest governance body and senior executives		99-100, 103	
52	Process for determining remuneration		99-100	
53	How stakeholders' views are sought and taken into account regarding remuneration		99-100	
54	Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country		100	
55	Ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country		-	

ETHICS AND INTEGRITY

Indicator	Description	Relevant Sections in Reports		External Assurance
		Website	PDF	
56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics		5	
57	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines		105-106	

58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines		105-106	
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SPECIFIC STANDARD DISCLOSURES

ECONOMIC

Indicator	Description	Relevant Sections in Reports		External Assurance
		Website	PDF	
ASPECT: ECONOMIC PERFORMANCE				
EC1	Direct economic value generated and distributed		67	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change		72	
EC3	Coverage of the organization's defined benefit plan obligations		47	
EC4	Financial assistance received from government		-	
ASPECT: MARKET PRESENCE				
EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation		-	
EC6	Proportion of senior management hired from the local community at significant locations of operation		-	
ASPECT: INDIRECT ECONOMIC IMPACTS				
EC7	Development and impact of infrastructure investments and services supported		69-71, 93	
EC8	Significant indirect economic impacts, including the extent of impacts		-	
ASPECT: PROCUREMENT PRACTICES				
EC9	Proportion of spending on local suppliers at significant locations of operation		-	

ENVIRONMENTAL

Indicator	Description	Relevant Sections in Reports		External Assurance
		Website	PDF	
DMA	Include both Generic and Aspect-specific Guidance		72	

Indicator	Description	Relevant Sections in Reports		External Assurance
		Website	PDF	
ASPECT: MATERIALS				
EN1	Materials used by weight or volume		79, 82	
EN2	Percentage of materials used that are recycled input materials		-	

ASPECT: ENERGY ●				
EN3	Energy consumption within the organization		79-82	
EN4	Energy consumption outside of the organization		-	
EN5	Energy intensity		79-82	
EN6	Reduction of energy consumption		79-82	
EN7	Reductions in energy requirements of products and services		79-82	
ASPECT: WATER				
EN8	Total water withdrawal by source		-	
EN9	Water sources significantly affected by withdrawal of water		-	
EN10	Percentage and total volume of water recycled and reused		-	
ASPECT: BIODIVERSITY				
EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		-	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas		91	
EN13	Habitats protected or restored		91	
EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk		-	
ASPECT: EMISSIONS ●				
EN15	Direct greenhouse gas (GHG) emissions (Scope 1)		79-83	
EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)		79-83	
EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)		79-83, 145	●
EN18	Greenhouse gas (GHG) emissions intensity		-	
EN19	Reduction of greenhouse gas (GHG) emissions		82-83	
EN20	Emissions of ozone-depleting substances (ODS)		-	
EN21	NOX, SOX, and other significant air emissions		-	
ASPECT: EFFLUENTS AND WASTE ●				
EN22	Total water discharge by quality and destination		-	
EN23	Total weight of waste by type and disposal method		82	
EN24	Total number and volume of significant spills		-	
EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally		-	
EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff		-	

ASPECT: PRODUCTS AND SERVICES ●				
EN27	Extent of impact mitigation of environmental impacts of products and services		<u>79-83</u>	
EN28	Percentage of products sold and their packaging materials that are reclaimed by category		<u>88-90</u>	
ASPECT: COMPLIANCE				
EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		<u>75</u>	
ASPECT: TRANSPORT				
EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce		<u>83</u>	
ASPECT: OVERALL ●				
EN31	Total environmental protection expenditures and investments by type		<u>80-81</u>	
ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT ●				
EN32	Percentage of new suppliers that were screened using environmental criteria		-	
EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken		<u>6, 73, 84</u>	
ASPECT: ENVIRONMENTAL GRIEVANCE MECHANISMS				
EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms		-	

SOCIAL

Indicator	Description	Relevant Sections in Reports		External Assurance
		Website	PDF	
DMA	Include both Generic and Aspect-specific Guidance		<u>17-19</u>	

LABOR PRACTICES AND DECENT WORK

Indicator	Description	Relevant Sections in Reports		External Assurance
		Website	PDF	
ASPECT: EMPLOYMENT				
LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region		57	
LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation		-	
LA3	Return to work and retention rates after parental leave, by gender		58	
ASPECT: LABOR/MANAGEMENT RELATIONS				
LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements		45	

ASPECT: OCCUPATIONAL HEALTH AND SAFETY				
LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs		<u>48</u>	
LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender		<u>59</u>	
LA7	Workers with high incidence or high risk of diseases related to their occupation		-	
LA8	Health and safety topics covered in formal agreements with trade unions		<u>48</u>	
ASPECT: TRAINING AND EDUCATION				
LA9	Average hours of training per year per employee by gender, and by employee category		-	
LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings		-	
LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category		-	
ASPECT: DIVERSITY AND EQUAL OPPORTUNITY ●				
LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity		<u>55-58, 99</u>	
ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN				
LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation		-	
ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES				
LA14	Percentage of new suppliers that were screened using labor practices criteria		-	
LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken		-	
ASPECT: LABOR PRACTICES GRIEVANCE MECHANISMS				
LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms		-	

HUMAN RIGHTS

Indicator	Description	Relevant Sections in Reports		External Assurance
		Website	PDF	
ASPECT: INVESTMENT				
HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		-	
HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained		-	

ASPECT: NON-DISCRIMINATION				
HR3	Total number of incidents of discrimination and corrective actions taken		-	
ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING				
HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights		-	
ASPECT: CHILD LABOR				
HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor		-	
ASPECT: FORCED OR COMPULSORY LABOR				
HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor		-	
ASPECT: SECURITY PRACTICES				
HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations		-	
ASPECT: INDIGENOUS RIGHTS				
HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken		-	
ASPECT: ASSESSMENT				
HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments		-	
ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT				
HR10	Percentage of new suppliers that were screened using human rights criteria		-	
HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken		-	
ASPECT: HUMAN RIGHTS GRIEVANCE MECHANISMS				
HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms		<u>106</u>	

SOCIETY

Indicator	Description	Relevant Sections in Reports		External Assurance
		Website	PDF	
ASPECT: LOCAL COMMUNITIES				
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs		-	
SO2	Operations with significant actual and potential negative impacts on local communities		-	
ASPECT: ANTI-CORRUPTION				
SO3	Total number and percentage of operations assessed for risks related to corruption and the significant		-	

	risks identified			
SO4	Communication and training on anti-corruption policies and procedures		105-106	
SO5	Confirmed incidents of corruption and actions taken		-	
ASPECT: PUBLIC POLICY				
SO6	Total value of political contributions by country and recipient/beneficiary		-	
ASPECT: ANTI-COMPETITIVE BEHAVIOR				
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes a. Report the total number of legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant b. Report the main outcomes of completed legal actions, including any decisions or judgments		106	
ASPECT: COMPLIANCE				
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations		-	
ASPECT: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY				
SO9	Percentage of new suppliers that were screened using criteria for impacts on society		-	
SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken		-	
ASPECT: GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY				
SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms		-	

PRODUCT RESPONSIBILITY

Indicator	Description	Relevant Sections in Reports		External Assurance
		Website	PDF	
ASPECT: CUSTOMER HEALTH AND SAFETY ●				
PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement		-	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes		-	
ASPECT: PRODUCT AND SERVICE LABELING ●				
PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements		<u>35</u>	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes		-	

PR5	Results of surveys measuring customer satisfaction		<u>32-34</u>	
ASPECT: MARKETING COMMUNICATIONS				
PR6	Sale of banned or disputed products		-	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes		-	
ASPECT: CUSTOMER PRIVACY ●				
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data		-	
ASPECT: COMPLIANCE				
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services		-	

TELECOMMUNICATION SECTOR SPECIFIC INDICATORS

INTERNAL OPERATIONS

ASPECT: INVESTMENT				
IO1	Capital investment in telecommunication network infrastructure broken down by country/region.		Japan	
IO2	Net costs for service providers under the Universal Service Obligation when extending service to geographic locations and low-income groups, which are not profitable. Describe relevant legislative and regulatory mechanisms.		-	
ASPECT: HEALTH AND SAFETY				
IO3	Practices to ensure health and safety of field personnel involved in the installation, operation and maintenance of masts, base stations, laying cables and other outside plant. Related health and safety issues include working at heights, electric shock, exposure to EMF and radio frequency fields, and exposure to hazardous chemicals.		-	
IO4	Compliance with ICNIRP (International Commission on Non-Ionising Radiation Protection) standards on exposure to radiofrequency (RF) emissions from handsets		<u>29</u>	
IO5	Compliance with ICNIRP (International Commission on Non-Ionising Radiation Protection) guidelines on exposure to radiofrequency (RF) emissions from base stations.		<u>29</u>	
IO6	Policies and practices with respect to Specific Absorption Rate (SAR) of handsets.		-	
ASPECT: INFRASTRUCTURE				
IO7	Policies and practices on the siting of masts and transmission sites including stakeholder consultation, site sharing, and initiatives to reduce visual impacts. Describe approach to evaluate consultations and quantify where possible.		<u>91, 118-119</u>	
IO8	Number and percentage of stand-alone sites, shared sites, and sites on existing structures.		-	

PROVIDING ACCESS

ASPECT: ACCESS TO TELECOMMUNICATION PRODUCTS AND SERVICES: BRIDGING THE DIGITAL DIVIDE				
PA1	Polices and practices to enable the deployment of telecommunications infrastructure and access to telecommunications products and services in remote and low population density areas. Include an explanation of business models applied.		<u>70</u>	
PA2	Policies and practices to overcome barriers for access and use of telecommunication products and services including: language, culture, illiteracy, and lack of education, income, disabilities, and age. Include an explanation of business models applied.		<u>25-29</u>	
PA3	Policies and practices to ensure availability and reliability of telecommunications products and services and quantify, where possible, for specified time periods and locations of down time.		-	
PA4	Quantify the level of availability of telecommunications products and services in areas where the organisation operates. Examples include: customer numbers/market share, addressable market, percentage of population covered, percentage of land covered.		-	
PA5	Number and types of telecommunication products and services provided to and used by low and no income sectors of the population. Provide definitions selected. Include explanation of approach to pricing, illustrated with examples such as price per minute of dialogue/bit of data transfer in various remote, poor or low population density areas.		-	
PA6	Programmes to provide and maintain telecommunication products and services in emergency situations and for disaster relief.		<u>125-127</u>	
ASPECT: ACCESS TO CONTENT				
PA7	<p>Polices and practices to manage human rights issues relating to access and use of telecommunications products and services. For example:</p> <ul style="list-style-type: none"> •Participation in industry initiatives or individual initiatives related to Freedom of Expression •Legislation in different markets on registration, censorship, limiting access, •Interaction with governments on security issues for surveillance purposes •Interaction with national and local authorities and own initiatives to restrict criminal or potentially unethical content. •Protecting vulnerable groups such as children. <p>Explain how such policies and practices are adapted and applied in different countries.</p>		<u>29</u>	
ASPECT: CUSTOMER RELATIONS				
PA8	Polices and practices to publicly communicate on EMF related issues. Include information provides at points of sales material.		<u>29</u>	
PA9	Total amount invested in programmes and activities in electromagnetic field research. Include description of programmes currently contributed to and funded by the reporting organisation.		-	
PA10	Initiatives to ensure clarity of charges and tariffs.		-	
PA11	Initiatives to inform customers about product features and applications that will promote responsible, efficient, cost effective, and environmentally preferable use.		<u>20-24</u>	

TECHNOLOGY APPLICATIONS

ASPECT: RESOURCE EFFICIENCY				
TA1	Provide examples of the resource efficiency of telecommunication products and services delivered.		79, 88-90	
TA2	Provide examples of telecommunication products, services and applications that have the potential to replace physical objects (e.g. a telephone book by a database on the web or travel by videoconferencing)		-	
TA3	Disclose any measures of transport and/or resource changes of customer use of the telecommunication products and services listed above. Provide some indication of scale, market size, or potential savings.		-	
TA4	Disclose any estimates of the rebound effect (indirect consequences) of customer use of the products and services listed above, and lessons learned for future development. This may include social consequences as well as environmental.		-	
TA5	Description of practices relating to intellectual property rights and open source technologies.		-	

Third-Party Opinion

KDDI Corporation Integrated Report 2015 (Detailed ESG Version) 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

This year, KDDI renamed its Sustainability Report to the Integrated Report (Detailed ESG Version) (hereafter "Report"). Along with enhancing their relationship to the Integrated Report, the comprehensiveness of its information, and the delivery of ESG information to target investors, KDDI communicates the essence of their approach and efforts to sustainability to a wide range of stakeholders with its CSR website. In the 2015 Features section of the CSR website, KDDI focuses on its various efforts in the value chain and the employees responsible based on their continued endeavors to diversity and inclusion. Ties can be seen to the

personal philosophies introduced by each activity and employees, and the KDDI Philosophy can be seen being utilized in the work done.

In the Report, the four material issues for CSR are classified by ESG, and each specifies the recognition of issues, the risk and opportunities for KDDI, management, and KPI, followed by a detailed report of activities in the pages that follow. KDDI's effort to create a robust report that is clear in materiality can be felt. As the name "Detailed ESG Version" implies, the Report makes effort to maintain the comprehensiveness of ESG information and expands the employment and other data compared to the previous year. KDDI can also be commended on its effort to proactively release pertinent information whatever it may be, such as issues arising from the Employee Awareness Survey, failure to acquire OHSAS18001 certification for occupational health and safety, and falling to second place in customer satisfaction surveys.

With respect to specific activities, KDDI is putting effort into its Mobile Phone Learning Classes to educate the public for its first material issue, "Creating a Safe and Secure Information and Communications Society". KDDI not only uses participant feedback to improve the material and programs of the Mobile Phone Learning Classes, but also for the development of safer and more secure products to provide new smartphones for juniors and seniors, in effect, achieving an integration of operations and CSR activities.

For the material issue, "Initiatives to Conserve the Global Environment", KDDI calculated and released their greenhouse gas emissions from FY2012 to FY2014 for all Scope 3 items. Not only did they verify the calculation results through a third party, but they engaged in dialogue with experts on how to utilize them,

Third-Party Opinion

advancing their efforts to further reduce their environmental load. Furthermore, KDDI is promoting their efforts outside Japan by spreading their environmental technology to developing countries such as the introduction of their environmental-friendly tribrid base stations to Indonesia.

For diversity, KDDI has received awards for its efforts in the advancement of women and a grand prize commending them as a role model for persons with disabilities. One can say that their steady efforts to promote initiatives have been recognized.

2. Areas for Improvement

The Internet society is expanding rapidly due to the proliferation of mobile phones and smartphones. While they have increased convenience in society, social issues like devices being used for money transfer scams and revenge porn have emerged and complicating problems of the Internet society. As a company that provides Internet and mobile services, KDDI is expected to face the negative aspects of the Internet society head on and make further efforts to promote initiatives.

With the aim of expanding operations overseas, KDDI must determine conditions and issues of each country and region from a risk management standpoint. They will need to create systems that can respond to each country and region, and expand its organizational activities to include responses to risks of conditions that differ from those of Japan, such as human rights and anti-corruption.

I expect that KDDI will tie together (fuse) risk (social issues) and return (social convenience), and overseas efforts (local response) and their headquarters (overseas management) under the belief that "the KDDI Philosophy is the basis of CSR Management" stated

in the Message from the President, and like the fusion that can be seen by their Integrated Report, progress with a more integrated operation.

Third-Party Opinion

Our Response to the Third-Party Opinion



Shinichi Muramoto
Executive Officer
General Manager, General Administration &
Human Resources Division
Corporate Sector KDDI Corporation

I would like to show my appreciation for the valuable response to our Integrated Report 2015 Detailed ESG Version.

With this year's report we strengthened the delivery of ESG information to investors by proactively and comprehensively disclosing data that we felt was important. Furthermore, we endeavored to make the KDDI Philosophy, which holds our approaches and values that each KDDI employee should share, easier to communicate by exhibiting its use in business activities. We are extremely pleased to receive the two positive evaluations from Ms. Akiyama.

Notwithstanding, for the issue of "Creating a Safe and Secure Information and Communications Society", she noted that we are making further efforts to promote initiatives to face the complicating problems of today by committing to implement Mobile Phone Learning Classes to increase knowledge to prevent

problems. We will continue to listen to customer feedback to evolve and develop Internet and mobile services from a customer perspective and make every effort to resolve social issues. Ms. Akiyama also noted that she expects us to have "a more integrated operation". In this aspect, we will make further efforts to introduce continuously improving plans that include overseas operations to create a sustainable society.

Scope 3 Greenhouse Gas Emission Verification Report

Scope3 Greenhouse gas emission verification report

Messrs. KDDI Corporation

June 26, 2015
Waseda Environmental Institute



Waseda Environmental Institute. (hereinafter, WEI) made verification of the calculation results for greenhouse gas emission for Scope3 in the period from April 1, 2014 to March 31, 2015 that KDDI CORPORATION (hereinafter, KDDI) reported on website.

1. Scope of the verification

KDDI requested WEI to verify the accuracy of following greenhouse gas emission information.

- Scope3 greenhouse gas emission
 - It is based on Basic Guideline Ver2.1 on greenhouse gas emission calculations through supply chain.
 - All Scope3 greenhouse gas emission ranging from Category 1 to Category 15

2. Verification methods

WEI conducted following activities for verification, based on the requirements of ISO14064-3, to give the limited assurance.

- Interview to the parties in charge of identifying and calculating the greenhouse gas emission
- Confirmation of methods of collecting, totalizing, and analyzing information used to determine the greenhouse gas emission of KDDI
- Sample audit of source data for checking the accuracy of greenhouse gas emission

3. Conclusion

According to the verification activities and process conducted, the evidence showing that the claim of greenhouse gas emission was as follows was not found.

- It lacks accuracy remarkably and does not indicate the greenhouse gas emission data in the scope properly.
- It is not prepared according to the greenhouse gas emission calculation method provided by KDDI.

Greenhouse gas emission validated

Scope3	4,740,493t-CO2
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