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
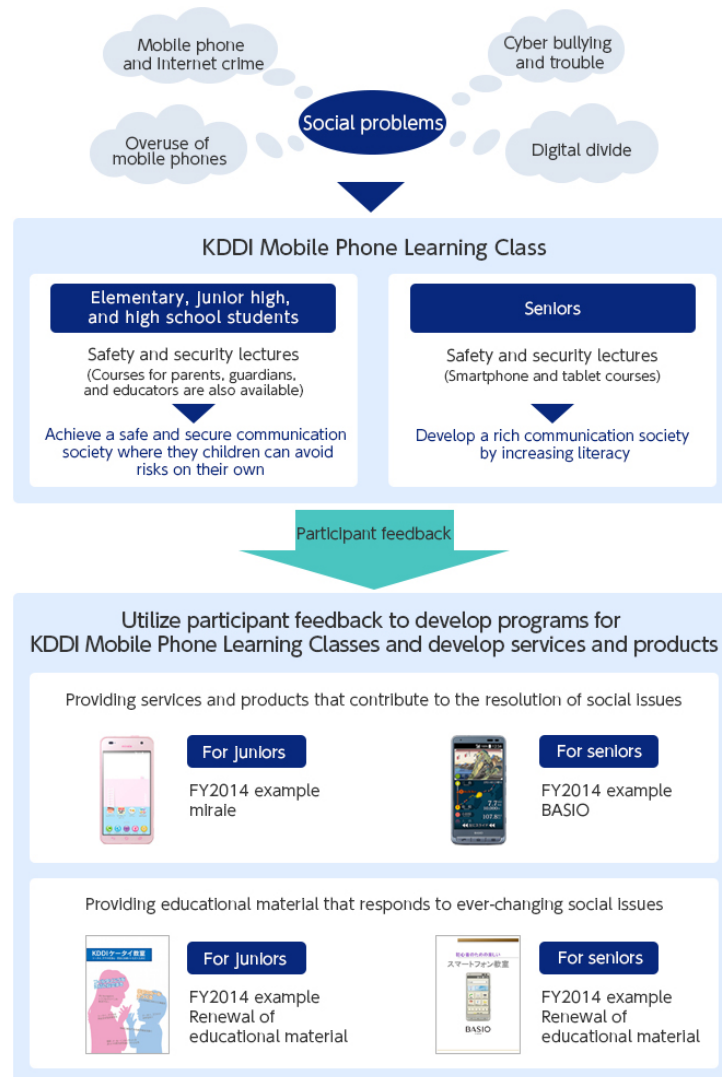
Highlights of FY2014 Activities

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

19

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	Grades1-3	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	Advanced Course	
Senior High School Students				
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

Return to INDEX

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 Mobile Phone Learning Class for Seniors

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.

| 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.

Lesson in information ethics

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.

| 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

Open Class in Empirical Study in Education using ICT

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

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 (Sawara-ku, 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

miraie

and guardians but the views of children themselves and were developed based on the views of stakeholders gathered at mobile phone learning classes.

◇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.

mamorino3

* Certification number: KSM-P001

| 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

BASIO

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.

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.

The Simple Phone K012

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.

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 disordered, 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 conductive 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.
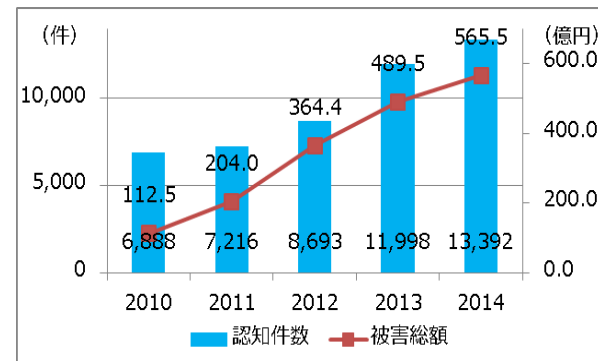
❏ Measures Against Money Transfer Scams (Japanese)
❏ KDDI introduces Nuisance Call Light-up service for protection against money transfer scams and other nuisance calls (Japanese)

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

Example of screen display

to notify the user by pop-up when an app accesses user information (address book, location information, phone number) and block such access.

| 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 personal information being leaked as a result 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.
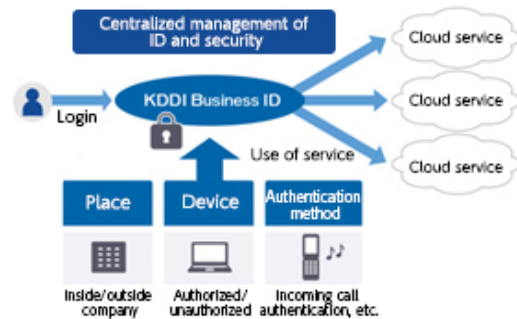
| Service | **Safety of Electrical Waves**

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

Safe Net-making Promotion Conference

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

| 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 consolidaing 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 Study[SM] 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

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

where upgrading of the telecommunications infrastructure is urgently needed.

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
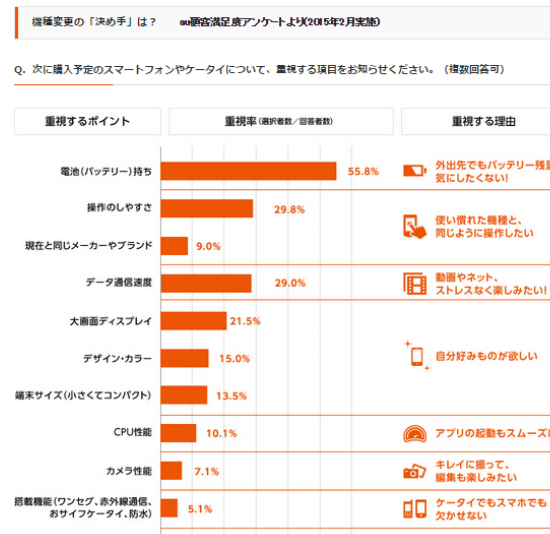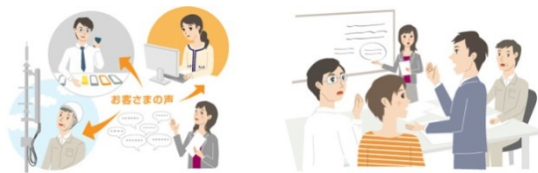
| Initiative |
Action! – Acting on Customers' Views

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.

KUG KDDI ENTERPRISE USERS' GROUP

| 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.

au shop staff demonstrate their customer service skills

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.

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 consulters 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 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

"KDDI Diversity" handbook

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.

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 embrace 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 au 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

Mobile phone handset disassembly

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.

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

Deaf school students assembled at KDDI

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.

| 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
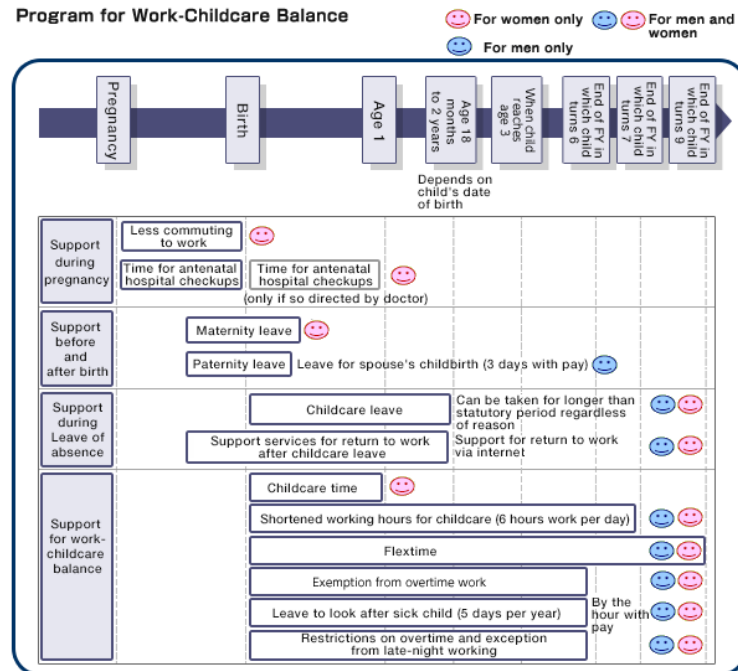
with their superiors and take part in e-learning courses. Systems such as these help to ease the sense of uncertainty that employees may feel while on leave. We also have an adjustable work hour system. The scheme is flexible and allows employees to adjust working hours to their availability.

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
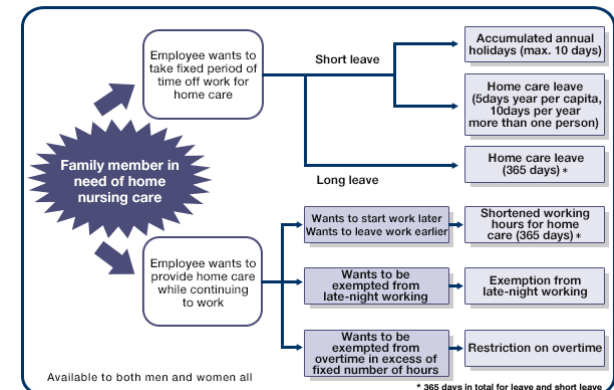
Promoting Diverse Work Styles

| 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

Use of the teleworking system

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.

| 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 Price, 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

Refresh Room

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.

| 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.

Correlation between Position/Qualification and 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.

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.

Practical Skills Training for Employees Working Overseas

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

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

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

53

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

Smartphone Course x Bread Taxi Tour in Kobe

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.

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

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

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.

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

Video conference

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.

❏ 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.

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

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.

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

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.

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

A KDDI employee leading a career education class

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

Science class at Tohoku University

| 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 Painekon 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

Accepting trainees from overseas

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 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

Relay station under construction (Cambodia)

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

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.

Japanese staff check the completed sensor

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

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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

Presentation of project outputs by KDDI staff at APT Development Conference

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.

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).