Four Material CSR Issues

Policy   KDDI Group

Material Issues

By determining and implementing four CSR material issues based on various matters in all our business activities and global social issues, we contribute to the sustainable development of society and growth of our business.

| Offering Reliable Information and Communications Services | Creating a Safe and Secure Information and Communications Society | Vitalizing the Company by Developing a Diverse Workforce | Initiatives to Conserve the Global Environment |

Process for Identifying and Reviewing Material Issues

STEP 1
Recognize and organize social issues that need to be considered
We conducted an analysis of social issues surrounding KDDI. We identified social issues by taking into account GRI G4, SASB, ISO 26000, and other global frameworks, domestic social issues, and CSR evaluation items, in addition to our own policy.

STEP 2
Prioritize and confirm relevance
We prioritize the issues identified in STEP 1 to specify the four most important issues in two axes -- (1) company (stakeholder) interest and (2) CSR issue for the sustainable growth of KDDI.

STEP 3
Identify material issue
The four identified material themes were examined by the CSR & Environmental Committee (currently the CSR Committee) and designated as material CSR issues of the KDDI group.

Infusion   KDDI Group

## Dissemination of Material CSR Issues

KDDI works to disseminate designated material CSR issues throughout the entire group (responsible department: KDDI CSR & Environment Management Department).

Furthermore, we hold proactive dialogues with stakeholders, and apply the opinions and advice to the promotion of future CSR activities.

Link Website   Stakeholder Dialogues

Social Issues and the Four Material Issues for CSR
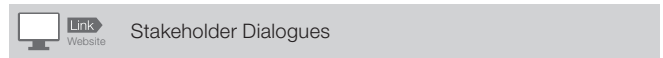
Target scope of material issues		Measures for dissemination
Inside company	KDDI and 165 group companies	・Spread awareness through the intranet and internal newsletters ・Implementation of e-learning
Outside company	Business partners	Spread awareness through the "KDDI CSR Procurement Policy" and "KDDI Guidelines for CSR in Supply Chain"
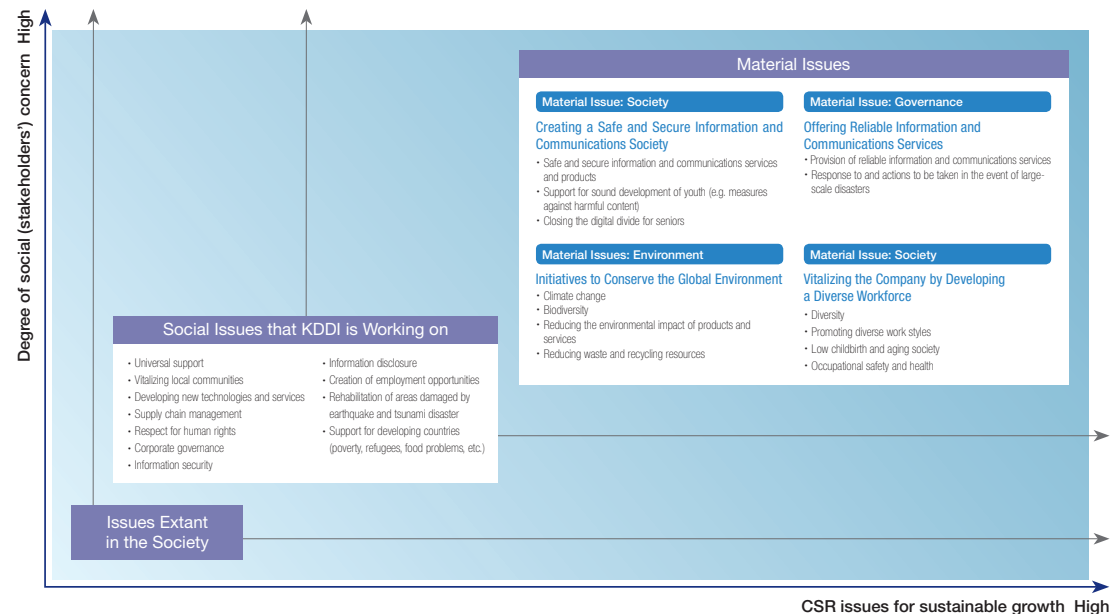
Four Material CSR Issues

Activity and Results　　　　　　　　　　　　　　　　　　　　　　　　　　　　　　　　　　　　　　　**KDDI**

Targets, Results and Issues in Material Issues for CSR

The chart below provides an overview of the principal targets and results of the material issues for CSR during FY2016 and reports the main issues for FY2017 and their countermeasures.

<Indicators of Priority>
Items are evaluated as A, B, or C, in order of priority

<Evaluation Indicators>
A+: Significant achievements made on the issue
A: Certain achievements made on the issue
B: Action was taken, but with no achievements
C: No action was taken

	Priority	Material Issue	Target and KPI	Boundary		FY2016 Activity Results	Evaluation	Future Issues
				Within organization	Outside organization			
Governance	A	Provide stable information and communication services (Further strengthen large-scale disaster response measures)	・Achieve 100% improvement of issues identified in disaster countermeasure training drills	●	●	・Achieved 100% improvement of issues	A	・Form a quick and accurate information collection system for afflicted areas ・Strengthen more satellite network environments that utilize satellite antennas for stationary ships
	B	Strengthen system for promoting CSR activities	・Discuss next environmental conservation plans in CSR Committee and implement PDCA for CSR activities	●		・Formulation and announcement of the Fourth Environmental Conservation Plan (KDDI GREEN PLAN 2017-2030) ・Redefining of material issues for CSR referencing SDGs	A+	・Progress reports on the Environmental Conservation Plan ・Promote CSR initiatives through business ・Spread socially required CSR initiatives throughout the company ・Improve employee knowledge and awareness of CSR
	B	Spread philosophy and criteria	・Continue dissemination activities on the KDDI Group Philosophy ・Spread revised KDDI Code of Conduct	●		・Total number of participants in the KDDI Group Philosophy study meetings 24,787 ・Achieved 87% participation in e-learning program on KDDI Code of Conduct ・Distribute lecture emails regarding compliance to all employees	A	・Continue dissemination activities on the KDDI Group Philosophy ・Continue delivery of lecture emails regarding compliance

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	Priority	Material Issue	Target and KPI	Boundary		FY2016 Activity Results	Evaluation	Future Issues
				Within organization	Outside organization			

Society	A	Realize a safe and secure information and communication-oriented society (Improve quality of KDDI Smartphone and Mobile Phone Safety Classes)	· Consider measures to improve KPI (Review program to the diversification of trouble and respond to new classes of seniors)	●	●	· Achieved a score of 93.7 for satisfaction with classes for juniors
						· Achieved 82% satisfaction with classes for seniors
						· Newly established a course for learning disaster prevention (classes for seniors)
							A	· Enrich various programs to respond to the diversification of trouble
								· Classes for juniors Instructor satisfaction: 94%
								   Material satisfaction: 94%
								   Intention to reapply: 92%
								· Classes for seniors Satisfaction: 83%
								   Utilization: 85%

	A	Create a vigorous company by cultivating diverse human resources (Further promote diversity)	· Promote measures to achieve 200 female line managers by the end of FY2020	●		· Number of female line managers: 111 (As of April 1,2017)	A	· Promote measures to achieve 200 female line managers by FY2020
	B	Promote supply chain CSR	(1) Publication of KDDI Supply Chain CSR Guidelines to business partners (2) Achieve almost 100% collection rate of CSR procurement questionnaire (3) Implement audits of industrial waste management consigned companies and mobile phone disassembly consigned companies	●	●	(1) Published KDDI Supply Chain CSR Guidelines to business partners (2) Achieved almost 100% collection rate of CSR (3) Implemented audits of industrial waste management consigned companies and mobile phone disassembly consigned companies	A	· Cooperate with business partners to promote CSR · English translation of KDDI Guidelines for CSR in Supply Chain
	B	Respond to human rights	· Promote human rights education for all employees	●	●	· Performed e-learning about responding to LGBT issues · Assessed human rights risks through stakeholder dialogues · Attend international meetings regarding business and human rights	B	· Further plan of educational activities for respecting human rights
	A	Consider and implement new measures aimed at regional revitalization	· Continue support activities linked to regional revitalization	●	●	· Executed the Shimamono Project in Kikaijima, Kagoshima Prefecture	A+	· Execute the Shimamono Project in 1 or more areas a year · Strengthen partnerships with local governments, NGOs, and NPOs

| Disclosure of CSR Information | Top Message | KDDI Business and Strategies | KDDI's CSR | KDDI Code of Business Conduct | CSR Promotion Framework | Stakeholder Engagement | Four Material CSR Issues | Material Issues - Highlights | CSR Initiatives Through Business | CSR Initiatives Supporting Operations | External Assessment | CSR Data |

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Environment	A	Initiatives for global environmental conservation (Roll out Third Medium-term Environmental Conservation Plan)	・Reduce power consumption (compared to when no energy- saving measures are taken) by 30% by FY2016	●	●	・Target achievement 41.8% constraint	A+	・Execute KDDI GREEN PLAN 2017-2030 ・Climate Action ・Creating a Recycling-Oriented Society ・Conservation of Biodiversity
			・Reduce power consumption per subscriber (compared to FY2011) by 15%			・Target achievement 38% reduction	A+	
			・Construct 100 tribrid base stations (Target for FY2012)			・Constructed 100 tribrid base stations (end of March 2013)	A+	
			・Achieve zero emissions for retired telecommunications facilities Achieve final disposal rate of 1% or less (Zero emissions is defined as having a final disposal rate of 1% or less)			・Target achievement 0.4%	A+	
			・Achieve recycling rate of used mobile phone material of over 99.8%			・Target achievement 99.8%	A	
			・Achieve recycling rate of general waste material for KDDI buildings and headquarters of over 90%			・Target unachieved 83.6%	B	
	A	Formulation of Fourth Medium-term Environmental Conservation Plan	・Consider medium-term plan for FY2017 onwards	●	●	・Formulation and announcement of KDDI GREEN PLAN 2017-2030	A+	

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Environment	B	Understand the supply chain issue	· Consider future reduction measures by understanding the trends of the past 3 years (To be reflected in next environmental conservation plan)	●	●	· Calculated and announced all 15 items of Scope 3 for FY2015	A	· Continuously consider future reduction measures by understanding the trends of the past 5 years
	B	Reinforce environmental communication	· Respond to issues identified through engagement	●	●	· Further promoted CSR procurement and green procurement	A	· Implement e-learning of KDDI GREEN PLAN 2017-2030 for all employees
	C	Promote biodiversity conservation	· Consider new initiatives for biodiversity conservation	●	●	· Executed forest surveys using tablet devices and solution services, and began new initiatives to prevent damages from pest animals	A	· Execute new initiatives for biodiversity conservation

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Policy and System KDDI

Redefining of Material CSR Issues

In 2008, KDDI identified material issues for CSR. However in recent years, the state of society has seen major changes for creating a sustainable society such as the United Nations' Sustainable Development Goals (SDGs) and the adoption and effect of the Paris Agreement at COP21. To reflect these international changes, we are currently redefining our material issues and reconfirming whether they are in line with the current state of society.

For the determination of material CSR issues, we verified issues from two axes -- the "effect on stakeholder evaluation and decision-making" and the "effect of KDDI on society, the environment, and finance" based on the GRI Standards. In this verification we used SDGs as the focal point of stakeholder evaluation. During the verification process, we investigated and mapped our current material issues and business activities and their relationship to the 17 SDGs (169 targets).

The relevance of the new material issues will next be verified through dialogues with external experts and the engagement of various stakeholders, and in FY2017, the formulated material CSR issues will be released. KDDI will spread them throughout the company to conduct business activities with the awareness of contributing to the SDGs.

Activity KDDI

KDDI's Contribution to SDGs

Since January 2017, KDDI has acted as a director of GSMA, which represents mobile telecommunications operators worldwide. GSMA has made their approaches to contribute to the 17 goals laid out in SDGs. Using the big data kept by telecommunications operators when disasters occur, they started the "Big Data for Social Good" initiative to contribute to humanitarian aid in February 2017, involving KDDI as well.

Relationship of SDGs to KDDI Business and CSR

	1 No poverty	2 No hunger	3 Good health and well-being	4 Quality education	5 Gender equality	6 Clean water and sanitation	7 Affordable and clean energy	8 Decent work and economic growth	9 Industry, innovation and infrastructure	10 Reduced inequalities	11 Sustainable cities	12 Responsible consumption and production	13 Climate action	14 Life below water	15 Life on land	16 Peace, justice and strong institutions	17 Partnerships for the goals
Offering Reliable Information and Communications Services							●	●	●		●		●				●
Creating a Safe and Secure Information and Communications Society				●					●							●	●
Vitalizing the Company by Developing a Diverse Workforce					●			●		●							●
Initiatives to Conserve the Global Environment							●		●			●	●	●	●		●
Other Issues		●		●		●			●							●	●
Business Activities	●		●	●			●	●	●			●	●			●	●