SUSTAINABILITY REPORT 2019

English Version



The KDDI Group Mission Statement

The KDDI Group values and cares about the material and emotional well-being of all its employees, and delivers a thrilling customer experience by always going further than expected with the ultimate goal of achieving a truly connected society.

The KDDI Group Philosophy

Chapter 1: Vision

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

Chapter 2: Management Principles

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

Chapter 3: Professional Mindset

We set specific goals with a pure and aspirational mind. Once our targets are set, we will drive ourselves to keep going with a strong commitment until we achieve success. Then we will share the fruits of our accomplishments.

Chapter 4: Way Forward

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

Chapter 5: Formula for Success

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

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• Network Quality Management and Improvement
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 ② Cyber Security and Privacy Protection
Information Security
 Fulfilled Life Brought through ICTs
Regional Revitalization Initiatives
Innovation Management
Responsibility for Products and Services
Initiatives Outside Japan
Rewarding Workplaces for Diverse Talents
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> President's Message



Tomorrow, Together In addition to realizing the "integration of telecommunications and life design," we endeavor to provide solutions to social issues and help achieve a truly connected society.

O ur Mission Statement and Sustainability Activities

In the KDDI Group Mission Statement, we state our goal: to achieve a truly connected society. In addition, we are working to promote sustainability as part of our business strategy to provide solutions to social issues and spur the sustainable growth of society.

As a telecommunications operator, KDDI both provides a component of vital social infrastructure and benefits from leasing a limited public good, radio frequencies, to provide services. Our mission, therefore, is to provide stable service 24 hours a day, 365 days a year, no matter the conditions. In line with this mission, we work hard to maintain resilient and high-quality telecommunications systems. Overseas, we build stable communications environments, with a focus on emerging Asian countries where such environments are not yet established, thus helping to spur local economic development and improve people's lives. Furthermore, since the deregulation of the telecommunications industry, we have collaborated with various partner companies to provide new experience value to customers while staying true to our open-minded partnerships and our history of consistent competitiveness.

A Foundation Built Upon the KDDI Philosophy and Corporate Governance

The foundation of our sustainability activities comprises the KDDI Philosophy, which has been instilled in top management and employees as a common set of policies and code of conduct since our founding, and our consistent activities to enhance corporate governance, which ensures transparency and fairness. Moreover, we value all our stakeholders, their voices and working together. Our stakeholders include customers, partner companies, shareholders, local communities, governments and other people who support us. Our dialogues and co-creation efforts guide us as we tackle the six Material Sustainability Issues company-wide.

Web Link KDI

DDI's Material Sustainability Issues

P romoting Sustainability under the Medium-Term Management Plan

The international community's drive to tackle global social issues has been gaining momentum, as evidenced by the UN Sustainable Development Goals (SDGs), the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, and the Paris Agreement signed at the 21st session of the Conference of the Parties (COP21) to the UN Framework Convention on Climate Change. To more thoroughly promote sustainability, we outlined the SDGs we will focus on in the next three-year medium-term management plan (April 2019-March 2021). We set targets that are tied to business strategies, encompassing telecommunications, global business, regional revitalization, education, and finance as well as to corporate activities, including developing human resources, supporting women's advancement in the workplace, respecting human rights, promoting diversity and inclusion, and conserving the environment. As we strive to reach these targets, the entire company will continue working together over the medium to long term to provide solutions to social issues.

Web Link Medium-Term Management Plan (FY2019–FY2021)

m. Takahashi

President, KDDI CORPORATION

KDDI will continue to expand its businesses in growth fields, focusing on conventional telecommunications—the foundation of our business—at the core. Through these efforts, we aim to further promote the "integration of telecommunications and life design"—the core of our business strategy—while connecting people and companies and society. We are creating new value to build an exciting future and will enhance our corporate value and help communities prosper through sustainable growth.

Thank you for your support and guidance regarding these and other efforts past and future as the KDDI Group moves into the future.

> September 2019 Makoto Takahashi President, KDDI CORPORATION

stainability is indispensable to the realization of the KDDI Group Mission tement of achieving a truly connected society. To date, we have promoted tainability by raising awareness of the KDDI Group Philosophy and the KDDI de of Business Conduct, strengthening corporate governance, and taking asures to address material sustainability issues. However, under the dium-term management plan (FY2019–FY2021), we reiterate our commit- nt to contributing to the sustainable growth of society as part of our overall on and clarify the SDGs KDDI is focused on. Through these measures we will thribute to society's sustainable growth.		The KDDI Group v well-being of all its experience by alw	oup Mission S values and cares ab s employees, and d rays going further th a truly connected so	out the material and elivers a thrilling cu an expected with th	stomer		
		Brand Messa	age				
		Tom	orrow, To	gether	Explore t	he extraoro	dinary
				KDDI			au
edium-Term Management Plan	/ _	Componed					
Y2019-FY2021) The KDDI Group			ne customer can osest to	A company that produce ex		Contributing to the sus growth of societ	
Mission Statement		KDDI's Targe	et SDGs				
		Social Issues to Be Solv		Comparable SDGs	Social Issues to Be Solve	I through Corporate Activities	Comparable SDGs
Brand Message		Telecommunications	Building a safe and resilient information and telecommunications-based so		Human Resource Development	Enhancing expertise and providing autonomous career development	4 CONUTY EDUCATION
Company Vision		Global Business Regional	Promoting economic developm in countries with inadequate infrastructure Building communities	NT NOR CARRY BOARD	Support for Women's Advancement	Realizing workplaces where diversity is respected	5 feautr T
Business Strategy • Financial Objectives		Revitalization Education	where everyone can prosper Training the next generation of human resources		Respect for Human Rights, Diversity & Inclusion	Realizing diverse work styles	8 ECCRY WORK AND ECONTINUES CARDINA
Strengthen Management Infrastructure		Finance	Providing financial services an can easily use		Environmental Conservation	Contributing to a sustainable global environment	13 tenter
The KDDI Group KDDI Code of Corporate Philosophy Business Conduct Governance		Partnership	Cor	X tribute to solutions for social issue	es in partnership with stakeholde	8	17 HETINGGINES HETINGGINES
	_	Material Sus	tainability Issu	Ies			
			afer and more resilient c		4 11 Re	warding workplaces for divers	se talents
		2 1 C	yber security and privac	y protection		spect for human rights and ness in business	
		3 📅 Fi	ulfilled life brought throu	gh ICTs	6 🔅 An	energy-efficient, circular eco	nomy

Value Creation

KDDI's Commitment to Sustainability

• KDDI's Commitment to Sustainability • Sustainability Promotion Framework • Our Business and Strategies



Top Message KDDI's Commitment to Sustainability KDDI's Target SDGs Materiality Materiality ① Materiality ② Materiality ③ Materiality ④		
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KDDI's Commitment to Sustainability Sustainability Promotion Framework Our Business and Strategies

Sustainability Promotion Framework

	KDDI Group
The KDDI Group Philosophy	Philosophy

The KDDI Group Philosophy expresses the attitudes, values and behavior that all of us - officers and employees - need to exhibit in order to achieve our corporate philosophy. The KDDI identity and KDDI vision that we must embrace as a telecommunications operator are incorporated throughout. The KDDI Group Philosophy is the foundation of our sustainability initiatives and is the basic stance KDDI officers and employees must adopt. By putting the KDDI Group Philosophy into practice, we aim to be a company admired and trusted by all stakeholders.

Web Link	The KDDI Group Philosophy	>

	KDDI Group
KDDI Code of Business Conduct	Policy

We established the KDDI Code of Business Conduct in 2003 as a set of specific guidelines for understanding and practicing the KDDI Group Mission Statement and the Group Philosophy. All of our executives and employees maintain a high sense of ethics and execute their duties in compliance with the KDDI Code of Business Conduct.

In April 2016, we revised it to enhance KDDI Group management in response to changes in laws and regulations as well as in the social climate. Each group company also establishes or reviews the code of conduct for themselves based on the KDDI Code of Conduct, taking into consideration the characteristics of their business.

Happiness of Our Employees and Vibrancy in the Company

I. Respect for Human Rights and Individuality

- II. Conscientious Performance of Duties
- III. Respect for Intellectual Properties

Earning our Customers' Satisfaction and Trust

IV. Provision of Services That Respond to the Trust and Confidence of Our Customers

V. Promotion of Fair Business Activities VI. Management of Information to Protect the Confidentiality of Communications and Customers' Information

Confidence of Our Shareholders and Business Partners

VII. Practice of Open and In-depth Communication VIII. Prevention of Insider Trading

IX. Appropriate Accounting and Adherence to Agreements

Development of the Society

- X. Environmental Conservation
- XI. Rejection of Organized Crime Groups
- XII. Contribution to the Development of the International Community

KDDI G The KDDI Group Philosophy, Group-wide Efforts Activity & Resul

FY2018 results of our actions KDDI Group Philosophy Study Sessions

• KDDI Gloup Fillosophy Study Sessions						
For divisions' general managers	4					
For departments' general man- agers/ new group leaders	2/8					
For new employees	3					
For all employees	For all employees: 450 Total number of participants: 12,207 Level of understanding: 93.0% Level of passion: 94.1%					
At group companies in and out- side Japan	7 (In Japan: 2, outside Japan: 5)					

· Training for new recruits (for regular employees) "Compliance: basic practices" (100% participation rate)

• E-learning (for regular employees)

"Insider Trading Regulations" "How to Interact with Business Partners" "Preventing Misrepresentation" "Unconscious Bias" "Power Harassment"

Results: Distributed monthly

• E-mail magazine about the KDDI Code of Business Conduct For regular and contract employees, temporary staff and subcontracted employees

· Survey about the Business Ethics Helpline For regular and contract employees, temporary staff and subcontracted employees Period: November 2018–December 2018 Results: 79% awareness of the Business Ethics Helpline

· Group companies' training on governance

For executives of group companies 95 participants Evaluation: Satisfied 100%, Beneficial 100%







	Corporate Management Co	mmittee
	Report	
Si	ustainability Committee (convene	es twice a
	Chair	
C	Company President	
Pe	ermanent Members	
Executiv General Manager, Corp	of All Businesses and Corporate Sectors e Director, Corporate Sector lorate & Marketing Communications Se Manager, Technology Sector	7
General Manage General Man	ager, Life Design Business Sector r, Global Consumer Business Sector ager, Consumer Business Sector nager, Solution Business Sector	
General Manager	; Product & Customer Service Sector	
	sident, KDDI Foundation	
Aud	dit & Supervisory Board	
Discussions related to promo KDDI Group Human Rights F Example topics: • Prohibition of child labor or • Prohibition of discrimination in sex, faith, nationality, age, se • (Relating to telecommunication dentiality of communications, and land purchases related to Environment Discussions of matters related		E)
Discussions related to promo KDDI Group Human Rights F Example topics: • Prohibition of child labor or • Prohibition of discrimination in sex, faith, nationality, age, se • (Relating to telecommunication dentiality of communications, and land purchases related to Environment Discussions of matters related ability initiatives and environn vened twice a year)	oting human rights based on the Policy (convened as needed) forced labor In business activities (based on race, xual orientation, gender identity, etc.) ons business) Protection of confi- , protection of freedom of expression to the construction of base stations at Subcommittee ad to policy and plans for sustain- nental conservation activities (con-	E>
Discussions related to promo KDDI Group Human Rights F Example topics: • Prohibition of child labor or • Prohibition of discrimination in sex, faith, nationality, age, se • (Relating to telecommunication dentiality of communications, and land purchases related to Environment Discussions of matters relate ability initiatives and environn vened twice a year) Green Plan	bing human rights based on the Policy (convened as needed) forced labor n business activities (based on race, xual orientation, gender identity, etc.) ons business) Protection of confi- , protection of freedom of expression o the construction of base stations al Subcommittee right to policy and plans for sustain-	E

Reporting progress on and analysis of KDDI Green Plan 2017–2030

FY2019 Sustainability Action Policy



ed in September and February)

• Formulating KDDI's Target SDGs, which are linked to the medium-term management plan

Our Business and Strategies



Tomorrow, Together

In addition to realizing the "integration of telecommunications and life design," we endeavor to provide solutions to social issues and help achieve a truly connected society.

KDDI will make further progress in the integration of telecommunications and life design with the aim of expanding the peripheral businesses around telecommunications, as well as achieve new value creation in the 5G/IoT era both in Japan and around the globe, and pursue efforts to provide new experience value that exceeds the expectations of customers.

Under the new KDDI brand slogan of "Tomorrow, Together" and the new au brand slogan of "Explore the extraordinary," KDDI will contribute to the development of an affluent communications-oriented society by promoting seven business strategies aimed at achieving the three components of the company vision.

The KDDI Group Mission Statement

The KDDI Group values and cares about the material and emotional well-being of all its employees, and delivers a thrilling customer experience by always going further than expected with the ultimate goal of achieving a truly connected society.



- The company the customer can feel closest to · A company that continues to produce excitement
- · Contributing to the sustainable growth of society

Business Strategies

Creating Innovation toward the 5G Era

We will actively roll out 5G services as basic next-generation infrastructure, develop businesses through co-creation with various partner companies, and promote open innovation that incorporates the innovative ideas and advanced technologies of startup companies. In this way, we will create new experiential value and actively utilize 5G services for regional revitalization businesses.

The Integration of Telecommunications and Life Design

We aim to achieve sustainable growth in the consumer business by enhancing engagement with customers across the group, maximizing lifetime value (number of customers (ID) × total ARPA × continuation rate) and breaking new ground in life design fields, especially in the area that is our business foundation, telecommunications,

We aim to achieve sustainable growth with customers in the corporate business by supporting their digital transformation and realizing the integration of telecommunications and life design for corporate clients in Japan and overseas.

Further Expansion of Global Business

We aim to expand our market in Asia applying insights and know-how cultivated in our consumer business in Japan to the consumer business overseas. In addition, in our corporate business, we are striving to further expand our global ICT business by integrating our domestic and overseas operations, centering on KDDI IoT World Architecture and our data center business.

Utilizing Big Data

We are working to thoroughly understand customers by utilizing data and to maximize experiential value through proposals that customers find comfortable. In addition, with the rapid spread of networks and digitization in advance of upcoming 5G/IoT technologies, we are promoting the digital transformation of client companies by using big data in various industries.

Expanding the Finance Business

Electronic settlement and financial services are becoming increasingly familiar parts of customers' daily lives due to the central position of smartphones in people's lives. By offering smartphone-centric financial experiences, we aim to strengthen that engagement and achieve profit growth.

Creating Innovation toward the 5G Era





Creating new experience value through collaboration with partner companies

The Integration of Telecommunications and Life Design



Expanding growth businesses centering on telecommunications as a base

Growth as the Group

Company Vision

By maximizing the company's assets and supporting the growth of group companies, we aim to expand and strengthen the group-wide foundation for new growth and maximize synergies.

KDDI's Target SDGs



Financial Target

Philosop

FY2024 Target							
EPS growth		FY2018 → FY2024	1.5 times				
FY2019-FY	2021 Initiatives						
Operating	Operating revenue of life design domain	FY2021 target	¥1.5 trillion				
revenue growth	Operating revenue of new Business Services segment	FY2021 target	¥1 trillion				
Cost reduction	n, etc.	3 years total	¥100 billion (approx.)				
Shareholder re	eturns	Flexible	% payout ratio share buybacks all treasury shares*				

* Except KDDI shares owned by executives' compensation BIP Trust Account and ESOP Trust Account

Sustainability

We set out specific SDGs that we are striving to help achieve through our businesses and corporate activities as a whole, and we promote company-wide sustainability activities to this end. We aim to further enhance corporate value and ensure sustainable growth alongside society by achieving targets that are tied to business strategies in areas encompassing telecommunications, global business, regional revitalization, education, and finance as well as to corporate activities, including developing human resources, supporting women's advancement in the workplace, respecting human rights, promoting diversity and inclusion, and conserving the environment.

Social Issues to Be Solved through Corporate Activities							
Human Resource Development	Enhancing expertise and providing autonomous career development	4 courres					
Support for Women's Advancement	Realizing workplaces where diversity is respected	5 teore					
Respect for Human Rights, Diversity & Inclusion	Realizing diverse work styles	8 EEENTI MISKAAD EEENTIMEEENAIN					
Environmental Conservation	Contributing to a sustainable global environment	13 EUMATE					
		17 FORTHE GOALS					

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	KDDI's Commitment to Sustainability	KDDI's Target SDGs	Materiality					
 Social Issues to Be Solve Social Issues to Be Solve 	0		Global Business R	egional Revitalization • Ed	ucation Business • Finance	cial Business		

➤ KDDI's Target SDGs — Social Issues to Be Solved through Business

Telecommunications Business

-Building a safe and resilient information and telecommunications-based society-



Social Issues

- Decline in quality due to increase in data usage
- Areas exist where signals are weak • Lifelines cut off during natural disasters
- Digital divide for weakest in society
- Population decline, loss of industrial competitiveness

KDDI's Vision

KDDI envisions a society with high-quality communications services that anyone can use without discrimination, and aims to achieve this vision through the provision of reliable fixed-line telephone and internet services while improving the quality of mobile communications. Moreover, the Company has built a resilient network to natural disasters, and has ensured the means to rapidly restore services in the event of damage.

In the fields of 5G and IoT, KDDI is contributing to a society where everyone can live in safety and security through initiatives to solve social issues, including the declining working population and regional economic disparities.

KDDI's Initiatives

To improve the quality of mobile communications, KDDI is sparing no effort to strengthen its networks by expanding the 4G LTE coverage area while improving quality and speeds. At the same time, the Company is developing technologies and building out foundations for the area rollout of 5G and IoT, which are

essential for digital transformation. In preparing for emergency situations, KDDI has built redundancy into its networks and put in place a structure for rapidly reconstructing damaged facilities from the land, sea and air. We also offer handsets and services that everyone can safely and securely use.

Sustainability Targets (Fiscal 2021)

- 4G LTE population coverage over 99.9%
- Provide 5G commercial services in all prefectures
- Reinforce communication stations against flooding and earthquakes, enhance resiliency of routes

Topics

First experiment in Japan Using 5G to Remotely Observe Self-driving Cars In February 2019, KDDI conducted the first experiment in Japan using 5G technology to remotely monitor self-driving cars on public roads. Numerous social issues have emerged as a result of an increase in elderly drivers and people having fewer means of transportation after relinquishing their driver's licenses. To ensure methods of transportation in the future, self-driving car technology and ICTs show promise as solutions for people who face hard-

ship when shopping and for alleviating shortages of bus and taxi drivers, while

also stimulating tourism and the automobile industry.

Successful collaboration Using 5G to Remotely Control Construction Machinery In December 2018, KDDI, along with Obayashi Corporation and NEC Corpora-In the wake of natural disasters, rapidly restoring social infrastructure is of the tion, successfully conducted construction work using 5G to remotely operate utmost importance. Due to the risk of secondary disasters, such as landslides, two construction machinery units at a project site near the Aigawa Dam, which is remote control systems for operating construction machinery from a distance are currently under construction in Ibaraki City, Osaka. expected to improve safety at worksites.

Fiscal 2018 Implemented as part of comprehensive 5G field testing by the Ministry of Internal Affairs and Communications









	KDDI's Commitment to Sustainability	KDDI's Target SDGs	Materiality					
 Social Issues to Be Solved 	d through Business	Telecommunications Business	Global Business	Regional Revitalization • Ed	lucation Business • Finance	cial Business		

➤ KDDI's Target SDGs — Social Issues to Be Solved through Business

Global Business

• Social Issues to Be Solved through Corporate Activities

Promoting economic development in countries
 with inadequate infrastructure –



Social Issues

Slow development of communications environment, economy and industry in developing countries
Digital divide in developing countries

KDDI's Vision

In developing countries, KDDI aims to eliminate the digital divide by offering hardware and software assistance for information communications and helping improve the livelihoods of people in these countries through economic and industrial development and upgrades to telecommunications infrastructure. Through these initiatives, the Company will contribute to the realization of a society where everyone has easy access to communications and information.

KDDI's Initiatives

KDDI is leveraging the experience, know-how and technological capabilities it has accumulated around the world in the communications services business to develop reliable, "Japan-quality" communications services with expanded 4G LTE coverage in Myanmar, Mongolia and other developing countries. By offering inexpensive and fair access to communications networks, we will increase the number of mobile connections in these countries, while contributing to economic development and the realization of more comfortable lifestyles. We are also involved in peripheral businesses other than communications that contribute to sustained growth in these countries.

With the aim of eliminating the digital divide from international society, we proactively participate in ICT projects and offer technological consultations for developing countries, and contribute to the training of technicians through education and training programs in the ICT field.

Topics

■ Delivering "Japan-quality" Reliable Communications Services to Myanmar Since 2014, KDDI has participated in a joint venture with Sumitomo Corpora-

tion and Myanma Posts & Telecommunications (MPT) with the objective of contributing to the economic development and creation of a truly connected society in Myanmar.

Myanmar's telecommunications system used to be considerably outdated compared with other Southeast Asian countries, but it has changed dramatically since the deregulation of the telecommunications sector. In 2013, only 13% of the population had a mobile phone, and

it was rare to see someone using one in public. By 2019, however, the majority of citizens now own mobile phones. Across Myanmar, everyone from children to the elderly has a smartphone in their hands. Nowadays, it is common to see people using the Internet or watching videos, enjoying a new form of communications.

Nobile phones are more than a lifeline essential in the daily lives of people in Myanmar. Their value has shifted and changed from a mobile phone used primarily for communications into a smartphone for consuming music and videos, as well offering a new level of experience.

In addition to expanding service areas for voice and data communications,



Sustainability Targets (Fiscal 2021)

• Reach 70 million mobile connections* in emerging countries where KDDI has a communications business presence

• Total of 6 ICT projects to eliminate digital divide (total for fiscal 2019–2021)

* Number of mobile connections: Number of activated SIM cards (GSMA's "Mobile connections, including licensed cellular IoT")



KDDI has endeavored to improve network quality in collaboration with MPT with the objective of making mobile phones easier to use. Along with MPT, KDDI sent technicians to areas where customers actually use data communications, such as retail facilities and parks, to measure signal strength and data communications speeds, while devising ways to improve the quality of the data communications environment in each and every location.

By advancing the level of data communications, KDDI has been expanding the 4G LTE coverage area in all major cities, including outlying regions in addition to metropolises, since the launch of 4G LTE services with the aim of contributing to the economic growth of all of Myanmar.

As a result of these efforts, as of December 2018, MPT's 4G LTE network coverage has expanded to 314 township jurisdictions that encompass 90% of the entire country. In cities across the nation, people can be seen enjoying music



and videos thanks to the high-quality communications network environment. KDDI's technological capabilities and operational know-how for providing high-quality services are at work across national borders, expanding all the way to Myanmar. We will continue to fulfill our mission of delivering the joys of connectivity to customers around the world.

	KDDI's Commitment to Sustainability	KDDI's Target SDGs	Materiality					
Social Issues to Be Solver Social Issues to Be Solver	0	Telecommunications Business	Global Business R	egional Revitalization • Ed	lucation Business • Finance	cial Business		

KDDI's Target SDGs — Social Issues to Be Solved through Business

Regional Revitalization

-Building communities where everyone can prosper-



Social Issues

• Decline in working population in regions

- Problems passing along know-how due to lack of successors
- Increase in regional economic disparities

KDDI's Vision

KDDI collaborates with partners in a variety of fields, including venture firms, local companies and local educational institutions. By pairing the know-how of partner firms to KDDI's advanced technologies in 5G, IoT and Big Data, we aim to solve local issues and revitalize regions.

Through this vision, KDDI contributes to the realization of a society where both local communities and companies can create new value.

KDDI's Initiatives

KDDI is taking the initiative in solving social issues and revitalizing regional economies by working with local governments and local companies across the nation. Using IoT solutions that involve 5G and drones, we help reenergize local industries struggling to find successors and increase work efficiency through the remote operation of construction machinery. Moreover, our efforts are aimed at helping to eradicate transportation disparities by ensuring means of movement in regions with self-driving cars, eliminate disparities in education through remote education, and revitalize regions through the tourism business

Sustainability Targets (Fiscal 2021)

60 or more projects that use IoT and ICTs for the resolution of regional challenges (total for FY2019-FY2021)

Topics

Reviving the Mackerel: A Project to Streamline Aquaculture with IoT, involving Obama City, Crowd Fishery and KDDI Working with Obama City in Fukui Prefecture, Crowd Fishery Co., Ltd., the without sending out a boat. With the introduction of a Digital Operations Diary* Obama Fisheries Cooperative Association and Fukui Prefectural University, KDDI that uses a tablet for inputting and managing data on feeding locations, feed is participating in the Reviving the Mackerel: A Project to Streamline Aquaculture, dosages and feed times, it is possible to turn the experience and gut feeling intended to utilize IoT to make fish farming more efficient. know-how of veteran fishermen into data points.

In 1974, Tagarasu in Obama City alone hauled in 3,580 tons of mackerel, a time when the mackerel were practically jumping out of the water into fishing nets. In recent years, however, Obama City has seen its mackerel catch drop significantly, as the volume of mackerel caught across the nation has fallen due to overfishing. In 2015, Obama City caught less than one ton of fish.

It is necessary to expand the scale of fish farming operations in order to ensure profitability in the business. To expand operations, the survival rate of fish must be improved by shedding light on the relationship between water temperature and feed dosage. It is also necessary to create manuals of procedures for breeding fish in order to spread and expand mackerel aquaculture or fish farming. However, fish preserve management and fish breeding depends on the experience and gut feelings of fishermen, areas that are hard to turn into data points, and there are insufficient people willing to learn the trade. By using IoT, fish farming can be turned into data with the aim of more efficiently raising fish based on real-time data.

By installing Umi no Amedasu* IoT sensors at fish breeding zones that take hourly measurements of water temperature, oxygen concentration and salinity transmitted over wireless networks, it is possible to understand onsite conditions

Establishment of KDDI Regional Initiatives Fund No. 1 for Regional Revitalization in Unison with Regions

In April 2019, KDDI and Global Brain Corporation, a major independent venture Venture firms and local companies that are strongly motivated to solve regional capital firm headquartered in Shibuya Ward, Tokyo (President: Yasuhiko issues will play key roles in finding solutions to the various problems faced by Yurimoto), jointly established the KDDI Regional Initiatives Fund No. 1 (KRIF1) local communities. Through assistance for companies provided through KRIF1, for the purpose of investing in local companies and venture firms that promote we aim to solve social issues and revitalize regional economies, working with regional revitalization. local communities and companies to achieve the sustainable growth and This initiative will provide IT solutions and human resources, assist with human development of society.

resource training through local educational institutions, and strongly back local companies and venture firms with financing to promote regional revitalization.



By analyzing correlations between the data related to fisherman know-how and data about the external environment obtained from IoT sensors, we are trying to increase fish farming efficiency and solve the issue of training successors. Obama City, Crowd Fishery and KDDI are deploying IoT to help revitalize

regions and develop the fishing industry.

* Umi no Amedasu and Digital Operations Diary are systems developed by Future University Hakodate



	KDDI's Commitmen Sustainability	t to KDDI's Target SDGs					
Social Issues to Be Solved	d through Business	Telecommunications Business	Global Business	Regional Revitalization Ec	lucation Business • Finar	ncial Business	

• Social Issues to Be Solved through Corporate Activities

➤ KDDI's Target SDGs — Social Issues to Be Solved through Business



Social Issues

human resources—

- Need for training human resources responsive to globalization
- Insufficient education opportunities for children to thrive in society
- Insufficient learning opportunities for children in developing countries

KDDI's Vision

KDDI aims to broadly provide venues for children to learn lifelong skills through work and social experiences, in addition to offering opportunities to learn foreign languages, with the intention of contributing to the development of a sustainable society by solving issues faced by children in an increasingly diverse society.

By providing education opportunities in developing countries, KDDI also contributes to the development of human resources who may guide their countries toward sustained growth.

KDDI's Initiatives

Through the foreign language education business, the KDDI Group offers services for learning in a new format that blends education with communications services that can be provided anywhere. Moreover, the Company offers learning experiences at KidZania based on the concept of edutainment (learning while having fun).

In developing countries, KDDI creates opportunities for people to study English, PCs and music, subjects that tend to be neglected in these countries.

Financial Business

-Providing financial services anyone can

easily use-



Social Issues

· Response to a cashless society

- Life planning (asset formation) in an era where people live 100 years
- · Complex procedures for obtaining bank, securities and insurance services
- Increasingly complicated financial systems, diversity causing disparities in convenience and information

KDDI's Vision

In the increasingly complex and diverse financial system, KDDI intends to provide financial services that everyone can easily use anytime and anywhere through communications technology.

KDDI will help improve financial literacy by designing easy-to-understand mobile services so that IT literacy does not cause disparities in convenience.

KDDI's Initiatives

The KDDI Group has received government authorization to offer banking, securities, asset management, and both life and non-life insurance to customers. We provide highly convenient financial services that address various needs, mainly via smartphones that our customers always have near at hand. In addition

Sustainability Targets (Fiscal 2021)

- Enroll about 130,000 students in foreign language education Create highly efficient educational environment using advanced technologies such as adaptive learning*
- ICT education support in emerging countries

Introduce English and PC classrooms at 11 schools in Cambodia (total for fiscal 2019-2021)

* Adaptive learning: The provision of study materials and learning methods optimized for each individual, based on each student's level of understanding and progress.

Sustainability Targets (Fiscal 2021)

Settlements / financial service transactions totaling ¥6.0 trillion



With smartphones a point of interaction with customers, our strategy is to provide seamlessly integrated financial services to customers in a one-stop experience. In addition to offering efficient asset management functionality with analysis of household budgets and life plans, we aim to offer one-stop financial services for payments, banking and insurance.

to daily online and offline spending activities, we are focused on creating solid engagements with customers through long-term transactions in accordance with their life stage, such as investments, loans and savings accounts.

	KDDI's Commitment to Sustainability	KDDI's Target SDGs	Materiality					
Social Issues to Be Solve	d through Business •	Telecommunications Business	Global Business Re	egional Revitalization • Edu	ucation Business • Financ	ial Business		

Social Issues to Be Solved through Corporate Activities

➤ KDDI's Target SDGs — Social Issues to Be Solved through Corporate Activities

Solving social issues in all corporate activities



Social Issues

· Inequitable rights to opportunities and compensation

- Advance work-style reforms for "realizing the dynamic engagement of all citizens"
- Declining productive population and low levels of labor productivity
- Address global warming and other climate change issues
- Promote fair business practices, including suppliers

KDDI's Vision

Amid a declining productive population, KDDI is spurring innovation and flexibly managing its diverse human resources in order to create new value and achieve higher quality and improvements in labor productivity by providing attractive work environments that enable diverse work styles and allow employees to work to the best of their abilities. KDDI operates a PDCA cycle in its management

structure from a medium- and long-term viewpoint for implementing measures to reduce the burden on the global environment, with reference to COP21. While building partnerships based on mutual trust with its suppliers, KDDI engages in appropriate business activities through fair and open transactions.

KDDI's Initiatives

KDDI aims to enhance employee engagement through diverse work styles and workplaces that respect diversity, including women, LGBT orientation and age/ generation. With regard to employee health management, the Company aims to improve productivity based on the KDDI Group Declaration of Health-Focused Management. At the same time, we are focusing efforts on strengthening human resource training by establishing the self-training center and expanding the

training curriculum with the objective of helping employees improve their expertise and take the initiative on their own career formation.

Regarding the environment, the Company has rolled out the KDDI Green Plan 2017-2030, its fourth environmental conservation plan. For its business partners, the Company aims to strengthen partnerships by having suppliers agree to abide by the KDDI Sustainable Procurement Policy.

Sustainability Targets

- Promote 200 women to line manager positions (target for fiscal 2020)
- Update foundation for facilitating employment of senior citizens as a leading company (target for fiscal 2021)
- Reduce CO₂ emissions by 7% compared with the fiscal 2013 level at KDDI (in Japan, non-consolidated basis) (target for fiscal 2030)

Topics

Enacting work-style reforms and promoting health management

At KDDI, we have long focused on work-style reforms and health management In April 2019, KDDI LEARNING CORPORATION was established as a wholly as important management priorities. Regarding work-style reforms, the Company has endeavored to create efficient work environments that respect diversity owned subsidiary to take charge of human resource development for employees of the KDDI Group. Training facilities are currently under construction that can and discourage excessive work hours. Regarding health management, we have taken a variety of steps to improve health literacy among employees, having also accommodate overnight stays, while also facilitating various events and the drawn up the KDDI Group Declaration of Health-focused Management. In order planning and implementation of employee training for companies. Plans call for to redouble these efforts and work together even more, we newly established the opening the facility in April 2020. While supporting the growth of KDDI Work Style Reform & Health Management Department as an organization dedicated to the task in January 2019. The 50 people in the department inter-Group employees, promoting the exchange view employees to better understand their physical and mental health conditions. of human resources, and creating synergies Our aim is to create a workplace where all employees are healthy, excited to in Group operations, KDDI LEARNING plans work and perform at their highest levels. to offer educational services for its stake-



Establishment of KDDI LEARNING CORPORATION for human resource development at companie

holders by using KDDI's accumulated experience and knowledge in human resource development. Its aim is to contribute to broader society by helping people and companies grow.



Top Message

DDI's Commitment to

KDDI's Target SDGs

Materiality

lity ①

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Materiality 5

Message from Executive Officer of Sustainability
 KDDI's Material Sustainability Issues
 FY2018 Material KPI Results
 FY2019 Material KPIs

➤ Message from Executive Officer of Sustainability

Based on the KDDI Group Mission Statement of contributing to the development of a truly connected society, KDDI has made concerted efforts to solve social issues as an infrastructure company that supports the information foundations of society.

Under its new medium-term management plan (FY2019-FY2021) that began this fiscal year, the Company is committed to its aim of contributing to the sustainable growth of society, having identified KDDI's Target SDGs to link to business strategies, and declaring its intention to tackle social issues through business activities on a company-wide basis.

The basis for these endeavors is our sustainability activities that have centered on six material sustainability issues. In this report, we delve into this subject in detail, but here the context of our discussion focuses on corporate governance, environmental measures, human resources and human rights policies.

Corporate Governance

KDDI is keen to strictly adhere to the Corporate Governance Code and put the KDDI Group Philosophy into practice in its corporate activities. We believe in the importance of strengthening corporate governance across the entire Group, including subsidiaries, and we are building a structure for sharing know-how and proactively supporting Group companies in this regard. KDDI directly holds meetings with institutional investors on the topics of governance and sustainability, and also holds events directed at individual investors, as a part of its proactive approach to communications with stakeholders.

Environmental Measures

Movements to address environmental problems have gained momentum with the Paris Agreement, Sustainable Development Goals (SDGs) and the Task Force on Climate-related Financial Disclosures (TCFD). While the world has begun to move towards zero CO₂ emissions, renewable energy has not adequately spread throughout Japan, which urgently needs a concrete action plan in this regard. Through our core ICT business and other information communications operations, we contribute to improvements in work efficiency and reductions in the movement of people, helping to reduce CO₂ in society and rein in climate change. However, these benefits are countered by the rather large environmental impact caused by telecommunications equipment. In 2017, ahead of other telecommunications carriers in Japan, KDDI formulated the KDDI GREEN PLAN 2017-2030 with goals for reducing its total volume*¹ of CO₂ emissions through the use of energy-saving telecommunications equipment and renewable energy. Putting these plans into action, we are concentrating on initiatives that are even more environmentally friendly than before.

Human Resources

As the productive population declines in Japan, it is imperative that companies provide attractive work environments that enable diverse work styles so that employees can use their various skills to the fullest, with the ultimate aim of sustaining growth as a company and contributing to society. KDDI will continue to promote respect for diversity-in the context of women, nationality, LGBT*2 orientation, disability, and age/generation—and work to accommodate various personalities and abilities in its organization. In April 2019, KDDI LEARNING CORPORATION was established as a wholly owned subsidiary to take charge of human resource development for employees of the KDDI Group. While supporting the growth of KDDI Group employees, promoting the exchange of human resources, and creating synergies in Group operations, KDDI LEARNING plans to offer educational services for its stakeholders by using KDDI's accumulated experience and knowledge in human resource development. It aims to contribute to broader society by helping people and companies grow. In April 2018, the Company announced the KDDI Group Declaration of Health-focused Management in a message from the President, and then created the Work Style Reform and Health Management Promotion Department in January 2019 as an organization focusing on health management. By promoting health management, we aim to establish a "health first culture" that fosters improvements in employee vitality and productivity.

Human Rights

As part of the ICT industry, we face many potential human rights issues, including rights to privacy and freedom of expression as well as requests from government authorities to disclose customer data for legitimate purposes. We will continue our efforts to identify and address human rights issues in our business activities through ongoing dialogue with our stakeholders, while furthering understanding among employees of the KDDI Action Guidelines and the KDDI Group Human Rights Policy.

Additionally, KDDI carries out various sustainability activities centered on six material sustainability issues, and is accelerating efforts to advance sustainability and SDGs by linking them to business strategies in its medium-term management plan. We will contribute to the sustainable growth of society through efforts to solve social issues unique to Japan and issues related to the SDGs, while valuing the communications we have with all stakeholders.

*1 7% reduction in CO₂ emissions in FY2030, compared to FY2013 for KDDI (in Japan, non-consolidated).
*2 LGBT stands for lesbian, gay, bisexual and transgender. Gender minorities include other people with identities other than LGBT, but for the sake of convenience in this report, LGBT refers to all gender minorities, including LGBT.



Minoru Tanaka Executive Officer of Sustainability

> KDDI's Material Sustainability Issues

We at KDDI have identified six material sustainability issues among the numerous issues we face in relation to our business activities, based on the effect they have on stakeholder reputation and decision-making and the company's impact on the environment, society and economy.

S • Society	1	 Safer and more resilient connected world Resilience to extreme weather events Risk management 	By con for a hig the fou building instituti unfores
	2	Cyber security and privacy protection Utilization of information assets and tightening of security Data privacy	We hav munica without attacks year. W tion sec
	3	Fulfilled life brought through ICTs Contribution to economic growth through robust information communication infrastructure Improvement of access to education, medicine and other public services through ICTs Promotion of employment creation and capacity building Innovation management	For the gration busines styles, to solve
	4	Rewarding workplaces for diverse talents • Promotion of diversity and inclusion • Human resource development and career development • Pursuit of employee satisfaction • Promotion of health-focused management	KDDI ai optimal the dive Furth with the well-be for heal
G • Governance	5	 Respect for human rights and fairness in business Pursuit of sustainable procurement Respect for workers' rights Prevention of corruption and bribery Promotion of fair and proactive communication 	KDDI s ing acti Conduc the KDI internat The I ness pa crimina
E • Environment	6	An energy-efficient, circular economy Energy efficiency improvement and utilization of clean energy Zero emissions and 3Rs Mitigation of society's impact on environment through ICTs	KDDI G reducir non-co We are power

The Sustainability Committee periodically checks up on progress being made toward KPIs set for each material issue.

ntinuing to provide secure, resilient and high-quality communications services highly connected society, KDDI maintains lifelines for people and helps create undation for a safe and secure information-based society. The Company is ng systems hardened against disasters, while aiming to collaborate with related tions to provide reliable information communications services even during eseen incidents like natural disasters.

ave put into place a complete system for protecting the confidentiality of comations and customer information so that customers can utilize our services ut worry. We have a special organization dedicated to thwarting external cyberis, monitoring our networks for suspicious activity 24 hours a day, 365 days a While strengthening governance, the KDDI Group has put in place an informaaccurity framework to prevent internal leaks of information.

e coming era of 5G and IoT, KDDI is accelerating initiatives to realize "the inten of telecommunications and life design." With communications as its core ess, KDDI intends to expand services that are essential in its customers' life-, such as content, commerce, energy, financial services and education, in a bid ve social issues and bring more abundance to everyone's lives.

aims to motivate its employees and improve its competitiveness as a company by ally assigning personnel and maximizing the value of human resources by applying versity and multifaceted capabilities of its employees as organizational strengths. hermore, the Company is promoting health management and work style reforms ne objective of helping employees maintain and improve their physical and mental eing, while ensuring their safety. By instilling in our corporate culture a reverence alth, we strive to enhance the vitality and productivity of our employees.

strives to eliminate or minimize any negative impact on human rights, while taktion to raise human rights awareness, based on the KDDI Code of Business uct (a basic set of principles for respecting human rights and individuality) and DDI Group Human Rights Policy, which covers all Group companies, based on ational standards including the Universal Declaration of Human Rights. KDDI Guidelines for Responsible Supply Chain, which is directed at our busipartners, explicitly forbid forced labor, inhumane treatment, child labor, and disation. KDDI takes steps to ensure these initiatives are well understood.

Green Plan 2017-2030 is a set of long-term goals for fiscal 2030, such as ing KDDI's CO_2 emissions by 7% from the fiscal 2013 level (in Japan, onsolidated). As data traffic increases, power consumption is expected to rise. e committed to reducing CO_2 emissions. Technological innovation to reduce consumption is one way to achieve this.

	KDDI's Commitment to Sustainability	KDDI's Target SDGs	Materiality	Materiality ①			
Message from Executive (Officer of Sustainability	KDDI's Material Sustainabil	ity Issues FY2018 Ma	terial KPI Results	019 Material KPIs		

> KDDI's Material Sustainability Issues

Process for Re-identifying Material Issues (FY2016-FY2017)

1. Screen for issues from the two perspectives of impact on stakeholder assessments and decision-making, as well as the impact KDDI has on society, the environment and the economy

2. Assign priorities for each issue based on comparative evaluations

3. Identify six material sustainability issues that reflect the opinions of external experts gained through dialogue

4. The Sustainability Committee confirms the suitability of the material issues, which are then approved by the Corporate Management Committee and reported to the Board of Directors.





Relationship Between Material Issues and SDGs

KDDI engages in various business activities and initiatives that help contribute to the attainment of SDGs. As shown below, our material issues relate to the 17 SDGs in the following ways. By addressing our material issues, we also contribute to the attainment of the SDGs.

Under the medium-term management plan (FY2019–FY2021), management has set numerical targets for KDDI's Targeted SDGs, which clarify the fields that we will focus our efforts on addressing SDGs through business and corporate activities, while linking these initiatives to business strategies.

 Link
 The Medium-Term Management Plan



Enhancing Internal Understanding of Sustainability and SDGs

In February 2019, the President was appointed as chair of the Sustainability Committee, and the other members of this committee were shuffled to include all executive directors, all business sectors' general managers, the head of the KDDI Foundation, and auditors. The committee advances measures related to SDGs with sustainability as a central facet of company-wide business strategy.

In his New Year's address and announcements of management policies for the next fiscal year, the President conveys to all employees the importance of advancing sustainability initiatives in business strategies to solve social issues through business activities in a bid to realize a sustainable society. Moreover, officers visit business sites across the nation to directly convey corporate policies to employees and elicit their opinions.

In March 2019, general managers from business planning divisions attended sessions guided by external experts to discuss ways to promote a better understanding of the SDGs.

Dialogue with Stakeholders about SDGs (March 2019)

KDDI invited Mr. Sasaya Hidemitsu, a CSR/SDG consultant who at the time served as advisor to Ito En, Ltd., to its head office for a dialogue with stakeholders on the topic of "understanding SDGs and the initiatives KDDI should take," targeted at the general managers of business planning divisions.

Mr. Hidemitsu described SDGs as an important tool for identifying opportunities and avoiding risks, as well as a means for aligning diverse stakeholders toward a common goal and discovering partners. His discussion deepened our understanding of what SDGs we should tackle as a business.

Stakeholder Dialogue

Yoshimoto, the UN and KDDI: SDG Seminar to Further Employee Understanding (February 2019)

KDDI held a SDG seminar for employees with help from the United Nations Information Centre and Yoshimoto Kogyo Co., Ltd.

This seminar was attended by about 90 employees who were interested in SDGs. At first, Ms. Kaoru Nemoto, the head of the United Nations Information Centre, talked about the basic approach to SDGs, actual issues being addressed in Japan and around the world, and what everyone needs to do in order to solve these issues.

Next, a representative from Yoshimoto Kogyo introduced several concrete examples of initiatives that leverage the power of thoughtfulness and laughter in activities to spread awareness and understanding of SDGs at companies, such as through the Japan SDGs Awards. Workshops facilitated by comedians from Yoshimoto Kogyo were then held. Many of the participating employees expressed that they are now eager to tackle SDGs themselves, saying that the seminar was a good opportunity to talk and think about group work, as well as how companies can contribute to SDGs, or expressing a desire to strengthen efforts in new services in their own business fields that will help achieve the objectives of SDGs.

Sustainability news; Yoshimoto, the UN and KDDI: SDG Seminar to Further Employee Understanding (Japanese on

Relationship between KDDI's Business, Sustainability and SDGs

KDDI Group

Promotion &

In July 2019, 113 officers and managers above the vice divisional general manager level participated in SDG study sessions to learn specific ways of contributing to KDDI's Targeted SDGs.

The general managers are working towards objectives for sustainability initiatives that have been set as one of their assessment criteria for fiscal 2019. As a bottom-up measure for general employees, e-learning is conducted to deepen their understanding of materiality and the SDGs. Moreover, workshops and a SDG seminar for employees were held in collaboration with the United Nations Information Centre and Yoshimoto Kogyo Co., Ltd. to further their own individual thinking on social issues.

Web Link

President's Message



 Message from Executive Officer of Sustainability 	 KDDI's Material Sustainability Issues 	 FY2018 Material KPI Results 	 FY2019 Material KPIs 		

Materiality

► FY2018 Material KPI Results

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Structure Organization Fy2018 target: 1,200,000 units Fulfilled life brought through ICTs Fulfilled life brought through ICTs KDDI Smartphone & Mobile Phone Safety Classes, Comprehension Rate, Satisfaction Rate For youths: satisfaction with education materials: 99%; satisfaction with education materials: 99%; satisfaction with lecturer: 98%; desire to reapply: 60% For youths: satisfaction with education materials: 99%; satisfaction with lecturer: 98%; desire to reapply: 80% For youths: satisfaction with education materials: 99%; satisfaction with lecturer: 98%; desire to reapply: 60% * For older people: comprehension rate: 85%; usage rate: 87% Ongoing support activities to help regional revitalization (Shimamono Lab: 2 islands per year) le islands (Himeji City, Hyogo Prefecture) lki islands (lki City, Nagasaki Prefecture) Implement international cooperation projects by KDDI Group * E.g., facilitating wider access to telecommunications, eliminating the digital divide, etc. in developing countries Nepal 2 2 6 Respect for human rights violations: 0 * Human rights violations: 0 Human rights violations: 0 2	1	Target achieved: 99.8%	Maintain material recycling rate of 99.8% for post-consumer mobile phones				
Image: Second]	To be determined	Actively promote initiatives using ICTs to conserve ecosystems				
ICTs Satisfaction Rate For youths: satisfaction with education materials: 99%; satisfaction with lecturer: 98%; desire to reapply: 80% * For youths: satisfaction with education materials: 99%; satisfaction with lecturer: 98%; desire to reapply: 80% * Percentage of those who answered "definitely want to apply" For older people: comprehension rate: 85%; usage rate: 87% For older people: comprehension rate: 85%; usage rate: 91% Ongoing support activities to help regional revitalization (Shimamono Lab: 2 islands per year) Inplement international cooperation projects by KDDI Group Ie islands (Himeji City, Hyogo Prefecture) Iki islands (Iki City, Nagasaki Prefecture) Implement international cooperation projects by KDDI Group Nepal 2 * E.g., facilitating wider access to telecommunications, eliminating the digital divide, etc. in developing countries Nepal 2 6 Respect for human rights violations: 0 * Human rights violations refer to cases in which human rights violations (including 2							
6 Respect for human rights in business Human rights violations: 0 Human rights violations refer to cases in which human rights violations (including 2	Partially	materials: 99%; satisfaction with lecturer: 98%; desire to reapply: 69% For older people: comprehension rate: 85%;	Satisfaction Rate • For youths: satisfaction with education materials: 99%; satisfaction with lecturer: 98%; desire to reapply:* 80% * Percentage of those who answered "definitely want to apply"	<u> </u>	5	•	
end * E.g., facilitating wider access to telecommunications, eliminating the digital divide, etc. in developing countries Myanmar 2 6 Respect for human rights and fairness in business Human rights violations: 0 * 2	achieved					cial	
and fairness in business * Human rights violations refer to cases in which human rights violations (including 2		Myanmar 2	* E.g., facilitating wider access to telecommunications, eliminating the digital			_	
		2	· ·		6	G.	
KDDI Group Philosophy Study Session attendance: 100% 90.80%	Partially	90.80%	KDDI Group Philosophy Study Session attendance: 100%			Gov	
KDDI Group Philosophy Study Session attendance: 100% 90.80% Measures for instilling the KDDI Code of Business Conduct company-wide: 12 or more per year 12 per year (sent out once a month)	achieved	12 per year (sent out once a month)				vernanc	
Collection rate of sustainable procurement surveys: 90% Collect 90% or more		Collect 90% or more	Collection rate of sustainable procurement surveys: 90%			ò	
Stakeholder dialogues with external experts: One or more sessions per year One session		One session	Stakeholder dialogues with external experts: One or more sessions per year				

► FY2019 Material KPIs

					Bour	ndary	
ESG		Materiality	Issues	FY2019 Materiality KPIs	Within organi- zation	Outside organi- zation	
	1	Safer and more resilient con- nected world		Number of serious accidents: 0* * Following the guidelines of the accident reporting criteria of Japan's Ministry of Internal Affairs and Communications	•	•	
				4G LTE population coverage rate over 99.9% (FY2021)	•	•	
				Provide 5G services in all prefectures of Japan (FY2021)	•	•	
				Take measures to prevent leaks and enhance earthquake protections at com- munication stations and make routes more resilient (FY2021)	•	•	
				70 million mobile connections*1 overall in developing countries where the com- pany is expanding telecommunications business (FY2021)	•	•	
				ICT projects to eliminate the information gap: 6 (cumulative FY2019-FY2021)	•	•	
	2	Cyber security and privacy	Utilization of information assets and tighten-	Data security incidents: 0	•	•	
		protection	Ing of securityData privacy	Data security training for all employees: held at least once a year	•		
	3	Fulfilled life brought through ICTs	Contribution to economic growth through robust information communication infra-	IoT and ICTs applied as part of regional problem-solving co-creation initiatives: 60 or more (cumulative FY2019–FY2021)	•	•	
S • Social			structure Improvement of access to education, medi- cine and other public services through ICTs Promotion of employment creation and	Number of language education students: around 130,000 (FY2021) Realize highly effective learning environments using active learning* ² and other advanced techniques (FY2021)	•	•	
			capacity building Innovation management	ICT education support business in developing countries Set up English and computer classrooms in 11 schools across Cambodia (cumulative FY2019–FY2022)	•	•	
				Settlement and financial transactions: 6.0 trillion yen (FY2021)	•	•	
	4	Rewarding workplaces for		Promoting measures to hire 200 female line managers (by the end of FY2020)	•		
		diverse talents		As a leading company in promoting the professional advancement of senior employees, establish a foundation for promoting such advancement (FY2021 target)	•		
				Usage rate of annual paid leave: 70% (by the end of FY2020)	•		
					Percentage of newly hired female graduates: 30% (by the end of FY2020)	•	•
					Disability employment rate: statutory rate achieved	•	
				Declaration of Health-Focused Management • Smoking rate: 18% or less (target figure for end of FY2020) • Illness detection rate (legally mandated items): 55% or less (target figure for end of FY2020)	•		
	5	Respect for human rights	Pursuit of sustainable procurement	Human rights violations: 0	•		
		and fairness in business	 Respect for workers' rights Prevention of corruption and bribery 	KDDI Group Philosophy Study Session attendance: 100%	•		
G • D			Promotion of fair and proactive communi- cation	Measures for instilling the KDDI Code of Business Conduct company-wide: 12 or more per year	•		
Gove				Collection rate of sustainable procurement surveys: 90%	•	•	
overnance				 KDDI Smartphone & Mobile Phone Safety Classes, Comprehension Rate, Satisfaction Rate For youths: satisfaction with education materials: 99%; satisfaction with lecturer: 99%; desire to reapply:* 80% * Percentage of only those who said they would apply next time For older people: comprehension rate: 86%; usage rate: 92% 	•	•	
	6	An energy-efficient, circular economy	• Energy efficiency improvement and utiliza- tion of clean energy	7% reduction in CO_2 in FY2030 compared to FY2013 for KDDI (in Japan, non-consolidated)	•	•	
т •			 Zero emissions and 3Rs Mitigation of society's impact on environ- 	Build highly energy-efficient data centers in Japan and abroad	•	•	
 Environment 			ment through ICTs	Maintain zero emissions from 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)	•	•	
lent				Maintain material recycling rate of 99.8% for post-consumer mobile phones	•	•	
				Post-consumer mobile phones collected over 5 years (aggregated): 6 million (Target for FY2018-FY2022)	•	•	

*1 Mobile connections: Number of activated SIMs ("Mobile connections, including licensed cellular IoT" in GSMA) *2 Adaptive learning: Providing learning contents and methods that are individually optimized according to the level of understanding and progress of each student Materiality 1

KDDI's Tar

Materiality

Safer and More Resilient Connected World
 Network Quality Management and Improvement
 Disaster Preparedness
 Initiatives Outside Japan

Safer and More Resilient Connected World

Resilience to extreme weather events Risk management

KDDI's approach

Social Issue

In an advanced information society, communications services are the most essential lifeline. The disruption of this lifeline due to a natural disaster can be a major factor behind a downturn in society and the economy itself. We at KDDI believe we are responsible for supporting local communities where people can live with peace of mind by continuing to offering reliable communications services 24 hours a day, 365 days a year.

Our Risks and OpportunitiesOur corporate value could drop if we fail to provide our communication

- services for any reasons, even because of natural disasters.
- We believe that providing communication services continuously in the midst of unforeseen events to support society and the economy is our responsibility and will result in the rise of our company value.

Management System

- The ongoing provision of a stable, resilient, high-quality telecommunications environment helps maintain lifelines and creates a foundation for a safe and secure information-based society. KDDI has been defined as a designated public institution under the Disaster Countermeasures Basic Act. To ensure our ability to provide stable information and telecommunication services under any circumstances, we formulated a disaster policy in the form of a Business Continuity Plan (BCP) for Large-Scale Disasters, established a system for dealing with various disaster scenarios, and launched initiatives to, for example, ensure rapid relief for areas affected by disasters, in cooperation with relevant organizations.
- KDDI maintains and operates many telecommunications facilities, including optical cables and mobile phone base stations, via technical centers located throughout Japan.
- The operations centers in KDDI Building at Shinjuku (Shinjuku-ku, Tokyo) conduct centralized monitoring of network conditions nationwide 24 hours a day, 365 days a year. In the event of an outage and other failures, these centers appropriately control communications, working with maintenance departments throughout Japan.

- To ensure high-quality and reliable network service, we build, analyze and improve our facility operating system in line with our stringent standards.
- Like elsewhere, the global consumer business in Myanmar and Mongolia faces the same demand for reliability in telecommunications. Even in regions where the social infrastructure is not as well established as that of Japan, we are rolling out operational know-how and management methods developed in Japan with considerations to individual nation's needs to ensure that customers can expect reliable, uninterrupted service 24 hours a day, 365 days a year. Moreover, to improve the reliability of our systems and networks, we have established design standards that include redundancies. We are actively working to enhance our technological capabilities related to maintenance and operations. In addition, we have measures in place to protect systems and customers from various security threats and apply KDDI standards to environmental upgrades to counter external and internal security threats.



Initiatives

- The SDGs KDDI Aims to Achieve → P.10–19
- Network Quality Management and Improvement → P.27–29
- Disaster Preparedness → P.30–31
- Initiatives in Growing Markets outside Japan → P.32–33

Network Quality Management



Our mission as a telecommunications operator is to ensure a communications environment where customers can use mobile phones and smartphones easily anytime anywhere. KDDI will offer safe and secure communication services by engaging sincerely in every operation from quality management and improvement of communication infrastructure, such as mobile phone base stations and switching equipment for fixed-line phones, to building next-generation networks.

Network Service Quality Management System

KDDI owns telecommunications facilities, including optical cables and mobile phone base stations, which it maintains and operates via technical centers located throughout Japan. The operations centers in the KDDI Building in Shinjuku conduct centralized monitoring of network conditions nationwide 24 hours a day, 365 days a year. In the event of an outage or other failure, these centers appropriately control communications, working with maintenance departments throughout Japan. To ensure high-quality and reliable network services, we constantly build, analyze and improve our facility operating system in line with our stringent standards.

Aiming for zero serious accidents, we at KDDI hold 20,000 training sessions each year. Our work procedures are based on the ideas of capacity design of telecommunications equipment, functional redundancy, distributed arrangement of facilities and functional safety.



Materiality ⑥	Management Framework	Stakeholder Engagement
t and Imp	provement	
Frequency and	Duration of Network Inte	KDDI rruption System
	ork failure or maintenance cau unications, we will make notic	
	on page at our website.	e about it on the failure and
	,	e Information
maintenance informat	on page at our website. Failure and Maintenance	e Information Japanese only)

Our mission is to offer a stable call and data transmission environment 24 hours a day, seven days a week. The population coverage ratio of au 4G LTE (800MHz platinum band) is 99%, but service can be temporarily disrupted in crowded places like shopping districts, event locations, and tourist spots. With the aim of providing a more user-friendly telecommunications environment, we are upgrading base stations and taking various other measures. We are also working to ensure customers can reliably and comfortably use their smart phones and cell phones in rural areas and outlying islands. For example, because many tourists visit Mt. Fuji in the summer, we construct a temporary service area there every year when the climbing season begins, bringing in antennas, wireless devices, and other equipment so customers can use 4G LTE connections not only on mountain trails but also at the summit. Because there are no optical cables, we use multiple methods to provide a stable telecommunications environment, including connecting the summit of Mt. Fuji with cities using proprietary wireless entrance connections.

Building Mobile Phone Base Stations and Care for Neighbors

KDDI

To offer a reliable communication environment to au mobile phone and smartphone users, KDDI sets up mobile phone base stations in all parts of Japan to support new services and improve service area quality for our customers' safe and comfortable life.

When designing and building a new, safe and reliable base station, we observe the Radio Act, Building Standards Act and other relevant laws and regulations as well as municipal ordinances and guidelines. The installation work is carried out by an experienced, designated construction company under a thorough safety management scheme. In cases where the construction is expected to cause a nuisance or inconvenience to the residents in the neighborhood due to an increase in construction vehicle traffic and noise, or if we receive inquiries about the base station, we share general information about the base station and explain about the construction work to ensure their understanding and cooperation.

Materiality ①

KDDI

Policy & Syste

Safer and More Resilient Connected World
 Network Quality Management and Improvement
 Disaster Preparedness
 Initiatives Outside Japan

Safer and More Resilient Connected World

Resilience to extreme weather events
 Risk management

Network Quality Management and Improvement

Safety of Radio Waves

KDDI's Approach (policy)

In compliance with the laws and regulations related to radio waves, we at KDDI offer our mobile phones and operate our mobile phone base stations in Japan at an electromagnetic wave level below the limits set at the Radio Radiation Protection Guidelines (RRPGs).

System

Japan's Ministry of Internal Affairs and Communications established the Radio Radiation Protection Guidelines (RRPGs), which serves as a standard in the use of radio and TV waves and introduced regulations based on these guidelines. RRPGs are equivalent to the international guidelines advocated by the World Health Organization (WHO), and experts from WHO and other international institutions have concluded electromagnetic wave exposures below the limits recommended in the international guidelines do not appear to have any known consequence on health.

We at KDDI take great care to ensure that the radio waves from our mobile phone base stations poses no threat to safety. We design, build, maintain and periodically inspect our base stations in strict compliance with the relevant laws and regulations, including the RRPGs, stipulated in the Radio Law and the Building Standards Act, as well as local government ordinances. We also explain to residents in local communities that the radio waves transmitted from our base stations comply with RRPGs standards.

In addition, we offer mobile phones that comply with the permissible values for radiation strength and absorption by the human body stipulated in radio-wave-related laws and regulations while disclosing that information on our website.

^{leb} Link

Research That Ensures the Safety of Radio Waves

In November 2002, KDDI began conducting joint experiments with NTT DOCO-MO Inc. and SoftBank Corp., using human cells to evaluate the impact of radio waves for mobile phones on living organisms. Some results of the experiments were published in an interim report in 2005, and the final report issued in 2007 concluded that radio waves for mobile phones have no confirmed effect on living organisms at the cellular level or genetic level. This research serves as an example of scientific evidence that refutes claims that radio waves may cause cancer affecting cell structure and function. It also reaffirms the safety of radio waves emitted from mobile phone base stations.

KDDI also cooperates with electromagnetic environment committee of the Association of Radio Industries and Businesses (ARIB) in their research and study on safety of radio waves for mobile phones.

We will continue to actively collaborate with relevant organizations on research and testing on impacts of the radio wave frequencies used for mobile phones on the human body and on medical equipment. We also strive to stay updated about trends in research on safety of radio waves for mobile phones in Japan and abroad.

In addition, we will continue providing information about the safety of radio wave frequencies used for mobile phones on our website and other sources. When constructing mobile phone base stations, we make sure to provide adequate explanations in response to inquiries from local residents about radio waves safety to ensure their understanding and cooperation.

Organizations to which KDDI Belongs or Is Giving Its Cooperation

Affiliation	Electromagnetic environment committee of Association of Radio Industries and Businesses (ARIB), Electromagnetic Compatibility Conference Japan			
Affiliation	NICT/EMC-net* * NICT: The National Institute of Information and Communications Technology, EMC: Electromagnetic Compatibility Laboratory			
Affiliation	Working Group on evaluation method of electromagnetic field around base station, High Frequency Committee, Japanese National Committee of IEC/TC106			
Research cooperation	Mobi-kids Japan (study investigating the effects of mobile phones on health)			
	Web Link Mobi-Kids			

Providing a Convenient Usage Environment: Signal Support 24 Activit

Support 24, an after-sales support service concerning signal-related problems, for all customers using au mobile phones.

The number of proposals we made to improve signal quality in fiscal 2018 was

reliable communication environment.



Materiality 1

Safer and More Resilient Connected World
 Network Quality Management and Improvement
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Safer and More Resilient Connected World

Resilience to extreme weather events
 Risk management

Disaster Preparedness



As a designated public institution under the Disaster Countermeasures Basic Act, we have formulated a business continuity plan (BCP) for large-scale natural disasters as an emergency response policy to ensure the stable provision of telecommunications services at all times under any circumstance. We are working to build an organizational structure capable of responding to different types of disasters and implementing a suite of measures in partnership with various relevant organizations.

	KDDI
Business Continuity Planning	Policy & System

Our BCP for large-scale natural disasters is based on the principles of ensuring the safety of our employees and their families, performing our responsibility as a designated public institution to ensure the continuity of telecommunications services and supporting our stakeholders. It stipulates a range of measures that cover different stages, from the initial response at the occurrence of a disaster through full-scale restoration to relief activities in the affected areas.

The effectiveness of the BCP is assessed during the twice-yearly disaster preparedness drills, and any issues identified in the exercise are addressed. An annual PDCA cycle is applied in the ongoing effort to strengthen the foundation of our emergency response structure further

Disaster Response Framework

Disaster Response Headquarters



Establishing a Disaster Response Headquarters in Times of Disaster Natural disasters are unpredictable and can strike any time. We have defined the criteria for establishing a Disaster Response Headquarters in advance to act proactively in the event of a natural disaster that meets these criteria.

In the event of the Disaster Response Headquarters being established, it will be headed by the President. The headquarters will maintain close communication and work in cooperation with local response offices to lead our efforts to restore damaged networks and facilities as quickly as possible, support the customers in affected areas and offer aid to emergency shelters.

Based on the Guidelines for the Prevention and Control of Pandemic Influenza approved in February 2009 at the council on countermeasures related to pandemic/avian influenza, we formulated the Plan for Maintaining Company-wide Operations in the Event of an Outbreak of a New Strain of Influenza to ensure employees' health as well as appropriate responses so that we can maintain the communication services for our customers in the event of an outbreak of a pandemic influenza.



To get a quick understanding of the situation during a disaster and formulate an appropriate recovery plan, we have deployed the au Disaster Recovery Support System at ten technical centers in Japan. The system provides centralized management of information about regional damage, conditions at key sites and emergency shelters and evacuation routes. This information is reflected on maps in real time to identify high-priority areas, enabling us to provide effective recovery response even when the damage is widespread.

KDDI

Multi-Route Core Transmission Lines and Route Distribution

To ensure stable communications, we distribute telecommunications equipment capacity and establish dual communication lines (terrestrial optical fiber) as well as the system that uses automated switching to secure communication network when there is a failure. Submarine cables are also used to provide multiple communication lines, ensuring a highly reliable network. In the event of trouble, bypass measures are implemented to secure communications.

Enhancing Disaster Resilience in Communication Stations and **Telecommunications Facilities**

We have augmented the deployment of power supply vehicles and emergency power generators to make possible the immediate supply of power to telecommunications facilities in disaster areas. Furthermore, to ensure communication services in disaster-hit areas, we reinforced the wireless entrance network as well as vehicle-mounted and portable base stations and equipped around 2,200 mobile phone base stations with batteries capable of operation for 24 hours or longer.

Temporary Base Stations

The KDDI group owns a cable laying ship equipped with a base station that provides mobile phone services during disaster situations when there is no land-based base station that can provide coverage. Going forward, we will conduct repeated demonstration tests on drone base stations with the aim of providing mobile phone services from the sky during disaster situations.

	RDDI
Providing Disa	aster Response Services
Service name	Content
au Disaster Countermeasures App	An app that combines a variety of services that can be used in times of disasters, including the disaster message board service, emergency e-mail service, disaster voice messaging service and disaster information
Disaster Message Board Service	A service that enables safety confirmation at times of large-scale disaster
Emergency Email Service	A service that sends disaster and evacuation information provided by national and local governments, special weather- and erup- tion-related warnings, tsunami warnings and earthquake early warnings to all au mobile phones in the affected area
Disaster Voice Messaging Service	A service that delivers voice messages for safety confirmation using the packet communication network in times of disaster
Service Trial	Customers can try using the disaster message board service and the disaster voice messaging service Trial Period: • 1st and 15th of every month (0:00-24:00) • The first 3 days of the New Year (from 12:00 on January 1 to 24:00 on January 3) • Disaster Preparedness Week (August 30-September 5) • Disaster Preparedness and Volunteer Week (January 15-21)

Collaboration with Disaster-related Organizations during Normal Times

We at KDDI are actively involved in emergency preparedness events organized by national and regional governments and emergency drills held in partnership with various coordinating organizations.

At emergency preparedness events, we focus mainly on informing the residents about the emergency services we offer at times of disaster, such as the disaster message board service, and on disseminating emergency preparedness information. We also work with the Japan Self-Defense Forces, local authorities and other relevant organizations to organize emergency drills, where we make the most of participating organizations' strengths to recreate highly realistic disaster situations. These internal and external drills test the effectiveness of our disaster response so that we can review and improve our preparedness.

Web Link

KDDI

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Materiality 1

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Materiality ①

Materiality (

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Safer and More Resilient Connected World

Resilience to extreme weather events
 Risk management

Initiatives Outside Japan

	KDDI Group	
KDDI's Approach	Policy	/ la

We believe expanding information and communication services in emerging countries is key to solving various social issues. We have set the active expansion of global business as one of our business strategies. We strive to offer emerging countries with stable communication quality, utilizing our experience, expertise and technology of telecommunications services that we have accumulated in Japan and abroad, aiming to achieve higher quality of life and economic growth in those countries. In addition, the KDDI Foundation also supports the building of communication infrastructure in developing countries where we don't operate our business.

Web Link	KDDI's Target SDGs (Global Business)	>
Web Link	KDDI's Target SDGs (Education Business)	>
Web Link	Material Issue ③ Fulfilled life brought through ICTs	>
	KDDI	Group
ICT Solutions outside Japan		

KDDI provides a variety of one-stop solutions for customers' operations, including data centers, cloud computing, networks, and IoT services. We have established 40 TELEHOUSE data centers in 20 cities across 12 countries and regions. The data centers have garnered acclaim for their service quality and reliability rooted in around 30 years of operational experience as well as their high connectivity, which brings together world-class cloud-computing operators, telecommunications operators, information exchange facilitators, and more. In addition, TELEHOUSE data centers are equipped with high-capacity electric power and incorporate the latest energy-saving facilities, such as highly efficient and reliable power supply equipment, energy-efficient air conditioning, LED lighting and outdoor lighting that uses wind and solar power. The data centers are used by many customers as a platform for global business. Maintenance and Operation of Global Network

We connect networks with communications providers around the world, and, in cooperation with these companies, we maintain and operate a global network linking different parts of the world. As well as offering high quality international communication services using highly reliable optical fiber submarine cables, we aim to provide services using the latest network technologies such as virtualization.

Submarine cables provide 99% of Japan's international traffic,* being an important component of the social infrastructure. Moving forward, we will offer even more reliable communication services for the Asia and Pacific regions, where demand is expected grow further.

One of the newest submarine cables that KDDI is laying is the Southeast Asia-Japan 2 Cable System optical fiber submarine cable connecting Japan and Singapore. In March 2018, we signed a construction and maintenance agreement with Facebook (U.S.), China Mobile International (China), Singtel (Singapore), and other telecommunications operators in Asia. Construction is slated to wrap up in 2020.

In addition, through partnerships with companies such as Inmarsat and Intelsat, we offer services using satellite communications, enabling call and data transmission to anywhere in the world, including ships at sea, airplanes, the South Pole and other remote areas and islands where cables do not reach.

In June 2019, we finished construction of *KDDI Cable Infinity*, a new submarine cable-laying ship. As well as promoting IT innovation in shipping and offshore construction, we will provide more reliable communication services than ever through the laying and maintenance of highly advanced submarine cables.

* According to research by KDDI

Web Link Inmarsat Service (Japanese only)



We are working together with Myanma Posts & Telecommunications (MPT) and Sumitomo Corporation on a joint venture aimed at establishing an optimal communication environment in Myanmar, where there is an urgent need to improve the communication infrastructure. Although mobile phone penetration in Myanmar was 13% before the launch of the joint venture, many people in the country now own mobile phones.

Since July 2017, we have been running a long-term training program for the MPT workers who will one day be leaders to improve customer satisfaction and the quality of communication services in Myanmar. As part of the program, KDDI staff working on the business frontlines in Japan help Myanmar trainees gain technical knowledge and know-how that KDDI has developed over many years of experience in the telecommunications business in Japan, where its high-quality network offers 24/7 service. The training covers a wide range of subjects; everything from the design and construction of transmission systems and optical networks to their operation, initiatives aimed at enhancing reliability, disaster response measures, and even the development of advanced information systems. Sales- and business-related trainees study sales, marketing strategies, customer experience (CX), the basics of life design services, financial accounting, management accounting, and more. After returning to Myanmar, the trainees will continue to use the skills they have gained in Japan to contribute to Myanmar's growth.

Over the past two fiscal years, we have taken on a total of eight trainees. We will continue running this program going forward.



KDDI's consolidated subsidiary MobiCom Corporation LLC started a high-speed data communication service by carrier aggregation in November 2017 — the first of its kind in Mongolia. The company is endeavoring to provide an optimal data communication environment to its customers in Mongolia by improving service quality and introducing new technologies in an effort to improve customer satisfaction and to grow its business.

Initiatives of the KDDI Foundation Activity

Building a Regional Optical Fiber Network in Nepal

In Nepal's western Dullu District, which is about 650 kilometers from the capital Kathmandu, we built a regional network using optical fiber that can be laid at low cost. Local clinics are now able to receive telehealth services from medical schools in Kathmandu. Looking ahead, plans are in place for this network to be used in a variety of applications, including government, medical care, and education.

Consulting on Telecommunications Backbone Network in Cambodia

Cambodia has built a 460-kilometer fiber-optic backbone network running from Kampong Cham to Sihanoukville via the capital Phnom Penh and a 30-km metro ring within Phnom Penh, as well as constructed fiber-optic access lines and introduced the latest next-generation network system. The project began in December 2007, and the facilities came into operation in June 2017, with all work completed by October 2018. The wider bandwidth and stability of the backbone telecommunications infrastructure, which is vital for the economy to flourish, will greatly contribute to the economic growth of the country.

Web Link

KDDI Foundation



Cyber Security and Privacy Protection
 Information Security

Materiality 2

Cyber Security and Privacy Protection

Utilization of information assets and tightening of security
 Data privacy

KDDI's Approach

Recognizing a Social Issue

Recent years have seen leaks of important confidential information worldwide due to cyberattacks employing software viruses, a situation that has become a major social issue. We consider the personal and business information that the KDDI Group retains for its customers and business partners to be extremely important assets that need to be managed with strict confidentiality.

Our Risks and Opportunities

- Customer data leaks from inside the company or unauthorized access from outside could seriously damage the brand image of the KDDI Group. In addition to a possible loss of customer trust, we could also be forced to pay substantial compensation, which could have a negative impact on our financial position and business performance.
- We may face higher costs to enhance the confidentiality of communications and privacy protection systems in the future.
- There are new market opportunities where demand is growing, such as safe apps and global cyber security services.

KDDI's Management

- As a telecommunications operator, we are committed to protecting the confidentiality of communications. In order to protect customer data, we have set up the Information Security Committee and are working on the development and implementation of company-wide measures to prevent data leaks from within the company as well as unauthorized access from outside. Also, with the implementation of the KDDI Code of Business Conduct, KDDI Security Policy and KDDI Privacy Policy and the establishment of the KDDI Group Business Ethics Committee, the KDDI Group is working to further strengthen its compliance framework.
- We also have strengthened the technical, organizational and human aspects of our suite of security management measures. These include tighter control and monitoring of access authorization for our customer data systems, safekeeping of access logs and a ban on taking company data outside company premises or saving it to external memory. In order to promote awareness, we provide ongoing training on the confidentiality of communications and protection of customer data for all our employees.

We are also working with our external partners, particularly with our retail network of au shops, to strengthen our value chain management through the improvement of shop operations, monitoring and training.

In order to ensure the security of customer data, au Smart Pass apps are examined to verify that their behaviors are in line with our privacy policy. As a member of the industry body the Japan Smartphone Security Association (JSSEC), KDDI is taking part in data security initiatives.



Information Security

	KDDI Group
KDDI's Approach	Policy

With the increasing prevalence of smartphones and the rapid progress of technologies such as big data and Al in recent years, new services that make use of various kinds of personal information are being considered. At the same time, however, these changes have also highlighted many issues surrounding privacy, and governments are reviewing their laws and regulations. We endeavor to make use of personal data while protecting privacy and are working to develop and provide safe systems and services that put the user in control of their own information.

Web Link	Security Policy	
Web Link	Privacy Policy	

Information Security Management Structure



Information Sec	curity Management Fra	KDDI Group
	Sunty Management Pa	mework System
group as a whole, we	proach to the security of inform have established the Informat	ion Security Committee

chaired by the Executive Director, Technology Sector. The committee comprises the management level, along with the general managers of sales, technology and corporate divisions.

Currently, the committee is chaired by Yoshiaki Uchida, Executive Vice President, Director and Executive Director for Technology Sector. Under this framework, we accurately grasp the status of information security management and promptly implement measures to enhance the information security throughout the group.

* At KDDI, the chair of the Information Security Committee plays the role of the Chief Information Officer.

Role of Information Security Committee

- (1) Determine and implement group-wide measures to prevent internal information leakage (2) Determine and implement group-wide measures to defend against attacks and invasion from external networks
- (3) Establish and manage regulations relating to information security including the Security Policy and Privacy Policy

tornal	Control	Department

	Investment Ma	(KDDI)		
Group compa	nies in Japan		Group compa	nies oversea

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Cyber Security and Privacy Protection
 Information Security

Materiality 2

Cyber Security and Privacy Protection

Utilization of information assets and tightening of security
 Data privacy

Information Security



All KDDI Group companies have been ISMS 27001 certified since 2009.*1 For our group companies, the KDDI Group Information Security Standards were introduced in fiscal 2011. In fiscal 2017, we revised the standards and extended them to apply to all group companies. Augmenting the improvement in the security level of KDDI Group companies resulting from this change, we regularly audit the security level of group companies in an ongoing effort to strengthen the information security governance of the KDDI Group as a whole. Also, KDDI Digital Security Inc. was founded in February 2018, and the company's specially trained security engineers now respond to cyberattacks.

*1 ISMS certification (ISO/IEC 27001: 2013)

A third-party conformity assessment scheme for information security. It was established with the goal of contributing to widespread improvements in information security and encouraging companies to target levels of information security that can be trusted around the world.

ISMS Certification KDDI Acquired

Registration number	Organization	Initial registration
IS 95253	KDDI Corporation ²	June 7, 2005
IS 76406	KDDI Corporation (Operations Division) ³	July 4, 2003
IS 85329	KDDI Corporation (Information Systems Division)	September 28, 2004

*2 Includes corporate, technology and sales and customer support divisions, as well as KDDI Kyosaikai (now KDDI Group Welfare Association), KDDI Health Insurance Union, KDDI Pension Fund, and KDDI MATOMETE OFFICE CORPORATION.

*3 Includes Japan Telecommunication Engineering Service Co., Ltd.

Basic Principles Concerning the Handling and Use of Personal Data Polic

We have implemented internal rules for the handling of customers' personal data and use of big data in line with the Act on the Protection of Personal Information and other related laws and regulations. We obtain, manage and use such data in accordance with our privacy policy.

We also stay informed of and comply with security related laws and regulations of foreign countries. Our subsidiaries located in the EU as well as the KDDI head office already comply fully with the EU General Data Protection Regulation (GDPR), which came into effect in May 2018.

Efforts to Reduce Information Security Risks

Our efforts to minimize information security risks include preventing customer information leaks and defending against cyberterrorism. The Information Security Committee leads the management of all company information assets and formulates measures that officers and employees can implement together. The committee is part of our corporate governance framework, which manages risks for the whole group.

In fiscal 2018, we established the Information Security Incident Prevention Enhancement Month as a group-wide initiative with the aim of spreading and fully implementing information security rules. During this campaign, various activities were conducted for officers and employees to raise awareness toward information security.

Furthermore, we have implemented common security standards for the entire group and apply them to all group companies to manage all our information assets and strengthen the various measures that are in place to control specific information assets. To minimize security risks, persons in charge of information security promotion from KDDI and group companies hold regular meetings to share information and discuss security measures.

To tackle increasingly sophisticated, complex information security threats, we also need to collaborate with external parties. We are actively involved in cross-industry initiatives related to information security.

<Organizations We Join>

- ICT-ISAC Japan
- Forum of Incident Response and Security Teams (FIRST)
- Nippon CSIRT Association (Nippon Computer Security Incident Response Team Association)

FY2018	List of	Initiatives	and	Activities	for	Reducing	Information
Securit	y Risks						

Total information security	 E-learning training Training for new department general managers Walk-around security check Information security incident prevention enhancement month Internal security audits Technical audits of subcontractors' OA environments and systems in addition to general audit items Confirmation of compliance with information security rules for the whole group Information Security Promotion Meetings for the whole group Continuing supervision of OA environment in the whole group Internal lectures from external instructors during Cyber Security Month
Prevention of informa- tion leakage through social media	Establishing Social Media PolicyRaising awareness among employees
Stronger control mea- sure for using cloud computing	 Complying with the company regulations relating to the use of cloud computing for the whole group Maintaining and improving risk assessment framework relating to security and legislation systems
Response to laws and regulations	 Responding to the Amended Act on the Protection of Personal Information Complying with the company regulations in line with the EU General Data Protection Regulation (GDPR)
Prevention of e-mail mistakes	 Prohibiting automatic forwarding Automatic encryption of attached files in external e-mails
Measures against tar- geted attacks	 Annual training against targeted e-mail attacks for employees E-learning training
Web Link	Social Media Policy (Japanese only)

	KDDI Group
Next Generation Service Development	Activity

Development and Pilot Testing of Cyber, Physical, and Security Countermeasures for an IoT-based Society

KDDI participated in the Second Annual Cyber, Physical, and Security R&D Plan for an IoT-based Society, which was carried out by Japan's Cabinet Office and the New Energy and Industrial Technology Development Organization (NEDO) based on the Cross-ministerial Strategic Innovation Promotion Program (SIP).

The purpose of this work is to develop and test cyber, physical, and security countermeasures that can protect large-scale supply chains that encompass small and medium-sized corporations as well as IoT systems and services in order to ensure safety for all of society and protect IoT devices as we strive to realize a secure Society 5.0.

The basic policy of this work is to enhance security resilience by building and maintaining a chain of trust linking supply chains and IoT systems and services. KDDI has been jointly contracted with Hitachi, Ltd. and NEC Corporation to conduct R&D and pilot testing related to technology to assure the appropriateness of the trust chain, technology to build the trust chain, and technology to inspect and maintain the trust chain. This work will be done over the five years from fiscal 2018 to fiscal 2022. By conducting pilot tests that use KDDI's technology for securing privacy in data flows, we are promoting initiatives that will help ensure the safety of society as a whole and create new value in the form of basic technologies for a secure Society 5.0.



Top Message KDDI's Commitment to Sustainability					Materiality ③	Materiality ④		
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Fulfilled Life Brought through ICTs
 Regional Revitalization Initiatives
 Innovation Management
 Responsibility for Products and Services
 Initiatives Outside Japan

Materiality ③

Fulfilled Life Brought through ICTs

- Contribution to economic growth through robust information communication infrastructure
- Promotion of employment creation and capacity building
 Innovation management

KDDI's Approach

Our Recognition of Social Issue

Japanese society is facing many challenges - a low birth rate, an aging population and a concentration of population in large cities are resulting in rural depopulation and thus a slump in regional economies and a decline in local industries and culture. ICTs are seen as a potential solution to these issues. While the wider use of ICTs improves convenience, there are issues associated with it, such as the prevalence of mobile and smartphone use among children and the widening digital divide affecting older people.

Our Risks and Opportunities

- The decreasing working population and growing economic disparity between regions are risks that could lead to a decline in the number of users and a decrease in business income.
- ICT-based solutions are expected to help alleviate shortages in the labor pool and business successors through more efficient operations, automation, and remote operation. ICT-based solutions are also expected to help rural areas take advantage of the opportunities to expand business activities that showcase local industries, cultural and natural heritage and communities and revitalize their economies.
- On the other hand, offering smartphone devices and services that help socially vulnerable people use the technology safely and easily, combined with awareness campaigns, can be beneficial to KDDI's business as it can generate new demand.

Management Framework

Technological Development and R&D

The technology and other divisions at KDDI Head Office lead our technological development, and we are working on innovative technologies that will support our business in the near future, such as 5G, self-driving vehicles, and automatic operation. On the other hand, in research and development, KDDI Research Inc. is engaged in a wide range of fields, from research analysis for future prediction to basic research and applied research.

Regional Revitalization

KDDI is promoting initiatives to solve regional problems using 5G and IoT, especially its Business Strategy Division's Next-Generation Foundation Establishment Office, Business IoT Promotion Division's Regional Revitalization and Support Office and the Life Design Business Promotion Division. We dispatched volunteers to municipalities affected by the Great East Japan Earthquake and are using the insight and know-how gained by members who supported the area's recovery.

Life Design

In our consumer business, we enhance life design services, including commerce, finance, energy, entertainment and education centered on telecommunications, and provide exciting experiential value to customers.

In our corporate business, we support the digital transformation of customers and realize the integration of telecommunications and life design for corporate clients in Japan and overseas as we aim to achieve sustainable growth with clients.

Product and services

We promote to apply universal design in developing our product and services to ensure comfortable and enjoyable use for all regardless of age, nationality and (dis)ability.

Initiatives outside Japan

In addition to the initiatives of KDDI's subsidiaries and affiliates, the KDDI Foundation conducts its own activities

Regional Revitalization Initiatives

Improvement of access to education, medicine and other public services through ICTs



Obama City Toyama Prefec



Tovooka Tourism trends agricultur

Satsumasendai Citv Tourism trends and local goods sales channels expansion

Fukuyama City

Hirado Citv

Goto Citv

Smart fishing

5G drones, VR experience

Job experience for kids

21

Stim

FY2019 Material KPIs Web Link Moving Forward Initiatives Polic KDDI's Target SDGs → P.10-19 • Contribute to economic development through ICTs • Revitalize local economies (Create employment and enhance capacity building) Regional Revitalization → P.39 • Innovation Management \rightarrow P.40-42 Innovation management • Promote information literacy education Responsibility for Products and Services → P.43-45 • Initiatives outside Japan \rightarrow P.45



Revitalization		Policy & Activity
established by KDDI Corp tor) for investing in venture regional revitalization. Venture companies and I solve various regional probl technologies and know-how	ves Fund (KRIF) is corporat oration and Global Brain C e companies and local busi ocal business with the visior ems. Through the provision w and a first round of suppo ue working to build a sustair r the companies.	orporation (fund opera- ness that promote n for it are the ones that of various resources, rt for these companies
		and the companies
	ess model for both the regions g IT to solve regional probl	
Loc	al businesses/venture compani	es
	resources development Jcation organizations	T
Development and provi- sion of human resources	Business know-how for the era of digital transformation Latest IT solutions	Provision of funding
	VPT	
Initiatives in Region	Mamishiho	Policy & Activity
ICT tourism	Basic tourism	
Nikko City shless translation	Obihiro Cit	•
Nagaoka City	Minamisar	
Smart drones	4K 360-degr	ee remote shopping experience
Otari-mura loT support for daily life	Higashi Ma Smart fishing	atsushima City
sture	Kunimi-ma Animal pest o	
ng loT	Aizuwakar	natsu City
X X X X		s, 5G and 4K video
	5G education	Outlying islands
	Gotemba City Visualization of the number of Mt climbers (VR, translation, drones)	
City s and re IoT Gero [®] City Snowplow IoT	Ina City Drone logistics	L
Maizuru City Toyota City	lida City	
ulation of industry IoT child monitoring		
	AI, XR, automated driving	(As of April 2019

KDDI Regional Initiatives Fund and Regional

Revitalization

Materiality 3

• Fulfilled Life Brought through ICTs • Regional Revitalization Initiatives • Innovation Management • Responsibility for Products and Services • Initiatives Outside Japan

Materiality ③

Fulfilled Life Brought through ICTs

- Contribution to economic growth through robust information communication infrastructure Promotion of employment creation and capacity building
 Innovation management
 - Improvement of access to education, medicine and other public services through ICTs

Innovation Management

	KDDI Group
Approach to Innovation	Policy

We at KDDI aim to continue to provide new experience value in all aspects of life, always focusing on our customers. As well as exploring the latest technologies through research and development, we proactively promote open innovation through collaboration with external partners and industry-academia-government collaboration, leading to the development of products and services beyond our customers' imagination.



We have organized a framework to promote both technological development for grasping technology trends in a timely manner and utilizing the latest technologies for our business, and research and development aimed at creating state-of-the-art technologies over the long term.

Our technology divisions at KDDI Head Office lead our technological development, and we are working on innovative technologies that will support our business in the near future, such as 5G, self-driving vehicles and automatic operation.

On the other hand, in research and development, KDDI Research Inc. is engaged in a wide range of fields, from research analysis for future prediction to basic research and applied research. The research and development field of KDDI Research Inc. covers a wide range of areas such as network, AI x big data, security, and service applications, and 301 researchers are engaged in R&D (as of April 1, 2019).

Change in R&D Expenses

(Millions of yen) 25,000 23.728 20.132 20,000 18,001 15,381 15,000 10,000 5.000 2015 2016 2017 2018 (Fiscal year)

omoting Open Innovation

KDDI Digital Gate

In September 2018, we launched KDDI Digital Gate, our business development hub for the IoT and 5G era, to create new business solutions with our corporate customers.

KDDI Digital Gate provides a KDDI development team and a project room where prototypes can be developed rapidly with agile development methodology; co-creation workshops are held to identify potential issues and come up with innovative ideas through design-oriented thinking; and hands-on demonstrations and testing using various telecommunications technology, including 5G and IoT, are conducted. KDDI will work with a professional group made up of highly specialized partner companies, aiming to speed up the process of identifying needs, creating, learning and improving, helping customers to provide services with high market value to society as quickly as possible.

KDDI Regional Initiatives Fund and Regional Revitalization

Web Link KDDI Regional Initiatives Fund and Regional Revitalization >	
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KDDI Open Innovation Fund

KDDI Open Innovation Fund is a corporate venture fund operated by KDDI and Global Brain Corporation that invests in promising startups across the world. We strongly support the growth of our investee companies, using our broad networks with different companies and marketing skills, as well as linking with our services

In April 2018, we launched KDDI Innovation Fund No. 3.

We established an investment program to strengthen initiatives in fields of increasing importance for the 5G era, including AI, IoT and big data. Drawing on the technological and business insights and networks of KDDI's and KDDI group companies' venture companies, we support promising new venture companies. Through the investment program, KDDI and KDDI group companies will continue working with the aim of creating businesses with venture companies.

We have specialist personnel based in San Francisco, the United States. Seoul, South Korea, and Singapore, where we are looking to invest in startups with the latest technologies or innovative business models. We offer wideranging support for business development, marketing and localization for our investee companies when they plan to expand their business in Japan.



KDDI∞Labo

In 2011, we launched KDDI∞Labo, a platform that enables startups promoting new services to collaborate with partner alliance members that have a wealth of assets and know-how in various industries with the aim of co-creating new businesses that impact society. This program offers total support to selected teams, including business cooperation, creation of testing opportunities, and discussions about business co-creation with mentors and the partner alliance. which comprises over 30 various major companies that support the mission of KDDI∞Labo. The platform also offers a variety of other support, including business matching opportunities through pitching events, 5G testing environments, the provision of KDDI Digital Gate assets and advice from external advisors well versed in a broad range of fields.

Since 2014, we have been working on industry-academic partnerships that aim to commercialize the technologies from research at universities and on collaborations between startups engaged in next-generation businesses as well as the partner alliance.

Web Link	KDDI∞Labo	>
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Activities for	or Innovation
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Product Innovation

Initiative	Details
IoT security technolo- gy using SIM	KDDI and KDDI Research, Inc. developed encryption key* manage- ment technology that introduces the high security tolerance of SIM in the communication of IoT devices to solve security issues such as illegal remote control, and identity fraud and data eavesdropping
VistaFinder Mx: a sys- tem that enables remote operational assistance through augmented reality and real-time transmission of 4K high-resolution video	We developed VistaFinder Mx, a system that enables remote oper- ational assistance through augmented reality and 4K high- resolution video. With the emergence of small high-performance computers that can be used in multi-access edge computing (MEC) and wearable 4K cameras, it is now possible to record and transmit 4K video with higher transferability. VistaFinder Mx is bun- dled with these devices and MP-Factory, a software suite devel- oped by KDDI Research, Inc. for encoding, recoding and processing MPEGs. This makes it possible to transfer 4K/60p video (H.264/AVC format) at a bit rate of several dozen Mbps. Using 4K video makes it easier for remote operational supporters to conduct maintenance on complicated devices and read device numbers, effectively lowering the human error rate and raising operational effi- ciency for workers on the frontlines.

* Values used in encryption so that data cannot be accessed by third parties. Encoding can be performed using common key encryption or public key encryption.

Process Innovation

Initiative	Details
Providing agile development education program	In cooperation with Scrum Inc. and Eiwa System Management, Inc., we established the joint venture Scrum Inc. Japan. The company holds agile development seminars and is providing wide-ranging support to Scrum teams from the launch of their agile development teams until an agile organization management method becomes established
KDDI IoT Cloud Creator	Even when customers do not yet have a clear idea of what they want to achieve using IoT, agile development allows for development requiring the minimum possible reworking of existing material by using a repeated process of develop- ment and review, so users can experiment a little at a time

Environment Innovation

	Web Link	Environmental performance: a low-carbon society
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Social Innovation

Initiative	Details
Social verification of multi- lingual speech translation system	To help foreign visitors to Japan, KDDI trialed a multi-lingual speech translation system that can translate place names specific to the local area, using GPS to identify areas where the system was used. The trial was in Tottori City (Tottori), Naha City (Okinawa) and Fukuyama City (Hiroshima)



Fulfilled Life Brought through ICTs
 Regional Revitalization Initiatives
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 Responsibility for Products and Services
 Initiatives Outside Japan

Materiality ③

Fulfilled Life Brought through ICTs

- Contribution to economic growth through robust information communication infrastructure
- Promotion of employment creation and capacity building
 Innovation management

Innovation Management

	KDDI
Protecting Intellectual Property	Activity & Results

One of our basic principles specified in the KDDI Code of Business Conduct defines our commitment to creating, protecting and using intellectual property, which is an important management resource for the company's business expansion, as well as respecting the intellectual property rights of others and striving not to infringe them.

The Intellectual Property Office promotes internal IP activities related to putting these basic principles into practice.

For example, the office collaborates with IP managers assigned to each business and technical department to investigate the IP of others related to new services and to acquire IP rights in Japan and overseas. In addition, we conduct educational activities every year through group training and e-learning classes to encourage employees to further understand the importance of intellectual property, as well as the risks of infringement and its prevention. As a result of these efforts, we hold approx. 4,000 patents in Japan and approx. 500 outside Japan as of March 31, 2019, including pending patents.

Moreover, the office actively supports the KDDI group's IP activities, including those of its subsidiaries and the ventures it has invested in. In recognition of this support, we have received the Economy, Trade and Industry Minister's Prize as an IP usage company (open innovation promotion company) at the fiscal 2018 Intellectual Property Achievement Awards held by the Ministry of Economy, Trade and Industry and Japan Patent Office.

Breakdown of KDDI's Patents (as of March 31, 2019)



Main Innovation Awards Received

Award giving organization: Tsushinbunka Association

Award name: The 63rd Maeiima Hisoka Award (FY2017) Awarded research: R&D and commercialization of VistaFinder Mx, a remote operations supporting system Award recipient (belonging organization at the time of receiving the award): Tomohiro Tsuji (KDDI Research, Inc.), Akio Yoneyama (KDDI Research, Inc.), Jun Obata (KDDI Technology Corporation), Hiroyasu Sawa (J-TES), Nobuo Furuya (KDDI) Date received: April 10, 2018

Award giving organization: Ichimura Foundation for New Technology

Award name: The 50th Ichimura Industrial Award (FY2017)

Awarded research: Development of terabit-class long-haul high-capacity optical submarine cable system Award recipient (belonging organization at the time of receiving the award): Masatoshi Suzuki (KDDI Research, Inc.), Shigeyuki Akiba (Tokyo Institute of Technology), Itsurou Morita (KDDI Research, Inc.) Date received: April 16, 2018

Award giving organization: The Institute of Electronics. Information and Communication Engineers Award name: The 79th Distinguished Achievement and Contributions Award (FY2019) Awarded research: Distinguished accomplishment in the development of the electronics, information and communication field

Award recipient (belonging organization at the time of receiving the award): Masatoshi Suzuki (KDDI Research, Inc.) Date received: June 8, 2018

Award giving organization: Tsushinbunka Association Award name: The 64th Maeiima Hisoka Award (FY2018)

Awarded research: Contribution to technology for creating software related to encoding. recoding and processing MPFGs Award recipient (belonging organization at the time of receiving the award): MP-Factory development team Date received: April 10, 2019

Award giving organization: Telecommunication Technology Committee

Award name: Information and Communication Technology Award, Minister of General Affairs Awards (FY2019) Awarded research: Contribution to research, development, standardization, and application related to encryption and identification technologies

Award recipient (belonging organization at the time of receiving the award): Toshiaki Tanaka (KDDI Research Inc.) Date received: June 18, 2019

The following websites list awards other than those mentioned above.



Others

- Innovative Major Companies Ranking 2019 (sponsored by the Innovation Leaders Summit Action Committee and the Ministry of the Economy, Trade and Industry): No. 1 (two years running)
- Shell Ocean Discovery XPRIZE, an international competition for undersea exploration technology: Team KUROSHIO,* second place

* A Japanese undersea exploration team with participants from Japan Agency for Marine-Earth Science and Technology; Institute of Industrial Science, The University of Tokyo; Kyushu Institute of Technology; National Institute of Maritime, Port and Aviation Technology; Mitsui E&S Holdings Co., Ltd.; Nippon Marine Enterprises, Ltd.; KDDI Research, Inc.; Yamaha Motor Co., Ltd.

Responsibility for Products and Services

	KDDI Group
KDDI's Approach	Policy

In our efforts to "add value to the customer experience." we at KDDI believe it is important to offer products and services so that all customers can experience the joy of communication.

We offer products and services from a customer perspective, aiming to create a society in which ICTs is accessible to all, where even more people the world over - adults, children, older people, people with disabilities and low income earners - have equal access to the benefits of a variety of products and services.

As well as increasing accessibility, we strive to offer services that anyone can use with peace of mind. We are committed to offering products and services based on the principle of universal design, so that they can be used with confidence by everyone.



We implement total integrated quality control from product design to after-sales services. Together with outsourcing manufacturers, we at KDDI pay due respect to our product's impact on customer safety by presenting our own standards for safety and durability to manufacturers, without relying solely on their standards. Products are delivered after checking the safety, durability and quality of the software and hardware, implementing the 100% labeling required under the associated regulations.

In case any defects or quality issues arising after products are released, we receive inquiries via our website, phone and au retailers including au shops to immediately identify the causes and improve both hardware and software. If any especially serious defects are found, the market response screening committee chaired by the President is established to promptly confirm the details and causes to decide countermeasures.

Quality control flow diagram



Improvement of access to education, medicine and other public services through ICTs

Initiatives for Promoting the Safe Use of Products and Services

Smartphones, mobile phones and the Internet have become irreplaceable in our daily lives. However, more people, particularly children and older people, get involved in crimes and other troubles.

We promote initiatives to ensure safe use regardless of the users' level of ICT literacy. Those include providing products and services that give advice and instruction on manners to keep in mind and other awareness campaigns for safe use

Cycle Safety Project to Prevent Use of Smartphones While Cycling

In 2017, we launched the Cycle Safety Project. On March, 2019, KDDI and au Insurance Co., Ltd. launched the third edition of the project, focusing on high school students, who get into many traffic accidents while cycling. With the aim of finding ways to prevent people from using smartphones while cycling, which is becoming a social problem, we created the VR Class Kit to Prevent Smartphone Use while Cycling.

The VR class kit comprises three parts totaling 50 minutes. There is the Stop Using Smartphones While Cycling VR Experience program, which allows users to compare the field of vision and breaking response time when cycling with and without distraction from a smartphone. There is a slideshow that conveys the danger of bicycle accidents and the need to be prepared for expensive compensation. Finally, there is a workshop for brainstorming ways of preventing the use of smartphones while cycling. Teachers can use this VR class kit as part of their normal lessons, helping students to think for themselves about the dangers of being distracted by smartphones through realistic experiences.

Going forward, we will expand the Cycle Safety Project, aiming to realize a society where bicycles can be used safely.

* Reference: National Police Agency, Traffic Bureau, "Child and Student Traffic Accidents" (March 22, 2018)

	KDDI's Commitment to Sustainability				Materiality ②	Materiality ③	Materiality ④	
Fulfilled Life Brought through	ugh ICTs • Regional Revi	talization Initiatives • Inno	vation Management • Res	ponsibility for Products and S	ervices • Initiatives Outsid	e Japan		

Materiality 3

Fulfilled Life Brought through ICTs

- Contribution to economic growth through robust information communication infrastructure • Improvement of access to education, medicine and other public services through ICTs • Promotion of employment creation and capacity building • Innovation management

Responsibility for Products and Services

Initiatives to Promote Safe Use

Targets		Products		Services	Rates			Measures
		A touch-screen mobile phone for kids, with secu- rity alarm, location confirmation feature, etc. Note: mamorino5 does not have a voice operation feature		A smartphone filtering service to protect young people from dangerous sites and apps. Filter level can be set according to the child's age and what they are using the smartphone for. Also provides time limits to prevent over-use,		A special price plan for the "mamorino4" and "mamorino5" for children of elementary school age and under. The plan can be used for a basic fee of 500 yen when subscribing to 2-year contract (Everybody Discount). Exit from a 2-year contract or cancellation mid-contract	Promote the use of filtering services	Based on the Act on Development of an Environment That Provides Safe and Secure Internet Use for Young People, as well as implementing filtering for all contracts for minors, we are actively trying to improve user-friendliness and increase awareness of our filtering services.
			Security Filter for au	usage inquiries, area search, etc.	Junior Keitai Plan	will incur a contract cancellation fee, etc.		e use of ices Based on the Act on Development of an Environment That Provides Safe and Securi Internet Use for Young People, as well as implementing filtering for all contracts for minors, we are actively trying to improve user-friendliness and increase awareness of our filtering services. tphone We give classes at schools all over Japan, allowing children to learn the skills to safely and property use smartphones and mobile phones using their own judgment sets of the safely and property use smartphones and mobile phones using their own judgment well in the set of the safely and property use smartphones and mobile phones using their own judgment well in the important points and rules when using and Education Initiatives I web-Guide An educational website where both parents and children can enjoy learning about the important points and rules when using smartphones and mobile phones I web-Guide ones Family Guide to Smartphones and Mobile Phones Phones • For Individual subscriptions: Enhancing identity confirmation by restricting the parent methods for usage fees; preventing mass fraudulent subscriptions by restricting the number of subscribable lines; and enhancing screening via information sharing among mobile phone and PHS companies about subscribers of lines whose identity cannot be confirmed. tphone Supporting "consumer education" run by local authorities, we explain the basic operation of smartphones and tablets and how to use them safely, mainly for users aged 70 and under. the important points and tablets and how to use them safely, mainly for users aged 70 and under. We offer support for contract procedures in sign language at a KDDI directly man-
Young people	mamorino5						KDDI Smartphone and Mobile Phone Safety Classes	Materiality (5): Respect for human rights and fairness in business
			Age confirma- tion service	With the customer's consent, we offer an Age Confirmation Service that transmits age infor- mation (information that allows content provid- ers to determine whether the customer is over or under the age specified by the providers) when the customer uses social media and other services.		Discount service with no fixed fee, for families using au smartphones or mobile phones. Domestic SMS messaging (C-mail) and domestic calls among family are free 24 hours a day, based on certain contract conditions. Families living separately can also apply. * Can be combined with Smile Heart Discount	Educational web- site: Family Guide to Smartphones and Mobile Phones on WEB	the important points and rules when using smartphones and mobile phones
	BASIO3	clear, easy-to-use home screen and buttons and a camera that makes it easy to take photos. au smart sup- port team of advisors customers who h but are having di to buy one but fe		A membership-based service with a dedicated team of advisors offering tailored support for customers who have bought a mobile phone but are having difficulties using it or who want to buy one but feel anxious about using it, allowing customers to use their devices with confidence.	Family Discount		Measures against money transfer frauds	restricting the number of subscribable lines; and enhancing screening via infor- mation sharing among mobile phone and PHS companies about subscribers of lines whose identity cannot be confirmed. • KDDI employee volunteers conduct awareness raising activities on
Older People	Simple Phone KYF36/ KYF38		Blocking spam messages and calls (for smart- phones)	A service that displays a warning when it detects probable spam text messages and phone calls, such as those for fraudulent bills. For incoming texts or calls from public utilities, companies, or other sources, the name of the sender or caller will automatically be displayed using the information from the yellow pages.			KDDI Smartphone and Mobile Phone Safety Classes	operation of smartphones and tablets and how to use them safely, mainly for users aged 70 and under.
			Flash notifica- tion for spam calls (for land- lines)	Via a special device (Tobila Phone) connected to a landline phone, users are notified by an LED light if an incoming phone number is not one associated with spam calls, such as those for scams or solicitations.			Salety Glasses	
Users with disabilities	Simple Phone KYF36/ KYF38	Features a text-to-speech function that, once set up, will read aloud menu options, e-mails, and other text. This can be used as an aid not only by elderly people with diminished eyesight but by other visually impaired people.	Braille Request Service	Service for visually impaired users to receive monthly usage billing information in braille (including amount charged and breakdown)	Smile-Heart Discount	Provides discounted rates for persons with disabilities to make au mobile phones easier to use. As of March 2019, the discounts are available to holders of a physical disability certificate, rehabilitation certificate, certification of psychiat- ric disorder, medical care certificate for specified diseases, registration certificate for specified diseases or medical expenses certificate for specified intractable diseases.	Sign language support	We offer support for contract procedures in sign language at a KDDI directly man- aged outlet (au Shinjuku). We also offer remote sign language support using tablet-based video conferencing functions at several KDDI directly managed outlets.
LGBT	-	_	_	_	Family Discount service available to same sex partners	The eligibility of family-oriented services such as au Family Discount has been expanded to include same-sex partners when formal certification of same-sex partnership is provided.	_	_

	Initiatives through MVNO	le Safety Project: A joint initiative by KDDI and au Insurance Co., Ltd. to create a society where bicycles can be used safely. We are raising awareness						
Everyone		Free app to prevent usage while walking. Provide a free app to stop smartphone use while walking and help prevent accidents and injuries and to improve manners.						
		Cycle Safety Project: A joint initiative by KDDI and au Insurance Co., Ltd. to create a society where bicycles can be used safely. We are raising awareness of bicycle safety via campaigns using apps and social media, as well as the Stop Using Smartphones While Cycling VR Experience.	Cycle Safety Project (Japanese only)					

Initiatives Outside Japan

Initiatives of the KDDI Foundation

App Design Competition Held in Yangon for Students in Myanmar The KDDI Foundation held an app design competition for university students as part of its international cooperation project to widen the reach of ICTs. The competition was supported by Myanmar's Ministry of Education, Ministry of Transport and Communications, Myanmar Computer Federation, Myanma Posts & Telecommunications and the Embassy of Japan in Myanmar. Its aim is to give Myanmar students a chance to improve their ICT skills through app development and to learn the process of understanding and solving issues in their everyday life and society at the same time. We plan to continue this program and encourage more universities to take part.

Improvement of Emergency Medical Care in Thailand

In order to cut the death-in-transit rate of Thailand's ambulance service, we are supporting the national standardization of medical data and have also developed a prototype system for the remote sharing of patients' medical examination records and real-time status information with relevant teams at other locations. We have conducted a demonstration test of this system in the Ubon Ratchathani Province in eastern Thailand.

Computing Education Study

We visited Singapore, Malaysia, Thailand and Myanmar to study how each country is introducing programming and computing in their elementary school curricula to prepare for the next-generation ICT Society. The findings were compiled in a report together with findings from the United Sates and Europe.



Policy & Activit

Materiality (4)

Rewarding Workplaces for Diverse Talents
 Recruiting and Developing Human Resources
 Labor Practices

Materiality ④

Rewarding Workplaces for Diverse Talents

- Promotion of diversity and inclusion
 Human resource development and career development
- Pursuit of employee satisfaction
 Promotion of health-focused management

KDDI's Approach

Social Issue

Japan has the worst labor productivity in the G7 countries, and it is said that productivity growth needs to triple to maintain the current real GDP growth rate. The Japanese government has launched a plan to "realize the dynamic engagement of all citizens" and embarked on a Work Style Reform, which seeks to allow more diverse working styles, increase middle earners, counter the entrenchment of inequality and create a virtuous circle of growth and distribution. There are many challenges to overcome to make this reform a success, such as the disparity between regular and irregular workers, long working hours and Japan's traditional single-track career path.

Our Risks and Opportunities

- . The decline in the productive population due to low birth rate and aging society means that, in order to attract high-quality human resources, we need to provide an attractive work environment that offers diverse work styles to suit a diverse workforce. As we at KDDI define the Integration of Telecommunications and Life Design as our new target business area, it is important for us to nurture human resources with diverse values and become innovative.
- To support sustainable business operations, we must care for our human resources that support the business. Through working style reforms and health-focused management, we will construct a sound work environment where employees feel healthy and happy, which will lead to sustainable growth.

Management System

- In the Medium-Term Management Plan (FY2019-FY2021) we established KDDI's Target SDGs and decided to focus on human resource development; support for women's advancement: respect for human rights, diversity & inclusion: and environmental conservation as social issues to be solved through corporate activities. In addition, regarding support for women's advancement, we have been setting medium-term quantitative goals since 2016 and working toward their achievement.
- To maximize the value of human resources and ensure the appropriate placement of human resources, we built a system to standardize hiring, placement, education, and training. In this way, we have maximized organizational performance and the growth of each employee. Furthermore, we set human resource training goals as KPIs for each division's general manager and introduced a system that reflects performance in the form of bonuses.
- In April 2018, we announced the KDDI Group Declaration of Health-Focused Management and began promoting health-focused management that supports each employee's health. In addition, in January 2019, we established the Work Style Reform and Health-Focused Management Promotion Office, which works to establish a sound working environment as a base for sustainable growth through the activities of the Work Style Reform Promotion Committee



Initiatives

- KDDI's Target SDGs (Corporate Activities) → P.18–19
- Recruiting and Developing Human Resources → P.47–51
- Labor Practices → P.52–61

Recruiting and Developing Human Resources



As the working-age population continues to decrease due to the declining birthrate and aging population in Japan, it is said that the country's economic growth will slow down. The market environment of the information communication sector has been changing rapidly and drastically in recent years as we have been experiencing technological innovation, intensified competition on a global scale and the participation of a variety of carriers. To respond to these changes and continue growing in a timely manner, we need to recruit diverse talents regardless of nationality, gender, age or (dis)ability and promote their advancement.

We regard the recruitment and development of human resources that can lead the new business area of integrating telecommunications and life design and the raising of the potential of the company's workforce as the highest priority.

KDDI Human Resources System Svste

To maximize the value created by human resources and ensure that the right people are placed in the right roles, we have established an organizational structure that manages the recruitment, development, utilization and career progression of human resources as a vertically integrated process, effective from fiscal 2017. This ensures that the development of individual employees works in tandem with the optimization of organizational performance.

Also, we have implemented a remuneration system for divisional general managers that is linked to the achievement level of KPIs for the development of human resources.



		KDDI
Human Resource Cultivation Managemen	t	Activity & Results

In the recruitment stage, we have removed the gender query from the application sheet to ensure we hire diverse talents.

We also have a variety of training and qualification schemes that give contract employees, such as mass-retail sales advisors, talent development opportunities. Those who wish can apply for a permanent contract, and 66 contract employees became regular employees through this scheme in fiscal 2018.

We execute various measures for effective employee growth, including on-thejob training (OJT) and off-the-job training (OFF-JT). Additionally, we create a drive to grow in employees by providing each with proper evaluations and feedback. We have also prepared various programs for those employees passionate about growing themselves and leading changes that encourage them to work on actively cultivating their potential instead of staying passive.

Also, we support the acquisition of company-designated qualifications by paying examination fees and other related expenses.

- FY2018 number of newly hired graduates of nationality other than Japanese...6
- FY2018 percentage of newly hired female graduates...31.1%

Retention of Newly Hired Graduates (KDDI)

*	· · · ·	Unit. person
	Male	Female
Graduates hired in April 2016	217	85
Currently employed in April 2019	212	79

FY2018 Employee Training Results (KDDI)

	Results
Training expenses per employee (yen/person)	120,000
Training time per employee (hours/person)	6.0
Total training time (hours)	81,570



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Mitment to KDDI's Target

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Materiality (5)

Rewarding Workplaces for Diverse Talents
 Recruiting and Developing Human Resources
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Rewarding Workplaces for Diverse Talents

- Promotion of diversity and inclusion
 Human resource development and career development
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 Promotion of health-focused management

Recruiting and Developing Human Resources

KDDI Human Resource Cultivation Measures

Prog	Iram	Details		
Executive assistant		Employees work as directors' assistants, learning directly the management mindset. (Every year, one man and one woman are assigned.)		
Job rotation system	Challenge rotation	Employees work in multiple job positions and departments to gain wider experience in different fields and explore their competencies.		
Self-career produce s	ystem (SCAP)	Employees can transfer to the departments of their choice after accumulating a certain amount of experience in their current positions and earning positive evaluations.		
Open recruitment syst	em	Employees who are enthusiastic about starting up new business or expanding growing departments can apply under the open recruitment system to be transferred (includes promoting involvement among elder staff).		
Self-reporting system		Employees can consult with their respective department's general manager on their future career plans based on the reports about their career history and current situation.		
Stratified training		Employees acquire the knowledge and skills needed for carrying out their work depending on the position or qualifications they have.		
Common skills training		Employees acquire the various business skills commonly needed by everyone in the company.		
Support for acquisition of qualifications		We pay examination fees and other related expenses for employees who are acquiring company-designated qualifications.		
Global initiative progra	im for managers (GIP)	We develop management staff that can manage global business and global bases through training in Japan and overseas.		
Lifelong learning sabb	atical program	Employees wishing to study toward a qualification or acquire new skills on a voluntary basis can take a career break of up to three years.		
Business study abroad	ł	Participants learn global standards for business at an overseas university or through communication with business persons at NPOs or internship.		
Specialized study abro	bad	Participants study at an overseas university or specialized institution to acquire advanced specialized knowledge and build human networks with relevant persons.		
Overseas trainee system		Employees wishing to join the program are sent to an overseas base for a certain period of time and, by conducting business, they learn how to carry out their work in a professional manner no matter the values and business customs of those who surround them.		
Global employee exchange program		In this program, employees hired overseas are invited to our headquarters in Japan to learn about the business customs, operations and philosophy of the KDDI Group and strengthen their partnerships with foreign customers who have offices in Japan.		
English circle support		We support English self-study circles in each workplace by providing instructors and contributing funds.		

Training System by Position

Position	The KDDI Group Phil	osophy	Stratified training	nmon : trainin	Global resou			training fic skills
Executive/Director	Divisional general ma study session	nager						
Departmental General Manager	Departmental general manager study session		Newly-appointed departmental general manager training		Global init	iative pro-		
GL (Group leader)	GL Study Session	Company-wide Philosophy Study Session/ Study Session by Department	Newly Appointed GL Training	0	gram for	managers		
Manager (Non-line)		any-wide Philo Study Session	Newly Appointed Manager Training	Common Skills			Training	
Assistant Manager		osophy Study Se h by Department		Skills Training	Ove	Overseas Study	Training by Division	
Chief		udy Sessi rtment		ing	Overseas Trainee System	eas dy	5	
Employee		ion/	Training 3 years after employment Training 2 years after employment New Employee Training					

KDDI's Approach – Professional Advancement of Women Policy

Promoting gender equality and female empowerment not only deepens our understanding of their human rights but leads to solutions to issues in international society and corporate sustainable development.

We at KDDI strive to establish an environment and create a climate where diverse human resources can use their individual strengths to perform to the best of their abilities. We are focusing on cultivating female leaders, raising awareness while changing the behavior of management and improving the working environment, so that women can continue to participate and advance in their careers even after going through major life events like giving birth and raising children. As of June 2019, around one third of female managers have children.

	KDDI	
Action Plan Based on Japan's Women's Advancement Act		Policy

With the enactment of the Act to Advance Women's Success in Their Working Life on April 1, 2016, we at KDDI have set the following targets in relation to actions to be implemented over a five-year period from April 1, 2016 to March 31, 2021.

<Targets>

1 Number of female line managers: 200

2 Usage rate of annual paid leave: 70%

3 Percentage of newly hired female graduates: 30%

* Achieving the 30% target for newly hired female graduates will bring the percentage of regular female employees to 24% in fiscal 2020.

<Actions>

Cultivate leaders consistently through the Female Line Manager Program
Promote measures to encourage employees to take paid annual leave by creating plans for taking leave and setting recommended dates for taking leave in each department

	KDDI
Cultivating and Promoting Female Leaders	Activity & Results

We believe that the participation of women in company decision-making will lead to enhancing our corporate strength and are focusing on a female leaders training program. Our specific goal is to appoint 200 female line managers, who are authorized to conduct personnel evaluations by fiscal 2020. Progress on this front is reported every six months to a meeting attended by managers. We are also striving to expand our female managers training program, which will lead to more female leaders.

	Unit: person
Female managers	321
Female line managers	143
Female administrative officer	1
Female director (outside director)	1

(Ref.) Female assistant managers 1,269 / (Men and women total) 5,868 (As of April 1, 2019)

KDDI Cultivating Women (inside the company): Female Line Manager Program

In fiscal 2016, we started the Female Line Manager Program, which aims to establish a career path that will take young female employees to the stage of being candidates for a general manager position. In this program, we cultivate future female leaders, including officers and line managers, and help them in their career progression. Managerial candidates (around 200) were selected with the assistance of individual departments to take part. The program included Mind Up Seminars for candidates right before they take up their positions as line managers. By providing the skills necessary for leadership and adjusting mindsets, we are training female leaders who can take action right after taking up their position. In addition, we held a large-scale event where female executive role models within and outside the company directly conveyed a message of encouragement and held dialogues with their younger colleagues to help broaden the participants' perspectives. Furthermore, we organized career design seminars for young female employees with the aim of expanding the candidate pool. We provided e-learning to promote understanding of the necessity for cultivating female managers and to teach how to develop female employees for all managerial staff, including men as we work to reform mindsets within the company.

Managers have had multiple discussions with the president about the advancement of women going forward. These discussions were reflected in the medium-term management plan, and we are promoting the advancement of women as a business strategy.

Cultivating Women (outside the company): Cross-Industry Forums

Activity & Results

KDDI

We participate in the New Generation Eijo College — Project for the Advancement of Female Sales Representatives in Different Industries, which aims to address the difficulty of producing female leaders due to the shortage of women in sales by bringing together companies in different industries facing the same problem.

The project began in 2014. In fiscal 2018, on the theme of creating the next generation sales management model, teams held discussions on their ideal management model and made management recommendations.

This activity provided opportunities to think deeply about ideal management models. Specifically, it allowed participants to review their own career attitudes and skills as they got inspired through the interaction with female sales representatives from different industries.



Materiality ④

Materiality (4)

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 • Recruiting and Developing Human Resources
 • Labor Practices

Rewarding Workplaces for Diverse Talents

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 Promotion of health-focused management

Recruiting and Developing Human Resources

	KDDI		KDDI
Evaluation and Remuneration Systems	Policy	Award Program for Employees	Activity & Results

To achieve fair and transparent personnel evaluation and remuneration, we have established common standards and grades for the performance and requirements demanded by the company.

For managers, we adopted a mission grade system that categorizes the grade of a manager by the size of their role, including the scope of their current work responsibilities, authority and achievements. For non-managers, we adopted an aptitude grade system based on their ability to execute their duties.

In addition, based on discussions with their supervisors, employees set individual goals that take into account personal growth and the achievement of corporate and organizational goals. Personnel evaluations are conducted through face-to-face interviews with supervisors regarding the level of achievement of these individual goals. A final determination is made based on evaluations by multiple people.

Any employee who is not satisfied with their evaluation can file a complaint with the Human Resources Department, submitting an application sheet.

As for bonuses, there are two types: corporate performance bonuses that reflect the company's performance and individual performance bonuses that reflect the personal business performance of each employee.



Each year, we conduct the KDDI Kaitai Shinsho awareness survey targeting all employees, including contract employees. The fiscal 2018 survey focused on making the ability of organizations and the driving force of the organizational environment visible. The survey was conducted to enhance performance to achieve sustainable growth. The survey results showed that leaders of departments that have a high level of organizational competence tend to set missions or visions for their departments that help achieve the company's vision and made sure that said missions or visions are shared and embedded across the team through daily communication.

The collected data were analyzed alongside the results of hearings and then made available to all employees via the intranet. Comments and replies were also made available. A round-table discussion was held, where the leaders of departments with high organizational competence shared best practices. Based on these findings, divisions and departments are now drawing up plans to tackle issues identified within their unit to improve their organizational competence. (Respondents: 11,383 (97.0% of the targets))

KDDI Providing Long-term Incentives for (Managerial) Employees Syste

We have introduced a performance-linked stock compensation system as an incentive plan for managerial employees. This system is designed to provide the company's share to KDDI managers when specific requirements are met in accordance with stock grant regulations set by the company in advance. By providing incentives, the system aims to improve the awareness of managers regarding the company's performance and stock price, as well as to further encourage the execution of operations aimed at improving performance while contributing to corporate value over the medium-to-long term.

We have implemented award programs for employees to increase motivation and a sense of solidarity.

President's Award Results (evaluation period: April 1, 2018 - March 31, 2019)

Award name	Number of awarded cases
President's Award	3
Contribution Award	1
Nice Try Award	0
Best Sales Award	3
Individual MVP Award	2

Results

Employment Status

		Male/ Female	FY2014	FY2015	FY2016	FY2017	FY2018
		Male (KDDI)	8,588	8,649	8,718	8,723	8,574
Number of	Unit:	Female (KDDI)	2,083	2,126	2,198	2,314	2,394
employees*1	Person	Total (Male and Female)	10,671	10,775	10,916	11,037	10,968
employees reison	Consolidated number of employees	28,172	31,834	35,032	38,826	41,996	
	11-3	Male (KDDI)	41.8	42.7	42.9	43.2	43.4
Average	erage Unit: e (KDDI) age	Female (KDDI)	38.2	39.2	39.3	39.4	39.4
age (NDDI)		Total (Male and Female)	41.1	42.0	42.2	42.4	42.5
Average	11-3	Male (KDDI)	17.3	17.6	17.7	18.1	18.2
working	Unit: year	Female (KDDI)	15.9	16.0	16.0	15.9	15.7
years (KDDI)	year	Total (Male and Female)	17.0	17.3	17.4	17.6	17.7
			(Total)	(Total)	(Total)	(Total)	(Total)
Employment			0.89	0.92	1.11	1.08	1.43
turnover*2		Unit: %	(Male)	(Male)	(Male)	(Male)	(Male)
(KDDI)			0.68	0.68	0.95	1.01	1.30
(INDDI)			(Female)	(Female)	(Female)	(Female)	(Female)
			1.78	1.99	1.79	1.39	1.96

*1 "Number of employees" is the number of regular KDDI employees, including employees temporarily transferred to KDDI. The number does not include employees who are transferred to other companies

*2 "Employment turnover" is the calculated percentage of 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

							Unit: person
		Early	Self	Company	Transfer	Other	Total
FY2018 Departing Employees* (KDDI)	Male	0	141	12	13	11	177
	Female	0	53	0	0	3	56
	Total	0	194	12	13	14	233

* Excludes employees who retired at retirement are

Status of Hiring (KDDI)

		June 2015	June 2016	June 2017	June 2018	June 2019
Number of employees with disabilities	Unit: person	350	372	403	417	417
Employment rate of persons with disabilities	Unit: %	2.11	2.19	2.38	2.53	2.54

1. The number includes persons with disabilities who are employed at KDDI, as well as at KDDI Challenged and KDDI Engineering 2. The number is calculated by counting persons with severe disabilities as two people

5.					
Gender	FY2014	FY2015	FY2016	FY2017	FY2018
 Male	170	203	217	211	181
University graduate	170	203	217	211	181

	Male	170	203	217	211	181
Decenturium	University graduate	170	203	217	211	181
Recent univer- sity graduates	Female	84	83	85	96	106
Sity graduatos	University graduate	84	83	85	96	106
	Total	254	286	302	307	287
	Male	38	46	46	76	102
	University graduate	37	45	45	74	95
Mid-career	Other	1	1	1	2	7
hires	Female	7	4	9	7	9
	University graduate	7	4	9	7	9
	Total	45	50	55	83	111
Reemployment	Male	100	126	143	112	121
after retire- ment	Female	10	13	17	13	19
	Total	110	139	160	125	140
Non-regular employees who became regular employees		33	82	122	118	66

Unit: persor

Unit: person

Employees	from	Countries	Other	than	lanan
EIIIDIOVEES		Countries	Ouler	ulali	Japan

	FY2014	FY2015	FY2016	FY2017	FY2018
Number of foreign employees (KDDI)	103	105	101	114	114
Proportion of foreigners in new employ- ees (KDDI)	8.3%	5.2%	2.0%	3.6%	2.1%
Number of foreigners at the manage- ment level (KDDI)	6	7	10	11	10
Consolidated number of foreign employees	2,624	4,380	4,423	4,308	4,208

Non-Regular Employees (KDDI) (Number of workers temporarily employed)						
	FY2014	FY2015	FY2016	FY2017	FY2018	
Temporary staff (KDDI)	3,848	3,512	3,940	4,539	4,206	
Contract employees (KDDI)	3,416	3,317	3,101	2,628	2,084	
Total	7,264	6,829	7,041	7,167	6,290	

Employees by A	ge (KDDI) (As of	March 31, 2019)
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	Total	Male	Female
Under 30	1,396	930	466
30–39	2,454	1,825	629
40–49	4,193	3,222	971
50–60	2,922	2,594	328
61 or over	3	3	0
Total	10,968	8,574	2,394

Manager (KDDI)					Unit: person
	FY2014	FY2015	FY2016	FY2017	FY2018
Male Managers	3,961	4,115	4,155	4,195	4,184
Department Managers or higher	408	411	465	481	472
Section Managers	3,553	3,674	3,690	3,714	3,712
Female Managers	177	251	270	302	321
Department Managers or higher	9	11	12	17	23
Section Managers	168	240	258	285	298
Proportion of Female Department Managers or higher	2.2%	2.4%	2.5%	3.4%	4.6%
Proportion of Female Section Managers	4.5%	6.1%	6.5%	7.1%	7.4%
Newly Appointed Managers	370	390	195	209	192
Male	330	309	169	173	163
Female	40	81	26	36	29

Note: The number of managerial personnel includes KDDI managerial personnel as well as those temporarily transferred to other compar

Retention of Newly Hired Graduates (KDDI)

Unit: persor

	onit: person	
	Male	Female
Graduates hired in April 2016	217	85
Currently employed in April 2019	212	79



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 Labor Practices

Rewarding Workplaces for Diverse Talents

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- Pursuit of employee satisfaction
 Promotion of health-focused management

Labor Practices



We at KDDI regard the health of our employees as a key management issue as stated in the KDDI Group Declaration of Health-Focused Management. We support their health at the organizational level to foster an environment and culture where everyone can work healthfully and earnestly, maximize individual and organizational performance and ensure sustainable growth as a company. We also comply with laws relating to the prohibition of child labor and forced labor and the payment of minimum wage.

Starting Salary for University Graduates Compared to Minimum Wage 143%

* Calculated based on the minimum wage in Tokyo (985 yen / hour). Specifically, the formula is 21 days × 985 yen × 7.5 hours * As of April 2019

KDDI Group Declaration of Health-Focused Management Policy

The KDDI Group has released the Declaration of Health-Focused Management as part of its commitment to support every employee's health at the organizational level and bring about a prosperous future. Building on this declaration, we are working on a range of initiatives to drive work style reform, promote mental health care, improve employee health management and look after the health and safety of employees and their families posted abroad, aiming for embedding a "health first" culture.

Declaration of Health-Focused Management (April 2018)

In our mission statement we declare: "The KDDI Group values and cares about the material and emotional well-being of all its employees and delivers a thrilling customer experience by always going further than expected with the ultimate goal of achieving a truly connected society." As the success of the company depends on a happy and energized workforce, we see the health of our employees as a key agenda for the management of the KDDI Group. We hereby declare our commitment to health-focused management, through which we will support the health of our employees at the organizational level as we strive for a prosperous future.

The KDDI Group will:

- 1. Encourage and help our employees to take proactive steps to improve and maintain their health.
- Work closely with the KDDI Health Insurance Union and the KDDI Workers Union to improve the physical and mental health of our employees and their families.
- Embed a "health first" culture within the group, where the pursuit of physical and mental health creates an energized and productive workforce.

In January 2017, we launched full-scale initiatives for work style reform to promote fundamental changes in perspectives and behaviors toward a work style that is more productive. We also established the Work Style Reform Promotion Committee as part of the initiatives. The committee members consist of General Managers representing Divisions and the General Manager, Human Resources Division is the chair. Since April 2018, the heads of eight strategic subsidiaries have also been participants. From fiscal 2019, we launched a work style reform project team with a primary mission of creating a productive environment under the guidance of the committee and accelerated work style reforms.

Operational Framework of the Work Style Reform Promotion Committee



KDDI Evolva, Inc., KDDI Engineering Corporation , KDDI MATOMETE OFFICE CORPORATION, Chubu Telecommunications Co., Inc., BIGLOBE Inc., UQ Communications Inc., OKINAWA CELLULAR TELEPHONE COMPANY, au Financial Holdings Corporation, AEON Holdings Corporation of Japan, ENERES Co., Ltd.

Initiatives and Results of Work Style Reform in Fiscal 2018 Initiatives

Materiality (4)

- Newly established the specialized organization Work Style Reform & Health Management Department
- Held monthly Work Style Reform Promotion Committee meetings (topics: remedying long working hours, increasing productivity, etc.)
- Concluded an agreement to reduce the upper limit on annual overtime to 540 hours (It had been 720 hours until fiscal 2017)
- Made it a company-wide rule to leave work within 30 minutes of finishing work
 Promoting the rule about leaving work by 20:00
- Enforcing No Overtime Days and ensuring permission is granted in advance to work overtime
- Enshrined the work interval system*1 in the work rules
- Created a system to record and manage employees' building entry and exit times as well as work computer log off times; Discrepancies between system logs and applications trigger alerts
- Promoted planned usage of annual paid leave
- Introduced robotic process automation (RPA)
- Conducted e-learning classes for time management
- Made internal systems accessible to mobile devices
- Began allowing tethering for work smartphones
- 23 departments participated in the Meeting Reform Project
- Introduced and expanded shared offices
- Participated in Telework Days as a special sponsor

Results

- Non-manager average overtime hours: around 4% lower than FY2017
- Number of regular employees^{*2} who worked more than 60 hours of overtime in one month: zero
- *1. The system ensures that there is an interval of at least eight hours between the end of one working period and the start of the next working period.
- *2. Non-managers, excluding discretionary workers

Organization of the Work Style Reform & Health Management Department (As of April 2019)

Human	Human Resources Department
Resources Division	Human Resources Development Department
DIVISION	Work Style Reform & Health Management Department
	Work Style Reform Group
	Almost all members are counselors; Stationed in each workplace
	Health-Focused Management Group
	Around half are public health nurses; Employee consultation manag- ers are also stationed

	KDDI
Safety and Health Management System	System

In accordance with the Labor Standards Law and the Industrial Safety and Health Act, we are engaged in a group-wide health and safety drive to secure the safety and health of workers in workplaces and facilitate the establishment of a comfortable working environment. We have established a safety and health management system, which includes general safety and health managers, safety officers, health officers, safety and health promoters, health promoters and industrial physicians in each workplace. Furthermore, from fiscal 2018, we newly appointed mental health promotion managers at workplaces with the or more people and are actively working on mental health measures. We have also established Health and Safety Committees that plan and conduct activities as joint labor-management efforts.

Health and Safety Committees

- Established at workplaces with 50 or more workers
- Held once a month
- Topics: health-focused management, work style reform, fire prevention and disaster preparedness, mental health, overtime work, health management, traffic safety
- Important matters on safety and health are reported to the Executive Director of the Corporate Sector



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Labor Practices

Materiality ④



KDDI is running a number of initiatives to drive health-focused management based on the basic principles of respect for human life, ensuring the safety and mental and physical health of employees in workplaces at all times, and maintaining a comfortable working environment.

Health-Focused Management Actions

As part of the drive to promote health-focused management in fiscal 2018, we conducted a health awareness survey of all employees and implemented measures based on the survey results. One of the measures implemented was to set up a health-focused management portal on the intranet in fiscal 2018. The portal provides useful information for improving the health of employees, including the "3-month challenge to get fit before the health exam" series, which gives easyto-follow tips for improving lifestyle habits to get better health examination results. A set of health KPIs have been defined as targets to be achieved by fiscal 2020 to improve the health of employees.

Examples of Initiatives

- Encouraged walking
- Held seminars on sleep
- Provided healthy menu options at the company cafeteria
- Held hearings for smokers regarding bans on smoking



KDDI formulated the Mental Health Promotion Plan and is carrying it out while implementing PDCA cycles for mental health initiatives. In addition, from fiscal 2019, we stationed 36 new internal counselors across the company and began interviewing all employees. The interviews enable us to hear directly from employees and assess working conditions from perspectives that differ from those of their superiors. They also help us quickly identify employees who are showing signs of difficulty even in the absence of reports from said employees, enabling us to act promptly in cooperation with medical professionals and managers as necessary. In this way, we are creating a healthful work environment.

Examples of Initiatives

- · Offering level-specific e-learning courses related to mental health
- Offering harassment prevention seminars for managers
- All regular and contract employees complete a stress check survey once a year (FY2018 survey rate: 84%)
- Based on the results, employees can consult with an industrial doctor if they request.
- The overall results are analyzed and sent to each work place to share the issues revealed, and workplaces with high stress levels are instructed to devise measures for improvement.
- Obligatory submission of medical history forms, interviews with industrial doctors and individual follow-ups by industrial health staff for employees who worked more than the prescribed number of hours of overtime
- Established the Employee Counseling Center and an external counseling office, which are staffed by industrial counselors
- We offer total support for employees when they return to work after absence due to mental health issues
- Industrial doctors interview returnees as well as the returnee's supervisors
- Training before returning (return-to-work program, etc.)
- Reduced work hours after returning
- Colleagues, industrial doctors and health staff collaborate to facilitate the returnee's smooth return to work in addition to the support provided by their supervisors

Changes in Number of Employees Absent Due to Mental Health Problems (KDDI) (at the fiscal year end)

FY	Number
2014	103
2015	87
2016	100
2017	99
2018	112

KDDI **Enhancing Employees Health** Activity

Providing Health Exams That Exceed Legal Requirements

We conduct regular health exams that are more detailed than required by law, maintaining an examination rate of 100% since fiscal 2010. For those who are diagnosed with severe health problems, we urge them to have an emergent consultation at a medical institution as soon as possible, and in fiscal 2018, 100% of employees followed the advice. For employees with conditions that do not appear to improve over time, we provide counseling with their supervisors and industrial doctors as well as health guidance until their conditions improve. In addition to the company program to assist with complete medical checkups, in fiscal 2018, we introduced a program to provide full reimbursement for breast cancer screening for female employees 35 or more years old.

Furthermore, in partnership with the KDDI Health Insurance Union, we actively promote measures to prevent diseases from becoming severe (data health planning). The health guidance given by the union to prevent lifestyle-related diseases achieved a complete rate of 20.8% for active support and 23.6% for motivation support, and we continue our efforts to increase these rates, including continuous support on an e-mail basis. To promote better health, the union also dispatches lecturers to provide health seminars at workplaces and, in fiscal 2018, introduced a health business that provides free dental checkups.

In addition to measures taken to date, in fiscal 2019, we introduced KDDI Wakuwaku Points, which is a health point program for all employees with the goal of encouraging improvements in behavior by, for example, promoting fun exercise (walking) and changes in lifestyle habits.

Other Health Management Measures

Measure	Target	Content			
Healthcare room	Regular and contract employees, temporary staff	When they feel sick, they can take a short rest in this room and receive first-aid care and health counseling			
Refresh room	Regular and contract employees, temporary staff	Services such as massage and acupunc- ture and moxibustion are offered by nationally qualified practitioners			
Wellness benefits	Regular employees	 KDDI Group Welfare Association provides subsidies related to such issues as childbirth/childcare, family care, health maintenance, personal development and employing a housework helper (Employees are free to choose the services they need) KDDI Health Insurance Union provides special benefits in the form of sports club access 			



We conduct various activities aimed at ensuring the health and safety of employees working outside Japan. We provide consultations with industrial doctors to employees before they transfer overseas, interviews with medical staff to all employees returning to Japan and follow-up care after the regular health exams to employees working overseas. Additionally, industrial doctors, public health nurses and clinical nurses travel around the overseas offices once a year to inspect the local medical institutions and the workplace environments as well as to provide consultations to the employees. We also began conducting stress check tests for employees working overseas and providing follow-ups, including health checks as required.

Furthermore, we have established and implemented the Vaccination and Health Report Guidelines for International Transferees and Business Travelers from the perspective of health management and employee safety for those transferring or traveling outside Japan. We introduced a medical return program that covers the expenses of employees or accompanying family members returning sick or injured to Japan, if an industrial doctor judges that they should receive treatment in Japan. In preparation for emergent situations, we have set up emergency evacuation services for all employees stationed or on a business trip overseas for evacuating in the event of terrorism or political instability. We also offer emergency medical transport services for the transport of severely ill or injured persons to a different country for medical treatment if necessary.



Rewarding Workplaces for Diverse Talents
 • Recruiting and Developing Human Resources
 • Labor Practices

Rewarding Workplaces for Diverse Talents

- Promotion of diversity and inclusion
 Human resource development and career development
- Pursuit of employee satisfaction
 Promotion of health-focused management

Labor Practices

Divers

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	KDD	
e Work Styles	/	Sys

Programs That Support Diverse Work Styles

Program	Content
Telework program (Working at home)	Introduced for all employees to enable flexible work hours and to boost work efficiency. A support program was also established for employees who need to do constant childcare and/or family care, which only requires them to come into the office as little as once a month. "We were selected as a Telework Pioneer 100 certified by Japan's Ministry of Internal Affairs and Communications in April 2016
Variable working hours system	Introduced so that employees can change their prescribed work- ing hours every month or every three months according to their volume of work. This system is also available on a monthly basis to employees requiring shortened working hours due to childcare and/or family care responsibilities.
Discretionary work system	Introduced to encourage a work style where the emphasis is placed on high performance achieved in a shorter time. As of March 2019, over 50% of the 1,900 employees in the eligible departments use this system.
Work shift interval rule	Introduced to raise awareness of a more health-focused work style. The rule stipulates that employees should rest for a mini- mum of eight hours between the end of a shift and the start of the next day's shift with overtime work in consideration. Additionally, health management is conducted in case they exceed a certain number of days when they cannot take 11 hours of rest.
Flexible working hours system	Introduced to encourage employees to work flexibly and autono- mously. About 60% of 900 employees in the eligible departments use this system.
Shorter working hours system for parents	Introduced to support a good work and childcare balance. Employees can decide their working hours per day between 5 to 7 hours according to their children's age and summer holidays. This system is also available on a monthly basis to employees using the variable working hours system.
Shorter working hours system for caregivers	Introduced to support a good work and family care balance. Employees can decide their working hours per day between 5 to 7 hours according to their family care responsibilities. This system is also available on a monthly basis to employees using the variable working hours system. They can use this system as long as care is necessary.
Spouse accompani- ment leave program	Established in April 2017 to support the work-life balance with a long-term perspective. The system allows a maximum three-year leave of absence to employees who accompany a spouse who has been assigned overseas so that they may live together. The program also applies to employees whose spouses are not KDDI employees.
Career-track employ- ment with restricted work area (L course)	Established in 2016. L-course employees are not transferred out- side the specified work area without their consent. The system enables the company to retain career-track workers who have dif- ficulty relocating due to such factors as a changing home environ- ment. All-area career-track employees are able to transfer to this course.

Support System for Balancing Work and Family Life

To help employees balance work with other responsibilities, such as childbirth, childcare, and family care, we have established a support system that exceeds legal standards.

We also established a dedicated website that enables employees taking parental leave to stay in contact with their supervisors and take e-learning courses so that they feel comfortable during the leave of absence. After returning to work, the flexible working environment allows the returnees to choose from different work style options to suit their preference and their particular work situation, including shortened regular working hours (5-7 hours/day), variable working hours, and telework. Under these programs, more than 98% of employees who take parental leave return to work (100% for males, 98.9% for females), and the retention rate 12 months after returning is 97.4% (fiscal 2018 results).

Furthermore, we have established programs for rehiring employees who previously left the company for reasons of childbirth or family care.

While making use of shortened working hours for childcare or while overtime work is exempted or limited, employees with children in third grade or younger will not be subject to a job transfer that requires moving residence.

<KDDI's Efforts>

Improve employment environment to support the work-life balance of employees who are engaged in childcare and/or family care

(1) Flexible working with options to suit home and work circumstances (2) Seminars for employees on maternity or parental leave and for employees caring for a family member while working

Our work regulations prohibit harassment, and we have set up a counseling office and provide training to spread such awareness in the company. From fiscal 2016, the scope has been expanded to include pregnancy harassment, and more robust action is taken.







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Efforts to Support Childcare and Family Care

KDDI Activity & Resu

Efforts to Support Childcare and Family Care (Excerpt)

Measure	Target	Content
	Employees planning to take parental leave of absence	Hold seminars on lifestyle during parental leave of absence
Supporting return to work after parental leave of absence	Employees planning to return to work	Hold seminars on how to increase their motivation and achieve a smooth returning to work
	Supervisors of employees planning to return to work	Share information for working mothers to develop their career
Support for male employees' participation in childcare	Male employees with spouse expecting to give birth	Grant paid paternity leave on the expected delivery date or one month following the birth (up to three days, on a day-by-day basis) • FY2018 result: 255 persons (acquisition rate: 72.2%)
Supporting a balance between work and family care	All employees	Offer lectures on how to balance between work and family care and provide booklets about in-company programs
Promoting the active role of employees with shortened working hours for childcare	Supervisors of employees with shortened working hours for childcare	Create guidebooks on measures to promote the active role of the eligible employees and publish them on the intranet

* Only measures that exceed the legal standards are described here as examples.

KDDI

Usage of Childcare and Family Care Support System (KDDI)

Usage of Childcare and Family Care Support System

Usage of	Childcare and Family Care Su	pport Sys					Unit: person
	Program	Gender	FY2014	FY2015	FY2016	FY2017	FY2018
	Maternity leave	Female	190	185	181	164	135
	Paternity leave	Male	328	269	279	282	255
	Parental leave of absence	Male	11	14	16	25	27
	Parental leave of absence	Female	275	281	276	270	247
	Reinstatement after parental leave	Male	100%	100%	100%	100%	100%
Obildeeve	of absence *1	Female	96.5%	96.6%	99.0%	94.4%	98.9%
Childcare	Retention after parental leave of	Male	100%	100%	88.9%	93.3%	_
	absence *2	Female	100.0%	96.5%	99.0%	98.0%	_
	Shortened working hours for	Male	1	2	1	3	6
	childcare	Female	394	417	440	458	469
		Male	320	290	344	429	471
SICK/II	Sick/injured child care leave	Female	316	344	445	496	522
	Family and law a falsance	Male	6	7	8	8	12
	Family care leave of absence	Female	5	6	5	4	6
Family	Family and laws	Male	80	90	107	133	180
care	Family care leave	Female	50	63	87	117	113
	Shortened working hours for nurs-	Male	1	4	1	1	3
	ing care	Female	1	2	2	2	6

*1 (Total number of regular employees who returned to work after parental leave of absence) ÷ (Total number of regular employees who planned to return to work after parental leave of absence) × 100 *2 (Total number of regular employees who remain at KDDI 12 months after returning to work after childcare absence) ÷ (Total number of regular employees who returned to work after childcare absence) × 100



We strive to further expand employment opportunities for persons with disabilities to promote their independence and success at work.

Established in 2008 as a special subsidiary, KDDI Challenged aims to create and expand the types and scope of duties of each of its employees with disabilities by highlighting their ability and organizing a working environment tailored to each employee. In fiscal 2016, we launched Café Challenged in the KDDI head office building and Osaka Building, and, in fiscal 2017, we launched it in the Shinjuku Building, too. Employees with disabilities are in charge of the operation of these three shops. Also in fiscal 2016, we announced again that we have an existing counseling office for issues related to the advancement of persons with disabilities and created an environment to facilitate communication between the company and employees with disabilities.

With the aim of increasing the employment of persons with mental disabilities since fiscal 2018 as obligated, we have been continuing to expand job areas with a focus on developing diverse occupations, following pre-employment training to understand their characteristics to encourage their advancement based on the ability of each person. At KDDI, the rate of employment for persons with disabilities is 2.54%^{*1} (as of June 2019), which exceeds the legal requirement (2.20%).

*1 Includes KDDI Challenged (special subsidiary) and KDDI Engineering

Work Status of Employees with Disabilities

Work location	Work roles			
KDDI Challenged	Work handled under contract from the KDDI Group, including manually disassembling mobile phones, performing maintenance on business mobile phones, handling accounting procedures, PC kitting,* ² facility maintenance and operating Refresh Room and Café Challenged			
KDDI Challenged, Osaka Office	Cleaning (morning), manually disassembling mobile phones (after- noon) and operations of Café Challenged			

*2 Refers to the process such as setting up a PC operating system and installing applications

Support System	n for En	nployees with D	KDDI sabilities _{System}				
The Act on the Elimination of Discrimination Against Persons with Disabilities, enacted in Japan in 2016, stipulates the need of rational consideration to be taken to eliminate barriers in the life of people with disabilities as much as possible. To ensure that employees with disabilities can lead stable professional life that matches their abilities and disabilities, we strive to create supportive work environment while publishing guidebooks for their supervisors.							
Examples of Supp	ort for E	mployees with Disa	abilities				
Measure			Details				
Questionnaire surveys		abilities to assess facto	aires for all employees with dis- ors such as the inconveniences any and changes in their condi-				

tions, and based on these opinions changes are incor-

This guidebook, which was created with the participa-

tion of employees with hearing difficulties, was pub-

lished to provide easy-to-understand explanations on

Employees with disabilities and their supervisors participated in the ACE Challenged Seminar hosted by the

Accessibility Consortium of Enterprises (ACE), which

works to promote career design for employees with

We introduced the UDTalk speech translation app to

further ensure the access to information by employees

the rules of sign language interpretation and how to

support summary writing in the workplace.

disabilities

with hearing difficulties.

porated into their work environments.

Guidebook for Communication

with Employees with Hearing

Participation in external seminar

Introduction of an app for per-

sons with hearing difficulties

ACE Challenged Seminar

Difficulties

KDDI

Rewarding Workplaces for Diverse Talents
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Rewarding Workplaces for Diverse Talents

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We have established a post-retirement re-employment program for employees who have reached the age of 60 and satisfy certain requirements, encouraging them to work as non-regular employees until age 65 at the latest. 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 various workplaces.

For employees nearing the retirement age, we also hold seminars that inspire them to think about their life and work styles after 60.

Furthermore, to further broaden the field of activity for senior employees, from fiscal 2019 we began supporting career development and have been working to establish a conducive environment.

KDDI Advancement of Foreign Employees Policy & Systen

To ensure that employees from countries other than Japan can work comfortably in Japan and make full use of their abilities, we provide a variety of information about obtaining permanent resident status and programs relating to dependents and employee pension. In fiscal 2016, we held discussions with them to improve the working environment as the company expands globally. In addition, employee education is provided to ensure that employees from countries other than Japan are not discriminated against on the grounds of race or faith.



We aim to further promote decent work for all employees by working toward improving labor-management relations through honest discussions and negotiations with representatives of all employees.

	KDDI
Status of Union Membership* (KDDI)	Results
	FY2018
Total number of union members*	10,442
Union participation rate (Percentage of employees covered by labor agreements)	98.7%

* Includes KDDI's currently serving regular and contract employees, as well as employees on loan from the company

Creating Sound Labor-Management Relations

Signing of Union Shop Agreement and Cooperation between Labor and Management

We guarantee the right to freedom of association and collective bargaining. We adopted a Union Shop Agreement that requires all employees in Japan, except for managers and non-regular employees, to join the KDDI Workers

Union starting in January 2012, and we signed the Labor-Management Relations Agreement, Union Activities Agreement and Collective Bargaining Agreement with the KDDI Workers Union.

Regarding items with a significant influence on the treatment of employees, such as changes in the organizational structure and systems relating to human resources, we hold discussions with the union, and their consent is obtained before implementing any changes. Various issues relating to the improvement of working environment are also discussed regularly between labor and management, and in fiscal 2018, we had 36 meetings in total. Such discussions will be held on a regular basis in fiscal 2019 as well. The KDDI Workers Union provides union members with information about the content of negotiations between labor and management. Agreements reached in previous sessions (benefit to both sides) include: increase in fixed monthly pay, bonus payment based on company performance, introduction of the work shift interval rule, making shortened working hours for parents more flexible, eliminating the time limit on shortened working hours for caregivers, increase in the overtime premium for non-regular workers, enhancement of the system for accumulating annual paid leave, and promotion of health-focused management.

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

	KDDI Group
Pension System	System

We have introduced our own retirement benefit and pension system, which is managed by the KDDI Pension Fund (a separate corporation). The KDDI pension plan offered to employees is structured as a defined-benefit pension plan, and the entire amount is borne by the company (398,437 billion yen* as of the end of March 2019). KDDI Pension Fund manages the assets to be granted appropriately in the future.

We strive to provide fair and strict management of the fund to ensure a stable life for fund subscribers and recipients in the future.

*Fund assets for the entire KDDI Group (including the companies affiliated with the fund)

Wellness Benefits (for employees)

Various systems	 Two-day weekends (Saturday, Sunday, holidays) 121 days off per year (weekends, holidays, end and start of yea Annual paid leave (15 days for the first year, 20 days from the first year, 20 days from the first year) Free vacation system (promoting taking five consecutive paid version system (promoting taking five consecutive paid version) Special leave (for funeral, marriage, birth, childcare, etc.) Refresh vacation Leave before and after birth Childcare and caregiving leave, etc. 					
Insurance	Health insurance, pension insurance, employment insurance, labor					
Asset creation	Various asset creation and accumulation systems, employee stor					
Welfare association	KDDI Group Welfare Association (mutual aid benefits, support sys ment store perks, coupons for theme parks and resorts, etc.)					
Residential investments	Affiliated home loans					
Resorts	Around 75 contracted resorts nationwide					

us of Workplace Injuries (KDDI)

Status of Workplace Injunes (RDDI)						Results
		FY2014	FY2015	FY2016	FY2017	FY2018
Number of workplace accidents	Unit: case	14	20	21	23	20
Number of serious workplace accidents during construction	Unit: case	0	0	0	0	0
Frequency rate*1		0.52	0.62	0.78	0.82	0.77
Severity rate*1		0.0078	0.0024	0.0102	0.0038	0.0052
Lost time injury frequency rates*2		0.15	0.20	0.19	0.28	0.15

*1 Calculated based on the formula specified in the Survey on Industrial Accidents of Japan's Ministry of Health, Labour and Welfare *2 LTIFR: (Lost time injuries frequency rate is the number of workplace accidents) - (the cumulative hours worked) × one million (lost time is defined as any period of one day or more)

						KDDI
Overtime Hours, Paid Holiday, Ave	erage Annual Salary, etc. (KDI	(וכ				Results
		FY2014	FY2015	FY2016	FY2017	FY2018
Average overtime hours per month*1	Unit: hours/month	29.2	29.9	27.5	19.6	19.0
Average overtime allowance per month*1	Unit: yen/month	101,218	100,197	96,395	65,879	63,542
Total annual actual hours worked (average)*1	Unit: hour	1,944.6	1,941.6	1,919.2	1,892.7	1,871.4
	Unit: Number of days granted	19.8	19.8	19.7	19.7	19.7
Rate of paid holiday taken	Unit: Number of days obtained	13.1	13.1	12.8	13.5	14.2
	Unit: %	66.4	66.3	65.1	68.5	71.9
Average annual salary*2	Unit: yen	9,763,079	9,510,045	9,532,136	9,363,399	9,528,103

*1 Applicable to KDDI employees in non-managerial positions

*2 Average annual salary includes bonuses and extra wages

KDDI
System

ar: FY2018 results) following year (varies with work attendance rate)) acation days)

oor accident insurance, etc.

ck-holding association

stems for daily life, group insurance, group life insurance, sports clubs, golf courses, depart-

KDDI's Targ

Materiality

Respect for Human Rights and Fairness in Business
 Human Rights
 Youth Education Activities
 Compliance
 Supply Chain Management

Materiality (5)

Respect for Human Rights and Fairness in Business

- Pursuit of sustainable procurement
 Respect for workers' rights
- Prevention of corruption and bribery
 Promotion of fair and proactive communication
- KDDI's Approach

Our Recognition of Social Issues

As value chains expand globally, there is growing scrutiny of the impact of corporate attitudes toward and activities supporting human rights in global society. In terms of fair business practices, issues that need to be addressed include anti-corruption measures, our stance against organized crime groups and respect for human rights throughout supply chains.

Our Risks and Opportunities

- We assume there are social and economic risks where, through the products and services provided by KDDI, customers become involved in mischief or crime committed through the internet, cell phones, or smartphones. In particular, we are concerned that the rights of the socially weak (children, the elderly, the disabled, etc.) may be infringed. In educational environments, there is a growing need for data literacy education to enable children to properly use ICT equipment without getting caught up in mischief or crime.
- We are aware that turning a blind eye to human rights violations can damage the value of corporate brand and hamper the development of a sustainable society.
 We believe that efforts to eradicate human rights violations from business activities and from the wider society can contribute to KDDI's business growth.

KDDI's Management

- We at KDDI respect the KDDI Code of Business Conduct and the KDDI Group Human Rights Policy. We will eliminate discrimination based on race, faith, gender, social status, religion, nationality, age, sexual orientation, gender identity, family responsibilities (including pregnancy) or (dis)abilities as well as correcting and eliminating labor practices that violate human rights, such as child labor and forced labor.
- We have set up a governance framework consisting of a range of committees, including the Business Ethics Committee and Sustainability Committee, to drive our efforts. We also run initiatives to enhance our employees' understanding and practice of the KDDI Group Philosophy and the Code of Business Conduct throughout the year.
- We established the Business Ethics Helpline, which is available anytime, to
 receive reports or provide consultation regarding violations of business ethics,
 laws, or regulations through an internal or external contact point established in
 collaboration with external experts. Contact points can be reached by e-mail,
 phone call or letter, in multiple languages. To protect whistleblowers, reports
 can be made anonymously, and we work to protect privacy in surveys.
- With our suppliers, we build partnerships on mutual trust and conduct business in a fair and equitable manner. We also use tools such as Responsible Procurement Surveys to ensure suppliers' compliance.
- KDDI Smartphone and Mobile Phone Safety Classes are held by certified employee lecturers who go around to schools all over Japan. Through these classes, we teach children how to safely communicate through smartphones and mobile phones. We also raise awareness and foster greater understanding of human rights on the internet.



Human Rights

	KDDI Group
KDDI's Approach	Policy

We at KDDI are striving to avoid discrimination based on race, faith, gender, social status, religion, nationality, age, sexual orientation, gender identity, family responsibilities (including pregnancy) or mental/physical health conditions, as well as tackling and eliminating labor practices that violate human rights, such as forced labor and child labor.

We believe that embedding diversity and inclusion is particularly important for a company to achieve sustainable growth. The KDDI Group Philosophy includes a vision of embracing diversity to facilitate the understanding.

We are also aware that issues surrounding the protection of personal information and privacy uniquely expose the ICT industry to human rights risks. We are determined to fulfill our social responsibility to address these issues by leading an industry-wide drive.

Human Rights Initiatives

The KDDI Group considers the International Bill of Human Rights and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work to be the most fundamental policies for human rights. The KDDI Code of Business Conduct, which serves as a guideline for behavior of officers and employees, defines our basic principles on respecting human rights and individual characteristics throughout all our business activities, and we carry out initiatives while consulting the UN Guiding Principles on Business and Human Rights. The KDDI Group Human Rights Policy, established in 2016, declares our efforts in all group companies to respect international standards such as the Universal Declaration of Human Rights, as well as to prevent and reduce negative influences on human rights and to promote education on the issue. We have also set up a Human Rights Subcommittee under the Sustainability Committee and established a Sexual Harassment and Human Relationships Hotline staffed by external specialist counselors, an Employee Counseling Center staffed by internal counselors and a Harassment Hotline staffed by employees at the Human Resources Department, as points of contact to which employees can report their concerns. In addition, in the KDDI Guidelines for Responsible Supply Chain, we prohibit forced labor, inhumane treatment, child labor and discrimination, and our business partners are requested to understand and follow the guidelines.

Strict confidentiality is observed to protect those seeking help and to ensure that any stakeholder can discuss or report their concerns without fear of detriment. We have established the following organizational arrangement to promote diversity:

Web Link	Human Rights Subcommittee	>
Web Link	KDDI Code of Business Conduct (Basic Principles)	>
Web Link	KDDI Group Human Rights Policy	>
Web Link	KDDI Guidelines for Responsible Supply Chain	>

• Compliance \rightarrow P.65–67

• Supply Chain Management → P.68–69

			KDDI
KDDI's D&I Pro	motion System		System
Resources Departmen we are engaged in con professional advancen people. We clearly def and, in adherence to t	nt. With the presider mpany-wide efforts nent of women, em ine the promotion of his policy, the office rts to cultivate and e	nt as the to to promot ployees w of diversity ers and line	partment in the Human op decision-making authority, e diverse work styles and the ith disabilities and LGBT as a management issue, e managers are now evaluat- uman resources, including
KDDI's D&I Promotio	n System		
	President Mako	to Takaha	shi
	The top decision-make	er for D&I pr	omotion
Direction/ Report			Direction/ Report
Officers (General Manag Corporate Sector)			Corporate Sector n Resources Department, nan Resource Division
General Managers of eac ness sector/ division/ dep	artmont	Diversi	ty & Inclusion Department
	Sharing of cultivation progress	Supervis	ent in charge of D&I Promotion sory responsibility: General r, Diversity & Inclusion Promotion lent

Employees

charge of human

esources from each

department

Diversity & Inclusion



Respect for Human Rights and Fairness in Business
 Human Rights
 Youth Education Activities
 Compliance
 Supply Chain Management

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Respect for Human Rights and Fairness in Business

- Pursuit of sustainable procurement Respect for workers' rights
- Prevention of corruption and bribery
- Promotion of fair and proactive communication

Human Rights

	KDDI	
Initiatives to Promote LGBT Equality	Activity	Employee Awareness Raising

As shown in the enactment of a law permitting persons with gender identity disorder to change their gender status in Japan and the legalization of same-sex marriage in increasing number of countries and regions, attitudes toward LGBT* equality are changing. However, businesses still lag behind in the understanding of and support for LGBT rights.

In light of this, we at KDDI have been engaging in activities to promote LGBT awareness within the company since fiscal 2013 in the effort to advance understanding and spread awareness among employees.

* LGBT: Collective term for lesbian (L), gay (G), bisexual (B), and transgender (T) people. While there are various sexual and gender identifications other than LGBT, the term is used in this report to refer to all sexual minorities

Increase Allies

We at KDDI are engaged in an initiative to increase allies - supporters of LGBT people. To LGBT people, the presence of allies around them boosts confidence. Allies can also promote dialogue about the issue in the workplace.

We give employees who have declared to be allies KDDI ALLY stickers that they can display prominently to show their commitment to the cause. So far around 800 employees have declared themselves allies and are working on making our workplace a safe, happy place for LGBT people to work in. We also offer networking opportunities to LGBT people.

Other Initiatives

Initiative	Details
Inclusion of LGBT equality in the KDDI Code of Business Conduct (Basic Principles)	The code enshrines the principle of no discrimination or viola- tion of dignity on the basis of sexual orientation, gender, age or nationality, raising awareness within and outside the company.
Activities to raise aware- ness and promote under- standing	Seminars and e-learning courses to improve the understanding of LGBT issues have been conducted on an ongoing basis since fiscal 2013.
Change of definition of spouse / application of internal rules	Employees recognized by KDDI as having a long-term same- sex partner are treated as married for the purpose of all com- pany programs
Considerations in work environment	Transgender employees are encouraged to use their chosen working names, receive tailored health checks and use universal toilets
Promoting the under- standing of LGBT issues in society	 Participation in forums and other events related to LGBT issues and showcasing KDDI's initiatives Donations to LGBT support groups
Application of au Family Discount scheme	Eligibility for family-oriented services such as au Family Discount extends to formally certified same-sex partners

KDDI and our group companies in Japan strive to further raise awareness of employees of human rights based on the KDDI Code of Business Conduct. Our awareness-raising initiatives include the provision of e-learning sessions on LGBT equality (compulsory to all employees), regular e-mail newsletters about the Code of Business Conduct and the Harassment Prevention Guidebook posted on the intranet

	KDD	
Enhancing Our Efforts in Business and Human Rights		Activity

In order to further respond to social expectations and requirements for global companies regarding human rights due diligence, we participate in various initiatives to clarify human rights issues that require response, reviewing and discussing policies based on the issues identified.

Business for Social Responsibility (BSR)

KDDI has been a member of BSR since 2014. We participate in conferences on human rights and other sustainability issues held by the organization and apply what we gain from exchanging opinions with a diverse range of companies and organizations to the promotion of our initiatives.

Web Link	Business Ethics Helpline (Grievance Mechanism)	>
	KDD	
External R	ecognition	ity & Results
Web Link	External Recognition	>

Youth Education Activities



We take Unicef's Convention on the Rights of the Child (CRC) and Children's Rights and Business Principles seriously. With regard to the CRC in particular, which codifies children's right to survival and development, we ensure that children have access to education and do not face a digital divide. Regarding Children's Rights and Business Principles, we are committed to ensuring that KDDI's services come with safety measures that respect and promote children's rights.

We offer safe and affordable services to young people and run awareness campaigns. We are committed to protecting children's rights as we endeavor to create a society where children can enjoy mobile and internet connectivity.

	KDDI
Initiatives through KDDI Smartphone and Mobile Phone Safety Classes	Activity

KDDI sends certified lecturers to visit elementary, middle, and high schools all over Japan. The lecturers teach children rules and manners to abide by when using a smartphone or mobile phone and go over teachable examples of trouble and incidents related to smartphones, mobile phones, and the internet. The classes are designed to enable children to use their own judgment and thereby avoid risks. Since its launch in fiscal 2005, a total of 29,000 classes have been held with over 5,310,000 attendees. There is a wide variety of human rights-related risks posed by the internet, and people need to be careful not to spread misinformation or write hurtful comments on social media, post identifying information, or too easily trust people met online. These topics are covered by the lectures, and we are working to enable children to safely use information technology while protecting their human rights



Compliance

KDDI's Approach

We recognize that in order to fulfill our social responsibilities through our business activities, raising compliance awareness throughout the group is a fundamental corporate management issue.

As a global corporate group, we continue to further enforce our group-wide compliance framework.

	and the second
KDDI Group Compliance and Enforcement Framework	System

We created the KDDI Code of Business Conduct to encourage the ethical behavior of employees along with a compliance mindset. It is published on the intranet to ensure that it is shared and practiced, enabling employees to check it whenever they are unsure what action to take.

Also, we established the KDDI Group Business Ethics Committee as a decision making body for KDDI Group's compliance related matters. The KDDI Group Business Ethics Committee is chaired by the Vice Chairman who is a Representative Director, and members include directors and additional nominees appointed by the chair as required. They hold a meeting once every half-year, and, in addition to assessing the conditions of each group company, the committee builds and supports the enhancement of compliance frameworks. The committee is also responsible for helpline issues, corruption prevention and compliance issues, such as breaches of competition laws.

In addition, the committee formulates policies on raising awareness, discusses countermeasures in case compliance violations occur and is responsible for the disclosure of such information as well as the prevention of recurrence. Reports on their activities are made available to all employees via the intranet.

KDDI Group Compliance and Enforcement Framework





Top Messa

DDI's Commitment to

Target SDGs

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Respect for Human Rights and Fairness in Business
 Human Rights
 Youth Education Activities
 Compliance
 Supply Chain Management

Materiality (5)

Respect for Human Rights and Fairness in Business

- Pursuit of sustainable procurement
 Respect for workers' rights
- Prevention of corruption and bribery
 Promotion of fair and proactive communication

Compliance

	KDDI Group
Compliance Education, Training and	
Awareness Raising	Activity & Results

Examples of Initiatives in FY2018

- Target: All KDDI employees
- Promotion of the KDDI Group Philosophy Monthly email newsletter related to promoting the KDDI Code of Business Conduct
- Target: Managers, Group leaders
- Seminars and training for violation case studies
- Target: New line managers
- Training related to bullying and harassment
- Target: KDDI Group Business Ethics Committee Staff
- Participation in seminars on the internal reporting system and other topics • Target: Group company executives
- Training to instill a leadership mentality, the importance of compliance management, legal knowledge and accounting knowledge.

Web Link Sustainability Promotion Framework (KDDI Philosophy, KDDI Code of Business Com	
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KDDI Group Business Ethics Helpline (Grievance Mechanism, Whistleblower System)

We established the Business Ethics Helpline in 2006 to serve as a contact point for all employees of KDDI, KDDI Group companies and business partners who have questions or concerns about business ethics and legal compliance. The helpline is available anytime and can receive reports through an internal or external contact point established in collaboration with external experts (Reports can be received by e-mail, phone call or letter, in multiple languages).

Furthermore, we have enabled anonymous consultation and reporting based on the Whistleblower Protection Act enacted in Japan in April 2006. In 2018, there were 330 consultations and reports, but there was no consultation or reporting of serious issues that require external announcement.

The KDDI Group Business Ethics Committee investigates the issues consulted on and reported as required while protecting privacy, and when the problems are detected, the committee members as well as the management team and the Audit & Supervisory Board members review the report and take corrective actions along with measures to prevent recurrence.

Business Ethics Helpline (Whistleblower System)



* Consultations that the external contact point received are relayed to the internal contact point, keeping anonymity for the whistleblowers

Compliance Consultations Received in the Last Two Years (KDDI Group)

Consultations	FY2017	FY2018
Compliance consultations	257	330
Breakdown: harassments	120	151
Breakdown: other compliance violations	137	179



Our Basic Policy for the Creation of Internal Systems takes a firm stand on countering organized crime groups.

In addition to rules defining initiatives for blocking off any relations with such groups, the KDDI Code of Business Conduct, which defines basic principles to be followed and enforced by all officers and employees, takes a firm stance against organized crime groups, rejecting any requests for illicit funds and refusing to comply with any demands.



To prevent corrupt practices, the KDDI Code of Business Conduct defines the principles of promoting fair business activities and the conscientious performance of duties and prohibits activities such as bribing politicians and public officials, along with other similar types of corruption. It is specifically stipulated that, when dealing with overseas governments and companies, the UN Convention against Corruption as well as the laws and regulations of the relevant countries and regions against foreign corrupt practices and unfair competition must be complied with. Any breach will result in disciplinary action according to the company regulations. In order to prevent these violations, we use e-learning courses and e-mails to inform all employees and raise their awareness.

Procurement Division

We also urge business partners to comply with the KDDI Guidelines for Responsible Supply Chain, which defines rules for prohibition of corruption, bribery, abuse of power and giving or receiving illicit funds.

Secretarial Department

For any political donations we make, we observe the Political Funds Control Act and follow the KDDI Code of Business Conduct and the KDDI Guidelines for Responsible Supply Chain.

In fiscal 2018, we made political donations totaling 6 million yen in Japan, and there were no cases of legal action against us concerning corruption or bribery.

	KDDI Group
Preventing Anti-Competitive Behaviors	Policy

The KDDI Code of Business Conduct defines rules that prohibit anti-competitive behaviors, and we make efforts to ensure that all employees comply with competition laws.

In addition to competition laws, we stipulate that local laws and regulations in each country and region on labor, tax, the environment, monopolies and consumer protection must be examined thoroughly to ensure full compliance.

Under the KDDI Guidelines for Responsible Supply Chain, we demand our business partners to not engage in any activities that inhibit fairness, transparency or freedom of competition.

In fiscal 2018, there were no legal actions against us concerning anticompetitive or monopolistic conduct.

We fully adhere to these related regulations and continue the appropriate business operations.

KDDI Group

Policy & System

Responsible Tax Practice

We at KDDI Group pursue the satisfaction and benefits of our customers while fulfilling our social responsibilities by maintaining and enhancing international tax compliance and paying tax appropriately, adhering to international rules and tax-related laws and regulations in each country and region. In fiscal 2018, we paid 309,149 million yen of corporate income tax, which accounts for 30.6% of gross income.

As KDDI Group businesses become increasingly multinational and have more international transactions, our top management is working to promote a tax strategy that properly recognizes international tax risks and regards such risk as an important issue that is directly linked to management. In addition, the head office is engaged in education for employees across the world and receives technical tax practice support from external specialists. With these initiatives, we strive to maintain and improve tax governance.

Efforts to Establish Good Relations with Tax Authorities

In an effort to reduce tax risks, we have improved the transparency of our tax practices by submitting appropriate information and checking the appropriateness of our tax practices with tax authorities in advance as required, building trust with tax authorities in each country.

Efforts to Prevent Tax Avoidance

In accordance with OECD's Base Erosion and Profit Shifting (BEPS) action plans, we conduct responsible taxation by ensuring that our economic activities and value creation occur in the right tax payment places in line with the revision of tax regulations stipulated in BEPS. We also prohibit the transfer of sources of tax revenue to tax free or low tax rate countries and regions (so called "tax havens") with the purpose of excessive tax avoidance and work to make proper tax payments in accordance with each country's tax system.



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Respect for Human Rights and Fairness in Business
 Human Rights
 Youth Education Activities
 Compliance
 Supply Chain Management

Respect for Human Rights and Fairness in Business

- Pursuit of sustainable procurement
 Re
 - Respect for workers' rights
- Prevention of corruption and bribery
 Promotion of fair and proactive communication

Supply Chain Management

	KDDI	
KDDI's Approach (Supply Chain Managemei	nt)	Policy

In today's world where globalization has progressed, corporate procurement activities are influenced by social issues around the world.

We believe that driving sustainability initiatives not only within the company but throughout our supply chain will make our business more sustainable. KDDI will further improve our responsible procurement standards to strengthen partnerships with our business partners while collaborating with them to prevent human rights and safety and health labor issues from occurring.

In addition, we are enhancing the various forms of support we provide to distributors, who are important partners.

KDDI Sustainable Procurement Policy Policy

As a general telecommunications operator that supports social infrastructure, we have implemented supply chain risk management with all business partners inside and outside Japan in line with the KDDI Sustainable Procurement Policy since February 2014 to fulfill our social responsibility at a higher level and avoid procurement risks as far as possible. The policy defines seven themes for appropriate supply chain management: Co-existence and Co-prosperity with Business Partners, Consideration of Global Environment, Fair and Equitable Trade, Considerations for Human Rights and Labor Environment, Fair Management of Information, Ensuring Quality and Safety, and Co-existence with Society.

To offer 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 this policy to all business partners inside and outside Japan.

Additionally, KDDI investigates the scale, background, credibility, business conditions, financial conditions, etc., of potential business partners using external investigative organizations, and if they meet a predetermined standard, we open business with them. In case of a serious violation of compliance, such as those related to human lives, we deal with issues, including conducting reviews of transactions, until corrective actions are completed.

In fiscal 2018, we conducted Responsible Procurement Surveys targeting our primary suppliers on problems regarding responsible procurement, including human rights violations and trade in conflict minerals among primary and secondary suppliers. We also confirmed compliance with the KDDI Sustainable Procurement Policy.

 Web Link
 KDDI Sustainable Procurement Policy
 >

KDDI Guidelines for Responsible Supply Chain and Responsible Procurement Promotion System System

We established the KDDI Guidelines for Responsible Supply Chain as a policy for implementing the Procurement Policy and published them on our website. The guidelines were formulated based on the Electronic Industry Citizenship Coalition (EICC) code of conduct and the *Supply-Chain CSR Deployment Guidebook* published by the Japan Electronics and Information Technology Industries Association (JEITA). The guidelines provide criteria for the environmental and social impacts to consider when selecting business partners and procurement items, in addition to quality, price, delivery, and stability of supply.

We also conduct surveys targeting our leading business partners to support their understanding of our responsible procurement initiatives and to communicate the situation and progress. In case of compliance violations committed by business partners, KDDI requests them to identify the causes and requests improvement. We offer guidance and support action if necessary.

Based on our Code of Business Conduct, we do not perform any transactions with organized crime groups.

Web Link	KDDI Guidelines for Responsible Supply Chain	>
Web Link	Promoting Green Procurement	>
	KDDI	
Conflict Mine	erals	Activity

The U.S. government requires companies listed in the United States to disclose the use in their products of conflict minerals or minerals produced in the Democratic Republic of the Congo and other disputed regions.*

KDDI is not listed in the United States, but we at KDDI conduct surveys on problems to our responsible procurement to ensure that conflict minerals are not used.

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



Responsible Procurement Surveys

We have conducted a survey targeting our leading business partners using a Responsible Procurement Check Sheet since fiscal 2014.

The survey is based on the *Supply-Chain CSR Deployment Guidebook* (Check Sheet) published by JEITA, consisting of 130 questions related to the seven themes of human rights and labor, safety and health, environment, fair and ethical trade, quality and safety, information security, and contribution to society and others deemed pertinent to the company. In fiscal 2018, we asked our key business partners representing approximately the top 90% of the total value of orders to answer the survey and received responses from over 90% of them.

Primary Supplier Inspections

Using the KDDI Industrial Waste Management Guidelines, we hold regular inspections each year of the industrial waste management companies that we have consigned to dispose of our industrial waste. Additionally, once a year, we hold onsite checks of industrial waste companies that perform mobile phone disassembly.

In fiscal 2018, we conducted inspections of a total of four companies. We inform each company of the results as feedback. If correction is necessary, we create an action plan and work on the improvement jointly with the company.

	КОDI			
Initiatives to Improve Employees' Procurement Skills System				
Target	Initiative details			
Employees responsible for procurement	Training program for newly appointed personnel Compliance training Recommendation to pass the grade B exam for Certified Procurement Professionals			

		KDDI	
Support for Per	rsonnel Training at au S	Shops Activity	
We at KDDI consider that improving the service quality of au shops—as specialty stores for a telecommunications operator—and other au distributors to be particularly important to maximizing positive customer experiences. We continue to support them in various ways to further improve the skills of the staff. Since training au shop staff is essential to improving the service quality of all distributors, we encourage the staff to learn effectively through group sales training and e-learning for basic operational knowledge and new product			

training and e-learning for basic operational knowledge and new product information. We also implement a qualification system to evaluate staff skills and store management capabilities and encourage their sales efforts to achieve higher customer satisfaction by awarding the titles "au Advisor," "au Master," and "au Expert." Additionally, each year in various locations in Japan, KDDI holds the "au CX AWARD," a customer service competition that recognizes excellent customer service and shares good practices of customer service.

Moreover, KDDI employees periodically conduct data security audits at au shops and provide feedback based on the audit results. In this way, we are working to raise security awareness among staff handling personal information and to improve the accuracy of operations.

A special in-house unit works on further improving the quality of au shop operations and staff service. They strictly implement inspections and make suggestions based on the results.

Support for Distributors

We at KDDI support our main distributors in their various business activities. This includes our support when they open au shops or move to new locations, in organizing staff, and in staff capacity building through various in-store staff training and qualification exams.

KDDI


An Energy-Efficient, Circular Economy
 Environmental Management
 environmental Performance

An Energy-Efficient, Circular Economy

- Energy efficiency improvement and utilization of clean energy
- Zero emissions and 3Rs
 Mitigation of society's impact on environment through ICTs

KDDI's Approach

Social Issue

In 2015, the world adopted the Paris Agreement, which calls for a global effort to hold the increase in global temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit it to 1.5°C. Companies, too, are required to be part of this effort by setting emissions targets and tackle climate change through their businesses activities.

Our Risks and Opportunities

There is an increasing trend in the ESG investment community, especially in the United States and Europe, to divest from companies that are not environmentally responsible. KDDI, and the wider telecom industry, must also consider its impact on the environment when making capital investments and developing services.

Each country and region has regulations and measures that influence corporate business activities, such as energy-saving standards, carbon taxes, and emissions trading. We consider such regulations and measures as potential risks to business continuity and growth.

In order to comply with these regulations, we are building environmentally responsible bases, as well as providing services that save energy and reduce society's environmental impact through the use of ICTs, creating an opportunity for our business growth.

Management Framework

KDDI Environmental Charter

Manifesto

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

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



Environmental Management



Our attitude toward environmental conservation is defined in the KDDI Environmental Charter, which regulates the Manifesto (Approach to Global Environmental Problems), which is its highest concept, and the Action Guidelines for setting the direction of its concrete initiatives.

Climate Risks and Opportunities

According to the Intergovernmental Panel on Climate Change (IPCC), global warming is undoubtedly real. They consider that this to be most likely caused by human activities such as economic growth and an increasing population.

We see the climate risks as significant business challenges, while we believe our opportunities lie in cutting greenhouse gas emissions to mitigate climate change and in reducing the adverse impacts of doing so.

Our Risks and Opportunities from Regulations

Some national and regional regulations and policies influence corporate business activities, such as energy-saving standards, carbon taxes, and emissions trading. We consider them our potential risks to business continuity and growth. They can also lead to business growth as we build environmentally responsible base stations complying with such regulations, and as we offer eco-conscious services in each country and region, using ICTs.

Our Risks from Natural Disasters and Opportunities in Building Resilience

Global warming has caused extreme weather events such as larger typhoons and heavy rain, bringing damage worldwide. Natural disasters also damage our telecommunications facilities, which would pose risks to our business continuity. On the other hand, there is a growing demand globally for disaster risk reduction measures. We are working to expand our business by offering anti-disaster measures that use ICTs such as monitoring systems and disaster risk reduction (DRR) systems.



Our Other Risks and Opportunities

A lack of action against climate change can in itself be a business continuity risk of, for example, a decline in market competitiveness and in stakeholder trust. We have set long-term objectives to mitigate climate change, and we believe that providing environmentally conscious services leads to business expansion and can also help achieve SDG 7: Affordable and clean energy.

Web Link

Scope of Reporting on Environment-Related Information



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An Energy-Efficient, Circular Economy
 Environmental Management
 Environmental Performance

An Energy-Efficient, Circular Economy

- Energy efficiency improvement and utilization of clean energy
- Zero emissions and 3Rs
 Mitigation of society's impact on environment through ICTs

Environmental Management

The Fourth Environmental Conservation Plan: KDDI Green Plan 2017-2030

We are promoting a new Environmental Conservation Plan: KDDI Green Plan 2017-2030. This long-term plan is based on the objectives of the Paris Agreement adopted at COP21 in 2015 and Japan's Plan for Global Warming Countermeasures. Our plan targets a 7% reduction in CO₂ emissions from the fiscal 2013 level by fiscal 2030, and, in order to achieve this, we continue our efforts to reduce CO₂ emissions by implementing renewable energy and other measures. We will disclose our progress each year as well as improve and revise the plan when we need to.



Web Link

Climate Action

- 7% reduction in CO₂ emissions in FY2030 compared to FY2013 for KDDI (in Japan, non-consolidated) *
- Upgrading to highly energy-efficient data centers in Japan and abroad
- Contributions to reductions in society's CO₂ emissions by providing KDDI's information and communication technology (ICT) services

* KDDI's target emission reduction of 7% compared to FY2013 matches the 7% industry target in Japan's national Climate Action Plan. In order to achieve this target, KDDI will make use of various approaches to reduce emissions, including the use of renewable energy.

Creating a Recycling-Oriented Society

- Maintain zero emissions from retired telecommunication facilities *
- Maintain material recycling rate of 99.8% for used mobile phones
- * Zero emissions are defined as a final disposal rate of 1% or less.

Conservation of Biodiversity

- Active promotion of initiatives using ICTs to conserve ecosystems



Management Structure

In order to clearly state our approach to integrating the sustainability of the environment into our business operation, the Sustainability Committee discusses material environmental issues. The results of such discussion are shared at the Environmental Subcommittee, which is headed by the Executive Officer of Sustainability as the chairperson and organized by the Sustainability Department as the secretariat, with the managers of each division and Group company that has acquired ISO 14001 certification to be reflected in their objectives. The Green Plan Subcommittee, which was established in fiscal 2017, monitors and drives progress on the targets in the KDDI Green Plan 2017-2030.

Environmental Management System

KDDI Group has formed the Environmental Management System (EMS) with the Environmental Subcommittee at the center. This subcommittee manages the status of EMS operations carried out by each division, regional office, Group company, and related organization and leads cooperation at each Group company to promote efficient environmental conservation activities.

KDDI Group's Environmental Management Structure



KDDI Group
Internal Environmental Audits
System

We at KDDI Group conduct internal environmental audits as required by ISO 14001. Auditors are selected from each regional office by the Sustainability Department to ensure objectivity and independence.

In fiscal 2018, 24 divisions and 33 offices in KDDI and group companies were audited. Referring to the internal environmental audit results of fiscal 2017, emphasis was placed on (1) reflecting each corporate issue to its environmental targets, (2) compliance with environmental laws and regulations, (3) EMS operation, and (4) responding to requirements of new standards. Self-checks using a check sheet were conducted along with audit interviews by auditors. There were no non-conformances, and 187 items requiring revision or receiving proposals.

KDDI Group ISO 14001 Certification Acquisition (certified by Japan Quality Assurance Organization, JQA)

As of the end of March 2019:

KDDI Corporation, OKINAWA CELLULAR TELEPHONE COMPANY,

KDDI Evolva Inc., KDDI Evolva Okinawa Inc., KDDI Research, Inc.,

KDDI Technology Corporation, KDDI Engineering Corporation, mediba Inc.,

Japan Telecommunication Engineering Service Co., Ltd.,

KDDI Group Foundation, KDDI Health Insurance Union, KDDI Pension Fund, KDDI Web Communications Inc., KDDI Challenged Corporation,

KDDI Foundation, TELEHOUSE International Corporation of Europe Ltd.,

Chubu Telecommunications Co., Inc., WebMoney Corporation,

KDDI MATOMETE OFFICE CORPORATION

KDDI MATOMETE OFFICE HIGASHINIHON CORPORATION,

KDDI MATOMETE OFFICE CHUBU CORPORATION,

KDDI MATOMETE OFFICE KANSAI CORPORATION,

KDDI MATOMETE OFFICE NISHINIHON CORPORATION,

Kokusai Cable Ship Co., Ltd.

24 companies/organizations in total are certified

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SO 14001 Certification

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• An Energy-Efficient, Circular Economy • Environmental Management • Environmental Performance

An Energy-Efficient, Circular Economy

- Energy efficiency improvement and utilization of clean energy
- Zero emissions and 3Rs Mitigation of society's impact on environment through ICTs

Environmental Management



Compliance with Various Environmental Management Laws and Regulations

In order to prevent or reduce environmental impacts by our business activities, we strictly comply with national environmental laws and regulations, as well as with local ordinances and agreements. There were no violations of environmental laws and regulations in fiscal 2018.

<Related Laws and Regulations>

- Act on the Rational Use of Energy
 Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging
- Waste Management and Public Cleansing Act
- Act on Rational Use and Proper Management of Fluorocarbons
- Law Concerning Special Measures for Promotion of Proper Treatment of PCB Wastes (PCB Special Measures Law)

Appropriate Processing of PCB-containing Equipment

We are promoting the disposal of retired equipment that contains PCBs. We are continuing to dispose of remaining equipment containing high-concentration PCBs and low-concentration PCBs.



We acquired the Eco ICT Mark established by the ICT Ecology Guideline Council.

* Part of our endeavor to be environmentally conscious and reduce our environmental impacts.



We believe that enhancing the environmental awareness of all employees and encouraging them to better understand environmental issues are essential to promote our environmental activities.

Initiatives	Target	Details/Results			
Briefing session at the beginning of the term	KDDI Group Environmental ISO	Themes: KDDI's EMS, environmental laws and reg- ulations, details of new regulation revi- sions. Participants: Attended by representatives from 16 out of 18 companies (89% of target companies)			
Training of internal Environmental auditors	Representatives	Held study sessions to train 4 auditors			
e-learning	All Employees of KDDI Group	Theme: KDDI Environmental Eco Label Participants: 12,122 (88.4% of the target)			

Promoting Green Procurement Policy

We formulated the KDDI Green Procurement Guidelines to promote purchasing of more environmentally conscious products and business equipment (communication devices, air conditioning systems and power supply facilities) with high energy-saving performance. The Guidelines target the devices defined in the latest Ecology Guideline for the ICT Industry specified by the ICT Ecology Guideline Council.

We also confirm our business partners' response toward environmental management, using the Responsible Procurement Surveys.

	Web Link	Supply Chain Management	>
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Response to Law on Promoting Green Purchasing

KDDI has a lineup of products that meet the requirements of the Japanese government's Law on Promoting Green Purchasing.

Web Link	State of Compliance with Green Purchasing Law (Japanese)	>
Web Link	List of Compatible Models with Green Purchasing Law (Japanese)	>
Web Link	Product Line-Up	>

Cooperation with Business Partners

KDDI

We continuously cooperate with our business partners to make our base stations lighter in weight and more energy efficient. In collaboration with our base station equipment suppliers we have developed equipment that is lighter and consumes less power (decreases of about 45% and 22%, respectively, compared to conventional models) and have been introducing this equipment since fiscal 2015.

We will continue to promote approaches to business partners and work with suppliers to reduce our environmental impacts.

Self-Assessment Checklist for CO₂ Emission Reduction from End Telecommunications Services Provider

		Assessment items	
	1	Has a voluntary ecological action plan stipulating various efforts directed at reducing CO_2 emissions through energy conservation been created and is it being executed?	We have formulated and are in web Link KD
Preparation of a voluntary ecological action plan	2	Does the ecological policy include specific efforts stipulating numerical targets for the reduction of CO_2 emissions through energy conservation?	The fourth environmental con: • 7% reduction in CO ₂ in FY2 • Build highly energy-efficient • Contribute to reductions in s • Maintain zero emissions fro Achieve final disposal rate c • Maintain material recycling • Actively promote initiatives t Post-consumer mobile phor <u>Web Link</u> The Four Plan –
action plan	3	Is the ecological policy documented and disseminated inside and out- side of the company? Does the company carry out activities to inform and enlighten its employees? Is the company working to raise ecologi- cal awareness?	The environmental conserva We also provide e-learning Web Link Educati
	4	Does the company disclose to the general public its activities and data such as \mbox{CO}_2 emission reduction?	The progress toward the achie Sustainability Report and on the second s
Efforts relating to Procurement	5	In regard to ICT equipment and data center services, has the company prepared a procurement standard based on assessment standards specified in this Guideline? Is procurement carried out in accordance with the standard?	We conduct procurement activ
ating to ment	6	Is the company cognizant of energy conservation in procuring office equipment, supplies and logistics (e.g., green purchasing)?	KDDI promotes green purchas
Promotion regime	7	In relation to efforts to reduce $\rm CO_2$ emissions through energy conservation, has the company assigned a person or department to be responsible for such matters?	The Sustainability Department
n regime	8	Is there a regime in place using internal audits or other means to keep appropriate track of the implementation of measures and achievement of targets set forth in the voluntary ecological action plan?	We monitor the implementation ISO Management System
Other ecological activities	9	Are ecologically friendly efforts being made other than activities to save energy?	We consider the promotion of Promotion of recycling com Promotion of recycling post. Reduction in paper resource pact individual packaging, e Reduction in office waste ar We are also engaged in imp Web Link En (Re Web Link En
ß	10	Is the company involved in ecological preservation activities in collabo- ration with local communities?	We implement environmental

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			KDDI	
ergy Conservation	Efforts by			Results
Impleme	entation, meas	ures taken		
e implementing medium-term en	vironmental conse	rvation plans based on	the KDDI Environmental Cha	ırter
CDDI Environmental Charter	>			
onservation plan (KDDI Green Plan /2030 compared to FY2013 for k ent data centers in Japan and abr n society's CO ₂ emissions by prov rom retired telecommunications fe e of 1% or less (Zero emissions is g rate of 99.8% for post-consum s that use ICTs to conserve ecosy ones collected over 5 years (agg) urth Environmental Conserve – KDDI Green Plan 2017-20	KDDI (in Japan, no road viding KDDI's ICT facilities s defined as havin her mobile phones ystems regated): 6 million ation	n-consolidated) services g a final disposal rate o	f 1% or less)	
vation plan is disclosed within an g program and internal seminars ation and Awareness Raising Employees	for employees as		lity Report and on the corpor-	ate website
hievement of the trend targets for the corporate website	r the medium-terr	n environmental conse	vation plan is disclosed in th	е
ctivities in accordance with the KI	DDI Green Procure	ement Guidelines		
omoting Green Procurement				
asing under the KDDI Sustainable Supply Chain Management	e Procurement Po	licy		
ent was established				
tion and the achievement level, c	conduct inspection	s and improve through	internal audits under the Env	<i>v</i> ironmental
of 3Rs (Reduce, Reuse, Recycle) mmunication facilities and achiev st-consumer mobile phones and rce use via Green by ICTs (Bill on , etc.) and achieving higher recycling ra	ving higher recyclin achieving higher r Web, KDDI paperl	ng rate recycling rate	-	
nproving the supply chain by dea	lling with Scope 3	and promoting LCA an	d in conserving biodiversity.	
Environmental Performance (Low-Carbon Society)	>			
Environmental Performance Recycling-Oriented Society)	>			
nvironmental Performance (Biodiversity)	>			
al conservation activities togethe	r with our employe	es and our customers	across Japan	
onmental Conservation Activi by Employees	ities			

• An Energy-Efficient, Circular Economy Environmental Management
 Environmental Performance

An Energy-Efficient, Circular Economy

- Energy efficiency improvement and utilization of clean energy
- Zero emissions and 3Rs Mitigation of society's impact on environment through ICTs

Environmental Management

Environmental Accounting

We have implemented environmental accounting since 2010 as an effective measure to quantitatively evaluate the costs and results of our environmental activities. We analyze calculated costs and results to conduct more efficient environmental management.

<FY2018 Scope of Environmental Accounting> • Period: April 1, 2018 to March 31, 2019

- Scope of calculation: 32 KDDI Group companies*
- Calculation standard: Environmental Accounting Guidelines 2005 formulated by the Japan's Ministry of Environment, KDDI Environmental Accounting Guidelines

Environmental protection costs		Transaction examples	FY2017 (millions of yen)		FY2018 (millions of yen)		Change from previous year (millions of yen)	
LIVIOII			Investment	Cost	Investment	Cost	Investment	Cost
	Pollution prevention costs	Pollution prevention costs stipulated by laws, costs for proper disposal of PCB, etc.	0	0	0	27	0	27
Business operation area costs	Global environmental pro- tection costs	Power-saving wireless equipment for mobile base stations (Investment amount is calculated proportionally based on the power-saving effect)	734	21,810	220	18,879	(514)	(2,931)
Resource recycling costs		Reduction of paper consumption, processing and disposal of waste products	0	1,313	0	711	0	(603)
Upstream/do	wnstream costs	Collection, recycling and reuse of merchandise and products	0	0 1,029 0 991		0	(38)	
Management costs		Operation and updating of environmental ISO standards, disclosure of environ- mental information	0	125	0	137	0	12
R&D costs		R&D of technology, equipment, handsets, products and services conducive to reducing the environmental impacts	0	95	0	47	0	(47)
Social activity costs		Donations and support for forest conservation activities and to environmental conservation groups	0	58	0	50	0	(7)
Environmenta	al damage restoration costs	Asbestos survey	0	0	0	0	0	0
Total			734	24,430	220	20,842	(514)	(3,588)

* KDDI CORPORATION, KDDI Web Communications Inc., KDDI Research, Inc., KDDI Technology Corporation, KDDI Engineering Corporation, KDDI Evolva Inc., KDDI Evolva Okinawa Inc., KDDI Challenged Corporation, WebMoney Corporation, KDDI MATOMETE OFFICE CORPORATION, KDDI MATOMETE OFFICE CORPORATION, KDDI MATOMETE OFFICE CHUBU CORPORATION, KDDI MATOMETE OFFICE CORPORATION, KDDI MATOMETE OFFICE CORPORATION, KDDI MATOMETE OFFICE CORPORATION, KDDI MATOMETE OFFICE OFFICE CORPORATION, KDDI MATOMETE OFFICE NISHINIHON CORPORATION, KDDI MATOMETE OFFICE CHUBU CORPORATION, KDDI MATOMETE OFFICE CORPORATION, KDDI MATOMETE OFFICE NISHINIHON CORPORATION, KDDI MATOMETE OFFICE CHUBU CORPORATION, KDDI MATOMETE OFFICE NISHINIHON CORPORATION, KDDI MATOMETE OFFICE CORPORATION, KDDI MATOMETE OFFICE NISHINIHON CORPORATION, KDDI MATOMETE OFFICE CHUBU CORPORATION, KDDI MATOMETE OFFICE NISHINIHON CORPORATION, KDDI MATOMETE OFFICE CHUBU CORPORATION, KDDI MATOMETE OFFICE NISHINIHON CORPORATION, KDDI MATOMETE OFFICE NISHINIHON CORPORATION, KDDI MATOMETE OFFICE CHUBU CORPORATION, KDDI MATOMETE OFFICE NISHINIHON CORPORATION, KDDI MATOMETE OFFICE CA., Ltd., Chubu Telecommunications Co., Inc., Kokusai Cable Ship Co., Ltd., UQ Communications Inc., BIGLOBE Inc., TELEHOUSE International Corp. of Europe Ltd. (UK), TELEHOUSE International Corp. of Europe Ltd. (Fance), TELEHOUSE International Corp. of America (US), TELEHOUSE Deutschland GmbH (Franklutt), HKCOLO.NET Ltd. (Hong Kong), TELEHOUSE Beijing BEZ Co., Ltd. (Beijing), TELEHOUSE Beijing BDA Co., Ltd. (Beijing), TELEHOUSE International Corp. of Vietnam (Hanoi)

1. Environmental conservation benefits (physical)		Indicator category (unit)	FY2017	FY2018	Change from previous year
		Power consumption (MWh)	2,992,240	3,157,389	165,149
	1) Benefits related to resources input in business activities	Paper usage (t)	7,630	11,012	3,382
(1) Benefits for business operation area		Paper reduced by Bill on Web (t)	3,902	4,041	138
	2) Benefits related to waste or environmen-	Greenhouse gas emissions (t-CO ₂) *	1,526,737	1,557,489	30,752
	tal impact originating from business activities	Industrial waste emissions related to telecommunica- tions facilities and buildings (t)	4,937	3,103	(1,834)
(2) Benefits for unstream/downstream costs		Number of post-consumer mobile phones and other devices collected (10,000 units)	315	288	(28)

2. Economic benefits of environmental conservation measures (yen)	Substantial benefits (Major effects)	FY2017 (millions of yen)	FY2018 (millions of yen)	Change from previous year (millions of yen)
Revenues	Revenues gained by disposal of telecommunications facilities and buildings	1,673	135	(1,538)
Cost reductions	Reduction in energy costs by introducing low-pollution vehicles	27	37	10
Cost reductions	Reduction in costs of new purchases by reusing old telecommunications facilities	2,610	2,929	319
Total		4,310	3,101	(1,209)

* The CO₂ emissions are calculated using the emission factors furnished by electric utility operators, (Emissions from heat, steam and hot and chilled water consumption are included.)

Environmental Performance

Environmental Impact of Business Activities

Most of our input energy is electric power for telecommunications facilities. Heavy oil (crude oil), light oil (diesel) and kerosene are input when testing emergency power generation facilities. Most water usage occurs in everyday business activities in the offices.

Environmental Impact of FY2018 Business Activities (Coverage: KDDI, non-consolidated basis)



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

*2 Water supply, recycled water, well water, excluding waste water

*3 Nonhazardous industrial waste (telecommunications equipment, normal daily waste from KDDI buildings)

*4 Heavy oil (crude oil), diesel, kerosene, town gas

*5 CO₂ emissions are calculated using a conversion coefficient of 0.555kg-CO₂/kWh for the power consumption. (Emissions from heat, steam and hot and chilled water consumption are excluded.) *6 CO2 emissions are calculated using emission coefficients indicated in the Japan's Ministry of the Environment's Overview of Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain.

Materiality 6	Management Framework	
		KDDI

We calculated greenhouse gas emissions in three areas, Scopes 1, 2 and 3 (all categories), and received third-party verification.

Activity & Results

An Energy-Efficient, Circular Economy
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An Energy-Efficient, Circular Economy

- Energy efficiency improvement and utilization of clean energy
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Environmental Performance

Understanding Environmental Impact

In order to quantitatively understand and share information about our environmental impact, we have calculated our supply chain greenhouse gas emissions (Scopes 1, 2 and 3) in adherence with various guidelines* since fiscal 2012.

In our fiscal 2018 business activities, Scope 3 accounted for 79% of total greenhouse gas emissions (Scopes 1, 2, and 3). When viewed by category, the percentages of Categories 1 and 2 have continued to grow as in the previous fiscal year.

Additionally, in order to ensure the reliability of calculations, the results of Scopes 1 and 2 were subjected to independent third party verification by Lloyd's Register Quality Assurance Limited, while the results of Scope 3 received third party verification from Waseda University.

* Green Value Chain Platform

Comparison of GHG Emissions Ratio of Each Category (FY2018)



			FY2014 FY2015		015 FY2016		FY2017		FY2018			
Category –		t-CO ₂	%	t-CO ₂	%	t-CO ₂	%	t-CO ₂	%	t-CO ₂	%	
Sco	ope 1*1	All direct GHG emissions	4,680	0.08	5,344	0.10	5,365	0.09	5,834	0.09	6,378	0.11
Sco	ope 2*2	Indirect GHG emissions from consumption of purchased electricity, heat or steam	1,039,677	17.97	1,076,209	19.54	1,062,130	18.42	1,158,078	18.81	1,203,222	21.04
	Category 1	Purchased goods and services	3,306,863	57.16	3,236,999	58.78	3,507,745	60.85	3,818,806	62.02	3,347,946	58.53
	Category 2	Capital goods	1,053,203	18.21	776,711	14.10	815,893	14.15	828,675	13.46	875,318	15.30
	Category 3	Fuel- and energy-related activities	34,967	0.60	35,379	0.64	34,913	0.61	35,280	0.57	37,104	0.65
	Category 4	Upstream transportation and distribution	7,003	0.12	7,370	0.13	8,706	0.15	12,101	0.20	8,777	0.18
	Category 5	Waste generated in operations	500	0.01	681	0.01	583	0.01	1,043	0.02	710	0.0
	Category 6	Business travel	4,590	0.08	4,831	0.09	5,314	0.09	6,327	0.10	5,012	0.09
	Category 7	Employee commuting	5,031	0.09	4,574	0.08	4,642	0.08	4,332	0.07	4,034	0.07
Scope 3* ³	Category 8	Upstream leased assets	1,367	0.02	1,309	0.02	1,209	0.02	1,092	0.02	1,133	0.02
	Category 9	Downstream transportation and distribution	0	0	0	0	0	0	0	0	0	(
	Category 10	Processing of sold products	0	0	0	0	0	0	0	0	0	(
	Category 11	Use of sold products	325,364	5.62	356,359	6.47	318,023	5.52	285,294	4.63	229,913	4.02
	Category 12	End-of-life treatment of sold products	1,606	0.03	886	0.02	363	0.01	426	0.01	344	0.01
	Category 13	Downstream leased assets	0	0	0	0	0	0	0	0	0	C
	Category 14	Franchises	0	0	0	0	0	0	0	0	0	(
	Category 15	Investments	0	0	0	0	0	0	0	0	0	(
			4,740,493	81.95	4,425,098	80.36	4,697,389	81.48	4,993,377	81.10	4,510,291	78.85
DTAL			5,784,851	100	5,506,651	100	5,764,884	100	6,157,289	100	5,719,891	100

*1 Heavy oil (crude oil), diesel, kerosene, town gas

*2 Emissions from power consumption: conversion coefficient of 0.555kg-CO²/KWh (Emissions from heat, steam and hot and chilled water consumption are excluded.)

*3 Uses emission coefficients indicated in Japan's Ministry of the Environment's Overview of Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain.

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Activity & Result

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An Energy-Efficient, Circular Economy

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Environmental Performance

Environmental	Impact	Dat
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KDDI (non-consolidated basis)		FY2014	FY2015	FY2016	FY2017	FY2018
Greenhouse gas emissions (CO2 equivalent; unit: t)*1		5,784,851	5,506,651	5,764,884	6,157,289	5,719,89
Electric power consumption (unit: MV	Vh)	1,873,293	1,939,115	1,913,747	2,086,626	2,167,968
Electric power consumption per subscriber (unit: MWh)*2		398.9	390.4	363.5	368.3	362.9
Fuel consumption (unit: kl)*3		254	258	341	319	21
Paper usage (unit: t)		13,303.0	11,853.0	9,691.1	7,461.6	10,852.
Water usage (unit: 1,000m ³)*4		2,206	2,159	1,500	746	40
Industrial waste emissions (unit: t) *5		1,283.0	1,399.0	1,928.0	2,466.9	1,734.
Number of mobile phones and other	Mobile phone main body	163	141	148	134	12
devices collected by KDDI (unit:	Battery	182	143	146	123	10
10,000 devices)	Charger	79	65	66	57	5
Energy usage at equipment-related facilities (unit: MWh)		747,016	779,504	777,273	816,904	865,05

*1 Scope 1, 2 and 3 emissions (Emissions from heat, vapor and hot and chilled water consumption are excluded from Scope 2.): CO₂ emissions are calculated using a conversion coefficient of 0.555kg-CO₂/ KWh for the power consumption, and those for the fuel consumption is calculated using the emission coefficient applied to reporting and disclosure system specified in the Act on Promotion of Global Warming Countermeasures.

*2 The number of subscribers combines subscriptions for au and FTTH (unit: 10,000 contracts).

*3 Fuel consumption includes heavy oil, diesel and kerosene (but excludes city gas)

*4 Water supply, recycled water, well water, excluding waste water

*5 Nonhazardous industrial waste (telecommunications equipment, normal daily waste from KDDI buildings)

Implementation of Life Cycle Assessments (LCA)



Environmental Impact of "au Hikari"



CO2 emissions per "au Hikari" user decreased 17.3% from the previous assessment. CO2 emissions have declined as computers and other devices connected to the internet have come down in price, become more energy efficient and last longer before needing to be replaced. Another factor behind the decline is that since 2016 network equipment has been getting upgraded and stations have been consolidated.

Since fiscal 2008, we have regularly conducted LCAs for the "au" and "au Hikari" brands every few years. We conducted LCAs in fiscal 2018.

* The environmental impact from disposal and recycling are included in environmental impact from manufacture.

Environmental Impact of "au"

Annual CO2 emissions per user (kg)



CO₂ emissions per "au" user increased 11.1% from the previous assessment. CO2 emissions for handsets have risen as smartphones become more ubiquitous, risen in price and gained battery capacity. Another contributing factor is the increase in wireless base stations to handle the expansion in communications traffic and greater number of frequencies used. On the other hand, energy conservation is making progress as individual wireless base stations' annual power consumption has fallen 24.5%.

	KDDI Group
KDDI's Approach (Low-Carbon Society)	Policy

Greenhouse gas emissions, which are considered a cause of global warming, are increasing year by year, and reducing them is now a social issue shared by all humankind.

The utilization of ICTs enhances the efficiency of business activities, including production and consumption, and is expected to contribute to the reduction of customers' CO2 emissions. As ICTs expand, however, we may face a greater environmental impact from data centers and base stations, which in turn will generate demand for the development and implementation of energy-saving facilities and equipment.

We at KDDI offer new ICT services to contribute to the reduction of CO₂ emissions to realize a low-carbon society.

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	KDDI
Green Supported by ICTs	Activity

The Environmental Eco Label is granted to services that contribute to reducing the environmental impact of customers and society (reducing CO₂ emissions) through the use of ICT services offered by KDDI.



Environmental Eco Label services	Details
KDDI Cloud Platform Service	KDDI operates and maintains this platform, enabling cus- tomers to increase or decrease their server capacity remote- ly from their own offices, without having to travel to the data center where the servers are located. Furthermore, custom- ers can reduce the amount of CO_2 emissions they are responsible for by transferring the servers that they install, operate and maintain themselves (on-premises environment) to the KDDI Cloud Platform Service. With this service, server operations are performed with an economy of scale unique to a telecommunications operator, enabling an approximately 38% reduction in CO_2 emissions per server per year in com- parison to when customers operate their servers themselves
TELEHOUSE Data Center Services	These data centers have high power supply capacity, highly efficient and reliable power generation equipment, energy- efficient air conditioning equipment, LED lighting, outdoor lights that use wind and solar power and other advanced, energy-efficient equipment.
MATOMETE KURUMATICS	A next-generation vehicle operation management service that combines telecommunications with cloud technologies, enabling the real-time checking of driving conditions
KDDI IoT Cloud — Toilet Water-Saving Management	Monitors water level in each restroom utilizing IoTs to reduce water use by 40 to 50%* * Expected values based on the actual values measured by the bulb manufacturer
KDDI IoT Communication Service LPWA	This telecommunications service uses LPWA technology, which utilizes KDDI's 4G LTE network. This technology reduc- es the power consumed by telecommunication devices and provides telecommunications coverage over a wider area.

KDDI

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Environmental Performance

Green of ICTs

Reducing Power Consumption and Undertaking Disaster Measure Initiatives at Base Stations

Electricity consumed at the au mobile phone base stations accounts for 60% of the total volume consumed by KDDI, so reducing electricity consumption at base stations is one of our topmost priorities to tackle.

Also, 77% of the base stations that ceased to operate in the aftermath of 2011 Tohoku earthquake and tsunami did so because of power outages, which turned out to be a pressing issue to be addressed in disaster preparedness measures.

In regard to these issues, we promote implementing tribrid base stations* and extending the life of base station batteries to 24 hours.

* Base stations that utilize tribrid electric power control technology to efficiently supply three kinds of electric power depending on time and weather: ordinary commercial power, power generated by solar panels and "midnight" (off-peak) power saved in storage batteries.

	Numbers as of the end of March 2019
Tribrid base stations	100 stations in Japan
Implementation of 24 hour-life base station batteries	Around 2,200 stations in Japan

Portable Batteries

Since fiscal 2013, we have implemented portable batteries with reduced environmental impact at 11 maintenance bases throughout Japan as a substitute for the power supply vehicles used in the past to power mobile phone base stations during electricity outages.

Portable Battery Trial Test Results (FY2012)*

Power supply vehicles	8.2 l of fuel consumed per time	CO ₂ emissions: 21.5 kg
Portable batteries	10 kWh of power consumed per time	CO ₂ emissions: 4.1 kg

A reduction of 17.4 kg of CO2 emissions each time

* With an approximately 10-hour base station power outage and 1 kW wireless device power consumption

Renewable Energy (Internal use)

In order to promote energy conservation and CO₂ emissions cuts, we use natural energy sources, including solar power, at several large scale communication stations and tribrid base stations. At 15 of our mobile phone base stations in Japan, almost all electric power comes from natural energy sources.

The amount of natural energy produced by each tribrid base station is approximately 4.2 kWh per day,* accounting for about 18% of the power consumed at each base. We expect further reduction of CO₂ emissions by 20 to 30% with the use of midnight power.*

* Estimated average energy production value by six solar batteries installed in test stations during clear skies. Includes actual values measured by KDDI.

Renewable Energy (Solar power generation business)

We launched solar power generation business in November 2013 with the aim of contributing to reduction of CO₂ emissions. We constructed solar power generation facilities on part of company-owned land in four locations around Japan and sell the power to electric power companies based on the Feed-in Tariff Scheme for Renewable Energy.

					Unit: MWh
	FY2014	FY2015	FY2016	FY2017	FY2018
Total generated energy (sold)	14,403	13,674	14,288	18,137	17,998

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External F	lecognition			Results
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	KDDI
Reducing Waste and Promoting Recycling	Activity

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	ach (Roovaling Ori		Promotion of Mobile Phone P	
KDDI'S Appro	ach (Recycling-Ori	Policy Policy	Promotion of Mobile Phone R	Activity & Results
		t from waste produced through	Used (post-consumer) mobile phones co	
	ling-oriented society.	resources to contribute to the	manually disassembled in secured rooms plastics, screws, iron, antennas, motors,	speakers and other parts being
		KDDI	separated. Gold, silver, copper and palla boards, while screws and antennas are r	
Reducing Wa	ste and Promoting	Desyraling	are recycled, to the extent possible, into used to disassemble a mobile phone, pla	plastic products. When a machine is
- Heutenig wa	ste and Promoting	Recycling Activity	process and so cannot be recycled. Rec	ycling eliminates any need for new
		and effectively use retired telecom- erial recycling that turns unneeded	mining and refining of mineral resources while also reducing the amount of carbor	
equipment and strue	ctural materials into reso	purces.	processing. Therefore, we at KDDI perfor recyclable resources from being wasted.	rm all disassembly manually to prevent
		torage batteries installed in telephone s to utilize the materials and achieved	,	
		nin KDDI. We will continue our cation equipment, including base	Performance in FY2018	Provide state
	to regular upgrades.	cation equipment, including base	2,880,000	Recycling rate
		KDDI		99.80%
Beducing Wa	ste and Promoting	KDDI	*Includes main body, batteries and chargers	99.80%
Reducing Wa	ste and Promoting		*Includes main body, batteries and chargers	99.80%
	ste and Promoting	Desugling	*Includes main body, batteries and chargers	
Ini		Recycling Activity & Results	*Includes main body, batteries and chargers	Store Locator
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Ini	itiative	Recycling FY2018 result 4,041t Iron products	*Includes main body, batteries and chargers	Store Locator
Ini	itiative	Recycling FY2018 result 4,041t Iron products Domestic steelmakers Non-ferrous	*Includes main body, batteries and chargers	Store Locator
Ini	itiative	Recycling FY2018 result 4,041t Iron products Domestic steelmakers Non-ferrous (copper/alur	*Includes main body, batteries and chargers	Store Locator
Ini	itiative	Recycling FY2018 result 4,041t Iron products Domestic steelmakers Non-ferrous (copper/alur	*Includes main body, batteries and chargers au S Basic Flow for Recycling of Mobile Phened into next products and provided to customers Aluminum Copper products Plastic products Plastic products Plastic Recycling plants (KDDI Challenged, etc.)	Store Locator
Ini	itiative	Recycling FY2018 result 4,041t Iron products Domestic steelmakers Non-ferrous (copper/alur	*Includes main body, batteries and chargers au S Basic Flow for Recycling of Mobile Phened into next products and provided to customers Aluminum Copper products Plastic products Plastic products Plastic Recycling plants (KDDI Challenged, etc.)	Store Locator
Ini	itiative	Recycling FY2018 result 4,041t Iron products Domestic steelmakers Non-ferrous (copper/alur	*Includes main body, batteries and chargers au S Basic Flow for Recycling of Mobile Phened into next products and provided to customers Aluminum Copper products Plastic products Plastic products Plastic Recycling plants (KDDI Challenged, etc.)	Store Locator
Ini	itiative	Recycling FY2018 result 4,041t Iron products Domestic steelmakers Non-ferrous (copper/alur	*Includes main body, batteries and chargers au S Basic Flow for Recycling of Mobile Phened into next products and provided to customers Aluminum Copper products Plastic products Plastic products Plastic Recycling plants (KDDI Challenged, etc.)	Store Locator
Ini	itiative	Recycling FY2018 result 4,041t Iron products Domestic steelmakers Non-ferrous (copper/alur	*Includes main body, batteries and chargers wee Link au s Basic Flow for Recycling of Mobile Phate ed into next products and provided to customers Aluminum products Copper products Plastic products Plastic products Plastic products Recycling plant metals ninum) Plastic Recycling plants (KDDI Challenged, etc.) Disassembly conducted in secured rooms	Store Locator
Ini	itiative	Recycling FY2018 result 4,041t Iron products Domestic steelmakers Non-ferrous (copper/alur	*Includes main body, batteries and chargers au S Basic Flow for Recycling of Mobile Phate au S Basic Flow for Recycling of Mobile Phate Plastic products Plastic products Plastic products Plastic products Plastic products Plastic products Plastic products Plastic Recycling plants (KDDI Challenged, etc.) Disassembly conducted in secured rooms Disassembly conducted in secured rooms Different recycling pro- cesses employed for di	Store Locator
Ini	itiative	Recycling FY2018 result 4,041t Iron products Domestic steelmakers Non-ferrous (copper/alur	*Includes main body, batteries and chargers web Link au S Basic Flow for Recycling of Mobile Phate red into next products and provided to customers Atuminum Copper products Products Plastic products Plastic products Plastic products Metals minum) Plastic Recycling plants (KDDI Challenged, etc.) Disassembly conducted in secured rooms Disassembly conducted Different recycling pro-	Store Locator
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Zero emissions and 3Rs
 Mitigation of society's impact on environment through ICTs

Environment Performance



There are fears of losing water resources because of increasing global population and decreasing water availability due to climate change. As disputes concerning water distribution and pollution have broken out in various locations around the world, it is significant to make efficient use of water.

We are making efforts to reduce water use in our business activities as well as to offer products and services that contribute to efficient water use.

Providing KDDI IoT Cloud - Toilet Water-Saving Management





We have established the KDDI Action Guidelines on Biodiversity Conservation to multilaterally assess our contributions to the conservation of biodiversity. In the guidelines, we define the three principles of Conserving Diversity in Business Activities, Collaboration and Cooperation with Related Organizations and Promoting Recycling of Resources. Based on this, we continue our activities on various opportunities.

KDDI Action Guidelines on Biodiversity Conservation

• Conserving Diversity in Business Activities When formulating business plans, we take into consideration the impact on the related ecosystems and local communities.

• Collaboration and Cooperation with Related Organizations We strengthen collaboration and cooperation with administrative authorities, CSOs and other organizations, and undertake CSR activities using ICTs.

• Promoting Recycling of Resources

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



KDDI Research, Inc. utilizes the acoustic technology gained through the development of underwater robots used to maintain and inspect submarine cables, which connect continents, to conduct biological observations of endangered Ganges River dolphins, collaborating in this effort with the University of Tokyo Institute of Industrial Science, the Kyushu Institute of Technology, the Indian Institute of Technology Delhi and WWF-India.

The research aims to catch the ultrasonic waves the dolphins emit to determine their surrounding environment in murky waters with underwater microphones to study the dolphins' behavior underwater. An advantage of this method is that it enables the observations of large numbers of dolphins without having any impact on their behavior because it does not physically touch the dolphins.

Green Activities with Customers and Employees

Environmental Conservation Activities by Employees

To promote the conservation of biodiversity in each region, we hold conservation activities that employees and their families participate in as volunteers. Working with stakeholders, including local authorities and NPOs, the regional offices are actively engaged in local environmental conservation.

Hokkaido Branch

[Hokkaido] Coastal plant restoration to prevent damage to beaches from tsunamis
 [Hokkaido] Participation in forest conservation activities at the foot of Mt. Tarumae

Head Office

• [Tokyo] Promotion of forest conservation activities at Mt. Takao

• [Yamanashi Prefecture] Participation in Mt. Fuji Reforestation Project held by OISCA

Hokuriku Branch

• [Toyama Prefecture] Participation in the Greenery and Satoyama Conservation Forest Tree Raising Activities in Tenbayashi-chiku, Tateyama-machi

 [Ishikawa Prefecture] Promotion of afforestation activities on the site of the former Osaki Beach Park

Chugoku Branch

• [Hiroshima Prefecture] Participated in forest conservation activities held by the Hiroshima Afforestation Forum

Kyusyu Branch

 [Fukuoka Prefecture] Promotion of forest conservation activities to support the Patchwork Reforestation, a project undertaken in collaboration with Sansonjuku

Shikoku Branc

• [Kagawa Prefecture] Participation in Onoseyama afforestation activities held by OISCA

	KDDI
	Activity & Results
Environmental conservation activity execution	Total participants
248	4,988

Tohoku Branch

• [Miyagi Prefecture] Forest improvement activities at KDDI's Forest of hope

Northern Kanto Branch

• [Saitama Prefecture] Conservation activities in Musenyama KDDI's Forest, a Green Trust conservation location

Southern Kanto Branch

• [Kanagawa Prefecture] Participation in conservation and mountain reforestation activities in the Kamakura Hiromachi urban forest

Chubu Branch

• [Nagano Prefecture] Participation in the Nagano Adopt-a-Forest Promotion Program for forest conservation

Kansai Branch

- [Kyoto Prefecture] Promotion of forest conservation activities in Mt. Tennozan
 [Wakayama Prefecture] Promotion of road repair activities for the world heri-
- tage site Kumano Kodo pilgrimage routes
- [Hyogo Prefecture] Promotion of environmental conservation activities for stork habitat in Toyooka City

	KDDI's Commitment to Sustainability				

> Corporate Governance

KDDI's Approach and Guidelines on Corporate Governance

As a telecommunications company that offers social infrastructure, we have an important social mission of seamlessly offering stable communication services at all times under any circumstance. We also recognize our social responsibility to resolve various social issues through our telecommunications business, which relies on precious assets shared by all citizens, including mobile phone signals and radio waves. In order to fulfill this social mission and honor this responsibility, it is essential for us to achieve sustainable growth and improve our corporate value over the medium to long term. We aim to contribute to developing a safe and truly connected society by tackling social issues through dialogues and co-creation with all our stakeholders, including customers, shareholders, business partners, employees and local communities. We believe reinforcing corporate governance is key to our sustainable growth and increased corporate value over the medium to long term. We adhere to Japan's Corporate

Governance Code and strive to enhance a framework that enables transparent, fair, timely and decisive decision making. Also, in addition to our Mission Statement, we have formulated the KDDI Group Philosophy, which defines the mindset, value and principles to be shared by officers and employees and continue to raise awareness of this philosophy throughout the group.

By proactively adhering to Japan's Corporate Governance Code and practicing the KDDI Group Philosophy, which we consider inseparable from the standpoint of corporate management, we will endeavor to enhance corporate governance throughout the KDDI Group, including its subsidiaries, to achieve sustainable growth and increased corporate value over the medium to long term.

porate Governance Report	Corporate	Web Link	
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Corporate Governance Framework





We believe strengthening corporate governance to be one of the most vital issues in enhancing corporate value, and we are working to improve management efficiency and transparency.

KDDI is currently a company with company auditors, and in order to properly manage business execution, we have introduced an executive officer system to assign authority, clarify responsibilities and ensure effective and efficient business operations. We are also working to establish a framework for internal decision making to ensure timely management decisions. We have 14 directors (13 male, one female), including five outside directors, three of whom are independent directors. There are five Audit & Supervisory Board members (all male), including three outside members, and all outside members are appointed as independent directors.

Criteria for Independence of Outside Directors/Auditors

In addition to the requirements in the Companies Act and the standards provided by the Tokyo Stock Exchange, Inc., we have formulated our own standards for judging the independence of outside directors/auditors. Specifically, we consider those belonging to business partners that account for 1% or more of the company's consolidated net sales or orders placed not independent.

Directors and Board of Directors

The Board of Directors is composed of directors, including independent outside directors. They determine important legal matters and supervise the business execution of directors to ensure the appropriateness.

Board of Directors FY2018 Meetings

Number of meetings held	12
Internal directors' attendance rate	100%
Outside directors' attendance rate	96.7%
Outside auditors' attendance rate	94.3%

Evaluation of the Board of Directors' Effectiveness

<Purpose of Conducting> We conduct a self-evaluation of the Board of Directors regularly every year in

order to correctly understand its situation and continuously improve its operation.

<Evaluation Process>

We assess the effectiveness of the Board of Directors based on an evaluation by the directors and Audit & Supervisory Board members themselves. The evaluation questionnaire combines a four-grade rating scale and free writing so that the effectiveness of the board's initiatives are assessed and matters to be improved are identified from two perspectives: quantitative and qualitative.

The evaluation covers the most recent one year and is conducted annually. The results of the evaluation are reported back to the Board of Directors to discuss future measures.

The main evaluation items are as follows:

- Operation of the Board of Directors (composition of members, documents and explanations, provision of information, etc.)
- Supervision of Executives (conflict of interest, risk management, management of subsidiaries, etc.)
- Medium- to long-term discussions (review of medium-term business planning, monitoring of plan enforcement, etc.)

<Evaluation Results>

[Summary]

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KDDI's Board of Directors has been rated as running appropriately and functioning effectively. The following two points have received particular praise:

- Because the outside directors and Audit & Supervisory Board members have varied backgrounds as they include managers, lawyers, CPAs, and data engineering specialists, many meaningful questions and opinions are posed, and each proposal is thoroughly examined.
- To ensure that outside directors and Audit & Supervisory Board members can fulfill their duties, the company provides necessary information, and the outside directors, Audit & Supervisory Board members, and accounting auditors work together to share information on the company's issues.

[Improvements from Previous Evaluation]

The evaluation confirmed that improvements had been made with regard to issues highlighted in the last evaluation, namely, expanding discussions on medium- to long-term management strategy. In 2018, we held four discussions on the next medium-term management plan based on different themes. Each meeting involved an active exchange of opinions from various perspectives, resulting in a deeper discussion of important strategies and the identification of issues.

[Moving Forward]

We will work to continually improve items pertaining to the following two material issues as we aim to enhance our sustainable corporate value.

- Going forward, as we branch out into different industries and fields, especially the telecommunications business, we will hold discussions from various perspectives related to the company's social mission and business strategies, such as the kind of company KDDI aims to be.
- To bolster the business growth of expanding group companies and to strengthen their corporate governance, the Board of Directors monitors the management status and basic operational systems of subsidiaries as necessary.

Web Link

e 35th Annual General Meeting of Shareholders Notice >

			KDDI's Commitment to Sustainability							
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KDDI

System

> Corporate Governance

Auditors and the Audit & Supervisory Board

The KDDI Audit & Supervisory Board is composed of five members, including three independent outside members. It designs policies and execution plans for auditing as well as making decisions about important items concerning auditing operations. In selecting outside auditors, we see their abundance of experience along with a wide range of insight that together enable total management supervision and accurate auditing from a position independent of the directors.

Auditors attend meetings of the Board of Directors as well as other important internal meetings, including meetings of the Corporate Management Committee. Directors, employees, directors of subsidiaries and the Internal Audit Division provide the auditors with the information they need to perform their duty as required in a timely manner and, if any matter potentially highly damaging to the company and/or its subsidiary is discovered, immediately notify the auditors. Furthermore, directors, employees, directors of subsidiaries and the Internal Audit Division exchange their views with the auditors to facilitate coordination. The auditors also periodically receive reports from the accounting auditor on the annual accounting audit plan, as well as on the progress and the results of the auditing and exchange opinions with each other as necessary. The Audit & Supervisory Board Member's Office has been established to assist the work of auditors, and dedicated staff appointed with the prior approval of Audit & Supervisory Board or the Audit & Supervisory Board Member's office has been established to assist the work of auditors, and dedicated staff appointed with the prior approval of Audit & Supervisory Board or the Audit & Supervisory Board Member's necessary.

Audit & Supervisory Board FY2018 Meetings	12
Audit & Supervisory Board FY2019 Meetings (planned)	12

Internal Audits

We established the Audit Department in the Corporate Risk Management Division, which is in charge of risk management of the KDDI Group. It conducts internal audits of overall KDDI Group operations on the important risks identified through risk management activities. The results of internal audits are reported to the Company President and Audit & Supervisory Board members together with requests and recommendations concerning improvements and corrective measures to address highlighted issues, and the status and results of internal audits are also reported to the Board of Directors every quarter. In fiscal 2018, a total of 20 audits were carried out to monitor the progress of corrective/improvement measures and to prevent risks from materializing.



To ensure the transparency and fairness of systems and standards for nomination of directors and Audit & Supervisory Board members and their executive remuneration, we have established the Nomination Advisory Committee and the Remuneration Advisory Committee, which deliberates and provides advice to the Board of Directors based on discussions thereof. The chair, vice-chair and more than half of the members of these committees are outside directors.

<Nomination Advisory Committee composition> Chair: Keiji Yamamoto (Outside Director) Vice Chair: Goro Yamaguchi (Outside Director) Members of Committee: Yoshiaki Nemoto (Outside Director) Shigeo Ohyagi (Outside Director) Riyo Kano (Outside Director) Takashi Tanaka Makoto Takahashi

<Remuneration Advisory Committee composition> Chair: Goro Yamaguchi (Outside Director) Vice Chair: Keiji Yamamoto (Outside Director) Members of Committee: Yoshiaki Nemoto (Outside Director) Shigeo Ohyagi (Outside Director) Riyo Kano (Outside Director) Takashi Tanaka Makoto Takahashi

<Meetings held (FY2018)>

The Nomination Advisory Committee met three times, and all members attended each time. The committee discussed the nomination of candidates at the General Meeting of Shareholders and the pros and cons of hiring a Senior Corporate Advisor advisor. The Remuneration Advisory Committee met twice, and all members attended each meeting. The committee discussed payments of performance-linked remuneration and the revision of the executive remuneration system (continuing and partially revising the stock remuneration system).





We have established the Business Ethics Committee, a deliberative and decisionmaking body for compliance-related items, and the Disclosure Committee, a deliberative body for releasing information. We also have established the Sustainability Committee, which deliberates the promotion of sustainability. We collaborate with our group companies to manage their governance through various systems and frameworks in order to enforce the governance of the whole KDDI Group.



on Framework

	KDDI
Items Related to Organizational St	ructure
and Operations	System
Organizational form	Company with auditors
Number of independent auditors	6 (including 1 female)
Items Related to Directors	
Number of directors prescribed in the articles of incorporation	20
Tenure period of directors prescribed in the articles of incorporation	1 year
Presiding officer of Board of Directors	Chair (president and chairman are separate posts)
Number of directors	14 (including 1 female)
Outside directors	Appointed
Number of outside directors	5 (including 1 female)
Number of outside directors designated as inde- pendent directors	3 (including 1 female)
Items Related to Audit & Supervisory Board Member	ers
Number of members prescribed in the articles of incorporation	5
Number of members	5 (all male)
Outside members	Appointed
Number of outside members	3 (all male)
Number of outside members designated as inde- pendent members	3 (all male)
Other	
Implementation of anti-takeover measure	Not implemented

KDDI

Policies Related to the Scale, Diversity, Balance of Knowledge, Experience and Abilities of the Board of Directors

We consider including diverse human resources and utilizing their various knowledge, experiences and skills to be an important growth driver toward the Integration of Telecommunications and Life Design. We believe that ensuring diversity also in the Board of Directors can lead to better management decision making.

To ensure a diversity of opinions and highly specialized knowledge within the Board of Directors as a whole when it makes decisions, including on important management matters, and when its oversight is requested by law, the people selected for the Board of Directors meet the following criteria regardless of sex, age, or nationality.

KDDI Policies and Procedures when the Board of Directors Appoints Candidates for Director or Audit & Supervisory Board Member Positions Policy & Syste Appointment and Selection Standards Director candidates Meet one or more of the following criteria: • Have specialized knowledge and experience in each business field • Have specialized knowledge or management knowledge suitable for a supervisor • Have a high degree of independence Audit & Supervisory Board member candidates: Have a wealth of experience and broad knowledge that will enable more appropriate audits and oversight of overall management from a position that is independent from directors For both types of candidates Have the character suitable for being a Board member, have high ethical standards and not be self-serving Nomination and Election Procedures for Directors (1) Select candidates based on the above criteria (2) Deliberate them at a Nomination Advisory Committee meeting (3) Approve them at a Board of Directors meeting (4) Elect them at the General Meeting of Shareholders Nomination and Election Procedures for Audit & Supervisory Board Members (1) Select candidates based on the above criteria (2) Discuss them at an Audit & Supervisory meeting and gain approval

- (3) Deliberate them at a Nomination Advisory Committee meeting
- (4) Approve them at a Board of Directors meeting
- (5) Elect them at the General Meeting of Shareholders

Consideration Criteria for Termination

- When the performance of a business that a director is responsible for or the achievements of a department a director is responsible for are exceptionally poor
- When the company is harmed by a major misstep or intentional violation of a law, regulation or the Articles of Incorporation in their execution of duties
- When the company's credibility and reputation are significantly damaged by the inappropriate seeking of personal gain through the abuse of position or authority
- When the company determines that keeping a director is not appropriate

Termination Procedures for Directors

 After deliberations at the Nomination Advisory Committee meeting, the Board of Directors deliberates the matter as needed and implements necessary measures for termination.

			KDDI's Commitment to Sustainability							
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Corporate Governance

Policies and Decision Process for Determining Remuneration for Directors and Audit & Supervisory Board Members

Remuneration for directors consists of flat-rate remuneration and performance-linked executive bonuses and stock compensation provided that they are responsible for improving business results every fiscal year, as well as medium- to long-term corporate value.

In addition, when deciding remuneration for each board member, we have established standard amounts for each position with regard to basic pay, bonuses and stock remuneration. Europerative standard amounts are calculated based on the importance of each board member's duties and average levels for companies of comparable size with KDDI. We also conduct examinations based on data from external survey organizations.

Policy

· Basic Policy on Board Member Remunerations

Individual Remuneration, etc.

· Remuneration amount for each director (basic pay, bonus, stock remuneration)

KDDI

- Payment period
- · Payment method

The Board of Directors decides on the following matters with advice from the Remuneration Advisory Committee.

Policies for Determining Remuneration for Audit & Supervisory Board Members

Remuneration for Audit & Supervisory Board members is decided by the consensus of the members of Audit & Supervisory Board. These members receive flat-rate remuneration that is not affected by fluctuations in the company's operating performance.

Remuneration for Directors and Audit & Supervisory Board Members (FY2018)

Executive classification	Total remuneration	Total rem	uneration by type (Millio	ns of yen)	Number of eligible
Executive classification	(Millions of yen)	Basic remuneration	Bonus	Stock compensation	members
Directors (excluding outside directors)	710	390	136	184	10
Outside directors	75	75	_	_	7
Audit & Supervisory Board members (excluding outside members)	52	52	_	_	3
Outside Audit & Supervisory Board members	50	50	_	_	3

Notes

1. The number of remunerated directors above includes three directors (including two outside directors) who retired at the conclusion of the 34th Annual Shareholders Meeting held on June 20, 2018. The number of directors who received bonuses was nine, excluding said retired directors. 2. The number of remunerated Audit & Supervisory Board members above includes one Audit & Supervisory Board member (including zero outside Audit & Supervisory Board members) who retired at the con-

clusion of the 34th Annual Shareholders Meeting held on June 20, 2018. 3. Regarding the above, at the 30th Annual Shareholders Meeting held on June 18, 2014, it is resolved that the maximum monthly basic remuneration for directors is 50 million yen.

4. At the 32nd Annual Shareholders Meeting held on June 22, 2016, it is resolved that the maximum annual amount of remuneration for Audit & Supervisory Board members is 130 million yen (for each business year). 5. At the 27th Annual Shareholders Meeting held on June 16, 2011, it is resolved that the amount of bonus for directors (excluding outside directors) shall be no more than 0.1% of the consolidated net profit for

the fiscal year (or, according to IFRS, profit for the period attributable to owners of the parent). 6. The decision to continue and partially revise the performance-linked stock-type incentive program for directors (Board Incentive Plan) was resolved at the 34th Annual Shareholders Meeting held on June 20, 2018. This is separate from the bonuses, and the company will pay said incentive to directors, etc., who serve during the four years from fiscal 2018 to fiscal 2021. 7. In addition to the above, adjustment payments to directors and Audit & Supervisory Board members in lieu of retirement allowance were resolved at the 20th Annual Shareholders Meeting held on June 24, 2004 in connec-

tion with the cancellation of the executive retirement bonus system. Tadashi Onodera, who left at the end of the 34th Annual Shareholders Meeting held on June 20, 2018, was paid 64 million yen in retirement allowance. 8. The only director whose remuneration amount exceeds 100 million yen is Makoto Takahashi, and the details are as follows: Remuneration, etc. totaling 124 million yen (basic remuneration of 78 million yen)

bonus of 25 million yen, and stock compensation of 45 million yen)

Types of Remuneration and Methods of Determination

Composition of Director Remuneration (excluding Outside Directors)

Types of remu centage	ineration (per- of total)	Form of payment	Content of remuneration and method of determination	Maximum amount of remuneration	Resolution of shareholders meetings	Number of board members at time of resolution
Basic remu- neration	Fixed (55%) Cash		 Amounts determined by each director's professional ranking are paid out every month Appropriate levels are considered using information from outside experts and set in consideration of the management environment and other factors 	Maximum monthly remunera- tion of 50 million yen	June 18, 2014 30th General Meeting of Shareholders	13 Directors (including three Outside Directors)
Bonus		Cash	Bonuses are linked to and determined by the rate of achievement of the group's consolidated revenue, operating income and profit for each fiscal year, as well as the achievement of certain KPIs, including net additions of Mobile IDs, au churn rate and value added ARPA Calculation Formula	Within 0.1% of consolidated net income (profit attributable to owners of the parent under IFRS) during the applicable fis- cal year	June 16, 2011 27th General Meeting of Shareholders	10 Directors (excluding Outside Directors)
Stock com- pensation (trust type)	Performance- linked (45%)	Stock	Calculation Formula Bonus: Basic amount by position multiplied by the company operat- ing performance and KPI evaluation ((Stock compensation: Basic points by position multiplied by the com- pany operating performance and KPI evaluation ((Note: The amount paid in reference to each fiscal year's performance is determined by the Board of Directors after deliberations by the P	(Applies to directors, executive officers and administrative offi- cers) Total number of points (maximum) granted per fiscal year to those eligible: 357,000 points (Converted at a rate of 1 point = 1 share)	Introduced: June 17, 2015 31st General Meeting of Shareholders Revised: June 20, 2018 34th General Meeting of Shareholders	9 Directors, 21 Executive Officers, 50 administrative offi- cers (excluding overseas resi- dents, Outside Directors and part-time directors)

Note: Outside Directors and Audit & Supervisory Board members are paid only flat-rate compensation that does not vary with the company's performance to ensure they appropriately supervise and oversee management

Policies on Transactions between Related Parties

In accordance with the Companies Act, we require competitive or conflictof-interest transactions by directors to be approved by and reported to the Board of Directors.

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Policy

Individual transactions with major shareholders are conducted in accordance with one of the basic principles of the KDDI Code of Business Conduct, specifically, IX, Appropriate Accounting and Adherence to Agreements. In line with this principle, such transactions are decided upon in the same manner as other general transactions, through internal requests for decision, rather than by setting special standards. The internal requests for decision are checked by auditors as well

Director of Kyocera Corporation, which is the major shareholder of the company, serves as an outside director of the company. Accordingly, we strike a balance between comprehensive approval by and reporting to the Board of Directors and internal requests for decisions on individual transactions to ensure the governance.

Vitalizing the General Meeting of Shareholders and Facilitating the Exercise of Voting Rights

Measure	Details			
Early Disclosure of General Meeting of Shareholders notice	We send a notice around one week before the stipulated day by mail. Prior to that, the whole notice is disclosed on our website			
Scheduling to avoid days when many other compa- nies hold their shareholders' meetings	We schedule the shareholder's meetings to avoid days when many other companies hold their share- holders' meetings			
Electronic voting system	Shareholders can exercise their voting rights via an online voting site. From the 2019 General Meeting of Shareholder we introduced a system where shareholders can log in to the online voting site using a QR code in an effort to make things more convenient.			
Participating in an electronic voting platform	We have joined the electronic voting platform provided by Investor Communications Japan (ICJ)			
English version of convoca- tion notice	We publish a full English translation of the convocation notice on our website, online voting site and voting platform.			
Others	Shareholders can see the notice with their smartphone. In addition, to encourage the participation of more sharehold- ers in the General Meeting of Shareholders, we offer sign language interpretation as well as a hearing loop. The video of the meeting is available to anyone on demand on our website with sign language interpretation.			
Web Link	Corporate Governance Report			
Weblint	The 35th Annual General Meeting of			

^{eb} Link

KDDI

Communication with Shareholders

We consider our shareholders and investors to be especially important stake holders who fully understand and strongly support our business sustainability. Accordingly, we put the most emphasis on building trust-based relationships with them in our management and strive for value-oriented corporate management, active information disclosure and enhanced communication.

As part of our ongoing effort to improve communication, we hold quarterly presentation sessions, where the management team presents the company's financial results directly. In addition, we organize private meetings and smallscale meetings with investors both from Japan and abroad, attend various conferences hosted by securities firms and hold seminars for private investors.

EY2018 Results

- · Financial Results Briefing for Analysts and Institutional Investors: 4 times (held along with the quarterly financial disclosure)
- International roadshow: 12 times (including participation in 5 conferences sponsored by securities firms)
- Session with institutional investors in Japan and abroad: Over 800 times
- Seminar for private investors: Management conducted both online and in-person seminars. Around 1,200 investors participated (listened).

KDDI

Outside Director Support System

In order to ensure active discussions in the Board of Directors meetings, we inform outside directors and Audit & Supervisory Board members in advance of the dates and agenda items and provide agenda materials for upcoming meetings to help them gain a deeper understanding of the items on the agenda. In addition, we make deliberations more substantial by accepting questions beforehand and preparing more extensive explanations for the meetings based on the auestions.

We also provide a wide range of information outside the board meetings. including on business strategies, management status, R&D and technology.

Each division's general manager and manager provide detailed explanations of the general overview of business and issues and regularly report on the management status of subsidiaries. In addition, we provide opportunities to visit in-house exhibitions of R&D achievements as well as the telecommunications equipment and monitoring center and other workplaces. We also provide two reports every year on corporate ethics and risk management activities

To enable more thorough information gathering capabilities while maintaining the independence of Outside Directors, we hold regular liaison meetings between Outside Directors and Audit & Supervisory Board members, strengthening their cooperation. Accounting auditors also explain the results of audits to Outside Directors.

To bolster information exchanges and sharing between Outside Directors, we hold liaison meetings with only Outside Directors and liaison meetings with Outside Directors and part-time Audit & Supervisory Board members

We aim to raise the effectiveness of the Board of Directors supervision of management and to invigorate discussions of management strategies at board meetings by providing a deeper understanding of our business through these initiatives. On April 1, 2006, we established the Audit & Supervisory Board Member's Office, which supports Audit & Supervisory Board members, including outside members

		KDDI's Commitment to Sustainability								
Corporate Governance Bisk Management Customer Relationship Management Brand Management										

Corporate Governance

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

Outside Directors			Outside Audit & Supe	rvisory Board Members		
Name	Reason for selection as an outside director of the company (if designated as an independent director includes reason for this designation)	Principal activities in FY2018	Name	Reason for selection as an outside Audit & Supervisory Board member of the company (if designated as an independent member includes reason for this designation) Princi	pal activities in FY2018	
Goro Yamaguchi	Mr. Yamaguchi has an abundant wealth of corporate management experience and excellent knowledge cultivated as the president and representative director of one of the world's leading electronic component and equipment manufacturers. In the Board of Directors meetings, the company has received a large number of broad opinions related to business administration and operations from him based on a medium- to long-term perspective and has determined that he can continue to contribute to improving the corporate value of the company. Accordingly, he has again been appointed as an outside director.	Attended 12 of 12 meetings of the Board of Directors	Akira Yamashita (Independent auditor)	From the perspective of leveraging this knowledge and experience to monitor general management and of the to engage in appropriate audit activities, he has been appointed as an Audit & Supervisory Board mem- 12 of	ided 12 of 12 meetings e Board of Directors and i 12 meetings of the t & Supervisory Board	
Keiji Yamamoto	Mr. Yamamoto has excellent knowledge cultivated in IT development and electronics engineering divi- sions and abundant management experience as a management at the one of the world's leading auto- mobile manufacturers. The company has determined that he can contribute to improving the corporate value of the company by giving broad opinions on promoting 5G/IoT strategy, etc. from a medium- to long-term perspective, and for these reasons he has been selected as an outside director.	Newly Appointed	Kakuji Takano (Independent auditor)	sive experience and knowledge in the execution of business at various organizations. From the per- spective of leveraging this primarily accounting-related knowledge and experience to monitor general management and to engage in appropriate audit activities, he has been appointed as an Audit &	nded 12 of 12 meetings e Board of Directors and f 12 meetings of the & Supervisory Board	
Yoshiaki Nemoto (Independent director)	Mr. Nemoto has a superior knowledge in information processing, telecommunications and network engineering, which is directly relevant to the business of the Company, as well as a deep understanding of disaster prevention that is valuable for the operation of our business. In the Board of Directors meetings, he has offered many expert opinions from an independent position from the management team regarding operational policy as an information communications operator providing social infrastructure, taking a medium- to long-term perspective. We wish to continue benefitting from his contributions to the enhancement of the Company's corporate value. Accordingly, he has again been appointed an outside director. Moreover, with this background, we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has been appointed as an independent director.	Attended 12 of 12 meetings of the Board of Directors	Nobuaki Kato (Independent auditor)	the perspective of leveraging this knowledge and experience to monitor general management and to engage in appropriate audit activities, he has been appointed as an Audit & Supervisory Board member. 10 of	ided 10 of 12 meetings e Board of Directors and f 12 meetings of the & Supervisory Board	
Shigeo Ohyagi (Independent director)	Mr. Ohyagi has a wealth of corporate management experience and excellent knowledge cultivated as the president and CEO of one of the world's leading companies in the fields of synthetic fibers, chemical prod- ucts, medicines and medical treatment, and distribution and retail. The Company determined that he can contribute to improving the corporate value of the Company by giving broad opinions from a medium- to long-term perspective, especially focusing on the field of life design business that the Company will pro- mote in the future, global strategy and M&A. Accordingly, he has been appointed an outside director. Moreover, with this background, we judge there to be no risk of a conflict of interest with general share- holders and accordingly he has been appointed as an independent director.	Attended 9 of 10 meetings of the Board of Directors	Composition of Board	Composition of Board of Directors Executive of Business: 9 persons Executive of Busines Executive of Busines Executive of Busines Execut		
Riyo Kano (Independent director)	Ms. Kano has abundant experience and superior knowledge, cultivated as a partner at a law firm and a committee member of government committees. The Company has determined that she can contribute to improving the corporate value of the Company by giving technical opinions related to legal risk management from her experience based on a medium- to long-term perspective independent of the management team, and for these reasons she has been selected as an outside director. Moreover, with this background we judge there to be no risk of a conflict of interest with general shareholders and accord-	Newly Appointed	Internal Directors	Independent directors: 6 persons	Chair	

Outside Directors

Audit & Supervisory Board members

The activities of Outside Directors who left at the end of the 35th Annual Shareholders Meeting are as follows.

ingly she has been nominated as independent director.

Name	Principal activities in FY2018			
Tatsuro Ueda	Attended 9 of 10 meetings of the Board of Directors*			
Kuniko Tanabe (Independent director)	Attended 12 of 12 meetings of the Board of Directors			

* Mr. Tatsuro Ueda and Mr. Shigeo Ohyagi attended the 34th Annual General Meeting of Shareholders when they were appointed as new directors. The attendance was counted after the appointment.

KDDI

Activity & Results



Top Message	KDDI's Commitment to Sustainability						
Corporate Governance	Risk Management	Customer Relationship Mar	agement Brand Mana	agement			

> Risk Management

			KDD	OI Group
KDDI's Approad	h – Risk Managemei	nt and		
Internal Control	•			Policy

In the ever-changing business environment, the risks that companies face are increasingly diverse and complicated.

We define factors and events that negatively influence the achievement of our business goals as risks and consider enforcing risk management a material business challenge. In order to be sustainable and responsible to society, we promote risk management initiatives throughout the KDDI Group.

Our Risk Management and Internal Control

We have established a system to centralize the management of risks, which we define as factors that have the potential to block the achievement of our business goals, with the Corporate Risk Management Division at the core.

Furthermore, we are promoting risk management throughout the KDDI Group, including subsidiaries, in order to realize the continuous growth of the entire group. We have appointed 31 Internal Control System Managers within KDDI and 42 at group companies, as well as seven Internal Control System Directors to oversee their activities. Under their leadership, we introduce and run internal control systems, carrying out risk management activities and run operational quality improvement activities to foster a company culture in which risks are less

Risk Management Activity Cycle

In order to prevent critical events for the company, we at KDDI consider that it is important to recognize signs of danger and implement preventive measures before the situation worsens. Based on this idea, we follow the PDCA cycle for risk management. We also have an organizational framework for risk management in place to ensure any risks we find will be addressed promptly and appropriately.

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KDDI Group Internal Control Framework



likely to arise.

	KDDI Group
Risk Identifying Process	Activity

We regularly examine information about risks to identify significant risks that seriously influence corporations, and discuss measures to reduce such risks and their impacts as much as possible in case we face them. In order to ensure the achievement of our business goals, in fiscal 2018, we selected 25 significant risks based on issues that manifested in the past and changes in the business environment, and held internal audits centered on risk prediction, the reduction of significant risks and risk approach. The selected significant risks include cyber-attacks, an area that is becoming increasingly complex, global businesses, and issues relating to new business fields we are entering, such as e-commerce, finance and accounting, and energy, which aim to make the Integration of Telecommunications and Life Design a reality. We have also identified risks arising from the expansion of the group through M&A as significant risks and have implemented more robust measures against them.

In order to minimize information security risks, we have also established a common standard applicable group-wide to improve the level of information security across the group, including newly joined group companies.

The status of these significant risks is also reflected on business risks that are revealed in the Securities Report since it relates to the finance as well.

Web Link	Securities Report / Business Risks (Japanese)	>
Web Link	Basic Policy for Constructing an Internal Control System	>

	KDDI's Commitment to Sustainability						
 Corporate Governance 	Risk Management	Customer Relationship Ma	nagement Brand Mana	agement			

> Risk Management

Basic Policy for Constructing an Internal Control System

Based on the provision of Article 362, Paragraph 5 of the Companies Act, we passed the Basic Policy for Constructing an Internal Control System at a meeting of the Board of Directors. In addition, we publicly announce resolutions and our operational status to ensure the fair, transparent and efficient execution of our corporate duties and maintain an effective system for internal controls to raise the company's quality level.

In fiscal 2018, we revised the Basic Policy for Constructing an Internal Control System with the purpose of strengthening governance as a corporate group to further reinforce cooperation with group companies.



Basic Policy for Constructing an Internal Control System

Main Operational Risks

Risk	Risk background	Potential impact on KDDI	KDDI's response
Competitors, rival technologies and rapid market shifts	 The homogenization of services offered by telecommunications operators The spread of low-cost SIM services from mobile virtual network operators (MVNOs) Expansion of business areas to nontelecommunications services The need to provide user support for product defects problems attributable to the rapid expansion of the commerce business Inability to acquire needed bandwidth we need Increase in competition due to new high-speed wireless data technology Possible rise in connection fees with other telecommunications operators 	Negative impacts on the financial position and opera- tions of the KDDI Group	 The creation of new value in the 5G/IoT era domestically and globally by further promoting "integration of telecommunications and life design," which centers on telecommunications and expands the peripheral businesses
Protection of confidentiality of communications and customer privacy	 Internal privacy breaches Unauthorized access from external networks 	 Could seriously damage the brand image of the KDDI Group. In addition to a possible loss of customer trust, we could also be forced to pay substantial compensation, which could have a negative impact on our financial position and/or earnings performance In the future, we may face higher costs to develop the framework necessary to protect the confidentiality of communications and customer privacy 	 Establishing Information Security Committee Public release of the Security Policy and Privacy Policy, and maintenance and operation of internal information security regulations Acquiring external authentication (ISMS) in the whole company 24/7 monitoring of external attacks by specialists
System failures due to natural disasters and other unforeseen events	 Natural disasters, such as earthquakes, tsunamis, typhoons, or floods, as well as secondary damage from the spread of toxic substances caused by natural disasters Spread of infectious disease War, terrorism, accidents, or other unforeseen events Power brownouts or blackouts Computer viruses or other forms of cyber-attack and hacking Operation system hardware or software failures Flaws in communication equipment and services 	 Service outages or interruptions as a result of natural disasters or accidents Loss of opportunities to offer products and services due to service outages as a result of failures in network systems or communication equipment, substantial billing errors, closing of distributors, or suspension of distribution 	 Improving reliability of our network and preventing service outages by implementing Business Continuity Planning Establishing a disaster response headquarters as early as possible in the event of an emergency or disaster
Laws, regulations, and government policies relating to telecommunications sector	 Revisions to the calculation formula for inter-operator connection fees and/or accounting methods Revisions to designated telecommunications facilities system and/ or the regulations on prohibited activities Revisions to the universal service systems The emergence of MVNOs in the mobile communication market Revisions to the frequency allocation system and/or spectrum user fee system 	 Our financial position and/or earnings performance could be negatively impacted by the revision or abolishment of laws and regulations or formulation of government policies relating to telecommunications and finance business Our financial position and/or earnings performance could be negatively impacted if the company's competitive advantage is relatively diminished as a result of competition policies 	 Taking appropriate actions based on laws, regulations and government policies Advocating measures for fair competition with other telecommunications operators through various deliberation councils and study sessions as well as the public comment system of the Japan's Ministry of Internal Affairs and Communications

* For details, please see the Business Risks section of the Securities Report for the year ended March 31, 2019.

KDDI Group

Activity & Result

Initiatives in Response to the Internal Control Reporting System (J-SOX)

In response to the internal control reporting system based on the Financial Instruments and Exchange Law implemented in fiscal 2008, we conducted evaluations of the internal controls at KDDI and 11 major group subsidiaries in and outside Japan to ensure reliability of our financial reporting. The results of these evaluations were compiled in an internal control report, which was submitted to the Japan's Prime Minister in June 2019, as well as disclosed to investors.

 Web Link
 Securities Report / Internal Control Report
 >

 (Japanese only)
 >

Activities to Enhance Operational Quality

KDDI

In conjunction with the internal control reporting system, we established an Internal Control Department that promotes initiatives for improving the overall operational quality of the whole company, and Internal Control System Managers in each department facilitate initiatives that enhance the efficiency and standardization of operations to do so.

Initiatives that are successful at improving business operations are added to a database, enabling all employees to put them into practice in their own departments. Furthermore, to further raise each employee's awareness and motivation

regarding the improvement of operations, we have introduced the Operational Quality Improvement Prize to recognize excellent and ambitious initiatives. In addition, we have started working on the introduction of robotic process automation (RPA) across the company as a way of improving operational quality, productivity, and efficiency at the same time, starting with the preparation of the RPA system environment and education programs.

Activities to Enhance Operational Quality

- e-learning training
- Sharing messages from executive officers and good examples of initiatives in e-mail newsletters and internal magazines
- Implementation of Operational Quality Improvement Prize (Once a year)



Top Message	KDDI's Commitment to Sustainability							
-------------	--	--	--	--	--	--	--	--

KDDI

System

Customer Relationship Management

Customer Satisfaction Improvement System

We will continue aiming to achieve sustainable business growth by enhancing customer engagement and actively breaking ground in new life design fields, especially those related to telecommunications. To promote the Integration of Telecommunications and Life Design, we aim to further improve customer experience (CX) and provide customers with exciting experiences by expanding our life design services into areas like commerce, energy, finance and entertainment, focusing on our existing communication services.

Toward that aim, we at all departments strive to refine all points of contact with the customers, working on cross-departmental improvements across au shops, communication and sound quality, products, website, rates and services. We share the progress at the CX Promotion Meeting that is held once a month, attended by top executives, to speed up the process.

Many evaluations, criticisms and comments we receive from customer questionnaires form the guidelines for our behavior. Reflecting these opinions sincerely in our business completes the cycle of offering further value to our customers.

Framework for Collection of Customer Feedback



Collecting Customer Feedback

We sincerely listen to valuable customer feedback and immediately translate it into action to continuously refine our services and quality. Based on their opinions and demands, we analyze and identify problems using the internal system that is updated daily. When prompt decision making is required, management executives and representatives of related divisions meet and discuss how to solve problems throughout the company. In order to share customer feedback with the whole company, we also have an intranet all employees can access and see their comments (excluding their personal information).

KDDI

System

Web Link Improvement Initiatives (Japanese only) > Web Link Services that Have Come from Customer Feedback (Japanese only) >

Initiatives for Customer Satisfaction

Ensuring Multilingual Support at au Shops

Following the rise in the number of non-Japanese customers, we have prepared survey forms in multiple languages for visitors to our shops. Based on the results of the survey, we further enhance multilingual support at each shop for customers from countries other than Japan so that they, too, have a better experience. These initiatives invite more people to choose au.

KDDI

System & Activit

Multilingual Support Initiatives

Initiative	Details			
Introducing a video interpre- tation services	Promoting introduction of video interpretation service in 13 languages (English, Chinese, Portuguese, Korean, Vietnamese, Tagalog, Spanish, French, Thai, Nepalese, Hindi, Russian and Indonesian)			
Translating various sales tools	Translated contract documents, notice, catalogs, flyers, etc., for customers in seven languages			
Making multilingual au Support Movies	Made videos in four languages (English, Chinese, Portuguese and Vietnamese) to give information about au services and answer frequently asked questions			
Web Link Multilingual Support Initiatives at au Shops				

Other Initiatives

Initiative	Details					
au CX AWARD	Each year, KDDI holds the Customer Service Contest in loca- tions throughout Japan in an attempt to enhance the customer service skills of au shop staff					
	Customer Service Contest: au CX AWARD (Japanese only)					
	Movies explaining how to use smartphones and popular apps in video form					
au Support Movies	web Link au Support Movies (Japanese only)					
	Volunteers from KDDI visit customers to introduce smartphone usage tips, based on various lifestyles					
au Osekkai-bu	au Osekkai-bu (Japanese only)					
	We offer a membership-based support service offering tailored support for customers using smartphones					
au Smart Support	web Link au Smart Support (Japanese only)					

	KDDI	
Initiatives for Corporate Customer Satisfaction		Activity

In an ever-changing market environment, customer needs are becoming more diversified and sophisticated. We contribute to our corporate customers' businesses through detailed communication and thorough consideration of customer perspectives, in line with our business management policy of "fully supporting clients' business transformations."

We also work on various activities, including the development of human resources in order to solve the problems of our customers and to be chosen as their business partner. Examples of these activities include holding in-house workshops and contests and sharing examples of good practices where we have contributed to our corporate customers' businesses.

KUG: KDDI Enterprise Users' Group

KDDI Enterprise Users' Group (KUG) is an organization operated by our corporate customers. In KUG, which KDDI supports as the organizer, members from various industries gather and hold seminars, observation tours and workshops in order to interact, study and cultivate friendships. It also serves as an forum for various activities where KDDI can collect feedback to improve services and develop new products.

Through exclusive observation tours and seminars, KUG aims to accelerate the communication between its members and KDDI.

FY2018 activity results

Held 12 times (For FY2019, 11 events are scheduled)

Examples of initiatives

- Introduced our efforts related to disaster resilience and service quality control through tours of the KDDI Shinjuku Building and the undersea cable laying vessel KDDI Ocean Link
- Organized seminars to share trends in IoT and ICT solutions, mainly for KDDI Digital Gate

	KDDI
Customer Satisfaction Survey	Results & Analysis

Assessments of au Services in the Consumer Market

Survey name	Assessment results
J.D. Power: 2018 Japan Mobile Phone Service Satisfaction Study	Ranked highest in overall satisfaction (three consecutive years)

Assessments of KDDI Services in the Corporate Market

Survey name	Assessment results
J.D. Power: 2018 Japan Business Mobile Phone and PHS Service Satisfaction Study <large Enterprise/ Midsize Business Segment></large 	Ranked highest in overall satisfaction (three consecutive years)
J.D. Power: 2018 Japan Business IP Phone & Direct Line Phone Service Satisfaction Study	Ranked highest in overall satisfaction (six consecutive years)

	KDDI's Commitment to Sustainability					
 Corporate Governance 	Risk Management	Customer Relationship Mai	nagement Brand Mana	agement		

Brand Management

KDDI's Approach

With the launch of the medium-term management plan (FY2019-FY2021), KDDI revamped the au brand slogan.

KDDI

Policy

The slogan for the KDDI brand, which is for the corporate and business market, is "Tomorrow, Together." The new slogan for the au brand, which is for the consumer market, is "Toward a more interesting future." Each of these slogans represents how each brand wants to exist for customers and society. Our strategy is to use the KDDI brand for the business market and the au brand for the consumer market, but both brands share the underlying concept of moving in the direction of a more exciting and fulfilling future (tomorrow) together. We will continue our efforts to improve customer satisfaction by taking the customer's perspective to ensure customers continue to choose our brands.

We are making company-wide efforts to promote the improvement of customer experience value, which leads to customer satisfaction. Establishing a strong brand and managing it properly is one of our key issues.

For the proper management of our brands, we are striving to raise employees' awareness of issues like unauthorized use of trademarks and inappropriate use of logos by third parties, so as not to affect customer satisfaction or bring any disadvantage to society.

KDDI Advertising Policy to Establish Our Brands Polic

True to our slogans "The company the customer can feel closest to." "A company that continues to produce excitement" and "A company that contributes to the sustainable growth of society," we aim to promote the improvement of customer experience value. We aim to understand our customers through all points of contact and provide the best services at the right time.

Our advertising and publicity are strongly promoted as one way to realize this policy.

KDDI Our Approach to Advertisement Production Policy

KDDI advertisements are created with the idea of contributing to improved customer satisfaction, based on the rules of the Act against Unjustifiable Premiums and Misleading Representations as well as voluntary standards and guidelines on placement of telecommunications services advertisements, to avoid interfering in the autonomous and rational choice of customers by unfair enticement.

When creating an advertisement, each department shares detailed information about the purpose of the advertisement and the details of the product or service. The created advertisement is inspected at each department before it is submitted to the review department for final approval. As a rule implemented since 2013, advertisements cannot be used without passing the final review. We select media that can be effective points of contact for communication with customers, as well as being cost effective.

FY2018 Violation of Regulations

There were no violations of any regulations related to marketing or communication (the Act against Unjustifiable Premiums and Misleading Representations).

FY2018 Review Results

• Number of advertisements inspected by the review department: 5,070 • Results of review: Advertisements that might violate laws and regulations were all rectified

Promotion System



Formulates mass communication plans Promotes mass communication activities Develops brands / manages trademarks

Formulates digital marketing plans Promotes digital marketing activities Manages owned advertising websites **TV** Commercial

Starting in January 2015, we rolled out the Santaro TV commercial series, and from January 2018, we rolled out "too sophisticated Takasugi-kun" series. In an effort to spread the brand image of au under the new brand slogan "Toward a more interesting future," we will continue to run both series with the aim of further increasing our popularity.

KDDI

Activity & Result

External Assessment (Subject: The Santaro TV Commercial Series and the "Too Sophisticated Takasugi-kun" Series) CM Soken Consulting

FY2018 Commercial Popularity Ranking by Company: First Place (April 2018–March 2019) * Listed as Best Advertiser for five consecutive years

FY2018 Commercial Popularity Ranking by Brand: First Place (November 2017–October 2018) * Listed as Brand of the Year for four consecutive years

Sponsorship

As one of our initiatives to improve our brand value, we sponsor sports contests, cultural organizations and social and cultural projects. Through this support, we aim to create new value and provide excitement for customers.

Soccer	As a supporting company of Japan's national soccer teams, we support all the soccer teams representing the country, including the Samurai Blues (men's team) and Nadeshiko Japan (women's team). We also sponsor the J.League team Kyoto Sanga F.C.
Sport climbing	As the official sponsor of the sport climbing category of the Japan Mountaineering and Sport Climbing Association, we support sport climbing and sponsor "Team au," made up of five climbers
Super GT	We sponsor the Lexus Team au Tom's in Japan's biggest GT race, the Super GT.
E-Sports	E-sports are growing in popularity around the world, and we sup- port the spread of e-sports in Japan as the official sponsor of the Japan eSports Union (JeSU) and as a sponsor of the pro team DetonatioN Gaming.
Sports of Heart	We sponsored Sports of Heart 2018, a sports and culture festi- val organized so that disabled and non-disabled people can have fun together.
Tokyo Jazz Festival	We sponsored Japan's biggest jazz festival, the 18th Tokyo Jazz Festival 2019.
Kirishima International Music Festival	We sponsored the Kirishima International Music Festival 2018, which was held with the purpose of creating opportunities to lis- ten to concerts and learn from expert musicians.
"Connecting Hearts, Connecting Lives" Reconstruction Concert	We sponsored the 2019 "Connecting Hearts, Connecting Lives" concert for the reconstruction of the area affected by the 2011 earthquake and tsunami.

Top Message	KDDI's Commitment to Sustainability							
Stakeholder Engagement	nt Community Involvement and Development External Recognition Corporate Profile Disclosure Policy							

Stakeholder Engagement

		KDDI	
Stakeholder Engagement: Our Approach	1		s
and System		Policy & System	

Stakeholders that influence our businesses are diverse, ranging from customers, shareholders, business partners, CSOs, employees and their families to local communities. We at KDDI implement various activities to offer new, satisfying experiences to all stakeholders in our business operations.

We also use the GRI Sustainability Reporting Standards, SASB, IIRC, ISO 26000 and other global sustainability standards and checklists that consist of questions we receive from investors, and create and implement policies for assessing our current conditions and addressing management issues.

The results of engagement efforts are not only reported and shared within the company but also reported at relevant committees and management meetings and reflected in the decision-making process. KDDI values the dialogue with all our stakeholders who support us. We will continue to build up collaboration with our stakeholders and tackle societal issues to contribute to the development of a truly connected society.

Stakeholder correlation diagram



KDDI Stakeholder Dialogue We conduct stakeholder dialogue led by the Executive Officer of Sustainability. Through the dialogue, we incorporate the opinions and requests of stakeholders in our corporate management to build schemes for making further improvements.

In fiscal 2018, we had dialogue on the theme of SDGs.

 Web Link
 Stakeholder Dialogue
 >

 Web Link
 Promotion of Understanding Sustainability and SDGs
 >

Results of Stakeholder Engagement

Stakeholders		Communication methods	Frequency	Details	Influence on the manageme and business activities	
	We strive for the sat- isfaction of our ser-	Releases on media, websites and social media	As needed	 Spread information about the company and business activities 	Spread information appropriation	
Service Users	vice users (customer experience) by living	Inquiries at customer center (telephone/ web)	As needed	Response to inquiries from cus-	Improve customer experience	
Customer Relationship	up to their trust and offering safe and valuable products and services.	au Shop service counters/ retail networks	As needed	tomers • Share feedback to improve our products and services across the company	 Value The departments in charge improve convenience of produc and services and guarantee safety 	
		General Meeting of Shareholders	Once a year	 Share business reports, consoli- dated financial reports, financial statements, auditors' reports 		
		Results briefing	Four times a year	 Report financial results and busi- 		
Shareholders and Investors	We work to build a relationship of trust through honest and	Disseminating information through Shareholder Communication	Twice a year	ness initiatives	• Strengthen governance	
Governance	fair disclosure of information and active communica-	Session with institutional investors in Japan and abroad	Hundreds of times	 Explain and exchange opinions on financial results and business initiatives 	 Deliver information using web sites and other information to with a sincere attitude 	
	tions.	Seminar for investors	Several times a year	Specific sessions such as ESG briefings, seminar for private investors, etc.		
		Spread information through website	As needed	Dissemination of information such as various reports, docu- ments and details of initiatives		
	We call the set of a d	Social contribution programs in each region	in each region As needed			
Local Communities	We collaborate and work in partnership with local communi- ties and fulfill our duties as a corporate	KDDI Smartphone and Mobile Phone Safety Classes implemented at school and community facilities	As needed	 Exchange opinions through local administrative organizations Interact with local residents and contribute to local safety and 	 Reflect opinions on the environment conservation activities Solve social issues in partner with administrative organizat 	
	citizen.	Community Involvement Initiatives		development	and local communities	
CSOs	We contribute to a	Activities funded by the KDDI Foundation	As needed	Practice social contribution activ-	Understand the social issues	
Web Link Community Involvement	better society through dialogue and cooper- ation.	Events hosted in cooperation with CSOs	As needed	ities across the worldParticipate in advanced initiatives	needs in each community	
Administrative Organizations / Industry Groups	We comply with the	Participation in conferences/ councils	As needed	Collect information and exchange	Make proposals on various	
Web Link Participation in External Initiatives >	law and maintain sound relations.	Participation in Initiatives	As needed	opinions	guidelines and deregulation	
		Employee awareness survey	Once a year	Conduct awareness survey on the activation level of the organi- zation	 Analyze the state of compar wide organizational culture a identify issues to be tackled 	
Employees and Their Families Web Link Materiality ① Labor Practices >	We continue to be a dynamic company that provides job sat- isfaction to all	Opinion exchanges between management and employees	A dozen times a year	Discuss and promote mutual understanding about labor man- agement issues	 each department Respect human rights 	
	employees	KDDI Sports Festival (Co-hosted with the labor union)	Once a year	Create a sense of unity through encouraging interactions among KDDI Group employees including their families and management	Create a sense of unity throu out the company	
Business Partners (Suppliers) Web Link Materiality (5 Supply Chain	We build partnerships based on mutual trust and carry out appropriate business activities with fair and open transactions.	Surveys and liaison conference	Once a year	Share Sustainable Procurement Policy	Promotion of responsible pro curement through supply ch	

KDDI

Activity & Results

 Stakeholder Engagement 	Community Involvement	ent and Development	 External Recognition 	Corporate Profile	Disclosure P	Policy		

> Stakeholder Engagement

	KDDI
Participation in External Initiatives	Activity & Re

lesults

We endeavor to participate and play a leadership role in initiatives and organizations in and outside Japan to contribute to the development of a truly connected society.

Initiative	Position			
International Standardization of Telecommunications				
ITU-R (Radio Sector)	RRB member SG4 Vice-chair (Satellite Communications)			
ITU-T (Standardization Sector)	 SG3 Chair (Rates & Policy) SG9 Chair (Video Transmission & CATV) SG17 Vice-Chair (Security) 			
GSM Association	Director			
3GPP (Third Generation Partnership Project)	SA Plenary Vice-chair (Service & System Aspects)			
Building a Safe and Secure Society				
Japan Smartphone Security Association (JSSEC)	Vice Chair/ Director			
Accessibility Consortium of Enterprises (ACE)	Director			
Conservation of the Global Environment				
ICT Ecology Guideline Council	Director			
Promotion of Diversity and Inclusion	·			
NPO J-Win	Advisory Board Member			

Topics

SDG-focused Initiatives through the GSMA

KDDI is actively helping achieve the 17 SDGs with the GSMA, which represents mobile telecommunications operations around the world. In fiscal 2018, a video about our system supporting disaster preparedness measures and information for national and local governments was played at the GSMA booth at the Mobile World Congress Shanghai in June and the SDGs booth at the U.N. General Assembly in September, which had the GSMA as a main sponsor. We also garnered acclaim for being the first in the world to create a new service through industry-wide collaboration on big data from smartphones and IoT devices, such as connected cars.

The GSMA website "Big Data for Social Good" is an initiative to help support people during emergencies using big data from telecommunications operators.

Our system supporting disaster preparedness measures and information for national and local governments featured on the above webpage.

Web Link	System supporting disaster preparedness measures and information for national and local governments
	information for national and local governments

Video shown at the SDGs booth of the U.N. General Assembly

Web Link	Video shown at the SDGs booth of the U.N.	
	General Assembly	

In addition to the aforementioned video shown at the SDGs booth at the U.N. General Assembly, there was also a VR video of an interview with employees of the Special Telecommunications Countermeasures Office and the company's vehicle-mounted base stations related to recovery efforts after the Great East Japan Earthquake.

> Community Involvement and Development

	KDDI Group
KDDI's Approach	Policy

We at KDDI Group are driving various initiatives to solve societal and environmental issues of the countries and regions where we operate to achieve a truly connected society. Each regional office leads community development activities, placing importance on dialogue and cooperation with a variety of stakeholders, including local communities, administrations, universities and CSOs.



We established the Social Contribution Policy in 2012. As a conscientious corporate citizen, we respond to the society's needs and trust and contribute to society across the world utilizing our technologies and human resources. To carry out sustainable business in and outside Japan, it is essential to have dialogue with local communities and grow with them. We see social contribution activities as valuable opportunities to interact with local communities and will continue to capitalize on such activities in terms of business opportunities and risk avoidance.

Under the medium-term management plan (FY2019–FY2021), we established and are working toward KDDI's target SDGs, which incorporate goals linked to business strategies and goals linked to corporate activities. In addition, when deciding on and implementing philanthropic endeavors, including social contributions and donations, we consider the relation to and impact of our own business activities as well as issues common to the international communities, such as the SDGs. We are currently considering policies, methods, and other measures.

Web Link	KDDI Basic Guidelines Concerning Safe and Secure Communication for Young People	>
Web Link	KDDI's Target SDGs	>

Basic Principles

Operating in accordance with the KDDI Group 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

- 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 (ICTs). We aim to offer 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,"* "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 ICTs, in a manner characteristic of KDDI.
- 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.

* 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

	KDDI Group
Management Framework	System

As a corporate citizen, we at the KDDI Group strive to contribute to community development, matching the needs specific to a region where we operate. Based on the basic policy and direction indicated by KDDI's head office, the

regional offices around Japan are committed to implementing sustainability activities, acting as communicators with local communities. These activities are handled cross-departmentally by each regional office and the executive officers in charge of each region (senior general managers) have overall responsibility for the activities.

Regional offices discuss the opinions they receive from local communities with the related department in KDDI head office and take action. We have an information sharing framework within the group, including an intranet, to share activities in each region.

The Plus Alpha Project Program

From fiscal 2008, we started the Plus Alpha Project program that encourages our employees to actively participate in voluntary activities. In this program, employees earn points for social contribution activities within or outside the company, and the company donates an amount corresponding to these points to charity organizations on behalf of the employees. All employees (approx. 17,000) are eligible, and over 9,979,576 yen was donated in total by fiscal 2018.

Contribution through the Plus Alpha Project program

Sustainability		KDDI's Commitment to Sustainability							
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Stakeholder Engagement
 Community Involvement and Development
 External Recognition
 Corporate Profile
 Disclosure Policy

Community Involvement and Development

Case: Workshop-Style Classes: Raise DRR Literacy with Your Smartphone

Japan is struck by major natural disasters almost every year, and education for disaster risk reduction (DRR) is becoming increasingly important in schools. We held new workshop-style classes named Raise DRR Literacy with Your Smartphone for high school students to teach them how to effectively use ICTs as a lifeline in the event of a disaster. A social media network was specially created for learning how to share information during the classes.

<Comprehension Questionnaire>

Questionnaire content	 (1) Importance of receiving and sending appropriate information in the event of a disaster (2) Importance of helping oneself and others in a disaster (3) Need to pay attention to information communication in everyday life too
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Results

Understood very well	Understood well	Did not understand very well	Did not understand	
76.8%	21.2%	1.8%	0.2%	

Percentage of positive responses

Understood very well, well		
98.0	%	
Web I I I	Raise DRR Liter	acv with Your Smartphone

	and the state of the state of the	and a second second second second

Case study: The Shimamono Project, which aims to invigorate the communities in outlying islands

Japan has around 420 populated outlying islands. These communities are facing various challenges, such as young people moving away from the islands, population decline, how to create value and convey the allure of the islands as well as a lack of know-how regarding logistics and sales activities.

To aid outlying island communities, KDDI has teamed up with the NPO Rito Keizai Shimbun (The Archipelago News) on the Shimamono Project since fiscal 2015. The project uses KDDI's resources to support business sales and share information in outlying island communities. In addition, KDDI hosts Shimamono Marche on its own shopping site au WALLET Market to sell goods produced in outlying islands. We also hold the Shimamono Lab, which is a course for outlying island businesses on expanding sales channels and promoting products. The Shimamono Lab is now offered in a total of six areas. In addition, sales from Shimamono Marche reached a cumulative total of around 56 million yen (21 islands, 34 products, as of March 31, 2019).

Web Link

Social Contribution

KDDI is a member of the 1% Club established by Japan Business Federation. Our total social contribution expenditures were 840 million yen in fiscal 2018.

KDDI

Result

1. Advertising expenses and membership fees are excluded even if they have the goal of social contribution. Political contributions are not included in total social contribution expenditures.

2. In-store fundraising and employee donations are not included in total social contribution expenditures

	KDDI
Volunteer Leave and Number of JICA	
Volunteers (KDDI)	Result

Volunteer Leave and Number of JICA Volunteers (KDDI)

		FY2014	FY2015	FY2016	FY2017	FY2018
Volunteer leave	Unit: person who uses the program	31	16	20	13	29
JICA volunteer*	Unit: person dis- patched	2	2	1	0	0

* The number of JICA volunteers (Youth Overseas Cooperation Volunteers participation system) is the number of people KDDI employees are dispatched to JICA in each fiscal year.

	KDDI GIOU
Disaster Relief Fund (FY2018)	Results

Source of funds: KDDI's Bridge of Hope social contribution website KDDI matches the donations of customers and KDDI group employees.

Japan		
Case	Total contributions (Yen)	Donated to
Earthquake in northern Osaka, 2018	6,511,200	Japanese Red Cross Society
Heavy rains in July, 2018	27,000,000	Japanese Red Cross Society
Earthquake in eastern Iburi, Hokkaido, 2018	8,600,000	Japanese Red Cross Society

Overseas

Case	Total contributions (Yen)	Donated to
Earthquake in Sulawesi, Indonesia	2,124,300	NPO Japan Platform

	KDDI Grou
Initiatives	Results

KDDI Group Results

(1) Bridging the Digital Divide		
Targets	FY2018 initiatives	
Improve ICT literacy of older people	 Hold KDDI Smartphone and Mobile Phone Safety Classes for elder people Comprehension rate 85%, Usage rate 91% Classes held 244 classes, 3,899 participants (cumulative 1,350 classes, 24,423 participants) 	

(2) Supporting Sound Development of Youth		
Targets	FY2018 initiatives	
Improve ICT literacy of youth	 Hold KDDI Smartphone and Mobile Phone Safety Classes for youth Satisfied with teaching materials: 99% Satisfied with lecturers: 98% Will reapply: 69% Classes held 4,469 classes, approx. 820,000 participants (cumula- tive total: approx. 29,000 classes, approx. 5.31 million participants) 	
	 Held Workshop-style classes for high school students: Raise DRR Literacy with Your Smartphone FY2018 Results (15 schools, 651 participants) 	
Support the next generation career building	Web Link IT Class Held for Hearing Impaired Students (Japanese only) >	

(3) Environmental Conservation

Targets	FY2018 initiatives
Biodiversity conser- vation in collabora- tion with stakeholders	Web Link Environmental Conservation Activities > by Employees >
Environmental edu- cation for children	Web Link We held a class on creating a field guide on plants and forest wildlife at the Ichikawa City Public Ohwada Elementary School, (Japanese only)

(4) Social and Cultural Support			
Targets	FY2018 initiatives		
Contribute to local community develop-	Shimamono Lab workshops for outlying island businesses in the le islands (Japanese only)		
ment and regional revitalization	Web Link Shimamono Lab workshops for outlying island businesses in lki City, Nagasaki Prefecture (Japanese only) >		
Raise awareness of manners for mobile phone use and pre- vent cycling acci- dents	Web Link We created a virtual reality (VR) class kit for preventing smartphone use while cycling. VR class kit for preventing smartphone use while cycling (Japanese only)		
We support CSOs and other organiza- tions working to support the environ- ment and society.	KDDI's Bridge of Hope social contribution website Japanese only)		

(5) Disaster Support

Targets	FY2018 initiatives		
	Donation of relief funds for victims of the earthquake in Sulawesi, Indonesia (Japanese only)		
	Link Donation of relief funds to victims of the 2018 earth- quake in eastern Iburi, Hokkaido (Japanese only)		
Support early recovery of disaster areas	Web Link Donation of relief funds to victims of the heavy rains in July 2018 (Japanese only) >		
	Unation of relief funds to the victims of the 2018 earthquake in northern Osaka (Japanese only)		
	Volunteer activities to support areas affected by the heavy rains in July 2018 (Japanese only)		
	Web Link We helped create tourism VR content for Miyako. > (Japanese only)		
	Web Link We sponsored the Karakuwa Junior High School Community Building Workshop. (Japanese only)		
Related to the Great East Japan Earthquake	Web Link We sponsored the Minamisanriku Entertainment Show (Japanese only)		
	Link Initiatives to Support Reconstruction from the Great East Japan Earthquake (Japanese only) >		
	Web Link We provided aid for short-term folk high schools in Kunimi-machi, Fukushima Prefecture. (Japanese only)		

(6) Contribution Activities in Growth Regions outside Japan

Country name	FY2018 Initiatives
	Held music classes and the Art Village School (KDDI Foundation)
Myanmar	 CSR vision: Together for Future Generations (MPT) These activities focus on younger generations who will contribute to the future of Myanmar. The pillars of the activities are health, educa- tion and business incubation. MPT helped upgrade public water facilities, held training programs for digital skills, and supported startup companies in technological fields.
	Large-scale cleanup activities: Clean and Fresh to Move Forward (MPT) MPT held its second round of large-scale cleanup activities in 18 districts across Myanmar.
	Child Helpline 108 (MobiCom) This service can be accessed for free 24/7 by children, parents, teachers, social workers, and others. To date, the service has received over 600,000 reports and helped prevent child abuse and solve other problems.
Mongolia	W.A.S.H. Project (MobiCom) In collaboration with local governments and the NGO World Vision Mongolia, MobiCom builds clean water facilities and toilet facilities for elementary schools. To date, the project has helped improve the public health of around 54,000 children at elementary schools in 80 districts.
Cambodia	 Built a KDDI School (the 11th one), built English and computer classrooms (for the 7th school), participated in music classes and presentations, held workshops by amateur orchestras, and held field days (KDDI Foundation) Created DVDs to introduce and pass down the traditional Cambodian art form of large-scale shadow theater (Sbek Thom) (KDDI Foundation)
Nepal	Held e-learning and robot programming classes (KDDI Foundation)

Top Message	KDDI's Commitment to Sustainability						
 Stakeholder Engagement 	Community Involvement	ent and Development	External Recognition	Corporate Profile	losure Policy		

> External Recognition

A Sample of Indices That Include KDDI

Inclusion in SRI Index FTSE4Good Global Index Series

We are included in the FTSE4Good Index Series, a major global index for socially responsible investment (SRI) (as of June 2019).

The index was developed by FTSE Russell, which belongs to the London Stock Exchange Group. It is widely used as a standard for selecting investees by institutional investors who focus on the social responsibility and sustainability of companies.





KDDI

Result

FTSE4Good

FTSE Blossom Japan

Inclusion in SRI Index MSCI ESG Leaders Indexes

Among global SRI indices, we are included in the MSCI ESG Leaders Indexes (as of June 2019).

This index suite was developed by a US-based company, MSCI Inc., and selects companies with excellent environmental, social and governance (ESG) performance.



2019 Constituent MSCI ESG Leaders Indexes



MSCI Japan ESG Select Leaders Index



MSCI Japan Empowering Women Index (WIN)

THE INCLUSION OF [ISSUER ENTITY NAME] IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF [ISSUER ENTITY NAME] BY MSCI OR ANY OF ITS AFFILIATES.

THE MSCLINDEXES ARE THE EXCLUSIVE PROPERTY OF MSCL MSCLAND THE MSCLINDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

Inclusion in Euronext Vigeo Eiris Indices World 120

We are included in the Euronext Vigeo Eiris Indices World 120, a representative SRI index (as of June 2019).

This index distinguishes 120 companies achieving the most advanced environmental, social and governance performance.



Inclusion in Ethibel Sustainability Index (ESI) Excellence Global We are included in the ESI Excellence Global, operated by Forum Ethibel, a Belgian association which promotes SRI investing (as of March 2019).



EXCELLENCE Global

Inclusion in S&P/JPX Carbon Efficient Index

We are included in the S&P/JPX Carbon Efficient Index, which is a environmental index jointly developed by the Japan Exchange Group, the Tokyo Stock Exchange, and the S&P Dow Jones Index (as of March 2019).



Acquired the Highest Rank in the DBJ Environmental Ratings

The Development Bank of Japan (DBJ) developed its own environmental rating system. The investment menu confers an environmental rating after companies are evaluated on their environmental management, outstanding companies are selected, and investment criteria are established based on their score. KDDI acquired the highest rank of A in the ratings (as of March 2019).



Awarded Gold Rating in the PRIDE Index for Three Consecutive Years We received the top gold rating on the PRIDE Index, which evaluates corporate

efforts related to LGBT and other sexual minorities, for three consecutive years. The PRIDE Index was established by a private organization, work with Pride, with the aim of promoting the creation of inclusive workplaces in companies.

* In July 2015, we started applying au Family Discount and various services provided based on the "condition that the users are family members" to same sex partners when the partnership is confirmed by an official certificate.





Ranked Second for Overall Performance in CSR Company Ranking

We placed second for overall performance in the 13th CSR Company Ranking announced by Toyo Keizai Inc. In this ranking, around 1,501 Japanese companies are evaluated based on the survey conducted in 2019 for the utilization of human resources, environmental responsibility, corporate governance and social responsibility and finance. The top companies are recognized as trustworthy by a wide range of stakeholders.

Other External Recognition

Recognition and awards	Results
The 22nd Environmental Management Survey organized by Nikkei Inc.	Ranked 9th by industry
22nd Environmental Communication Awards: Environmental Report Category organized by the Global Environmental Forum	Excellence Award
FY2018 Awards for Companies Promoting Experience- based Learning Activities for Youth organized by Japan's Ministry of Education, Culture, Sports, Science and Technology (MEXT)	Selection Committee Incentive Award
6th Good Life Award organized by Japan's Ministry of the Environment	Environmental Art & Design Award
The Commendation on Instructional Materials for Consumer Education 2018 organized by the National Institute on Consumer Education	National Institute on Consumer Education Chairman's Award
FY2018 Awards for Efforts to Build a Sustainable Society organized by the Ecological Life and Culture Organization	President's Award

F	Recognition of	Our	Initiatives	in (Growina	Markets

Received the Outstanding Contribution to the Asia Mobile Industry Award at the 2019 Asia Mobile Awards

At the Asia Mobile Awards 2019, which were held in June 2019 at Asia's largest annual mobile industry event Mobile World Congress Shanghai, KDDI's chairman Takashi Tanaka received the highest honor of Outstanding Contribution to the Asia Mobile Industry Award. This award is given by the GSMA to honor an individual who has made an outstanding contribution to the development of Asia's mobile industry. This marks the first time a Japanese person has won the award.

Award	Recognition
MobiCom: Received the award for Corporate Social Responsibility at the Forbes Mongolia Awards 2019	Received in recognition of being the best Mongolian company in the field of social responsibility and eco-friendliness
MobiCom: Top 10 Entrepreneur Award 2018	Received in recognition of the company's business accomplishments, profit, social responsibility, employment, exports, and other factors
MobiCom: Selected as the Best Socially Responsible Company 2018	MobiCom recognized as the best foreign company for social responsibility in Mongolia
MPT: Honored in five categories at the Myanmar Employer Awards 2017	Received in recognition of being the company most committed to developing employees' capabilities as well as in recognition of the company's sophisticat- ed hiring strategies, human resource systems, and other factors
MPT: Received a Gold Sabre Award 2017	Received in recognition of the company's CSR activity of donating solar lanterns to temples, schools, and other institutions
MobiCom: Awarded Best Employer of Mongolia 2017	Received in recognition of the company's efforts to provide a good workplace for employees, stable employment, health management, safety and hygiene, and career development initiatives
MPT: Recognized as Most Loved Brand 2016	Recognized as the brand most loved by the people of Myanmar in a brand survey

KDDI's Commitment to Sustainability				

Stakeholder Engagement
 Community Involvement and Development
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> External Recognition

Scopes 1 and 2 FY2017 Greenhouse Gas Emissions Verification Statement Registe R Lloyd's Register Register LR's approach LP's assurance engagements are carried out in accordance with ISAE3000 and ISO14066-3. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement: Auditing the Company's data management systems to confirm that there were no significant errors, omission or mis-statements in the Report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification. LR Independent Assurance Statement Relating to KDDI Corporation's Environmental Performance Data for the fiscal year 2017 This Assurance Statement has been prepared for KDDI Corporation's in accordance with our contract but is intended for the readers of this Report. Interviewing with key people responsible for compiling the data and drafting the Report. Interviewing with key propie responsible for compiling the data and drafting the Report. Sampling datasets and tracing activity data back to aggregate levels. Verifying the historical GHG emissions data and records for the fiscal year 2017, and Visiting the head office and Tokyo Data Center, BiGLOBE inc., Business Process Department, Engineering Division of the Company, and the head office of KODI Corporation to assess whether the data management systems have been effectively implemented. Terms of engagement Lloy3 Regitter Quality Assurance Limited (LR) was commissioned by KODI Corporation ("the Company") to provide independent assurance on Rserwironmental performance data ("the Report". for the fiscal year 2017, that is, 1 April 2017 to 31 March 2018, against the assurance criteria below to a limited level of assurance and professional judgement of the verifier using ISAE3000, "severance Engagements Other than Audits or Beviews of distorted Financial Information" and ISO13064-32000, "specification with guidance for sulfation are servicilation Observations UDSETVATIONS If is recommended that the Company should further demonstrate the accuracy, reliability and completeness of its future reports. This is particular to establish and maintain effective internal verification controls and reporting of greenhouse gas assertions Our assurance engagement covered the Company's operations and activities in Japan and overseas ' and specifically the following requirements: • Verifying conformance with the Company's reporting methodologies. • Evaluating the accuracy and reliability of data (of the selected environmental indicators listed below. • direct GHG emissions (Scope1) and emergy indirect GHG emissions (Scope2, Market based) (in Instrume CP). LR's standards, competence and independence LR implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse goese - Requirements for greenhouse goes velidation and verification badies for late in accreditation or other forms of recognition and 150/RSC 17021 Contempts gaesament - Requirements for badies providing outificand certification of management systems that are at least as demanding as the requirements of the international Standard on Quality Control 1 and comply with the Code of Ethics for Professional Accountants issued by the international Ethics Standards Board for Accountants. tonnes CO.e) energy consumption (in MWh) water consumption (in m¹) waste disposal volume (in tonnes) LR ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent. Our assurance engagement excluded the data and information of the Company's suppliers, contractors and any third-parties. (R's responsibility is only to the Company. UP disclaims any liability or responsibility to others as explained in the end footnote. The Company's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Responsibility and for maintaining effective interain claritics over which the Response of the responsibility of the Company. This is the only work undertaken by LR for the Company and as such does not compromise our independence or impartiality Dated: 26 March 2019 Signed Let's Opinion Based on LPC approach nothing has come to our attention that would cause us to believe that the Company has not, in all material respects: Mathematical programments above Mathematical activity of the professional judgement of the verifier M Hinghit Norihiko Kinoshita LR Lead Verifier On behalf of Lloyd's Register Quality Assurance Limited 10th Floor, Queen's Tower A, 2-3-1 Minatomirai, Nishi-ku, Yokohama, JAPAM LR reference: YKA4005450 Note: The extent of evidence-gathering for alimited assurance engagement is less than for a reasonable assurance orgagement. United assurance ongagements focus on aggregated data rather than physically checking source data as sites. Conveguently, the level of assurance obtained in a limited assumace engagement is abstantially lower than the assurance that would have been obtained is all mixed as assurance engagement been been obtained in the assurance between the source of the source performed. boundary endudes KDDI Corposition and responsible cloted with its communication businesses in Hydrome THE REAL PROPERTY AND ADDRESS OF THE OWNER. 100100 (Feeling) * Direct GHG emissions include those of an overseas subsidiary. Indirect GHG emissions from consumption of purchased electricity, heat or steam are calculated using the emission factor of each electric utility operator.

Scope 3 FY2018 Greenhouse Gas Emissions Verification Report

Scope3 Greenhouse gas emission verification report.

Mesara. KDDI Corporation

Day : 26 July, 2019 Company: Professor Hiroshi ONODA Graduate School of Environment and Energy Engineering

WASEDA University

Hunt Onla

Professor Hiroshi ONODA, Graduate School of Environment and Energy Engineering WASEDA University (hereinafter, Prof. ONODA.) made verification of the calculation results for greenhouse gas emission for Scope3 in the period from April 1, 2018 to March 31, 2019 that KDDI CORPORATION (hereinafter, KDDD) reported on website.

1. Scope of the verification

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

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

To give the limited assurance based on the requirements of ISO14064-3, Prof. ONODA conducted following activities for verification that there is no problem to KDDI calculation method, upon KDDI performs environmental claims.

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

3. Conclusion

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

 It lacks accuracy remarkably and does not indicate the greenhouse gas emission data in the scope properly.

 It is not prepared according to the greenhouse gas emission calculation method provided by KDDI.

Greenhouse gas emission validated
Scope3 4,510,291t-CO2

ISO 14001 Management System Certificate



Stakeholder Engagement	Community Involvem	ent and Development	External Recognition	Corporate Profile		

➤ Corporate Profile

Corporate Profile (As of March 31, 2019)

Company name	:	KDDI CORPORATION
Date of establishment	:	June 1, 1984
Main business	:	Telecommunications business
Head office	:	Garden Air Tower, 3-10-10, lidabashi, Chiyoda-ku, Tokyo 102-8460, Japan
President	:	Makoto Takahashi
Capital	:	141,852 million yen
Total employees	:	41,996 (consolidated basis)

Office Status (As of March 31, 2019)

Office	:	Head Office (Tokyo Prefecture)
Head branches	:	Hokkaido (Hokkaido Prefecture), Tohoku (Miyagi Prefecture), Northern Kanto (Saitama Prefecture), Southern Kanto (Kanagawa Prefecture), Chubu (Aichi Prefecture), Hokuriku (Ishikawa Prefecture), Kansai (Osaka Prefecture), Chugoku (Hiroshima Prefecture), Shikoku (Kagawa Prefecture), Kyushu (Fukuoka Prefecture)
Branches	:	17 branches, 74 branch stores, 6 customer services centers, etc.
Technical centers	:	14 technical centers and engineering centers, 3 technical maintenance centers, 1 transmission center
Offices outside Japan	:	Geneva, Beijing, Shanghai

Web Link

Principal Businesses (As of March 31, 2019)

The KDDI group comprises KDDI, 175 consolidated subsidiaries (116 in Japan, 59 overseas) and 39 equity-method affiliates (32 in Japan, 7 overseas). The businesses of the group are classified into segments in accordance with the types of services and customer attributes. The principal businesses of each segment are presented below.

Personal Services	:	Communication services (au and MVNO mobile phone, FTTH, CATV), energy, educational services, etc., for individuals
Life Design Services	:	Commerce, finance, payment, entertainment services, etc. for individuals
Business Services	:	Telecommunications services, ICT solutions, data center services, etc. for companies
Global Services	:	Communications services, ICT solutions, data center services, etc., for companies and individuals overseas

KDDI Consolidated Performance*

Operating Revenue Composition by Business Segment (FY2018)

Others

1.8%

Personal

Services

69.9%



* From FY2018, the name of the "Value Services segment" was changed to the "Life Design Services segment.'

Note: From fiscal 2019, we have consolidated the four original segments of Personal Services, Life Design Services, Business Services and Global Services into the two new segments of Personal Services for individual consumers and Business Services for corporate clients.

> Disclosure Policy

Disclosure of Sustainability-related Information

About This Report

KDDI issues its Sustainability Report as a means of disclosing financial and nonfinancial information. This report is a focused summary of environmental, social, governance, and other non-financial information in PDF format (Japanese and English). For information on our business strategies and opportunities, please refer to the Integrated Report.

The Sustainability Report expands on information referencing the GRI's Sustainability Reporting Standards, as well as information to promote greater understanding of how KDDI creates value. We will continue making efforts to communicate with all stakeholders and promoting our sustainability initiatives. Please note that this report is an English translation of the Japanese SUSTAIN-ABILITY REPORT 2019, prepared for your reference and convenience only and without any warranty as to its accuracy.

In the event of any discrepancy, the Japanese original shall prevail.





Non-Financial Information

External Assurance

To ensure reliability, environmental data for Scope 1 and 2 has received independent third party assurance by Lloyd's Register Quality Assurance Limited, and environmental data for Scope 3 has been verified by WASEDA University, an independent third-party.



Period Covered

FY2018 (April 1, 2018 to March 31, 2019). Some of the included information pertains to activities on or after April 1, 2019.

Scope of Report

Although we report the activities of the KDDI Group (KDDI and its 175 subsidiaries), this report focuses on KDDI only since the ratio of the Group's consolidated sales is approximately 1.25 times KDDI's non-consolidated sales.*

* Consolidated: based on International Financial Reporting Standards (IFRS). Non-consolidated: based on Japanese GAAP.

Publication Date

September 2019

(Next publication: September 2020; Previous publication: September 2018)

Guidelines Referenced

- GRI (Global Reporting Initiative) Sustainability Reporting Standards
- SASB (Sustainability Accounting Standards Board) (Telecommunications)
- IIRC (International Integrated Reporting Council)
- ISO 26000: 2010 (Guidance on Social Responsibility)
- JISZ 26000: 2012 (Guidance on Social Responsibility) Japanese Industrial Standards
- Japan's Ministry of the Environment, 2012 Environmental Reporting Guidelines

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

Inquiries

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