

CSR

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CSR activities in fiscal 2011 are described in this report beginning with the most prominent issues outlined under the seven core subjects addressed by the ISO 26000 international standards for social responsibility, from the perspectives of information required for disclosure by society and of information that KDDI wishes to convey.

Detailed information and comprehensive data including performance data and latest CSR topics and other matters are disclosed on the KDDI Web Site (under CSR (Environment & Society.))

KDDI endeavors to actively disclose data from the two perspectives noted above and intends to communicate openly with all of its stakeholders as it promotes CSR.

 **CSR (Environment & Society) Web Site** <http://www.kddi.com/english/corporate/csr/>

Period Covered

This report covers business activities for FY2011 (April 1, 2011 to March 31, 2012). However, this report also contains descriptions of a few initiatives from before and after this period.

Scope of Report

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

Publication Date

Booklet: July 2012 (Next scheduled publication: July 2013)
KDDI Web Site: October 2012 (Next scheduled publication: October 2013)

Referenced Guidelines

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

Our Social Mission as a Telecommunications Operator —Countermeasures for the Great East Japan Earthquake

As a telecommunications operator in charge of social infrastructure, KDDI's social mission is to provide stable services, even in the event of a large-scale disaster. Having learned lessons from the Great East Japan Earthquake, we are strengthening our disaster countermeasures, working to enhance customer convenience and providing ongoing support for reconstruction efforts in the disaster-stricken area.

Measures in the Aftermath of the Great East Japan Earthquake

In the aftermath of the Great East Japan Earthquake, KDDI's initial response was vigorous, but a variety of problems arose including disconnections in some areas of our backbone network. Having verified the issues, KDDI is now mounting a companywide effort to construct disaster-tolerant networks and build the necessary internal structures.

Expansion of Coverage in the Stricken Area

Providing Service to New Regional Communities

The progression of the recovery effort in the stricken area presented a new issue—namely, how to optimize services to the numerous temporary housing areas that had been constructed. With the sales and construction divisions working closely together, KDDI sent employees to the area to ascertain the status of communication signals and conduct hearings directly with customers in temporary housing and shelters. We plotted the resulting information onto a single map, which we used to simulate optimal area coverage and erected new au mobile phone base stations

nearby temporary housing blocks in each area. At present, customers in nearly all area containing newly erected temporary housing have access to au mobile phone services.

New au mobile phone base station installed near temporary housing



Aiming for Disaster-tolerant Telecommunication Facilities

Reinforcing Equipment to Enable Network Reconstruction and Quick Recovery

We are also putting in place a variety of measures to enhance network reliability in preparation for potentially massive earthquakes and other large-scale disasters, such as an earthquake

directly below the Tokyo metropolitan area or in the Nankai Trough (Tokai, Tonankai, Nankai).

1 Building Disaster-tolerant Networks

We have augmented our backbone network to four routes from three. In FY2012, we will install a new facility monitoring system in Kansai to achieve better dispersion of our monitoring function.

2 Introducing Measures at Facilities to Allow Quick Recovery in Stricken Area

- To supply power quickly to telecommunication facilities in the disaster area, we augmented deployment of mobile power supply vehicles and emergency power generators from 55 units to 130.
- We enhanced facilities as described below to ensure communications services in the disaster area.
 - We increased the deployment of emergency radio entrance facilities* from 40 sections to 60 to ensure communications between mobile phone base stations and telephone exchange stations.
 - We expanded the number of vehicle-mounted base stations from 15 to 20. We also deployed 27 new moveable base stations.
 - By the end of FY2012, we will equip some 2,000 mobile phone base stations with batteries capable of operation for more than 24 hours.



Vehicle-mounted base station

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



Offering Services that are Useful in Times of Disaster

Providing New Services that Facilitate Safety Confirmation and Secure Communication Liens

When disaster strikes, voice communication tends to become difficult, owing to congestion from the many customers seeking to confirm the safety of loved ones. For this reason, we have begun offering a variety of new services that people can use as

additional means of communication in such cases. We are enhancing our Emergency Rapid Mail, adding tsunami warnings and disseminating other information that could prove useful in times of disaster.

1 Provide the “au Disaster Measure Apps” (December 2011)

This au smartphone app combines a variety of disaster services, including the “Disaster Message Board.”

2 Add tsunami warnings to Emergency Rapid Mail (March 2012)

In addition to emergency earthquake early warning and disaster/evacuation information, we have begun sending out tsunami warnings from the Japan Meteorological Agency.

3 Reinforce e-mail reception in the event of disaster (June 2012)

In the event of a large-scale earthquake measuring 6 or higher on the Japanese Shindo scale, communications linked with an au smartphone app reduce delays in receiving e-mail by up to 90%.

4 Provide “Disaster Voice Messaging Service” (June 2012)

This service uses packet communication networks to send a “voice” message verifying the sender’s safety.



“au Disaster Measure Apps”

Reinforce Business Continuity Plan (BCP)

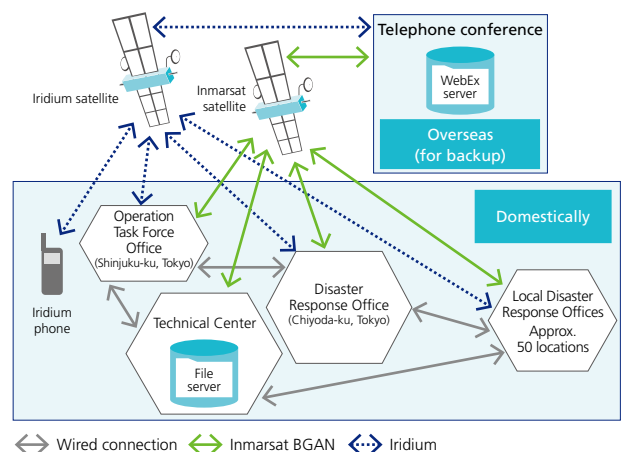
In Addition to Strengthening Systems and Facilities to Cope with Large-Scale Disaster, Providing Initial Response Training at Locations throughout Japan

As a telecommunications operator, it is our responsibility to have in place a structure that ensures business continuity even if a large-scale disaster occurs. Following our experiences in the Great East Japan Earthquake, we established a companywide Disaster Response Project, and in October 2011 we formulated a Business Continuity Plan (BCP) for Large-Scale Disasters. We are pursuing a host of measures to address the plan’s objectives of “ensuring the safety of employees and their families” and “fulfilling our responsibilities as a telecommunications operator.” Specifically, we have set down detailed rules for each phase of response to disaster, from initial action through to full restoration. We have also created satellite network links to principal bases throughout Japan in preparation for a scenario in which all fixed-line and mobile circuits cease to function. We have identified personnel who will, in the event of disaster, be dispatched quickly to provide support at emergency shelters, and we have stockpiled the equipment necessary for this eventuality.

In parallel with these measures to shore up our structure, we are proactively conducting disaster response training throughout Japan that focuses on initial disaster response. We have introduced a “blind” method of training, in which participants

are not told beforehand what sort of disaster to expect or what the content of training will be. This approach creates a more realistic disaster response environment and enables us to verify our business continuity structure and uncover potential issues.

Satellite Network Connecting Key Facilities throughout Japan



Efforts to Support Disaster Area Reconstruction

Now that more than a year has passed since the earthquake, the requirements of the affected area have changed from the short-term—such as donations and relief goods—to needs for longer-term environmental improvement to support restoration and reinvigoration. KDDI is addressing these needs through a variety of initiatives, such as creating employment in the stricken area and providing educational services that make use of ICT (information and communications technologies). Moreover, in FY2012, we have established Reconstruction Support Office, which reports directly to the President, to spearhead medium- to long-term support efforts.

Creating Employment in the Stricken Area

Establishing the au Sendai Operations Center for Contracts to Address Employment Mismatches

The employment situation in the stricken area is generally trending toward recovery, but many of the openings are for people with civil engineering and construction backgrounds—a mismatch for candidates for clerical positions. To cultivate employment in the area, in February 2012 KDDI opened the au Sendai Operations Center for Contracts in the city of Sendai, its third such center in Japan. In preparation for the start of operations, we hired 700 local residents for clerical positions.



Company presentation at HelloWork Sendai

VOICE Stakeholder Feedback

Providing Stable Employment to Support Regional Economic Recovery

In the area surrounding the city of Sendai, the job-to-openings ratio for clerical positions was 0.38 as of February 2012, meaning that only one in three people seeking such work were able to find it.

For this round of recruiting, we went through HelloWork Sendai in search of employees. Our first presentation was attended by 385 people, of whom 250 applied on the spot for interviews. Clearly, our recruiting was very closely attuned to employment demand in this area. The au Sendai Operational Center for Contracts is located just a five-minute walk away from JR Sendai Station, within easy commuting distance in the area where the transportation infrastructure has still not recovered fully from the tsunami's devastation. Our extraordinarily high demand for people in clerical positions, at some 700 people, is attracting major attention for its role in boosting employment in the Sendai environs and stimulating the local economy.

The need to improve the employment situation in the Sendai area is urgent. Companies in the area are expected to require several years to recover from the earthquake-related disaster. I hope that local companies in the region will be able to recover while the economy is supported by the employment opportunities created by new companies moving into the area. In this sense, we are very grateful to KDDI for its recent activities.



(From left)
Ms. Etsuko Kano
Mr. Tomohiko Onoda Chief
Mr. Shuetsu Chiba
 HelloWork Sendai



Asa Yanagida
 Manager,
 Operations Group 2
 Tohoku Regional Office Operations
 Department 2
 KDDI Evolva Inc.

VOICE Stakeholder Feedback from a Manager at the au Sendai Operations Center for Contracts

Aiming to Train Future Leaders

Our presentation attracted many people who said that they "wanted to remain in a clerical position for a long time." They were very positive about the employment possibilities.

We are promoting this employment in cooperation with the East Japan Operations Center for Contracts, with manager backup from the East Japan and West Japan Operations Center for Contracts, but we hope to quickly cultivate managers from within the au Sendai Operations Center for Contracts. If even a single person gains these additional skills and grows, it will help to expand range of the center's operations. Also, when future new offices are set up in the surrounding regions, these people will have the skills to participate. What a pleasant thought.

Using ICT to Support Education in the Stricken Area

Supporting Students Preparing for Entrance Exams in the Stricken Area

From November 2011 through March 2012, four organizations—KDDI CORPORATION, Kibou-no-ki Project, Castalia Co. Ltd. and Educational Foundation Shingakukai—collaborated on an effort to provide free-of-charge educational support for students preparing for high school and university entrance exams in the city of Ishinomaki, Miyagi Prefecture.

In this project, visiting instructors held lectures and provided mock examinations, using tablets during lectures on strategies for taking exams offered in other prefectures, and encouraging

online learning. In these ways, we provided support for some 120 students in the stricken area, creating a learning environment akin to those available in prefectures that were not affected by disaster.



Students taking advantage of the online study service

VOICE Stakeholder Feedback from Employees in Charge of Educational Support

Recognizing the Possibilities of ICT

We were truly moved to see junior and senior high school students wearing earphones attached to tablet computer, intently taking notes as they focused on the screens featuring courses held in other prefectures. We recognized that the use of ICT was a “solution” that allowed us to overcome the limitations of physical distance and time. We were overjoyed to see the pleasure this opportunity brought to people in the stricken area, and this served as a useful case study for us as we go about our business.



(From left)

Youko Hara Manager

Nami Itahashi Senior Staff

Advanced Business Development Division
Global Business Development Department
Advanced Business Group
KDDI CORPORATION

Employee Volunteer Activities in the Stricken Area

Establishing a Support System and Enhancing Collaborative Volunteer Activities

From April 2011, KDDI began supporting employee efforts to volunteer in the affected region. We set up a system offering special time off work for up to five days to volunteer in the region, as well as paying for transportation to the region and providing some funds to acquire items needed for volunteer activities. More than 300 employees have taken advantage of this system to volunteer in the stricken area (as of May 2012).

In July 2011, we also began calling for regular volunteers to send to the area, in groups of 20. During FY2012, we plan to concentrate

on volunteer activities in the town of Otsuchi, Iwate Prefecture, which suffered major devastation from the tsunami. We are working with Oraga-Otsuchi Yumehiroba, a general incorporated association set up in the area. Through these efforts, we hope to learn more about conditions in the stricken area and foster interaction with the community.



Employees cleaning up the Kiri Kiri Coast of Otsuchi-cho, Iwate Prefecture

TOPICS Exchanging Ideas with People in the Stricken Area

Oraga-Otsuchi Yumehiroba is a general incorporated association that has introduced unique plans to encourage voluntary efforts at restoration, such as “reconstruction tourism” and “reconstruction cafeteria,” and has proactively disseminated information from the region nationwide. In May 2012, we held a frank exchange of ideas with this general incorporated association regarding future support activities and its hopes with regard to corporations.

Further details will be made available on the KDDI website (from around September 2012).

 [CSR information on the web: http://www.kddi.com/english/corporate/csr/](http://www.kddi.com/english/corporate/csr/)

Participants in the ideas exchange



Mr. Yoshikazu Iwama

Oraga-Otsuchi
Yumehiroba



Mr. Kazuyuki Usuzawa

Oraga-Otsuchi
Yumehiroba

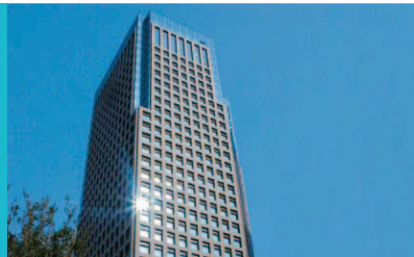


Akira Dobashi

Executive Director, General
Administration Department,
General Administration &
Human Resources Division,
KDDI CORPORATION

Organizational Governance

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



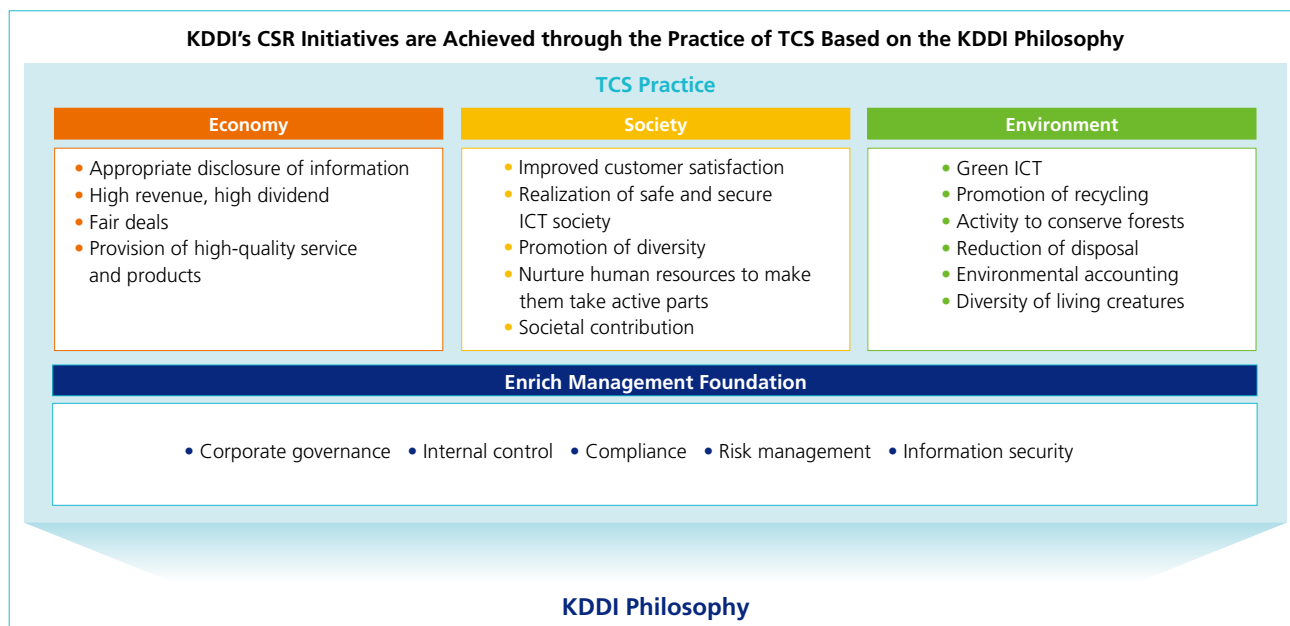
KDDI's Perspective on CSR

The role of information and communications technologies (ICT), including mobile phones and the Internet, is changing on a daily basis. As a general telecommunications operator, KDDI forms a part of the social infrastructure. Accordingly, we recognize that we have an obligation to contribute to society's development and its sustained growth. We understand that our business has a major influence on society and that we earn the trust of society through the provision of stable information and communications services, which we are obliged to maintain.

Since its inauguration in 2000, KDDI has presented its *raison d'être* and mission in the KDDI Philosophy (see page 78) that describes the ideal entity it wishes to become. This ideal is shared among all employees.

Based on the KDDI Philosophy, in 2003 we put Total Customer Satisfaction (TCS) at the heart of our business activities, and throughout the Company we have been conducting our operations on this basis ever since. TCS recognizes all KDDI stakeholders, including service users, business partners, employees, shareholders, investors, NPOs, and administrative organizations, as "customers." Through various means of dialogue, TCS defines the aim of increasing the level of satisfaction of all shareholders and forms the cornerstone of KDDI's perspective on CSR.

To promote CSR, we have set up a TCS Committee, which is chaired by the president. As a cross-divisional organization for deliberating and resolving issues based on customer feedback, the committee has the important function of bringing the entire Company together in an effort to enhance customer satisfaction, based on the management cycle.



CSR Promotion

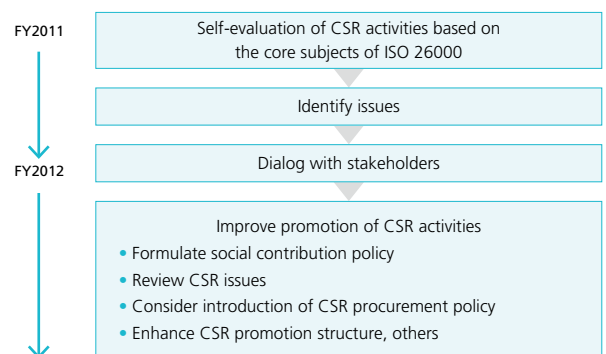
Promotion System

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

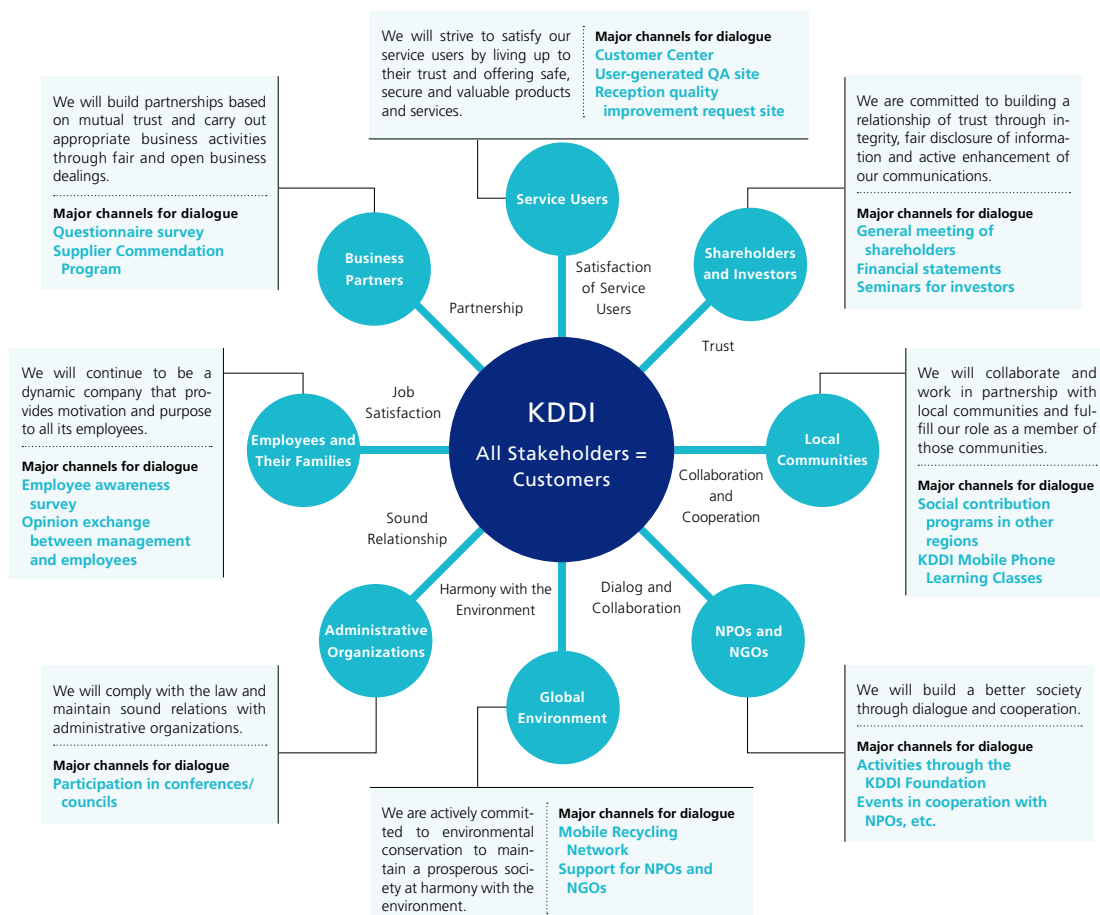
In FY2008, we revised the KDDI Environment Committee to the KDDI CSR & Environment Committee, creating an integrated system to study and promote the environmental conservation efforts of KDDI and our Group companies and affiliates, as well as their policies and planning relating to CSR activities. KDDI reviews its CSR initiatives in stages, building up and enhancing its structure as necessary.

CSR Promotion Activities

During FY2011, the sixth since setting up a specialized department to promote CSR, KDDI conducted an objective review of its CSR activities. To make improvements, we conducted a self-evaluation of some 250 items based on the seven core subjects addressed by the ISO 26000 global standard pertaining to social responsibility and analyzed our CSR activities against this list. According to these results, during FY2012, we will encourage dialog with our stakeholders and plan to make a proactive effort to review material issues and make other improvements. This process was used to formulate the social contribution policy shown on page 74.



Principal Channels for Dialog with KDDI Stakeholders



Defining Material Issues

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

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

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

Material Issue 2 Offering Reliable Information and Communications Services

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

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

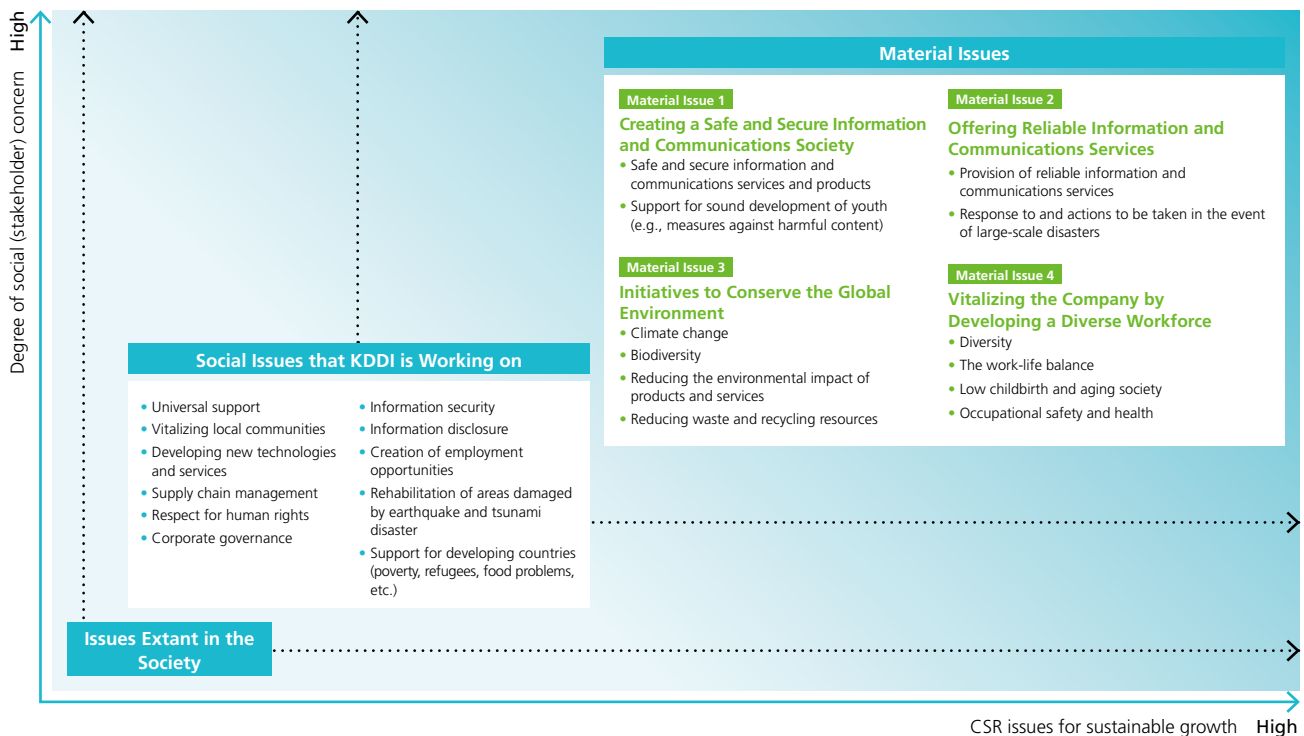
Material Issue 3 Initiatives to Conserve the Global Environment

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

Material Issue 4 Vitalizing the Company by Developing a Diverse Workforce

At KDDI, promoting diversity is one aspect of its management strategy for achieving sustainable corporate growth. Respecting the individuality of employees, rather than forcing different people to fit into the same box, we are working to create an organization and environment that harnesses our employees’ capabilities by leveraging external differences, internal differences, and differences in corporate organizations. Encouraging diversity goes back to one of the original tenets of the KDDI Philosophy, namely “Happy employees and a dynamic company.”

Social Issues and the Four Material Issues for CSR



CSR Targets, Achievements, and Issues

The chart below provides an overview of principal targets and achievements during FY2011, and reports our main targets for FY2012.

	FY2011			FY2012
	Targets	Primary Achievements	Rating	Primary Issues
Organizational Governance	Entrenchment of autonomous internal control activities and the development of framework and systems	<ul style="list-style-type: none"> Encouraged employee awareness by publishing our company newsletter and distributing an e-mail magazine Promoted "improvements in operational quality" 	A	<ul style="list-style-type: none"> Improve promotion of CSR activities
Consumer Issues	Enhancement of telecommunication facilities and services in preparation for large-scale disasters	<ul style="list-style-type: none"> Configured network to be strong in the face of disaster Added tsunami warnings to our "Emergency Rapid Mail" and enhanced our disaster-response services in other ways 	A	<ul style="list-style-type: none"> Increase number of KDDI Mobile Phone Learning Classes held and improve quality Provide equipment that is easy for seniors to use and provide user support Respond quickly to customers' requests to increase network quality and provide stable services Establish large-scale disaster response measures
	Enhancement of information literacy support by improving the quality of KDDI Mobile Phone Learning Class	<ul style="list-style-type: none"> Conducted 1,209 times during FY2011 Revised program to respond more flexibly to schools' needs 	A	
	Establishment of a telecommunications environment that customers can use safely and securely	<ul style="list-style-type: none"> Held "Everyone's Mobile Phone Summit" stakeholders dialogue Introduced "Anshin Security Pack" and "Anshin Appli Limited" for smartphones Offered for sale the "Mi-Look" mobile phone, with features aimed at protecting the elderly 	A	
	Increasing level of highly reliable communications	<ul style="list-style-type: none"> Having received administrative guidance from the Ministry of Internal Affairs and Communications in relation to the disruption of communications, introduced countermeasures and prepared a system to prevent the recurrence of major accidents Increased communication speed using "EV-DO Multi-Carrier" technology Eased data communication congestion using "EV-DO Advance" technology 	B	
Environment	Formulation of Third Medium-term Environmental Conservation Plan	<ul style="list-style-type: none"> Formulated Third Medium-term Environmental Conservation Plan, "KDDI GREEN PLAN 2012-2016" 	A	<ul style="list-style-type: none"> Roll out Third Medium-term Environmental Conservation Plan >Increase number of tribrid base stations >Promote recycling >Promote forest conservation activities Promote environmental communications
	Promotion of "Green by ICT" through such initiatives as enhancing tribrid base station functions	<ul style="list-style-type: none"> Conducted launch of "Type-VII" radio equipment for wireless mobile phone base stations that requires no air conditioning Began selling common smartphone adapter that boosts charging efficiency more than 10% and achieves a stand-by power savings of approximately 20% 	A+	
	Promotion of R&D of services for "Green by ICT" CO ₂ reduction in society at large	<ul style="list-style-type: none"> Provided "PC power savings management" to reduce customers' PC power consumption 	A	
	Enrichment of environmental communications	<ul style="list-style-type: none"> Conducted "Electricity Saving Project" to support initiatives to save electricity at homes Conducted "Shimanto-kawa Walk" and "Takao-san Walk" 	A	
Labour Practices and Human Rights	Support for employees' work-life balance	<ul style="list-style-type: none"> Introduced "Adjustable Work Hour System" allowing employees on shortened hours for childcare or nursing care purposes to balance work hours on a monthly basis Held a forum on returning to work following childcare absences Held "Balancing Work and Nursing Care Lecture" Expanded teleworking system 	A	<ul style="list-style-type: none"> Cultivate and promote diverse human resources and formulate related measures Create a vibrantly healthy workplace culture Enhance internal communications
	Establishment of a worker-friendly workplace environment	<ul style="list-style-type: none"> Conducted employee awareness survey Held employee-management dialogue 	A	
	Improvement of communications within the organization	<ul style="list-style-type: none"> Introduced internal data streaming and SNS system to reinforce system for sharing of internal information 	A	
	Enhancement of personnel to enable them to become active global players	<ul style="list-style-type: none"> Established special quota for global business development Seven people made use of overseas study program Ten people newly took advantage of overseas training system 	A	
Fair Operating Practices	Enhancement of communications with business partners	<ul style="list-style-type: none"> Questionnaire-based operational quality improvement 	A	<ul style="list-style-type: none"> Reinforce communications with shareholders and investors in Japan and overseas Formulate CSR procurement policy Strengthen information security further Entrench BCP Strengthen and promote measures to eradicate compliance-related accidents
	Support for the improvement of customer satisfaction at au shops	<ul style="list-style-type: none"> Held customer interaction skills contest at au shops 	A	
	Expansion and enhancement of communications with shareholders and investors in and outside of Japan	<ul style="list-style-type: none"> Conducted individual meetings in Japan and overseas (total of approximately 800 times) Held theme-based small meetings (approximately 10 times) 	A	
	Review of corporate norms, standards, and rules	<ul style="list-style-type: none"> Revised the KDDI Code of Business Conduct 	A	
	Reinforcement of efforts to comply with laws and regulations Thorough compliance awareness	<ul style="list-style-type: none"> Conducted regular Business Ethics Committee meeting Conducted compliance-related group training and e-learning 	A	
	Further promotion of risk management	<ul style="list-style-type: none"> Revised business continuity plan (BCP) for large-scale natural disasters 	A	
	Further improvement of security and efficient operation of ISMS	<ul style="list-style-type: none"> Established "KDDI Group Common Information Security Standards" Strengthened measures to address internal e-mail system misdirection and information leaks Conducted e-learning and division manager training 	A	
Community Involvement and Development	Enrichment of social contribution programs in and outside of Japan	<ul style="list-style-type: none"> Supported region affected by the Great East Japan Earthquake Employee volunteers, creation of employment opportunities, educational support, etc. Used "+a Project" to enhance employees' community social contribution activities 	A	<ul style="list-style-type: none"> Continue implementing disaster relief efforts Foster stronger ties with local communities Contribute to sustained growth of the global community through the use of ICT
	Further contribution to the development of the international community through the utilization of ICT	<ul style="list-style-type: none"> Provided educational support using tablets Through the KDDI Foundation, provided support and technology to help developing countries bridge the digital divide 	A	

[Evaluation standard] A+: Significant achievements made on the issue A: Certain achievements were made
 B : Action was taken, but with no achievements C: No achievement was made or no action was taken

Consumer Issues

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



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

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

Providing Services that Are Safe and Secure for Children

Basic Policy on Safety and Security

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

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

At KDDI we are working to safeguard young people from trouble arising from communication services such as mobile phones and the internet.

We will continue to work to create a truly safe and secure society while building smooth communication services for young people.

Holding the KDDI Mobile Phone Learning Class

In FY2005, we began conducting the KDDI Mobile Phone Learning Class throughout Japan as a way to educate children on the safe and secure use of mobile phones and the Internet. The class provides necessary information on rules and etiquette and teaches them how to identify trouble and protect themselves.

In FY2011, KDDI conducted this class a total of 1,209 times for some 237,000 participants, bring the total number of classes to 4,700, for 900,000 people since FY2005. Mobile phones and the Internet have evolved dramatically during this time, and the environments in which children interact have grown more sophisticated and diverse. Owing to these changes, in April 2012 we completely revised the content of our program, taking into account detailed requests from schools in response to our inquiries. In addition to the core class, we have prepared an optional program that responds to schools' requests involving the safe use of smartphones. We have also updated the course's video content

and are conducting training to enhance instructors' skills. The upshot should be an enhanced course that helps children to use mobile phones and the Internet safely and securely.



KDDI Mobile Phone Learning Class

VOICE Stakeholder Feedback



Ms. Hiroko Kanoh

Associate Professor
Institute of Arts and
Sciences, Yamagata
University

Nearly 20 years have elapsed since the Internet and mobile phones first began growing popular. Nowadays, searching for terminology, sending e-mails, Tweeting and updating blogs, referring to electronic dictionaries, and reading online newspapers are commonplace.

This situation puts children and adults in the same environment, viewing the same content. Children are adept at mimicking operations they see, but they cannot look behind the scenes to determine what information adults judge to be credible, and are less proficient at avoiding spam, disguised-sender spoof emails, phishing sites, and other negative influences. For this reason, before children gain access to mobile phones they should be taught how to assess the credibility of information and how to use the Internet and communicate appropriately. I have great hopes for the KDDI Mobile Phone Learning Class in this regard.

Holding the "Everyone's Mobile Phone Summit"

In November 2011, we held "Symposium 2011: Everyone's Mobile Phone Summit," attended by experts from a number of fields, as well as children who use mobile phones. High school students participated in the planning of this symposium, which was held



High school students attending "Everyone's Mobile Phone Summit"

for the third time and was designed to serve as a forum for the exchange of opinions among people with different perspectives on the current status of mobile phone and Internet use, as well as regulations and education on safe and secure use.

The high degree of information literacy common among high school students became apparent in their conversations on how they use mobile phones. Accustomed to using mobile phones and the Internet from a young age, they had become conversant in Internet etiquette and were able to speak knowledgeably on such topics as blogs and differentiating among the use of multiple social networking services (SNS).

Following the high school students' opinions, experts discussed such topics as the status of smartphone use by children and debated filtering and other issues.

Providing Products and Services that Offer Users Peace of Mind

"Mi-Look" Mobile Pedometer to Help Look after Elderly People

As the number of elderly couples and senior citizens living alone increases, demand for ways to look after seniors has grown among the families living apart from them. In September 2011, we began offering the "Mi-Look" mobile pedometer to address this need.

The "Mi-Look" has a pedometer function to count a senior citizen's steps and automatically sends e-mail notifications to a pre-registered contact at set intervals to notify him/her of a user's activity. The device also serves as a safety tool in emergency situations; simply pulling a strap activates an emergency buzzer. The loud noise alerts surrounding people of a problem, and at the same time a notification of the event is sent, along with the user's location, to the pre-registered contact person. When the "Mi-Look" is placed in its tabletop holder, the contact person is also notified at preset intervals of the number of times the senior is recorded passing in front of the sensor. Functions such as these allow families of elderly people to monitor their everyday situations, as well as emergencies, helping provide assurance to the families of senior citizens even when living apart.



"Mi-Look" mobile pedometer to help look after elderly people

"Anshin Security Pack" and "Anshin App Restriction" for Smartphones

KDDI has introduced "Anshin Security Pack" services for Android™ au smartphones in response to the surge in popularity of smartphones and to ensure their safe and secure use.

This service locks au smartphones remotely in the event that they are lost. 3LM's*1 "3LM Security" platform is provided for unlocking or performing location searches. The package also includes the "Virus Buster™ Mobile for au" application to protect smartphones from accessing improper sites such as one-click frauds and dangerous applications by detecting Android™-targeting viruses and blocking incursions. Operators also act on customers' behalf to make smartphone settings remotely using OPTiM Corporation's*2 "remote support." By packaging these three services together, KDDI provides a safe and secure environment that is easy to use for first-time au smartphone customers.

We also offer the "Anshin App Restriction" service, which is designed to allow children to use smartphones safely by enabling guardians to limit the applications and functions that they can use.

*1 A company that provides security platforms for Android™ devices

*2 A company that provides comprehensive IT support solutions

TOPICS KDDI Introduces Application Based on Its Own Screening and Verification Standards



Kei Amano

Head of Smartpass
Business Group
Business Department
Advanced Business
Development Division

Smartphones allow users to add the apps that they like and enhance specific functions. This freedom to customize makes smartphones attractive, but at the same time it raises concerns about application security. In an effort to provide customers with peace of mind as they use their apps, we have established a proprietary technological development and security standard that provides a "secure app guarantee" to verify their safety. We added apps that meet this standard to the "au Smart Pass" (unlimited use of apps) that we introduced on March 1, 2012, thereby increasing safety.

The number of smartphone apps increases every day. Against this backdrop, through collaboration among KDDI R&D Laboratories, development divisions, and app production companies, we are working to provide customers with safe, high-quality apps.

Material Issue 2 Offering Reliable Information and Communications Services

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

Technological Development to Improve Communication Quality

Demonstration Experiment on Real-time HD Transmission for Android™ handsets

KDDI R&D Laboratories held a demonstration experiment using its “Compact Real-time HD Transmitter for Android™ Mobile Phones” and UQ WiMAX to transmit live over the Internet coverage of the “Nagaoka Festival” (city of Nagaoka, Niigata Prefecture) fireworks display, held in August 2011. The experiment demonstrated that live video broadcasting of full high-definition (HD) video was possible with a device that fits into the palm of a person’s hand, without requiring access to large-scale broadcasting equipment. The prototype scored well both in



Demonstration experiment

terms of maneuverability and high image quality.

The laboratory plans to continue conducting such trials as it moves toward the commercialization of products based on this prototype.

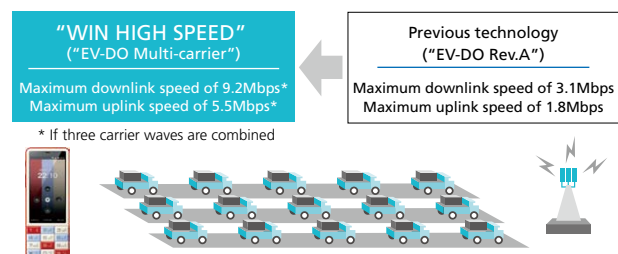
Providing a Convenient Usage Environment

Using “EV-DO Multi-carrier” Technology to Boost Communication Speeds

As part of its data communication infrastructure for au mobile phones, KDDI has introduced “EV-DO Multi-carrier” technology to expand the functionality of “EV-DO Rev.A.” We started offering “WIN HIGH SPEED” for high-speed communications, which allows a maximum downlink speed of 9.2Mbps and an uplink speed of up to 5.5Mbps.

This technology boosts data communication speed by combining two or three “EV-DO Rev.A” carrier waves. Using multiple carrier waves simultaneously for a single mobile phone augments data transmission/reception efficiency, making communication speeds up to three times as fast as current “EV-DO Rev.A” technology.

Overview of the “WIN HIGH SPEED” Service



Increasing the number of data transmission/reception “paths” from one to three results in communication speeds up to three times as fast as were possible with the previous technology (“EV-DO Rev.A”).

Easing Data Communication Congestion with “EV-DO Advanced” Technology

KDDI checks mobile phone base station congestion in real time and shifts au mobile phones connected to congested base stations to less-congested stations nearby. To make this possible, KDDI developed “EV-DO Advanced” technology to ease congestion across its networks. This service became available in April 2012. Introducing this technology raised data traffic capacity by around 1.5 times, and doubled* average effective communication speed in congested locations.

KDDI aims to create smooth and convenient data communication environments in all customer usage areas.

* Based on KDDI’s simulation of mobile phone base station congestions and customer usage conditions

Responding to Administrative Guidance from the Ministry of Internal Affairs and Communications

KDDI received guidance from the Ministry of Internal Affairs and Communications concerning five communication failures and other major accidents related to its au mobile phone services, fixed-line communications services, and corporate services between April 2011 and February 2012. The guidance called for the swift introduction of full measures, including recurrence prevention measures, as well as the reporting on the results of implementation and on initiatives going forward.

Furthermore, a February 22, 2012, meeting of the Ministry of Internal Affairs and Communications liaison committee on countermeasures against mobile phone communication failures called for a report on the results of a complete check of measures to prevent such communication failures from recurring.

On February 14, 2012, KDDI established a Survey Committee, chaired by the president, aimed at preventing recurrence and responding to Ministry of Internal Affairs and Communications guidance and the complete check of the various items requested by the liaison committee on countermeasures against mobile phone communication failures. The committee reported to the Ministry of Internal Affairs and Communications concerning its improvement measures and their implementation.

KDDI offers its sincere apologies for the inconvenience and concern that were caused to customers and related parties as a result of these major accidents. We are introducing countermeasures to enhance reliability going forward by providing convenient communication environments for our customers.

Enhancing Customer Satisfaction

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

Aiming to Enhance Customer Satisfaction

KDDI CS Policy

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

KDDI CS Policy

1. Realization of Satisfaction

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

2. Customer-orientated Thinking and Action

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

3. Working with Customers to Create Better Services

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

4. Customer Evaluation

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

5. Customer Trust

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

6. Building and Repaying Customer Satisfaction

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

7. Recognition of Excellence

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

Providing "Anshin Total Support"

In September 2011, KDDI began offering the "Anshin Total Support" service, in which specialized operators address the various issues that customers encounter when using the Internet through its "au one net" Internet connection services.

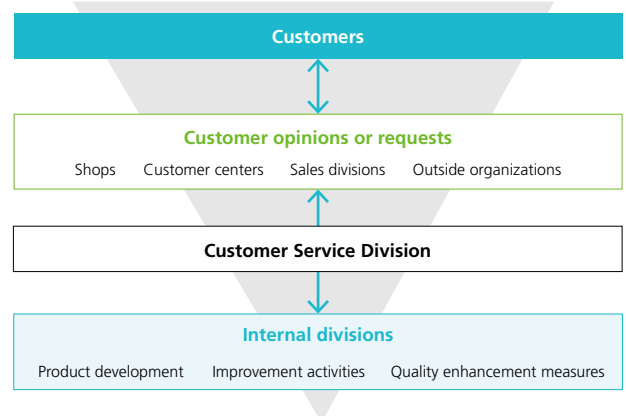
An add-on service for "au one net," "Anshin Total Support" employs specialized operators to handle telephone inquiries and provide remote operations in response to various customer questions regarding Internet network equipment connections and settings, as well as usage procedures. In addition to equipment provided by KDDI, this service addresses settings on PC peripheral equipment and software in a bid to meet broad-ranging customer needs and helps to make Internet environments more convenient.

Improving Operations based on Customer Feedback Received Through the Customer Service Division

KDDI conducts improvement activities based on consumer opinions and requests, suggestions from external organizations, and through other sources of input.

In addition to working swiftly to address suggestions and consultations on a host of fronts, the Customer Service Division liaises with upstream process service development departments, planning departments, management departments, and other related departments to prevent recurrence and enhance customer satisfaction.

Flow of Improvement Activities



Holding "H-1 Grand Prix" Customer Service Contest for "au HIKARI"

One of our initiatives aimed at increasing customer service skills at au shops is to hold the "H-1 Grand Prix" customer service contest, in which competitors explain the benefits of the "au HIKARI" communication environment and test their skills in making customer-satisfying proposals.

From this contest, which was held for the second time in January 2012, 11 members were selected from among the staff at 208 au shops, and the results of their everyday achievements were presented. Some 250 members of staff from agencies and au shops attended to share superior customer service skills.



au shop staff receiving award

Environment

By improving the quality of our environmental management, we endeavor to reduce society's impact on the environment through our business operations and social contribution activities.



Material Issue 3 Initiatives to Conserve the Global Environment

With the aim of realizing a low-carbon, recycling-oriented society and achieving biodiversity, KDDI is moving forward with the initiatives "Green of ICT" (reducing the environmental impact of ICT equipment), "Green by ICT" (reducing the environmental impact of society through the use of ICT), and the "Green with customers and employees (Road Project)" (environmental preservation activities in cooperation with customers and employees).

Environmental Management

KDDI Environmental Charter

Manifesto

The 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.

Environmental Management Structure

The KDDI Group has formed the KDDI CSR & Environment Committee, comprising members from each division, branch, Group company, and related organization. This committee serves as the center for formulating KDDI's environmental management system and promoting efficient environmental preservation activities throughout the Group. KDDI has acquired international ISO 14001 certification for this management system, which covered KDDI and 21 Group companies as the end of FY2011 (targeting 193 sites and approximately 46,200 people).

Internal Environmental Audits

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

Appropriate Processing of PCBs

KDDI ensures that transistors, capacitors, and other components that previously included high-concentration polychlorinated biphenyls (PCBs) are disposed of properly in accordance with legislation and

the Company's internal processing regulations. This processing is slated for completion in FY2011 through FY2013.

Overview of the Second Medium-term Environmental Conservation Plan

In 2007, KDDI formulated its second Medium-term Environmental Conservation Plan (FY2007 through FY2011), and has achieved all the plan's objectives. With regard to global warming countermeasures, in the category of telecommunication facilities—which accounts for around 98% of the Company's electric power consumption—we developed electricity-saving base stations and introduced slimmer networks to reduce electricity use. As we augmented equipment in response to customers' needs, reducing our total consumption of electricity remains problematic. However, energy conservation is an important priority, and we are moving forward with a number of initiatives to reach this goal. Concerning waste reduction and promotion of recycling, we collaborated with an outsourcing company to promote material recycling and worked to reduce final processing waste. To improve our quality of environmental management, we strove to raise employee awareness through education and by conducting internal environmental audits.

We also have formulated the Third Medium-term Environmental Conservation Plan, which goes into FY2012. In accordance with this plan, we will work proactively on sustained initiatives to conserve the global environment.

Results of the Second Medium-term Environmental Conservation Plan

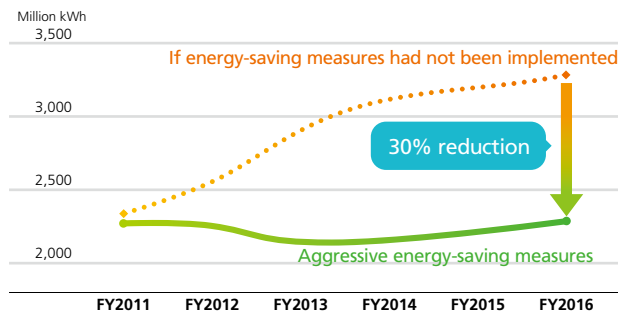
Area of Activities		Targets	Results	Evaluation
1. Global warming countermeasures	CO ₂ emissions	1.52 million t	1,218,658.6t	○
2. Waste reduction and promotion of recycling	Resource recycling ratio for retired telecommunication facilities	99%	99.0%	○
	Resource recycling ratio for mobile phones	99%	99.7%	○
	Resource recycling ratio for office waste	70%	77.2%	○
3. Improving the quality of environmental management	Compliance assessments	—	Enhanced internal audits	○
	Enhanced internal environmental audits	—	Conduct e-learning at least once per year	○

Third Medium-term Environmental Conservation Plan Formulation of the "KDDI GREEN PLAN 2012–2016"

As its new five-year environmental preservation plan beginning in FY2012, KDDI has formulated the "KDDI GREEN PLAN 2012–2016," its third Medium-term Environmental Conservation Plan. This plan introduces three priority issues, "low-carbon society," "recycling-oriented society," and "biodiversity," and sets specific targets for each. To reach these goals, we are promoting 3G Actions ("Green of ICT," "Green by ICT," and "Green with customers and employees (Green Road Project)") to enhance our contribution to environmental preservation.

1 Goals Targeting the Realization of a Low-carbon Society

- By FY2016, we aim to reduce electric power consumption by 30%, compared with the level if energy-saving measures had not been implemented.



- By FY2016, reduce electric power consumption per subscriber by 15%, compared with FY2011.
- By the end of FY2012, increase the number of tribrid base stations* to 100.

* These au mobile phone base stations control three kinds of electric power—power generated by solar panels, power saved in charged storage batteries, and power supplied by power companies—and provide power to base stations in the most efficient way at the time it is used.

2 Goals Targeting the Realization of a Recycling-Oriented Society

- Achieve zero emissions*¹ for retired telecommunication facilities.
- Achieve material recycling*² ratio of 99.8% or more for used mobile phone handsets.
- Achieve a material recycling ratio for general waste of 90% or more at KDDI-owned buildings and in the headquarters building.

*1 "Zero emissions" is defined as a final processing ratio of 1% or less.

*2 Conduct solution processing of waste and other methods to convert waste to reusable resources.

3 Goals for Preserving Biodiversity

- Pursue activities based on our action guidelines for preservation of biodiversity.

KDDI Action Guidelines on the Preservation of Diversity

1. Practice Preservation in Business Activities

When formulating business plans, consider the impact that these plans will have on related ecosystems and local communities.

2. Form Alliances and Cooperate with Related Organizations

Form alliances and further cooperation with government organizations, NPOs, and the like, incorporating social contribution activities into ICT.

3. Promote Resource Recycling

Continue with resource recycling and take part in proactive measures to prevent the depletion of biological resources and curtail degradation of the natural environment.

4. Create a Society that Cultivates Biodiversity

Educate employees on the natural environment and cultivate an awareness of biodiversity throughout society as a whole.

Specific Measures Involving 3G Action

3G Action	Issues for Response	Sample Initiative
Green of ICT	Low-carbon society	Building and construction of energy-saving telecommunication facilities, promotion of green procurement
	Recycling-oriented society	Reuse of retired telecommunication facilities, promotion of recycling
Green by ICT	Low-carbon society	Provide teleworking system, promote smart communities
	Biodiversity	Contribute to the preservation of living things through the application of communications technologies
Green with customers and employees (Green Road Project)	Recycling-oriented society	Recycle mobile phones and operation manuals
	Biodiversity	Walk project, forecast conservation activities by employees and their families

KDDI GREEN PLAN 2012-2016

Environmental Impact of Business Activities

Of KDDI's business activities, environmental impact is the highest in terms of the CO₂ emitted through the use of electricity in electrical telecommunication facilities and in the industrial waste generated during equipment upgrades. We are working to quantify and reduce these environmental impacts. From the standpoint of using resources effectively, the recycling of used mobile phone handsets is also seen as a priority.

In FY2011, we surveyed KDDI-owned buildings for the use of blown asbestos and confirmed its use in one base station. We plan complete removal of this asbestos by September 30, 2012.

Figures for "effect of environmental conservation (materials)" and "emissions of global warming gas (t-CO₂)" have been retroactively updated dating back to FY2012, to reflect changes in calculation methods.

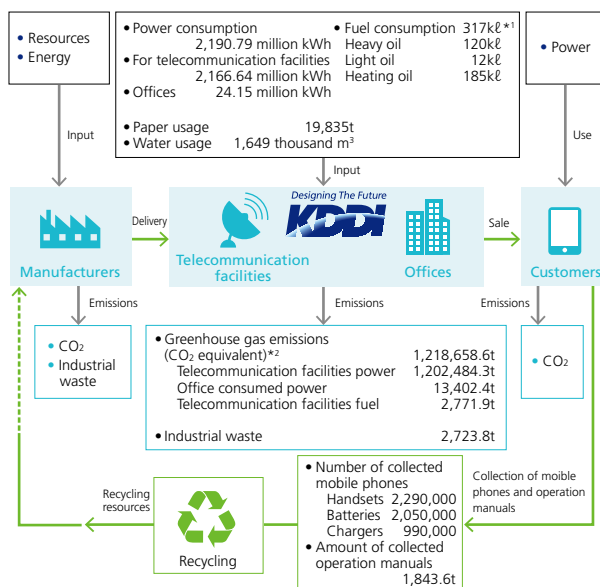
Environmental Accounting

Our environmental investments during FY2011, totaled approximately ¥24.8 billion. This expenditure was related to the installation of wireless equipment, which requires less energy than previous equipment, at 6,492 mobile phone base stations.

Having revised the way we calculate greenhouse gas emissions (t-CO₂) related to the effects (volume) on the environmental, we have revised fiscal 2010 figures retroactively.

Environmental Impact of FY2011 Business Activities

Coverage: KDDI (KDDI non consolidated)



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

*2 CO₂ emissions are calculated using a conversion coefficient of 0.555 kg-CO₂/kWh for the power consumption and the emission coefficients for fuel consumption applied to the calculation, reporting, and disclosure systems based on the "Act on Promotion of Global Warming Countermeasures."

Coverage: KDDI and 10 major consolidated subsidiaries* Period: April 1, 2011 to March 31, 2012

Environmental Protection Costs		Transaction Examples	FY2011 (Millions of Yen)		FY2010 (Millions of Yen)		Change from Previous Year (Millions of Yen)	
			Investment	Cost	Investment	Cost	Investment	Cost
Business area costs	Pollution prevention costs	Pollution prevention costs stipulated by law, costs for proper disposal of PCBs, etc.	0	104	0	0	0	104
	Global environmental protection costs	Power saving wireless equipment for mobile base station (Investment amount is calculated proportionally based on the power-saving effect.)	24,718	2,595	964	374	23,754	2,221
	Resource recycling costs	Reduction of paper resources, processing and disposal of waste products	71	423	27	675	44	(252)
Upstream/downstream costs		Collection, recycling, and reuse of merchandise and products	0	417	84	164	(84)	253
Administrative costs		Operation and updating of environmental ISO standards, disclosure of environmental information	0	281	0	1,065	0	(785)
R&D costs		Research & Development of technology, equipment, handsets, products, services, and other items conducive to reducing the environmental burden	0	144	66	166	(66)	(23)
Social activity costs		Donations and support for forest conservation activities and to environmental protection groups	0	32	0	12	0	20
Environmental damage restoration costs		Measures for prevention of asbestos spraying, restoration of polluted soil	0	38	0	0	0	38
Total			24,789	4,033	1,141	2,456	23,649	1,576

1. Environmental Protection Benefits (Physical)		Indicator Category (Unit)	FY2011	FY2010	Change from Previous Year
(1) Benefits derived from business area	1) Benefits related to resources invested in business activities	Power usage (MWh)	2,315,672	2,110,104	205,569
		Paper usage (t)	19,898	26,338	(6,440)
		Paper reduced by Bill on WEB (t)	3,244	2,105	1,139
	2) Benefits related to environmental burden and waste products discharged from business activities	Greenhouse gas emissions (t-CO ₂)	971,201	925,580	45,621
Industrial waste emissions related to telecommunication facilities and buildings (t)		4,209	11,629	(7,420)	
(2) Benefits derived from upstream/downstream costs	Benefits related to goods and services produced by business activities	Number of used mobile phones and other devices collected (10,000 units)	533	548	(15)

2. Economic Benefits of Environmental Protection Measures (Yen)		FY2011 (Millions of yen)	FY2010 (Millions of yen)	Change from Previous Year
Revenues	Revenues from sales through disposal of telecommunication facilities and buildings	235	390	(155)
Costs reductions	Reduction in energy costs by adopting the use of low-pollution vehicles	10	8	2
	Reduction in costs of new purchases by reusing disposed of telecommunication facilities	1,748	4,721	(2,973)
Total		1,993	5,119	(3,125)

* KDDI Web Communications, Inc., mediba Inc., JAPAN CABLENET LIMITED (JCN), KDDI R&D Laboratories, KDDI Technology Corporation (KTEC), KDDI RESEARCH INSTITUTE, INC., KDDI Technical & Engineering Service Corporation, KDDI Evolve Okinawa Corporation, KDDI Challenged Corporation, TELEHOUSE International Corp. of Europe Ltd. (London)

Realizing a Low-carbon Society

Conserving Energy at Mobile Phone Base Stations

Green of ICT

Electricity used to operate mobile phone base stations at a high density throughout Japan accounts for around 60% of KDDI's electricity consumption. Accordingly, KDDI recognizes the conversion of mobile phone base stations to energy-conserving units as a matter of urgent priority and is working toward this end.

Air conditioning equipment was one of the leading consumers of electric power at conventional mobile phone base stations. We have developed "Type-VII" energy-saving wireless equipment that does not require air conditioning and are introducing this equipment at our commercial facilities. "Type-VII" wireless equipment serves the area covered by one base station, but uses 40% less electricity than conventional systems. As the equipment is also compact and lightweight, it places less stress on the buildings and other structures where it is installed. This results in base stations that are easier on the environment and structures alike. By developing and installing environment-friendly equipment such as this, during FY2011, KDDI's average electric power consumption per base station was down by 60%, compared with FY2005.

Common Smartphone Adapter

Green of ICT

In June 2011, KDDI commenced sales of "Common Adapter 03," a rapid-charging and energy-saving device compatible with smartphones.

Smartphones use around 1.5 times the battery power of conventional feature phones. The rapid-charging "Common Adapter 03" raises output from 600mA to 1A, boosting charging speed to between 1.5 and 2 times the standard level. As the adapter complies with the ITU-T L.1000* global standard, it can also be used with smartphones and other devices provided by other companies.

Further, the adapter raises charging efficiency by around 10% compared with conventional AC adapters through reduced power loss during charging. Furthermore, wait time power consumption (the amount of power used when not charging) is decreased by approximately 20%. These savings lower CO₂ emissions, resulting in a more environment-friendly product. As the adapter uses a microUSB standard interface, it extends the AC adapter replacement cycle, helping to reduce waste.

* A standard for adapters developed to reduce environmental impact by allowing one adapter to be used for various devices, thus eliminating the need for multiple adapters.



Common Adapter 03

Provision of "PC Remote Management Service"

Green by ICT

In June 2011, KDDI began offering "PC Remote Management Service," a centralized PC management service for corporate customers. This service depicts reductions in PC power consumption graphically and offers a new menu, "PC Power Savings Management (EnePal PC Pack)*" for reducing power consumption.

"PC Power Savings Management (EnePal PC Pack)" learns PC users' patterns of activity and works on its own to control power consumption. Consequently, the service reduces the amount of electricity that is used without interfering with PC user operations. The service also encourages awareness of power savings by showing PC users their electric power consumption as well as reduction effects, providing administrators with compiled data for all PCs that allows them to monitor activity centrally. This approach highlights unnecessary use of electricity and enables management and comparison by organizational unit. This service is currently in use by numerous corporate customers, where it is contributing to energy-saving measures and reducing their CO₂ emissions.

* "EnePal" is a registered trademark of NEC Fielding, Ltd.
"PC Power Savings Management (EnePal PC Pack)" uses NEC Corporation's "EnePal PC Pack."

"Electricity Saving Challenge Project"

Green Road Project

KDDI introduced "Electricity Saving Challenge Project" as a service to support power savings at customers' homes in the face of electrical power shortages in the summer of 2011.

Through "Electricity Saving Challenge Project," we recruited monitors in the Tokyo Electric Power service area to participate in "Real-Time Check One Year Course" and "First of the Month Check Three-Month Course." These two programs were part of an initiative to help customers enjoy saving electricity. By comparing their power consumption against the same month of the preceding year and by helping to save energy by shifting consumption to off-peak times, participants were able to earn up to 1,000 au points per month.

KDDI plans to develop further services that will help customers to enjoy participating in energy-saving measures.



Screenshot of the electricity usage confirmation web page of the "Electricity Saving Challenge Project"

Realizing a Recycling-oriented Society

Reusing and Recycling Telecommunication facilities

Green of ICT

KDDI promotes reuse activities that employ retired telecommunication facilities effectively. We determine conversion to this equipment by taking future demand and business developments into consideration. Equipment that has been retired and can be converted is stored temporarily at our resource management center, from which it is shipped to individual sites once the next site of deployment has been determined.

We use material recycling to effectively employ equipment, components, and materials that have become unnecessary.



Subscriber communications network base station terminating equipment (left) and data transfer equipment in temporary storage at a resource management center Storage racks (right)

Promoting Recycling of Mobile Phones

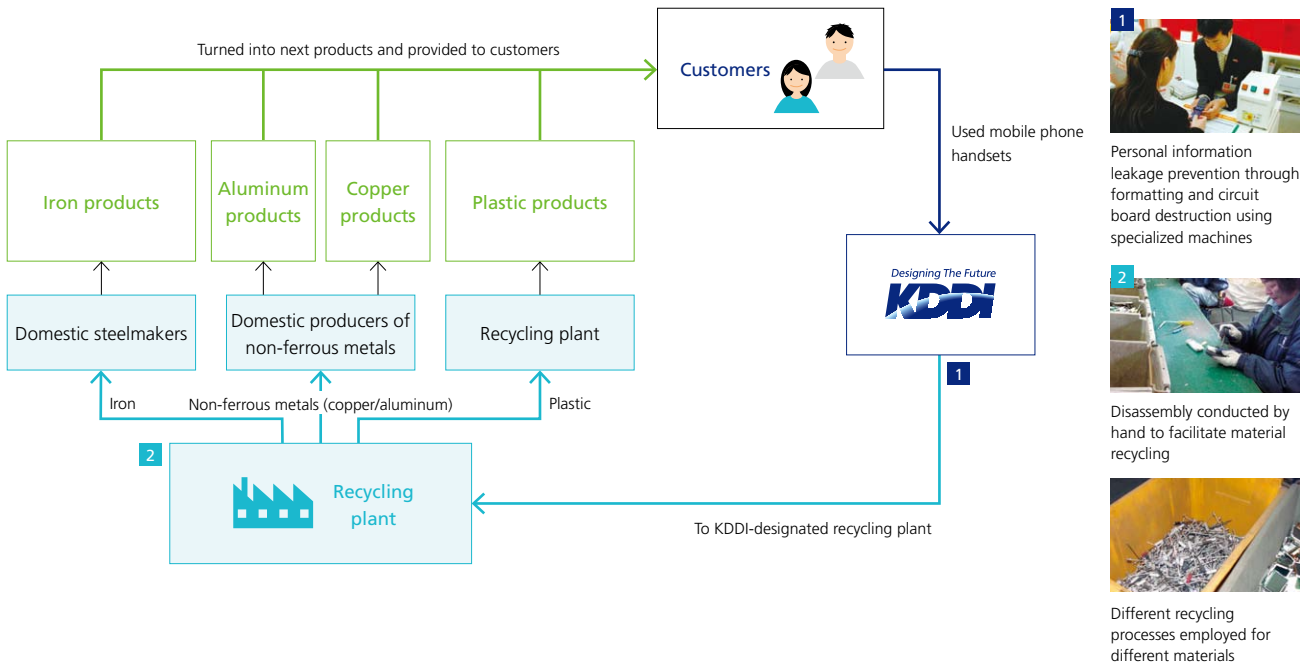
Green Road Project

Mobile phones use gold, silver, copper, palladium, and other precious metals and rare earths. To prevent depletion of the earth's resources, we emphasize the role of recycled metal, plastic, and other resources. KDDI is an active proponent of "material recycling," which involves the reuse of recyclable materials.

At au shops, we manually disassemble used mobile phone handsets that have been collected from customers unit by unit, separating out substrates, displays, cameras, plastics, screws, iron, antennas, motors, speakers, and other items. The substrates are sent to refining companies to extract gold, silver, copper, palladium, and other resources; screws and antennas are dispatched to iron and steel manufacturers for use in steel products; and plastics are recycled into clothes hangers and other items.

When a machine is used to disassemble a mobile phone, substrates and LCDs, plastics, and other components are shredded, so incineration processing is required to recover precious metals. Also, during incineration 20–30% of the plastic is burned up and so cannot be used as a recycled resource. KDDI disassembles phones manually to prevent recyclable resources from being wasted. During FY2011, our recycling ratio was nearly unity, at 99.7%.

Basic Flow for Recycling of Mobile Phones



Preserving Biodiversity

Acoustic Observaton of Ganges River Dolphin

Green by ICT

Since 2005, KDDI R&D Laboratories—a KDDI Group organization—has been collaborating with the University of Tokyo, the Indian Institutes of Technology, and WWF India* on a conservation project involving the Ganges River dolphin, which is facing extinction due to changing river environments.

The Indian government has enacted strict conservation measures, such as prohibiting fishing, in waters designated as Ganges River dolphin habitats, but the murky waters the dolphins inhabit makes it difficult to visually monitor the effects of these measures, and their biology is not generally well-known. Given these circumstances, determining the Ganges River dolphin's aquatic behavior has become a priority for understanding its biology and enacting more effective protection measures.

The clicking noises and high-frequency sounds in the ultrasonic range that Ganges River dolphins emit in the water can be used to understand the environment that surrounds them. KDDI R&D Laboratories has designed an underwater acoustic observation device and developed technology to determine location based on recognized clicking sounds. These efforts are contributing to biological research on the relatively unknown Ganges River dolphin and appropriate conservation activities.

Continuing this biological research, in December 2011 acoustic observations were begun on the Irrawaddy dolphins that live in the Mahakam River on the island of Borneo. In this way, KDDI plans to continue increasing its contribution to the preservation of biodiversity through the application of existing technologies.



Assembling a hydrophone (underwater microphone) array

* World Wildlife Fund (WWF): An organization for environmental preservation active in approximately 100 countries around the world

Walk Project

Green Road Project

KDDI has introduced "Walk Project" as a type of "Green Road Project" environmental preservation activity that encourages customer participation. In "Walk Project," customers use "au Smart Sports Run & Walk," a service that supports the use of au mobile phones while taking part in sports. For each kilometer that a customer runs, walks, or bicycles, KDDI donates one yen toward environmental preservation in Japan. This project started in 2008 with the dual aims of "encouraging customers to enjoy beauty of nature through walking and running" and "teaming up with customers on efforts to protect the environment." In FY2012, we added a click-on-a-charity function (one click earns one yen) to the campaign site, and enhanced the site to encourage even more customers to participate.

Going forward, while providing customers with enjoyable services KDDI plans to continue developing services that will contribute to environmental preservation.



Presentation of donations collected through Takao-san Walk

"Walk Project" Results during FY2011

Project	Monetary Amount	Donation Recipient
Shimanto-kawa Walk	¥5,882,331	Shimanto-kawa Foundation
Takao-san Walk	¥6,838,616	National Land Afforestation Promotion Organization

VOICE Stakeholder Feedback



Mr. Tamaki Ura

Professor Director
Underwater Technology
Research Center
Institute of Industrial Science
The University of Tokyo

By creating robots that could dive in the sea, we became interested in whales and dolphins that behave in the same way. The dolphins inhabiting rivers and lakes are very familiar animals to humans. Around the year 2000, we got sound data from wild Baiji dolphins and start on analyzing their movements based on them. Unfortunately, Baiji dolphins are believed to have already become extinct. Dolphins that inhabit highly turbid water cannot see their surroundings, so they rely on sound. We determined to create technology that could help in observing them, understanding their behavior and protecting dolphins that are in danger of extinction. We can distribute information on dolphins in real time, that are

swimming around, unseen to humans, so that we will be able to cultivate interest among people throughout the world.

KDDI R&D Laboratories has advanced technologies involving sound, data processing, and information communication, and is at the cutting edge of underwater technologies, as demonstrated by its subsea cables. Conducting joint research, we established observation stations in India, in the Ganges River and in Chilika Lagoon, where we continue to observe the Ganges River dolphins and Irrawaddy dolphins. In 2012, we are constructing a base in the Mahakam River in Indonesia. We are delighted to be able to apply communications technologies to the benefit of dolphins.

Labour Practices

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



Material Issue 4 Vitalizing the Company by Developing a Diverse Workforce

KDDI takes part in a number of initiatives aimed at providing a workplace that is invigorating for all employees. We promote a work-life balance and workforce diversity, reflect employees' opinions in our personnel systems, and seek to cultivate our human resources.

Promoting a Work-life Balance

Support for Childcare and Home Care

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

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

In May 2011, we instituted a system of variable working hours that can be adjusted on a monthly basis for employees on shortened working hours for childcare or nursing care. The scheme is flexible and allows employees to adjust working hours to their availability.

Number of Employees Using the Childcare and Home Care Support System

		(People)			
	Program	Gender	FY2009	FY2010	FY2011
Childcare	Maternity leave	Women	129	140	143
		Men	3	3	9
	Childcare absence	Women	241	248	253
		Men	1	3	2
	Shortened working hours for childcare	Women	172	305	342
		Men	644	729	634
Child nursing care leave	Women	296	313	322	
	Home care absence	Men	1	3	3
Home care leave		Women	2	0	4
	Shortened working hours for nursing care	Men	—	72	100
Women		—	21	28	
		Men	0	0	0
		Women	0	1	2

Conducting Forums for Employees Returning after a Childcare Absence

In June 2011, KDDI held a “Forum on Returning after a Childcare Absence,” to ease the transition back to work for employees who have taken childcare absences. We also held a “Forum Prior to Returning from a Childcare Absence” in March 2012.

These forums are designed to help alleviate concerns that returning employees may experience about balancing work and home life and to encourage employees returning from childcare absences to think about their working styles once they return. Employees who have themselves returned after this type of absence along with their immediate managers take part in panel discussions, providing a wealth of experienced advice from a variety of perspectives.

The forum prior to returning, held to assist the preparation of employees who will soon be returning after a childcare absence, includes career seminars conducted by external lecturers and discussions with other employees who have returned after an absence.



Forum on Returning after a Childcare Absence

Held “Course on Balancing Work and Nursing Care”

KDDI held its “Course on Balancing Work and Nursing Care” three times during November and December of 2011. Distributed live via streaming video, the courses were intended to raise employee awareness of nursing care issues and encourage them to consider the need to balance work and nursing care.

Outside lecturers were invited to share their understanding of the fundamentals of nursing care and necessary attitudes. The courses helped to enhance understanding about balancing three factors: work, nursing care, and personal life.

Telework Program (Working at Home)

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

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

Adjustable Work Hour System

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

Promoting Diversity

Our Perspective on Diversity

KDDI recognizes the promotion of diversity as an essential corporate strategy for achieving sustainable growth. We work to create an organization and an environment that allows each employee to maximize his or her skills and that respects and leverages individual differences.

Promoting the Advancement of Female Employees

At KDDI, an internal project called "Win-K" is designed to promote the advancement of female employees by "creating a workplace environment that celebrates and takes full advantage of the power of the individual."



Forum held in an outlying prefecture

During FY2009, KDDI conducted an awareness survey of all employees, including men, as well as e-learning courses and forums to encourage awareness and promote networking among employees.

Forums were held in eight regions in FY2011. Taking the form of panel discussions, these meetings were designed to encourage enthusiasm for their work among female employees by interacting and exchanging opinions with others. In March 2012, a forum was held at Company headquarters under the theme of "Maximizing Company Output: Moving on the Next Stage." KDDI's

president spoke to forum participants, as did female directors from other companies. The gathering provided an opportunity for participants—including directors and male employees—to exchange opinions on the theme of promoting the advancement of female employees.

In FY2011, KDDI's female managerial ratio rose 0.4 percentage point, to 3.2%, up for the sixth consecutive year. We are working toward a target of 7% by FY2015, as we aim to create an environment that is easy to work in, regardless of gender.

Creating a Workplace that Encourages the Development of Employees with Disabilities

KDDI conducts a "Workplace Survey of Employees with Disabilities" throughout Japan as part of its efforts to create a workplace that encourages the professional development of employees with disabilities. In these surveys, managers from the Diversity & Inclusion Department, which is within the Human Resources Department, speak directly with employees with disabilities and conduct hearings in which they speak with their direct supervisors about their everyday conditions. They then interview the employees and take follow-up action. Going forward, we will conduct such activities regularly to ensure the steady progress of these employees following recruitment.

In FY2011, KDDI's employment ratio of people with disabilities was 1.95%, the same level as in the preceding year.

Training and Cultivating Locally Hired Employees

The KDDI Group is placing an emphasis on cultivating employees who have been locally hired overseas.

We provide training that is differentiated according to employees' positions and skills. An understanding of the KDDI Philosophy forms the basis for training, which is augmented with training on practical skills, including business strategy and an understanding of services. We also provide training for local managers that is aimed at cultivating an understanding of Group strategies and the improvement of management skills and management training that cultivates human resources for leadership roles as location managers.

Through group training, we also foster interaction among personnel at overseas locations.

Leveraging the Skills of Senior Employees

KDDI has in place a "reemployment" program for employees who have reached the retirement age of 60, enabling them to work as non-regular employees until age 65. This system employs open recruiting, allowing the employee to select their desired job type and activity. Through this system, more than 200 former full-time employees are working throughout the Company and providing the benefit of their skills and experience in a host of workplaces.

We also hold career development support seminars to motivate employees aged 55 and older.

Creating an Environment with Ideal Working Conditions

“KDDI Kaitai Shinsho” Employee Awareness Survey

KDDI inaugurated the “KDDI Kaitai Shinsho” awareness survey targeting all employees in FY2009. We also conducted this survey in FY2011, under the theme of “Is the Company Changing?”.

A large number of employees responded that they believed KDDI had “improved” in such areas as corporate momentum, information sharing, and decision-making speed. In this survey, however, in addition to recognizing changes in the business structure, employees indicated that they felt that forward movement on improvements in the corporate culture and workplace environment had stalled.

We published the results of this survey on the Company intranet, as well as in our internal newsletter. We also conducted level-based training for employees and directors to communicate the issues that the survey had identified and to help invigorate the workplace.

Companywide Training on Organizational Climate Reform

In June 2011, we included “training on organizational climate reform” as an element in training programs for all employees, from young recruits through to directors. This training’s objective is to cultivate an organizational climate in which each employee is invigorated and takes pride in their work. It encourages employees to take the initiative in considering what needs to be done, to set their own goals, and to work on their own.

Direct Communication

KDDI seeks to foster a sense of togetherness throughout the organization (strengthening lateral ties across the workplace) through “direct communication” at locations around Japan. Divisions and branches freely plan combinations of events including “meetings,” “training camps,” “lecture meetings,” and “calls to action” that provide an opportunity for interaction among divisions and a chance to air opinions frankly.

Employee-management Dialogue (Direct Meetings)

KDDI conducts “Direct Meetings” to encourage the candid exchange of opinions between employees and management. In FY2011, exchanges of opinions took place on various themes, such as the organizational climate and business continuity plans (BCPs). Through such meetings, we aim to reflect employee feedback in management, as part of our effort to build a better workplace environment.



Direct Meeting in session

Enhancing Environment for the Internal Sharing of Information

We have augmented our communication tools to enhance the internal sharing of information via streaming video and in-house SNS*.

This enables employees to view announcements of Company direction and other information at their own PC, either live or on demand, and also allows them to easily access employee opinions and information about other departments as well as meeting materials.

This approach facilitates the smooth and swift sharing of messages from management and internal information.

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

Occupational Safety and Health

Employees’ Health Management

KDDI provides health guidance to employees who undergo regular health checks. We have also reinforced our efforts targeting the prevention of lifestyle diseases, complying with the legal requirement to provide Special Health Checkups and Special Health-maintenance Guidance that went into effect in FY2008.

We also have a Healthcare Room and a Refresh Room to encourage employee health maintenance and recovery. Employees can take a temporary rest in the Healthcare Room when they are not feeling well, and receive first-aid care and health counseling. At the Refresh Room, nationally qualified masseurs (health keepers) work to ease away back and neck aches and soothe tired eyes, helping to promote employee health.



Refresh Room

Promotion of Mental Health Care

Throughout society, an increasing number of people suffer from mental health issues. In response, at its Employee Counseling Center KDDI conducts counseling, proactively encouraging self-care and line care. We also require employees working more than a prescribed number of hours to consult with industrial physicians and medical staff to preempt any mental health problems. We have set up the “Mind Clinic” site on our company intranet as a repository of information related to mental health, including stress checks and other types of self-care and line care, to cultivate employee awareness of this issue.

Human Resource Cultivation

Self Career Produce System (SCAP)

In FY2008, KDDI introduced a Self Career Produce System (SCAP) to spark employees’ enthusiasm and evoke a spirit of challenge by enabling them to chart their own career courses. The system

enables employees to transfer to departments of their choice after they have accumulated a certain amount of experience in their current positions and have earned positive evaluations. During FY2011, approximately 130 employees took advantage of this system.

Management by Objectives System

Under a system of management by objectives, employees and their supervisors meet to determine an employee's "personal objectives," which feature a combination of Company and organizational targets and individual targets for the employee, and are designed to encourage a sense of challenge that will spur employees on to further efforts toward personal growth. This system is linked with employee evaluations. Since FY2009, the results of this system have become apparent, and we intend to continue promoting this system because of its process-focused performance, as well as the way in which it encourages fair and highly transparent personnel evaluations.

Overseas Dispatch Employee Education Program

KDDI first established a program through which employees are given the opportunity to gain experience at overseas operating sites in FY2010. This system aims to cultivate and expand opportunities for global human resources and foster employee efforts to develop their careers on a global stage.

The system is open to employees who have achieved a predetermined number of years of work experience and who pass an internal examination. Following work experience and training in divisions related to international operations in Japan, successful candidates are assigned to Group companies overseas, taking into account the Company's needs and their own aptitudes.

Global Human Resource Cultivation Measures in Japan

KDDI refers to departments in Japan that have a need to quickly cultivate human resources capable of functioning on the global stage as "Global Zones." Working with the Company's personnel department, these "Global Zones" conduct intensive training in languages and global competency (such as communication, interpersonal skills, and response to diversity). Employees in these "global zones" also undergo skills training tailored specifically to the needs of individual divisions.

The Company holds various seminars and preparatory courses to enhance the language skills of all employees, introduces staff to language training programs, subsidizes TOEIC exam-taking, and provides support in other ways.

Overseas Study Program

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

Under the "Business Study Abroad" program, employees attend an overseas university for 3–4 months and interact with a

number of global businesspeople. Through this process, the program aims to encourage employees to learn about global standards for business ethics and frameworks, as well as to master business promotion methods.

Employees taking advantage of the "Specialized Study Abroad" system spend about a year at an overseas university or specialized institution. They participate in advanced research and development in areas that the Company deems necessary, gaining sophisticated specialized expertise. The training is aimed at helping employees acquire up-to-date international skills and certifications.

Seven employees participated in these programs in FY2011.

Overseas Trainee System

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

This training is offered to young employees who have a certain number of years of experience. In principle, they are dispatched to overseas locations for a two-year period. Their destination is determined according to the appropriateness and requests of the operation to which they will be assigned. At the end of their dispatch period, employees return to their original organization to apply the experience they gained as trainees. During FY2011, the program helped to boost the skills of the 10 new employees who participated.

VOICE Stakeholder Feedback from Experience of an Overseas Trainee



Takahiro Deguchi
(Back row, center)
Qingdao Branch
KDDI CHINA
CORPORATION
(At time of overseas
training)

During my two-year training period, I spent the first year in Beijing, taking part in language training and learning business basics through on-the-job training. The second year, I worked in Qingdao, in charge of proposing solutions to customers at the local branches of Japanese-affiliated companies. The languages are different, but the ways we provided solutions to customers are the same as those in Japan. That said, I frequently struggled with common practices and values that differ between Japan and overseas. When facing these difficulties, the support and teamwork of my local colleagues helped me adopt the mental attitude I needed to push forward on my own. Through this experience, in addition to communication skills I learned the importance of cultivating people skills. I learned how to benefit from friendly competition, as well as by strengthening my own efforts, and this valuable experience renewed my sense of purpose.

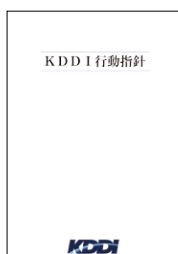
Human Rights

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



Our Approach on Human Rights

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



Boosting Employment Opportunities

Promoting Employment Opportunities at Special Subsidiary KDDI Challenged Corporation

We set up KDDI Challenged Corporation in 2008 to further expand employment opportunities for people with disabilities.

The company strives to instill in employees with disabilities the awareness of what they can achieve. With a working environment tailored to the needs of these individuals, KDDI Challenged seeks to create and expand the types and scope of activities of each of its employees.

As of March 2012, the company employed 30 people with disabilities. Among the business that these employees handled under contract from the KDDI Group are the disassembly of mobile phone handsets, performing maintenance on business mobile phones, handling accounting procedures, PC kitting*, facility maintenance, and Refresh Room operations.

During FY2011, the company supported special-needs schools’ educational programs by accepting 41 interns.

As part of our group training for new KDDI Group employees, we provide recruits with an opportunity to work with people with disabilities by having them work for a time at KDDI Challenged.

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



Mobile phone handset disassembly

Creating Sound Labour —Management Relations

Signing a Union Shop Agreement

KDDI works with the KDDI Workers Union to promote employee welfare and social development under the banner of “Building a better KDDI.” We meet regularly to deliberate a host of issues related to improving the working environment and strive to create sound labour-management relations.

To encourage even better relations between employees and management, in December 2012 we signed a “Union Shop Agreement.” This accord makes membership in the KDDI Workers Union mandatory for all employees, except for managers and non-regular employees.

Efforts to Eliminate Information Disparities

Developing Internet Business in Bangladesh

In 2009, KDDI took a stake in BRACNet and began taking part in operations as part of its efforts to develop Internet business in Bangladesh. Although experiencing rapid economic growth, Bangladesh currently has a poverty rate of more than 30% and a literacy rate of around 50%.

Under these conditions, BRACNet aims to contribute to Bangladesh’s development through Internet operations. In addition to standard Internet services, the company operates e-hut, a franchised Internet café business that currently extends to some 50 locations. People who are not able to purchase PCs or enter into Internet service agreements can access the Internet via e-hut, putting them in touch with the rest of the world. In addition, e-hut provides PC training, thereby helping to educate the young people who hold the key to Bangladesh’s future.

Going forward, we will continue to enhance the appeal of these facilities by improving their services and increasing the number of locations.



PC training in process

Fair Operating Practices

KDDI strives to ensure the trust of its business partners, shareholders, and investors through fair and impartial business activities and proper and appropriate information disclosure.



Forging Fair Relationships with Business Partners

KDDI Purchasing Policy

We have established the KDDI Purchasing Policy as our guideline when purchasing products and services. In agreement with this policy, we comply with numerous laws, regulations, and social norms and strive to foster mutual understanding and forge trust-based relationships with our business partners.

KDDI Purchasing Policy

Fair and Open Transactions and Maintaining Confidentiality

We will observe all laws and regulations pertaining to purchasing activities and conduct fair transactions on an equal basis with business partners. We will provide all business partners the opportunity for fair and open competition, and we will protect all confidential information that we gain through our purchasing activities.

Selecting Business Partners

“Quality, price, delivery date, service, reliable supply, and environment”

All of these are important factors that are essential for conducting a transaction. When starting a transaction, all of these factors will be examined comprehensively for selecting business partners who are suitable as KDDI partners.

Partnership

Based on our commitment to develop even stronger partnerships with all our business partners, we will strive to deepen mutual understanding, and build and maintain a relationship of trust.

Promoting Green Purchasing

The conservation and preservation of the global environment is the single most important issue for mankind in the 21st century.

To maintain an affluent society in harmony with the environment, we will actively work to save resources, save energy, and recycle, and we will promote green purchasing in an effort to protect the environment.

Reinforcement of Partnerships with Business Partners

In FY2006, KDDI conducted a questionnaire-based survey of its business partners, as well as its own departments that place orders with these companies, with the aim of achieving mutual improvements in operational quality. We also create opportunities to provide direct feedback of questionnaire results to business partners and have in place award systems for recognizing business partners that earn particularly high marks. Through efforts such as these, we focus on reinforcing our partnerships.

Disclosure and IR

IR Basic Policy and Activity Guidelines

KDDI has formulated an IR Basic Policy, which it discloses on its website, explaining such matters as fundamental thinking regarding IR activities and the system for disclosing pertinent information. KDDI conducts its IR activities in accordance with its “Three IR Activity Guidelines.” As a result, we aim to build long-term trust-based relationships with our shareholders and investors and maximize our corporate value.

Three IR Activity Guidelines

- Open IR activities
- Proactive IR activities
- Organized IR activities

IR Activities in FY2011

Earnings presentation meetings are held quarterly to allow management to directly communicate the Company’s results. We also enhanced communications during FY2011, through such methods as meeting with investors approximately 800 times and attending conferences sponsored by securities firms.

Furthermore, we provide management with feedback incorporating the opinions of shareholders and investors in a timely manner.

Third-party Ratings

In FY2011, KDDI received Internet IR Best Company Award in 2011 by Daiwa Investor Relations Co., Ltd., making it the seventh consecutive year of receiving award evincing high third-party regard. As of April 2012, KDDI is also included in the Morningstar Socially Responsible Investment Index* in Japan, a principal indicator of socially responsible investments.

* Morningstar, Inc., selects the best 150 Japanese listed companies, in terms of social performance, for inclusion in its index of socially responsible companies, Japan’s first index of socially responsible stocks.



Community Involvement and Development

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



Social Contribution Activity Promotion

Social Contribution Policy

Basic Principles

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

Behavioral Guidelines

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

* Issues that arise are a result of disparities between the "haves" and "have-nots" of access to PC and Internet information and communications technologies.

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

The "+α Project" is a social contribution program run proprietarily by KDDI and driven by employee participation. In this project, we grant points to project members for their social contributions, whether performed in conjunction with or independent of KDDI. Accumulated points are converted to monetary amounts, at the rate of ¥100 per point, based on which KDDI makes donations to charity groups recommended by members. As of March 31, 2012, approximately 4,500 employees throughout Japan were registered as project members. During FY2011, through this project we contributed ¥3,315,300 to 14 organizations including NPOs and NGOs, such as the NPO Association for Sending Wheelchairs to Children Overseas.

"Pieces of Hope" Click Donation Site

"Bring together many small friendly feelings to make a big hope." With this wish in mind, KDDI has opened a click-based donation site, "Pieces of Hope," on its website. Each click on the donation page is converted to ¥1, and KDDI donates the total amount to NPOs that undertake social contribution activities. In FY2011, KDDI donated ¥2,327,727.

Educational Support for Local Communities

Educational Support via Tablet Terminals (Multifunction Portable Terminals)

Based on the "Vision to Introduce Information Systems into Education" announced by Japan's Ministry of Education, Culture, Sports, Science and Technology, KDDI is contributing to the adoption of ICT for high-quality education, specifically for schools, home education, and personal learning.

To start out, in October 2011 KDDI embarked on a trial using Android™ tablet terminals as tools for both personalized basic learning programs and cooperative learning programs with cooperation from the Yokohama Municipal Shirata Elementary School. For this trial, KDDI provided the tablet terminals (multifunctional mobile terminals) and network environment, as well as a variety of applications, such as arithmetic drill applications* that cater to individual progress by remembering their response history.

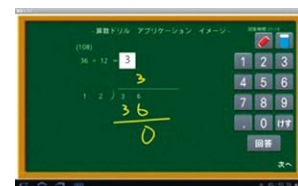
In December 2011, we used a video application to hold open classes for all education providers throughout Japan. Tablet terminals were used to record and evaluate student speeches. This application was also used in gymnastics classes, using the two-screen comparison function to see differences between the model and their own form.

Going forward, we will continue to conduct tests on the viability of ICT in the educational environment, providing support in response to those needs.

* Drills were provided by Shogakukan.



Open class in session



Application screen for arithmetic drills

Communication with Local Communities

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

Principal Social Contribution Activities during FY2011

FY2011	Apr.	Participated in the "City of Yamaguchi Niho Region Ayu Outfall Event" (Yamaguchi Pref.)
		Held "Opening for the General Public" at the Koyama Network Center (Tochigi Pref.)
	Jun.	Participated in the "No Trash Clean Walk" (Hiroshima Pref.)
		Participated in the "Love Earth Cleanup in Hokkaido" (Hokkaido Pref.)
		Participated in the "Nakaumi-Shinji Lake Complete Cleanup" (Shimane Pref.)
		Participated in the "City of Takamatsu Mitani Region Cleanup Activity" (Kagawa Pref.)
	Aug.	Conducted "CSR Seminar" at Kochi University of Technology (Kochi Pref.)
		Participated in "Yamaguchi Polity / Yamaguchi Rally Cleanup Movement" (Yamaguchi Pref.)
	Sep.	Participated in the "Tottori Sakyu Complete Cleanup" (Tottori Pref.)
	Oct.	Participated in the "Hirosegawa 10,000 Person Project Complete Cleanup" (Miyagi Pref.)
Nov.	Participated in the "Yamaguchi Prefecture Noho Agricultural Festival" (Yamaguchi Pref.)	
	Participated in the "Cleanup Movement by Three Companies Near Yamata Region in the City of Goga" (Ibaraki Pref.)	
	Participated in the "Clean Day Cleanup Activity in Front of Hakata Station" (Fukuoka Pref.)	
Dec.	Participated in welfare activities by "Team Santa," a volunteer organization (Tochigi Pref.)	
FY2012	Jan.	Participated in "Chiyoda-ku Disaster Evacuation Preparations for People Unable to Return Home" (Tokyo Pref.)

Charity Concerts and School Construction

Cambodia, which was embroiled in civil war from the 1970s through the early 1990s, is currently in a recovery phase, including on the educational front.

Each year since 2005, the KDDI Foundation* has held charity concerts to support Cambodia. KDDI augments the funds that are raised through these concerts, which are provided to Japan Relief for Cambodia, an NGO, to build schools.

Through these activities, each year a "KDDI School" is constructed to cultivate human resources that are adapted to internationalization and the use of ICT. In January 2012, the seventh such school was built, in Takeo Province. The school's opening ceremony was attended by several hundred people, including students, staff, village inhabitants, and Cambodia's Minister of Posts and Telecommunications, who hails from Takeo Province. One cultural activity that took place during the school's opening involved a performance of "Sbaek Thom" (large shadow puppets), a traditional Cambodian art. A workshop was also held to help children learn about Sbaek Thom and uphold their cultural heritage. After sunset, a fire was kindled in the school yard and, guided by the theatrical troupe,



Sbaek Thom lesson

children decorated the night with Sbaek Thom shadow puppets of their own.

* This public interest incorporated foundation's mission is to share the benefits of ICT more broadly throughout society and to contribute to the creation of global harmony through ICT.

Educational Support in Developing Countries

At the schools funded by the revenues from charity concerts and other contributions in Cambodia, KDDI supports English-language instruction and computer classes, in addition to the standard school curriculum. Recognizing that these skills will be essential for children to become proficient in using PCs and other equipment that is connected to the Internet, we provide contributions to pay the salaries of specialized instructors and work to improve the educational environment at these schools in other ways.

Development and Provision of Technological Expertise

Development of Grant Activities

The KDDI Foundation contributes to the proliferation and development of ICT through survey-based research, social and cultural activities at NPOs and other organizations, grant assistance to foreign exchange students, and through awards for research projects of particular merit, providing ¥80 million for such activities each year. The Foundation also conducts scientific demonstration classes for students at university-affiliated elementary and junior high schools.

The Foundation provides financial assistance to overseas students who come to Japan to conduct ICT-related research in official graduate school programs. In FY2011, the Foundation also began funding grants for Japanese students for study overseas (particularly in emerging markets and developing countries).



Grant Presentation Ceremony

Project Aimed at Bridging the Digital Divide

As a company that provides information and communications services, we recognize bridging the digital divide in developing countries as a social issue that requires proactive initiatives. The KDDI Foundation has been working to resolve this problem since FY2002.

In FY2011, we designed and built a communication system linking Majuro, the capital of the Marshall Islands, with the island of Megit, where only shortwave-based voice communications had been available. We also conducted a survey and research on promoting ICT activities to improve the lives of people in Vietnam with visual disabilities.

Accepting Trainees from Overseas and Provision of Technological Consulting

The KDDI Foundation has conducted activities involving the “acceptance of trainees from overseas” since 1957, via Kokusai Denshin Denwa Co., Ltd. (KDD). As of March 2012, through this program the Foundation had accepted a total of 5,600 trainees, from 144 countries. As many of these trainees take up key positions after returning to their home countries, through this program the Foundation makes a major contribution to the cultivation of human resources in developing countries.

The Foundation also conducts technological consulting as official development aid. Projects conducted in this vein include the “North-South Submarine Fiber Optical Cable Link Project in Vietnam” and the “Greater Mekong Telecommunications Backbone Network Project.”



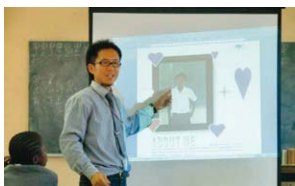
Overseas trainees



Training

Japan Overseas Cooperation Volunteers and Senior Overseas Volunteers

KDDI participates in Japan International Cooperation Agency (JICA) programs involving young overseas cooperation volunteers and senior volunteers, enabling employees to maintain their ties with the company while participating in such programs. We also provide support so that they can be of ample assistance to developing countries during their stay there. To date, 61 KDDI employees have taken part in these two programs, providing ongoing assistance to 22 countries.



Employees conducting a computer class at a junior high school in the Republic of Namibia, where he were dispatched



Computer class

“KDDI Sponsored Classes” Conducted at Tamagawa University

KDDI and the KDDI Foundation have cooperated so far in the planning and introduction of 15 “KDDI Sponsored Classes” for students of Tamagawa University’s Department of Software Science. A class introduced in FY2010, involved looking at the ICT business, with a focus on mobile systems, providing a macro overview from an engineering perspective through lectures attracting a broad range of students. By augmenting the content of courses such as these, we plan to continue with efforts to attract and cultivate a broader base of young engineers.

Establishment of “KDDI ∞ Labo”

In August 2011, KDDI introduced a program called “KDDI ∞ Labo (Mugen Labo)” to spark the imagination of young engineers toward the creation of innovative Internet services that could be used globally. From its perspective as a provider of communications services, KDDI screens applicants who have applied to the program through open recruitment, providing those selected with broad-ranging support, spanning development support, management support for business startups, and help with promotion, funding, and business alliances. We also provide space for communication within KDDI’s offices and loan engineers the terminals and servers they need to develop services while also offering support in various other areas.

In the first phase of this program, conducted between August and October 2011, from nearly 100 applications we selected five teams to participate. After screening, the winning application was for “Social Lunch,” an application that can be set to allow Facebook users to invite each other to lunch.

The second phase of this program commenced in March 2012, and we continue support the transformation of creative ideas and technologies into viable businesses.



“KDDI ∞ Labo” program participants

International Cooperation for R&D on Cyber Attack Forecasting Technology

KDDI represents a research institution comprising six companies and organizations on a publicly subscribed R&D project tendered by the Ministry of Internal Affairs and Communications, “Proactive Response Against Cyber-attacks Through International Collaborative Exchange.”

In recent years, unauthorized access, information exploitation, and other types of cyber attacks have grown in scale and become increasingly sophisticated. Through this project, the Ministry of Internal Affairs and Communications seeks to enhance information collection networks and international collaboration related to cyber attacks. To this end, the ministry is promoting cooperation among Internet service providers (ISP), universities, and other organizations on the promotion of “Proactive Response Against Cyber-attacks Through International Collaborate Exchange”

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