

CSR

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CSR activities in FY 2012 are described in this report beginning with the most prominent issues outlined under the 7 core subjects addressed by the ISO 26000 international standard 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 2 perspectives noted above and intends to communicate openly with all of its stakeholders as it promotes CSR.



CSR (Environment & Society) Website

<http://www.kddi.com/english/corporate/csr/>

Period Covered

This report covers business activities for FY2012 (April 1, 2012 to March 31, 2013). 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 2013 (Next scheduled publication: July 2014)

The KDDI Web site: September 2013 (Next scheduled publication: September 2014)

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



Initiatives to Provide Reconstruction Support in Disaster-stricken Areas through Our Business

Reconstruction Support Office Assisting Full-Fledged Community-building Efforts in the Tohoku Region

In July 2012, KDDI set up the Reconstruction Support Office to assist full-fledged community-building efforts in the 3 Tohoku prefectures (Iwate, Miyagi, and Fukushima) stricken by the Great East Japan Earthquake. This office is actively participating in new community-building efforts by leveraging KDDI's experience and expertise in the use of ICT and cooperating with government agencies and people in the local community.



The Value We Can Provide to the Affected Areas through Our Business

Following the Great East Japan Earthquake, departments within KDDI undertook reconstruction support initiatives independently. We established the Reconstruction Support Office in an effort to better understand the needs of the stricken areas and provide organizational support to oversee the activities being conducted by individual departments.

Until then, KDDI had proposed providing stricken municipalities with support comprising ICT-related services and physical goods. However, it became evident that government bodies faced structural problems—shortages of people with ICT-related experience and expertise and a lack of the personnel needed to increase reconstruction-related operations. At that point, KDDI began considering the establishment of a Reconstruction Support Office to dispatch employees who volunteered to work at government agencies on a temporary basis, draft and execute necessary ICT-related plans for

each region, and promote the use of ICT within government agencies. We believed that these efforts would help to improve the ICT literacy of government agencies over the medium to long term.

When setting up the office, we sought opinions and advice from people working with government agencies, as well as scholars, in an effort to better understand the needs of the stricken areas. Recognizing that many KDDI employees hailing from Tohoku or having experience working there felt a certain kinship with people in the region, we asked for employee volunteers to aid Tohoku reconstruction efforts, making zeal a condition for participation. We thought carefully about what sort of value we could provide through our business and what the future focuses were for the stricken areas and KDDI. Ultimately, we set up the Reconstruction Support Office with 5 employees with operational experience in various areas of business and began work in earnest.

Building a Structure to Liaise with a Group Company and an Outside Consulting Firm

We realized that simply proposing solutions centered on ICT products and materials that would assist reconstruction would be insufficient to meet the needs of the stricken area. We needed to put in place systems for executing our proposals, consider ways of increasing ICT literacy among the region's residents, and draft proposals on creating an environment to foster these increases. Given this situation, we decided to liaise with KDDI Research Institute, Inc.—a Group company with expertise in conducting surveys to determine smartphone usage trends—and an outside consulting firm possessing various information about the stricken areas. We set up a system to research the needs of government agencies and local residents and provide suitable proposals. One of the first activities of this 3-company coalition involved a survey to determine citizens' awareness of the information sent out by the town of Namie-cho, Fukushima Prefecture. The objective of the survey

was to meet more closely the needs of the people of the town—who were scattered throughout Japan as a result of the Fukushima No. 1 Nuclear Power Plant accident—with information disseminated by government agencies. As we conducted hearings and interviewed citizens, we gained a better understanding of the trials and suffering the affected people were experiencing. Going forward, we plan to deepen relations with the community by seconding Reconstruction Support Office members to the region. We also aim to link KDDI's services with the experience of KDDI Research Institute, Inc and the consulting company, so that we can propose reconstruction support activities that truly meet the region's needs.



Information-sharing and discussion session among the three companies

Activities Conducted in FY2012

The Reconstruction Support Office dispatches KDDI employees to government agencies in the stricken areas, plans ICT services, and provides expertise to promote the development of reconstruction support activities in a way that only KDDI can. Members of the Reconstruction Support Office live in temporary housing as they seek to meet needs that are expressed, uncover hidden needs, and direct reconstruction support activities in the regions to which they are assigned.

■ Improving Citizen Services on the Disaster Prevention and Healthcare Fronts

As the person in charge of regional information sharing for the city of Kamaishi, I am involved in creating optical and CATV networks, as well as other communications backbones. Kamaishi aims to employ ICT to turn itself into a “smart community,” so using ICT to improve citizen services related to disaster prevention and healthcare is of particular importance. I am proposing plans that KDDI is uniquely capable of delivering, such as gathering information using a geographical information system (GIS) and providing solutions in the healthcare, welfare, and nursing fields as society ages. Success in these areas should lead to the rebuilding of the community and its future development.

Dispatched to the Publicity Department, Kamaishi City Office, Iwate Prefecture (From October 2012)
Assistant Manager, Reconstruction Support Office **Tomonari Ishiguro**



■ Kesennuma Disseminating Information Effectively to Communicate Its Attractions

The city of Kesennuma has its own Web site, maintains a Facebook page, and produces a newsletter. I am in charge of these city efforts to disseminate information. In addition to communicating information about the status of reconstruction to its residents, my task is to communicate Kesennuma’s appeal to people outside the city in the hope of attracting new industry and tourism.

By leveraging KDDI’s ICT technologies and expertise, I am working to gather and disseminate information more effectively by looking at things from the perspective of Kesennuma’s citizens.

Dispatched to the Office Administration and Publicity Department, Kesennuma City Office, Miyagi Prefecture (From December 2012)
Manager, Reconstruction Support Office **Akio Iwao**



■ Better Reflecting Citizen Feedback into Reconstruction Activities

I have been seconded to the Higashimatsushima Organization for Progress and E (economy, education, energy), which the city of Higashimatsushima set up shortly after the disaster in an attempt to proactively encourage the creation of new value. By interfacing between citizens, the government, and private-sector companies, I am taking on the role of promoting reconstruction activities designed to turn the city into one with a sustainable society=environmental future. As a member of the organization’s secretariat, I officiate at meetings, hold sessions to air opinions among citizens living in temporary housing, and try to close the gap between citizens, the government, and private-sector companies, promoting reconstruction activities that better reflect citizen feedback.

Seconded to the Higashimatsushima Organization for Progress and E (economy, education, energy) (From February 2013)
Assistant Manager, Reconstruction Support Office **Masayoshi Fukushima**



■ Aiming for Sustainable Reconstruction Support

By participating in a reconstruction support project that liaises between companies involved in reconstruction businesses and NPOs, we are searching for a path toward sustainable reconstruction support. Members of our office gather information on the status of activities, communicate information throughout and outside the Company, and utilize a special site we have created within the au Shopping Mall* to offer products from the stricken areas. Using this site makes use of ICT to help people using the site feel more connected with activities in the stricken areas.

Going forward, I aim to leverage KDDI’s strengths in transmitting information toward activities that will boost economic development in the stricken areas.

* au Shopping Mall: A network shopping site managed by KDDI

Senior Staff, Reconstruction Support Office **Hideo Kato**



Resolving Societal Issues toward the Earliest Possible Recovery of the Stricken Areas



Hironori Abe
General Manager, Reconstruction Support Office

A great deal of support is still needed in the areas affected by the Great East Japan Earthquake, which are also afflicted by depopulation stemming from a declining birthrate and an aging populace—factors that existed prior to the disaster. How to deal with these issues is a major societal question, the answer to which will affect the future of Japan. Through the Reconstruction Support Office, KDDI is providing the technology and expertise it possesses to address a host of issues such as these, while at the same time striving to reinvigorate the affected region as quickly as possible. Further in the future, we hope to make use of the experience we are cultivating through these reconstruction support efforts to play a larger role across Japan.

The true challenges of reconstruction support in Tohoku still lie before us; at present, only the topmost priorities of people in the affected areas are being addressed. The Reconstruction Support Office’s mission is to work with the region’s government agencies and citizens to create a new regional community by leveraging KDDI’s businesses. We will make every effort to ensure the success of reconstruction support activities and resolve societal issues to help create a bright future for the people of the stricken areas and bring smiles back to their faces.

Initiatives to Reduce Environmental Burden and Boost Disaster Preparedness

Increasing the Number of Tribrid Base Stations and Extending Base Station Battery Life to 24 Hours

The dense blanket of au mobile phone base stations covering Japan accounts for 60% of the total energy consumed by KDDI. Furthermore, expanding our 4G LTE service area is causing this consumption to increase, so we are placing topmost priority on initiatives to reduce the electricity that base stations consume.

Other risks came to the fore in March 2011 when the Great East Japan Earthquake struck, namely the risk of base station power outages. Some 77% of the base stations that ceased to operate in the aftermath of the earthquake (in 6 Tohoku prefectures, as of March 12, 2011) did so because of power outages. Clearly, disaster preparedness measures that address power outages are a pressing topic.

KDDI has been using 3 types of power—commercial electric power, solar generation, and batteries—for its base stations since 2009. These au mobile base stations employing Tribrid* Power Control Technology (Tribrid Base Stations) determine the type of power used according to the time of day and changes in the weather. We are using this know-how to reduce environmental impact and ensure disaster preparedness by increasing our number of Tribrid Base Stations and base stations whose battery life has been extended to 24 hours.

* Term coined to refer to the combining of 3 types of industrial technologies from different fields. Generally, combining 2 types of industrial technology is called "hybrid" and three technologies "tribrid."

Increasing the Number of Tribrid Base Stations to **100** Throughout Japan

We began installing Japan's first Tribrid Base Stations in December 2009. As of March 31, 2013, the number of these stations throughout Japan totaled 100.

Reducing CO₂ Emissions by up to **30%**

Base stations that use tribrid power control technology have been verified to cut annual CO₂ emissions by as much as 30% compared with conventional base stations.

Extending Base Station Battery Life to 24 Hours at **2,000** Base Stations Throughout Japan

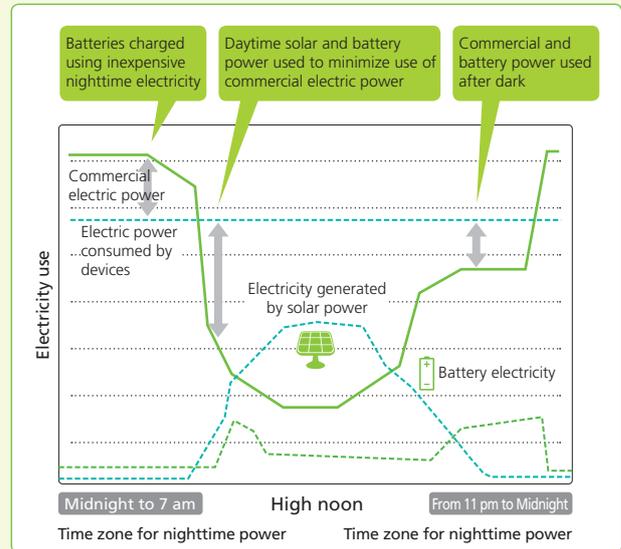
As one of our efforts to combat disaster-related power outages, we had extended the battery life of base stations at 2,000 locations as of March 31, 2013. We plan to increase this number going forward.

Tribrid Power Control Technology that Uses 3 Types of Power According to the Time of Day and Changes in the Weather

Tribrid power control involves the use of technology to efficiently control the source of electric power, combining typical commercial electric power with generation from solar panels and charging batteries with nighttime power. Solar power is used during the day when solar panels provide sufficient power. If insufficient, batteries charged with nighttime commercial electric power provide the remainder. Compared with base stations that only use conventional electric power, Tribrid Power Control is designed to reduce CO₂ emissions by as much as 30%.

In addition to working toward a low-carbon society, KDDI is using this technology to counter the risks of power outages in the event of disaster. As of March 31, 2013, we had increased our installations of a Tribrid Base Stations to 100 locations throughout Japan.

How Tribrid Power Control Works



Ensuring Backup Power during Power Outages by Extending Base Station Battery Life to 24 Hours

Batteries installed in au mobile phone base stations in the past were capable of powering this equipment for only around 3 hours if electricity was cut off as the result of a disaster or other event. Because operations at many of our base stations were interrupted due to power outages resulting from the Great



Batteries with life extended to 24 hours

East Japan Earthquake, we have made the extension of base station battery life a priority. Serving as backup in case power is interrupted, KDDI has installed batteries with life extended to 24 hours at 2,000 base stations (as of March 31, 2013) in prefectural and municipal government offices and train stations serving more than 100,000 passengers per day. We plan to continue increasing this number.

Looking to the Future



Junnou Matsuishi
Head of Planning Group Section
Mobile Technical Planning
Department
Technology Planning Division

We consider Tribrid Base Stations to be a success thanks to their use of technology to conserve power by using renewable energy. We are also fulfilling our responsibilities as a telecommunications operator by continuing to increase the number of base stations with battery life extended to 24 hours at key locations.

In addition to these initiatives, KDDI plans to increase its disaster preparedness even further by making Tribrid Base Stations more sophisticated*¹ and deploying wireless shipboard base stations*² so that we can restore communications from the sea in the event of a disaster. We will also look into wide-zone base stations that have a broader coverage area than the typical base stations of today.

*1 Research and Development on Disaster-Resistant Network Management and Control Technology to Ensure Communications Even in the Event of a Large-Scale Disaster, sponsored by the fiscal 2011 supplementary budget, Ministry of Internal Affairs and Communications

*2 Study Team for Shipboard Installation of Mobile Phone Base Stations for Use in Emergencies, Chugoku Bureau of Telecommunications, Ministry of Internal Affairs and Communications

Organizational Governance

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



KDDI's Approach to CSR

Putting the KDDI Philosophy into Practice and Contributing to the Development of a Prosperous Communications-Oriented Society

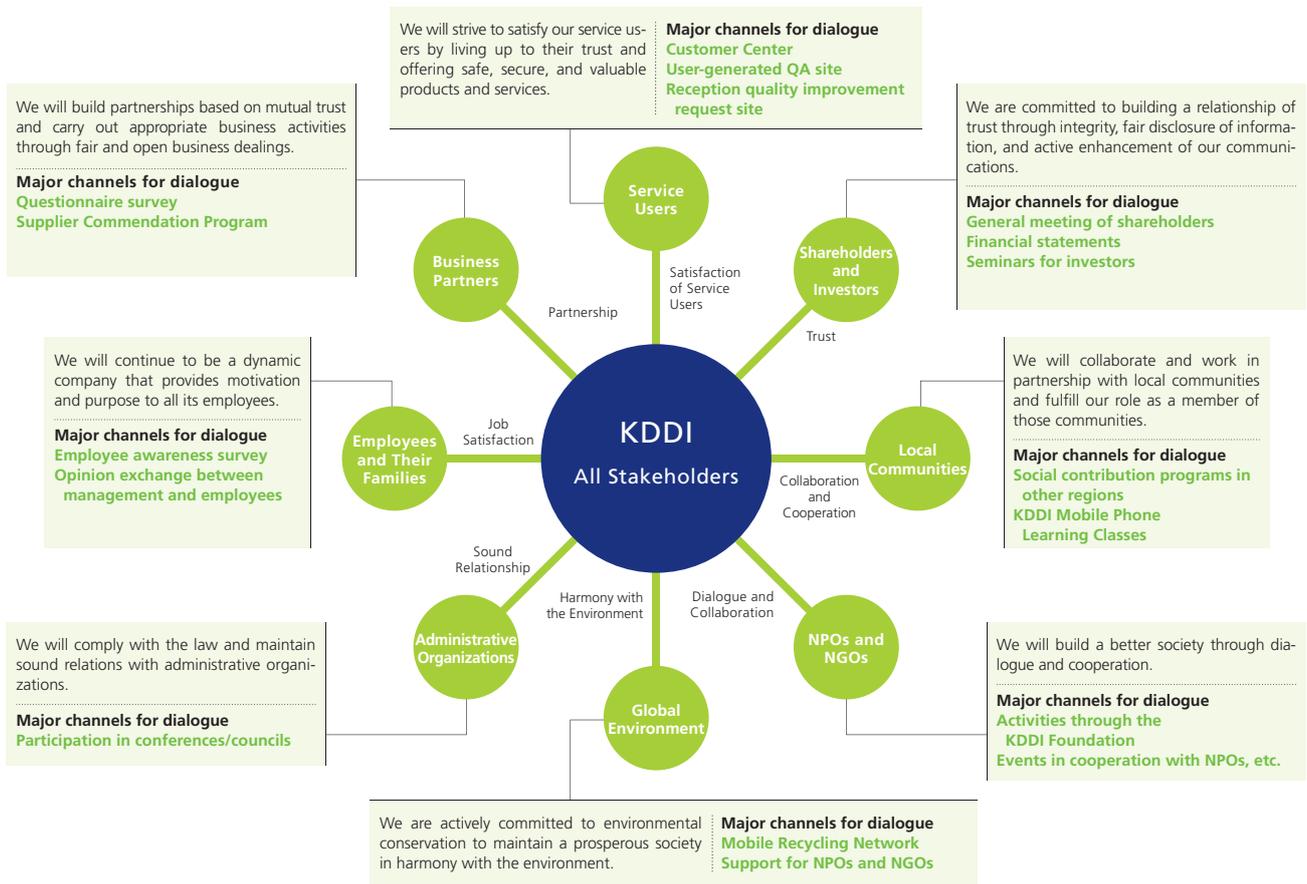
The KDDI Philosophy indicates the type of company we aim to become and expresses the attitudes, values, and behaviors that employees need to exhibit in order to reach our goal. By putting the KDDI Philosophy into practice, KDDI aims to be a company that is appreciated by all its stakeholders and trusted by society.

First and foremost, KDDI recognizes that as a telecommunications operator that provides social infrastructure, it has the important social mission of providing stable services that are available 365 days a year, regardless of conditions. Furthermore, we understand

that the telecommunications business involves utilizing radio waves and other important assets of the Japanese people. Accordingly, it is our responsibility to aim high and contribute to society by addressing the numerous issues that society faces. The KDDI Philosophy describes the sort of company that we need to become and the attitudes that employees of such a company need to maintain.

To put the KDDI Philosophy consistently into action, going forward we will continue to value dialogue with all of our stakeholders—customers, shareholders, business partners, and regional communities. We will also proactively address the issues facing society in our aim to contribute to the development of a prosperous communications-oriented society.

Principal Channels for Dialogue with KDDI Stakeholders



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 promotes social contribution activities, having created 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 its 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. In preparation for FY2013, we are considering the reconfiguration of our structures to incorporate stakeholder feedback and promote our CSR activities more fully.

CSR Promotion Activities

In FY2012, we worked aggressively to review and make improvements according to our self-evaluation of some 250 items based on the 7 core subjects addressed by the ISO 26000 global standard pertaining to social responsibility and the analysis of our CSR activities against this list. This process was used to formulate the CSR procurement policy described on page 74. Furthermore, we will actively pursue dialogue and other types of interaction with stakeholders, reflecting their opinions and comments in our future CSR activities.

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 "4 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 getting trouble is becoming a social problem. KDDI is addressing this situation by conducting the KDDI Mobile Phone Learning Class, through which it aims to raise children's "information literacy." We also encourage the use of filtering to block harmful content. These are some of the many initiatives under way at KDDI with the aim of creating a safe and secure information and communications society.

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 5 years KDDI formulates a Medium-term Environmental Conservation Plan including initiatives involving a "low-carbon society," "recycling-oriented society," and "biodiversity." To achieve these objectives, in addition to reducing its own environmental impact, KDDI provides ICT services that help to reduce the environmental impact of society and promotes a host of activities involving customers and employees.

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 puts into practice "Chapter 1: Vision" of the KDDI Philosophy, namely "Embracing diversity."

■ Stakeholder Engagement

In FY2008, KDDI identified “4 material issues for CSR.” As part of this initiative, we entered into dialogue with various experts, receiving various advice on our activities. In FY2012, 3 times we engaged in dialogues with stakeholders themed on the core subjects of ISO 26000, and in FY2013 we referred to this input when setting objectives for each department.

1st DIALOGUE

Held on October 11, 2012, Covering Human Rights and Labour Practices

Principal Opinions Received

Understanding Future Global Development, and Issues to Consider with Regard to Human Rights Problems

Mr. Seki: I understand that KDDI has made some progress in its human rights initiatives, with activities such as a whistleblowing system and the Business Ethics Helpline. However, going forward the Company will need to conduct human rights due diligence if it plans to expand its business globally. With regard to human rights problems, management needs to become involved in determining what risk of human rights violations exists for KDDI’s business. Measures will then need to be put in place to prevent such violations and procedures enacted to respond in the event that violations arise. I would hope that KDDI will progress in line with a PDCA cycle of determining policies and structures to drive these changes, disclosing information, and then reviewing its initiatives.



Mr. Masao Seki

Senior Advisor/
ISO 26000 Working Group expert
Sompo Japan Insurance Inc.

Encouraging Diversity and Other Initiatives While Looking Ahead to Societal Issues

Ms. Shibayama: Diversity at KDDI is being positioned as one of their business management strategies, and their activities for promoting diversity have been progressing. From now on, they need to have a creative ideas to make diversity stronger for more proactive CSR. While they have fairly robust programs such as working policies and procedures as well as employee training, there is still an opportunity for how each employee can effectively use these programs with leadership in order for them to maximize individual capabilities. Now, since some initiatives have already progressed to a certain level, they need to have diverse approaches to change their employees’ various understanding as a next phase. A key to success is to think how effectively accomplish some initiatives that will deeply influence their employees’ opportunities.



Ms. Jun Shibayama

Diversity & Career Advisor

2nd DIALOGUE

Held on February 20, 2013, Covering Consumer Issues

Principal Opinions Received

Considerations for KDDI in a Rapidly Changing Market

Ms. Furuya: In line with the proliferation of smartphones, the market has split into manufacturers specializing in the handsets themselves, operating systems, and applications. As a telecommunications operator, KDDI cannot respond to all customer demands and instances of dissatisfaction. When responding to customer complaints, there is a tendency to think that “We’ve set up a customer response desk, and that’s enough.” I believe it is important, though, for a company to take a proactive attitude toward resolving problems when consumers are in a bind. If KDDI is unable to address a problem fully on its own, then the Company should have a system in place for cooperating with equipment manufacturers and software developers.

Mr. Akaike: In addition to educating people and increasing their awareness about using products, as much as possible consumers should participate in the product conceptualization, design, development, and prototype testing stages. It is also important to provide products, services, manuals, and other items that take into account children, seniors, people with disabilities, and others who are socially vulnerable. The practice of putting in place a cycle linking public interest and business is the CSR of the future.

Products, Services, and Innovations to Provide Consumers in the Society of the Future

Mr. Akaike: When providing products, rather than simply trying to anticipate and keep pace with changes in consumer behavior, it is extremely important to take a strategic perspective that involves creating “new-value consumption” through products and services that deliver values that society needs. Achieving this goal would require KDDI to look ahead to envision how products and services will look in the near future. For example, the Company could provide information creatively by showing people new ways of using their smartphones. I would like to see KDDI develop excellent communications that would provide society with new value and deliver synergies in creating new lifestyles. I look forward to KDDI’s future product and service innovations.



Ms. Yukiko Furuya

Standing Advisor, Member of the Original
Japan Committee for ISO 26000
Nippon Association of Consumer Specialists



Mr. Manabu Akaike

Director, General Laboratory
Universal Design Co., Ltd.

3rd DIALOGUE

Held on March 6, 2013, Covering the Environment

Principal Opinions Received

Items to Consider in Promoting Further
"Green of ICT (Conserving Energy at Mobile Phone Base Stations)"

Mr. Suzuki: There are limits to what a telecommunications operator can do on its own to conserve energy at mobile phone base stations. As such, it is important to involve manufacturers of telecommunications and air conditioning equipment and to look at overall base station design. The situation becomes even more complex when involving companies related to renewable energy. Further efforts to promote conservation of energy will involve clarifying players and making energy consumption visible across the entire value chain, from providers of resources and materials through sales shops.



Mr. Hitoshi Suzuki

Institute for International
Socio-Economic Studies
President, Member of the Original Japan
Committee for ISO 26000

Ingenuity Required for

"Green by ICT (Reducing the Environmental Impact of Society through the Use of ICT)"

Mr. Onoda: KDDI provides various services aimed at reducing the environmental impact of society, but it seems to me that its ideas tend to put too much emphasis on the energy side of the equation. The Company should focus more on providing services that benefit consumers and save energy as a result. In addition to ICT infrastructure, KDDI possesses vast quantities of data on consumer behavior acquired in the course of its business. If the Company could maximize this information to effectively control community circulation, it seems to me that would lead to electricity savings across society. As a result, KDDI could create new services that would help to reduce the environmental impact of society.



Mr. Hiroshi Onoda

Director, Waseda University
Environmental Research Institute
Associate Professor, Waseda
Environmental Institute

In Summary



Kazuhito Iizuka

General Manager, CSR & Environment Management Department,
General Administration Department,
General Administration & Human Resources Division

This was the 1st time that our CSR managers took the opportunity to make employees aware of ISO 26000 concepts and our self-evaluations of initiatives involving its core subjects, and we held stakeholder dialogues on that basis.

We received suggestions from our stakeholders regarding the importance of innovation through our business, taking an early lead in stakeholder-participatory product planning and development, as well as others from novel perspectives. We also learned the importance to a company of prioritizing the question of "What is required of us?" over "What should we do?" and that our behavior should seek to address those issues.

By continuing this dialogue with our stakeholders, we plan to take initiatives that meet our aim of becoming a company that grows in tandem with society.

 Details of the stakeholder dialogue are to be disclosed on the KDDI Website (scheduled for September 2013).

<http://www.kddi.com/english/corporate/csr/>

TOPICS

Selected by the Tokyo Stock Exchange as an "ESG Meigara" and a "Nadeshiko Meigara"

KDDI was recognized by the Tokyo Stock Exchange in FY2012 as an "ESG stock"—pointing to corporate excellence in environmental, social, and governance (ESG) endeavors. The exchange also named us as a "Nadeshiko stock," which acknowledges us as a company that has a working environment that is friendly toward women and proactively promotes women in the workplace.

We were selected for inclusion as an "ESG stock" for enriching child / elderly-focused services, enhancing communications quality, and reducing the energy use of telecommunication facilities and data centers. In the "Nadeshiko stock" category, we were evaluated highly on our internal projects to promote the advancement of female employees and the fact that our percentage of female managers has risen for 6 consecutive years*.

By appropriately responding to ESG issues and promoting the advancement of female employees, while at the same time being evaluated positively by investors for its corporate activities, we believe that a company can simultaneously work toward addressing and resolving global environmental problems and social issues as well as cultivating and developing capital market soundness.

Going forward, we aim to earn the trust of our stakeholders and contribute to the ongoing development of a sustainable society through proactive involvement in activities characteristic of KDDI.

* This selection of stocks is as of January 2013.



■ CSR Targets, Achievements, and Issues

The chart below provides an overview of principal targets and achievements during FY2012, and reports our main targets for FY2013.

	FY2012	
	Targets	
Organizational Governance	Improve promotion of CSR activities	
Consumer Issues	Strengthen large-scale disaster response measures	
	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	
	Provide reliable networks and increase communications quality	
Environment	Roll out Third Medium-term Environmental Conservation Plan	
	Promote environmental communications	
Human Rights and Labour Practices	Cultivate and promote diverse human resources and formulate related measures	
	Create a vibrantly healthy workplace culture	
	Enhance internal communications	
Fair Operating Practices	Reinforce communications with shareholders and investors in Japan and overseas	
	Formulate CSR Procurement Policy	
	Strengthen information security further	
	Promote risk management	
	Strengthen and promote measures to eradicate compliance-related accidents	
Community Involvement and Development	Continue implementing disaster relief efforts	
	Foster stronger ties with local communities	
	Contribute to sustained growth of the global community through the use of ICT	

[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

			FY2013
Primary Achievements	Rating	Primary Issues	
<ul style="list-style-type: none"> Promote employee awareness through in-house newsletters Engage with stakeholders 	A	<ul style="list-style-type: none"> Strengthen our system for promoting CSR activities 	
<ul style="list-style-type: none"> Establish a verification and improvement system through disaster response training, including training open to the public Conduct demonstration trials of shipboard base stations, boosting disaster response capabilities that are unaffected by land-based disasters 	A		
<ul style="list-style-type: none"> Conducted Safety and Security Seminars 1,965 times in FY2012 (756 times more than in FY2011) Revise the program to respond more closely to schools' needs 	A+	<ul style="list-style-type: none"> Increase number of KDDI Mobile Phone Learning Classes held and improve quality Enhance user support targeting seniors 	
<ul style="list-style-type: none"> Provide courses for seniors aged around 65 and older Support efforts at municipal institutions to provide the "Mi-Look" mobile pedometer for helping to look after elderly people 	A	<ul style="list-style-type: none"> Meet customer demands by improving network quality and providing stable information and communications services Further strengthen large-scale disaster response measures 	
<ul style="list-style-type: none"> Meet communication needs in Asia with high-capacity optical undersea cables Create scheme for employees to improve quality in KDDI service areas 	A		
<ul style="list-style-type: none"> Introduce countermeasures and prepare a system to prevent the recurrence of major accidents leading to the disruption of communications 	B		
<ul style="list-style-type: none"> Increase Tribrid Base Stations to 100 locations throughout Japan Use externally oriented Web sites to provide information on used mobile phone recycling activities Conduct appropriate material recycling for disused equipment resulting from bandwidth reorganization Establish systems in various regions of Japan to promote environmental conservation 	A+	<ul style="list-style-type: none"> Roll out Third Medium-term Environmental Conservation Plan Promote environmental preservation activities in regions throughout Japan Reinforce environmental conservation 	
<ul style="list-style-type: none"> Conduct e-learning for all employees with regard to the Third Medium-term Environmental Conservation Plan 	A		
<ul style="list-style-type: none"> Create a system for promoting female line managers Conduct "Workplace Survey of Employees with Disabilities" Hold philosophy promotion training for overseas employees Provide training for local recruits overseas and conduct personnel exchanges 	A	<ul style="list-style-type: none"> Promote diversity 	
<ul style="list-style-type: none"> Conduct employee awareness survey Hold forums and seminars for employees who have taken childcare leave Conduct courses to support people who are providing nursing care in addition to working and prepare a guidebook 	A	<ul style="list-style-type: none"> Create a sound and worker-friendly workplace environment Enhance internal communications 	
<ul style="list-style-type: none"> Provide Companywide training on organizational climate reform Introduce sign language interpretations on streaming delivery 	A		
<ul style="list-style-type: none"> Hold individual meetings in Japan and overseas (950 times) Hold seminars for individual investors (20 times) Hold facility tours for shareholders 	A	<ul style="list-style-type: none"> Enhance communication with shareholders and investors in Japan and overseas 	
<ul style="list-style-type: none"> Consider content and prepare to draw up policy (scheduled to draw up and enact in the first half of 2013) 	B	<ul style="list-style-type: none"> Formulate and enact CSR Procurement Policy 	
<ul style="list-style-type: none"> Put in place standards at KDDI Group companies based on the "KDDI Group Common Information Security Standards" 	B	<ul style="list-style-type: none"> Augment information security Promote measures to eradicate compliance-related accidents 	
<ul style="list-style-type: none"> With regard to risks in the operating environment, reduce risks, support operational improvements, and conduct internal audits on 29 important items 	A	<ul style="list-style-type: none"> Promote risk management 	
<ul style="list-style-type: none"> Hold regular Business Ethics Committee meetings Conduct group training and e-learning on compliance 	A		
<ul style="list-style-type: none"> Support region affected by the Great East Japan Earthquake (employee volunteers, educational support, etc.) Commence full-fledged activities at Reconstruction Support Office 	A	<ul style="list-style-type: none"> Expand disaster area support through collaboration 	
<ul style="list-style-type: none"> Through the "+α Project," increase employee-participatory regional community contribution activities Conduct career training for junior high school, senior high school, and university students 	A	<ul style="list-style-type: none"> Create new social value by strengthening relations with local communities 	
<ul style="list-style-type: none"> Increase support for education that makes use of tablets Provide support services for venture companies Through the KDDI Foundation, support efforts to overcome the digital divide and provide technological expertise in developing countries 	A	<ul style="list-style-type: none"> Contribute to development of the international community through the utilization of ICT 	

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 seniors 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.

Ensuring Safety and Security

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 Basic Guidelines Concerning Safe and Secure Communication for Young People

At KDDI we are working to safeguard young people from troubles arising from communications services such as mobile phones and the Internet. We will continue to work to create a truly safe and secure society while building smooth communications services for young people.

Holding KDDI Mobile Phone Learning Class Safety and Security Seminars

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 FY2012, KDDI held this class 1,965 times for some 335,000 participants, bringing the total number of classes to 6,700, for 1.2 million people since FY2005. During this time, the communications methods that children use have grown more sophisticated and diverse, including mobile phones, smartphones, and the Internet. As a result, we have received requests from schools to provide more detail in our classes. In FY2012, we completely revamped our program to respond appropriately to these needs. We have incorporated quiz sessions and workshops and made

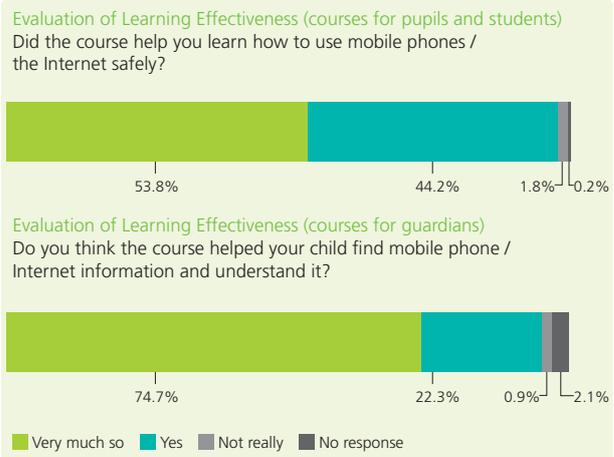
more effective use of video content, encouraging children to think independently and aiming to deepen their understanding. Furthermore, we have prepared detailed programs to respond to schools' requests, such as one involving the safe use of smartphones.



KDDI Mobile Phone Learning Class Safety and Security Seminar under way

In addition to courses targeting elementary, junior high, and senior high schools, as well as guardians, we offer a course designed for people with disabilities. Our objective is to augment our courses so that everyone can use mobile phones and the Internet safely and securely.

Results of questionnaire given to participants in KDDI Mobile Phone Learning Classes in FY2012



Offering the KDDI Mobile Phone Learning Class for Seniors

KDDI has also begun offering classes for seniors aged around 65 and older. We offer the Mobile Phone Course for Seniors, designed for people who do not have mobile phones or are not really sure how to use them, and the Smartphone Course for Seniors, for people who are planning to purchase smartphones.



KDDI Mobile Phone Learning Class for Seniors

KDDI employees serve as instructors in these courses. After liaising with government bodies, they visit regional facilities, providing video content and lend an au Simple Phone or smartphone to each person taking the class. Participants learn the basics of how to operate mobile phones and smartphones, gaining experience in sending e-mail and using the Internet. In FY2012, we held these classes 59 times, for approximately 1,100 participants.

Going forward, we plan to continue this support with the aim of helping seniors enjoy using mobile phones and smartphones effectively, as well as safely and securely.

Participating in "Tsukuba Science Edge 2013," a Science and Technology Presentation Event

In March 2013, KDDI took part in "Tsukuba Science Edge 2013", sponsored by the Tsukuba Science Edge Executive Committee and held in the city of Tsukuba, Ibaraki Prefecture. The event was effectively a "Science Workshop" provided by participating companies, and included a contest where junior high and senior high school students presented the research they had done in science-related courses and club activities. Participants also had the opportunity to experience companies' advanced, leading-edge technologies, thereby encouraging the development of scientists-to-be. We introduced several of our new technologies, including the "smart sonic receiver," which allows the accurate transmission of voices even amid the hubbub, and our audio technologies from the conservation project to measure aquatic behavior of the Ganges River dolphin.



Students listening attentively to a KDDI employee's presentation

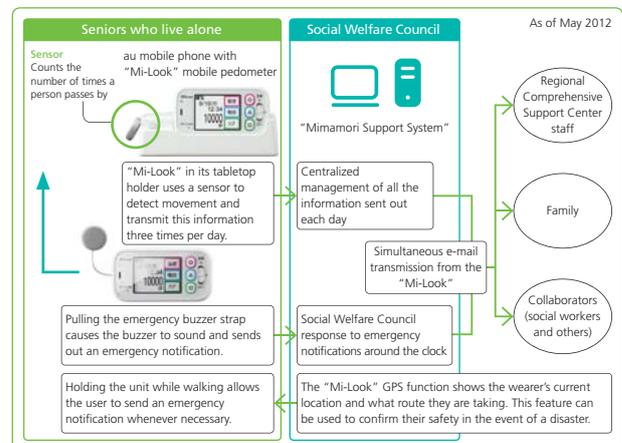
KDDI plans to remain actively involved in encouraging children's interest in science and motivation toward research and development.

■ Providing Products and Services that Offer Users Peace of Mind

Supporting the Use of "Mi-Look" Mobile Pedometers in Municipalities

KDDI is providing municipalities with "Mi-Look" mobile pedometers to help them address the problems they face as the population ages. The "Mi-Look" mobile pedometer, which we launched to meet the needs of families wanting to help look after elderly members living on their own, has a sensor to detect a person's movement as well as a pedometer function. The device then regularly sends this data to a pre-registered contact person on a daily basis. The pedometer also has a GPS function that can be used to notify the contact person of the wearer's whereabouts. This feature could be useful in confirming a person's safety in the event of a disaster. Faced with ongoing depopulation, the town of Iide, Yamagata Prefecture, is working on a system to look after its elderly residents. We have provided the town with "Mi-Look" mobile pedometers for elderly residents living on their own. Information from these devices is managed centrally by the town, addressing the question of how to care for its senior citizens.

System Employing a "Mi-Look" Mobile Pedometer being Used in the Town of Iide to Help Look After Elderly Residents



VOICE Stakeholder Feedback

A model that elderly people could operate easily was our precondition when selecting a device. The "Mi-Look" mobile pedometer is equipped with a strap that the wearer can simply pull to sound an emergency buzzer if needed. The main unit can be carried into the bedroom or bathroom, which is reassuring. Even better, the unit transmits information automatically on a daily basis. These were our reasons for selecting the "Mi-Look" when creating a new system for looking after our citizens. In the town of Iide, which faces ongoing depopulation, we are building a system to look after our elderly residents by linking government and regional facilities. This system also sends out care information via e-mail, so registered family members can confirm that their loved ones living apart are safe.

Ms. Yoko Shida

Center Director
Regional Comprehensive Support Center
Iide, Yamagata Prefecture

Material Issue 2 Offering Reliable Information and Communications Services

As a telecommunications operator that supports 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.

Initiatives in Preparation for Emergencies

Conducting Demonstration Experiments on Shipboard Base Stations

In November 2012, we conducted a shipboard test (aboard the patrol vessel *Kurose*) in the city of Kure, Hiroshima Prefecture, in cooperation with the Ministry of Internal Affairs and Communications' Chugoku Bureau of Telecommunications and the Japan Coast Guard. This demonstration experiment involved installing a mobile phone base station and satellite communications equipment on the *Kurose* and checking voice and data communications between land and sea. Radio waves sent from the ship's mobile phone base station were received in the coastal area, and we tested voice and data communications to see how they were affected by factors such as changes in tide levels and the rocking of the ship.

Learning from its experiences during the Great East Japan Earthquake, KDDI has been working on measures to quickly restore coverage in its service area following a disaster by transmission from the ocean, which is not affected by disaster conditions on land.



Satellite antenna (inside the cylindrical cover) toward the bow of the patrol vessel *Kurose*
Source: Study Team for Shipboard Installation of Mobile Phone Base Stations for Use in Emergencies

Technological Development to Improve Communications Quality

Responding to the Surge in Asian Communications Demand with the SJC High-Capacity Optical Submarine Cable

In November 2012, the South-East Asia Japan Cable (SJC), an international submarine fiber-optic cable linking Japan and Southeast Asia that is under construction by 10 companies including KDDI, was connected to the KDDI Chikura Cable Landing

Station. This high-capacity cable is expected to meet the surge in demand for data communications in Asia. The SJC provides a direct link between Japan and Singapore, and connects with the Unity, a submarine cable between Japan and the United States. The new cable follows essentially the shortest distance between Southeast Asia and the United States.



The SJC rising from the sea

Once the cable commences operation in FY2013, KDDI will serve as an international submarine cable "hub," providing direct links between Japan, Southeast Asia, and the United States.

Providing a Convenient Usage Environment

"Employees Building the au Area!" Working Together Companywide on Bandwidth Reorganization Initiatives

In line with mobile phone bandwidth reorganization, from April 2012 KDDI has launched the "Employees Building the au Area!" initiative to increase the post-reorganization signal area and to improve points of deterioration. As part of this movement, employees use specialized handsets and applications to search out points where the new bandwidth cannot be used. We have set up an internal scheme that allows failure points to be declared and are publicizing progress toward their improvement on a portal site. By working together on this initiative throughout the Company, we have succeeded in improving signal quality to the same level as or better than before the bandwidth reorganization.

Following bandwidth reorganization, we plan to leverage this initiative to increase ultrahigh-speed "4G LTE" data communications and Wi-Fi quality. Amid ongoing changes in the radio wave environment, this scheme, whereby employees take the initiative to enhance quality throughout the service area, is bringing the Company closer together.

Apology for and Report on Communications Outages

KDDI's high-speed LTE service for mobile phones experienced communications outages that affected some handsets twice, on December 31, 2012 and January 2, 2013.

As a result of the outage that occurred on December 31, 2012, LTE handset access momentarily took 7 times the typical amount of time, caused by a mistaken setting during data processing. The January 2, 2013 communications outage occurred because of a communications-related software defect that caused a failure. When restoring service, a control system was mistakenly halted.

To prevent recurrences, by the end of January 2013 KDDI had taken measures such as augmenting its data-processing servers, conducting a full check of LTE-related systems, and redeveloping its restoration manuals.

Communications outages again occurred in April and May. We offer our sincerest apologies for the inconvenience and concern that these serial outages have caused. We are working to prevent such mistakes from happening again, as we aim to provide a convenient communications environment to our customers, and are doing our utmost to recover their trust.

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.

Striving to Maximize Customer Satisfaction (CS)

KDDI CS Policy

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

KDDI CS Policy

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.

Using Twitter® to Provide Active Support

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

Realizing that it is becoming more difficult to provide support that satisfies customers through telephone inquiries and consultations at au shops, we have begun using Twitter®—a particularly prolific SNS—to provide "active support" by proactively searching for problems. One approach that has helped us to resolve issues among customers who tweet, but in an offhand manner without really intending to ask for help, has been to respond with our own

tweet, saying "We saw your tweet. We may be able to help, so could you provide us with more details?" Using an open forum like an SNS allows us to simultaneously address areas that many people may find inconvenient or dissatisfying. We have received strong positive feedback outside of the company for this initiative.

Holding the "au CS AWARDS" in Pursuit of Quality Customer Service

Each year, KDDI holds the "au CS AWARDS" in locations throughout Japan in an attempt to enhance the customer service skills of au shop staff, thereby increasing customer satisfaction at au shops.



au shop staff demonstrating their customer service skills

The theme of the FY2012 contest—our 9th—was to "Exceed customers' expectations. Show your new self." Staff members who won the contest's qualifying round in different regions went on to pit their customer service skills against their peers, scoring points for the overall selling skills they cultivate on a daily basis, covering items such as customer service etiquette, hospitality, and other fundamental customer service skills, as well as "cross-selling satisfaction*" based on our 3M Strategy. Retailers and au shop staff attend the contest, sharing outstanding customer service skills. We aim to maximize customer satisfaction by encouraging the spread of customer service on display at this contest to all our shops.

* A technique for proposing combinations of related products and services

Holding the "Front Skills Contest"

KDDI is working to augment the skills of the staff that provide technical support to corporate customers. As part of this initiative, we hold the "Front Skills Contest," aimed at improving their customer response skills when fielding reports of malfunctions. In this contest, representatives are elected by every technical support department throughout Japan and judged by an internal panel on aspects such as the appropriateness of their explanations and their communication skills. We aim to hold this contest regularly to boost the skills of our technical support staff even further.



Winner selected for the contest's top prize

Environment

We are undertaking a variety of initiatives to contribute further to environmental conservation through our business operations and social contribution activities.



Material Issue 3 Initiatives to Conserve the Global Environment

In accordance with the KDDI Environmental Charter, we are working to realize a low-carbon, recycling-oriented society and achieve biodiversity. To these ends, KDDI is moving steadily forward with a variety of initiatives, centering on “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 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 ISO14001 certification for this management system, which covered KDDI and 22 Group companies as the end of FY2012 (targeting 191 sites and about 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 PCB

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

the Company’s internal processing regulations. We disposed of approximately 17 tons of high-concentration PCB in FY2012, and plan to complete this processing in FY2013.

Third Medium-term Environmental Conservation Plan Progress under the “KDDI GREEN PLAN 2012–2016”

The Third Medium-term Environmental Conservation Plan, which we formulated in FY2012, introduces 3 priority issues to be achieved by FY2016—a low-carbon society, a recycling-oriented society, and biodiversity—and sets specific targets for each. As of March 31, 2013, we had made progress toward each of our goals except achieving zero emissions*1. Although we did not meet our target of a final processing ratio of 1.5% for retired telecommunications facilities, we will continue collaborating with outsourced companies toward this goal.

Meanwhile, we reached our goal of increasing the number of Tribrid Base Stations*2 to 100 by the end of FY2012. We will persevere in using renewable energy to reduce electricity consumption.

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

*2 These are mobile phone base stations automatically select from 3 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.

KDDI GREEN PLAN 2012-2016

Material Issues	Targets
Low-Carbon Society	(1) By FY2016, reduce electric power consumption by 30%, compared with the level if energy-saving measures had not been implemented.
	(2) By FY2016, lower electric power consumption per subscriber by 15%, compared with FY2011.
	(3) By the end of FY2012, increase the number of Tribrid Base Stations to 100.
Recycling-Oriented Society	(1) Achieve zero emissions for retired telecommunications facilities.
	(2) Achieve material recycling ratio of 99.8% or more for used mobile phone handsets.
	(3) Achieve a material recycling ratio for general waste of 90% or more at KDDI-owned buildings and in the headquarters building.
Biodiversity	(1) Pursue activities based on our action guidelines for preservation of biodiversity.

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 telecommunications facilities and in the industrial waste generated during equipment upgrades. We are working to quantify and reduce these environmental impacts. We also see the recycling of used mobile phone handsets as a priority.

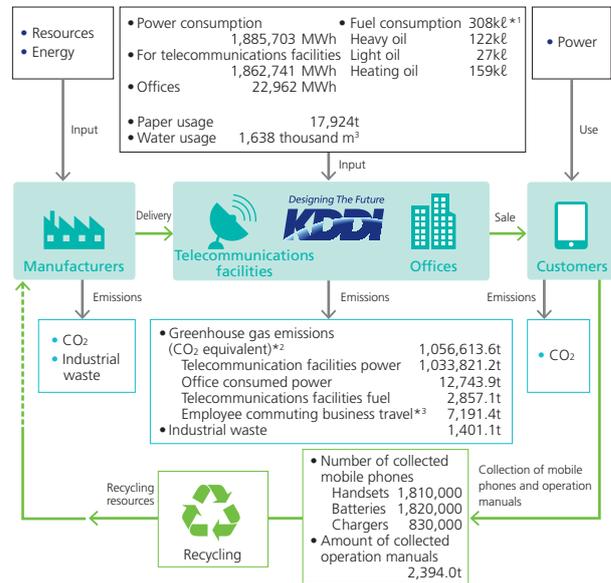
In FY2012, we confirmed the use of blown asbestos in one base station and completed its removal.

Environmental Accounting

Noteworthy changes in parameters of environmental accounting during FY2012, were fourfold: (1) the expansion of the scope of calculation and the addition of 3 consolidated subsidiaries (WebMoney Corporation, KDDI MATOMETE OFFICE CORPORATION, and Okinawa Cellular Telephone Company), (2) the cessation of dual operation at some base stations due to the conclusion of bandwidth reorganization, which reduced the amount of electricity consumed (MWh) compared with the preceding fiscal year, (3) the sale for items that had previously been considered industrial waste, thereby reducing industrial waste, communications facilities, and industrial waste related to construction (t) compared with the previous year, and (4) the reduction in paper resources used compared with the preceding fiscal year.

Environmental Impact of FY2012 Business Activities

Coverage: KDDI (KDDI non consolidated)



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

*2 CO₂ emissions are calculated using a conversion coefficient of 0.555 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."

*3 CO₂ emissions are calculated using emission factors indicated in the Ministry of the Environment's "Overview of Basic Conversion Guidelines Related to the Calculation of the Greenhouse Effect through the Supply Chain."

Coverage: KDDI and 13 major consolidated subsidiaries* Period: April 1, 2012 to March 31, 2013

Environmental Protection Costs		Transaction Examples	FY2012 (Millions of Yen)		FY2011 (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	141	0	104	0	38
	Global environmental protection costs	Power-saving wireless equipment for mobile base stations (Investment amount is calculated proportionally based on the power-saving effect.)	7,319	5,174	24,718	2,595	(17,399)	2,579
	Resource recycling costs	Reduction of paper resources, processing and disposal of waste products	0	378	71	423	(71)	(45)
Upstream/downstream costs		Collection, recycling, and reuse of merchandise and products	0	636	0	417	0	219
Administrative costs		Operation and updating of environmental ISO standards, disclosure of environmental information	1	96	0	281	1	(185)
R&D costs		R&D of technology, equipment, handsets, products, services, and other items conducive to reducing the environmental burden	0	130	0	144	0	(13)
Social activity costs		Donations and support for forest conservation activities and to environmental protection groups	0	16	0	32	0	(16)
Environmental damage restoration costs		Measures for prevention of asbestos spraying, restoration of polluted soil	0	0	0	38	0	(38)
Total			7,320	6,572	24,789	4,033	(17,469)	2,539

1. Environmental Protection Benefits (Physical)		Indicator Category (Unit)	FY2012	FY2011	Change from Previous Year
(1) Benefits derived from business area	1) Benefits related to resources invested in business activities	Power consumption (MWh)	2,038,462	2,315,672	(277,210)
		Paper usage (t)	17,991	19,898	(1,907)
		Paper reduced by Bill on WEB (t)	3,339	3,244	95
(2) Benefits derived from upstream/downstream costs	2) Benefits related to environmental burden and waste products discharged from business activities	Greenhouse gas emissions (t-CO ₂)	1,035,576	971,201	64,375
		Industrial waste emissions related to telecommunications facilities and buildings (t)	2,041	4,209	(2,168)
(2) Benefits derived from upstream/downstream costs	Benefits related to goods and services produced by business activities	Number of used mobile phones and other devices collected (10,000 units)	446	533	(87)

2. Economic Benefits of Environmental Protection Measures (Yen)		FY2012 (Millions of yen)	FY2011 (Millions of yen)	Change from Previous Year
Revenues	Revenues from sales through disposal of telecommunications facilities and buildings	502	235	267
Costs reductions	Reduction in energy costs by adopting the use of low-pollution vehicles	12	10	1
	Reduction in costs of new purchases by reusing disposed of telecommunications facilities	2,136	1,748	388
Total		2,650	1,993	656

* KDDI Web Communications Inc., mediba Inc., JAPAN CABLENET LIMITED (JCN), KDDI R&D Laboratories Inc., KDDI Technology Corporation (KTEC), KDDI Research Institute, Inc. KDDI Engineering Corporation, KDDI Evolva Okinawa Corporation, KDDI Challenged Corporation, TELEHOUSE International Corp. of Europe Ltd. (London), WebMoney Corporation, KDDI MATOMETE OFFICE CORPORATION, OKINAWA CELLULAR TELEPHONE COMPANY

Low-carbon Society

LCA Initiatives Green of ICT

To quantify and disclose environmental impact, KDDI conducts life-cycle assessments (LCA) of its products and services to determine the amount of CO₂ generated at each stage of operations—from manufacturing and use to disposal or recycling*¹.

As in FY2008, in FY2012 we conducted LCA on “au HIKARI” and “au.” CO₂ emissions per “au HIKARI” subscriber were up 12.4% compared with FY2008 levels, owing to factors such as the increased electricity consumed during use as HGW*² performance rose from 100Mbps to 1Gbps. CO₂ emissions per “au” subscriber declined 13.0% from FY2008, stemming from the large-scale introduction of “Type VII” compact energy-saving wireless equipment. KDDI plans to continue its efforts to determine and disclose the environmental impact of its products and services as part of its initiatives toward achieving a low-carbon society.

*1 Environmental impact at the disposal and recycling stage includes environmental impact at the manufacturing stage.
 *2 Home GateWay (HGW): In fixed-line communications services, a device that connects public networks to in-home networks.

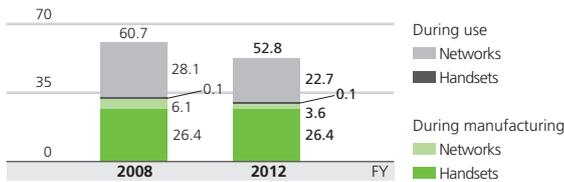
Environmental Impact of “au HIKARI” (Compared with FY2008)

Environmental impact (kg-CO₂/year per subscriber)



Environmental Impact of “au” (Compared with FY2008)

Environmental impact (kg-CO₂/year per subscriber)



KDDI TeleOffice Green by ICT

KDDI provides a visual communications service, “KDDI TeleOffice,” that enables the sharing of video camera footage, as well as documents, photographs, and other images and materials, via PC, tablets (multifunction portable terminals), and smartphones. The service can also be used like a whiteboard.

A step beyond conventional webconferencing, the “KDDI TeleOffice” service employs an ID system so that participants can use their tablets to participate freely at any time. The service has

various potential applications, including for remote and paperless meetings. In addition to boosting business efficiency for corporate customers, the service should decrease the CO₂ emissions resulting from employee movement and encourage paperless communications, thereby reducing the environmental impact of society.

Portable Batteries Green of ICT

In the past, KDDI has used mobile power supply vehicles to power mobile phone base stations during electricity outages. However, we have recently begun conducting trials to determine the commercial viability of portable batteries in reducing environmental impact.

In FY2012, we conducted a trial in the Osaka area, assuming a power outage of approximately 10 hours per base station and wireless device power consumption of 1kW. To supply this power for a single base station, a mobile power supply vehicle would consume 8.2 liters of light oil (equivalent to 21.5kg of CO₂ emissions), whereas a portable battery would require 10kWh (equivalent to 4.1kg of CO₂ emissions). Given this 17.4kg difference in CO₂ emissions, we estimated that portable batteries would reduce emissions by approximately 80%. KDDI plans to continue such trials to verify the commercial viability of portable batteries.

Trial of the “Eco-Bito” Service to Assist Customers’ Efforts to Save Electricity Green Road Project

KDDI and Sumitomo Corporation are considering the commercialization of “Eco-Bito,” a lifestyle support service that provides customers with advice on the best ways to conserve electricity through their lifestyles, based on a variety of information that also includes a customer’s family makeup, home location, and household electrical appliances used. As part of this process, we provided the “Eco-Bito Trial” service free of charge between July 2012 and February 2013.

For “Eco-Bito Trial,” we installed high-precision watt-hour sensors in subscribers’ homes. Based on prerecorded customer information, we used these sensors to make visible the amount of electricity used at home by PC and smartphones, as well as solar power generation volume. We then provided customers with detailed information on optimal electricity conservation behavior, based on their usage, location, and weather information. The service recommends what household appliances to purchase as children grow up and other lifestyle ideas for how customers can conserve energy.

By verifying the trial, KDDI and Sumitomo Corporation are making inroads into providing services that encourage energy-saving lifestyles to their customers.

Recycling-oriented Society

Reuse and Recycling of Telecommunications Facilities

Green of ICT

KDDI promotes reuse activities that effectively employ retired telecommunication facilities. We also use material recycling to effectively employ equipment, components, and materials that have become unnecessary.

Owing to the migration of au mobile phones to a new 800MHz frequency, in FY2012 we began retiring base stations using the former 800MHz band. When retiring this equipment, we employed material recycling to make effective use of resources.



Former 800MHz frequency base station battery (storage battery)



Former 800MHz frequency base station power source

Paper Reduction and Recycling

Green by ICT

Operation manuals for au mobile phones can be thick, as they need to explain a host of services and functions, but we have begun to make these slimmer with the introduction of an operation manual application for smartphones. We are also making packaging on au mobile phones more compact.



Slimmed-down operation manual (right)

To effectively reuse the high-quality paper employed in operation manuals, au shops recover the manuals that come with au mobile phones, as well as various circulars, reusing KDDI printed matter as recycled paper.

TOPICS Making Use of Materials from Thinning

Our operation manual recycling activities seek to support forest conservation, such as by contributing the funds received when delivering used paper to a collection facility to tree-thinning efforts. As part of our activities to support reconstruction following the



Bus shelter made from thinned materials

Great East Japan Earthquake, in FY2012 we worked with the Kamaishi Regional Forestry Association, Iwate Prefecture, to build 5 bus shelters and 18 benches from materials thinned around Kamaishi and contribute them to the city. We are contributing to forestry in the Tohoku region and supporting disaster-affected economies in ways such as offering mobile phone stands made from materials from tree thinning at a factory in the town of Minamisanriku, Miyagi Prefecture, and distributing 2013 desktop calendars made from recycled KDDI paper.

Promoting Recycling of Mobile Phones

Green Road Project

DATA Recycling ratio in FY2012

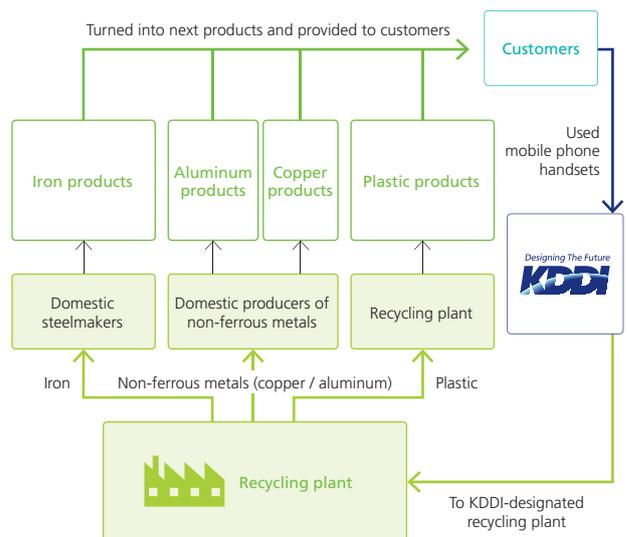
99.8%

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 LCD, 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 FY2012, our recycling ratio was nearly unity, at 99.8%.

Basic Flow for Recycling of Mobile Phones



Biodiversity

KDDI Group Environmental Preservation Activities throughout Japan

DATA Environmental preservation activities conducted in FY2012

12 locations

DATA Number of employees participating in environmental preservation activities in FY2012

383 people

We have formulated the KDDI Action Guidelines on the Preservation of Biodiversity. In line with these principles, we take opportunities to preserve biodiversity in a host of ways.

Environmental Preservation Activities in FY2012

Location	Activity
Miyagi Prefecture	Kesennuma Camellia Walk
Miyagi Prefecture	Kajika Forest Conservation Volunteers
Miyagi Prefecture	Miyagi Prefecture Fishing Harbor Kesennuma Karakuwa Reconstruction Support Volunteers
Miyagi Prefecture	Cleanup Hirose River
Yamanashi Prefecture	Mt. Fuji Deer Feeding Damage Countermeasure Volunteers
Nagano Prefecture	Operation Manuals Recycling Forest (Nagano) Volunteers
Ishikawa Prefecture	Kanazawa Asano River Cleanup
Kyoto Prefecture	Tennozan Forest Conservation Volunteers
Hiroshima Prefecture	Hiroshima Forest Creation Forum Volunteers
Kagawa Prefecture	Mt. Onose Forestation Volunteers
Tokushima Prefecture	Hiwasa-Ohama Beach Cleanup
Fukuoka Prefecture	Patchwork Forest Creation

Forest Protection Efforts

KDDI Group employee volunteers and their families participated in the Mt. Fuji Deer Feeding Damage Countermeasure Volunteers activity sponsored by the Organization for Industrial, Spiritual and Cultural Advancement-International in the village of Narusawa, Minamitsuru, Yamanashi Prefecture.

Young trees planted as part of a forest regeneration project on Mt. Fuji between 2008 and 2010 are suffering from feeding damage due to the proliferation of wild deer in the area. To protect these young trees, the volunteers erected nets around 255 trees planted in a 0.3-hectare area.



Nets to protect trees from feeding damage

Land-Sea Circulation

Since 2009, KDDI's TOHOKU Regional Office has participated in forest conservation activities in the village of Kajika in Tome,

Miyagi Prefecture. In 2012, the office also cleaned up oyster shells and cleared away fishing lines from the ocean to allow for aquaculture on the Karakuwa Peninsula in Kesennuma, Miyagi Prefecture. In addition to thinning away brush to allow forests to flourish, volunteers assisted in the process of cleaning the water of the Kitakami River, which flows from the village of Kajika into Ishinomaki Bay, encouraging the cultivation of quality shellfish and assisting the harvest cycle in Kesennuma Bay.



Gathering oyster shells

In FY2012, the KDDI Workers Union participated in these activities.

Government Collaboration

KDDI's KANSAI Regional Office has taken part since 2008 in the Tennozan Regional Forest Promotion Council, comprising local government bodies, citizens, and companies in the neighborhood of Tennozan in the town of Oyamazaki, Otokuni, Kyoto Prefecture. Employees worked to recharge* water resources, which have suffered from the deterioration of forests on Tennozan and are no longer able to fulfill their conventional functions, and create a beautiful woodland.

Principal activities included planting trees and thinning away brush for firewood. Firewood was donated to local childcare centers and social welfare facilities, helping to further build relations among the community.



Thinning away brush for firewood

* Cultivation to ensure proper water quality and water levels

VOICE Stakeholder Feedback



Mr. Denmei Eshita

Town Mayor
Oyamazaki, Otokuni,
Kyoto Prefecture

The bamboo forests on Tennozan, a symbol of the town of Oyamazaki, have been deteriorating for some time as they have not been cared for.

Companies and government bodies cooperated to launch the Tennozan Regional Forest Promotion Council, which has contributed to forestation activities, helping to restore the previously denuded moso bamboo to their previous vigor.

Forest conservation activities take a long time to materialize to the point where they are visible to the eye, so activities need to be long term. I hope KDDI will continue to provide support.

Human Rights

In line with the 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 for People with Disabilities at KDDI Challenged

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



Mobile phone handset disassembly

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 2013, the company employed 36 people with disabilities. Among the business that these employees handle under contract from the KDDI Group are the disassembly of mobile phone handsets, performing maintenance on business mobile phones, handling accounting procedures, PC kitting*, facility maintenance, and Refresh Room operations. In FY2013, we plan to expand the scope of this company’s operations to include such activities as intranet maintenance.

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

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

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 on 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

Introducing a “Sign Language Support System” Using Tablets

KDDI has installed simplified communication devices at all au shops throughout Japan to aid customers with hearing or speaking difficulties. In addition, at “au NAGOYA” and au shops centered in the Tokyo metropolitan area, staff who are conversant in sign language are available to assist with purchasing, explain how to use devices, and provide repair support. In March 2013, we introduced a sign language support system using tablets at KDDI’s directly operated shop, “au NAGOYA,” which has a showroom where customers can experience the newest au products and services, as well as subscription counters.

With this service, sign language capable staff at “au NAGOYA” use tablets to assist customers with hearing difficulties who visit shops in the Chubu region (Aichi, Gifu, Mie, Shizuoka, and Nagano prefectures), employing the videophone function to provide remote customer support.



Customer service using the sign language support system

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. Our efforts include promoting workforce diversity and a work-life balance and providing employee education programs.

Promoting Diversity

Our Perspective on Diversity

Chapter 1 of the KDDI Philosophy states “Embracing diversity,” setting forth clearly our belief that mutual respect for and understanding of people regardless of gender, age, nationality, religion, disability, and other diverse characteristics and values is essential to the sustainable growth of society. We promote diversity throughout the Company on this basis.

“Win-K” Project to Promote the Professional Advancement of Female Employees

KDDI has in place “Win-K,” a Companywide internal program to promote the advancement of female employees by “creating a workplace environment that celebrates and takes full advantage of the power of the individual.” We have continued to promote this program since its launch in 2007.



Forum under way

We conduct awareness surveys of all employees and hold forums and other programs to encourage awareness and to promote networking among employees.

In FY2012, we invited managers from the Company to take part as guests in a panel discussion entitled “SMART BOSS: Setting the Tone for the Workplace.” We also held skills development seminars such as the Skill-up Seminar and the Career Design Seminar for Working Mothers at locations throughout Japan to support the professional advancement of female employees.

Encouraging the Promotion of Female Managers

DATA Number of female managers in FY2012

124 people
(approximately 3 times the FY2007 level).

We are encouraging the promotion of female employees toward our goal of having approximately 250 female managers by FY2015, accounting for 7% of all managers. KDDI had 124 female managers in FY2012, accounting for 3.3% of the total number. This was our 7th consecutive year of increases.

In FY2012, we also introduced the Ladies Initiative Program (LIP) for promoting female line managers*. The program is designed to provide a place for them to participate in corporate decision making, thereby reinforcing our power as a company.

In March 2013, we also held the Seminar on Diversity from a Strategic Perspective for Divisional and Departmental Heads, taught by instructors from outside the Company. The seminar focused on teaching participants about the leadership qualities needed to harness the potential of both male and female employees. One participant commented that “I got a strong sense that diversity is a key element of management strategy.”

KDDI will continue striving to create a worker-friendly workplace to meet its goal of having approximately 90 female line managers by FY2015.

* Organizational leaders: Managers with the authority to conduct personnel evaluations



Diversity from a Strategic Perspective for Divisional and Departmental Heads

■ Promoting a Work-life Balance

Childcare and Nursing Care Support Systems

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

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

We also have an adjustable work hour system. The scheme is flexible and allows employees to adjust working hours to their availability.

Thanks to programs such as these, nearly 100% of employees who take childcare leave return to their positions in the Company. Furthermore, we have in place programs for rehiring employees who previously left for reasons of childbirth or nursing care.

Number of Employees Using the Childcare and Home Care Support System

Program		Gender	FY2010	FY2011	FY2012
Childcare	Maternity leave	Women	140	143	157
		Men	3	9	5
	Childcare absence	Women	248	253	268
		Men	3	2	2
	Shortened working hours for childcare	Women	305	342	357
		Men	729	634	638
Child nursing care leave	Women	313	322	370	
	Men	3	3	4	
Homecare	Home care absence	Women	0	4	2
		Men	21	100	112
	Home care leave	Women	72	28	24
		Men	0	0	1
	Shortened working hours for home care	Women	1	2	1
		Men			

Supporting a Balance between Work and Child-Rearing

KDDI offers the Forum for Employees before Returning after Childcare Leave, which provides employees planning to return to work following childcare leave with information that may be helpful as they strive for success while balancing work and child-rearing. The forum also aims to alleviate the uncertainty that employees sometimes feel prior to returning to work. We also conduct the Career Design Seminar for Working Mothers. Encouraging workplace communication and thoughts about career planning, this program also supports balance between work and child-rearing.

In FY2012, we added a seminar for the superiors of employees planning to return to work. We introduced results of an employee



Forum for Employees before Returning after Childcare Leave

hearing survey covering successful ways to balance work and child-rearing. The seminar featured discussions with superiors with subordinates who have already returned to work, providing the opportunity to share information needed to cultivate working mothers.

TOPICS

Holding the Round-Table Discussion on Men Taking Childcare Leave

In June 2012, we held the Round-Table Discussion on Men Taking Childcare Leave to encourage male employees to participate in child-rearing. Male employees who had experience of taking childcare leave joined a panel discussion covering topics such as “responding to your superior and your surroundings,” “preparing to take leave,” and “communicating with the Company while on leave.”

Supporting a Balance between Work and Nursing Care

As the number of employees facing the issue of providing nursing care is on the rise, in February 2013 we held the Course on Balancing Work and Nursing Care to help them balance these responsibilities. Designed to enhance employees’ understanding about nursing care, the course covered the fundamentals of preparing for nursing care and the nursing care systems that KDDI offers.

In July 2012, we published the Guidebook Supporting Balance between Work and Nursing Care. This guidebook provides easy-to-understand explanations on how to use the Company’s systems and promotes their effective utilization, helping to prepare employees who face the issue of providing nursing care now or will in the future. A smartphone version of this guide is also available.

■ Creating an Environment with Ideal Working Conditions

KDDI Kaitai Shinsho Employee Awareness Survey

Each year, KDDI conducts the KDDI Kaitai Shinsho awareness survey targeting all employees.

The FY2012 survey looked at how awareness and behavior have changed over the past year and how the organizational climate has evolved over time, seeking to understand the current situation as well as any issues. Responses suggested that the pace of work by employees and overall workplace activity has accelerated, and that there have been marked improvements in superiors’ communication of policies and decisions, indicating that the Company is steadily changing. At the same time, many responses pointed to the need for improvements in relations between departments and the sense of overall corporate togetherness. We have publicized these survey results on our intranet and in our internal newsletter. We are also discussing the issues raised by the survey at training sessions for all levels within the Company, from general employees to directors, as we introduce measures to enhance communication and invigorate the workplace.

Companywide Training on Organizational Climate Reform

DATA Times held / participants in FY2012

310 times / 12,000 people

Since FY2011, we have included Training on Organizational Climate Reform as one of our training programs targeting line managers. To augment and accelerate organizational climate reform throughout the Company, in FY2012 we conducted Cross Organizational Training, which is extended to target all employees. Conducted 310 times at workplaces throughout Japan and with 12,000 employees attending, through this training we sought to foster a change in awareness about work and the organizational climate. Through shared experience that referred to examples at other companies, we shared the need for individual employees to drive change for the Company as a whole.

Creating a Workplace that Encourages the Development of Employees with Disabilities

KDDI strives to create a workplace that encourages the professional development of employees with disabilities. For instance, 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 communicate with their direct supervisors. In FY2012, KDDI's employment ratio of people with disabilities was 1.91%.

As part of our efforts to create a workplace that is amenable to people with hearing difficulties, we provide sign language interpretation through streaming transmission. We provided this interpretation in FY2012 during corporate policy announcements; at "SMART BOSS: Setting the Tone for the Workplace," the panel discussion held in May 2012 through the "Win-K" women's professional advancement project; and at the Global Business Seminar that the Human Resources Department conducted in June 2012.

Activities Promoting 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, 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.

Occupational Safety and Health

Enhancing Employees' Health Management

KDDI provides health checks with testing categories that are more detailed than the legal requirements, and we offer health guidance to employees who undergo regular health checks. We have also reinforced our efforts targeting the prevention of lifestyle diseases, providing a specific health checkup and specific counseling guidance.

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

Promotion of Mental Healthcare

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.

In addition, we are aggressively promoting e-learning about mental healthcare, and have set up the "Mind Clinic" site on our 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.

Testing a Health Promotion Service Using Health Check Data

From February to May 2013, we conducted a test targeting KDDI employees and using data gleaned from health checks as part of our plans to introduce a new health promotion service.

This service uses au smartphones to provide information about individuals' state of health and to suggest lifestyle improvements. The test used health check data from past consultations to determine an employee's disease risk and make recommendations in 60 categories, including lifestyle improvements and developing an exercise routine. In this test, employees selected suitable improvement tasks, and we tracked their progress throughout the 3-month program.

In summer 2013, we plan to enhance the test's functions and extend it on a trial basis to include people outside the Company.

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.

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. We have also incorporated planning skills and other evaluation items as part of the process of achieving objectives and are promoting more impartial and transparent personnel evaluations.

Overseas Dispatch Employee Education Program

KDDI established a program through which employees are given the opportunity to gain experience at overseas operating sites. 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.

* TOEIC® is a registered trademark of Educational Testing Service (ETS).

Conducting Training for Employees Being Posted Overseas

KDDI conducts Training for Employees Being Posted Overseas to prepare them to take up their positions at our overseas locations. This training covers the concepts behind the KDDI Philosophy, centering on the fundamental knowledge required for people being dispatched overseas, and provides instruction on topics such as governance and risk management. We also provide region-specific training for employees headed for English- or Chinese-speaking destinations. They receive language instruction by native speakers of those languages and learn about things to take into account when cultivating relationships with local people. This training is designed to be practical, so that employees can quickly apply it upon reaching their destination.

Training and Cultivating Locally Hired Employees

In keeping with rapid globalization, the KDDI Group is placing an emphasis on cultivating employees who have been locally hired overseas.



Practical Skills Training for Employees Working Overseas

We provide training that is differentiated according to employees' positions and skills. 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, through Practical Skills Training for Employees Working Overseas. We also provide Training for Managers Working Overseas for locally hired managers that is aimed at cultivating an understanding of Group strategies and the improvement of management skills as well as Upper Management Training that cultivates human resources for leadership roles as location managers.

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

TOPICS

KDDI Philosophy Overseas Promoter's Training Program

In FY2012, KDDI began conducting Philosophy Promotion Training to enable employees being posted overseas to take a lead role in spreading the KDDI philosophy at their overseas locations.



Philosophy Promotion Training

Provided in September 2012, this training was attended by 18 people designated as promotion leaders at various overseas locations. The 3-day course covered our perspective on the KDDI Philosophy, classroom lectures on such topics as the roles of a leader in promoting activities and how to conduct activities, and incorporated role-play.

Going forward, we plan to continue encouraging people studying overseas to promote the KDDI Philosophy so that we can share perspectives, values, and behavioral principles that are appropriate for KDDI employees.

Fair Operating Practices

KDDI strives to ensure the trust of its stakeholders through information security and compliance initiatives, as well as fair and impartial business activities and proper and appropriate information disclosure.



Information Security

KDDI's Security Policy—Our Basic Policy on Information Security

KDDI recognizes the appropriate management of information as a topmost management priority. Accordingly, we have formulated the Security Policy as our basic policy on information security. To earn the trust of customers and other stakeholders, we publicize this policy both inside and outside the Company and declare our observance to it, consistently taking appropriate defensive action to counter the risk of information leaks.

KDDI's Privacy Policy—Our Basic Policy on Personal Information Protection

KDDI realizes the importance of personal information. To ensure the thorough protection of such information, KDDI conforms with the Telecommunications Business Law, legislation concerning the protection of personal information, industry-specific guidelines such as those related to the protection of personal information in the telecommunications business, and other laws. We also publicize and declare adherence to our basic policy in this area, the Privacy Policy.

Strengthening Information Security

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

In April 2009, we acquired information security management system (ISMS) certification* (ISO/IEC 27001) for the entire Company. Since then, we have continued to implement measures to improve information security centered on the maintenance of these systems. In FY2012, we formulated regulations for KDDI Group companies based on the KDDI Group Information Security Standards that we formulated in FY2011. In FY2013, we will continue working to strengthen information security and governance

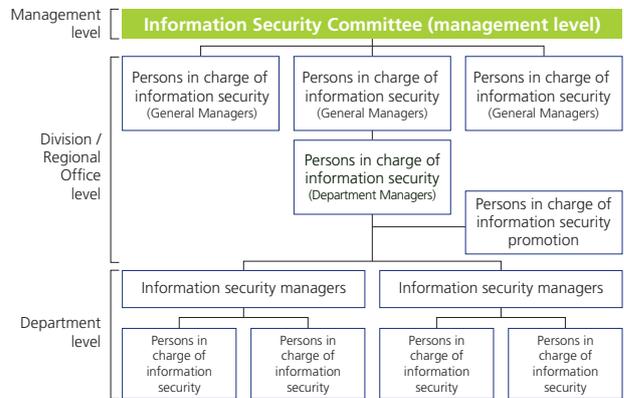
at KDDI Group companies through the appropriate execution of Group company regulations and application of a PDCA cycle.

* This is a third-party certification system for information security systems. It was established with the goal of contributing to widespread improvements in information security and encouraging companies to target levels of information security that can be trusted around the world.

Responding to Incidents Involving Information Leaks via Social Media

The expanding use of social media has prompted a spate of incidents in which corporate trust has been damaged or individual privacy compromised over the Internet. KDDI has addressed this situation by formulating and disseminating thoroughly rules that all executives and employees must follow when using social media.

Security Management Structure



ISMS Certification at KDDI

Number of Registrations	Organization	Initial Registration
IS 95253	KDDI CORPORATION ^{*1}	June 7, 2005
IS 76406	KDDI CORPORATION (Operations Division) ^{*2}	July 4, 2003
IS 85329	KDDI CORPORATION (Information Systems Division)	September 28, 2004

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

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

Compliance

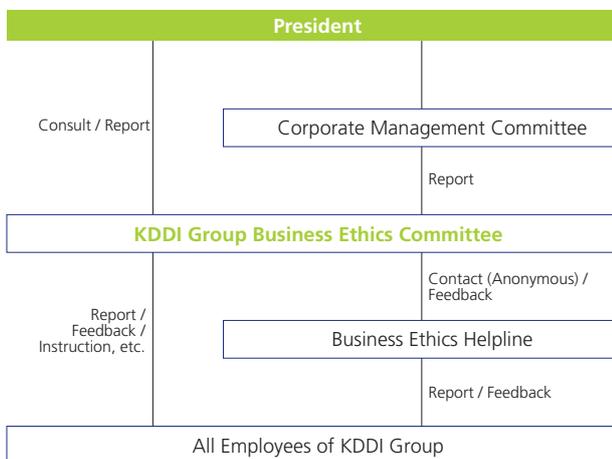
Basic Stance

KDDI is improving and reinforcing its compliance structures, based on its belief that compliance with the law—including strict observance of the privacy of communications by telecommunications providers as established in the Telecommunications Business Law—is fundamental to business operations. In conjunction with these efforts, the Company is working to improve awareness of compliance to ensure that all employees maintain a high sense of ethics at all times and execute their duties appropriately. To this end, we have established the KDDI Code of Business Conduct as a code of conduct for all employees.

Taking social circumstances into account, we revised this code in April 2011, further enhancing compliance.

Compliance Promotion System

KDDI has also put in place a KDDI Group Business Ethics Committee to deliberate and make decisions on compliance-related items. The committee formulates policies for educational activities, and, in the event that a violation of compliance occurs, it deals with the situation, discloses information outside of the Company, and deliberates on measures to prevent recurrence. The status of the committee's activities is made available to all employees via the intranet.



Compliance Education and Training

DATA Conducted e-learning (Companywide training)

10 times in total

KDDI has set up and conducts compliance classes in an effort to enhance employee awareness.

Business Ethics Helpline

KDDI established the Business Ethics Helpline to serve as a contact point for all employees with questions or concerns about business ethics and legal compliance. By establishing a contact point in collaboration with external experts, the Company is creating an environment where it is easy for employees to report concerns. The Company has also established internal regulations in response to the enforcement of Japanese legislation designed to protect public informants, and actively conducts educational activities on this topic. We have also opened the Business Ethics Helpline to overseas companies.

In FY2012, the Helpline received 11 reports, including inquiries. Internal investigations were conducted primarily by the KDDI Group with regard to the issues reported, and information regarding reporters was kept confidential. When problems were uncovered, steps were taken to rectify the situation, including proposing improvements and instituting measures to prevent recurrence.

Basic Policy for Eliminating Anti-Social Forces and Status of Implementation

Our Basic Policy for the Creation of Internal Systems takes a firm stand on countering anti-social forces. In addition to rules defining initiatives for blocking off any relations with such forces, the KDDI Code of Business Conduct, which defines basic principles to be followed and enforced by all executives and employees, takes a firm stand against anti-social forces, rejecting any requests for illicit funds and refusing to comply with their demands.

Enhancing the Compliance Structure of KDDI Group Companies

KDDI has also codified its business ethics for Group companies, and has established company-based Business Ethics Committees and Business Ethics Helplines. The Business Ethics Committees convene semi-annually to ascertain the situation at each company and support the establishment and reinforcement of compliance structures.

KDDI Group Business Ethics Committee Framework



*1 JAPAN CABLENET LIMITED (JCN)

*2 Chubu Telecommunications Co., INC. (CTC)

■ Working with Business Partners

Formulation of the CSR Procurement Policy

As a general telecommunications operator responsible for social infrastructure, KDDI recognizes its duty to maintain a high level of corporate social responsibility (CSR). To fulfill this obligation, in the first half of FY2013 we plan to formulate and implement a CSR Procurement Policy to cover activities required not only of KDDI but also of members throughout the entire supply chain.

The CSR Procurement Policy's objective is to request that business partners participate in initiatives under themes in which KDDI is involved, supporting efforts to extend these initiatives throughout the supply chain. Going forward, we plan to reinforce our partnership structure based on business partners' understanding of and cooperation with the CSR Procurement Policy. This move should further increase our level of CSR procurement.

CSR Procurement Policy

* KDDI's CSR Procurement Policy is under consideration as of May 2013.

1. Mutual Harmony and Benefit with Business Partners

As we consider the companies with which we do business as partners, we strive to resolve issues throughout the entire supply chain and foster long-term, trust-based relationships in our aim for mutual prosperity and continued existence.

2. Environmental Consideration

We promote procurement activities that are considerate of the environment, and by reducing the unnecessary use of resources and energy we strive to reduce costs throughout the entire supply chain.

3. Fair and Equitable Transactions

In addition to complying with domestic and overseas laws and regulations in relation to our purchasing activities, we conduct transactions with business partners fairly and on an equal basis.

4. Consideration for Human Rights and Working Environments

We promote procurement activities that encourage respect for fundamental human rights, improve working environments, and ensure health and safety.

5. Appropriate Information Management

We fulfill our duty of confidentiality on confidential information and personal information obtained through procurement activities.

6. Ensuring Product Quality and Safety

We provide valuable products and services by working with our business partners to maintain or improve product quality and safety as well as services.

7. Coexistence with Society

As a good corporate citizen, we strive to coexist with local communities and work with our business partners to contribute to the realization of a sustainable society.

Reinforcement of Partnerships with Business Partners

KDDI considers the companies with which it conducts transactions to be important business partners. Accordingly, we conduct questionnaire-based surveys of our business partners, as well as our own departments that place orders with these companies, in an attempt to deepen shared understanding, build trust-based

relationships, and achieve mutual improvements in operational quality. We also have in place systems to provide direct feedback of questionnaire results to business partners and reward systems for recognizing business partners that earn particularly high marks.

To strengthen our partnerships, we have also extended the KDDI Group's Business Ethics Helpline to business partners, which serves as a contact point for employees with questions or concerns about business ethics and legal compliance.

Educational Support to au Shop Staff

KDDI believes that training au shop staff is an essential element of its efforts to pursue customer satisfaction on a host of fronts. We encourage au shop staff to learn efficiently and effectively by conducting group training for learning essential sales skills, and e-learning for new product information, where basic operational knowledge and rapid mastery is required.

In the second half of FY2012, KDDI revised the content of its qualification and certification system, with professional training recognizing sales efforts that generate high levels of customer satisfaction as "au Advisors," "au Masters," and "au Experts."

We also conducted "Multidevice Training" covering smartphones, tablets, and other multifunctional devices, and "FTTH Training" on au HIKARI and other fixed-line services. These courses, which go beyond product explanations to include proposals on adding value to customers' lifestyles, are designed to ensure customer service that leads to higher satisfaction levels.

Support for Content Providers

We work with content providers, who are our business partners, to provide customers with unlimited access to an extensive lineup of apps, coupons, cloud services, and other items through "au Smart Pass"—one way in which we propose attractive new value offerings to our customers.

We support content providers with a counter for face-to-face discussions and a helpdesk for Web site and telephone-based inquiries. This system gives our business partners direct access on the technical and operational fronts. To enhance satisfaction among content providers, each month we hold TCS* Promotion Meetings, attended by the heads of departments and divisions that work with content providers. At these meetings, we consider content providers' opinions and the results of questionnaire-based surveys and design improvement measures.

To enable content providers to provide content quickly and without inconvenience, going forward we plan to shorten website-based service procedures and clarify sections that are difficult to understand.

* An abbreviation for "total customer satisfaction," through which we recognize all stakeholders as "customers" and work toward their satisfaction.

■ Interacting with Shareholders and Investors

IR Basic Policy and Activity Guidelines

KDDI has formulated an IR Basic Policy, which the Company discloses on its Web site, explaining such matters as fundamental thinking regarding IR activities and the system for disclosing pertinent information. KDDI conducts IR activities in accordance with its "3 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.

3 IR Activity Guidelines

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

IR Activities in FY2012

Earnings presentation meetings are held quarterly to allow management to communicate the Company's results directly. We also enhanced communications, through such methods as meeting with investors 950 times and actively attending conferences sponsored by securities firms. Furthermore, we provide management with feedback incorporating the opinions of shareholders and investors in a timely manner.

Our communications with individual investors included holding 20 seminars for these investors (attended by approximately 1,800 people). KDDI also reinforced its communications by hosting facility tours for shareholders.

Principal IR Activities in FY2012

Content of Activity	KDDI participants	Times conducted	Number of participants
Earnings presentations	The president and executives in charge of individual businesses	4 times	400 people
For institutional investors and analysts	The president, executive in charge of IR, and others	950 times	—
Seminars for individual investors	The executive vice president, executive in charge of IR, and others	20 times	1,800 people



Earnings presentation



Company briefing for individual investors

TOPICS

Holding Facility Tours for Shareholders

KDDI held its first facility tour for shareholders in September 2012. We invited a selection of 40 shareholders to tour KDDI OCEAN LINK*, a submarine cable maintenance and repair ship that was berthed at a special dock in the Port of Yokohama.



Shareholders listening to an explanation of KDDI OCEAN LINK

On the day of the tour, its captain explained the ship's various equipment and instruments. The tour proved a meaningful opportunity to communicate with shareholders, who voiced such comments as "This unusual chance to tour a repair ship was a valuable experience," "It helped me understand the importance of submarine cable equipment," and "I hope to have the opportunity to tour other facilities in the future."

KDDI will continue reinforcing its communications with shareholders to encourage their understanding of the Company.

* This submarine cable maintenance and repair ship operated by KDDI subsidiary Kokusai Cable Ship Co., Ltd. (KCS), went into operation in 1992 to lay, bury, and perform repairs and maintenance on optical submarine cables. Equipped with a number of high-tech instruments, this ship is instrumental in the construction of new international communications networks.

Third-Party Evaluations

DATA Ranked 1st for excellence in corporate disclosure by securities analysts (Tele-communication / Internet category)

1st in the Tele-communication / Internet category

In FY2012, we earned high marks from third parties for our IR activities. We won the "Internet IR Best Company Award in 2012," by Daiwa Investor Relations Co., Ltd., marking our 8th consecutive year for this honor. We also received the "Award from Securities Analysts for Excellence in Corporate Disclosure" from the Securities Analysts Association of Japan's Corporate Disclosure Study Group and ranked 3rd overall out of 3,570 listed companies for the HP Depth Ranking by Nikko Investor Relations Co., Ltd. As of April 2013, KDDI is also included in the Morningstar Socially Responsible Investment Index*¹ in Japan, a principal indicator of socially responsible investments, and is included in investment universe*² designated "Ethibel EXCELLENCE" by Forum ETHIBEL*³ of Belgium.

*1 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.

*2 Group of stocks that can be included in the fund's investment

*3 An NPO based in Belgium, Forum ETHIBEL promotes socially responsible investment in Europe.



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.

* Issue where an information disparity occurs between people who have access to information and communication technology such as the computers and the internet and those who do not.

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

DATA Total contributions through the "+α Project" in FY2012

¥6,304,120

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, 2013, approximately 6,800 employees throughout Japan were registered as project members. In FY2012, we made contributions

to 30 charity groups, including "Tamashiro no Sato," an institution that provides support to people with hearing and other disabilities.

"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 Web site. Each click on the donation page is converted to ¥1, and KDDI donates the total amount to NPOs that undertake social contribution activities. In FY2012, total donations reached ¥2,966,701.

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.

To verify the effectiveness of broadband communications technology and wide-area applications in Bhutan, in FY2012 we built WiMAX and other pilot networks in 3 rural locations in the country. Also, in Micronesia we constructed systems to provide health clinics on remote islands that tend to be isolated from traffic and communications with access to the Internet and other modes of communication.

* 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.

TOPICS

An Award from the Republic of the Marshall Islands

At the 9th Asia Pacific Telecommunication and ICT Development Forum, sponsored by Asia-Pacific Telecommunity (APT) and held in Bangkok, Thailand, in August 2012, KDDI received an Award from the Republic of the Marshall Islands for its promotion of a project to build an ICT environment on Mejit Island.



KDDI employees receiving the award from the Republic of the Marshall Islands

This Award was in recognition of the KDDI Foundation's efforts in FY2011 to design and build Internet and other communications systems linking the island of Mejit and Majuro, the capital of the Republic of the Marshall Islands, which had previously had access only to shortwave voice communications.

■ Educational Support for Local Communities

Educational Support via Tablet Terminals (Multifunctional Portable Terminals)

Since October 2011, KDDI embarked on a trial using Android™ tablets with cooperation from the Yokohama Municipal Shirahata Elementary School. For this trial, KDDI provided the tablet terminals and the network environment, as well as a variety of applications.



Pupil using a tablet to study math

In this initiative, 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.

In November 2012, the school offered education providers information on courses employing Android™ tablets. These courses used two types of applications. The first employs arithmetic drills whose difficulty is gauged according to a student's progress. The second is for English, which is becoming a compulsory subject at elementary schools in Japan. This application uses English-language cards and encourages children to learn by playing games and listening to words pronounced by native English speakers. The school is also making student progress visible and has introduced an "e-portfolio" for sharing this information with guardians and teachers.

* Arithmetic drills were provided by Shogakukan Inc., and English-language content by the National Institute of Information and Communications Technology.

Career Education

A growing need exists to provide students with career training, which encourages them to consider their future roles in society and helps them decide on areas that fit the sort of life they want to lead. KDDI is addressing this situa-



KDDI employee delivering a career lecture

tion by developing various types of career education for junior high school, senior high school, and university students.

In January 2013, KDDI employees delivered lectures about careers at the Tokyo Metropolitan Itabashiyutoku High School. Included as part of the school's career guidance for first-year students, the lectures were designed to give students the opportunity to speak directly with people who have already taken their places in working society, help them better understand different vocations, and encourage them to think about their path for the future. A total of 70 students attended the lectures, in which KDDI Group personnel from various divisions explained the types of work they do.

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 World Assistance 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. The 8th KDDI School opened its doors in January 2013 in Cambodia's Banteay Meanchey Province. Construction and opening of the school was 1 activity designated to publicly commemorate the 60th anniversary of friendship between Japan and Cambodia.

Yasuhiko Ito, president of the KDDI Foundation, commenced his speech at the opening ceremony with a greeting in Khmer and encouraged the children by saying "Study and you can define your own future, as well as that of your country."



KDDI School opening ceremony



Educational Support in Developing Countries

In addition to the KDDI School, in FY2012 we supported the Small Art School, an NGO that teaches painting to Cambodian children.

Students' creations were used in a charity concert program, where proceeds were donated to the Small Art School.

■ 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 Japanese students studying overseas, and through awards for research projects of particular merit, providing approximately ¥70 million for such activities each year. The Foundation also conducts scientific demonstration classes for students at university-affiliated elementary and junior high schools.

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 2013, through this program the Foundation had accepted a total of 5,700 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.



Hosting overseas trainees

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."

Declaration to Support JICA Volunteer Activities

KDDI provides ongoing support of the overseas volunteer activities of the Japan International Cooperation Agency (JICA).

KDDI has set up a system that supports employees serving as Japan Overseas Cooperation Volunteers (JOCVs) and senior overseas volunteers in developing countries while maintaining their positions at the Company. Since 1967, 62 KDDI employees have taken advantage of this opportunity.

We also support JICA activities by holding corporate lectures that explain KDDI's support structure as part of JICA's presentations to solicit JOCVs.

* As part of this support, companies and associations whose current employees are taking part in JOCV and other JICA volunteer activities describe their activities via JICA's public relations (PR) magazine and Web site to introduce and proactively promote their initiatives and encourage interest in JICA volunteer activities.

Supporting the Growth of Venture Companies

"KDDI ∞ Labo" (Mugen Labo)

In 2011, KDDI introduced a program called "KDDI ∞ 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 lend engineers the terminals and servers

they need to develop services while also offering support in various other areas. In the 3rd phase of this program, which commenced in September 2012, from around 100 applications we selected 5 teams to participate. These teams developed applications during the 3-month course of the program.

After development, we evaluated the applications for their originality, marketability, and level of completeness. "tixee," an application developed by Live Styles Inc., was selected as the winning application. This application allows smartphones to search for events, purchase tickets, and admit ticket holders. In March 2013, we began phase 4 of the program, providing ongoing support for the quest to commercialize original ideas and technologies.



Participants in phase four of the "KDDI ∞ Labo" program

KDDI Open Innovation Fund

We established the KDDI Open Innovation Fund, which is managed by Global Brain Corporation, in February 2012 as a corporate venture fund to support promising startup companies. We have begun providing applications developed by TOLOT Inc. (headquartered in Koto-ku, Tokyo), JMTY Inc. (Shibuya-ku, Tokyo), and 3rd Kind Inc. (Shibuya-ku Tokyo), with financial assistance from this fund on "au Smart Pass."

Providing the "SmaBI" Business Startup and Management Support Service

In February 2013, KDDI began providing the "SmaBI" business startup and management support service in cooperation with PROJECT NIPPON Inc. (headquartered in Shinjuku-ku, Tokyo).

Leveraging the expertise that PROJECT NIPPON has built up through the operation of "DREAMGATE*," "SmaBI" automatically creates a company's articles of incorporation at its time of establishment and offers a legal document generation tool. This tool creates documents from a repository of more than 100 legal documents used in personnel administration, including those required when an employee joins or leaves a company. "SmaBI" also allows for the online creation of a specialized consulting body to assist with business startup and operation through a management advisory service called "The President's Chief of Staff," providing a full range of support for business startups.

* Launched in April 2003, "DREAMGATE" is Japan's largest business startup support platform site and is backed by the Ministry of Economy, Trade and Industry. Used by more than 400,000 entrepreneurs, the site counts among its business startup support experts some 500 venture capitalists, attorneys, accountants, and small and medium-sized enterprise management consultants. In addition to operating the "DREAMGATE" portal site, the company conducts seminars, events, business plan contests, and an entrepreneur award system.