

Social and Environmental Information

We have excerpted ESG information that is of particular importance to investors from our CSR information. See the following pages for more detailed CSR information.

[Sustainability Report 2014](#)

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



Human Resources

KDDI recognizes the importance of human resources in sustaining corporate value. Accordingly, we focus on recruiting and training human resources, which provide the foundations for our growth strategies.

Number of Employees on a Consolidated Basis and the “KDDI Philosophy”

Since its establishment through a merger of three companies in October 2000, KDDI has conducted numerous mergers and management integrations. As a result, from the time of establishment the number of employees has approximately doubled on a consolidated basis, to 27,073 as of March 31, 2014.

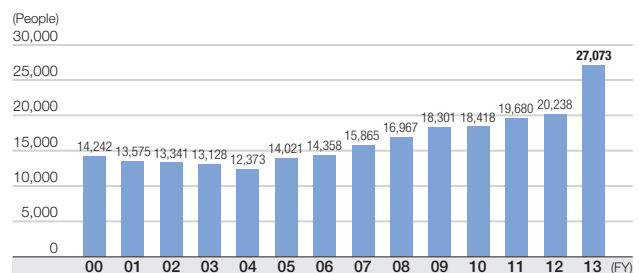
To bring together toward a common goal a workforce characterized by personnel with diverse attitudes and values, we have formulated the “KDDI Philosophy.” This philosophy indicates the type of company we aim to become and expresses the attitudes, values, and behaviors that employees need to exhibit to reach our goals. We are making every effort to ensure that all employees behave in keeping with the “KDDI Philosophy.”

Cultivating and Promoting Female Leaders

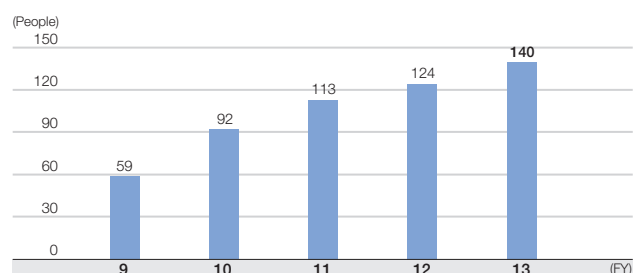
Since FY2012, we have focused on cultivating female leaders, aiming to provide a place for them to participate in corporate decision making and therefore reinforcing our power as a company. Specifically, we have set a goal of promoting 90 women (7% of the total) to positions as line managers, who have the authority to conduct personnel evaluations by FY2015. To that end, we launched a program for promoting female line managers in FY2012, and have since conducted programs involving workplace training, group training, study sessions, and communication with role models. At group training sessions, the president and other Board members participate in roundtables, providing evaluations on presentations. During FY2013, we introduced on a trial basis a system whereby general managers act as mentors for existing female line managers.

We are working to cultivate female managers, and these activities serve as the foundation we are building upon by promoting female leaders. The number of female managers at KDDI rose for the eighth consecutive fiscal year, to 140 as of March 31, 2014.

Number of Employees since Our Establishment (Consolidated basis)



Number of Female Managers



KDDI has set a specific target for the number of women to be promoted by FY2015, and supports efforts by women to develop their careers. As an evaluation of such initiatives, the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange denotes listed companies that take proactive steps to promote women as “Nadeshiko Issues,” a designation KDDI has earned for the second consecutive year.

We plan to continue encouraging the professional advancement of women, and we believe that management that incorporates a female viewpoint will lead to increased customer satisfaction.



Introduction of a New System of Executive Assistants

As a method of providing instruction on management techniques, in FY2012, we introduced a new job title, “Executive assistants,” for people who serve as assistants to directors. The executive assistants sit in on all meetings attended by their superiors, learning their management approaches from up close. We appointed 11 people to this new position in FY2013. Following their experience as assistants, these employees will be appointed to line manager positions in various departments.

By giving employees the opportunity to learn management techniques directly from the Company’s directors, we are cultivating the human resources for the KDDI of tomorrow.

Global Human Resource Cultivation

In response to the rapid wave of globalization, the KDDI Group is placing an emphasis on cultivating employees who have been locally hired overseas.

We position an understanding of the KDDI Philosophy as the basis for training. We also provide training on practical skills as needed according to employees’ positions and skills, including understanding of services, through Practical Level Training. Mid-Level Management Training aims to cultivate an understanding of business strategies and augment management skills, and Senior Management Training 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.

Mission Grade

The Mission Grade System that we introduced for managers in FY2013, clarifies the management roles of line managers and the professional roles of managers in non-line positions, setting their rank in accordance with the size of their roles. Rather than being evaluated on past operating performance, under this system the rank is defined according to their responsibility, authority, and degree of influence on the basis of current job performance. Our compensation system is designed to reward employees in accordance with their level of contribution.



Practical skills training for employees working overseas

[Supporting the Cultivation of Human Resources at Partner Companies] Holding the “au CS AWARDS” in Pursuit of High-Quality Customer Service

KDDI holds the “au CS AWARDS” to enhance the customer service skills of au shop staff. FY2013, marked the 10th such contest. 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 on their overall value proposals incorporating “3M Strategy” products.

We aim to maximize customer satisfaction by encouraging the spread of customer service skills on display at this contest to all our shops.



au shop staff demonstrating their customer service skills

Environment

KDDI is undertaking a host of initiatives to reduce its environmental impact through its business activities to prepare itself against future environmental risk.

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

The Third Medium-Term Environmental Conservation Plan that we formulated in FY2012 introduces three 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, 2014, we were making satisfactory progress toward reaching all of our targets. We had already met the goal of increasing the number of Tribrid Base Stations*1 to 100 by March 31, 2013. We will continue with initiatives to save electricity by making use of renewable energy.

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

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 Accounting

Noteworthy changes in parameters of environmental accounting during FY2013, were (1) the expansion of the scope of calculation through the addition of three consolidated subsidiaries (KDDI Evolva Inc., Japan Telecommunication Engineering Service Co., Ltd., and Chubu Telecommunications Co., Inc.) and (2) a year-on-year decrease in power consumption (MWh).

Coverage: KDDI and 16 major consolidated subsidiaries*2 Period: April 1, 2013 to March 31, 2014

Environmental protection costs		Transaction examples	FY2013 (Millions of yen)		FY2012 (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	151	0	141	0	9
	Global environmental protection costs	Power-saving wireless equipment for mobile base stations (Investment amount is calculated proportionally based on the power-saving effect.)	96,858	13,767	7,319	5,174	89,539	8,593
	Resource recycling costs	Reduction of paper resources, processing and disposal of waste products	0	252	0	378	0	(126)
Upstream / downstream costs		Collection, recycling, and reuse of merchandise and products	0	935	0	636	0	299
Administrative costs		Operation and updating of environmental ISO standards, disclosure of environmental information	0	78	1	96	(1)	(18)
R&D costs		R&D of technology, equipment, handsets, products, services, and other items conducive to reducing the environmental burden	0	121	0	130	0	(9)
Social activity costs		Donations and support for forest conservation activities and to environmental protection groups	0	31	0	16	0	15
Environmental damage restoration costs		Measures for prevention of asbestos spraying, restoration of polluted soil	0	0	0	0	0	0
Total			96,858	15,335	7,320	6,572	89,538	8,763

1. Environmental protection benefits (Physical)		Indicator category (Unit)	FY2013	FY2012	Change from previous year
(1) Benefits derived from business area	1) Benefits related to resources invested in business activities	Power consumption (MWh)	1,889,604	2,038,462	(148,858)
		Paper usage (t)	43,691	17,991	25,700
		Paper reduced by Bill on WEB (t)	3,481	3,339	142
	2) Benefits related to environmental burden and waste products discharged from business activities	Greenhouse gas emissions (t-CO ₂)	1,070,006	1,035,576	34,430
		Industrial waste emissions related to telecommunications facilities and buildings (t)	3,388	2,041	1,347
(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)	387	446	(59)

2. Economic benefits of environmental protection measures (Yen)		Substantive benefits (Major effects)	FY2013 (Millions of yen)	FY2012 (Millions of yen)	Change from previous year
Revenues		Revenues from sales through disposal of telecommunications facilities and buildings	631	502	129
Costs reductions		Reduction in energy costs by adopting the use of low-pollution vehicles	13	12	1
		Reduction in costs of new purchases by reusing disposed of telecommunications facilities	3,200	2,136	1,065
Total			3,845	2,650	1,195

*2 KDDI Web Communications Inc., mediba Inc., JAPAN CABLENET LIMITED (JCN), KDDI R&D Laboratories Inc., KDDI Research Institute, Inc., KDDI Engineering Corporation, KDDI Evolva Okinawa Corporation, KDDI Challenged Corporation, KDDI Technology Corporation (KTEC), TELEHOUSE International Corp. of Europe Ltd. (London), WebMoney Corporation, KDDI MATOMETE OFFICE CORPORATION, Okinawa Cellular Telephone Company, KDDI Evolva Inc., Japan Telecommunication Engineering Service Co., Ltd., Chubu Telecommunications Co., Ltd.

Offering Reliable Information and Communications Services

Ensuring a stable telecommunications infrastructure is both the foundation of KDDI's growth and its duty as a company that provides social infrastructure.

Initiatives for Providing Reliable Communications Services

KDDI owns an array of telecommunications facilities including optical cables and mobile phone base stations, which it maintains and operates via technical centers situated throughout Japan.

At operations centers scattered around the country, we also conduct centralized monitoring of telecommunications conditions 24 hours a day, 365 days a year. In the event of an outage, these centers control communications as appropriate, communicating with operational departments throughout Japan. With regard to communications service quality, we configure, analyze, and improve our facility operating system in line with stringent standards we have set for ourselves. In this manner, we strive to provide reliable communications services of consistently high quality.

Various Types of Operation Centers for Monitoring and Control

KDDI operates a variety of centers to ensure that customers can use its various telecommunications services securely. These include mobile operation centers that monitor au mobile phone networks; server operation centers for monitoring server equipment; network operation centers monitoring fixed-line backbone circuits; technical service centers that monitor leased lines and VPNs for corporate customers; IT outsourcing centers that monitor individual solution equipment and operate data centers; security operation centers for detecting, analyzing, and providing protection against cyber-attacks; and global network operation centers that have overall control of international lines. Through these seven types of centers, we monitor the status of telecommunications 24 hours a day, 365 days a year. If an outage should occur, the centers communicate with relevant departments in each region to mount a swift and effective response.

BCP for Large-Scale Disasters

Following our experiences in the March 2011 Great East Japan Earthquake, in October 2011 we formulated a Business Continuity Plan (BCP) for Large-Scale Disasters. We are pursuing a host of measures to address the plan's objective of "fulfilling our responsibilities to continue providing telecommunications services as a designated public institution." We have established detailed rules for each phase of response to disaster, from initial action through to full restoration. We are also creating satellite network links to principal bases throughout Japan in preparation for a scenario in which all fixed-line and mobile circuits cease to function, as well as putting in place a host of other measures.

In February 2014, the Disaster Response Office spearheaded efforts to connect the communications equipment of all branches

throughout Japan as part of disaster response training in anticipation of an earthquake directly under the Tokyo metropolitan area. We employ a completely "blind" method of training, in which participants are not told what sort of disaster to expect until just before training begins. This drill assumed that all communications were shut off immediately after the disaster struck, so disaster response meetings had to rely solely on communications via satellite networks, lending the training a sense of reality.

We will reflect in our future BCP for Large-Scale Disasters the issues and areas for improvement that became apparent as a result of this training, building the foundations for more robust disaster response going forward.



Disaster response training connecting the communications equipment of all branches throughout Japan

Introducing "Wide-Zone Base Stations for Disasters" Compatible with 4G LTE

In preparation for a large-scale electrical outage that might result from an event such as an earthquake directly under the Tokyo metropolitan area, we are introducing "Wide-zone Base Stations for Disasters" to provide backup if communications are lost over a widespread area. We commenced operation of these stations on February 26, 2014.

These base stations can handle voice transmission (1x), 3G communications (EVDO), and LTE communications (4G LTE). They are the first wide-zone base stations for disasters in Japan able to handle 4G LTE.

We are considering the introduction of wide-zone base stations to prepare for potential disasters not just in the Tokyo region but in areas throughout Japan.

Introduction of "Wide-Zone Base Stations for Disasters"

