



[Material Issue] Vitalizing the Company by Developing a Diverse Workforce

To achieve sustainable corporate growth amidst accelerating globalization in response to declining population brought about by a declining birthrate and rapid aging, and other dramatic changes in the business environment, KDDI is working to create a corporate culture in which employees of diverse individual characteristics and values, including gender, age and nationality, can respect and understand one another.

KDDI also believes that the professional advancement of women is essential to responding flexibly to diversifying customer needs and changing markets and we focus on cultivating and promoting female leaders, while offering diverse working arrangements to support their professional advancement in a variety of ways.

KPI for the Year Ended March 31, 2016	
Number of Female Line Managers (Ratio of female line managers)	
Target:	90 (7%)
Result:	94 (7.1%)

KDDI's Management

With the goal of transforming into a "Life Design Company", as set forth in our new Medium-Term Targets for the fiscal years ending March 31, 2017 to 2019, KDDI has established four frameworks, one of which is to build a stronger workforce. This includes utilization of diverse human resources, and promoting the professional advancement of women is one of those goals.

Building a stronger workforce	Introduction of talent management
	Shift of key personnel to strategically important divisions
	Global human resource cultivation
	Utilization of diverse human resources

Approach to Human Resource Development

To achieve the world KDDI envisions for its business, it is essential that we strengthen our business foundations, as well as take on the challenge of creating new value unique to KDDI centered around information and communications.

In human resource development, we make a variety of training programs available to provide opportunities for employee growth. As KDDI believes that individuals who are strongly driven toward self-directed growth and becoming agents of change, are more inclined towards self-development, rather than taking a passive approach.

For newly hired college graduates, we consider the first three years a time for developing their foundations as KDDI team members, and we require them to attend training once a year. Induction training focuses on learning the basics. Following job assignments, second year training primarily focuses on logical thinking, the foundation for the methods and concepts behind their work. Finally, third year training is designed to enhance practical skills associated with the ability to take action.

Cultivating and Promoting Female Leaders

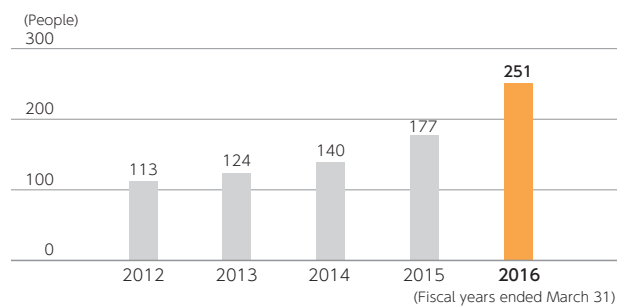
Since the fiscal year ended March 31, 2013, we have focused on cultivating female leaders, aiming to provide a place for them to participate in corporate decision-making and thereby reinforcing our power as a company.

Specifically, we set a goal for the fiscal year ended March 31, 2016 of promoting a total of 90 women to positions as line managers\*<sup>1</sup> (with female line managers then accounting for 7% of the total). To this end, we implemented a program for promoting female line managers from the fiscal year ended March 31, 2013 to the fiscal year ended March 31, 2015, and conducted programs involving workplace training, group training, study sessions and communication with role models. In group training sessions, the president and other Board members participated in roundtables, providing evaluations of presentations. As a result, we achieved our KPI, with 94 female line managers as of the end of March, 2016 (a ratio of female line managers of 7.1%), and we have since established a new goal of promoting a total of 200 women to line management positions by the fiscal year ending March 31, 2021.

Status as of March 31, 2016	
Number of female managers* <sup>2</sup>	251
Number of female line managers* <sup>1</sup>	94
Female officers* <sup>3</sup>	1

We are also expanding our initiatives to cultivate female managers, which serve as the foundation for developing female leaders. The number of female managers is 251, as of March 31, 2016, an increase for the 10th consecutive fiscal year. Beginning in the fiscal year ending March 31, 2017, we also began a program that aims to build a career pipeline by targeting junior female employees for possible promotion to management positions. We are advancing programs designed to produce female leaders with the goal of cultivating and promoting female executives and leaders.

Number of Female Managers



## Selected as a “Nadeshiko Brand” for the Fourth Consecutive Year

In the fiscal year ended March 31, 2016, KDDI was selected as a “Nadeshiko Brand” for the fourth consecutive year, following the fiscal years ended March 31, 2013, 2014, and 2015. This designation is conferred on listed companies that take proactive steps to encourage the success of women. We were also designated by the Ministry of Economy, Trade and Industry (METI) for inclusion in its Diversity Management Selection 100, which, along with the “Nadeshiko Brand” award, marks KDDI’s first double award.

The “Nadeshiko Brand” is a joint effort by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange to select and introduce companies that are attractive because of their proactive efforts to encourage the success of women. KDDI has been a “Nadeshiko Brand” since the fiscal year ended March 31, 2013.

The Diversity Management Selection 100 is an award conferred by METI on companies that enhance corporate value by embracing diversity in management, and has been offered since the fiscal year ended March 31, 2013. In the fiscal year ended March 31, 2016, METI began the New Diversity Management Selection 100, establishing new priorities including innovation in working styles, expanded fields of work, and the participation of foreigners in the workplace.



Also, in this program we also conduct e-learning course to help female leaders fulfill their potential.

\*1 Organizational leaders with the authority to conduct personnel evaluations

\*2 Including KDDI employees on loan outside of the company in addition to full-time KDDI employees

\*3 Outside Directors

## Establishing a System of Executive Assistants

As a method of providing instruction on management techniques, in the fiscal year ended March 31, 2013 we introduced a new job title, “executive assistant,” 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. As of the fiscal year ended March 31, 2016, 43 people had experience as an executive assistant, including 11 employed as executive assistants in the fiscal year ended March 31, 2016.

Following their experience as assistants, these employees are appointed to line managers in various departments. By giving employees the opportunity to learn management techniques directly from the Company’s directors, we are cultivating the human resources needed for the KDDI of tomorrow.

## Global Cultivation of Top-Level Executives and Next-Generation Executives

In the second half of the fiscal year ended March 31, 2016, we also began our new Global Intensive Program (GIP) and Global Intensive Program Junior (GIPJr.) for executive training. The goal of the program is to develop executives capable of managing our global business in global locations.

Participants in the GIP program spend six months away from their work, engaged in training overseas and in Japan. Upon completion of that training, they are assigned to new divisions and duties. Training for employees under the GIPJr. program takes place in Japan in parallel with their duties, requiring strong time management skills.

In the fiscal year ended March 31, 2016, a total of 15 employees participated in the training, 5 in the GIP program and 10 in GIPJr., learning the skills required for global personnel. Based on the results, we doubled the number of participants for the fiscal year ending March 31, 2017, and expanded training and preparation periods under the programs.

## Supporting the Cultivation of Human Resources at Partner Companies Holding the “au CS AWARDS”

The “au CS AWARDS” are held in various locations across Japan every year. The award program started in 2004 and is designed to achieve a higher level of customer satisfaction with au shops by enhancing the customer service skills of au shop staff.

The awards for the fiscal year ended March 31, 2016 were held around the theme of “My best customer service experience ever.” Outstanding au shop staff shared their ideas about everyday customer service with the goal of spreading positive examples of customer service, and by turning the entire venue into an opportunity for learning, gained additional ideas that will help to maximize customer satisfaction.

For the fiscal year ending March 31, 2017, the event is scheduled to be held around the theme of “Presenting and learning practical customer service skills to create the best purchasing experience for the customer.”



au shop staff demonstrating their customer service skills



[Material Issue] Creating a Safe and Secure Information and Communications Society

Rapid advances in ICT, including the proliferation of smartphones and mobile phones, are making society more convenient. At the same time, they can lead to trouble for children and other issues continue to be a concern, such as widening the digital divide among seniors.

By providing safe, secure, enjoyable products and services to all customers, including socially vulnerable groups such as children and seniors, KDDI aims to be the company of choice.

KPI for the Fiscal Year Ended March 31, 2016	
KDDI Smartphone and Mobile Phone Safety Classes	
Junior Course Satisfaction Level	
Target: 90 points	Result: 93.5 points
Senior Course Understanding Level	
Target: 83 points	Result: 83.1 points

KDDI Smartphone and Mobile Phone Safety Classes

KDDI, Okinawa Cellular, and KDDI Group Welfare Association\* have been conducting "KDDI Smartphone and Mobile Phone Safety Classes" throughout Japan since the fiscal year ended March 31, 2006 as a way to educate children on the safe and secure use of smartphones and mobile phones. The classes provide necessary information on rules and etiquette and teach children how to identify and protect themselves from trouble.

In the fiscal year ended March 31, 2016, we held 3,834 classes for elementary, junior high school, and high school students, as well as their guardians and teachers, representing a 17% year-on-year increase, and some 680,000 people attended the classes. From the time classes began in FY2005 through to the end of the fiscal year ended March 31, 2016, we had conducted these classes 17,013 times, for some 3.05 million people.

Children's use of smartphones, mobile phones, and the Internet for communications is becoming more sophisticated and diverse year by year. KDDI reevaluates its programs on an annual basis, using video explanations and updating materials and other content to incorporate learning materials that will further stimulate children's awareness.

In our programs for seniors, we also offer a Smartphone Course for Seniors and a Tablet Course for Seniors targeting people mainly under the age of 70 who either did not own a smartphone or who had a smartphone but did not know how to use it.

For these courses, KDDI employees serve as instructors, holding classes at regional facilities in coordination with municipal authorities. Each participant on the courses is loaned an au smartphone or tablet, and images of people actually performing the various operations are projected onto a screen, helping partic-

ipants to learn the basics of operating smartphones and tablets and gain experience in sending e-mail and using the Internet. In the fiscal year ended March 31, 2016, these classes were held 202 times, with approximately 3,200 people participating. Based on requests from many of the participants, in the fiscal year ending March 31, 2017 we plan to establish a new "Disaster Readiness Course" as well.

We will continue to listen carefully to participants' comments as we help seniors learn how to use smartphones and mobile phones enjoyably, safely, and securely.

\* In the fiscal year ended March 31, 2016, KDDI and Okinawa Cellular held classes at elementary and junior high schools in collaboration with the KDDI Group Welfare Association

Approach to Digital Inclusion

Under the government's "i-Japan Strategy 2015" announced in 2009, "digital inclusion" is defined as "a society in which digital technologies are accepted like air and water, without resistance, creating a condition of digital inclusion throughout the economy and society."

In line with this concept, KDDI focuses its activities on the following three pivot points, as it works to play a role in ensuring that ICT becomes a natural part of society, enabling users to lead secure, safe, comfortable lives without being actively aware of digital technologies.

1. Developing easy-to-use products and services

We aim to provide products and services that can easily be used by people with disabilities, seniors, and others.

2. Creating a secure, safe environment

In addition to maintaining the communications environment, we will examine ways to make systems and rate plans easier to use.

3. Acquiring skills for comfortable acceptance of ICT

We will conduct IT training and awareness programs aimed at contributing to improved consumer information literacy.



Mobile phone class held in cooperation between industry, academia and government



KDDI Smartphone and Mobile Phone Safety Class for seniors



[Material Issue] Initiatives to Conserve the Global Environment

As a telecommunications company, KDDI has the important responsibility of providing uninterrupted communications services 24 hours a day, 365 days a year. To ensure this capability, we are introducing tribrid base stations powered by renewable energy and extending their battery life to 24 hours. This move reduces the amount of electricity required to operate base station facilities and data centers, which should lead to higher profits.

Furthermore, there are ongoing initiatives against global warming to cut greenhouse gas emissions. As a result, in addition to ensuring ongoing service quality, these efforts prepare for future environmental risk.

**KPI for the Fiscal Year Ending March 31, 2017**

Reduce Electric Power Consumption by the Fiscal Year Ending March 31, 2017 (compared with the level if energy-saving measures had not been implemented)

Target: **30%**

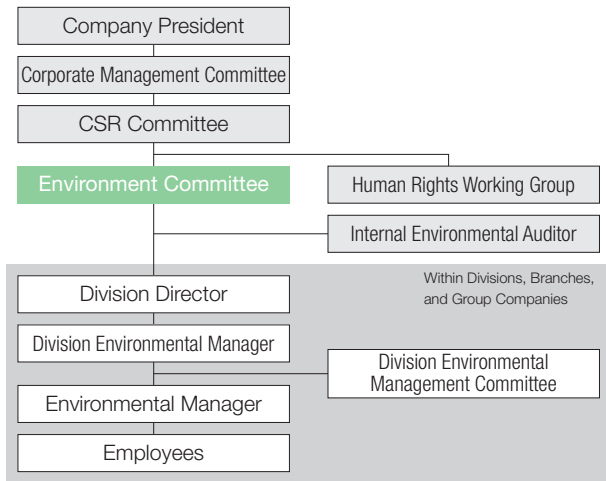
**Making progress on the basis of attaining the target**

KDDI's Environmental Management Regime

The KDDI Group has formed an environmental management system centered on the KDDI Environment Committee. Comprising members from each division, branch, Group company, and related organization, the committee promotes efficient environmental preservation activities throughout the Group. KDDI has acquired ISO 14001 certification for this management system.

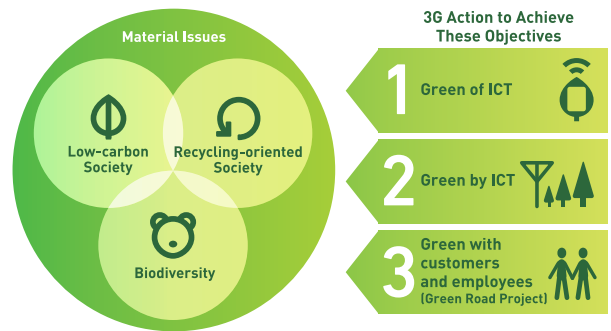
As of March 31, 2016, this certification had been obtained for KDDI, 20 of its 83 consolidated subsidiaries in Japan (24%), one overseas consolidated subsidiary, and four affiliated organizations.

KDDI Group's Environmental Management Regime



Third Medium-Term Environmental Conservation Plan "KDDI GREEN PLAN 2012-2016"

As its five-year environmental preservation plan beginning in the fiscal year ended March 31, 2013, KDDI has formulated the "KDDI GREEN PLAN 2012-2016," its third Medium-Term Environmental Conservation Plan. This plan introduces three material issues, "low-carbon society," "recycling-oriented society," and "biodiversity," and sets specific targets for each. To reach these goals, we are promoting 3G Actions ("Green of ICT," "Green by ICT," and "Green with customers and employees (Green Road Project)") to enhance our contribution to environmental preservation.



KDDI GREEN PLAN 2012-2016

Specific Targets for Material Issues

Material Issues	Targets
Low-Carbon Society	(1) By the fiscal year ending March 31, 2017, reduce electric power consumption by 30%, compared with the level if energy-saving measures had not been implemented. (2) By the fiscal year ending March 31, 2017, lower electric power consumption per subscriber*1 by 15%, compared with the fiscal year ending March 31, 2012. (3) By the end of the fiscal year ending March 31, 2013, increase the number of tribrid base stations to 100.
Recycling-Oriented Society	(1) Achieve zero emissions*2 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.

\*1 Total for au + FTTH

\*2 "Zero emissions" is defined as a final processing ratio of 1% or less.

Progress on the Third Medium-Term Environmental Conservation Plan

We are working toward specific targets to be achieved by the fiscal year ending March 31, 2017 under the Third Medium-Term Environmental Conservation Plan that we formulated in the fiscal year ended March 31, 2013. As of March 31, 2016, we recognized that meeting our goal to "achieve a material recycling ratio for general waste of 90% or more at KDDI-owned buildings and in the headquarters building" would be problematic, as meeting this target is dependent on the facility specifications and processing areas of waste-processing contractors. However, we are on track

toward our other goals, including one to increase our number of tribrid base stations to 100—a target we had already met as of March 31, 2013.

“Green of ICT”

Reducing Electric Power Consumption in Base Stations Undertaking Disaster Measure Initiatives

The dense blanket of au mobile phone base stations covering Japan accounts for 60% of the total energy consumed by KDDI. Accordingly, we are placing topmost priority on initiatives to reduce the electricity that base stations consume. In March 2011, when the Great East Japan Earthquake struck, some 77% of the base stations that ceased to operate in the aftermath of the earthquake (in six 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.

To address this issue, KDDI is installing tribrid base stations and extending base station battery life to 24 hours. We are moving forward with this initiative, which has the dual benefit of reducing environmental impact and serving as a disaster countermeasure.

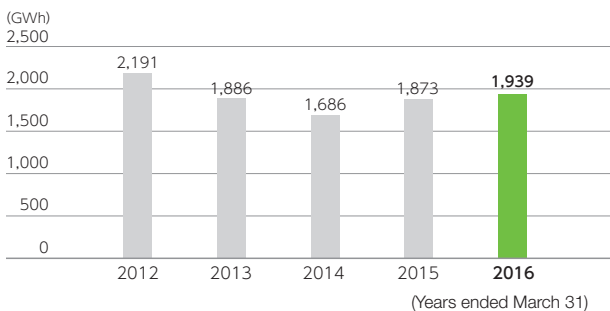
Tribrid base stations employ tribrid power control technology that uses three types of power efficiently according to the time of day and changes in the weather. This technology combines typical commercial electric power with generation from solar panels and batteries charged with nighttime power. Compared with base stations that use only conventional electric power, tribrid base stations have been confirmed to reduce annual CO<sub>2</sub> emissions by as much as 30%. As of March 31, 2016, we have 100 of these base stations in operation around Japan.



Tribrid base station

Serving as backup in case power is interrupted, KDDI had installed batteries

Power Consumption Trends



with life extended to 24 hours at 2,200 base stations as of March 31, 2016. These batteries are in place mainly in prefectural and municipal government offices and train stations serving more than 100,000 passengers per day. We plan to continue installing these batteries after measuring their effect on reducing environmental impact.

Responding to Scope 1, 2 and 3 Emissions through Efforts throughout the Supply Chain

To quantify and disclose environmental impact, KDDI regularly conducts life-cycle assessments (LCA) of its products and services to determine the amount of CO<sub>2</sub> generated at each stage of operations—from manufacturing and use to disposal or recycling\*1. In recent years, efforts to visualize (determine, manage and report information on) emissions throughout a company's supply chain have gained momentum, and guidelines\*2 have been formulated for this purpose. Based on these guidelines, we have been calculating greenhouse gas emissions throughout the supply chain since the fiscal year ended March 31, 2013. For business activities in the fiscal year ended March 31, 2016, Scope 3 greenhouse gas emissions accounted for 80.36% of the total (which includes Scope 1, 2, and 3 emissions), lower compared to the previous fiscal year in each category. During the year, measurement clarified that our Category 1 and Category 2 emissions continued to represent an increasing share of the total. Accordingly, we will continue undertake efforts to reduce these emissions. To increase the reliability of our Scope 1 and 2 calculations, we have received third-party verification by Lloyd's Register Quality Assurance Limited.

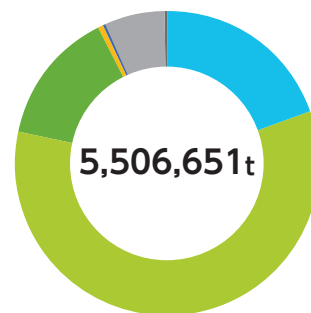
Moreover, to increase the reliability of our Scope 3 calculations, we have received third-party verification by the Waseda University Environmental Research Institute.

We will push ahead with efforts to identify Scope 1, 2, and 3 CO<sub>2</sub> emissions and undertake measures to reduce our environmental impact.

\*1 Environmental impact during disposal and recycling is included in environmental impact at manufacturing.

\*2 Green Value Chain Platform

Calculation Results for CO<sub>2</sub> Emissions in the fiscal year ended March 31, 2016



Scope 1	0.10%
Scope 2	19.54%
Scope 3	80.36%
Category 1	58.78%
Category 2	14.10%
Category 3	0.64%
Category 4	0.13%
Category 5	0.01%
Category 6	0.09%
Category 7	0.08%
Category 8	0.02%
Category 9	0.00%
Category 10	0.00%
Category 11	6.47%
Category 12	0.02%
Category 13	0.00%
Category 14	0.00%
Category 15	0.00%
Total	100.00%