

# ESG

## Governance

By proactively adhering to Japan's Corporate Governance Code and practicing the KDDI Group Philosophy (P34), which we consider inseparable from the standpoint of corporate management, we will endeavor to enhance corporate governance throughout the KDDI Group, including its subsidiaries, to achieve sustainable growth and increased corporate value over the medium to long term.

- P22 Executive Members
- P24 Corporate Governance
- P29 Compliance
- P30 Risk Management and Internal Controls
- P31 Disclosure and IR

## KDDI's Material Issues for CSR

KDDI has identified four material issues for CSR as priority tasks to be addressed. Among the numerous issues we face in relation to our businesses, we identified those of highest concern to society and initiatives that we need to focus on to achieve sustainable growth together with society.

### P32 [Material Issue: Governance]

Offering Reliable Information and Communications Services

KPI: Improvement rate on issues identified in Companywide disaster response training in FY2016.3

FY2017.3 Target: **100%** → Result: **100%**

### P33 [Material Issue: Society]

Creating a Safe and Secure Information and Communications Society

KPI: KDDI Smartphone and Mobile Phone Safety Classes (Example)

Junior Course Satisfaction Level

FY2017.3 Target: **90** points → Result: **93.7** points

Senior Course Understanding Level

FY2017.3 Target: **83%** → Result: **82%**

### P34 [Material Issue: Society]

Vitalizing the Company by Developing a Diverse Workforce

KPI: **200** female line managers appointed (by March 31, 2021) (Example)

**111** as of April 1, 2017

### P36 [Material Issue: Environment]

Initiatives to Conserve the Global Environment

KPI: Reduce electric power consumption by FY2017.3 (compared with the level if energy-saving measures had not been implemented) (Example)

FY2017.3 Target: **30%** → Result: **41.8%**

### [Revision of Material Issues for CSR]

KDDI has started to revise the material issues for CSR specified in 2008, in response to recent dramatic changes in social trends.

In specifying the material issues for CSR, we have tested them against the GRI standard. We have based them on the UN Sustainable Development Goals (SDGs) to provide a perspective for stakeholder evaluation, and we have tested their appropriateness through various modes of stakeholder engagement, such as dialogue with external experts. For details of the revision process, please refer to "Integrated Report (Detailed ESG Version)".

For more detailed ESG information not included in this report, please refer to "Integrated Report (Detailed ESG Version)."

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

# Executive Members

(As of June 21, 2017)

## Directors



### Tadashi Onodera

Chairman

Number of the Company's shares held: 241,400

Feb. 1948 Born  
 June 2001 President  
 June 2005 President and Chairman  
 Dec. 2010 Chairman  
 June 2013 Director, Kyocera Corporation  
 (Current position)  
 June 2014 Director, Daiwa Securities Group Inc.  
 (Current position)  
 June 2015 Chairman (Current position)



### Takashi Tanaka\*

President

Number of the Company's shares held: 57,000

Feb. 1957 Born  
 June 2007 Managing Executive Officer, Director  
 June 2010 Senior Managing Executive Officer, Director  
 Dec. 2010 President (Current position)  
 Apr. 2017 Executive Director, Corporate &  
 Marketing Communications and Life  
 Design Business Sector  
 (Current position)



### Hirofumi Morozumi\*

Executive Vice President, Director

Number of the Company's shares held: 28,500

May 1956 Born  
 June 2003 Managing Executive Officer, Director  
 June 2007 Senior Managing Executive Officer, Director  
 Apr. 2010 Executive Director, Corporate Sector  
 (Current position)  
 June 2010 Executive Vice President, Director  
 (Current position)



### Makoto Takahashi\*

Executive Vice President, Director

Number of the Company's shares held: 25,400

Oct. 1961 Born  
 June 2007 Managing Executive Officer, Director  
 June 2010 Senior Managing Executive Officer, Director  
 June 2016 Executive Vice President, Director  
 (Current position)  
 Apr. 2017 Company Executive Director of Business  
 Development  
 Executive Director, Value-added Business  
 Sector and Corporate Strategy Planning  
 Division (Current position)



### Yuzo Ishikawa\*

Executive Vice President, Director

Number of the Company's shares held: 38,300

Oct. 1956 Born  
 June 2010 Managing Executive Officer, Director  
 June 2011 Senior Managing Executive Officer, Director  
 June 2016 Executive Vice President, Director  
 (Current position)  
 Apr. 2017 Company Executive Director of Sales  
 Executive Director, Consumer Business,  
 Media and CATV Business, and Product &  
 Customer Service Sector (Current position)



### Yoshiaki Uchida

Senior Managing Executive Officer, Director

Number of the Company's shares held: 12,700

Sept. 1956 Born  
 Apr. 2013 Executive Officer  
 Apr. 2014 Managing Executive Officer  
 June 2014 Managing Executive Officer, Director  
 Apr. 2016 Executive Director, Technology Sector  
 (Current position)  
 June 2016 Senior Managing Executive Officer,  
 Director (Current position)



### Takashi Shoji

Managing Executive Officer, Director

Number of the Company's shares held: 9,900

Sept. 1958 Born  
 Oct. 2010 Executive Officer  
 Apr. 2014 Managing Executive Officer  
 June 2016 Managing Executive Officer, Director  
 (Current position)  
 Apr. 2017 Executive Director, Solution Business  
 and Global Business Sector (Current  
 position)



### Shinichi Muramoto

Managing Executive Officer, Director

Number of the Company's shares held: 7,800

Mar. 1960 Born  
 Oct. 2010 Executive Officer  
 Apr. 2016 Managing Executive Officer  
 Deputy General Manager, Corporate  
 Sector (Current position)  
 June 2016 Managing Executive Officer, Director  
 (Current position)



### Keiichi Mori

Managing Executive Officer, Director

Number of the Company's shares held: 4,700

Feb. 1960 Born  
 Oct. 2014 Executive Officer  
 Apr. 2017 Managing Executive Officer  
 Deputy Executive Director, Solution  
 Business Sector and General Manager,  
 IoT Business Development Division  
 (Current position)  
 June 2017 Managing Executive Officer, Director  
 (Current position)

## Goro Yamaguchi

Director

Number of the Company's shares held: 0

Jan. 1956 Born  
 June 2009 Director and Managing Executive Officer of KYOCERA Corporation  
 Apr. 2013 President and Representative Director, President and Executive Officer of KYOCERA Corporation  
 Apr. 2017 Chairman of the Board and Representative Director of KYOCERA Corporation (Current position)  
 June 2017 Director of KDDI (Current position)

## Kuniko Tanabe

Director

Number of the Company's shares held: 1,500

Apr. 1945 Born  
 Mar. 1973 Registered as attorney at law  
 Feb. 1982 Joined Tanabe & Partners, Partner (Current position)  
 June 2003 Audit & Supervisory Board Member of DAIDO METAL CO., LTD. (Current position)  
 June 2015 Director of KDDI (Current position)

## Nobuyori Kodaira

Director

Number of the Company's shares held: 0

Mar. 1949 Born  
 June 2010 Senior Managing Director of Toyota Motor Corporation  
 June 2011 Director and Senior Managing Officer of Toyota Motor Corporation  
 June 2012 Executive Vice President of Toyota Motor Corporation  
 June 2013 Director of KDDI (Current position)  
 June 2015 Aichi Steel Corporation, Audit & Supervisory Board Member (Current position)  
 June 2016 Member of the Board of Directors of Toyota Motor Corporation

## Yoshiaki Nemoto

Director

Number of the Company's shares held: 200

Dec. 1945 Born  
 Apr. 1995 Professor, Graduate School of Information Sciences, Tohoku University  
 Apr. 2000 Head of Information Synergy Center, Tohoku University  
 Apr. 2004 Councillor of Educational Research Board, Tohoku University  
 Apr. 2008 Director, Tohoku University  
 Apr. 2012 Director General of Resilient ICT Research Center, the National Institute of Information and Communications Technology (NICT)  
 June 2016 Director of KDDI (Current position)

## Shinji Fukukawa

Director

Number of the Company's shares held: 5,800

Mar. 1932 Born  
 June 1988 Retired as Vice-Minister of Ministry of International Trade and Industry  
 Dec. 1988 Senior Advisor of Global Industrial and Social Progress Research Institute (Current position)  
 Nov. 2002 Chairman of Japan Industrial Partners, Inc. (Current position)  
 Nov. 2003 Administrative Director of Toyo University (Current position)  
 Dec. 2012 Chairman of Toyo University (Current position)  
 June 2014 Director of KDDI (Current position)  
 July 2014 Director of Kanamic Network Co., LTD (Current position)

## Audit & Supervisory Board Members

### Hiroshi Kobayashi

Audit & Supervisory Board Member

Number of the Company's shares held: 10,800

### Kouichi Ishizu

Audit & Supervisory Board Member

Number of the Company's shares held: 12,800

### Akira Yamashita

Audit & Supervisory Board Member

Number of the Company's shares held: 100

### Kakuji Takano

Audit & Supervisory Board Member

Number of the Company's shares held: 500

### Nobuaki Katoh

Audit & Supervisory Board Member

Number of the Company's shares held: 0

\* Directors with representative rights

Outside directors and Audit & Supervisory Board members

Independent directors and Audit & Supervisory Board members

## Composition of Directors and Advisory Committees

Name	Newly appointed	Representative rights	Independent	Outside	Execution of business	Nomination Advisory Committee	Remuneration Advisory Committee	Other
Tadashi Onodera						○	○	Chairman of Board of Directors
Takashi Tanaka		○			○	○	○	
Hirofumi Morozumi		○			○			
Makoto Takahashi		○			○			
Yuzo Ishikawa		○			○			
Yoshiaki Uchida					○			
Takashi Shoji					○			
Shinichi Muramoto					○			
Keiichi Mori	○				○			
Goro Yamaguchi	○			○		○	○	Chairman of Remuneration Advisory Committee Vice Chairman of Nomination Advisory Committee
Nobuyori Kodaira				○		○	○	Chairman of Nomination Advisory Committee Vice Chairman of Remuneration Advisory Committee
Shinji Fukukawa			○	○		○	○	
Kuniko Tanabe			○	○		○	○	
Yoshiaki Nemoto			○	○		○	○	

# Corporate Governance



## Basic Views on Corporate Governance

As a telecommunications operator that provides social infrastructure, the Company has the important social mission of providing stable communications services on an ongoing basis, 24 hours a day and 365 days a year, regardless of conditions. Furthermore, as a telecommunications operator, our business derives from utilizing radio waves—an important asset shared by all citizens. Accordingly, we recognize that we have the social responsibility to address the issues society faces and seek to resolve them through telecommunications.

Attaining sustainable growth and increased corporate value over the medium to long term is essential to achieving this social mission and social responsibility. Furthermore, we strive to engage

in dialogue with all our stakeholders, including customers, shareholders, business partners, employees, and local communities, and work in cooperation to proactively address societal issues. In this manner, we aim to contribute to the development of a safe, secure, and truly connected society.

We recognize reinforcing corporate governance as important to achieving sustainable growth and increased corporate value over the medium to long term. Accordingly, we are in accordance with the tenets of the “Corporate Governance Code” defined by the Financial Instruments and Exchange Act. While maintaining transparency and fairness, we endeavor to enhance our structures for ensuring timely and decisive decision-making.



### 1 | Board of Directors |

At KDDI, Board of Directors resolutions determine:

- Matters prescribed by the Companies Act or other laws and regulations
- Matters prescribed by the Articles of Incorporation
- Matters delegated for resolution at the general shareholder meeting, and
- Other important management-related matters.

For other important management-related matters, their importance is determined according to such factors as the scale of money, business, assets, and investment involved.

These decision standards for importance are not permanent. Rather, they are reviewed appropriately in accordance with changes in the legal system and the environment in which the Company operates, with the aim of ensuring management speed and effectiveness.

### 2 | Advisory Committee |

KDDI has formed a Nomination Advisory Committee and a Remuneration Advisory Committee to discuss with and provide advice to the Board of Directors to maintain both transparency and objectivity on the system of nomination of executive candidates and Audit & Supervisory Board member candidates and the level of remuneration for executives.

The Chairman, Vice Chairman and half or more of the members of these committees are outside directors.

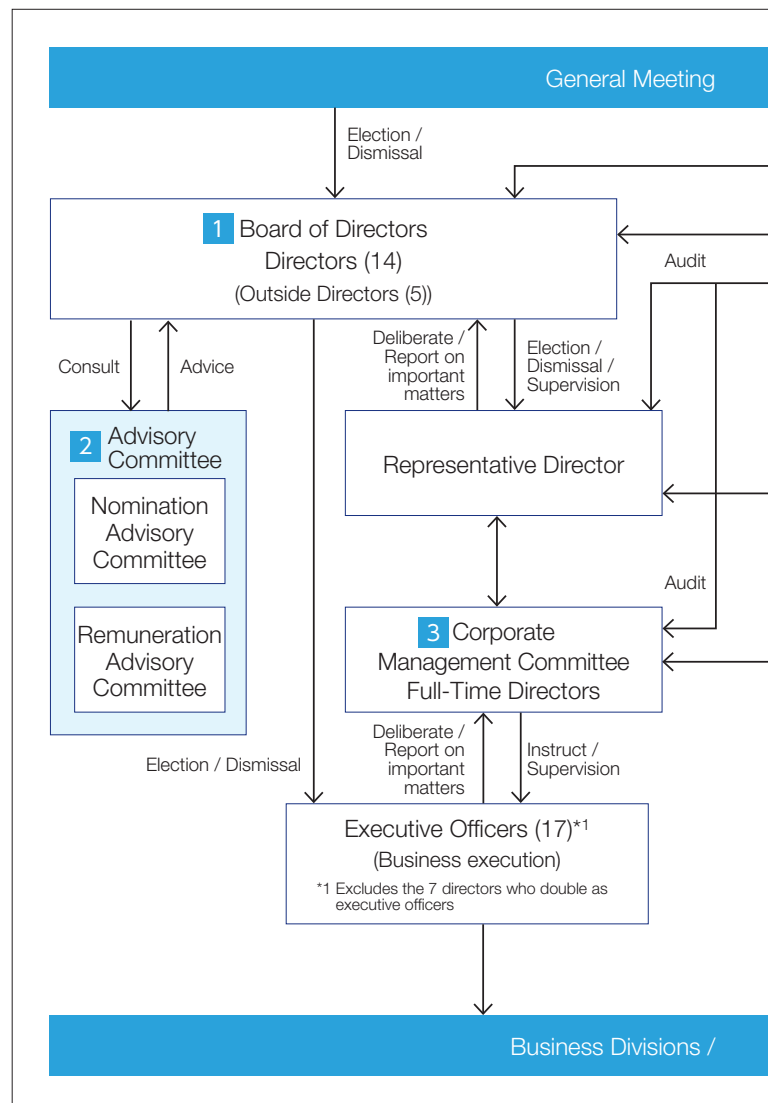
### 3 | Corporate Management Committee |

Comprised of internal directors, executive officers and others, the Corporate Management Committee deliberates and decides on basic management policies and other important matters concerning the Company and KDDI Group affiliates and subsidiaries.

### 4 | Audit & Supervisory Board/ Audit & Supervisory Board Members |

Audit & Supervisory Board members conduct their audit work based on audit policies and plans established by the Audit & Supervisory Board, and carry out their work by attending meetings of the Board of Directors, the Corporate Management Committee, and other major internal meetings. The Audit & Supervisory Board receives reports on the audit methods of Audit & Supervisory Board members and their results, discusses them, and offers its opinions, as appropriate, at meetings of the Board of Directors.

## Corporate Governance Framework (Simplified Version)



In addition to our corporate credo and mission statement, we have formulated the “KDDI Group Philosophy,” which defines perspectives, values, and a code of conduct that officers and employees should share. We conduct activities to promote awareness of this philosophy throughout the Company.

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

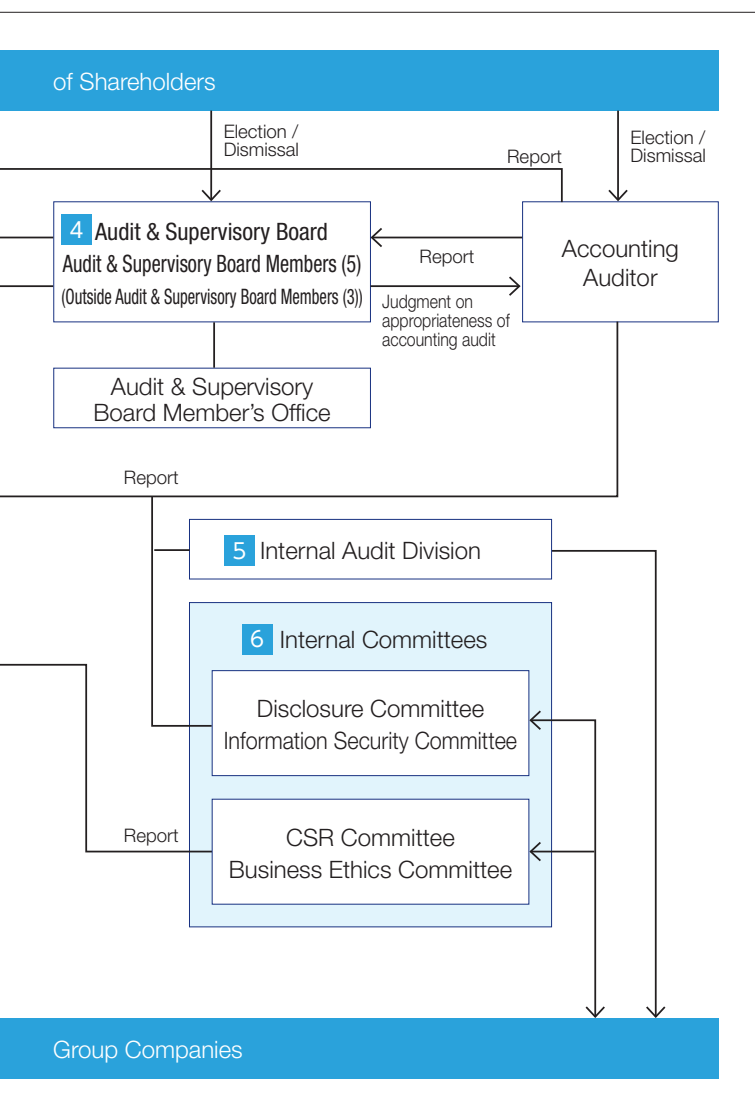
### Response to Japan’s Corporate Governance Code

By appointing an Audit & Supervisory Board member with expertise in finance and accounting at the Company’s June General Meeting of Shareholders, we are in compliance with all aspects of the Code, but we are also working to further enhance governance.

### Organizational Form

Company with an Audit & Supervisory Board

(As of June 21, 2017)



### 5 | Internal Audit |

KDDI conducts internal audits targeting all the operations of the Group, and regularly reviews the appropriateness and effectiveness of internal controls. The results of these internal audits are reported to the president and the Audit & Supervisory Board members, along with recommendations for improvement and correction of any problems.

### Policy on Transactions between Related Parties

In accordance with the Companies Act, the Company requires competitive or conflict-of-interest transactions by directors to be approved by and reported to the Board of Directors.

Individual transactions with major shareholders are conducted in accordance with “Appropriate Accounting and Adherence to Agreements,” one of the basic principles of the KDDI Code of Business Conduct. In line with this principle, such transactions are decided upon in the same manner as other transactions through internal requests for decision, rather than by setting special standards. In addition, internal requests for decision are checked by Audit & Supervisory Board members.

The representative directors of Kyocera Corporation and Toyota Motor Corporation, which are major shareholders of the Company, serve as outside directors of the Company. Accordingly, we ensure governance by striking a balance between comprehensive approval by the Board of Directors and reports and internal requests for decisions on individual transactions.

### 6 | Internal Committees |

We have put in place the KDDI Group Business Ethics Committee (P. 29) to deliberate and make decisions on compliance-related items for the Group. We have also established a Disclosure Committee (P. 31) to contribute to enhancing governance, as well as an Information Security Committee (P. 30) and a CSR Committee, set up with the goal of a strategic integration of management and CSR.

### Policies and Procedures Involving the Nomination of Director and Audit & Supervisory Board Member Candidates by the Board of Directors

The nomination of director and Audit & Supervisory Board member candidates involves deliberation by the Nomination Advisory Committee following a selection of candidates based on the following standard. In addition, Audit & Supervisory Board member candidates are approved by the Board of Directors following approval by the Audit & Supervisory Board.

KDDI believes that in deciding on matters, including those important to management, and in exercising supervision as required by law, it is essential that the composition of the Board of Directors as a whole ensures a high level of specialized expertise and a diversity of perspectives, and we therefore base our selections on the following types of Board members.

#### Director Candidates

- Specialist knowledge or experience in various fields of business
- Knowledge of management
- Highly degree of independence and specialist knowledge appropriate for supervising

The Company has currently elected one female independent outside director.

KDDI believes that the size of the Board of Directors should be kept to a number appropriate to ensuring a balance between effective management and prompt decision-making, and its Articles of Incorporation has set a maximum of 20 members.

#### Audit & Supervisory Board Member Candidates

People who are able to supervise overall management from a perspective independent from directors and who have the extensive experience and broad-ranging insight to enhance audit appropriateness.

### Decision Standards for Independence of Outside Executives

In addition to the outside director requirements in the Companies Act and the independence standards provided by financial instruments exchanges, the Company has formulated its own standards. Specifically, these standards state that people hailing from business partners making up 1% or more of the Company's consolidated net sales or orders placed are not independent.

### Analysis and Evaluation of the Effectiveness of the Board of Directors

#### Objective of Board of Director Evaluations

To ensure a correct understanding of the current status of its Board of Directors and to work toward continuous improvement, KDDI has its Board of Directors conduct regular annual self-evaluations.

#### Overview of the Evaluation Process

The Company verifies the effectiveness of its Board of Directors based on an evaluation by the directors and the Audit & Supervisory Board members. The evaluation is conducted in questionnaire form, combining a four-grade rating scale with free space for comments. This supports our efforts to validate the effectiveness of our initiatives and uncover any areas for improvement from both a quantitative and qualitative perspective.

The evaluation targets the most recent one-year period, and is conducted regularly on an annual basis. The results are reported to the Board of Directors, which then considers future countermeasures.

Key items for evaluation are as listed below.

- Operation of the Board of Directors (including composition, documentation and explanations, provision of information, etc.)
- Management supervision (including conflicts of interest, risk management, and management of subsidiaries, etc.)
- Medium to long-term discussions (examination in medium-term management planning, monitoring of plan execution, etc.)

#### Overview of Evaluation Results

##### Summary

The Board of Directors was evaluated highly for comprising directors with multifaceted viewpoints, providing an environment in which outside directors can fully exercise their respective areas of expertise, and allowing free and open discussion. The Board was also seen as functioning effectively in terms of timely, appropriate decision-making and supervision of management.

##### Improvements over the Previous Evaluation

Improvements were verified in areas that had been pointed out as issues in the previous evaluation. These included providing opportunities for those in charge of the Company's operating divisions to explain their respective businesses and strategies to the outside directors, as well as distributing materials prior to Board of Director meetings and accepting questions in advance of deliberations so that responses can be incorporated in explanations offered at those meetings.

Discussions of medium to long-term management strategy have also taken on greater substance with the inclusion of outside directors in such discussions from the development stage of medium-term management plan formulation.

##### Future Issues to be Addressed

Feedback indicates that, going forward, it would be advisable to further enhance discussion of strategies for sustained growth, including the long-term outlook for the management environment and policies for responding to changes in that environment.

Based on these findings, we will continue to work toward ongoing improvement.

## Reasons for Appointment as Outside Officers and Principal Activities (FY2017.3)

Name	Reason for appointment as an outside director of the Company	Principal activities
Goro Yamaguchi	Mr. Yamaguchi has abundant management experience and superior knowledge gained in his role as representative director and president of one of the world's leading manufacturers of electronic components and equipment. We wish to leverage his wide-ranging opinions, taking a medium- to long-term perspective, to contribute to the enhancement of the Company's corporate value, primarily in the area of IoT, which the Company will be pursuing going forward. Accordingly, he has been appointed as a director.	—
Nobuyori Kodaira	Mr. Kodaira has abundant corporate management experience and superior knowledge gained in his role as an executive at one of the world's leading automobile manufacturers, and as its global Chief Risk Officer. In the Board of Directors meetings, he has offered many wide-ranging opinions with regard to the Company's management on strategy and risk management, taking a medium- to long-term perspective, and taking our future competitive environment into consideration. We wish to continue benefitting from his contributions to the enhancement of the Company's corporate value. Accordingly, he has been appointed a director.	Attended 11 of the 12 meetings of the Board of Directors
Shinji Fukukawa	Mr. Fukukawa has abundant experience and superior knowledge he has gained from many years of practical experience in the public sphere and involvement in the execution of business at various organizations. In the Board of Directors meetings, he has offered many wide-ranging opinions from an independent position from the management team with regard to the Company's management, based on changes in economic and social trends, and taking a medium- to long-term perspective. We wish to continue benefitting from his contributions to the enhancement of the Company's corporate value. Accordingly, he has again been appointed a director. Moreover, with this background, we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has been appointed as an independent director.	Attended 12 of the 12 meetings of the Board of Directors
Kuniko Tanabe	Ms. Tanabe has abundant experience and superior expert insight, cultivated as the partner at a law office. In the Board of Directors meetings, she has offered many expert opinions from an independent position from the management team regarding legal risk management, taking a medium- to long-term perspective. We wish to continue benefitting from her contributions to the enhancement of the Company's corporate value. Accordingly, she has again been appointed a director. Moreover, with this background, we judge there to be no risk of a conflict of interest with general shareholders and accordingly she has been appointed as an independent director.	Attended 12 of the 12 meetings of the Board of Directors
Yoshiaki Nemoto	Mr. Nemoto has a high level of knowledge in information processing, communications and network engineering, which is directly relevant to the business of the Company, as well as a deep understanding of disaster prevention that is valuable for the operation of our business. In the Board of Directors meetings, he has offered many expert opinions from an independent position from the management team regarding operational policy as an information communications operator providing social infrastructure, taking a medium- to long-term perspective. We wish to continue benefitting from his contributions to the enhancement of the Company's corporate value. Accordingly, he has again been appointed a director. Moreover, with this background, we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has been appointed as an independent director.	Attended 10 of the 10 meetings of the Board of Directors

Name	Reason for appointment as an outside Audit & Supervisory Board member of the Company	Principal activities
Akira Yamashita	Mr. Yamashita has cultivated abundant experience and knowledge gained from many years of practical experience in the public sphere and involvement in the execution of business at various organizations. From the perspective of leveraging this knowledge and experience to monitor general management and to engage in appropriate audit activities, he has been appointed as an Audit & Supervisory Board member. Furthermore, with his background, we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has been appointed as an independent auditor.	Attended 10 of the 10 meetings of the Board of Directors Attended 10 of the 10 meetings of the Audit & Supervisory Board
Kakuji Takano	Mr. Takano has abundant experience as a Certified Public Accountant, as the representative of an accountancy firm and as an auditor for other companies, in addition to which he has cultivated extensive experience and knowledge in the execution of business at various organizations. From the perspective of leveraging this primarily accounting-related knowledge and experience to monitor general management and to engage in appropriate audit activities, he has been appointed as an Audit & Supervisory Board member. Furthermore, with his background, we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has been appointed as an independent auditor.	Attended 10 of the 10 meetings of the Board of Directors Attended 10 of the 10 meetings of the Audit & Supervisory Board
Nobuaki Katoh	Mr. Katoh has abundant experience as a director of listed companies, and has extensive experience and knowledge as an auditor and through execution of business at various organizations. From the perspective of leveraging this knowledge and experience to monitor general management and to engage in appropriate audit activities, he has been appointed as an Audit & Supervisory Board member. Furthermore, with his background, we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has been appointed as an independent auditor.	Attended 9 of the 10 meetings of the Board of Directors Attended 9 of the 10 meetings of the Audit & Supervisory Board

## Support for Outside Directors and Audit & Supervisory Board Members

In addition to notifying outside directors and outside Audit & Supervisory Board members in advance of the schedule and agenda for meetings of the Board of Directors, proposal materials are also distributed prior to the meetings to encourage understanding of the agenda items and invigorate discussion at the meetings.

Questions are also accepted in advance, and are used to enhance explanations on the day of the meeting, in an effort to provide for deeper, more substantial deliberations.

The Company also provides opportunities for outside directors and outside Audit & Supervisory Board members to learn from executives in charge of each field, who cover industry trends, the Company's organizational structure, its businesses, a description of its technologies and its future strategy. This is intended to deepen their understanding of our business and thus invigorate discussions at the meetings of the Board of Directors.

On April 1, 2006, KDDI established the Auditing Office to support Audit & Supervisory Board members, including outside members.

## Policy on Strategic Shareholdings

KDDI believes that participating in tie-ups with a variety of companies is essential to providing its customers with increasingly diverse and advanced services.

To this end, our basic policy is to engage in strategic shareholdings after comprehensively judging that such holdings will contribute to KDDI's business and support the sustainable growth and increased corporate value of the entire KDDI Group over the medium to long term.

Accordingly, if determined to be necessary given such factors as the scale and importance of these holdings, the purpose and rationality of such holdings is explained to the Board of Directors.

## Standards for Ensuring Appropriate Exercise of Voting Rights on Strategic Shareholdings

Given the extensiveness and diversity of the KDDI Group's businesses, we believe that setting uniform standards throughout the Company could impair the corporate value of companies issuing shares held by the Group, as well as of the KDDI Group. For this reason, while respecting the intentions of share-issuing companies we set as our standard for exercising voting rights the sustainable growth and increased corporate value of the entire KDDI

Group over the medium to long term, taking into overall consideration such factors as periodic business results and the results of dialogue with issuing companies.

To guard against decisions skewed toward short-term business interests, we have created a process for exercising voting rights that involves checks by the management team, thereby ensuring that management decisions are made from a Companywide perspective.



## Executive Remuneration

To clarify directors' management responsibilities and enhance incentives for business improvement, at the 27th Annual Shareholders Meeting on June 16, 2011, a system was introduced to link executive bonuses from the fiscal year ended March 31, 2012, onward to the business results of the KDDI Group within 0.1% of consolidated net income (profit for the period attributable to owners of the parent) during the applicable fiscal year.

In addition, at the 31st Annual Shareholders Meeting on June 17, 2015, the introduction of a stock compensation plan was approved, and this system commenced operation on September 1, 2015. The percentage of remuneration that is performance-linked increased as a result. The KDDI Group sets director remuneration systems and levels in a manner that allows it to respond swiftly to environmental changes while taking into account directors' responsibilities for the management targets of achieving sustainable growth and increased corporate value over the medium to long term.

Note: A decision was reached at the 22nd Annual Shareholders Meeting, held on June 15, 2006, to introduce a plan for issuing stock acquisition rights to serve as an incentive for executing operations and increasing operating performance, with an upper limit of ¥40 million per year. However, no stock acquisition rights have been allocated based on this plan since the fiscal year ended March 31, 2011.

## Remuneration for Executive Members

Executive classification	Total remuneration (millions of yen)	Number of recipients (people)	Total remuneration by type (millions of yen)		
			Basic remuneration	Bonus	Stock compensation
Directors	Outside directors	5	68	—	—
	Directors other than the above	11	392	137	110
	Total	16	460	137	110
Audit & Supervisory Board members	Outside Audit & Supervisory Board members	6	48	—	—
	Audit & Supervisory Board members other than the above	3	51	—	—
	Total	9	99	—	—

(Note) • The maximum monthly remuneration for directors is ¥50 million.

- The maximum annual amount of remuneration for Audit & Supervisory Board members is ¥130 million (for each business year).
- Payment of director bonuses is linked to performance, and shall be no more than 0.1% of profit for the period attributable to owners of the parent.
- The decision to introduce the performance-linked stock-type incentive program for directors (Board Incentive Plan) was resolved at the 31st Annual Shareholders Meeting held on June 17, 2015. This is apart from the bonuses and the Company will pay directors, etc., who serve during the three years covering from the fiscal year ended March 31, 2016 to the fiscal year ended March 31, 2018, new performance-linked stock compensation.
- In addition to the above, directors and Audit & Supervisory Board members received a retirement allowance in connection with the cancellation of the executive retirement bonus system.

## Total Remuneration of Persons Receiving Total Remuneration of ¥100 Million or More

Name	Executive classification	Company classification	Total remuneration (millions of yen)	Total remuneration by type (millions of yen)		
				Basic remuneration	Bonus	Stock compensation
Takashi Tanaka	Director	KDDI	123	78	25	20





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 addition to establishing the KDDI Code of Business Conduct to ensure that all employees maintain a high sense of ethics and execute their duties appropriately, we are undertaking efforts to raise compliance awareness. These include conducting activities to instill the KDDI Group Philosophy, cultivating a sense of organizational togetherness and improving communications, performing activities to detect early on, analyze, and prevent violations, and blocking any relationships with anti-social forces.

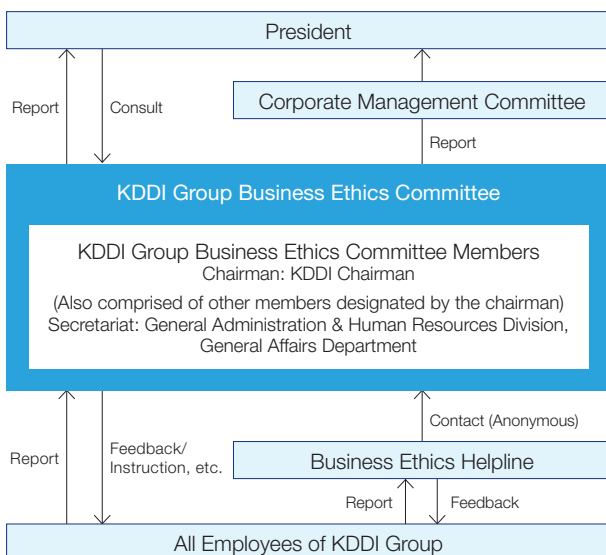
## Compliance Promotion System

To provide a guideline for employees to act ethically and with an awareness of compliance, KDDI has established the KDDI Code of Conduct, and published it on our intranet to ensure employees are familiar with and act in accordance with it, making it available so that anyone can refer to it when dealing with doubts about their own judgement.

We have also put in place the KDDI Group Business Ethics Committee to deliberate and make decisions on compliance-related items. The KDDI Group Business Ethics Committee is headed by the chairman of KDDI, a non-executive director, and is comprised committee members and other people that the chairman appoints as necessary. The committee meets semi-annually to ascertain the situation at each company and support the establishment and reinforcement of compliance structures.

The KDDI Group Business Ethics Committee also formulates policies for educational activities and, in the event a compliance violation occurs, discloses information outside 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 Framework



## Business Ethics Helpline

KDDI established the Business Ethics Helpline in 2006 to serve as a contact point for all employees of KDDI, KDDI Group companies, and business partners who have questions or concerns about business ethics and legal compliance. The helpline can receive reports through an internal contact point or an external

contact point established in collaboration with external experts. (Reports can be received by email, telephone, or letter, in several languages). Furthermore, we have established internal regulations in response to the Whistle-Blower Protection Act, enacted in Japan in April 2006, and have made it possible to make reports anonymously. We actively conduct educational activities on how to use the helpline.

Issues reported to the helpline are dealt with primarily by the KDDI Group Business Ethics Committee which, while mindful of privacy protections, will conduct an internal investigation when necessary. If problems are discovered as a result, they are promptly reported to the members of the committee, other members of management, and the Audit & Supervisory Board members, and corrective action is taken along with measures to prevent a recurrence.

## Appropriate Taxes

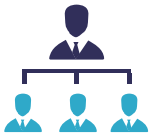
The KDDI Group pursues the enhancement of customer satisfaction and profit and also strives to fulfill its corporate responsibility by maintaining and enhancing its international tax compliance. Specifically, we comply with international rules and tax related laws and regulations in each country and region, and pay tax appropriately. In the fiscal year ended March 31, 2017, KDDI paid ¥253,282 million in corporate income tax, a tax rate of 28.3% against income before income taxes.

Management works to promote a tax strategy from the perspective of correctly recognizing international tax risks associated with the increasingly multinational nature of Group companies and a rise in international transactions, and their importance as an issue tied directly to management. We are also working to maintain and enhance tax-related compliance by providing guidance to employees and receiving technical tax support from outside experts.

By submitting tax information in a timely, appropriate manner, we increase transparency and thereby build relationships of trust with tax authorities in other countries. We also work to reduce tax risks by conducting advance inquiries when necessary.

Steps are being taken in various countries, including Japan, to respond to tax revisions related to base erosion and profit shifting (BEPS) in accordance with various BEPS plans, and KDDI pays taxes that match its economic activities, place of value creation, and area in which taxes are paid. Furthermore, KDDI prevents the transfer of taxable revenue sources to non-tax or low-tax countries and regions (so-called "tax havens") to save excessively on paying tax, and strives to declare and pay taxes properly in accordance with the tax systems of each country.

# Risk Management and Internal Controls



As corporations deal with constantly-changing business conditions, they also face increasingly diverse, complex risks. KDDI defines risks as those factors and phenomena that influence the achievement of management objectives. We recognize that strengthening risk management is an important management issue. To ensure the continuation of business and fulfill our responsibilities to society, we promote risk management activities across the Group as a whole.

## KDDI's Risk Management and Internal Control Systems

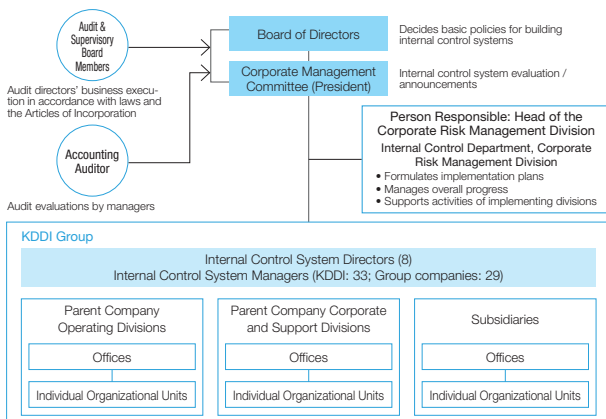
KDDI has established a system to centralize the management of risks, which it defines as factors that have the potential to block the achievement of management objectives. The Corporate Risk Management Division, led by a general manager of the Corporate Risk Management Division, is the core of this system.

To realize sustainable growth across the entire Group, KDDI and its Group companies, including subsidiaries and other affiliates, operate and maintain a Groupwide internal control system, and engage in risk management activities. We also aim to promote operational quality enhancement activities to realize a corporate constitution that prevents risks from materializing.

communications services, KDDI recognizes that the appropriate management of information and the protection of personal information are important management issues. Basic guidelines for ensuring information security are set out in our Security Policy, while guidelines for conduct to ensure the protection of personal information are set forth in our Privacy Policy. These policies are disclosed both internally and outside the Company, and KDDI has declared that it will work to ensure the trust of its customers and other related parties, and that all of its employees are to comply with these policies.

We also will strive to enlighten our employees on the importance information security and to enhance security measures, as we work to ensure proper information management.

### Internal Control Systems



## Information Security Management Framework

To ensure a unified approach to information security for information assets across the Group as a whole, KDDI has established an Information Security Committee chaired by the general manager of the Technology Sector. The committee comprises management, along with the heads of sales, technology, and corporate administrative divisions. This creates a structure that can accurately grasp the status of information security management and promptly implement measures to enhance information security at KDDI itself and throughout the Group.

## Efforts to Reduce Information Security Risks

KDDI's efforts to reduce information security risk include preventing leaks of customer information and defending itself against cyber-terrorism. Management of all Company information assets starts with the formulation of policy by the Information Security Committee, which is then implemented through the concerted efforts of our officers and employees. The Information Security Committee is part of our corporate governance framework, which manages risk for the Company as a whole.

In the fiscal year ended March 31, 2017, we established an Information Security Incident Prevention Enhancement Month as a Companywide initiative with the goal of familiarizing employees with the need to comply with information security rules and ensuring their proper application. Through the implementation of this and other initiatives, we are working to enhance employee awareness.

To stand up against increasingly sophisticated, complex information security threats, KDDI also needs to collaborate with external parties. We are actively involved in cross-industry initiatives related to information security.

## Risk Management Activity Cycle

KDDI recognizes that in order to prevent a corporate crisis from occurring, it is important to understand the signs of such crises and to put countermeasures in place before the situation worsens. To that end, we have built a PDCA cycle for risk management activities. We have also put in place a structure for reducing risk and for dealing with risks appropriately when they are discovered.

## Information Security Initiatives

Recent years have seen many incidents worldwide in which software virus infections caused by cyberattacks have led to leaks of important confidential information, something which has become a major social issue. The KDDI Group considers the personal information it retains for its customers and the business information it retains for its business partners to be extremely important assets that need to be managed with the strictest care.

As a company responsible for providing safe, reliable

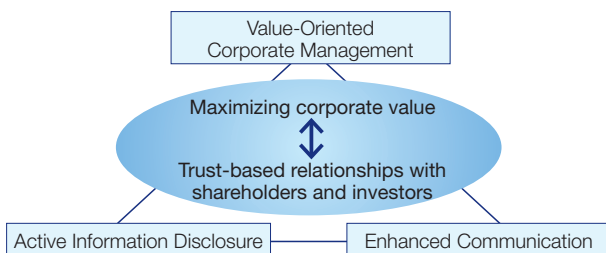


The Company is fully committed to undertaking fair and timely disclosure in an easily understandable manner of any information that could have a material bearing on the investment decisions of investors. Such disclosure is conducted on an ongoing basis, and is focused on the requirements of shareholders and investors. The Company's policy in this regard is in line with the Financial Instruments and Exchange Act and the Securities Listing Regulations of Tokyo Stock Exchange, Inc. governing the timely disclosure of information concerning the issuers of publicly listed securities. KDDI discloses its IR Basic Policy\* on its website, explaining such matters as fundamental thinking regarding IR activities and the system for disclosing pertinent information. In particular, KDDI has set up a Disclosure Committee that concentrates on determining what information should be disclosed with the goal of improving business transparency and supplying appropriate information to the public.

\* Matters to be decided by the Board of Directors.

## IR Basic Policy

KDDI places top management priority on building a trusting relationship with its shareholders and investors, ensuring value-oriented corporate management, active information disclosure, and enhanced communication.



## Three IR Activity Guidelines

Through IR based on the activity guidelines outlined below, KDDI strives to build long-term, trust-based relationships with shareholders and investors, as well as maximize its corporate value.

### Open IR Activities

We value interactive dialogue with our shareholders and investors as well as ensuring accountability to our shareholders and investors through honest and fair information disclosure.

### Proactive IR Activities

By always incorporating new ideas into our IR activities, we strive to make KDDI known to more people and promote further knowledge of the Company.

### Organized IR Activities

Under the leadership of management, all of our officers and employees, including those of Group companies, engage in organized IR activities to further increase corporate value.

## IR Activities in the Fiscal Year Ended March 31, 2017

### Enhancing Communication

Earnings presentation meetings were held quarterly to allow management to directly communicate the Company's results. KDDI also held individual and small group meetings with investors from Japan and overseas, and participated in various conferences and seminars for individual investors sponsored by securities companies for better communication.


In recognition of our proactive disclosure of ESG-related information, KDDI was selected for inclusion in the FTSE4Good Index Series and MSCI Global Sustainability Indexes, a world-leading index for socially responsible investing. The Company has also been recognized by a variety of other outside parties.

KDDI takes the opinions expressed by shareholders and investors seriously, communicating them not only to management but also to employees in general. Such opinions are considered an extremely valuable reference in the formation of business and management strategies.

## Results of IR Activities in the Fiscal Year Ended March 31, 2017

	(Times)
Individual meetings with institutional investors	933
Financial results briefings	4
Overseas road shows	14
Seminars for individual investors	65

## Key External Recognition

Overseas	<ul style="list-style-type: none"> <li>• FTSE4Good Index Series</li> <li>• MSCI Global Sustainability Indexes</li> <li>• Euronext Vigeo World 120</li> <li>• Ethibel® Sustainability Index Excellence Global</li> </ul>	 <b>FTSE4Good</b>
In Japan	<ul style="list-style-type: none"> <li>• MS-SRI</li> <li>• Nadeshiko Brand, etc.</li> </ul>	

## Active Information Disclosure

KDDI provides webcasts of its results presentations on its website, and also posts an English-language version of its results presentations. Earnings reports, financial statements and operational data, information related to ESG, including corporate governance, and other types of disclosure documents are made available. Information is prepared for use on multiple devices, including various web browsers, smartphones, and tablets.

KDDI's IR activities earned strong praise during the fiscal year ended March 31, 2017. We were recognized through the receipt of the "Internet IR Best Company Award in 2016," by Daiwa Investor Relations Co., Ltd. We also ranked fourth in the "Gomez IR Website Overall Ranking 2016" by Morningstar, Inc.



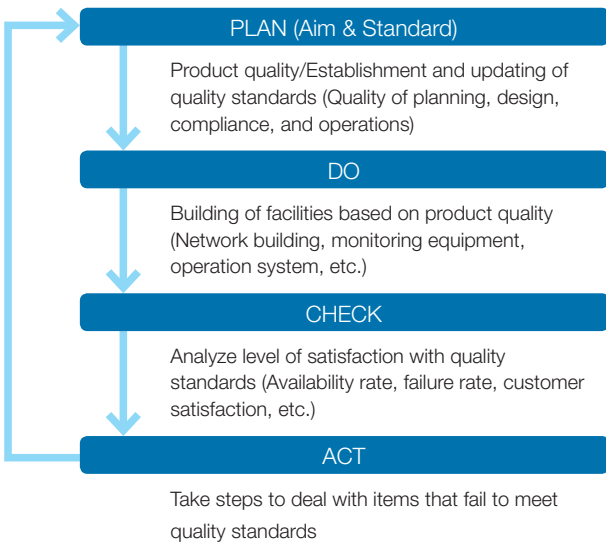


**[Material Issue]**  
**Offering Reliable Information and Communications Services**

Social Issues and Recognition	Risks and Opportunities for KDDI	
	Risks	Opportunities
In an advanced information society, communications services are the most important lifeline. The disruption of this lifeline due to natural disaster or cyber-terrorism can be a major factor behind a downturn in society and the economy itself. KDDI has an obligation to support local communities in which people can live with peace of mind by continuing to provide reliable communications services 24 hours a day, 365 days a year.	Disruption of communications due to natural disaster or cyber-terrorism	Continuing to provide reliable communications services even in the midst of unforeseen events

**Network Service Quality Management System**

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



**Deploying the au Disaster Recovery Support System**

To quickly grasp the extent of damages during a disaster and formulate a precise recovery plan, KDDI has deployed the au Disaster Recovery Support System throughout its 10 technical centers nationwide. The system provides centralized management of regional damage information, conditions at key sites, and information on emergency shelters and evacuation routes. This information is reflected on maps in real time to provide a clear understanding of priority recovery areas, enabling us to provide effective recovery response even when damage is widespread.

**Business Continuity Plan (BCP) for Large-Scale Disasters**

Based on its experiences following the Great East Japan Earthquake, KDDI has formulated a Business Continuity Plan (BCP) for Large-Scale Disasters. This plan includes measures to confirm the safety of employees and their families and to carry out the Company's responsibility to continue telecommunications services as a designated public institution. Specifically, the plan establishes detailed rules for responding to a disaster, from initial mobilization to full restoration. We are also building satellite network links to key sites throughout Japan in preparation for a scenario in which all fixed-line and mobile circuits cease to function. The plan also sets forth measures for providing support to emergency shelters.

The effectiveness of the BCP is assessed through regular disaster response training. Any issues and areas of improvement are reflected in subsequent versions of the BCP, and are useful in building a more solid foundation for disaster response.

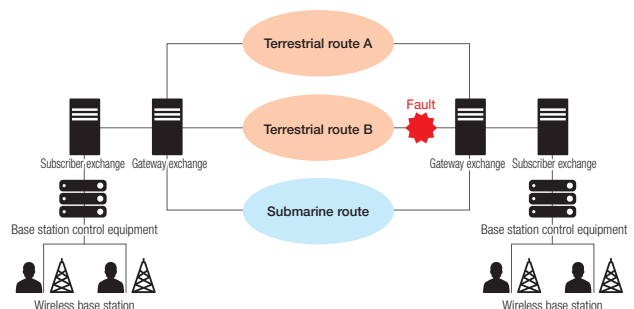
**KPIs for FY2017.3**

Improvement Rate on Issues Identified in Companywide Disaster Response Training in FY2016.3

Target **100%** ▶ Result **100%**

**Multi-Route Trunk Transmission Lines and Route Distribution**

To ensure reliable communications, KDDI works to distribute its telecommunications equipment capacity, establishing redundant communications lines (terrestrial optical fiber) and a structure that uses automated switching to provide relief to the communications network during failures. Undersea cable and other means are used to provide multi-route communications lines, ensuring a highly reliable communications network. In the event of trouble, bypass measures are implemented in an effort to relieve communications.





[Material Issue]

Creating a Safe and Secure Information and Communications Society

Social Issues and Recognition	Risks and Opportunities for KDDI	
	Risks	Opportunities
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, and enjoyable products and services to all customers, KDDI aims to be the company of choice.	Customers affected by crime or encountering other problems through KDDI products and services	Providing devices and services that the socially vulnerable can use safely, securely and enjoyably

KDDI Smartphone and Mobile Phone Safety Classes

KDDI, Okinawa Cellular, and the 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, 2017, we held 3,806 classes for elementary, junior high, and high school students, as well as their guardians and teachers, with some 680,000 people attending.

KDDI has measured the impact of these courses on those participating, conducting surveys before and after the collaborative courses held by industry, government, and academia in the fiscal year ended March 31, 2016. Improvements were seen in trends toward avoiding trouble in all seven items surveyed following those courses. The course content was also summarized to produce a DVD teaching tool, available for borrowing, which was recognized with an award of excellence in the Commendation on Instructional Materials for Consumers, sponsored by the National Institute on Consumer Education.

The program of courses is reviewed each year, and KDDI is working to update video explanations and subject material and to introduce other teaching tools that will raise 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 do not own a smartphone or who have a smartphone but do not know how to use it.

KDDI employees visit community facilities to act as instructors. Each participant in the courses is loaned an au smartphone or tablet, and images of instructors performing the various operations are projected onto a screen, helping participants 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, 2017, a new Disaster Readiness Course was also established, where participants can also learn about effective use of smartphones during a disaster. They also learn about apps that are useful in responding to emergencies, and how to confirm the safety of loved ones and contact them during emergencies using disaster bulletin boards and other services.

We will continue to improve these programs as we help seniors learn how to use smartphones and tablets to make their lives more convenient and comfortable in a secure and safe way.

KPIs for FY2017.3 (Example)	
KDDI Smartphone and Mobile Phone Safety Classes	
Junior Course Satisfaction Level	
Target: 90 points	Result 93.7 points
Senior Course Understanding Level	
Target: 83%	Result 82%

Accessibility Enhancements

The concept of "digital inclusion"—creating a society in which everyone can benefit from the advantages of ICT—is gaining attention as ICT comes into use in all areas of people's lives. To enhance its customer experience value, KDDI believes it is important to provide products and services that allow all customers to experience the joy of communication more than ever.

KDDI is committed to providing products and services from a customer perspective to allow even more people the world over—adults, children, the elderly, and those with disabilities—access to the benefits of a variety of products and services without disparity, and to create a society in which ICT is accessible to all.

Initiatives through Products

Product	Target	Characteristics
mirai e f	Children	A smartphone for young people, equipped with functions to prevent overuse and exposure to the dangers of the net. Also equipped with a security alarm and a feature that allows parents to confirm the location of their children.
BASIO2	Seniors	This phone focuses on making the phone, email, and camera functions easy to use. Also features a text entry assist function that displays text entry hints on the screen.
Simple Phone KYF32	Seniors	A feature phone focused on ease of use, with a high-quality audio communication function, simple menu screens, and larger keys.
Simple Phone K012	Users with visual disabilities	Features voice-enabled functions that can read out operating instructions and mail, as well as a voice recognition feature for bringing up a contact list or launching apps by voice.



[Material Issue]

Vitalizing the Company by Developing a Diverse Workforce

Social Issues and Recognition	Risks and Opportunities for KDDI	
	Risks	Opportunities
To achieve sustainable corporate growth amidst accelerating globalization in response to declining population brought about by a declining birthrate and aging, and other dramatic changes in the business environment, KDDI is working to create a corporate culture in which employees with diverse individual characteristics and values, including gender, age and nationality, can respect and understand one another. In particular, it is essential that women participate in the workplace, and KDDI is providing various forms of support for development and appointment of female leaders.	Diversity promotion and labor practice revisions relying solely on domestic standards	Regard the participation of women in management as a corporate strategy, accelerating the promotion of diversity with a view to the world as a whole

The KDDI Group Philosophy

The KDDI Group Philosophy expresses the attitudes, values and behavior that employees should practice. It incorporates the KDDI identity and KDDI vision that we must embrace as a telecommunications operator. The KDDI Group Philosophy also describes the basic attitudes KDDI employees need to maintain and is the foundation for CSR at KDDI. By putting the KDDI Group Philosophy into practice, we aim to be a company admired and trusted by all stakeholders.

To encourage sharing and implementation of the KDDI Group Philosophy, the president and executives demonstrate the meaning of the KDDI Group Philosophy and good practices directly to all employees and promote their spread.

In the fiscal year ended March 31, 2017, a total of 582 study meetings were held as part of ongoing efforts to promote the dissemination of the KDDI Group Philosophy both in Japan and abroad.

[The KDDI Group Philosophy]

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

Building a Stronger Workforce

As it works toward its medium-term targets for transforming into a "Life Design Company" during the three-year period between the fiscal year ended March 31, 2017 and the fiscal year ending March 31, 2019, KDDI is focused on building a stronger workforce. This includes utilization of diverse human resources, as part of which we have set a goal of promoting the professional advancement of women.

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 Securing Human Resources

As noted in the KDDI Group Mission Statement, employees represent an important stakeholder group, and are considered a valuable asset. Market conditions in the telecommunications sector have been changing rapidly in recent years, with technological innovation and the intensification of competition on a global scale, along with the entry of a diverse range of companies. To respond swiftly to these changes and continue to grow, KDDI is focusing on hiring and supporting the advancement of diverse human resources, encompassing different genders, ages, nationalities and disabilities.

Note that KDDI takes steps in accordance with the law to prohibit child labor and forced labor and to comply with minimum wage requirements.

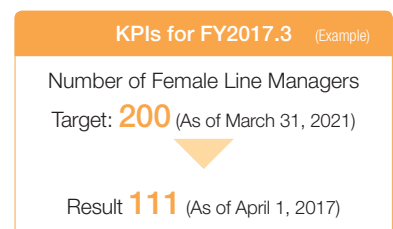
Approach to Human Resource Development

KDDI recognizes that building a stronger workforce is one of the most important issues in achieving its transformation into a "Life Design Company." We have built the framework for a talent management process designed to maximize the value of our human resources and ensure their appropriate allocation through strategic hiring, development, utilization, and promotion. This will enable us to balance the growth of each individual employee with the maximization of organizational performance.

Cultivating and Promoting Female Leaders

KDDI focuses on cultivating female leaders because enabling women to participate in corporate decision-making helps to reinforce our strength as a company. Our numerical goal for the fiscal year ending March 31, 2021 is to promote a total of 200 women to positions as line managers. These are organizational leaders with the authority to conduct personnel evaluations.

We are also working to expand our initiatives to cultivate female managers, who are the foundation for developing female leaders.



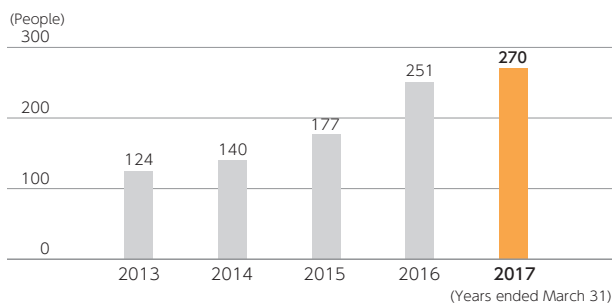
## Selected as a “Nadeshiko Brand” for the Fifth Consecutive Year

For the fifth consecutive year since the fiscal year ended March 31, 2013, KDDI was selected as a “Nadeshiko Brand,” a designation conferred on listed companies that seek to encourage women to take active roles.

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.



### Number of Female Managers



### Female Line Manager Program

In the fiscal year ended March 31, 2017, KDDI introduced its female line manager program to build a career pipeline for women from junior employees to candidates for promotion to manager positions. This program is designed to produce female leaders with a view to cultivating and promoting female executives and line managers. To do this systematically by managing the individual candidates selected in cooperation with each division, in the fiscal year ended March 31, 2017, the Diversity & Inclusion Department conducted interviews with each of approximately 200 candidates for female line manager positions. We also conducted career design seminars aimed at junior female employees to expand the candidate pool, and for all managers—including men—we offered e-learning programs intended to spread a

greater understanding of the need to cultivate female managers and approaches for doing this.

In the fiscal year ending March 31, 2018, KDDI will release new e-learning content designed to teach supervisors how to change themselves, and we plan to continue our efforts to raise awareness internally.

### Key Measures for Cultivating Global Human Resources

KDDI is actively cultivating global human resources towards achieving a stronger workforce.

Global training for top-level executives (GIP, GIP Jr.)	Through training in Japan and overseas, we will work to develop top-level executives capable of managing our global business in global locations.
Overseas business study	Participants will learn about global business standards through interaction with business people at universities and NPOs overseas and through internships.
Overseas specialized study	Participants will enroll in overseas universities and specialist institutions to acquire specialist expertise and build stronger human networks.

### [Support for au Shops]

au shops and other sales agents are the front lines where customers actually interact with au.

KDDI believes the most important factor in providing customer experience value and maximizing customer satisfaction is to enhance service levels at these sales agents, particularly at our dedicated au shops, and we offer the support needed to improve their capabilities.

Development of au shop staff is also essential to enhancing overall store service, and we work to provide au shop staff with efficient, effective ways to learn through group sales training and e-learning programs where they can learn basic operational knowledge and new product information. We have also introduced certification systems to evaluate staff skills. These include professional development through the “au Advisor,” “au Master” and “au Expert” qualifications recognizing sales skills that produce higher customer satisfaction. We also hold the annual “au CX AWARD” customer service contest nationwide as part of an effort to commend outstanding performers and share examples of great customer service.

To enhance au shop and staff service levels, KDDI deploys a specialized team from its head office that focuses on operational improvements and conducts audits of the shops, and ensures that feedback based on the results of those audits is reflected. This provides a service management structure that ensures service that meets our standards.



au shop staff demonstrating their customer service skills



**[Material Issue]**  
**Initiatives to Conserve the Global Environment**

Social Issues and Recognition	Risks and Opportunities for KDDI	
	Risks	Opportunities
In these times when global warming is evident, along with measures to mitigate global warming by reducing greenhouse gas emissions, people are asking about adaptations to global warming where nature and society are changing in response to the effect on the global environment. In 2015, the Paris Agreement was established, calling for a global effort to hold the global temperature rise since the industrial revolution to less than 2°C and to strive to limit the increase to less than 1.5°C. For companies, making simultaneous efforts to mitigate and adapt to this issue is important.	Global warming and other climate change and large-scale natural disasters	Mitigation of and adaptation to these risks

**Environmental Management Regime**

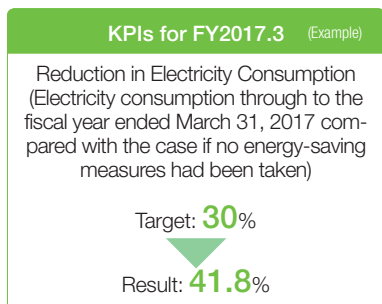
To clearly define a unified approach to management, CSR, and the environment, KDDI has established the CSR Committee to deliberate important matters regarding the environment, headed by the general manager of the Corporate Sector, with the CSR & Environment Management Department serving as the secretariat. The results of those deliberations are disseminated among the business divisions and affiliates and reflected in their targets. The results are disseminated through the Environment Committee, which is headed by the executive in charge of CSR with the CSR & Environment Management Department acts as secretariat. Committee members include representatives of each department and Group company with ISO 14001 certification.

The KDDI Group is working to promote a Groupwide management structure centered around the CSR & Environment Management Department, which collaborates with other relevant departments.

**Implementation of the Third Medium-Term Environmental Conservation Plan**

KDDI formulated and promoted its five-year environmental conservation plan, "KDDI GREEN PLAN 2012–2016," the final year of which was the fiscal year ended March 31, 2017.

Under this plan, we took steps targeting a 30% reduction in electric power consumption compared with the level if energy-saving measures had not been implemented. In telecommunications equipment, which accounts for 98% of KDDI's electricity consumption, we reorganized base stations, developed electricity-saving base stations, and streamlined our network to achieve a 41.8% decrease in electricity consumption.



**Formulation of the Fourth Environmental Conservation Plan**

KDDI has formulated a new environmental conservation plan, "KDDI GREEN PLAN 2017–2030." Based on the long-term Paris Agreement targets adopted by COP21 in 2015 and on the Japanese government's plan for global warming countermeasures, this long-term plan through the fiscal year ending March 31, 2031, the plan establishes a target for reducing our CO<sub>2</sub> emissions by 7% compared to the fiscal year ended March 31, 2014. With the goal of achieving this target, KDDI will utilize renewable energy and employ a variety of other methods to reduce CO<sub>2</sub> emissions.



**Overview of KDDI GREEN PLAN 2017–2030**

- 1. Climate Action**
  - 7% reduction in CO<sub>2</sub> emission in the fiscal year ending March 31, 2031 compared to the fiscal year ended March 31, 2014 for KDDI (in Japan, non-consolidated)
  - Upgrading to highly energy-efficient data centers in Japan and abroad
  - Contributing to reductions in society's CO<sub>2</sub> emissions by providing KDDI's ICT services
- 2. Creating a Recycling-Oriented Society**
  - Maintain zero emissions\* from retired telecommunications facilities
  - Maintain recycling rate of used mobile phone materials of 99.8%
- 3. Conservation of Biodiversity**
  - Active promotion of initiatives using ICT to conserve ecosystems

\* Zero emissions are defined as having a final disposal rate of 1% or less.