

# KONICA MINOLTA CSR REPORT

Fulfilling Our Social Responsibility

# 2005



**KONICA MINOLTA**

Konica Minolta Holdings, Inc.  
Konica Minolta Business Technologies, Inc.  
Konica Minolta Opto, Inc.  
Konica Minolta Photo Imaging, Inc.  
Konica Minolta Medical & Graphic, Inc.  
Konica Minolta Sensing, Inc.  
Konica Minolta Technology Center, Inc.  
Konica Minolta Business Expert, Inc.

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Corporate Communication & Advertising Division  
1-6-1 Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan  
Phone: +81-3-6250-2100 Facsimile: +81-3-3218-1368

Edited by: Konica Minolta CSR Report Editing Committee

Please direct any inquiries about the content of this Report to:  
Konica Minolta Business Expert, Inc.  
Social Responsible Support Operations  
2970 Ishikawa-machi, Hachioji-shi, Tokyo 192-8505, Japan  
Phone: +81-426-60-9810 Facsimile: +81-426-60-9825

<http://konicaminolta.com>



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**KONICA MINOLTA**

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## About this report

### Year under review

Fiscal 2004  
(April 1, 2004–March 31, 2005)  
Some information on fiscal 2005 is also included.  
Some overseas information is based on calendar-year basis.

### Scope

The entire Konica Minolta Group in Japan and overseas

#### Holding company:

Konica Minolta Holdings, Inc.

#### Business companies:

Konica Minolta Business Technologies, Inc.  
Konica Minolta Opto, Inc.  
Konica Minolta Photo Imaging, Inc.  
Konica Minolta Medical & Graphic, Inc.  
Konica Minolta Sensing, Inc.

#### Common function companies:

Konica Minolta Technology Center, Inc.  
Konica Minolta Business Expert, Inc.

## Notes to readers

This CSR Report describes the efforts made by the Konica Minolta Group to ensure sustainable development and the results of these efforts achieved so far.

In this Report, “Konica Minolta” and “Konica Minolta Group” refer to the following companies, respectively.

Konica Minolta: Konica Minolta Holdings, Inc., business companies and common function companies  
Konica Minolta Group: Konica Minolta and its affiliate companies

In the following pages, the company names may be abbreviated as follows:

Konica Minolta Holdings, Inc.—Konica Minolta Holdings  
Konica Minolta Business Technologies, Inc.—Konica Minolta Business Technologies  
Konica Minolta Opto, Inc.—Konica Minolta Opto  
Konica Minolta Photo Imaging, Inc.—Konica Minolta Photo Imaging  
Konica Minolta Medical & Graphic, Inc.—Konica Minolta MG  
Konica Minolta Sensing, Inc.—Konica Minolta Sensing  
Konica Minolta Technology Center, Inc.—Konica Minolta Technology Center  
Konica Minolta Business Expert, Inc.—Konica Minolta Business Expert

This Report has been developed in accordance with the following guidelines.

Ministry of the Environment of Japan *Environmental Reporting Guidelines* (Fiscal Year 2003 Version)  
Global Reporting Initiative (GRI), *2002 Sustainability Reporting Guidelines*

## Our Social Mission— Enriching the World of Imaging

The business domain of Konica Minolta covers the entire field of imaging, from input to output, and we offer a diversity of unique products and services to consumers and business users.

Capitalizing on our strengths in materials, optical, nano processing and imaging fields, we devote ourselves to developing leading-edge technologies that serve to expand the world of imaging.

Konica Minolta desires to become a vital member of society by constantly introducing a new, inspiring world to the field of imaging.

Management Philosophy  
**The creation of new value.**

Management Visions  
**An innovative corporation that continues to create inspiring products and services in the field of imaging**  
**A global corporation that leads the market by advanced technologies and reliability**

Corporate Message  
**The essentials of imaging\***

\*The message represents our wish to be acknowledged as an essential company, by offering essential products, services and solutions to our customers in the world of imaging.

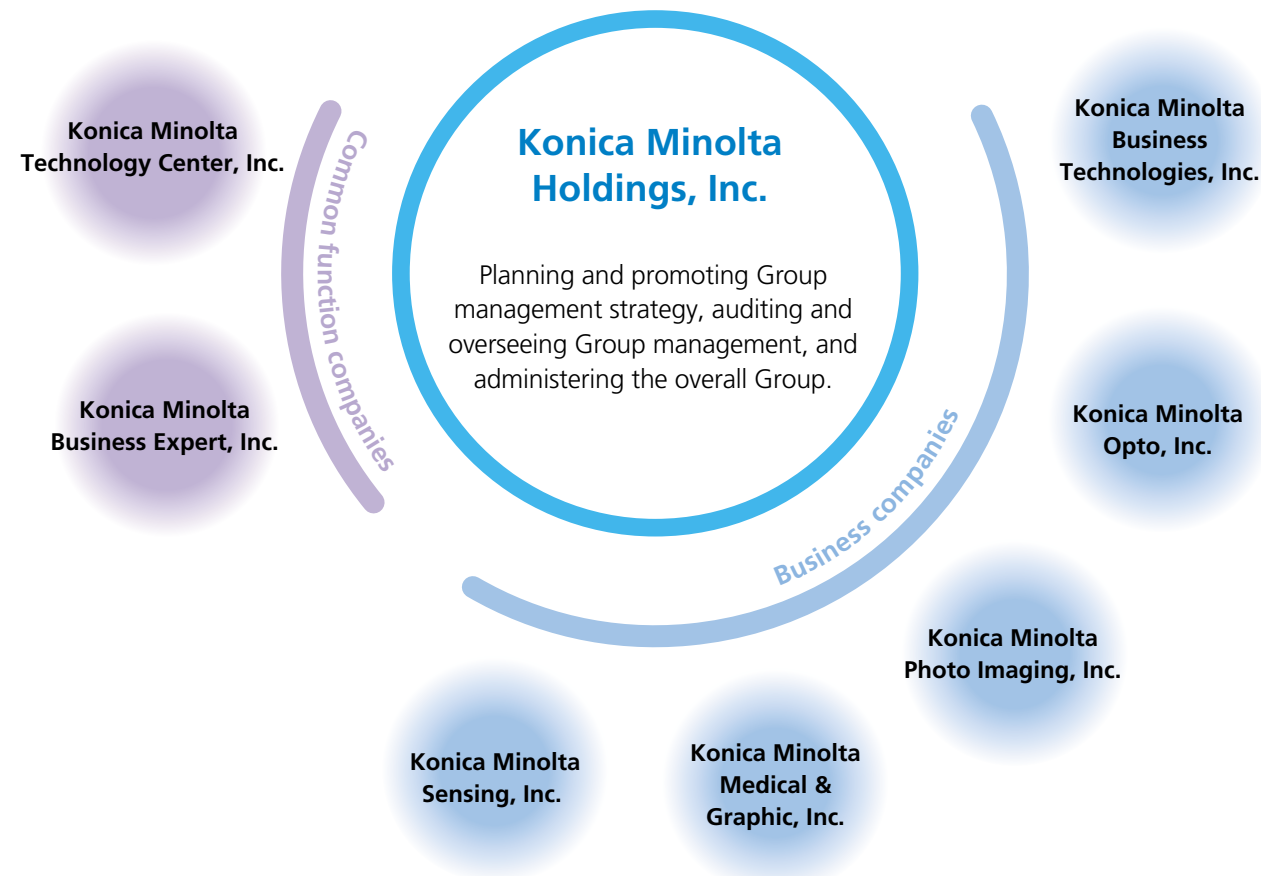


**KONICA MINOLTA**

Our symbol mark, “Globe Mark,” resembling a globe, represents the limitless expansion of Konica Minolta and the new values it offers to customers around the world.

# Outline of Business

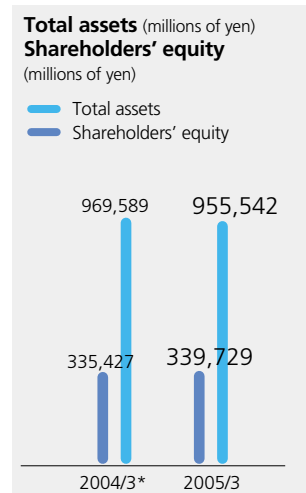
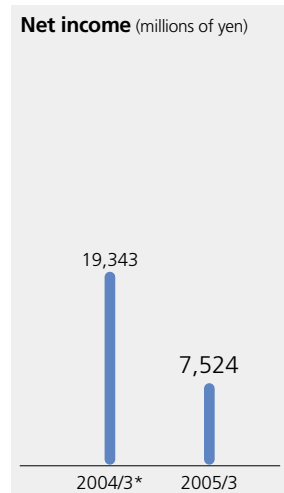
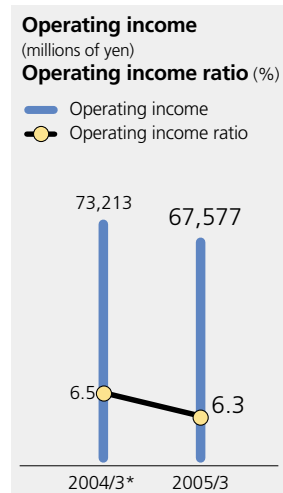
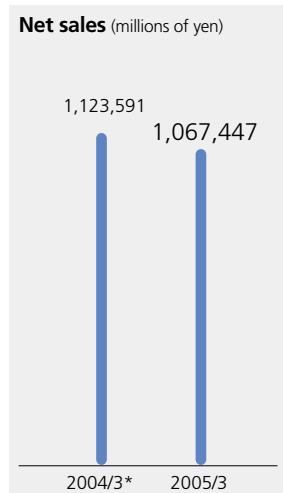
The Konica Minolta Group consists of a holding company under which are five business companies and two common function companies. This is an innovative Group whose strong points blend synergistically to create new value tailored to market needs.



## Company Profile

**Company name:** KONICA MINOLTA HOLDINGS, INC.  
**Head office:** Marunouchi Center Building, 1-6-1 Marunouchi, Chiyoda-ku, Tokyo, Japan  
**Kansai office:** Nishi-honmachi Intes, 2-3-10, Nishi-honmachi, Nishi-ku, Osaka-shi, Osaka, Japan  
**President and CEO:** Fumio Iwai

**Establishment:** December 22, 1936  
 (Management integrated on August 5, 2003)  
**Paid-in capital:** 37,519 million yen  
**Fiscal year end:** March 31  
**Number of employees:** 90, Group employees: 33,388  
 (As of March 31, 2005)  
**Business lines:** Holding company

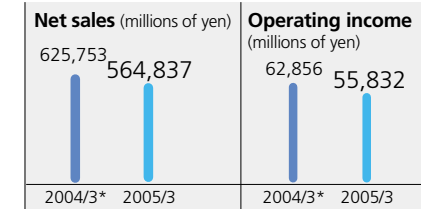


\*Including interim results of former Minolta Co., Ltd.

## Business Companies

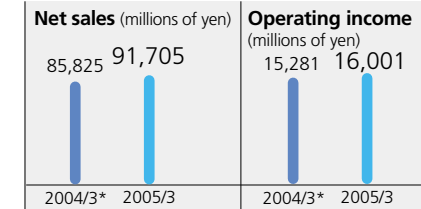
### Konica Minolta Business Technologies, Inc.

Manufacture, sale and related services of photocopiers, multi-functional devices, printers, micrographics systems and related supplies



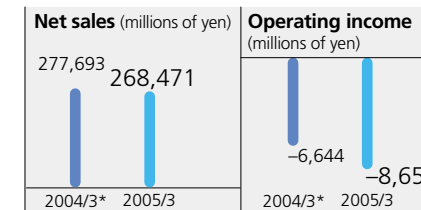
### Konica Minolta Opto, Inc.

Manufacture and sale of optical products (optical pickup lenses, micro camera units, etc.) and related products and electronic materials (such as TAC film)



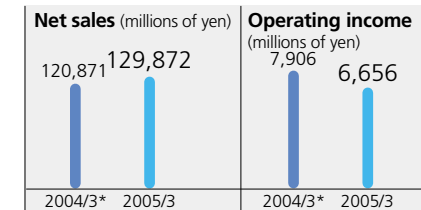
### Konica Minolta Photo Imaging, Inc.

Manufacture, sale and related services of color film, digital cameras, film cameras, inkjet media and other related equipment



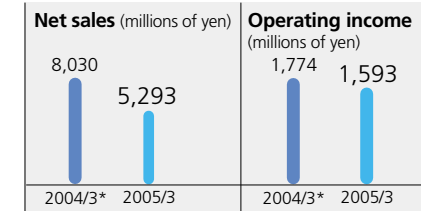
### Konica Minolta Medical & Graphic, Inc.

Manufacture, sale and related services of film and processing equipment for medical and graphic imaging



### Konica Minolta Sensing, Inc.

Manufacture and sale of instrument systems for industrial, photographic and medical applications



\*Including interim results of former Minolta Co., Ltd.

## Common Function Companies

### Konica Minolta Technology Center, Inc.

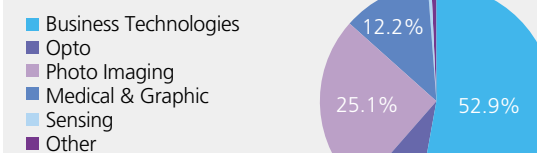
As one of the Group's common function companies, undertakes research and development, incubates new technologies and businesses and oversees and manages intellectual property

### Konica Minolta Business Expert, Inc.

As one of the Group's common function companies, provides diverse business support and indirect functions and services including production facilities, distribution and procurement, environment and safety, export control, administration, human resources and accounting

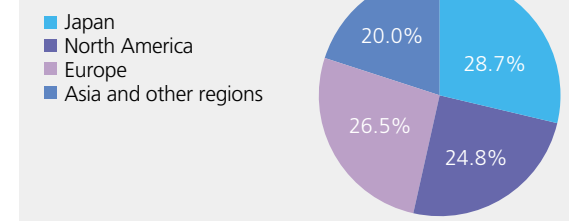
### Breakdown of sales by business segment

April 1, 2004–March 31, 2005



### Breakdown of sales by region

April 1, 2004–March 31, 2005



## We believe that being a good corporate citizen helps us achieve our goal to raise corporate value.

### —What are your thoughts about the Konica Minolta Group's corporate social responsibility (CSR)?

The Konica Minolta Group is a new global enterprise born from the integration of Konica Corporation and Minolta Co., Ltd. in August 2003. Rather than continuing on our former paths, we assumed a stance and direction as a new company with respect to our employees as well as our customers, shareholders and communities. Simultaneously with our reorganization, we formulated a management philosophy, management visions, corporate message and the Konica Minolta Group Charter of Corporate Behavior, which we announced and are implementing. These indicate how we fulfill our responsibility to society and make positive contributions, and are the very basis of Konica Minolta's CSR.

To thoroughly immerse our worldwide activities in this fresh spirit, we translated the the Konica Minolta Group Charter of Corporate Behavior into eight languages and distributed it to Group employees around the globe in April 2005 in an effort to ensure rigorous implementation.

### —Why are you focusing on CSR right now?

I believe that the trust placed in us by our stakeholders is the most important element for continuing development and raising corporate value. We are striving to earn their continued trust in this changing era by taking the stakeholder's viewpoint in organizing and reviewing aspects that have been our concern all along—corporate

governance, the environment, compliance with laws and regulations, contributing to society and communicating with society. Even without CSR, these are our concepts, our philosophy. We combined these ideals into the *CSR Report* so that our stakeholders would be able to understand the thinking and behavior of our Group. As a result of this effort, the stakeholders are placing even more faith in our Group, which we believe is the key to raising corporate value.

### —What actually is Konica Minolta's CSR?

There is no worldwide consensus about what CSR should entail. The concept itself can differ for Europe, the Americas, Asia and Japan. What's more, the nature of the business engaged in by corporations varies considerably so there are different characteristics in terms of development, production, sales and service. For the Konica Minolta Group to fulfill our responsibility to society and to make contributions that will earn good faith, it is vital for us to constantly work on our own initiative without following the pack. In this sense, the promotion of CSR depends primarily on the understanding and involvement of each and every employee. Here, it is essential that employees have a correct and thorough grasp of the management philosophy and the Konica Minolta Group Charter of Corporate Behavior so that they are highly conscious of CSR. Also, with regard to issues we are conventionally concerned with, such as corporate governance, the environment, compliance with laws

and regulations, and contributing to society, it is important for us to communicate with our stakeholders in order to be able to continually review and improve our approach.

Just as we have made economic and environmental issues compatible in our product development, procurement (collection), production, sales and service activities, I feel obliged as a representative of management to make social responsibility an integral and intrinsic part of our economic activities.

### —Why are you issuing the report as the CSR Report this year?

First, in terms of accountability, we must carry out the disclosure of information required by stakeholders of the Konica Minolta Group. At the same time, the information has to be highly transparent. The report is positioned as one of the means of fulfilling this responsibility. Second, in the process of creating the report, we can extract Group issues and use these as an opportunity for making improvements. Seeing the report from this perspective, we had to shift from a sustainability report that focused on the environment, and instead provide a well-rounded report in terms of social as well as environmental matters that are the concern of our stakeholders. That's the reason for making this year's report the *CSR Report*.

I might add that this year's report is quite a transformation compared with last year's, disclosing information in a far more transparent and precise manner for stakeholders. Additionally, we



wanted to have as many people as possible understand the stance and contents of our CSR efforts, so we issued a digest of the detailed report.

The digest has been widely distributed to our customers, shareholders, suppliers, contractors, regional companies, employees and other stakeholders. We are very keen to hear comments from everyone after they read the report.

As a global enterprise, there is still plenty of room for improvement this fiscal year when it comes to disclosing Group-wide information, as I'm sure many will agree. We hope to continually improve the business activities of the Konica Minolta Group by heeding your highly valued opinions.

August 2005

A handwritten signature in black ink that reads "Fumio Iwai". The signature is written in a cursive, flowing style.

**Fumio Iwai**  
President and CEO  
KONICA MINOLTA HOLDINGS, INC.

# Konica Minolta positions CSR as management itself.

## Pursuit of management philosophy and implementation of the Konica Minolta Group Charter of Corporate Behavior form the basis of Konica Minolta's CSR.

CSR is management itself. We based our CSR stance on our management philosophy to pursue the creation of new value and the Konica Minolta Group Charter of Corporate Behavior, which were implemented when

Konica and Minolta integrated.

The Konica Minolta CSR concept is summarized below.

### Konica Minolta CSR Concept

With the management philosophy "The creation of new value," the Konica Minolta Group aims to be an innovative global corporation that continues to create inspiring products and services in the imaging field and that leads the market in advanced technologies and reliability.

To this end, we have established the Konica Minolta Group Charter of Corporate Behavior, covering beneficial and safe products and services, fair and transparent corporate conduct, communication with society at large, environmental protection, active contribution to society and respect for employees. Each and

every member of the Group is committed to make CSR the basis for daily activities, and to constantly improve each of these points.

By constantly improving our behavior, we can earn the trust of our customers, shareholders, suppliers, contractors, regional companies, employees and other stakeholders. By fulfilling our corporate responsibilities in the wider economic, social and environmental spheres, we are confident that we will also raise our corporate value.

In the field of imaging, we will continue to maintain our indispensable presence.

### Konica Minolta Group Charter of Corporate Behavior

**Corporations, in addition to being economic entities engaged in the pursuit of profit through fair competition, should be beneficial to society at large. For this reason, the Konica Minolta Group shall behave in a socially responsible manner and shall have all of its directors, officers and employees clearly acknowledge the spirit of this Charter of Corporate Behavior.**

**Senior management shall recognize that the fulfillment of the spirit of this Charter is its own role and responsibility, and shall take the initiative to ensure that all directors, officers and employees fully understand the Charter. In addition, management shall constantly pay attention to the opinions of internal and external parties and shall promote the implementation of effective systems to secure ethical corporate behavior.**

#### 1. Beneficial and safe products

We shall strive to earn the confidence of consumers and clients through the development and provision of socially beneficial products and services with the utmost consideration for safety.

#### 2. Fair and transparent corporate activities

We shall, in the pursuit of fair and transparent corporate activities, comply with laws and social regulations and act in accordance with international rules and the articles of incorporation.

#### 3. Communications with society and information disclosure

We shall communicate with society at large and disclose corporate information fairly and adequately.

#### 4. Environmental protection

We shall acknowledge the seriousness of global environmental issues and shall act voluntarily and affirmatively to protect the environment.

#### 5. Contribution to society

We shall, with a global perspective, affirmatively make contributions to society while respecting local customs and cultures.

#### 6. Respect for employees

We shall endeavor to make the lives of employees comfortable and fulfilling, provide a safe work environment, and respect each employee's personality and individuality.

#### 7. Responsible actions

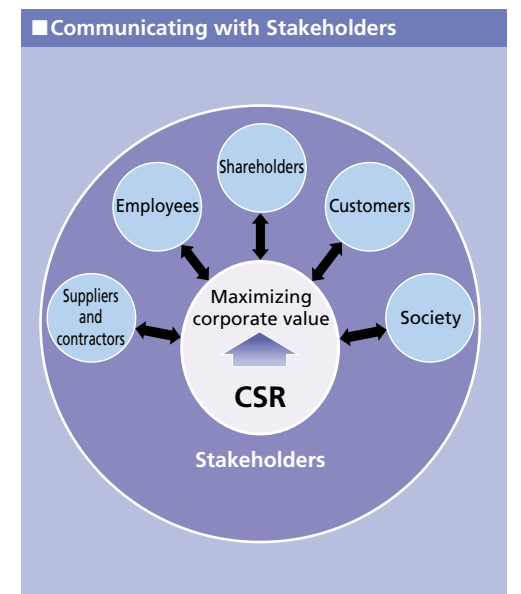
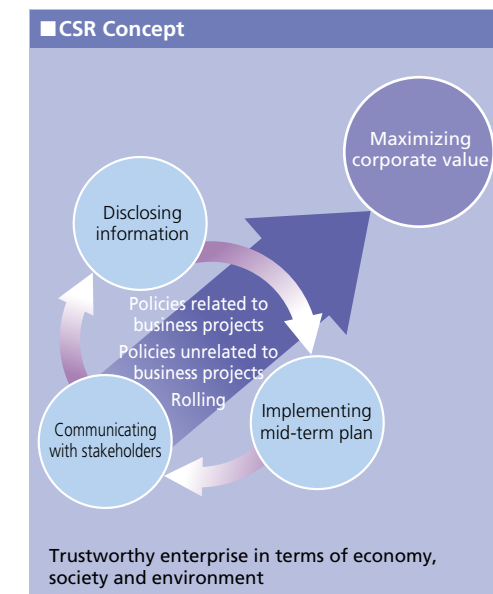
In the event of a violation of the principles of this Charter, in order to solve the problem, senior management shall investigate the cause of the violation and develop reforms to prevent its recurrence in accordance with corporate compliance procedures. Prompt public disclosure of precise information and an explanation regarding the violation shall be made, and responsibility for the violation shall be clarified. Strict and fair disciplinary action shall be taken including with respect to senior management where necessary.

Dated: October 1, 2003

## Striving to raise corporate value through communication

The Konica Minolta Group believes that CSR depends heavily on two-way communication with stakeholders such as our customers, shareholders, employees, suppliers, contractors and residents in the environs of our business sites. We adequately and fairly publicize our corporate information to gain correct understanding

and trust from a wide range of stakeholders. Additionally, we engage in active communication with stakeholders in an effort to win good faith, to build a corporate group that is welcomed and to maximize corporate value.



## CSR efforts begun directed toward full-scale launch of CSR in fiscal 2005

During fiscal 2004, an executive officer of Konica Minolta Holdings was charged with the responsibility of promoting "management emphasizing CSR" as the basic policy of the mid-term plan (V-5 Plan). The CSR Promotion Committee was formed from representatives of diverse organizations to promote CSR activities. Priorities for the Group were specified, and the CSR Report Editing Committee, Communication Subcommittee and Social Contribution Subcommittee were established to study policies. With fiscal 2005 positioned as the year CSR will be fully launched, the Konica

Minolta Group has begun to tackle CSR in earnest, and is building the foundations for future directions.

Economic, social and environmental activities are presented in this CSR Report.

Konica Minolta's social efforts in relation to CSR are described in detail in the section entitled "Collaborating with People and Society," beginning on page 16. For an in depth look at our environmental efforts, please refer to the section entitled "What We Can Do for the Earth," beginning on page 32.

1

33,388

A tiny sparkle of each employee  
makes us glow—and grow.

33,388\*—this is the number of employees working for the Konica Minolta Group around the world. Our employees adhere to the Konica Minolta Group Charter of Corporate Behavior and make a personal commitment to improve their daily activities. Each must work hard to respond to the trust placed upon us by our stakeholders. We fulfill our economic, social, and environmental responsibilities, acting in a manner that upholds our corporate value.

\*As of March 31, 2005

## Corporate Governance

A board-with-committees system designed to improve the transparency and speed of our management

### Adopting a holding company structure

#### Konica Minolta is endeavoring to speed up management decision-making and strengthen competitiveness.

Konica Minolta is a Group of separate companies, currently consisting of Konica Minolta Holdings, five business companies, and two common function companies. By spinning off each business into separate companies, this structure accelerates our decision-making process and bolsters our competitive edge. We assign to each company a certain degree of authority and responsibility in the areas directly related to the execution of their respective business to allow flexible,

speedy business operation and management. Two common function companies, on the other hand, collectively perform basic research activities and other indirect operations within the Group, serving to improve overall business and functional efficiencies. The structure also allows Konica Minolta Holdings to concentrate on the management of the Group as a whole.

### Introducing a board-with-committees system

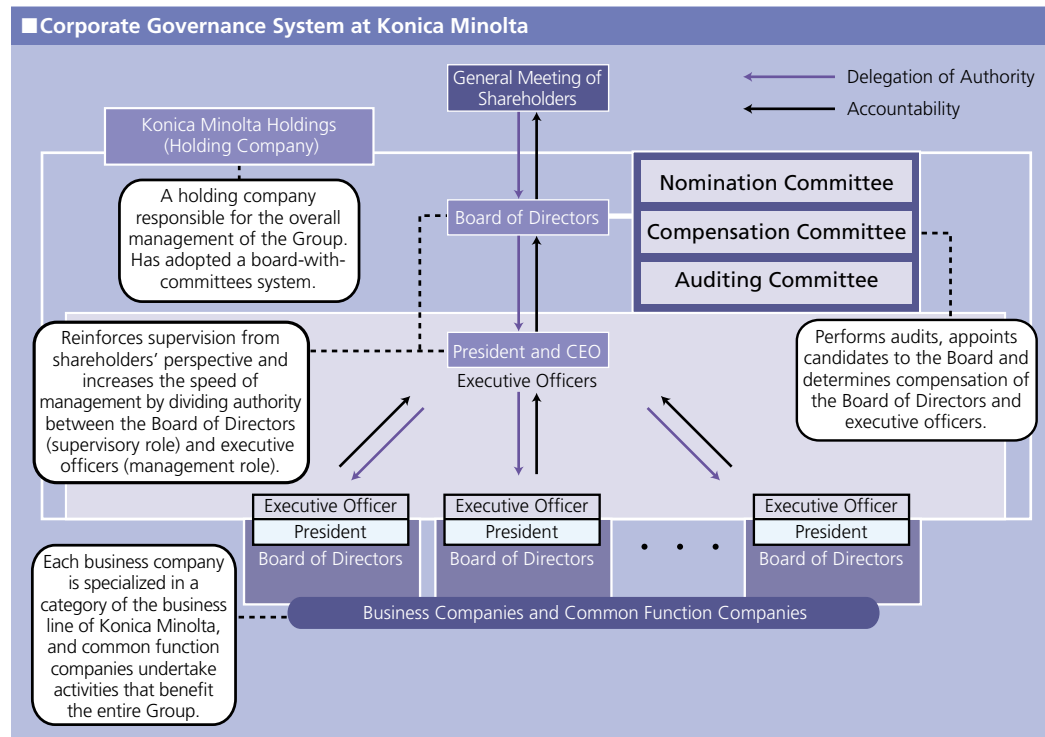
#### Konica Minolta is implementing thorough supervisory functions of the Board of Directors.

While shifting to a holding company structure, Konica Minolta also introduced a board-with-committees system at Konica Minolta Holdings. It is a corporate governance system that clearly separates the supervisory function from the management role, assigning the former to the Board of Directors (12 members including four outside directors) and the latter to the executive officers.

The executive officers of Konica Minolta Holdings carry out activities entrusted to them by the Board of Directors. Some are also acting as President of the business and common function companies. To achieve

better transparency in the management and compliance postures of the Group, the activities of these officers are supervised by the Board of Directors and reviewed by the Auditing Committee.

The Board of Directors of Konica Minolta Holdings consists of eight internal members (five executive and three non-executive officers) and four outside directors, with one of the non-executive officers serving as chairman. With the majority of members made up of non-executive officers, the Board of Directors is able to perform its supervisory functions on a highly independent basis.



Although the Japanese law that stipulates the board-with-committees system allows the Nomination and Compensation committees to include executive officers as their members, we chose to exclude them from these committees in order to attain thorough management transparency. The Auditing Committee, Nomination Committee and Compensation Committee members do not include executive officers, and each committee is chaired by outside directors. Each committee is composed of three outside directors and two non-executive officers.

Outside directors are considered independent since they have no personal relations with our major suppliers or any of our executive officers. Our selection criteria place the highest priority on the independence of candidates.

#### Board of Directors and Three Committee Organizational Structure

Board of Directors		© = Chairman		
Non-executive Officers				
Director (Chairman of the Board)	Auditing Committee	Nomination Committee	Compensation Committee	
Outside Director	©	○	○	
Outside Director	○	©	○	
Outside Director	○	○	©	
Director	○	○	○	
Director	○	○	○	

**Executive Officers**  
 Director (President and CEO, Representative Executive Officer)  
 Director (Vice President, Representative Executive Officer)  
 Directors (Senior Executive Officers)

### Active discussions at Board meetings

#### Providing outside Board members with information is important.

In fiscal 2004, the Board of Directors meeting was held approximately once a month with over a 90% attendance rate of outside directors. Non-executive officers, who attended important internal meetings, principally provided outside directors with advance orientation on upcoming agendas. Konica Minolta established a system where questions on details of corporate information could be answered on the spot. These efforts supported active discussions and smooth operations of the Board of Directors meetings. We set up the Board

of Directors Office for the Board of Directors and the Nomination Committee and the Compensation Committee, in addition to the Audit Committee Office, and held an outside directors meeting (December 2004), developing a system to allow the Board of Directors to function more. Furthermore, we actively provided opportunities, such as local business site visits, so that outside directors could understand the Konica Minolta Group's actual business activities.

### Group audit system

#### Focusing on improving the internal control system in our overseas affiliate companies during fiscal 2004

With the aim of reinforcing the auditing system of the Group as a whole, we organized the Audit Council, consisting of the Auditing Committee, the Corporate Audit Division of Konica Minolta Holdings and auditors of respective business companies and common function companies. The Auditing Committee developed "Auditing Committee Auditing Criteria," while the auditors of the business companies created "Auditors Oversight Criteria." We visited 40 Group companies mainly in the U.S., China and Europe to provide a series of educational sessions to enhance their auditing and internal control system.

While doing so, we asked a local independent auditing company to whom we commission the auditing of accounting of overseas Group companies to assess our internal control system. The results of this assessment will be submitted to us annually.

- Auditing Committee's Educational Sessions
- Oct. 2004: U.S. (New Jersey and Alabama)
- Nov. 2004: China (Hong Kong, South China area and Shanghai)
- Feb. 2005: Europe (Germany)



Overseas educational session held in China

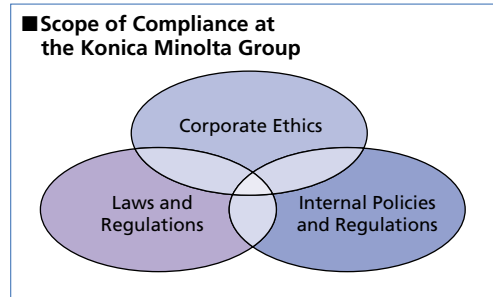
## Compliance

More stringent, extensive compliance requirements established as Konica Minolta's global standards

### Scope of compliance

This includes not only laws and regulations but also a broad range of corporate ethics and company regulations.

Konica Minolta views "compliance" in a broader context, covering not only the applicable Japanese and overseas laws but also corporate ethics and internal regulations. Upon the merger of Konica and Minolta in October 2003, the President and CEO of Konica Minolta Holdings declared the promotion of compliance throughout the Group and established the Konica Minolta Group Conduct Guideline. This guideline is the foundation for achieving a high level of corporate governance within the Group, and is given the highest priority in every aspect of our corporate activities.



### ■ Konica Minolta Group Conduct Guideline (excerpts)

#### Basic Stance

1. We shall comply with all applicable laws and internal policies and regulations.
2. We shall respect social standards, and act with good discretion, responsibility and due awareness of corporate ethics.
3. We shall endeavor to fully understand the contents of this Guideline and comply with them at all times.
4. We shall not act in violation of this Guideline. Pursuit of profit, service for the company, orders from superiors, precedent, prior cases in other companies, and industry or national practices provide no justification for any violation.

#### Products and Services

- We shall provide useful, safe, high-quality products and services to customers.

#### Fair Transactions

- We shall comply with anti-trust and competition laws, and conduct transactions in a manner that is fair, transparent and promotes free competition.

#### Export and Import Procedures

- We shall comply with all applicable export control laws as well as internal policies and regulations, in the export or provision of any item or technology.

#### Confidential Information and Intellectual Property

- We shall be aware of the importance of protecting the confidential information of the company or third party, and shall maintain the confidentiality of such information, in compliance with all applicable internal policies and regulations.

#### Communication and Information Disclosure

- We shall conduct voluntary, fair and timely disclosure of useful and reliable information when required by law, and as appropriate on other occasions.

#### Environmental Protection

- We shall develop and provide products and services with due consideration to the environment, health and safety at all stages—from design, manufacturing, distribution, and use, to disposal.

#### Contribution to Society

- We shall work for the mutual benefit of and harmonious relations between society and Group companies, whether in Japan or overseas.

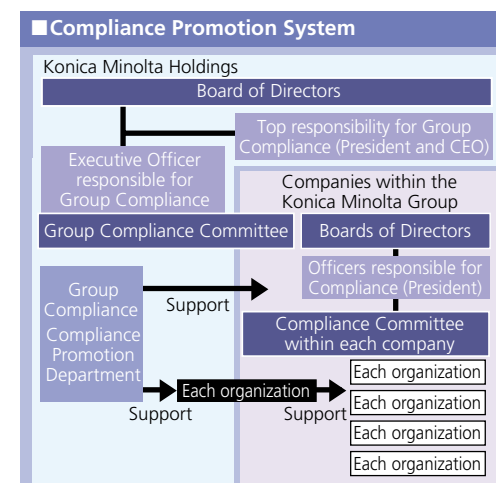
The Guideline also specifies rules related to "Antisocial Forces," "Respect for Employees" and "Internal Policies and Regulations."

### System to promote compliance

### Cultivating a strong sense of compliance on a global basis

The Konica Minolta Group has set up a compliance structure according to the law applicable to companies employing a board-with-committees system. Under the structure, the President and CEO of Konica Minolta Holdings maintains overall responsibility and oversight of the compliance activities within the Group, while the Board of Directors selects one of the executive officers to act as the Group's compliance officer. The officer operates an advisory board, the Group Compliance Committee, made up of the chairmen of the Compliance Committees established in our business and common function companies (usually the president of each company). A strong, top-down compliance structure reaching from Konica Minolta Holdings to each Group company is in place at the Konica Minolta Group. Under the guidance from the Group Compliance Committee, the Compliance Promotion Department of Konica Minolta Holdings assumes oversight responsibility governing the compliance activities of affiliate

companies, both in Japan and overseas, to provide direct and indirect support on a global basis.



### Achieving a high level of compliance

### Delivered Konica Minolta Group Charter of Corporate Behavior in nine languages

The Konica Minolta Group Charter of Corporate Behavior forms the basis of our conduct guidelines. To pervade the principle of the Charter throughout the Group, we prepared a leaflet that features the Charter in nine languages (Japanese, English, Chinese, German, French, Spanish, Portuguese, Italian and Russian) and, at the beginning of fiscal 2005, delivered it to 55,000 employees working for our Group companies around the globe.



### Developed a Compliance Manual

### Delivered the manual in the Chinese language

Following delivery in April 2004 of the Compliance Manual to every employee working for Group companies in Japan, we developed a Chinese version of the manual and delivered 2,000 issues in May. Since the laws and commercial practices that form the basis of our compliance activities vary according to country or region, we developed a separate version that conforms to Chinese laws and regulations. Our affiliate compa-

nies in the U.S. and Europe have also developed their own Code of Conduct, which lists the policies and guidelines that our employees must follow.



### Compliance-related education

### Conducted a series of compliance education and training at home and overseas

At Konica Minolta, the Group companies in Japan and overseas are required to report the progress of their compliance activities on a monthly (in Japan) and quarterly (overseas) basis to the Compliance Committee within each company and to the Group Compliance Committee in Konica Minolta Holdings.

During fiscal 2004, we expanded our global compliance training program to include Australia and Singapore, in addition to the U.S. (New Jersey and Alabama), Europe (the U.K., France, Germany and the Netherlands) and China. The executive officer responsible for Group compliance visited each region and conducted a

series of compliance-related lectures mainly for presidents and local executive staff.

In Japan, we conducted 31 sessions of compliance training (excluding the number of sessions provided by each Group company) during the period from May 2004 to January 2005 in response to the requests from our subsidiaries. Further, a total of 240 employees directly received compliance training through various training courses for new employees (April 2004), senior-level employees (July), newly appointed officers (December), and newly appointed management staff (January 2005).

### Responses to the Personal Information Protection Act

### Intensifying the handling of personal information through conducting activities such as special training sessions

In preparation for the Personal Information Protection Act effective as of April 2005 in Japan, the Ministry of Economy, Trade and Industry issued a related guideline in September 2004. Accordingly, we launched a project within the Group defining three top-priority actions and four managerial steps to comply with the Act. We also developed a manual for handling personal infor-

mation, executed special training sessions at 12 locations and widely disseminated the knowledge within organizations. We developed a policy for protection of personal information in September 2004, and after half a year of devising a personal information protection system, implemented the policy on March 25, 2005.

### Protecting voluntary informants

### Help Line offered through various means of access

In Japan, we operate a Help Line service that allows an employee to report an act of questionable conduct in view of our compliance stance directly to the Compliance Committee in each company, the President and CEO of Konica Minolta Holdings, the officer responsible for compliance, or to the head of the Legal Division

via telephone, e-mail or written correspondence. During fiscal 2004, more than 10 reports were made to Konica Minolta Holdings. In each case, we conducted inspections, while taking into account the protection of the informant, and made prompt actions to correct the situation.



## Risk Management

To cope with a variety of risks in corporate activities, Konica Minolta is minimizing risks through accurate, prompt and appropriate handling of such risks.

### Response to assumed risks

#### Konica Minolta is implementing risk management, classifying risks or tasks in prevention and prediction, outbreak and after-the-fact phases.

Our risk management activities are led by the Crisis Management Committee at Konica Minolta Holdings and its subcommittees established within our Group companies operating worldwide. With an eye to upholding our corporate value, the Crisis Management Committee works with the Group Compliance Committee to operate a global corporate governance structure. Each side takes charge of certain risk areas, allowing us to respond to assumed risks more effectively and efficiently.

Risks associated with our corporate activities are divided into 13 categories, with risk factors, details and possible crisis situations defined for each. We imple-

ment a three-phase response plan, composed of prediction and prevention during peacetime, actions taken during crisis and post-crisis activities. The Crisis Management Committee at Konica Minolta Holdings maintains close communication with its subcommittees in our Group companies and is able to obtain real-time information on a given incident, even when it is occurring at one of our overseas Group companies.

We swiftly receive reports based on an early reporting approach while the level of risk is still at the indication stage. Periodical reports are made even during peacetime, and the risk status of the Group as a whole is reported to top management on a monthly basis.

#### ■ Risk Factors and Details (excerpt)

Factors	Details
1 Defective products, recalls, product liability suits	Error in design (damaged product, health hazard), error in production process (damaged product, foreign substance contained in product)
2 Defective services	Insufficient and inadequate explanation, discriminating treatment
3 Personnel-related issues	Ambiguous standards used for personnel assessment, undue positional change, employee engagement in crime or scandal
4 Labor-related issues	Labor dispute, occupational health hazard, death or suicide caused by overwork
5 Accidents	Environmental contamination (soil, wastewater, air), industrial accident (health and safety hazard, accident)
6 Instances of unethical conduct	Antisocial force, scandalous act, internal dispute, M&A
7 Results of management and marketing decisions	Risks related to investment, loan, debt and transaction, undue competition
8 Organizational crimes	Illegal act (violating the Antimonopoly Act, Premiums and Representations Act, Subcontract Act, and Tax and Commercial Laws)
9 Blackmailing and other crimes committed against the company	Malicious act (mixing harmful substance into product, etc.), robbery, sabotage
10 Economic or social disturbances	Energy crisis, major power failure, a sharp decline in stock prices
11 International or political disturbances	War, political dispute, trade impediment
12 Disasters and epidemics	Earthquake, storm and flood, fire, infectious disease
13 Inaccurate information giving an impression of management instability	Incorrect information provided to mass media, spreading rumor through various channels, including the Internet

### Activities responding to quality issues

#### Konica Minolta is responding to customers more promptly and accurately under the customer first principle.

For the Konica Minolta Group, quality issues represent the highest management issue to our operations. With Konica Minolta Holdings working in tandem with each

Group company, we take swift and appropriate action to deal with quality issues based on our customer first principle.

#### Response to quality issues during fiscal 2004

##### Hyper Jet Cleaner (air duster)

Occurred in February 2004. Notes were found to be inadequate with regard to the possibility of decomposition of one of the ingredients and generation of a hazardous substance when used near a source of heat. We held an emergency meeting and made warning announcements in newspapers and on our website on February 23. In order to respond to customer inquiries in detail, we operated a call center specifically handling this issue until June 2004.

##### DiMAGE Z3 (digital camera)

Occurred in August 2004. Calls from customers revealed that significant noise occurred under certain shooting conditions and that system errors may occur when taking continuous shots. We immediately made an announcement on our website and started a free download service of a firmware solution.

### Continuity of business during crises

#### Currently developing a Business Continuity Plan, which also covers our supply chain

Ensuring business continuity in the event of a disaster is one of the most important missions of the Konica Minolta Group. The mission consists of avoiding a disruption to our business operations and building resilience in a manner that safeguards the interests of our stakeholders around the globe. Konica Minolta Holdings has asked each business company to develop a plan designed to ensure continuity of service and minimize the damage to its customers and suppliers. Currently, Konica Minolta Holdings is devising a comprehensive plan by first identifying critical business processes and related bottlenecks, and then determining adequate measures and backup processes. Based on these efforts, each Group company is also developing its own continuity plan from a global perspective, placing more weight on supply chain management.



First united disaster drill

### Activities undertaken for business continuity

#### Preparing for a large-scale earthquake

Earthquake hazards pose the highest threat to business continuity for companies operating in Japan. Looking at the recent history of large-scale earthquakes that have occurred in Japan, our overseas stakeholders now express a growing concern for our earthquake preparedness.

We believe that our efforts to improve our earthquake preparedness will ultimately lead to the building of a sound defensive posture against other disasters. We place the highest priority on the development of measures to counter the Tokai or Tonankai earthquakes and large-scale earthquake in the Tokyo metropolitan area, which are predicted to occur in Japan in the near future.

When the Great Hanshin-Awaji Earthquake occurred, it took us a week to find out what happened to our employees working in that region. Utilizing the lessons learned during the incident, we have built a Safety Check System for our employees and their families. If an earthquake above intensity 5 hits a certain area, employees living or working in that area will report via this system using their PCs or cellular phones. We provide periodical training for our employees to familiarize themselves with these reporting procedures.

#### •Developed and delivered an action manual

In July 2004, we developed a pocket manual to ensure the safety of our employees upon the occurrence of a large-scale earthquake. The manual was delivered to all Group employees working in our offices in Japan.



#### Priority of actions during crisis

1. Ensure the safety of employees and their families.
2. Prevent the occurrence of secondary disaster.
3. Maintain business operations or work for their early recovery.
4. Participate in regional disaster prevention activities.



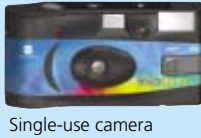
# 101,434

101,434—this is the number of calls made during fiscal 2004 only in Japan to the Call Center of Konica Minolta Photo Imaging, Inc., one of our Group companies engaged in the camera and film business. Customer feedback is important to us, and we use it to build better products and services and attain improved customer satisfaction. The Konica Minolta Group receives customer feedback, suggestions, and ideas through various channels across the world. Dialogue with our stakeholders, including shareholders, investors, regional communities, suppliers, contractors and employees, is the key to establishing a trust-based relationship with society, which in turn, will enable us to improve our corporate value.

Close dialogue with our stakeholders gives us energy to move forward.

society

## Supporting mentally challenged persons to be active in society via single-use camera recycling work



Single-use camera

**One of Konica Minolta's basic themes is "affirmatively contributing to society." In the recycling process of single-use cameras, the participation of many mentally challenged persons in this work provides an opportunity for them to enjoy active lives as members of society.**

### Sheltered workplace for mentally challenged persons

The Nobinobi (Carefree) Eco Workplace at the Nobinobi Community Center in Tokyo's Koto Ward provides mentally challenged persons with light work such as assembling boxes. This type of work enables persons with mental disabilities to participate in society. At the same time, they are able to see themselves as workers, and this is one way for them to enjoy being part of the community.

Since 1997, Konica Minolta Photo Imaging has been contracting out recycling separation work for its single-use camera to the Kobe Community Workshop, which has a track record of diligent, high-precision work. Later, the company wondered if it would be possible to contract out similar work to a facility in Tokyo, and discovered the Nobinobi Community Center. From February 2001, Konica Minolta Photo Imaging has been contracting out similar separation work. Subsequently, in September 2002, Konica Minolta Photo Imaging began contracting out to the Nobinobi Recycle Center, which is highly praised by the facility for affording mentally challenged persons with a place to acquire job skills.



Separating collected single-use cameras by model

### Recruiting enthusiastic persons with mental disabilities as full-time employees

Konica Minolta Photo Imaging provides workers at recycle centers with overall training and detailed technical instruction, and plans and directly supervises the ways to proceed with work according to the types of mental disabilities. In this way, the company takes the viewpoint of the mentally challenged persons carrying out the actual work, planning and directing jobs so that they are maintained at appropriate levels of difficulty that are neither too complicated nor too simple. Further, all part-time workers employed in the Community Center are the parent of persons with severe mental disabilities. They are our strong and valued partners in facilitating seamless understanding and support of workers. As a result, mentally challenged persons are able to master jobs quickly without stress and anxiety, and their training is more effective. Currently, the Nobinobi Eco Workplace is distinguished by its high work performance. Four of the keenest workers are now full-time employees of Konica Minolta Photo Imaging and are dispatched to the Nobinobi Recycle Center as company staff.

### Vital work for recycling resources

After use, single-use cameras are collected, separated, dismantled and inspected, and then reused or recycled. In the case of single-use cameras, over 90% of the collected parts are reused, and altogether virtually 100% of the parts are recycled.

At the Nobinobi Eco Workplace, single-use cameras are first separated by manufacturer. Products of other companies are sent to the manufacturers, and Konica Minolta Photo Imaging products are further separated by model. Once the single-use cameras are separated by model and the flashlight batteries are removed, they are packed in cardboard boxes to be shipped to China. The

batteries must be removed because regulations forbid them from being imported to China. Since over 10 million are handled annually, the workplace plays an important role in keeping the recycling system running smoothly.



Packing products for shipping

### Truly feeling part of society

Work efficiency varies appreciably according to the degree of mental disability and enthusiasm, even for the job of removing batteries. Because almost none of the workers have had work experience elsewhere, at the outset it was common for them to lose concentration or just go home. However, thanks to the enthusiastic guidance of the facility's staff, efficiency nearly doubled in the first year. Whereas the persons with severe mental disabilities might barely manage to remove batteries with the help of staff, some slightly mentally challenged trainees can remove more than 300 batteries in 30 minutes. Also, trainee packers are on the increase, so work efficiency is rising.

Work shelters have difficulties with the general arrangements for work contracted out by companies because it is almost always short-term and has strict deadlines. With recycling work for single-use cameras, however, the jobs will continue as long as the products



Removing batteries from cameras

are on the market, plus the deadlines are relatively flexible. In this respect, work with this product suits mentally challenged persons. Even better, the product is very easy to handle, given that it is small, light and compact, and is clean so that workers do not become dirty. Moreover, single-use cameras' attractive colors and display in stores everywhere arouses a great deal of interest. In fact, those engaged in the single-use camera recycling work say that they really feel they are involved in society after seeing single-use cameras and the Konica Minolta logo around town.

### Taking the next step

Konica Minolta Photo Imaging is taking things a step further by providing mentally challenged persons with opportunities to see society and their roles in it. As well as contracting out work, the company has invited the workers to visit its "Konica Minolta Cherry Blossom Festival" at Tokyo Hino Site and the Konica Minolta booth at the Eco Products 2004 trade fair.

At present, 18 persons with mental disabilities are working at the Nobinobi Eco Workplace and improving their efficiency every day. The Nobinobi Eco Workplace aims to provide mentally challenged persons with job training so that they can gradually raise their skills and work in industry. As described above, persons with slight mental disabilities are able to become full-time company employees after they have undergone hands-on training and show that they have genuine work ability. In fact, apart from the successes with Konica Minolta Photo Imaging, six persons were able to find company jobs via Hello Work recruiting. This track record has heartened mentally challenged persons at sheltered workshops, and Konica Minolta Photo Imaging certainly wants to continue supporting them.



Work colleagues visiting Eco Products 2004

## Investor Relations (IR) Activities

Quick disclosure of accurate IR information to allow everyone to receive the same information at the same time

### Basic IR policy

### Timely disclosure of accurate information to an extensive shareholder and investor base

The Konica Minolta Group strives to maximize its corporate value and meet the expectations of shareholders and other investors. Our IR activities seek to maintain fair and strong relationships with shareholders and investors through timely disclosure of accurate information, as stipulated in our Konica Minolta Group Charter of Corporate Behavior. We believe that "No News is Bad News" and provide as much information as possible to give shareholders and investors a clear idea of what the Group is doing.

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### Activities conducted during fiscal 2004

### Investors' briefings now provided quarterly

The Konica Minolta Group now provides a total of five briefings, four quarterly presentations and one special briefing in March to explain our medium-term business plan. These briefings are intended to provide timely information to shareholders, investors and rating organizations. Presentation materials used in each briefing, both in Japanese and English, are posted on the IR page of our website on the very day the briefing is held, giving everyone an equal opportunity to obtain the same information without a considerable time lag.

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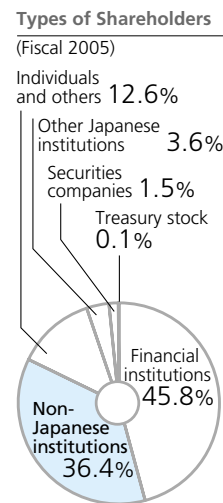
### Stepped up IR efforts for overseas investors

Overseas markets account for 70% of total sales of the Konica Minolta Group. The integration of Konica and Minolta in August 2003 pushed up our market value above the 500 billion yen level and drew the attention of an increased number of major institutional investors abroad. Accordingly, we bolstered our IR efforts targeting overseas investors in fiscal 2004.

Materials used in the investors' quarterly briefings and other information offered on our website are available both in Japanese and English. At the night of the day on which a briefing is held, we hold teleconferences with parties in New York and London. A video teleconference is held as requested, and accordingly, we held 24 such meetings during fiscal 2004.

As part of our overseas IR activities, we participated in conferences held by major overseas securities companies. We also conducted a one-week tour in Europe (the U.K., Germany, France, Switzerland and Italy) and another in North America (U.S. and Canada), presenting briefings to a total of about 100 companies.

As a result of these efforts, the ratio of foreign shareholders increased to around 36.4% at the end of fiscal 2004.



### Summary of Overseas IR Activities (fiscal 2004)

Number of video teleconferences held	24
Briefing tours	U.K., Germany, France, Switzerland, Italy, U.S., Canada
Conferences attended	U.S.

### Participation of top management

### Top management spearheading our IR program

Various meetings with shareholders, including general shareholders meetings, give top management an opportunity to communicate with shareholders and investors first-hand.

At Konica Minolta, we welcome investors visiting us, and members of top management are willing to offer assistance as requested. During fiscal 2004, we received 400 visitors, and including meetings held overseas, top management met with more than 100 investors. Investors' feedback received via telephone and through our website as well as through questionnaires conducted at each quarterly briefing is distributed in the form of monthly reports to every member of top management, including outside directors, to promote interactive communications between our management and investors.

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To incorporate comments and ideas from shareholders and investors into our business plans, the members of the accounting and planning divisions of our Group companies also attend major investors' briefings held five times a year to gather direct feedback.

### IR tools

### Reader-friendly IR materials

We utilize a number of tools to facilitate IR activities both at home and overseas. Examples include annual and mid-term business reports, investors' guides, and annual reports. For individual investors, we are especially careful in organizing our annual and mid-term business reports in a reader-friendly format. To provide information to everyone in a quick and fair manner, the IR page on our website offers a variety of data and information, such as management plans and business strategies, business results and financial data, both in Japanese and English.

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<http://konicaminolta.com/investors/>



Annual Report



Investors' Guide



IR section of website



Business Report



Investors Meeting in the U.K.

## Enhancing Corporate Value Through Quality Management

The Konica Minolta Group is always endeavoring to realize customer satisfaction by providing valued products and services.

### Quality policy of Konica Minolta

#### The Konica Minolta Group is endeavoring to thoroughly carry out the customer first and quality first philosophies.

The Konica Minolta Group believes that the key to customer satisfaction and reliability is "quality" and is endeavoring to thoroughly carry out our customer first and quality first philosophies as part of the Konica Minolta Group's quality policy.

Based on ISO 9001 certification obtained by the entire Group in the mid 1990s, Konica Minolta is establishing a unified quality assurance system, including affiliate companies and all Group companies in Japan and overseas. Since the corporate integration of Konica and Minolta in 2003, Konica Minolta has focused on strengthening quality management capabilities and on-site abilities and has been promoting "quality management" with the aim of enhancing corporate value.

As a result of these efforts, Konica Minolta was ranked number two in terms of overall evaluation in the 2004 Nikkei Quality Management Survey.

#### Quality Management Policy of Konica Minolta

The Konica Minolta Group strives for the highest degree of customer satisfaction and trust by putting the customer first and giving a high priority to the quality of products and services.

Our basic approach is to make continuous quality improvements, based on quantitative measurement and analysis of accurate data.

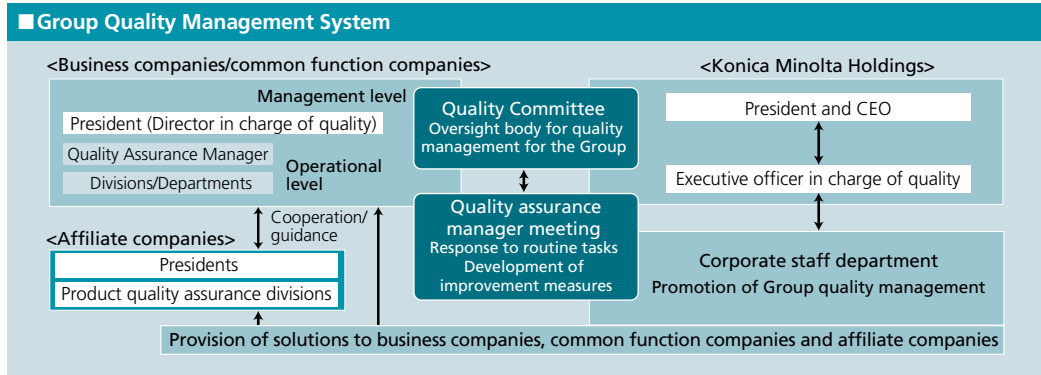
1. Seeking the best customer satisfaction in our industry
2. Anticipating customer needs
3. Global quality system
4. Quality management of products and services throughout the lifecycle
5. Continuous enhancement of quality assurance processes
6. Minimizing product quality risks
7. Disclosure of product safety information

### Quality management efforts 1

#### Konica Minolta is promoting quality management chiefly through the Quality Committee.

The Konica Minolta Group is promoting Group-wide quality management chiefly through the Quality Committee, which oversees quality management for the Group. The Group started conducting "quality inspection

tours by top management," an effort that was strengthened in fiscal 2004, in which the President and CEO visits business sites to engage in direct dialogue with employees.



### Quality management efforts 2

#### We are working to enhance individual employees' abilities and the Group's vitality.

The Konica Minolta Group is integrating improvement activities, including small groups, QC circles and TPM, and deploying these efforts worldwide as "Process Improvement Activities" aimed at enhancing individual employees' abilities and the Group's vitality. Many circles are taking an active role, and the President and CEO recognizes competent circles at the Quality Conference held every year in November. In fiscal 2004, our two circles in Japan participated in the All Japan QC Circle Conference.

Meanwhile, the Konica Minolta Group is promoting "quality engineering (Taguchi method)" to promote quality improvements at development sites. As a result, a large number of successful cases in which development productivity was substantially enhanced have been reported. In addition, we received the gold and the silver prizes at the 2004 Quality Engineering Conference (held by the Quality Engineering Society) in Japan.

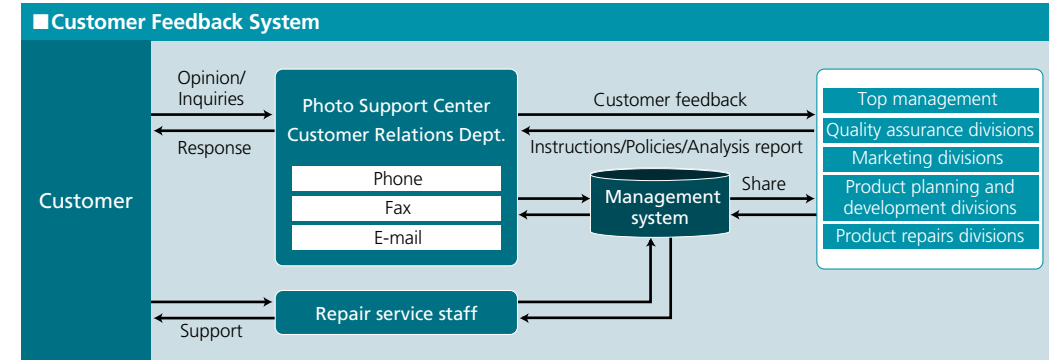
### Customer feedback

#### Konica Minolta is developing an internal feedback system.

We regard customers' opinions received via mail, telephone and e-mail as valuable advice for us to offer products and services that further satisfy our customers. We are developing a system to give feedback throughout the Group.

In relation, in fiscal 2004, in the field of photo imaging, Konica Minolta integrated its Photo Support Center (Call Center), Customer Relations Dept. and Repair

Center, all of which serve as contact points with customers, together at one site in Japan and strengthened its system to quickly analyze and assess opinions sent from over 100,000 customers annually. Based on this system, Konica Minolta made efforts to enhance its response skills so that we can handle points that customers "want us to listen to" and answer questions that customers "want to ask" promptly and accurately.



### Reducing quality risks

#### The Konica Minolta Group is operating its "critical accident information database" worldwide.

The Konica Minolta Group is endeavoring to respond promptly and accurately, take corrective measures and carry out thorough preventive steps when quality-related problems occur in line with its major principle, the customer first philosophy. In an emergency, in particular,

Konica Minolta uses its "critical accident information database," which is operated worldwide, and endeavors to reduce customer risks by grasping an emergency situation within 24 hours no matter where the accident occurs in the world and responding immediately.

### Universal design

#### The Konica Minolta Group pursues comfortable designs for customers.

IT equipment is used frequently by a wide range of people in office environments. The Konica Minolta Group is incorporating "universal designs," which are comfortable, desirable designs for customers, regardless of their age, gender or physical disability. Our development departments are implementing a broad range of design upgrades and conducting continuous assessments and improvements in cooperation with the elderly and people with physical disabilities.



Tilt function of control panels of copiers and multi-functional devices

Angle of control panel can be adjusted to suit individual conditions. By adjusting the angle, persons of different stature or people in wheelchairs can operate it smoothly.

### Information security

#### Konica Minolta prevents confidential information leaks via information equipment.

Recently, copiers and printers are evolving as a network information station, with the increasing need for measures to prevent confidential information leaks.

All of Konica Minolta's copiers and multi-functional devices\* launched after the bizhub 7145 which was released in December 2002, obtained ISO 15408 certification, an international certification for information

security. These models are the only products with a security mode in the standard specification (optional for some models), plus their high-level, confidential functions are easy to use.

\*Includes products awaiting certification.

## Win-win Partnerships with Suppliers and Contractors

The Konica Minolta Group pursues fair and transparent transactions benefiting both sides with suppliers and contractors.

### Basic procurement policy

#### Global procurement in an open and fair manner

Suppliers and contractors are key stakeholders of the Konica Minolta Group, and we pursue fair and transparent transactions that benefit both sides, sharing the same goals of achieving synergistic growth.

Among our Group companies, Konica Minolta Business Technologies has the largest supplier base. The company selects suppliers from around the world in an open, fair and transparent manner in accordance with our five basic procurement policies. The first three of being "Open," "Fair" and "Global," lay down the basics of our procurement activities, while the remaining two, "Compliance" and "Ecology," describe our CSR efforts and requirements for green procurement.

We convey these policies to our suppliers and contractors. Also, we develop partnerships with them for mutual prosperity with the end goal of manufacturing products that are better in all ways, including higher environmental performance, through an active exchange of information, suggestions and ideas.

#### Basic Procurement Policy (developed by Konica Minolta Business Technologies)

<b>Open</b>	We conduct procurement in an open and transparent manner from a long-term, global viewpoint, to achieve trust-based relationships with suppliers, sharing the same goals of achieving synergistic growth.
<b>Fair</b>	On the basis of free competition, we maintain a win-win approach and implement rational evaluation criteria that benefit both sides.
<b>Global</b>	To achieve market superiority, we globalize our procurement activities to obtain parts/materials in the region that best suits our operational needs.
<b>Compliance</b>	We comply with all applicable laws, corporate ethics and internal policies and regulations.
<b>Ecology</b>	We contribute to global and regional communities by protecting the environment and minimizing the impact on the ecosystem in each region.

### Education of procurement staff

#### Konica Minolta is providing compliance education and RoHS education.

Konica Minolta Business Technologies conducts compliance education for procurement staff to gain insight into the Company's basic procurement policy and the Konica Minolta Group Conduct Guideline.

From 2006, imports into the European Union of products or parts containing specific hazardous substances will be banned under the Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS) Directive. Our products produced after November 2005 will fully comply with this directive. The procurement staff already received special training on this matter, in addition to conventional Green Procurement and compliance training sessions.

#### Relations with Suppliers and Contractors

##### We strive for complete compliance in line with the Konica Minolta Group Conduct Guideline.

- We shall comply with anti-trust and competition laws, and conduct transactions in a manner that is fair, transparent and promotes free competition.
- We shall not unfairly discriminate between domestic and foreign suppliers, and shall conduct procurement and purchasing transactions in a manner that is fully transparent.
- We shall not develop business relations in a manner that transgresses the boundaries of socially or internationally accepted standards.
- We shall not solicit or accept business entertainment beyond the level of socially accepted standards.
- We shall not participate in any illegal or unfair transaction even if requested by any customer or supplier.
- We shall refrain from making any personal investment or loan to any supplier. However, this restriction shall not apply to the purchase of publicly traded stock.
- We shall not place a purchase or sale order for any publicly traded stock or security of a company when we possess insider information of a material nature concerning the said company that has not yet been disclosed to the public.

### Close ties with suppliers

#### Announcement of results and plans at Vendors' Meetings

In fiscal 2004, Konica Minolta Business Technologies purchased parts and materials from 380 companies at home and overseas.

Konica Minolta Business Technologies holds an annual Vendors' Meeting with its suppliers in each region to explain its procurement policies, procurement results for the year and procurement plans for the coming year. This year, the Company announced its introduction of a Best Qualified Supplier Program designed to strengthen its partnerships with suppliers and the enhancement of the Recommended Parts/Materials System to facilitate engineering procurement. All suppliers and contractors operating in the country attended a Vendors' Meeting held in China.



Vendors' Meeting held in China

### Promoting green procurement

#### Decision to implement a Green Partner program that covers RoHS requirements

Konica Minolta Business Technologies selects suppliers on the basis of quality, cost and delivery time, plus environment standards. Paying particular attention to the environmental aspect of procurement activities, in fiscal 2006 we decided to launch a Green Partner program, which honors suppliers promoting Green Procurement in conformance with RoHS and other environmental regulations as our "Green Partners." The program was briefed to our partners in Japan during fiscal 2004. In China, we also provided a briefing to those Chinese suppliers who are required to observe the RoHS regulations. A briefing regarding this matter for other Chinese suppliers will be carried out in fiscal 2005.

By the end of fiscal 2004, we completed preparatory work for our Green Procurement process, including development of a survey format\*, manuals and reference materials in Japanese and English (the latter two are also available in Chinese), and successfully initiated full-scale operations in April 2005. Operation of a verification system began in July 2005.

\*Konica Minolta Holdings participates in the Japan Green Procurement Survey Standardization Initiative (JGPSSI), and all of our five business companies use a common survey format developed under the Initiative.

### Procurement risk management

#### Comprehensive measures to counter procurement risks

Products of the Konica Minolta Group are made up of materials and parts obtained from a many suppliers. Even a small problem in a section of our supply chain has considerable impact on our ability to offer products to customers.

With an eye to avoid supply chain risks, including financial, disaster and country risks, Konica Minolta Business Technologies carries out risk management by building strong partnerships with its suppliers. From fiscal 2004, we began operating a system to assess the financial status of each Japanese and overseas supplier and provide financial consultation services, offering financial information support to those who rank low

under the system. To counter natural disasters, we conduct global information management. The system worked effectively upon the occurrences of the Niigata Chuetsu Earthquake in Japan and the undersea earthquake in Sumatra.

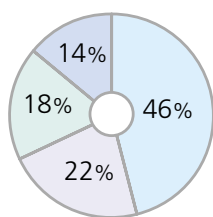
We prepare for disasters and are ready to provide support for affected suppliers. By simulating a disaster and consequent supply shortages, we verify difficulties of obtaining parts and materials and establish a sound plan to recover the operation of our supply chain in the shortest possible period. In fiscal 2005, we plan to promote risk management particularly focusing on Tokai and Tonankai earthquakes predicted to occur in Japan.

## Creating a Work Environment that Encourages Personal Commitment

An excellent work environment and a performance-based Human Resources Management System to value the diversity of people

### Employment status

Breakdown of Employees



Japan	15,443
North/South America	7,412
Europe	5,812
Asia	4,721
Worldwide	33,388

### 33,000 employees in the world are working for the Konica Minolta Group under the "Globe Mark"

As of the end of fiscal 2004, the number of employees working for the Konica Minolta Group totaled 33,388 on a Group basis, covering 97 companies in 22 countries.

For everyone working under the "Globe Mark," we provide an excellent work environment that supports our employees in demonstrating their individual abilities, encourages their engagement in reform and innovation and ensures their adherence to the Konica Minolta Personnel Philosophy under our Management Philosophy of "The creation of new value."

#### Konica Minolta Personnel Philosophy under Management Philosophy

Management Philosophy  
**The creation of new value.**

Corporate Message  
**The essentials of imaging**

Model Employee  
A model employee consistently strives to make the most of these qualities:

- Good attitude/motivation
- Creativity/professionalism
- Positive approach to challenges
- Action oriented

Personnel Philosophy  
**Konica Minolta values people who are committed to shared corporate goals of becoming a global company with market leadership in the imaging business domain, and always strive for continuous innovation with a customer-oriented approach, not adhering to successful achievements of the past nor established customs.**

### Sharing and exchanging information throughout the Konica Minolta Group

#### Utilizing an intranet system to share information and maintain interactive communications

Konica Minolta Online, an intranet system in place throughout the Konica Minolta Group, serves as the Group's communication hub and connects our business bases across the world. Konica Minolta Online facilitates the sharing of information by conveying the



•Konica Minolta Online "i-Board"  
"i-Board" is a page on Konica Minolta Online used by the top management to deliver information on the Group's policies and strategies. It is a place for direct communications between the President and CEO and employees.



•Quarterly Group Magazine **KONICA MINOLTA**  
A publication covering the entire Konica Minolta Group across organizational and regional boundaries. It reports activities of the Group as a whole, regional topics and articles featuring fellow colleagues around the world. A total of 13,000 issues are distributed on a quarterly basis.

### Human Resources Management System

#### Konica Minolta has launched a new Human Resources Management System in Japan that is expected to lead to innovative changes.

Upon the integration of Konica and Minolta in 2003, the resulting Konica Minolta Group laid down a new personnel philosophy and standards. In fiscal 2004, we introduced a new Human Resources Management System in Japan for managers, which utilizes mission assessment tools developed by an external consulting firm. While doing so, the Human Resources Department of Konica Minolta Holdings and labor union representatives formed a Committee for Unified Human Resources Management System to organize a new system that capitalizes on performance-based human resources systems utilized by former Konica and Minolta. The progress, including the topics discussed and decisions made, is promptly reported via Konica Minolta Online. The new system successfully launched operations in April 2005.

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### Human Resources Management System framework

#### Augmenting existing performance-based systems

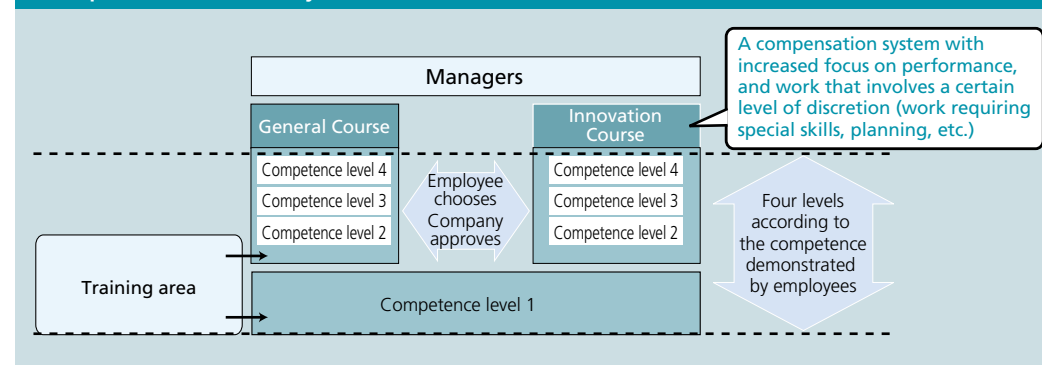
Under Konica Minolta's new Human Resources Management System in Japan, we promote employees solely on the basis of their ability and performance, not seniority. The new system consists of a competence assessment system and a new career program called "Innovation Course."

The competence assessment system uses performance indicators (assessment rankings) to aid human

resources development and personnel assessment standards to facilitate fair and open promotion. Competence assessment is divided into four major levels, and employees are promoted or demoted according to their skill level.

The innovation course aims to create a group of workers imbued with a challenging spirit.

#### Competence Assessment System and Innovation Career Path



### Strategic human resources development plans

#### Konica Minolta develops a variety of educational programs and multi-skilled persons.

To make effective use of our new performance-based Human Resources Management System, we promote human resources development chiefly through OJD (On the Job Development)\* programs in Japan. In line with these programs, we also offer "Rank-based Training" programs designed to meet the needs of employees when they assume a new position or role, "Knowledge and Skill Enhancement" programs and a "Strategic Capacity Building" program that concentrates on developing global players capable of managing global companies.

Our Group companies carry out employee training both through their own training courses and our online e-learning programs.

#### •Konica Minolta College

An educational program open to Konica Minolta employees, with class enrollment announced on Konica Minolta Online. At present, Konica Minolta College offers about 30 courses, ranging from business and technical skill enhancement to other e-learning topics. In fiscal 2004, 869 employees attended various classes offered by Konica Minolta College.



#### •Challenge Engineers Forum

A forum particularly designed for engineers to expand their knowledge and skill base through self-study courses and group sessions. The forum is designed to brush up various skills, particularly ways of knowing, thinking, communicating and acting. In fiscal 2004, 23 engineers participated in the forum.

\*On the Job Development refers to training employees in the workplace as they engage in actual work.

#### Konica Minolta's Employee Training System



## Creating a Work Environment that Encourages Personal Commitment

### A pleasant workplace

#### Konica Minolta is actively promoting respect for employees.

People have the right to work, and it is one of the basic human rights duly given to them. The Konica Minolta Group gives equal career opportunity to all employees. Our stance is also emphasized in the Konica Minolta Group Conduct Guideline, which clearly states that there is to be no discrimination in the workplace, and that the individuality, rights, and privacy of employees are to be honored.

#### ■ Respect for Employees (excerpt from Konica Minolta Group Conduct Guideline)

1. We shall endeavor to make the lives of employees comfortable and fulfilling.
2. We shall comply with all applicable laws, internal policies and regulations concerning the health and safety of employees at work, and endeavor to create a safe and healthy workplace.
3. We shall respect the individuality, human rights and privacy of employees, and create a cooperative and comfortable working environment that is free of discrimination of race, nationality, gender, religion, belief or physical disability.
4. We recognize that men and women are equal, and shall not engage in any conduct that may be construed as sexual harassment.

### Equal career opportunities

#### A global approach to expanding career opportunities

The Konica Minolta Group does not discriminate against employees and is promoting global employment and recruitment of diverse personnel. Affiliate companies in Europe have a trainee program to allow college students to experience and learn the reality of working at affiliate companies and gain practical business knowledge for an extended period. (In this program, college students take a leave from college for 1–3 years and learn about business at respective com-

panies. About 30 students are participating in this program in Germany. Konica Minolta also hires full-time employees from many countries, including Poland, Russia and Italy.)

The employment rate of disabled persons in Japan improved from 1.64% in fiscal 2003 to 1.72% in fiscal 2004, but Konica Minolta believes that continuous efforts are necessary for progress in this area.

### A scheme to support employees

#### Aiming to create a workplace that will enable a balance between work and family

In Japan, under our new Human Resources Management System, we provide various support programs to employees, including maternity leave, parental support (parental leave and shorter work hours), special leave taken from time to time to tend a sick child as well as family and medical leave, while making our support policies known to all employees. As of fiscal 2004, the average age of female employees working for Konica Minolta is 37.7, with the duration of service reaching 17.9 years. An increasing number of female employees choose to stay with us and in the workforce.

#### Use of Maternity Leave and Parental Support in Japan (Fiscal 2004, Number of Female Employees: 1,514)

Number of employees who used maternity leave	95
Number of employees who used parental leave	77
Number of employees who used parental support (shorter work hours)	166

### Streamlining work environment and health care activities

#### An comfortable working environment for everyone

The Konica Minolta Group Conduct Guideline and Compliance Manual clearly state that we are to eliminate discrimination and harassment in the workplace. For sexual harassment and harassment related to the abuse of authority, in particular, we take various opportunities to educate our employees to foster their understanding and adherence to our policies. Our Help Line provides consultation services, and the Human Resources Department has set up a separate point of contact to specifically handle harassment issues.

Konica Minolta pays particular attention to mental well-being as a part of promoting employees health. In fiscal 2004, we developed a plan to mainly prevent health hazards caused by overwork, with the plan set to be implemented in fiscal 2005. In response to the Health Promotion Law that aims to prevent secondary smoke in public places, we have been installing separate smoking spaces which take into consideration air flows and ventilation rates.

### Employee welfare benefits programs

#### Shift toward a system that supports employees' ability and performance

In line with the implementation of our new Human Resources Management System, we shifted the focus of our welfare benefits package from "support for life and livelihood" to "support for ability and performance growth." Responding to a rise in the number of work-related accidents, particularly those occurring on the way to the workplace, changes in social needs and increasingly diverse lifestyles, we reorganized our welfare scheme by setting up four key objectives. Our welfare benefits package must serve as a safety net against sudden accidents, give support when employees experience positional shift and are transferred to another office, aid their independence and self-fulfill-

ment in the workplace and assist them in balancing family and work commitments.

A conventional welfare program is not capable of providing equal benefits to everyone and is often used only by a particular group of employees. To counter the problem, we introduced a flexible benefit plan, which allows an employee to select respective benefits offered according to his or her preference. The plan allocates a certain number of points to each employee, and they spend these points to use various services contained in our welfare package. This points system is intended to expand the use of our welfare programs.

### Occupational health and safety management

#### Konica Minolta endeavors to constantly improve occupational safety and health activities.

The oversight body for environmental and occupational safety and health is our Responsible Care (RC) Committee chaired by the President and CEO. The Konica Minolta Group's safety and health plan is produced under the RC Committee, which controls safety and health activities of the entire Group, and the Central Safety and Health Committee, which promotes and manages safety and health measures. In fiscal 2004, Safety and Health Managers were appointed at respective business companies and common function companies to develop a safety and health management system involving affiliate companies as a means of preparing for the introduction of an occupational safety and health management system.

In order to increase our efforts from eliminating disasters to eliminating risks, we extracted all risk factors and adverse factors and produced the Group's unified Risk Assessment Guide and manuals to objectively assess risk levels in Japan. We then applied a unified method to all of the Group's business companies and production affiliate companies and conducted risk assessments, starting with high-risk tasks, to ensure that effective risk assessments are conducted.

We carried out inspections of safety devices in each production plant and facility with regard to installment status, functions and effectiveness since fire and explosion accidents have occurred at many other large-scale Japanese production facilities in recent years.



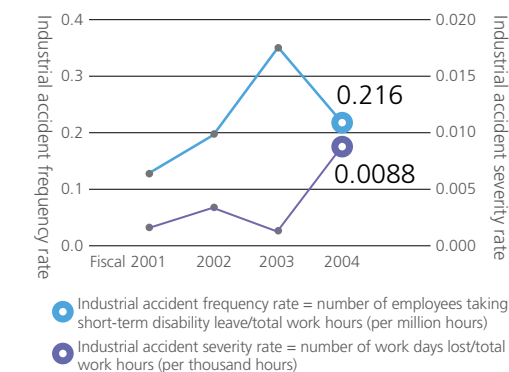
Risk assessment for non-routine work

### Employee occupational safety and health

#### Konica Minolta endeavors to secure the occupational safety of its employees.

The rate of lost-work time injuries (industrial accident frequency rate) in fiscal 2004 was smaller than that of fiscal 2003. However, a number of accidents that required long-term treatment took place, substantially increasing the industrial accident severity rate (the rate of the number of work days lost due to accidents). As a result of the fiscal 2004 occupational accident analysis, accidents due to human error, such as falls, were significant. In response, we are promoting preventive measures, and moreover, plan to analyze these factors in detail and take fundamental corrective measures.

#### Industrial Accident Frequency Rate and Severity Rate





## Coexistence with Society and Communities

Along with its business activities, Konica Minolta engages in a variety of social contribution activities as a member of society.

### Basic stance on social contribution

#### Konica Minolta seeks distinctive social contribution activities.

The Konica Minolta Group believes that it is important to establish, maintain and improve cooperative relationships with society through a variety of activities. In fiscal 2004, the Konica Minolta Group reviewed its past social contribution activities from three viewpoints: "trust and empathy of stakeholders," "planned implementation" and "employees' sentiment, pleasure and sense of accomplishment." The Konica Minolta Group pursues activities that arouse extensive empathy from and give satisfaction to society, as well as people and groups involved and our employees who participated in these activities.

Currently, the Konica Minolta Group is categorizing these activities into a global, regional and local program according to the areas and contents of the activities, along with making efforts to make them more effective.

#### Konica Minolta Group Policy on Social Contribution Activities

The Konica Minolta Group engages in continuous social contribution activities that are widely welcomed by society and receive wide empathy from communities, and is an enterprise that engages in the imaging business globally.

### Global program

#### Konica Minolta makes Group-wide efforts to resolve common issues for all humanity.

There are a large number of common issues for all humanity in various fields, such as the environmental problem of global warming. The Konica Minolta Group's global social contribution activities have yet to be fully developed in further contributing to this area

of concern. However, the Group thinks that sharing things in common and taking Group-wide actions regarding common issues not only serves this purpose in a wider range of social areas but also provides the Group's employees with great pride.



#### Support for Pink Ribbon Campaigns

Together with colon and gastric cancers, breast cancer is a form of cancer most frequently affecting females. The Konica Minolta Group is supporting campaigns to eliminate tragedies caused by breast cancer in many parts of the world. In the U.S. and Lithuania, the Konica Minolta Group made a donation to and voluntarily participated in campaigns against breast cancer. In Japan, the Konica Minolta Group is supporting the "Pink Ribbon Campaign" that underscores the importance of early detection of breast cancer.

#### ★Supporting Sumatra Tsunami Recovery Projects

The earthquake and tsunami that took place off Sumatra, Indonesia, on December 26, 2004 was a catastrophic disaster involving not only Indonesia but also surrounding areas, including Thailand, Sri Lanka and southern India. In relation, three Konica Minolta sales companies in Germany jointly organized a charity drive, responding to calls from employees. Together with contributions from the three companies, the collected money was donated to Action Deutschland Hilft, an organization formed by nine German NGOs to support post-disaster relief efforts. In addition, affiliate companies in the U.S., Spain, Singapore, China and Japan organized charity drives and made donations for restoration efforts through affiliated Red Cross organizations and NGOs in respective countries.

### Regional program

#### The Konica Minolta Group engages in activities that match accumulated management resources and social needs.

Categorizing activity areas into North America, Europe, China, Japan and Other, the Konica Minolta Group engages in activities that comply with regional characteristics

and are welcomed by each region as well as those that effectively are able to utilize management resources accumulated in the field of imaging.



#### Japan

##### Mobile Planetarium

The Konica Minolta Group offers a small mobile planetarium. Its computer graphics provide viewers with the reality of outer space and space-related stories. Since 2001, Konica Minolta has participated in the "All Japan Lifelong Learning Festival" co-organized by the Ministry of Education, Culture, Sports, Science and Technology and a hosting prefecture. People in Yamagata, Ishikawa, and Okinawa prefectures enjoyed the stary sky and the movements of celestial bodies. In fiscal 2004, Konica Minolta co-sponsored and participated in the festival held in Matsuyama city and also visited various places in Japan to offer the mobile planetarium to a total of 12,500 viewers. The mobile planetarium was enthusiastically received and truly appreciated by viewers.



#### Japan

##### Konica Minolta Plaza

The Konica Minolta Group holds a large number of photo exhibitions, such as the Foto Premio program designed to support the works of young photographers, and contributes to the cultural development of photography. In fiscal 2004, about 200,000 people visited the plaza and enjoyed our exhibitions.



#### Europe

##### Class Held by Konica Minolta

In Lithuania, the Konica Minolta Group has been operating the Konica Minolta Class at Kaunas Technical College since 2001. The Group has been promoting understanding and dissemination of the latest precision science as well as the technology incorporated in Konica Minolta's new products among students through classroom lectures and exchanges such as visits to Konica Minolta sites.

### Local program

#### The Konica Minolta Group engages in active operations to realize the betterment of communities.

The Konica Minolta Group is a member of respective communities around the world in which the Group operates. The Group participates in a variety of activities and engages in active exchanges, contributing to

the realization of the betterment of communities through the promotion of mutual understanding and trust in areas where Konica Minolta sites are located.



#### Europe

##### Support for the 40-foot Container Donation Campaign

In the Netherlands, the Konica Minolta Group is participating as a transportation sponsor in a campaign of delivering commodities in 40-foot containers, which are donated to help street children and the disabled, as well as disadvantaged children, in Argentina.



#### Japan

##### Support for Shingen-kou Festival

The Konica Minolta Group's 10 affiliate companies in Yamanashi prefecture co-sponsor the "Shingen-kou Festival," the largest event in the prefecture held in every spring. As many as 40 employees selected from the Group organize and outfit the Konica Minolta unit with traditional costumes from about 450 years ago and participate in the festival.



#### North America Support for the Mentally Challenged

In the U.S., the Konica Minolta Group is dispatching volunteer employees and making a donation to local groups engaging in activities aimed at promoting the health of the mentally challenged and providing them with enjoyable sports and game experiences.



#### China

##### Commemorative Graduation Photographs

In China, in cooperation with local agencies, the Konica Minolta Group presents all graduating elementary and junior high and high school students (approximately 7,000 graduates) in Qingzhou city, Shandong Province, with commemorative graduation photographs every year.

Each individual effort builds up to produce a cumulative effect.

Our aim is that all our corporate operations be conducted in an environmentally sound manner.

We have sought to utilize the ISO 14001 certification we have obtained across the entire Group as one method of addressing environmental issues. We have 20,478 ISO 14001-registered staff throughout Japan and a further 12,675 registered overseas, making a total of 33,153\* worldwide. Everyone working for the Konica Minolta Group—wherever he or she is in the world—strives to implement environmental management head on. We will make relentless efforts to enhance such awareness and continue to carry out environmentally sound activities.

\*As of March 31, 2005



33,153

## Aiming to be the leader in chemical plant risk communication



PRTR Grand Prize trophy

**Konica Minolta believes that two-way communication with stakeholders is the basis of CSR. Currently, the Community Environmental Briefings being held at the Tokyo and Odawara sites are earning accolades for their risk communication activities designed to gain the understanding of stakeholders regarding businesses that use chemical products.**

### Awarded first PRTR Grand Prize in Japan

The year 2004 closed with some positive news. The Environmental Information Science Center presented its first PRTR\* Grand Prize to the Konica Minolta Group in Japan.

The PRTR Grand Prize was established to reward companies successfully performing risk communication based upon their own initiative as a means of gaining community understanding about the status of environmentally harmful chemicals they manage.

The news about winning the award was immediately relayed to Tokyo Site and Odawara Site in the greater metropolitan area, where year-round Community Environmental Briefings have proved beneficial as a factor in receiving this award. Some of the staff commented that they felt their efforts were being rewarded, while others reflected that genuine advances have been made since the inaugural meeting in 2002.

\*PRTR stands for Pollutant Release and Transfer Register.

### Community Environmental Briefing ahead of the pack

Konica Minolta's Tokyo Site can be reached by taking a 30-minute ride on the Chuo Line's rapid train from Shinjuku Station to Toyoda Station, and then a several-minute car ride. The site is a historical one, where Japan's first color photo film was produced in 1940. At its inception, the plant was in a placid country setting, which has long since been supplanted by residential areas accompanying the rapid expansion of suburban communities.

The first Community Environmental Briefing was held on September 21, 2002 at the Tokyo Site. The previous year, the Japanese government enacted the PRTR Law obliging companies to report waste amounts and amounts for prescribed chemical substances. In view of the fundamental concepts of the PRTR Law, we began studying how to convey our environmental activities to

regional operations in Japan. The decision to organize Community Environmental Briefings at the Tokyo Site was because it is a large chemical plant and is surrounded by residential areas.

Although the staff were a bit anxious because no company had ever held such a meeting before, they prepared for the briefing, guided by the mission, "Disclosing the site's environmental measures to the community and fulfilling our accountability." They had no idea of the number of attendees, or who they would be, or what kinds of questions would be asked. At the same time, they had to decide what to explain and how, with no precedents to help them. However, amid such concerns, they let the staff know one small point: Since 1996 they had been meeting regularly with the head of the community association, thereby giving them a communication platform from which to start. Sincerity would win the day, they believed, and the staff seemed to agree.



Community Environmental Briefing at Tokyo Site

### What Konica Minolta learned at the briefing

The staff were particularly concerned about four issues. The first matter was "accessibility." No restrictions were placed on attendees, and prior notification was not required. Explanatory documentation that was used did not contain specialized terminology and were designed carefully so that average people could understand their contents. The second matter was "transparency." For example, expressions that may give a negative impression, like "reductions are not improving," were not

altered. The third concern was "continuity." Once the briefings had begun, they would have to be held every year thereafter. The fourth matter was "sincerity." They wanted to listen carefully to the wishes of the attendees and study ways to make improvements accordingly.

On the day of the briefing, 69 people attended from the local community, government, NPOs and other companies. Examples of the requests and suggestions were such recommendations as: "Report every year about key improvements concerning the release of chemical substances into the atmosphere and the amount of waste" and "Report the production volume for comparison with the quantity of CO<sub>2</sub> emissions." Many people also expressed their desire that we "continue holding such briefings in the future."

The briefing was extremely valuable in terms of learning about the opinions of the local community regarding the presence of a chemical plant nearby, and the importance of gaining their understanding.

### Community Environmental Briefing focusing on "sincerity"

In the following year of 2003, a similar Community Environmental Briefing was held at the Odawara Site, where again the chemical plant is in a residential area. From the second briefings at both the Tokyo and Odawara sites, particular emphasis has been placed on explanations that respond to the requests and opinions of the local communities. For instance, at the second briefing at the Odawara Site in fiscal 2004, the responses to the previous year's requests were explained in specific detail, one by one. As a result, most of the questionnaires filled in by the participants after the meeting indicated that Konica Minolta's "response was sincere."



Community Environmental Briefing at Odawara Site

### Facing new issues in risk communication

In January 2005, at the PRTR Grand Prize award ceremony, the judges praised the Community Environmental Briefings for the "clear and transparent" presentation of the facts.

Winning the Grand Prize served as a tremendous impetus to the staff and inspired them to aim for even higher quality risk communication, and they have already developed new ideas and topics. For example, as the concerns expressed in the Community Environmental Briefings are met and problems are solved, the number of participants decreases. To continue communicating with members of the community, the staff realize that they may need to freshly connect with participants as outside partners, and therefore, hold events that would gain community interest. Further, complex information about chemical substances should be presented in easily understood format, and the method of explanation should be well-rounded so that average people will understand the essential points.

In January 2005, an experimental risk communication model program deploying this new type of communication was implemented at the Kobe and Seishin sites in cooperation with the Hyogo Environment Creation Association and the Environmental Information Science Center. This program provided an opportunity for ordinary Kobe citizens to mingle with chemical substance advisors, government officials and other specialists, and opinions were exchanged about how to best provide information to the community.

How should we make the Community Environmental Briefings even better, and how should we continue interaction with the community and society at large from the viewpoint of the environment? In seeking the answers to such questions, Konica Minolta is tackling each of the issues as they emerge and will continue striving for the most effective risk communication.



1st PRTR Grand Prize presented to Konica Minolta Group in Japan at an awards ceremony

## Environmental Management

We implement ISO 14001-based management across the entire Group, and steadily endeavor to resolve environmental issues.

### Environmental policy

#### Aiming to achieve both economic and environmental management by means of a consistent management system

The Konica Minolta Group strives to promote all its corporate activities in harmony with mankind and the environment by integrating environmental, economic and social perspectives into our corporate strategy as our Environmental Policy of the Konica Minolta Group. In order to accomplish this, we endeavor to resolve environmental issues on the basis of reliable observation data, and as such, have adopted a consistent ISO 14001-based environment management system in order to ensure

economically efficient yet effective management of the environment via various implementation efforts.

The Konica Minolta Group has set up three intensive measures, namely "Measures to Prevent Global Warming," "Minimization of Chemical Risks" and "Initiatives Toward a Sound Material-cycle Society," as the core pillars for our mid-term environmental plan (fiscal 2005–2008), and these environmental measures are actively being implemented.

#### Environmental Policy of the Konica Minolta Group

##### Environmental Policy of the Konica Minolta Group

The Konica Minolta Group aims for both sustainable development and profitable growth. We integrate environmental, economic and social perspectives into our business strategies so that all of our activities are conducted in harmony with people and the environment.

Our basic approach is to work steadily to solve environmental issues, based on reliable data and quantitative measurements of performance and impacts.

"Management Based on Facts"

##### 1. A global citizen working toward a sustainable society

To promote a sustainable society, we conduct business with the aim of continuously improving our performance in environmental preservation, economic growth and responsibility to society. To this end, all employees make an effort to enhance their knowledge and awareness about the global environment, economy and society, and to act responsibly in the pursuit of a sustainable society.

##### 2. Compliance with laws and other requirements

We comply with legal requirements in countries and regions where we do business, as well as with our own Group standards. We act fairly in responding to the expectations of our stakeholders and recognize the consensus of the international community.

##### 3. Consideration of the environment through the entire lifecycle of products and services

We are committed to reducing environmental impacts at all stages of the lifecycle of products and services, aware that responsibility for a product rests with its manufacturer.

##### 4. Initiatives to counter global warming

We work to steadily reduce greenhouse gas emissions from the business activities of the entire Group, throughout the lifecycle of products and services, aware that global warming is an important issue for all humanity.

##### 5. Initiatives toward a sound material-cycle society

We constantly review what we can do as a corporate citizen to create a sound material-cycle society, while striving to minimize our consumption of natural resources, and promoting activities aiming for zero waste disposal. We promote initiatives for the recovery and recycling of packaging materials and end-of-life products.

##### 6. Prevention of chemical pollution, reduction of environmental risk

Aware that chemical substances can have serious health, safety and environmental impacts, we take measures to prevent chemical pollution. In order to minimize environmental risk, we work steadily to minimize the amounts of chemicals we use, and to reduce the amounts of chemicals released.

##### 7. Information disclosure

We will be accountable to our stakeholders and strive for harmony with society by actively disclosing environmental information and conducting risk communication. Our Environmental Policy shall be made public.

##### 8. Environmental objectives and targets

We establish and administer environmental objectives, targets, and management programs to translate this Environmental Policy into reality, and work for continuous improvement.

### Environmental activity promotion structure

#### The entire group is lead by the RC Committee, chaired by the President and CEO.

The environmental activity promotion structure is established under the supervision of the RC Committee chaired by the President and CEO of Konica Minolta Holdings. Under the Group environmental management representative (Environmental executive officer of Konica Minolta Holdings), environment management officers are assigned to both business and common function companies, as well as their affiliates, to ensure individual entities have the power to take appropriate action throughout the entire Group.

The RC Committee is the ultimate decision-making body with regard to the environment, safety and health—and as such sets the Konica Minolta Group's environmental goals—with each company specifying and implementing their own structural targets accordingly. We have also established lateral specialist committees to discuss major environmental issues in line with the ISO 14001 system, all the better to resolve outstanding issues.



### Unified EMS

#### Multi-site certification is being extended throughout Japan to reinforce our Group environmental management.

We are promoting an ISO 14001-based environmental management system as one measure promoting Group environmental activities under a single unified criterion, and define acquisition of ISO 14001 certification by all manufacturing affiliate companies throughout the world as a fundamental Group policy.

For environmental issues, including prevention of global warming and zero waste disposal, it is important to implement measures for the entire lifecycle of the product. The Konica Minolta Group considers that an integrated management system needs to be adopted for all operations to ensure Group companies and business sites can cooperate with each other.

Under this concept, multi-site acquisition of ISO 14001 certification has been promoted in Japan at all

business sites, including product development, sales and distribution, as well as at manufacturing sites. As of fiscal 2004, the scope for multi-site certification has been expanded to 61 business sites pertaining to 31 companies in Japan, including Konica Minolta Holdings, business companies, common function companies and affiliates, employing a total workforce of some 16,600 people. In fiscal 2005, we plan to expand the scope for multi-site certification to remaining affiliates in Japan.

In the future, we aim to make our global environmental management more consistent. We plan to integrate environmental objectives and auditing systems under the ISO 14001 management system, for which existing certification has been acquired on an individual company basis overseas.

### Results of multi-site certification acquisition

#### Effective development implemented under standardized practices

The acquisition of multi-site certification in Japan enables activities to be conducted for the entire lifecycle of our products. Not only minimizing the environmental load generated by our Group companies, such as energy usage during production, waste generation and paper consumption, but also offering energy-saving products has enabled us to implement indirect impact-reducing activities within society. This is further exemplified by reduced power consumption, when

using our products under this single unified system. Additionally, the adoption of standardized practices for reporting environmental issues and a standardized concept for environmental accounting that evaluates and checks investment effects on the environment in numerical terms has enabled the effective development of measures because uniform information is quickly and evenly spread throughout the Group.

### Environmental education for employees

#### Promotion of self-development for improved awareness via environmental education

We provide environmental education and self-development activities to improve environmental awareness of all employees worldwide.

In Japan, we set up environmental courses as part of training courses starting from a training course for new hires and the curriculum at Konica Minolta College, and we provide all necessary education to all employees. At Konica Minolta Business Solutions Japan Co., Ltd., a sales company, we have adopted e-learning to improve environmental education efficiency for sales staff throughout Japan, for whom integrated education would otherwise be difficult.

Furthermore, we hold Environmental Lectures annually in Japan, as means of encouraging each employee's self-development. In fiscal 2004, we invited Dr. Itaru Yasui, Vice-Rector of the United Nations University, to present a lecture under the theme of "Companies and a Sustainable Society."

We also present the annual Konica Minolta Environmental Award—eligibility for which is open to all Group employees throughout the world—to commend outstanding achievements aimed at global environmental protection. In fiscal 2004, 10 awards were presented, which further motivated environmental activities within the Group.



Using e-learning for environmental education in Japan



Konica Minolta Environmental Award: Winners at Konica Minolta Business Solutions (UK) Ltd., a U.K. sales affiliate company

## Environmental Management

### Risk management

#### Risk management is performed under a strict auditing system in full compliance with the law.

The Konica Minolta Group strictly adheres to the law both in terms of its environmental preservation measures as implemented by its business sites and in the provision of environmentally sound products and services. In order to ensure this, we collate and analyze the latest information on legal stipulations pertaining to business activities throughout the world, and then share this information.

Each business site (primarily manufacturing sites) operates under rigorous self-management standards than those legally required; for example, they comply with air/water quality, noise and waste disposal management in line with ISO 14001 system standards, complemented by a very high standard of risk management. In terms of product regulations, we also incorporate forward-looking information into our activities,

such as to achieve reduction of potentially harmful chemicals in advance of any requirements to do so.

Specialist internal auditors periodically review our legal compliance in Japan, and this activity will be expanded to our overseas operations as well.

During fiscal 2004, no part of the Konica Minolta Group was subject to any fines or penalties arising from any legal violation.



Examination of cooling water at Konica Minolta Supplies Manufacturing France S.A.S., a production affiliate company in France

### Countermeasures against contamination of soil and groundwater

#### Implementation of remediation measures and prevention of contamination dispersal through regular inspections

We conducted surveys of those business sites in Japan with a history of use of chemical substances that may have caused soil or groundwater contamination. If any contamination of soil or groundwater is found, it is reported both to local government agencies and local residents, and a specialist team is established to facilitate swift remediation measures while seeking to prevent any further spread of the identified contamination. In order to prevent contaminated groundwater from spreading to outside areas, we take great care to implement expansion prevention and purification

measures while monitoring groundwater observation wells. We also regularly monitor and report the results of such measures to local government agencies.



Groundwater purification system, Tokyo Hachioji Site

#### ■ Status of Business Sites at Which Soil/Groundwater Contamination Has Been Identified

Business sites	Substances	Progress in fiscal 2004
Tokyo Hino Site	Mercury, selenium, lead, fluorine	Damage to the drainage basin was found, and the soil beneath the basin was surveyed. As a result, soil contamination was identified in two locations. Areas of mercury, selenium and lead contamination were confirmed, and excavation and removal of the toxic substances has begun with remediation planned for completion within the first half of fiscal 2005. Remediation measures of fluorine are being considered.
Tokyo Hachioji Site	Hexavalent chromium	The contaminated soil was excavated and replaced. A lifting pump has also been installed, and groundwater in the contaminated area is being purified. Numeric data values at observation wells around the site perimeter are maintained within environmental standards.
Itami Site	Lead, arsenic, boron, cadmium	This site continues to be monitored.
Sakai Site	TCE*1, PCE*2, c-DCE*3	Pump and treat process is being carried out, and the status is being monitored at wells within the site. The facility has been reinforced to accelerate purification by increasing the amount of water being pumped for purification.
Sayama Site, Osaka	TCE*1, PCE*2, c-DCE*3	Pump and treat process is being carried out, and the status is being monitored at wells within the site. A geological survey is being implemented to determine the most appropriate purification method.
Nankai Optical Co., Ltd.	TCE*1, PCE*2, c-DCE*3	Pump and treat process has been promoted, and a new purification method (bioremediation) has been initiated. Purification is scheduled for completion within three years.
Toyohashi Precision Products Co., Ltd.	TCE*1, c-DCE*3 Hexavalent chromium	Groundwater has been purified by means of pumping, expansion of the contaminated area is being prevented; and the purification status is being monitored at an observation well. Contamination by hexavalent chromium was detected at one of the observation wells, and the affected area was confirmed through detailed examination; accordingly, decontamination has begun through a soil replacement program. This purification project is scheduled for completion within the first half of fiscal 2005.
Konica Minolta Opto Products Co., Ltd.	TCE*1, PCE*2, c-DCE*3	Expansion of the contamination beyond the existing area is being prevented by the installation of a penetration response barrier and bio-reactive wells. We have begun to consider new technology to accelerate purification.
Konica Minolta Supplies Manufacturing Co., Ltd.	TCE*1, PCE*2, c-DCE*3	Pump and treat process has been promoted, and a new purification method (bioremediation) has also been initiated. The status is being monitored.

\*1: TCE = Trichloroethylene \*2: PCE = Tetrachloroethylene

\*3: c-DCE = cis-1,2-Dichloroethylene (solvent and chemical intermediate for manufacturing chlorinated compounds)

### Green Procurement

#### We promote Green Procurement across the board.

Konica Minolta has been promoting Green Procurement through participation in the Green Procurement Network (GPN) ever since its establishment in Japan. We seek out materials that exert the minimum envi-

ronmental impact across the entire lifecycle of the product with regard to various resources, including stationery, OA equipment, company transport, and the paper and ink used for our own publications.

### Environmental accounting

#### We seek better understanding of risk reduction by converting data into monetary values, and we also strive to reflect invisible benefits.

Environmental accounting refers to the converted monetary value of benefits derived from the various environmental measures we implement, and their investment effectiveness is compared and studied quantitatively. This enables rational decision-making to ensure the most effective environmental measures and comprehensive environmental action that directly links environmental measures with management strategy. The Konica Minolta Group positively implements environmental accounting to promote more effective environmental measures, and conducts consolidated global accounting for the entire Group by assigning environmental accounting personnel to each office. We continuously aim to achieve thorough implementation of environmental measures through the practical adoption of environmental accounting and further promotion of its use internally.

The Konica Minolta Group has established both the standards and assessment methods for risk calculation as well as for the economic and environmental protec-

tion benefits, and in doing so, has gained better understanding of the risk reduction benefits. The effectiveness of risk reduction benefits is "assumed benefits," which expresses the extent to which the environmental impact was reduced in monetary terms compared to the estimated environmental impact had those measures not been implemented.

#### ■ Fiscal 2004: Risk Reduction Benefits

Stage	Measures to Prevent Global Warming	Minimization of Chemical Risks
Measures and activities undertaken in fiscal 2004	Worldwide reduction of carbon dioxide (CO <sub>2</sub> ) emissions based on the Life Cycle Assessment (LCA) for all products	Reduction of atmospheric emissions of dichloromethane, benzene, and methanol
Environmental impact reduction benefits	CO <sub>2</sub> emissions: Reduction of 23,000 tons	Atmospheric emissions: Reduction of 27 tons
Risk reduction benefits in monetary units	¥228 million	¥112 million

\*In accordance with internal calculation criteria based on the Guidebook for Environmental Accounting II (Ministry of the Environment)

#### ■ Environmental Accounting: Results for Fiscal 2004 and Budget for Fiscal 2005

Types of environmental measures		Fiscal 2004 Results						Fiscal 2005 Budget	
		Investment costs	Expenses	Economic benefits		Risk reduction benefits		Investment costs	Expenses
				Fiscal 2004	Fiscal 2005-2008	Fiscal 2004	Fiscal 2005-2008		
Cost within business domain	Pollution prevention	204	1,285	170	5	231	394	1,031	1,589
	Global warming prevention	213	2,032	348	63	182	118	170	1,802
	Resource recycling	202	1,939	6,470	7,324	5	59	1,682	2,627
	Subtotal	619	5,256	6,988	7,393	419	570	2,883	6,018
	Up-/downstream costs	59	3,063	2,250	0	25	0	248	1,447
	Management costs	114	1,261	1	4	0	0	16	3,644
	R&D costs	0	3,935	539	2,682	532	1,692	0	36
	Social contribution costs	0	14	0	0	0	0	0	86
	Environmental damage costs	5	46	0	0	3	0	3	0
	Other costs	0	0	0	0	1	4	0	0
	Total	798	13,574	9,778	10,079	980	2,266	3,150	11,231

\*Fiscal 2005 budget does not cover overseas affiliates.

#### ■ Fiscal 2004 Results: Environmental Protection Benefits

Stage	Type of benefit	Fiscal 2004*
Manufacturing	Reduction in water usage (tons)	148,751
	Reduction in electricity usage (MWh)	16,041
	Reduction in natural gas usage (1,000 m <sup>3</sup> )	2,497
	Reduction in heavy oil usage (kl)	2,092
	Reduction in harmful chemical substances (tons)	89 (861)
	Reduction in materials usage (tons)	1,803
Sales	External recycling and reuse of waste (tons)	20,270
	Reduction in packaging materials (tons)	443
Use	Reuse and recycling of used products (tons)	6,242
	Reduction in CO <sub>2</sub> emission (tons)	2,393 (11,715)

\*Figures within the parentheses express total benefits between fiscal 2005 and fiscal 2008.

#### ■ Fiscal 2004 Results: Customer Benefits

Stage	Type of benefit	Fiscal 2004	Fiscal 2005-2008
Use	Reduction in electricity usage (MWh)	5,744	22,376
	Reduction in electricity costs (millions of yen)	103	403

• Companies included in results  
**8 Konica Minolta companies**  
**27 Japanese affiliates**  
**18 overseas affiliates**

A comprehensive list of companies included is available on our website.

<http://konicaminolta.com/pr/ecodata>

### Mid-term Environmental Plan (Plan and Results)

A mid-term plan has been set up through which we promote measures to implement environmental management to tackle both environmental and economic issues.

#### New mid-term environmental plan established for fiscal 2005–2008.

In order to further promote our environmental management in terms of both environmental and economic issues, we have established “Double Eco-Efficiency” as our corporate vision for 2010. This means that we are striving to double our eco-efficiency, which is defined as company value divided by environmental impact, as compared with our fiscal 2000 statistics. Specifically, in order to realize this target, we have established a new mid-term environmental plan. We now prioritize our “Measures to Prevent Global Warming,” “Minimization of Chemical Risks” and “Initiatives Toward a Sound Material-cycle Society.”

The critical importance of measures to prevent global warming has been further emphasized by the implementation of the Kyoto Protocol; correspondingly, we have established a scenario through which we can achieve our objectives and actively promote these goals across the Group.

In terms of minimizing chemical risks, we also make every effort to reduce our total discharge of Volatile Organic Compounds (VOC) into the atmosphere.

With regard to our efforts to stimulate a sound material-cycle society, we have upgraded our target to promote Level 2: Zero Waste Disposal in terms of trying to reduce our general emission volumes.

#### Results from Fiscal 2004

As one of the main social shifts in fiscal 2004, the Kyoto Protocol is now in effect. Konica Minolta has been trying to reduce its CO<sub>2</sub> emissions by establishing objectives at each site. Moreover, we have begun to create a scenario to ensure the entire Group attains this objective since our corporate responsibility to do so has steadily increased.

In terms of the “Initiative Towards a Sound Material-cycle Society,” major progress has been made, such as attainment of Level 1: Zero Waste Disposal by five sites, including two chemical plants for which it was remarkably difficult to attain the objective, and attainment of Level 2: Zero Waste Disposal for the first time

by three sites. Regarding the “Minimization of Chemical Risks,” our results have exceeded targets, such as the phasing out of chloroform earlier than planned and reductions in atmospheric emissions of dichloromethane. In terms of “Information Disclosure,” Community Environmental Briefings are held and Site Reports have been issued continuously, while environmental data on 19 manufacturing sites is available via the Internet.

■ New Mid-term Plan			
	New Policy Areas	Mid-term Environmental Plan Objectives (Fiscal 2005–2008)	Objectives for Fiscal 2005
Environmental Management	Promoting consistent management and effective activities throughout the entire Group	2005: Complete Group ISO 14001 certification for all Japanese companies in the Group 2005: Establish global environmental management system 2006: Install global environment/safety information management system 2006: Start operation of Group environmental education system	<ul style="list-style-type: none"> <li>Multi-site ISO 14001 certification for all Japanese companies in the Group</li> <li>Establish the global environmental management system</li> <li>Establish Group environmental education system</li> </ul>
	Purification of contaminated soil and groundwater	Promote purification of soil and groundwater, understand its effects, and implement review	<ul style="list-style-type: none"> <li>Undertake monitoring and understand the actual status, then implement measures in accordance with the status</li> </ul>
	Introduce indicators to facilitate quantitative assessment of environmental management levels	2007: Make use of environmental management indicators	<ul style="list-style-type: none"> <li>Set up environmental management indicators</li> </ul>
	Utilization of environmental accounting for management	2006: Make use of rules for environmental investments 2007: Establish an automated aggregation system for environmental accounting	<ul style="list-style-type: none"> <li>Test the rule for environmental investments</li> <li>Establish specifications and introduction plan for the environmental accounting aggregation system</li> </ul>
Creation and Provision of Environmentally Sound Products	Reducing the environmental impact of products by adopting an eco design	2005: Set up indicators for each product's environmental efficiency (Set targets based on indicators for product environment efficiency in fiscal 2006)	<ul style="list-style-type: none"> <li>Set product environmental efficiency</li> </ul>
	Reduction in environmental impact of products through Green Procurement	2005: Establish analysis system 2006: Introduce certification system for chemicals used in the product	<ul style="list-style-type: none"> <li>Establish an analysis system for chemicals used</li> </ul>
Measures to Prevent Global Warming	Reducing greenhouse gas emissions by business companies	2010: Reduce CO <sub>2</sub> emissions for Konica Minolta Group in Japan by 7% compared to fiscal 1990 (Objectives for reduction in CO <sub>2</sub> emissions for overseas manufacturing sites to be set in fiscal 2005) (Objectives for reduction of CO <sub>2</sub> emissions through physical distribution to be set in fiscal 2005)	<ul style="list-style-type: none"> <li>Create a scenario for achieving the objectives for reduction of CO<sub>2</sub> emissions by the Group</li> </ul>
Reducing Environmental Risks Through Enhanced Chemical Management	Phasing out hazardous chemicals	2008: Reduce total atmospheric emissions of Volatile Organic Compounds (VOC) (risk conversion) by 70% compared to fiscal 2000 2008: Atmospheric emissions of dichloromethane: 106.5 t or less 2008: Atmospheric emissions of methanol: 53 t or less 2008: Atmospheric emissions of ethyl acetate: 249 t or less 2008: Atmospheric emissions of methyl ethyl ketone: 22 t or less 2010: 1,2-dichloroethane phased out (excluding raw materials) 2005: Phasing out of poly vinyl chloride (PVC) in product packaging materials (except film sealing tape)	<ul style="list-style-type: none"> <li>Reduce total atmospheric emissions of Volatile Organic Compounds (VOC) (risk conversion) by 60% compared to fiscal 2000</li> <li>Atmospheric emissions of dichloromethane: 144 t or less</li> <li>Atmospheric emissions of methanol: 75 t or less</li> <li>Atmospheric emissions of ethyl acetate: 263 t or less</li> <li>Atmospheric emissions of methyl ethyl ketone: 26 t or less</li> <li>Usage of 1,2-dichloroethane: 3.5 t or less (excluding raw materials)</li> <li>Phasing out of poly vinyl chloride (PVC) in product packaging materials (except as film sealing tape)</li> </ul>
	Phasing out all specific heavy metals (lead, hexavalent chromium, cadmium, mercury)	2005: Phasing out RoHS-designated products 2007: Phasing out products other than RoHS-designated products as well	<ul style="list-style-type: none"> <li>RoHS-designated products: Phasing out specified heavy metals</li> <li>Products other than RoHS-designated products: Phasing out specified heavy metals from new products</li> </ul>
Efforts Towards the Creation of a Recycling-Oriented Society	Realizing zero waste disposal	2007: “Level 2: Zero Waste Disposal” <sup>*2</sup> attainment at all production sites in Japan (Reduction by 30% per basic sales unit at all production sites) (Objectives for realizing “zero waste disposal” at overseas production sites to be set in fiscal 2005)	<ul style="list-style-type: none"> <li>Draw up plan to attain “Level 2: Zero Waste Disposal”<sup>*2</sup> and implement activities accordingly</li> </ul>
Promoting Information Disclosure	Active information disclosure and communication with stakeholders	2005: Publish data on 28 manufacturing sites in Japan through the Internet 2007: Disclose information on overseas manufacturing sites	<ul style="list-style-type: none"> <li>Publish data on 28 manufacturing sites in Japan through the Internet</li> <li>Draw up site risk communication guidelines</li> </ul>

\*1 Level 1 attainment criteria: Recycle at least 90% of waste, reduce landfill to 5% of total waste and reduce external fees for waste treatment by more than 90% (cf. fiscal 1998, or fiscal 1999 for certain items)

\*2 Level 2 attainment criteria: Recycle the volume of waste discharged externally by 30% per unit of sales compared to fiscal 2001

■ Results for Fiscal 2004			
Policy Areas	Fiscal 2004		See Page(s)
	Objectives	Results	
Environmental Management	<ul style="list-style-type: none"> <li>Group ISO 14001 certification for all Japanese companies in the Group (excluding distributors)</li> </ul>	<ul style="list-style-type: none"> <li>Expanded multi-site certification to 31 Japanese companies across 61 sites</li> </ul>	36–37
	<ul style="list-style-type: none"> <li>Implement management in accordance with “New Guidelines for Surveying and Handling Soil Contamination”</li> <li>Review of measure benefits at all target sites at least once</li> </ul>	<ul style="list-style-type: none"> <li>Benefits of the measures were reconfirmed at all target sites, and the purification plan was reviewed</li> </ul>	38
	<ul style="list-style-type: none"> <li>Introduce a system of environmental performance indicators</li> </ul>	<ul style="list-style-type: none"> <li>Consideration was given to environmental results evaluation, but its reflection in the results evaluation of business companies has been postponed. (Environmental management indicators continue to be considered)</li> </ul>	—
	<ul style="list-style-type: none"> <li>Introduce environmental investment criteria for use with new capital investments</li> </ul>	<ul style="list-style-type: none"> <li>Consideration of environmental investment criteria using rules for converting environmental impacts and risks into monetary values has been promoted, but it has not reached the introductory stage, and consideration is ongoing</li> </ul>	—
Creation and Provision of Environmentally Sound Products	<ul style="list-style-type: none"> <li>Finalize suitable environmentally sound design indicators</li> </ul>	<ul style="list-style-type: none"> <li>Investigation and studies of product environment efficiency have been promoted, but it has not reached the estimation stage yet, and consideration is ongoing</li> </ul>	42–45
	<ul style="list-style-type: none"> <li>Establishment and implementation of Konica Minolta Green Procurement Guidelines</li> </ul>	<ul style="list-style-type: none"> <li>Konica Minolta Green Procurement Guidelines were established, followed by implementation by the business companies</li> </ul>	
Measure to Prevent Global Warming	<ul style="list-style-type: none"> <li>Establish new plans to reduce emission of greenhouse gases per business company / common function company</li> <li>Establish new plans for reduction in energy use for each site</li> <li>Conduct third party audits of emissions for each site</li> </ul>	<ul style="list-style-type: none"> <li>New plans to reduce emission of greenhouse gases based on the product's LCA per business company, and reduction measures were implemented</li> <li>New plans for reduction in energy use were established per site, and reduction measures were implemented</li> <li>Based on the Kyoto Protocol coming into effect, the Group's objectives were reviewed, and creation of a reduction scenario has been started by the Group</li> </ul>	46–47
	<ul style="list-style-type: none"> <li>Arrange emissions registers for each of our business and common function companies</li> </ul>	<ul style="list-style-type: none"> <li>Consideration of an implementation format for a trading system has been promoted, but deliberations are ongoing</li> </ul>	
Reduction in Environmental Risks Through Management of Chemicals	(Atmospheric emissions) <ul style="list-style-type: none"> <li>Total dichloromethane: 169 t</li> <li>Phasing out emission of DMF (N,N-dimethylformamide) (Amounts used)</li> <li>1,2-dichloroethane: 8 t (excluding raw materials)</li> <li>Phase out use of formalin</li> </ul>	(Atmospheric emissions) <ul style="list-style-type: none"> <li>Total dichloromethane: 161.5 t</li> <li>Phased out emission of DMF (N,N-dimethylformamide) (Amounts used)</li> <li>1,2-dichloroethane: 3.4 t, which represents achievement of target (excluding raw materials)</li> <li>Phased out use of formalin</li> <li>Phased out use of chloroform six year earlier than planned (application within the Group)</li> </ul>	48–49
Efforts Towards the Creation of a Sound Material-Cycle Society	<ul style="list-style-type: none"> <li>Propose and implement specific measures to reduce water consumption per site</li> <li>Level 1: Zero Waste Disposal<sup>*1</sup> attainment at 8 sites (all sites) in Japan</li> </ul>	<ul style="list-style-type: none"> <li>Reduction measures were established and implemented per site</li> <li>Level 1<sup>*1</sup> attained by 5 business sites</li> <li>Level 2<sup>*2</sup> attained by 3 business sites</li> </ul>	50–51
Promoting Information Disclosure	<ul style="list-style-type: none"> <li>Disclose information on all Japanese production sites within the Group via the Internet</li> </ul>	<ul style="list-style-type: none"> <li>Disclosed information by 8 sites of business companies and 11 sites of affiliates</li> </ul>	52–53

## Environmentally Sound Products

We strive to reduce environmental impact across the board from product manufacturing and usage to the disposal stage.

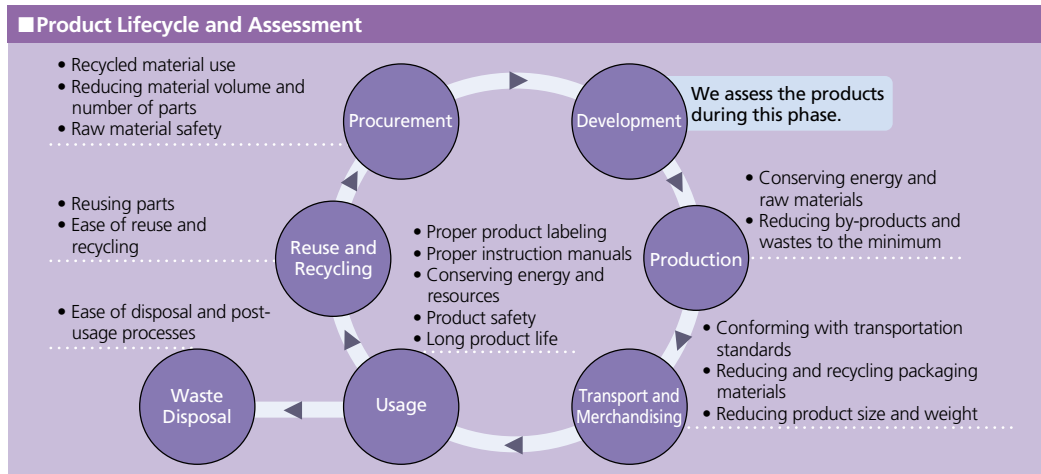
### Environmental soundness check

#### We promote a sound environmental design from a comprehensive perspective.

Konica Minolta has been promoting its manufacturing processes under the "Design for Environment" concept that takes all environmental issues into consideration, including prevention of global warming, product recycling and elimination of hazardous emissions.

We assess the environmental impact at each stage in a product's lifecycle from raw material and component procurement through to manufacturing, transportation/sales, usage, reuse/recycling and disposal, as well

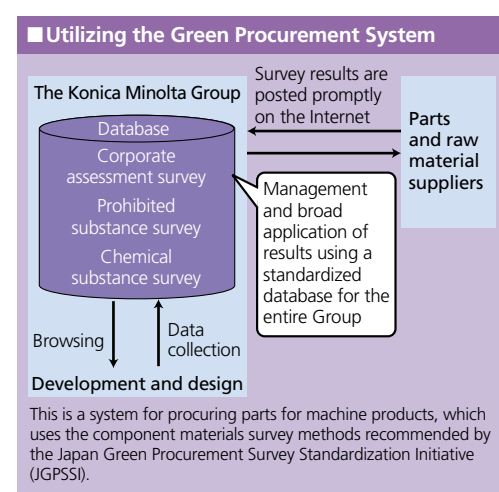
as establish assessment criteria and implement the resultant measures from a comprehensive perspective. During the planning phase for new products, numerical targets for environmental goals are set for standard product assessment evaluation items. During the testing phase, we check whether the goals are being met and conduct a final assessment before proceeding to the production stage. Only products that meet these goals are marketed.



### Green Procurement

#### We promote Green Procurement globally.

In order to provide environmentally sound products, it is necessary to check the environmental impact from the raw materials and parts that go into making our products. The Konica Minolta Group globally promotes its Green Procurement policy of prioritizing the purchase of low environmental impact materials in addition to quality, cost, delivery and environmental factors as its assessment criteria for procurement of raw materials and parts. We have also adopted substance assessment to evaluate substances contained in the raw materials and parts to be procured both within or outside Japan, and conduct a corporate assessment survey to evaluate the extent to which an environmental management system has been established by the companies we deal with as part of our criteria. This survey data is saved in an information database and shared throughout the Group.



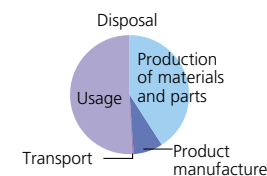
### Prevention of global warming

#### We devise appropriate measures to reduce CO<sub>2</sub> emissions in accordance with product characteristics.

We have introduced the Lifecycle Assessment (LCA) method, and collect and check data for CO<sub>2</sub> emissions throughout the lifecycles for a wide range of products, while implementing effective measures to reduce CO<sub>2</sub>

emissions in line with each product's characteristics, for example, those with higher emission rates during the production stage or those with higher rates during usage.

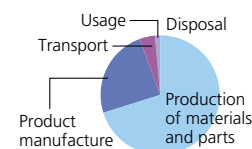
#### Digital multi-functional devices



**CO<sub>2</sub> emission rate throughout the lifecycle**  
Usage accounts for about **50%**

Energy efficiency during usage has been improved significantly through the development of more energy-efficient technologies. In the production of materials and parts, the development of a polymerized toner has enabled us to reduce CO<sub>2</sub> emissions during toner production by 32.4%. We have also reduced toner consumption by improving the consistency of the toner particles.

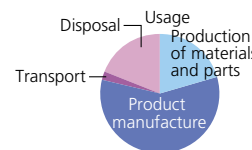
#### Single-use cameras



**CO<sub>2</sub> emission rate throughout the lifecycle**  
Production of materials and parts accounts for about **70%**

We promote the reuse of parts, which conserves the energy that would have been needed to manufacture new parts. We initiated a full-scale reuse and recycling system back in 1992, and have now achieved a reuse ratio of over 90% (on a "total number of parts" basis).

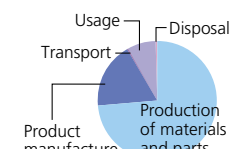
#### Color film



**CO<sub>2</sub> emission rate throughout the lifecycle**  
Product manufacture accounts for about **60%**

A significant amount of thermal energy is required for the drying process during film production. We first introduced electrical cogeneration systems that simultaneously provide electricity and heat at our film manufacturing plants as far back as 1987 in order to maximize our thermal production efficiency, and have three such systems as of fiscal 2004.

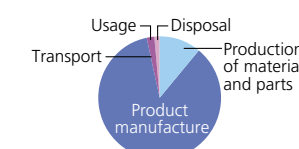
#### Digital cameras



**CO<sub>2</sub> emission rate throughout the lifecycle**  
Production of materials and parts accounts for about **70%**

By reducing the size and weight of our products, we have reduced the amount of energy required for raw material production as well as for transportation of the products and raw materials. By using Konica Minolta's proprietary folded optical zoom unit, we are making our cameras even more compact and lightweight.

#### Triacetyl-cellulose (TAC) film for use in LCDs



**CO<sub>2</sub> emission rate throughout the lifecycle**  
Product manufacture accounts for about **80%**

In terms of triacetyl-cellulose (TAC) film for use in LCDs, which have experienced a rapid increase in production volume, we have reduced the use of raw materials for the thin film type that is half the conventional thickness, while at the same time reducing energy consumption during production by 30% per production unit.



Digital multi-functional device—the "bizhub 7222"—uses less than half the energy of its predecessor.

In terms of digital multi-function devices, we have sought thorough energy savings per model. As a result of our efforts, the bizhub 7222 model released in fiscal 2004 uses 57% less energy than the equivalent model (released in 2000).

## Environmentally Sound Products

### Resource conservation through design

#### Minimization of product size and weight is the key to reducing environmental impact.

Incorporating size and weight reductions into the product design not only reduces raw material and energy consumption during production but also significantly contributes to reduced use of packaging materials, CO<sub>2</sub> emissions during transportation and environmental impact upon disposal. Konica Minolta has been promoting a wide range of measures for resource conservation through its designs as part of designing environmentally sound products. We produced the smallest and lightest color laser printer in the world (as of March 2005), the "magicolor 2430DL color laser printer" released in December 2004, which has an opti-

cal unit a quarter size of its normal size, with an ultra-small print head and reduced optical path of the laser beam.



magicolor 2430DL  
Dimensions: 430 x 395 x 341 mm (W x D x H)  
Weight: approx. 18 kg (excluding consumables)

### Recycling system for single-use camera series

#### We promote the extensive reuse and recycling of single-use cameras.

Used single-use cameras are returned to the Konica Minolta Recycling Center from the photo developers/minilabs where their films were developed. They are sorted, taken apart and the parts inspected before being reused or recycled. Konica Minolta began collection of single-use cameras in 1990, opened the recycling center in 1992 and established its own recycling system. We implement reuse and recycling worldwide, including in Europe and North America. The reuse rate for single-use cameras collected through the recycling system is over 90% for parts, and if recycling is included, the rate is almost 100%.

#### Design for reuse and recycling increases the recycling ratio

We carefully consider all aspects from the design stage to maximize the reuse and recycling rate for collected single-use cameras.

Our adoption of several module designs has enabled reuse per module; thus, the efficiency for disassembly, testing and reassembling parts during the reuse stage has been increased.

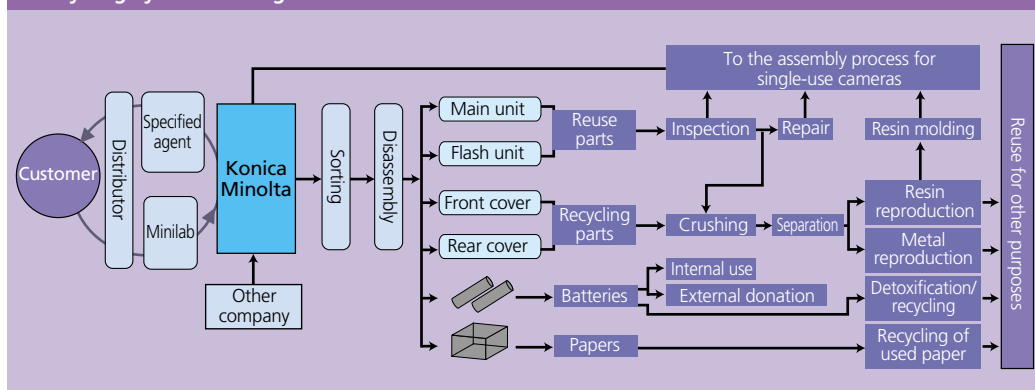
Even among products in different series, the reuse efficiency has been significantly enhanced by thoroughly designing standardized parts.

Material recycling eligibility has also been increased by using polystyrene as the standard material for all resin parts.



Collection work at North American site

#### Recycling System for Single-use Cameras



### Reuse and recycle of digital multi-functional devices

#### Standardized design to facilitate recycling in production of digital multi-functional devices

We promote measures to facilitate the recycling and re-use of digital multi-functional devices which have copier, printer and other functions. In terms of recycling, we have established a Practical Design Manual for Recycling so that recyclable parts and resources can easily be removed from used products.

For reuse, we promote the standardization of components. We aim to design standardized parts for new products, such as motors that can be used for the next generation as well, and strive to increase the reuse rate from a long-term perspective.

#### Uniformity of outer casing plastics promotes recycling

All outer casing parts for every multi-functional device are made from the same two types of plastic in order to promote a closed material-recycling loop by recycling plastics from end-of-life, multi-functional devices and incorporating them into the manufacture of newer models.



Outer casing plastic part of multi-functional devices

### Restriction of Hazardous Substances Directive (RoHS)

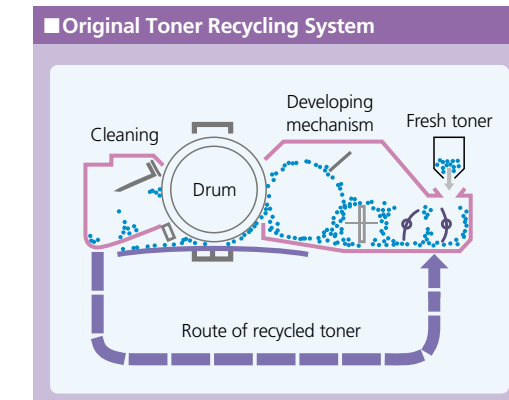
#### We promote action for all products including non-RoHS designated products.

Beginning in July 2006, sales in the EU of electrical and electronic equipment that contain any of six specified toxic substances—namely lead, cadmium, mercury, hexavalent chromium and two types of polybromic fire retardants (PBB & PBDE)—will generally be prohibited (as per the RoHS Directive).

In March 2002, Konica Minolta was the first company in the world to use lead-free solder in a single-use camera. Since that time, Konica Minolta has used lead-free solder in all types of single-use cameras in compliance with the RoHS Directive. For multi-functional devices, we have long been promoting the use of plastic that does not include any polybromic fire retardants and have already phased out their use from outer casing of all models.

#### Toner recycling system eliminates toner wastage

Our original Toner Recycling System collects, recycles and re-uses toner that is not transferred to the paper during the copying process. Without this system, about 20% of the toner put into a copier would go to waste, but with this system, toner waste is minimized.



#### Collection and recycling of multi-functional devices and printers

In March 2005, Konica Minolta was approved as a "designated industrial waste disposer for wide area recycling" by Japan's Ministry of the Environment, and as of fiscal 2005, the copiers, multi-functional devices and printers that we sell in Japan can be collected. Thus the extent to which our products are placed within the Konica Minolta Group's recycling route has been significantly expanded in Japan.

By 2004, preparation for compliance with the RoHS Directive was completed for many products. We have also been promoting the phasing out of these six specified toxic substances for non-RoHS designated products in much the same way.



FILM-IN Centuria Super 800 Flash  
Lead-free solder is used for flash unit.



## Measures to Prevent Global Warming

We implement measures to prevent global warming at each stage of the lifecycle, with the aim of reducing CO<sub>2</sub> emissions by 7% during the manufacturing process.

### Concept for prevention of global warming

#### We are working to reduce CO<sub>2</sub> emissions throughout the lifecycle.

Preventing global warming is one of manufacturing industry's most important social responsibilities today. The Konica Minolta Group strives to prevent global warming from an overall lifecycle perspective.

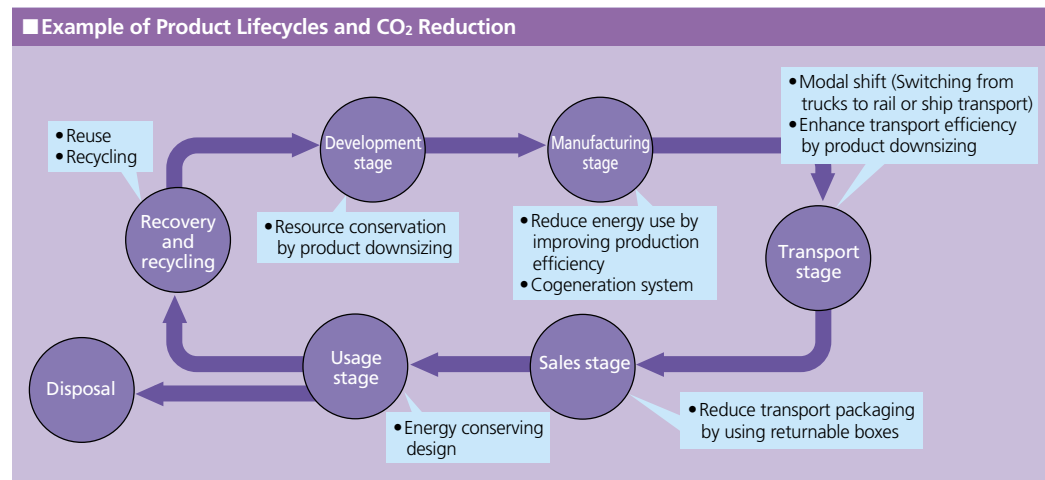
We calculate how much energy is consumed at each stage from raw material procurement through to transportation after shipping, use, recycling and disposal, as well as assessing CO<sub>2</sub> emissions from business sites during manufacturing, and endeavor to reduce CO<sub>2</sub> emissions at each stage.

In order to reduce CO<sub>2</sub> emissions during manufac-

turing, we have been seeking the most effective use of energy, such as installation of electrical cogeneration systems, and trying to improve manufacturing efficiency by adopting the cell production method, coupled with the introduction of polymerized toner which requires less energy during manufacturing.

In terms of transportation measures, we have been promoting a modal shift and other measures.

Furthermore, we have been working to reduce CO<sub>2</sub> emissions during actual use of the products by developing energy-saving technology.



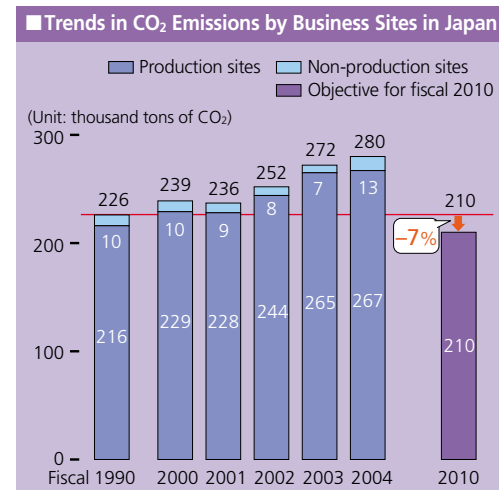
### Reduction in CO<sub>2</sub> emissions from business sites

#### We aim to reduce CO<sub>2</sub> emissions by 7% by fiscal 2010 compared to fiscal 1990 levels.

In February 2005, the Kyoto Protocol came into effect, and corporate responsibility to act to reduce CO<sub>2</sub> emissions from business premises has increased.

Konica Minolta has also decided to reinforce its activities by defining "reduction of CO<sub>2</sub> emissions from Group business premises in Japan by 7% by fiscal 2010 compared to fiscal 1990 levels" as a core priority.

We are not only reinforcing conventional measures, such as installation of equipment and facilities but also reinforcing software including action systems and rules for equipment investment with the aim of expanding our prevention activities against global warming and enhancing their effectiveness.



Modification from Sustainability Report 2004: Data collection scope has been amended to comply with the Kyoto Protocol. The CO<sub>2</sub> equivalent coefficient in fiscal 2003 for electricity usage in Japan published after issuance of the above report was used for domestic results for fiscal 2003.

### Manufacturing initiatives

#### We promote reduction in CO<sub>2</sub> emissions at manufacturing sites.

Manufacturing sites inevitably consume more energy than offices, and thus measures implemented from the manufacturing stage are crucial to maximize any reduction in CO<sub>2</sub> emissions.

In fiscal 2004, we implemented reduction measures at each site, such as changing our boilers from heavy oil to natural gas powered, installation of highly efficient manufacturing equipment and converting the facilities and equipment to inverter-based equivalents.

For fiscal 2005, we are implementing comprehensive assessments of energy use at business sites that emit the most CO<sub>2</sub>, determining reduction points and also trying to decrease the overall level of CO<sub>2</sub> emissions through effective horizontal implementation.



Natural gas boilers

#### The Director-General of the Agency of Natural Resources and Energy commended our Odawara Site.

The Odawara Site was commended by the Director-General of the Agency of Natural Resources and Energy (electricity sector) under the "Fiscal 2004 commendations for superior energy-managing plants" held by the Ministry of the Economy, Trade and Industry. This commendation is accorded to business sites that promote energy savings through effective use of electricity and fuel via rationalization of energy usage. This commendation was awarded after winning recognition for continuous reductions in the annual power consumption per basic unit by conducting multi-phased energy-saving activities via such means as waste heat recovery, cogeneration and use of alternative energy.



Commendation ceremony for superior energy-managing plants

### Transport initiatives

#### We are promoting a modal shift from road transportation to rail and sea.

The Konica Minolta Group is promoting a modal shift away from long-distance truck usage to transport by rail and sea. In Japan we have been using rail or sea for long-distance transportation of our products, such as photographic paper and films, and have also adopted this method for specified mid-distance transportation since fiscal 2004.

Furthermore, we have been trying to improve our logistical efficiency by using the return portion of the journey after product delivery to recover used copiers and photographic developer equipment, incorporating multi-site deliveries and integration of distribution centers.

### Sales measures

#### Adoption of electric-powered vehicles by sales companies

In fiscal 2004, Konica Minolta Business Solutions Japan installed three electric vehicles at the Kyushu branch. Service engineers use them when visiting customers for maintenance of multi-functional devices and other equipment. Because their environmental impact is less and the compact body affords better mobility when traveling in urban areas, the number of business sites adopting this type of vehicle is gradually increasing.

This year, each service engineer's territory was reviewed, so that our engineers can visit more customers per outing in the most efficient manner. As a result, we have been able to reduce CO<sub>2</sub> emissions by 433 tons a year thanks to reduced journey distances in Japan.



Adoption of electric vehicles

## Management of Chemicals

We have steadily implemented our reduction plans in fiscal 2004 and phased out the use of three types of hazardous substances.

### Safety checks on chemicals

### Comprehensive management performed on chemicals throughout the lifecycle.

We define management of chemicals as part of our environmental management and have been managing the following points as priorities: "Reduction of atmospheric emissions of hazardous substances," "Elimination of hazardous substances from products," and "Improvement in occupational health and safety."

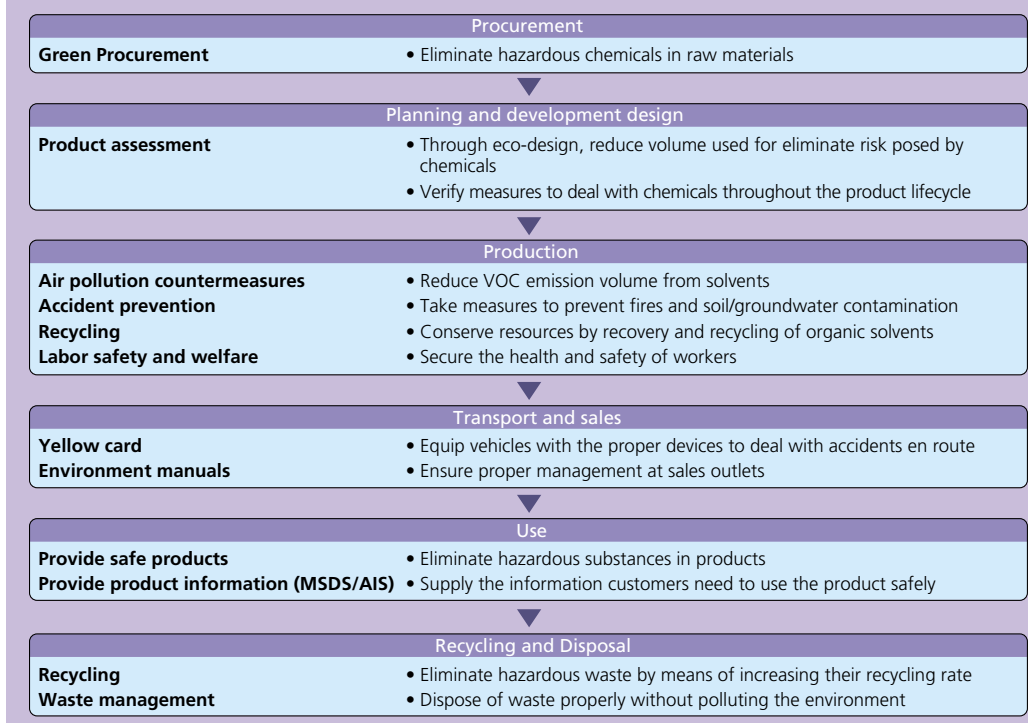
Konica Minolta Group uses chemicals in the manufacturing of its products, such as photographic film and paper, developer, toner and photosensitive materials for copiers, and optical materials for electrical/electronic components, and thus handles a wide range of chemicals. Accordingly, we implement comprehensive management of chemical substances for the entire lifecycle of our products in accordance with the concept of

Responsible Care\* adopted by the chemical industry.

Safety assessment of chemical substances is implemented by specialists in accordance with our original assessment criteria. We make every effort to prevent accidents or otherwise cause any harm to the environment from our chemical usage through risk management based on rigorous safety assessments. In particular, we conduct safety inspections in cooperation with medical advisors with regard to occupational health and safety.

\*Responsible Care: refers to the commitment by manufacturers to act voluntarily to maintain the health, safety and cleanliness of our environment throughout the entire lifecycle of chemical-based products.

### Konica Minolta Group's Measures to Deal with Chemicals at Each Stage of a Product's Lifecycle



### Green Procurement of chemicals

### Establishment of procurement standards for chemicals

We have established a set of Green Procurement standards for purchasing chemical materials that are quite different from those for purchasing equipment. Under these standards, there are approximately 1,500 substances that are either prohibited or restricted. Konica Minolta verifies that all raw materials, as well as all processing materials such as solvents and detergents used during manufacturing, do not contain any of these 1,500 substances. We decide on the use of chemicals by carefully considering both product safety and workers' safety during manufacture.

Substances listed in the database  
**About 20,000 substances**  
(Green Procurement of chemicals)

### Safety verification system

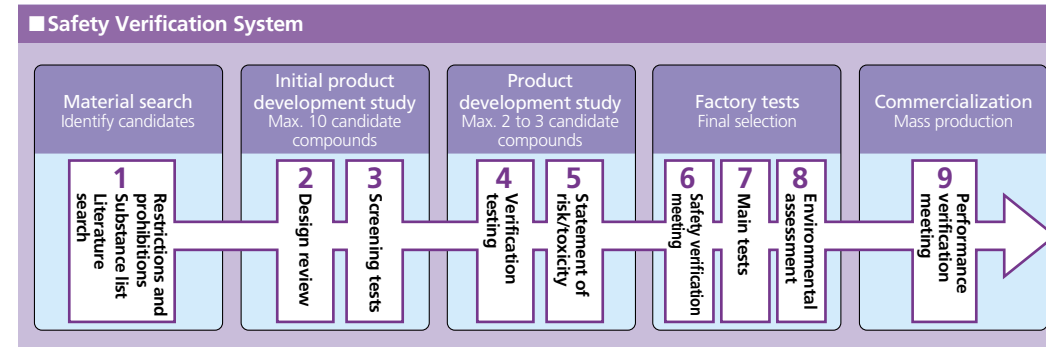
### We thoroughly check safety at each stage through to commercialization of products.

The Konica Minolta Group has incorporated its own original Safety Verification System, which is used to integrate chemical risk assessment into the product assessment process in Japan.

Before we introduce a new substance into a product, we reject any dangerous or hazardous substances through repeated safety testing undertaken at every

stage of the process. Only substances that fully satisfy our risk assessment standards are utilized.

Approximately 400 to 500 new chemical substances—including processing chemicals—need to be assessed each year. Of these substances, only about 100 will be used.



### Voluntary reduction of hazardous chemical use

### Phased out use of chloroform, formalin, and DMF

Out of the many chemical substances used in Japan and RoHS-designated metals, since 1997 the Konica Minolta Group has voluntary set reduction targets prioritizing eight types of Volatile Organic Compounds (VOC) that are deemed particularly risky based on their toxicity and usage volume. In fiscal 2004, we phased out formalin and DMF\*<sup>3</sup> as planned, and have also achieved the phasing out of chloroform six years ahead of our original schedule\*<sup>1</sup>. We are taking steps to steadily reduce other substances as well. We will increase our risk management one level higher, increase the number of VOCs to be managed and promote additional measures. Furthermore, we plan to phase in these measures at our overseas sites as well.

### Master Plan for Safe Management of Chemical Substances (Group companies in Japan)

Usage volume			
	Mid-term environment plan objectives* <sup>4</sup>	Fiscal 2004 target	Fiscal 2004 results
Chloroform* <sup>1</sup>	Phasing out by fiscal 2010	—	Completely phased out
1,2-Dichloroethane* <sup>2</sup>	Phasing out by fiscal 2010	Usage volume: 8 t or less	Usage volume: 3.4 t
RoHS-designated heavy metals	Phasing out by fiscal 2005	—	Completed handling for internal parts
Formalin	Phasing out by fiscal 2004	Phasing out by fiscal 2004	Completely phased out
Atmospheric emissions			
	Mid-term environment plan objectives* <sup>4</sup>	Fiscal 2004 target	Fiscal 2004 results
Dichloromethane	Fiscal 2006: 120 t or less	Emissions: 169 t or less	Emissions: 161.5 t
Ethyl acetate	Fiscal 2006: 165.5 t or less	—	Emissions: 126.6 t
Methanol	Fiscal 2006: 50 t or less	—	Emissions: 80.1 t
Methyl ethylene ketones	Fiscal 2005: 22 t or less	—	Emissions: 20.4 t
DMF* <sup>3</sup>	Phasing out by fiscal 2004	Phasing out by fiscal 2004	Completely phased out

\*1: Internal usage within the Group  
\*2: Excluding raw materials for synthesis  
\*3: N, N-dimethylformamide  
\*4: Revised in fiscal 2004

### PRTR initiatives

### We actively promote the dissemination of chemical information.

A pollution release and transfer register (PRTR) system specifies industrial plants and other facilities, which should notify the government about how much chemical substances that may pollute the environment are emitted, as well as about transfers of these substances off-site in the form of waste materials. In Japan, the Konica Minolta Group discloses such information on emissions and off-site transfer of chemical substances

via our website, as well as issuing Site Reports, and holding Community Environmental Briefings, and actively disseminates such information. Our risk communication and steadfast chemical management activities are highly commended, and the Konica Minolta Group in Japan won the first PRTR Grand Prize established in 2004.

## Promotion of Zero Waste Disposal Activities

Promotion of zero waste disposal activities while accomplishing both economic and risk management issues

### Basic stance 1

#### Zero waste disposal with due regard to economics

Our zero waste disposal activities reflect our intention to minimize the waste that needs to be reclaimed by promoting its recycling. The Konica Minolta Group believes that due consideration for real-world economics while reliably implementing risk management is indispensable to the steadfast promotion of such activities. Accordingly, we set cost-cutting targets as well as stipulate recycling and final disposal rates (reclamation rate) in order to achieve Level 1: Zero Waste Disposal criteria. Achievement of Level 2: Zero Waste Disposal criteria requires that we set reduction rates for external emission volumes, while also striving for further reductions in cost and risk. Characteristic of Konica Minolta's zero waste disposal activities is the fundamental integration of these activities in management from both risk management and economic perspectives.

#### •Konica Minolta Group zero waste disposal criteria

##### Level 1 criteria

- Resource recovery rate: over 90%
- Final disposal rate: less than 5% (including secondary residue)
- Cost reduction: over 90% reduction in external payments (from fiscal 1998 levels)

##### Level 2 criteria

- Reduce the volume of waste discharged externally by 30% per unit of sales (from fiscal 2001 levels)

Results of zero waste disposal activities:  
**Approximately ¥1.6 billion annual savings**

First of all, in order to achieve this target, we try not to acquire unnecessary items, and fundamentally reduce waste in both resources and costs. Secondly, we efficiently use all acquired resources, minimize emissions, and try to reduce external emissions by implementing internal recycling. In terms of final emissions, we promote external recycling and try to ultimately reduce the reclamation volume.



### Basic stance 2

#### Integrated management of information on waste disposal for appropriate handling

We implement risk management in order that disposed waste is reliably and properly handled. For Group companies in Japan, we have established criteria to select waste disposal contractors. We select reliable contractors through careful investigation, including preliminary and field surveys, which are then registered and managed on a database.

A wide range of related information, such as illegal waste disposal, regulations, environmental technologies and other knowledge accumulated within the Group is also included in the database. This information is managed in an integrated manner to ensure the most appropriate waste disposal and to improve this activity level across the entire Group.

### Results of resource recovery

#### Reduction in landfill volume by promoting resource recovery

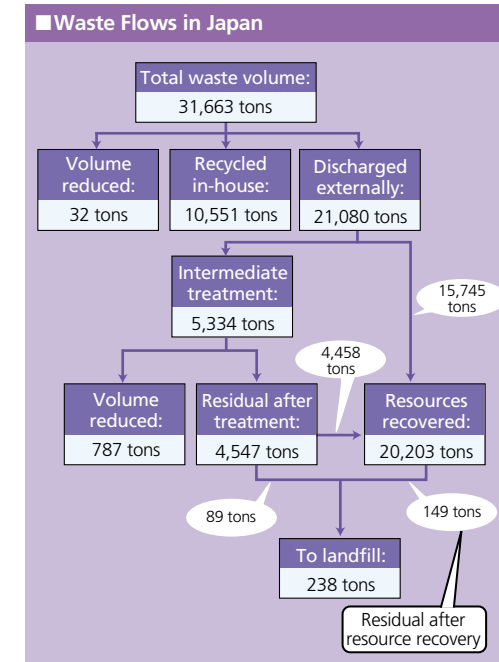
In pursuing resource recovery, the first priority is given to in-house recycling of leftover materials produced in the manufacturing process. To facilitate this, we are conducting research and developing new recycling and production technologies.

In terms of landfill disposal, we consider that post-recycling secondary residuals, such as energy recovery, is also the emitter's responsibility; accordingly, we are acutely aware of the disposal volume. In order to reduce it, we thoroughly implement waste separation and also select the recycling route after checking the amount of secondary residual.

As a result, the total waste volume from Group manufacturing sites in Japan for fiscal 2004 was 31,663 tons, recovered resources amounted to 30,755 tons and landfill accounted for 238 tons. Thus, the resource recovery rate was 97.1% and final disposal rate (landfill rate) was 0.75%.

Annual changes in total waste volume, resource recovery rate and final disposal rate are published on our website.

<http://konicaminolta.com/pr/ecodata>



### Zero waste disposal achievements

#### Five more sites achieved Level 1 criteria, and three more sites achieved Level 2 criteria. We are upgrading our activities with the focus shifting to the next phase.

In fiscal 2004, five more sites achieved Level 1 criteria, bringing the total number of sites that have achieved this level to 19. In particular, this result by two of Konica Minolta Chemical Co., Ltd.'s chemical facilities for which its is especially difficult to implement resource recovery from waste was a tremendous achievement.

Furthermore, three sites have achieved Level 2 criteria for the first time within the Group. In and after fiscal 2005, we will strive not only to secure Level 1 compliance by those sites that have not yet done so, but also set Level 2 as the standard for the next phase. At the same time, we will further upgrade our activities.

#### •Sites that achieved zero waste disposal in fiscal 2004

##### Level 2

###### Kobe Site

Efficiently implemented bulk manufacturing of TAC films per type reduced manufacturing losses generated by switching type, and extended internal recycling of leftover materials that would previously have been disposed of.



###### Kofu Site

Implemented internal recycling of solvents generated during the manufacturing processes for dry medical films by establishing a distillation facility within the site. Usage of recycled solvents from cleaning the facility has been steadily expanded, and beneficial effects have been achieved in both reduction of waste and cost cutting.



###### Tokyo Hino Site

Remarkable effects were accomplished in the reduction of losses through the packaging process of wet type medical films and simplification of packaging. The site also tried to reduce waste volume by improving the manufacturing process for TAC film and other products, expanding internal recycling of leftover materials generated by manufacturing and achieving reductions in waste via cost cutting.



##### Level 1

###### Itami Site

This site has long striven to reduce the volume of wastewater treatment by recovery of boron. In addition, internal recycling of waste glass has been promoted during the lens manufacturing process, with impressive results.



###### Konica Minolta Chemical Co., Ltd. Shizuoka and Fukushima Facilities

These sites have long promoted internal recycling of used solvents through distillation. A new sludge drying system has been installed within the site, and various other measures have been implemented, such as trying to recycle raw materials for cement.



###### Konica Minolta Components Co., Ltd.

While the types of waste become ever more diverse in relation to the increase in the number of new businesses, the company has been promoting waste separation and resource recovery, and also reduced manufacturing losses.



###### Okayama Minolta Seimitsu Co., Ltd. (now known as ARK OKAYAMA Co., Ltd.)

The company extracted recyclable items from waste, increased its resource recovery rate and reduced losses from magnesium moldings.



## Initiatives for Environmental Communication

Aim of establishing two-way communication based on “transparency” and “continuity”

### Our view on information disclosure

#### Establish a relationship of trust based on information disclosure and communication

Konica Minolta has been promoting information disclosure to stakeholders and communication based on “transparency” and “continuity.” We disclose everything about the environmental activities promoted by the entire Group through the issuance of reports such as this document and other mediums such as an

environmental website and exhibitions. Each of our business sites considers that establishing a good relationship with local society through two-way communication is crucial. We also actively disclose information via environmental labels to convey details about our environmental products to users.

### Environmental information disclosure

#### Promotion of information disclosure via reports and website updates

We issue annual reports introducing the activities of the Group as a whole, as well as of individual sites. In fiscal 2004, we issued a *Sustainability Report 2004* to explain the entire Group's measures to reduce environmental impacts as well as convey our respect for the environment. In terms of Site Reports that detail environmental information about individual sites, three more locations, namely, the Mizuho, Mikawa and Toyokawa sites, began to issue such reports in addition to those sites already issuing them.

Our environmental website introduces Konica Minolta's environmental activities as well as presents content to enhance environmental awareness. Furthermore, the Environmental Reports we issue are replicated on the website and supplemented with additional environmental data pertaining to group performance data. <http://konicaminolta.com/pr/ecodata>

#### •Site Reports



#### •Konica Minolta's environmental website <http://konicaminolta.com/environment>



### Information disclosure at exhibitions

#### Participation in the Eco Products 2004 Trade Fair (Tokyo)

In December 2004, we participated in the largest environmental exhibition in Japan, Eco Products 2004, held at the Tokyo Big Sight trade show center. In 2004, under the theme “What Konica Minolta can do,” we introduced our activities and environmentally sound

products, such as multi-functional devices, printers, polymerized toner and digital cameras. We also aired a program under the theme of “starry skies and space” at Konica Minolta's “Media Globe”— digital planetarium.

### Information disclosure and communication within the community

#### Ongoing Community Environmental Briefings are held by our Tokyo and Odawara sites.

As one way to communicate environmental risks in the context of the Japanese PRTR (pollutant release and transfer register) system, each year since fiscal 2002 we have held a Community Environmental Briefing at the Tokyo Site. In fiscal 2003, the same type of briefing was also held at the Odawara Site. This format has been retained in fiscal 2004 as well. These activities were one of the major reasons why the Konica Minolta Group in Japan won the 2004 PRTR Grand Prize. We continuously promote the disclosure of highly transparent information to maintain the trust and sense of security within local communities. We also readily accept requests for plant inspections from the local community, schools, the local government and companies both within and outside Japan.

#### Fiscal 2004 Community Environmental Briefings Tokyo Site

Held in September 2004 with 22 participants. In terms of reduced water usage as requested in fiscal 2002, we established a reduction plan and then reported on the progress made in fiscal 2003.

#### Odawara Site

Held in November 2004 with 38 participants. In terms of reduced water usage as requested in 2003, we established a reduction plan and implemented measures and subsequently reported on the results achieved to date. We also reported on the establishment of a broadcasting route used by a PR vehicle in the event of an emergency, as was also requested.

#### Risk Communication Model Program

Held in January 2005 with 37 participants at the Kobe and Seishin sites as a new measure aimed at upgrading our disclosure activities. Its purpose is to better understand the public's concerns about chemical substances and provide a better means of disclosure. The general public, NPOs, local government and people from other companies participated, whereby the plants were inspected and opinions were exchanged in a workshop format.

### Information disclosure about our products

#### We actively display relevant information using environmental labels.

Konica Minolta has actively set about acquiring Type I environmental labels as proof that our products impose less environmental impact. In terms of the German Blue Angel Mark system, we have acquired certification for 22 more models in fiscal 2004, while in terms of digital multi-functional devices—which comprises one of our primary product categories—the Konica Minolta Group makes over half of the certified registered models.

We also use the Type III environmental label EcoLeaf system, and quantitatively study and publicize the environmental impact of designated products throughout their lifecycle ranging from procurement of raw materials to assembly, sales, usage, disposal and recycling. Konica Minolta has also acquired “system certification” to certify that we have a mechanism to appropriately and efficiently study such environmental impact data for our copying and printing businesses. The total number of EcoLeaf-certified products was 35 as of the end of fiscal 2004.

We have also registered the following categories of products with the Green Purchasing Network in Japan: copiers/multi-functional devices, printers/fax machines, copy and inkjet paper. Environment information of these products is publicized.

#### Type I Environmental Labels



•Eco-Mark  
Certification is provided for products whose emissions are recognized by the Japan Environmental Association as imposing low environmental impact.



•Blue Angel Mark  
The first environmental label in the world introduced in Germany in 1978. Products and services imposing low environmental impact are targeted.



•International ENERGY STAR Program®  
Targeted at energy-saving OA equipment by both the Japanese and U.S. governments since 1995.

#### Type III Environmental Labels

•EcoLeaf  
Developed and administered by the Japan Environmental Management Association for Industry



#### Editor's note

In order to ensure articles of deeper stakeholder interest in this CSR Report, Konica Minolta has established a CSR Report Editing Committee, comprised of members in the sections concerned within the Group under the guidance of the director in charge of CSR.

Issuance for the next fiscal year is scheduled for August 2006.