



KONICA MINOLTA

KONICA MINOLTA

CSR REPORT 2009

C o r p o r a t e S o c i a l R e s p o n s i b i l i t y



Management Philosophy

The creation of new value

Management Vision

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 Group, by offering essential products, services and solutions to our customers in the world of imaging.



KONICA MINOLTA

This mark is a representation of the Earth. We call it a "globe mark" because it expresses the infinite expansion of Konica Minolta and the offering of innovative value to customers throughout the world.

Editorial Policy

The Konica Minolta CSR Report is published to inform all its stakeholders of the Group's CSR (corporate social responsibility) initiatives.

This report focuses on topics of social significance and high priority to Konica Minolta and discusses the Group's basic concept, specific efforts and achievements with respect to those topics. The Group's future perspectives on its environmental efforts are discussed in the Special Feature, while its current efforts are described in detail in the section of this report entitled "For the Global Environment."

To promote communication with stakeholders around the world, this report is being published in the following five languages: Japanese, English, Chinese, German, and French.

Scope

This report covers the entire Konica Minolta Group, including Konica Minolta Holdings, Inc., the Group's business companies and common function companies, and its affiliates.

In this report, "Konica Minolta" refers to the Konica Minolta Group.

Period under Review

In principle, the report covers activities from April 1, 2008 to March 31, 2009. Some sections may include information on earlier initiatives or more recent activities.

In this report, "fiscal 2008" refers to the fiscal year starting April 2008 and ending March 2009.

Publication Period

August 2009 (next report: scheduled for August 2010; previous report: July 2008)

Relevant Guidelines

In making this report, Konica Minolta referenced the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines Version 3.0 and the Environmental Reporting Guidelines 2007 issued by the Ministry of the Environment (Japan).

Website

Detailed information regarding Konica Minolta's CSR activities can be found on its website.

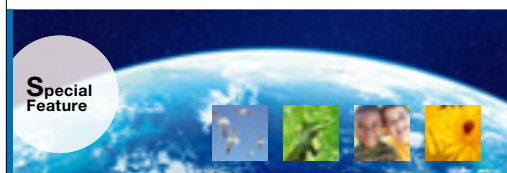
<http://www.konicaminolta.com/about/csr>

Disclaimer

In addition to facts about past or present circumstances, this report contains description of the Group's current plans and projections for the future. These descriptions are based on information that is currently available and have been deemed reasonable based on the Group's current status. The Group's actual performance could differ from its predictions due to future changes in the business environment.

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Konica Minolta is fulfilling its responsibilities to all stakeholders by creating value that contributes to society.

Advancing the creation of a better society

In order to be valued as a good corporate citizen for decades to come, Konica Minolta aims to be a corporation with firm underpinnings and continuous strong growth while being essential to society. To achieve this, above and beyond strictly maintaining compliance with social rules and norms, we believe that we must ensure that the products and services we provide contribute to the benefit and advancement of our society.

When evaluating a company, people today have begun to place more weight on its contribution to society. In these times, it is not enough to simply offer customers

new products that are better than our previous products and those of our competitors in terms of quality and performance. For example, in our efforts to provide energy saving copiers and multi-functional peripherals (MFPs), our core businesses area, we are not satisfied with “relative value,” meaning lower energy consumption in comparison with competitors’ products. Rather, we pursue “absolute value” to achieve the energy reduction truly required to create substantial environmental benefits.

Pursuing absolute value is the guiding principle of our management philosophy, The Creation of New Value. Even when faced with the current difficulties, we will attempt new approaches and strive to create innovations. We believe that innovation starts with understanding the true needs of society, and then changing the way we create and offer our products and services in line with those needs.

Focusing on the environment and energy

The recent financial crisis and its impact around the world have provoked a reassessment of corporate activities and the financial and economic framework, and brought about a shift in the industries that are the driving force in society. At Konica Minolta, we believe that history has arrived at a crucial turning point, and is not simply in a recessionary phase after which we can expect to a return to previous economic conditions. Recognizing this, we will look for signs of change to take the lead in creating new trends by which we can pursue the growth of the Group.



Masatoshi Matsuzaki
President and CEO
Konica Minolta Holdings, Inc.

In determining new businesses to drive future growth, we base our decisions on the potential of a business to capitalize on a future growth industry, leverage the Group's strengths, and use its advantages to advance toward a better society for all. It was through this decision-making process that we identified the environment and energy as areas for future business growth, as expressed in our recently unveiled Management Policy <09-10>.

The environment and energy are some of the most important global issues facing us today. Therefore, it is imperative for us to implement efforts toward reducing CO₂ emissions to prevent global warming and conserving natural resources. In addition to these efforts in our existing business fields, we believe that it is crucial to pursue new environmental and energy technologies. Drawing on our core competencies and technologies in imaging-related businesses, we aim to provide solutions to these issues and help solve global environmental problems.

One new and innovative technology that has potential in this area is organic electroluminescent (EL) lighting, which could upend the lighting field and replace incandescent and fluorescent light bulbs. Organic EL lighting is beneficial to the environment in that it is highly energy efficient and does not contain hazardous substances. Since the panels are very thin and emit light evenly from the entire surface, they could give rise to new forms and uses of lighting. Combined with solar batteries, organic EL lighting can bring light to people in regions that lack an electrical power infrastructure. In this way, it is expected to contribute to the advancement and creation of a better society for all.

We will continue to develop innovative technologies like this, and leverage them to propose new products and services that can address the needs and expectations of society. We believe that this is the most effective approach to corporate social responsibility as a manufacturing company operating in the current age.

Pursuing The Creation of New Value with a clear vision

A clear vision of the future is needed to guide us on this journey. A promising future will not be realized without drawing up plans to realize our goals and ambitions. The role of a leader is to communicate these goals and ambitions to the members of an organization, rally support for them, and work together toward their realization.

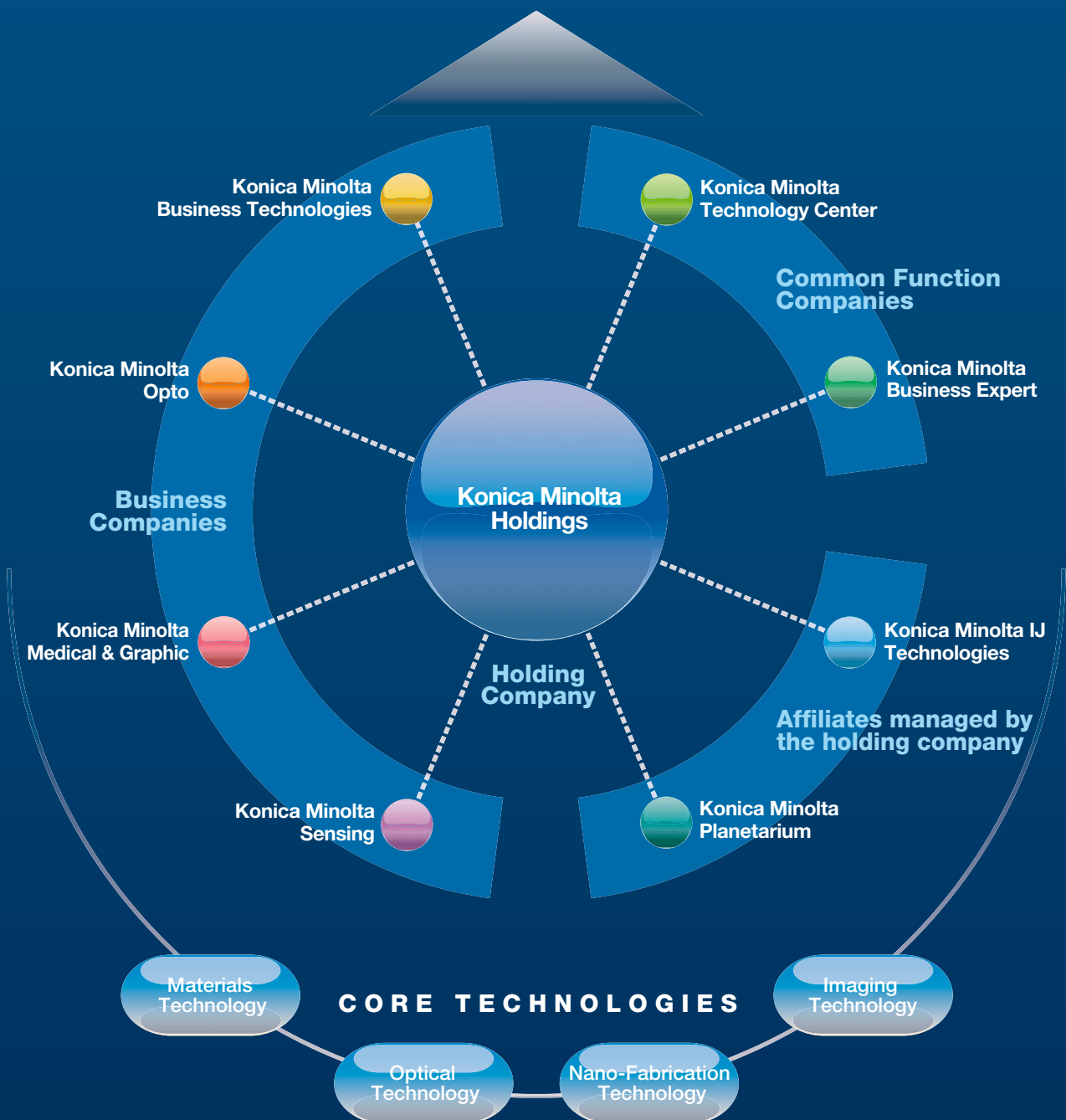
With this in mind, we have established a series of management plans including the Management Policy <09-10>, Eco Vision 2050 long-term environmental vision, and Medium-Term Environmental Plan 2015, to instill our vision throughout the Group. We will make every effort to attain our goals by thoroughly implementing these plans.

We will continue to pursue innovations in line with our management philosophy for The Creation of New Value. By creating new value and fulfilling our social responsibilities, Konica Minolta aims to gain the understanding and support of its stakeholders, and to meet society's expectations to thrive and develop in the future.

Overview of the Konica Minolta Group

The Konica Minolta Group consists of business companies and common function companies under its holding company Konica Minolta Holdings, Inc. Powered by the four core technologies it has developed in the imaging field—materials, optical, nano-fabrication and imaging technology—Konica Minolta delivers a variety of products and services to customers all over the world.

The creation of new value



Holding Company



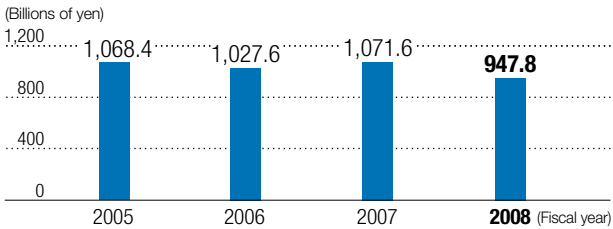
KONICA MINOLTA HOLDINGS, INC.

Responsible for planning and promotion of management strategies for the Konica Minolta Group, and for audit and administration of the Group's management.

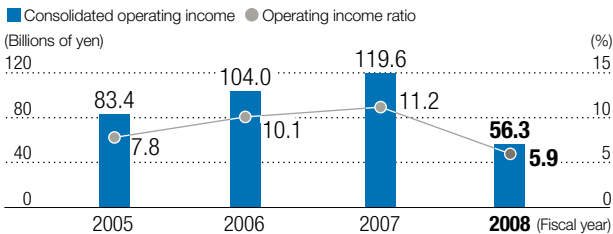
Company Profile

Company name	Konica Minolta Holdings, Inc.
Head office	1-6-1 Marunouchi, Chiyoda-ku, Tokyo, Japan
President and CEO	Masatoshi Matsuzaki
Established	December 22, 1936
Paid-in capital	37,519 million yen
Fiscal year end	March 31

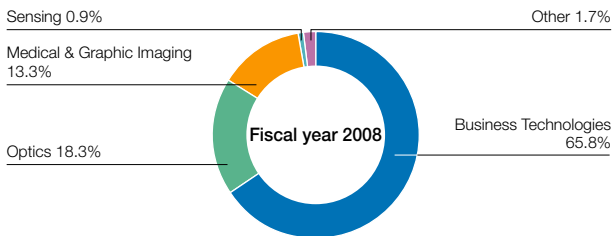
Consolidated Sales



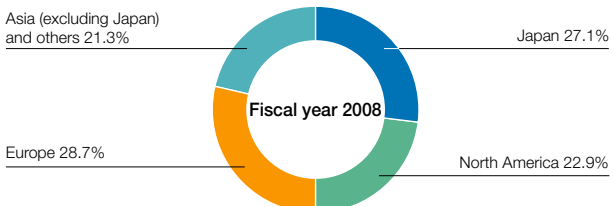
Consolidated Operating Income/Operating Income Ratio



Breakdown of Sales by Business Segment



Breakdown by Sales by Region



Business Companies

Companies entrusted with the authority necessary to execute business activities in their field of expertise.



KONICA MINOLTA BUSINESS TECHNOLOGIES, INC.

Manufactures and markets digital multi-functional peripherals (MFPs), printers, and related supplies.



KONICA MINOLTA OPTO, INC.

Manufactures and markets optical products such as pickup lenses and electronic materials such as triacetyl cellulose (TAC) films.



KONICA MINOLTA MEDICAL & GRAPHIC, INC.

Manufactures and markets medical and graphic imaging equipment and materials.



KONICA MINOLTA SENSING, INC.

Manufactures and markets measuring instruments for industrial and medical applications.



Common Function Companies

Companies that perform centralized Group-wide functions.



KONICA MINOLTA TECHNOLOGY CENTER, INC.

Conducts R&D, promotes the incubation and commercialization of new business and manages and operates intellectual property.



KONICA MINOLTA BUSINESS EXPERT, INC.

Provides management support and administrative functions and services.

Affiliates Managed by the Holding Company

Companies that strive to cultivate business with the support of the holding company.



KONICA MINOLTA IJ TECHNOLOGIES, INC.

Manufactures and markets inkjet print heads for industrial use and textile printers.



KONICA MINOLTA PLANETARIUM CO., LTD.

Manufactures, markets, and installs planetariums.



Konica Minolta's CSR Policy

Viewing CSR efforts as an integral part of the Group's management, Konica Minolta strives to live up to the trust and expectations of society by actively engaging in activities that fulfill its responsibility for preserving the global environment as well as for its various stakeholders.

The creation of new value



Customers

Strives to earn the trust of customers with products and services that maximize customer satisfaction.



Suppliers

Builds strong partnerships with suppliers and works with them to fulfill social responsibilities together.



Shareholders and Investors

Meets the expectations of shareholders and investors by maximizing the company's value and actively disclosing information.



Konica Minolta

Employees

Creates an environment where diverse employees can maximize their individual potential.



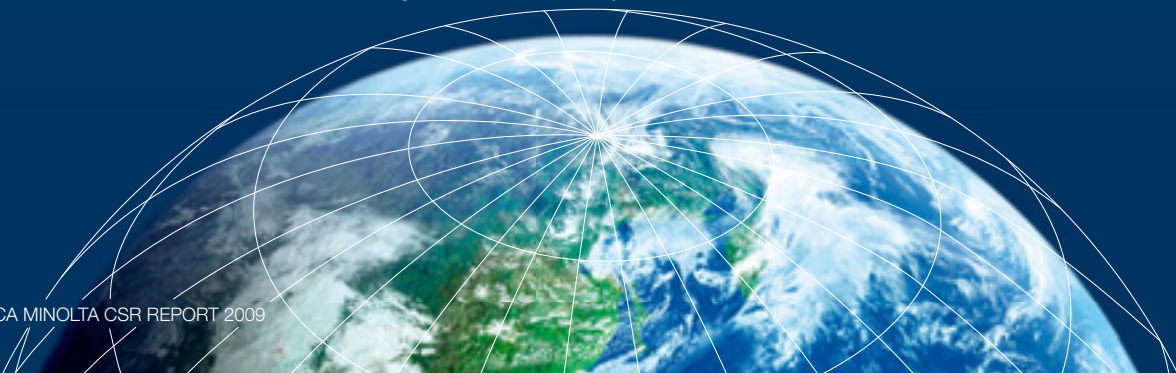
Local Community

Recognizes its role as a "corporate citizen" and implements various initiatives to help build better societies.



Global Environment

Recognizes that the responsibility for products lies with their manufacturer, and strives to reduce the environmental impact of its products and services throughout their entire life cycle.



CSR Activities Guided by the Management Philosophy and Charter of Corporate Behavior

Konica Minolta has adopted “the creation of new value” as its management philosophy. This term refers not only to the values of a product’s convenient function or usability, but also to the fact that the Group seeks to identify and realize the values needed by the times in which we live, based on the three dimensions of the economy, the environment, and society.

Based on this management philosophy, the Konica Minolta Group Charter of Corporate Behavior was established to provide guidelines by which Konica Minolta would transform itself while interacting with society and work to make more contributions to society. Each and every person that works for Konica Minolta is developing CSR efforts through various aspects of the company’s business activities in accordance with the Charter of Corporate Behavior.

Supporting the UN Global Compact

In December 2008, Konica Minolta signed the United Nations Global Compact. The Global Compact identifies ten universal principles on human rights, labor, the environment, and anti-corruption, and requires companies around the world to support and abide by these principles.

The signing of this agreement reaffirms Konica Minolta’s commitment to pursuing its efforts in corporate social responsibility. Guided by these ten principles, as well as its management philosophy and the Charter of Corporate Behavior, Konica Minolta aims to further advance its Group-wide efforts to help achieve the sustainable development of societies, not only by complying with relevant laws and regulations, but also promoting its CSR procurement and global environmental activities.



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, 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, the 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.

Established on October 1st, 2003



**Special
Feature**

Eco Vision 2050 and the Medium-Term Environmental Plan 2015 for a Sustainable Earth and Society

Growing Problems in the Global Environment: More Has to be Done

Global warming, dwindling energy resources, destruction of ecological systems by pollution, and many other global environmental problems have emerged and worsened over recent years. These environmental problems are critical issues that must be addressed by the current and future generations of people around the world. Therefore, people of all nations and regions as well as corporations are being called upon to reduce their impact on the environment in order to leave it in a better condition and pass it on to future generations.

All over the world, alarms have sounded warning of the seriousness of global warming. The IPCC (Intergovernmental Panel on Climate Change) has stated that CO₂ emissions must be reduced by 50 – 85% from 2000 levels by 2050 in order to limit the rise in global temperatures to 2.0 – 2.4°C, compared with the era before industrialization. Similarly, the IEA (International Energy Agency) has proposed targets for halving the current levels of CO₂ emissions by 2050 through technological innovations.

Environmental Activities from a Long-term Perspective: Formulation of Eco Vision 2050

From early on, the preservation of the global environment has been a core tenet of management at Konica Minolta. Based on this approach, the Group has formulated medium-term environmental plans that emphasize the prevention of global warming, support of a recycling-oriented society, and reduction of the risk of chemical substances. Konica Minolta has achieved successful results from its efforts to reduce environmental impact in terms of entire product life cycles. However, as the pace of environmental problems accelerates, Konica Minolta believes that, from a long-term perspective, the Group must redouble its efforts toward achieving more challenging goals through a broader range of approaches.

With this understanding, in January 2009 Konica Minolta formulated Eco Vision 2050 as its long-term environmental vision. This vision guides Konica Minolta in the right direction to achieve its future objectives and fulfill its responsibility as a global corporation by contributing to a sustainable earth and society. The prevention of global warming is a core part of Konica Minolta's mission as a manufacturing company. Specifically, management has set the target of reducing CO₂ emissions by 80% from fiscal 2005 levels throughout product life cycles by 2050. Moreover, Konica Minolta has taken a more aggressive



posture toward issues of increasing importance, such as the effective use and reuse of limited global resources, and the restoration and preservation of biodiversity.

Technological innovation is the driving force behind efforts to attain these objectives. Konica Minolta sees the development of new technologies as a pivotal factor for achieving sustainable business development with reduced

environmental impact, as well as for offering next-generation products with improved environmental performance. Technological advancements culminate in even more innovation, and through this ongoing process, Konica Minolta aims to continue contributing to environmental preservation while also supporting society and helping people lead better lives.

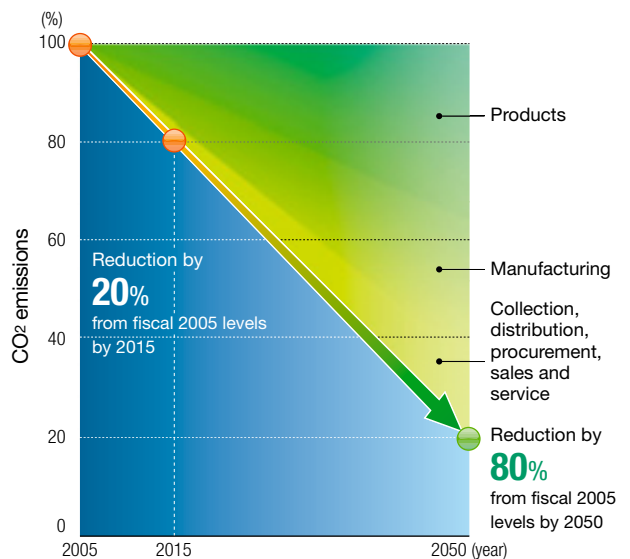
Eco Vision 2050

- 1 Reduce CO₂ emissions by 80% from fiscal 2005 levels throughout product life cycles by 2050
- 2 Aim to reuse and maximize the effective use of the Earth's limited resources
- 3 Work to promote restoration and preservation of biodiversity

Medium-Term Environmental Plan 2015

(See pages 11 – 12 for more details.)

Reductions in CO₂ emissions



Achieving Eco Vision 2050 Starting with the Medium-Term Environmental Plan 2015

Konica Minolta created the Medium-Term Environmental Plan 2015 as a milestone marker toward the goals outlined in its Eco Vision 2050.

The plan comprises four fundamental objectives: preventing global warming, supporting a recycling-oriented society, reducing the risk of chemical substances, and restoring and preserving biodiversity. It also defines important measures for attaining each of these objectives

and sets clear targets for each of the Group's businesses. By carrying out specific measures for each business, the Group intends to assure the achievement of the targets of the Medium-Term Environmental Plan 2015. Taking a comprehensive manufacturing viewpoint, Konica Minolta will also advance this plan by introducing the Green Factory Certification System as a new measure.

In addition to implementing such measures in existing businesses, Konica Minolta is committed to developing new products focusing on environmental and energy fields to help create a low-carbon society.

Medium-Term Environmental Plan 2015

Objectives	Fiscal 2015 Targets (Base Year: Fiscal 2005*1)	Fundamental Objectives
Preventing global warming	Reduce CO ₂ emissions by 20% throughout product life cycles	
	Reduce CO ₂ emissions by 60% at the product usage stage	<ul style="list-style-type: none"> Develop new energy-saving technologies and incorporate them in products
	Reduce CO ₂ emissions by 10% per unit of sales at the product manufacturing stage	<ul style="list-style-type: none"> Improve energy efficiency by developing better production technologies
	Reduce CO ₂ emissions by 30% per unit of sales at the product distribution stage	<ul style="list-style-type: none"> Enhance distribution efficiency
Supporting a recycling-oriented society	Reduce CO ₂ emissions by 50% per unit of sales at the product sales and service stage	<ul style="list-style-type: none"> Increase efficiency in sales and services Reduce fuel consumption of Company-owned vehicles
	Reduce petroleum-based resource usage by 20% per unit of sales	<ul style="list-style-type: none"> Develop new technologies of resource conservation and incorporate them in products Reduce the volume of waste from manufacturing activities by developing new production technologies Reduce fuel consumption via more efficient sales and service activities
	Reduce packaging material usage by 25% per unit of sales	<ul style="list-style-type: none"> Decrease the volume of product packaging
	Reduce the volume of waste discharged externally from manufacturing activities by 50% per unit of sales	<ul style="list-style-type: none"> Promote zero waste activities, including the introduction of new technologies
Reducing the risk of chemical substances	Build up product recycling systems in each region and aim for a recycling rate of 90% or more	<ul style="list-style-type: none"> Optimize product collection and recycling systems
	Maintain strict management of chemical substances, including the entire supply chain*2	<ul style="list-style-type: none"> Stringently follow REACH regulations*3 Strictly manage chemical substances throughout the entire supply chain
Restoring and preserving biodiversity	Reduce atmospheric emission of volatile organic compounds (VOCs) by 75% based on an environmental impact index*4	<ul style="list-style-type: none"> Reduce VOC risk via manufacturing reforms
	Help restore and preserve biodiversity	<ul style="list-style-type: none"> Create programs for biodiversity preservation and restoration Form partnerships with relevant NGOs

*1 Many international frameworks use 1990 as a base year for greenhouse gas reduction targets. Konica Minolta, however, decided to use fiscal 2005 as its base year, as the result of a Group merger in 2003 and the considerable changes that have been made to its business portfolio since then.

*2 Supply chain used here refers to the process of delivering parts to Konica Minolta from upstream material manufacturers via parts suppliers.

*3 REACH regulations: The EU consolidated its earlier regulations concerning chemical substances, and in June 2007, enacted new regulations for the registration, evaluation, authorization and restriction of chemicals.

*4 Environmental impact index: an index designed to measure the impact on human health and the environment, obtained by multiplying VOC emission volume by a location coefficient and hazard coefficient, which measures impact on human health and the environment.

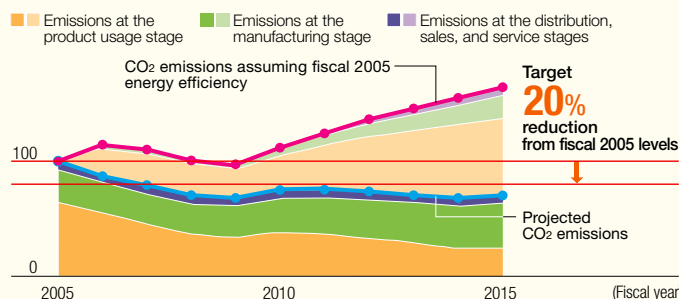
Point 1 Reducing CO₂ Emissions during Product Usage and Manufacturing

Promoting Energy-Saving via Technological Innovation

Konica Minolta is working to reduce CO₂ emissions from the standpoint of the entire product life cycle. The Group is focusing on reducing CO₂ emissions at the product usage and manufacturing stages, two major sources of CO₂ emissions.

Specifically, Konica Minolta positions energy-saving as a major theme for its business information products, a core Group business. To this end, it is developing equipment with new energy-saving technologies. The Group is also further improving energy efficiency of manufacturing processes by developing new production technologies and methods that minimize energy usage.

CO₂ Emission Projections and Targets (fiscal 2005 = 100)



Assuming energy efficiency remains at fiscal 2005 levels, total CO₂ emissions throughout a product life cycle would increase along the red line. The Group aims to reduce this by 20% from fiscal 2005 levels by fiscal 2015. By promoting initiatives of the Medium-Term Environmental Plan 2015, CO₂ emissions are estimated to follow the pattern represented by the blue line.

Point 2 Reduce Petroleum-Based Resource Usage

Increase Efficiency of Petroleum-Based Resource Usage

Petroleum is a resource that is being depleted, and from the perspective of preventing global warming, the efficient utilization of petroleum-based resources has become a crucial issue. Konica Minolta is strengthening its efforts to reduce petroleum-based resource usage in order to help create a sustainable society.

The Group plans to lower its use of petroleum-based resources in products by creating more compact, lightweight and longer-lasting products, and also by proactively using recyclable plastic materials. Konica Minolta aims to reduce the volume of waste emitted from its production process by applying new manufacturing technologies and methods. It also intends to lower the volume of fuel consumption by setting reduction targets for automobile fuel used in sales and service activities.

Point 3 Lowering the Environmental Impact of Manufacturing

Introducing the Green Factory Certification System

Konica Minolta is launching the Green Factory Certification System, a new method to comprehensively evaluate the environmental impact of production sites. This system certifies a production site as a Green Factory if it surpasses standards set in the three fields of preventing global warming, supporting a recycling society, and reducing the risk of chemical substances.

The Green Factory Certification System has two levels of targets: level 1 targets (fiscal 2011 basis) are preliminary goals representing milestones toward level 2 targets that are to be achieved by fiscal 2015. The Group is promoting activities based on guidelines that identify specific measures and numerical targets, and aims to have all of its manufacturing sites certified as Green Factories by 2015.

Contributing to the Environment for Future Generations

Technological Innovation in Environmental and Energy Fields

To contribute to the realization of a sustainable society, Konica Minolta will push ahead with efforts to reduce its environmental burden while relentlessly striving to develop new technologies that dramatically increase energy efficiency and new methods of generating energy.

Organic electroluminescence lighting

Organic electroluminescence (EL) material, which emits light evenly from a surface, has attracted attention as an innovative, energy efficient light source that consumes very little power. By using thin plastic film substrates, Organic EL material can be curved and flexibly shaped, enabling unique lighting applications. Konica Minolta is developing this technology with the goal of commercialization in 2010.



Solar electric power generation systems

Solar energy systems are clean and are a low-cost source of energy that generate electricity using the heat of the sun. These systems reflect sunlight with mirrors that are focused on a single point, generating a high level of thermal energy. Konica Minolta is applying its proprietary technologies to develop mirrors with very high reflectivity. The Group aims to contribute to the advancement of the fields of environment and energy by developing these and other innovative technologies.

Environmental Management at Konica Minolta

Konica Minolta implements rigorous management of environmental issues, obtaining reliable environmental data.

Basic Concept

The Konica Minolta Group conducts all of its corporate activities in harmony with people and the environment by integrating environmental, economic and social perspectives into the Group's corporate strategy, as the Environmental Policy of the Konica Minolta Group. The Group's basic approach is to work steadily to solve environmental issues, based on securing reliable data and quantitative measurement of performance and impacts.

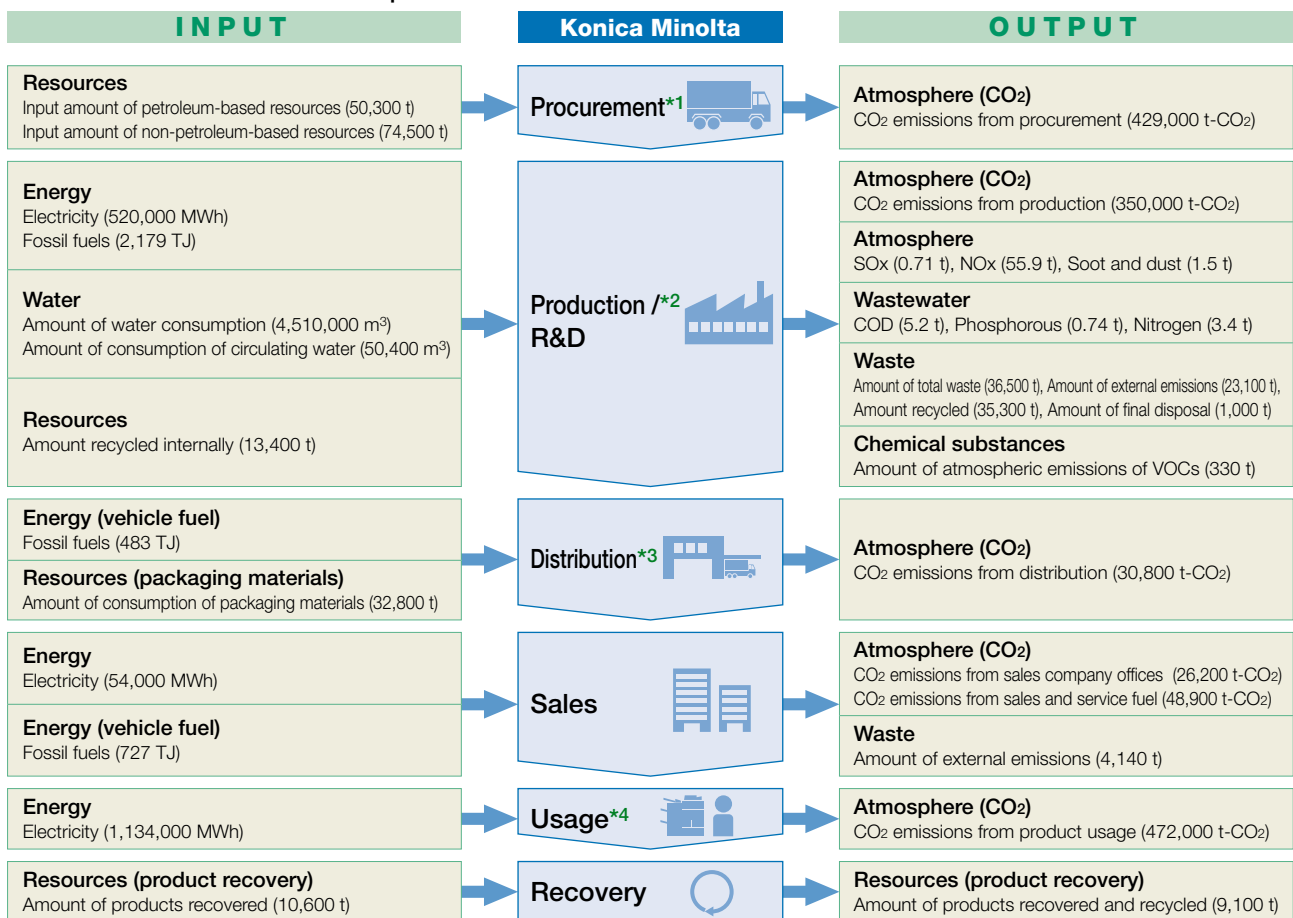
Based on this policy and approach, the Group works to reduce the environmental impact of its products and services over their entire life cycle. The Group places

particular emphasis on preventing global warming, supporting a recycling-oriented society, and reducing the risk of chemical substances.

Environmental Impacts Resulting from Business Activities

Konica Minolta measures the amount of energy and resources used in all its business activities, as well as the amount of greenhouse gases emitted and the amount of waste produced, at each stage of a product's life cycle. These results are analyzed and used to facilitate concrete approaches to improvement.

Overall Picture of Environmental Impact



*1 Input amount of resources refers to the input amount of materials for the major products released in fiscal 2008 (not including parts for maintenance). CO₂ emissions from procurement is the amount of CO₂ emitted by suppliers when manufacturing the items procured.

*2 The figures for atmosphere and wastewater output are total values for factories that are legally required to measure emissions. The figure for amount of atmospheric emissions of VOCs is the total value for sites subject to reduction targets stipulated in the Medium-Term Environmental Plan.

*3 The calculation of fuel consumption amount and CO₂ emissions amount uses the GHG protocol for international distribution and the basic units of the Energy Saving Law for distribution in Japan.

*4 Energy consumption during product usage is calculated based on MIF inferred from the product lifetime.

Environmental Accounting

Environmental accounting is a method for quantitatively assessing the cost and benefit of a range of environmental measures. Konica Minolta uses environmental accounting for rational decision making when planning and implementing effective environmental measures.

An environmental accounting manager is appointed at each Group company and the Group carries out consolidated environmental accounting globally, from research and development to production and sales. In addition, the companies establish their own environmental budget system to manage the environmental costs for the next fiscal year, including investments and expenses. Konica Minolta will continue to undertake effective environmental measures based on this environmental accounting approach.

Results of Environmental Investment and Expense in Fiscal 2008

The amount invested in fiscal 2008 was 69% less than fiscal 2007, at about ¥1.2 billion. Of this amount, 72% was capital investment towards reducing the amount of VOCs emitted into the atmosphere and for energy saving (both are costs within the business domain). Expenses were 8% less than in fiscal 2007, at about ¥14.9 billion, of which 40% was for resource saving in production and products and the cost of reuse and recycling (costs within the business domain-resource recycling, and up/downstream costs). In addition, significant costs went into the development of new products that make a contribution to the environment, while research and development costs accounted for 24%.

Considered by business segment, in the office equipment business, the environmental impact of products usage and recovery of used products is significant, therefore the environmental costs consist mainly of research and development costs and up/downstream costs. On the other hand, in the optics business, the environmental impact of production is most significant, and so environmental costs are concentrated in costs within the business domain.

Environmental Accounting: Results for Fiscal 2008 and Budget for Fiscal 2009

(Unit: ¥1 million)

Types of Environmental Conservation Activities	Major Initiatives	FY 2008 Results			FY 2009 Budget	
		Investment	Expenditures	Economic Effects	Investment	Expenditures
1. Costs within business area		866	4,430	13,986	416	3,731
1) Pollution prevention	Reduced VOC emissions and managed chemical substances in the optics business	417	2,345	53	124	1,894
2) Global warming prevention	Promoted energy conservation	354	556	403	206	557
3) Recycling	Restricted use of solvents and plastics, and recovered silver from waste in optics business	95	1,529	13,529	86	1,280
2. Up/downstream costs	Collected and recycled products, and recovered silver from collected products in office equipment	1	4,553	2,275	7	2,813
3. Management activity costs	Maintained and promoted environmental ISO standards	38	1,338	0	39	1,361
4. R&D costs	Conducted R&D on energy-saving adaptations for office equipment and new products that contribute to the environment	166	3,556	79	1,133	4,056
5. Social activity costs	Conducted nature conservation activities	0	94	0	0	94
6. Environmental damage costs	Restored contaminated soil	140	907	0	35	509
7. Other costs		0	0	0	0	0
Total		1,210	14,876	16,340	1,630	12,565

Fiscal 2008 Results: Environmental Conservation Effect

Stage	Types of Benefit	Effects
Production	Water use reduced (1,000 t)*1	739
	Electricity reduced (1,000 MWh)*1	20
	Natural gas reduced (1,000 m ³)*1	3,335
	Heavy oil reduced (1,000 t)*1	134
	Harmful chemical substances reduced (t)*1	61
	Materials reduced (1,000 t)*1	71
	External recycling and reuse of waste (1,000 t)*2	22
Sales	Packaging reduced (t)*1	37
	Recycling and reuse of materials from used products (1,000 t)*2	9
Usage	CO ₂ emissions reduced (1,000 t-CO ₂)*3	21

*1 The environmental conservation effects are calculated as the difference with the environmental impact produced before the activity was implemented.

*2 The environmental conservation effects are calculated as the volume recycled and reused as a result of the activity specified.

*3 The environmental conservation effects are calculated as the difference in the CO₂ emissions produced by the use of a previous version of the product.

Fiscal 2008 Results: Impact of End User Usage

Stage	Types of Benefit	Effects
Usage	Consumer electricity consumption reduced (1,000 MWh)	55.5
	Consumer electricity bills reduced (¥1 million)	800

Scope of fiscal 2008 results

10 Group companies, including the holding company, business companies, and common function companies
22 Japanese affiliates
22 affiliates outside Japan

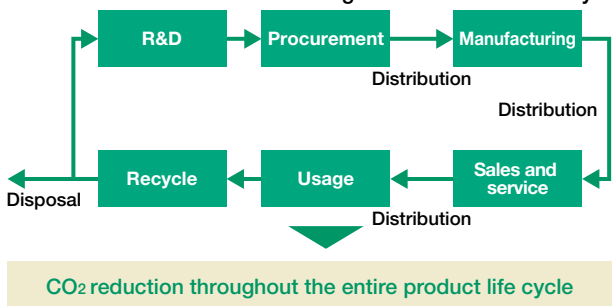
Preventing Global Warming

Konica Minolta believes that the prevention of global warming is an important social responsibility of a manufacturer, and is working to reduce CO₂ emissions throughout the product life cycle.

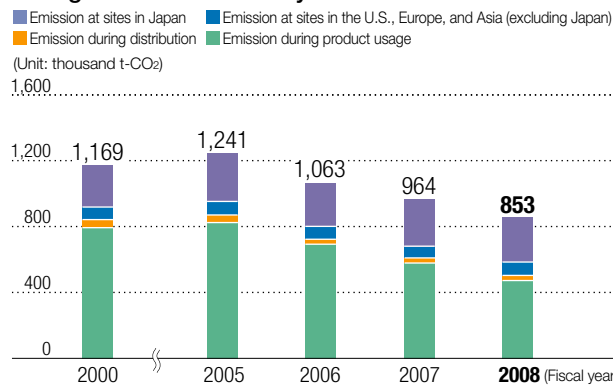
Basic Concept

Recognizing that the prevention of global warming is an important responsibility of a manufacturer, Konica Minolta is taking steps to reduce CO₂ emissions throughout the entire product life cycle. In order to achieve CO₂ reduction targets for all stages of the product life cycle, the company has set targets in four areas: emissions from production and R&D sites in Japan, emissions from production sites in the U.S., Europe, and Asia (excluding Japan), emissions during distribution, and emissions during product usage. Measures have been implemented in each of these areas.

Reduction of CO₂ Emissions throughout the Product Life Cycle



Changes in Product Life Cycle CO₂ Emissions



Future Targets

Based on the Medium-Term Environmental Plan 2015, Konica Minolta will work to further reduce CO₂ emissions starting in fiscal 2009. In addition to the established targets for reducing CO₂ emissions in the areas of production, distribution, and product usage, targets have also been set for the sales and service stages. By expanding targeted areas, the Group is further strengthening its initiatives for the prevention of global warming. (See page 11.)

Targets and Results for Fiscal 2008

In order to achieve the fiscal 2008 target of an 18% reduction in CO₂ emissions compared to fiscal 2000 throughout the product life cycle, Konica Minolta needed to reduce CO₂ emissions to as much as 957,000 tons. In fact, the Group succeeded in reducing CO₂ emissions throughout the product life cycle to 853,000 tons, achieving a 27% decrease compared to fiscal 2000. Moreover, all targets set for the four areas mentioned above were achieved.

Initiatives for Products

Development of Color MFPs with Substantial Energy-Saving Performance

Konica Minolta Business Technologies, Inc., a core business company in the Group, has developed and released color multi-functional peripherals (MFPs) that boast substantial energy-saving performance. The MFPs feature numerous unique technologies, including a toner with a lower fusing temperature, and IH fusing technology that reduces power consumption during standby mode. (See page 21.)

Targets and Results for Fiscal 2008

Targets	Results	Target achieved
Reduce CO ₂ emissions over the product life cycle by 18% compared with fiscal 2000 (957,000 t-CO ₂)	853,000 t-CO ₂ (Reduce CO ₂ emissions by 27% compared with fiscal 2000)	✓
Reduce CO ₂ emissions from all Group production and R&D sites in Japan to 296,000 t-CO ₂	269,000 t-CO ₂	✓
Reduce CO ₂ emissions from production sites in the U.S., Europe and Asia to 101,000 t-CO ₂	81,000 t-CO ₂	✓
Reduce CO ₂ emissions during distribution to 34,000 t-CO ₂	31,000 t-CO ₂	✓
Reduce CO ₂ emissions during product usage to 526,000 t-CO ₂	472,000 t-CO ₂	✓

Initiatives at Production Sites

Energy Conservation Support Program

Konica Minolta has implemented the Energy Conservation Support Program to reduce CO₂ emissions at its production sites.

The program employs internal experts in plant engineering, production line design and energy management to production sites. They check diverse matters, including the status of energy management, utility facilities such as air conditioners or boilers, production equipment, and specifications of equipment and systems. These experts then propose measures adapted to each site for conserving energy usage. The experts and staff at the sites use these proposals to simulate the energy-saving effect and draw up plans to implement the ideas.

In fiscal 2008, with two more sites in China and one site in the U.S., the program has been implemented at five sites in total.



Konica Minolta Business Technologies (Wuxi) Co., Ltd.



Konica Minolta Opto (Dalian) Co., Ltd.

Initiatives at Distribution

Promoting a Modal Shift

Konica Minolta has been promoting a modal shift for the long-distance transportation of products and parts, switching from aircraft and trucks to ships, railways and other means that emit less CO₂.

When transporting its business information products internationally, the company normally uses marine transportation, but on occasion air transportation was necessary. Through efforts to increase demand forecasting accuracy and to review inventory management systems, Konica Minolta aims to reduce the frequency of air transportation use and reduce inventories.

Improving Distribution Routes and Systems

Konica Minolta is reducing CO₂ emissions from its distribution processes by proactively restructuring its logistics facilities around the world. In June 2008, for example, the company consolidated two logistics centers for business information products, one in Germany and the other in the Netherlands, at a new location in Emmerich, Germany, to serve all of Europe. Through such restructurings, the company aims to shorten the overall transport distance in its logistics operations Group-wide, while expanding the scope of direct customer delivery areas.

TOPICS

New Building at Osakasayama Site Receives Award as an Environmentally Sound Structure

In April 2008, Konica Minolta Opto, Inc. completed the construction of a new building at the Osakasayama Site in Osaka, Japan. It won the second annual Osaka Sustainable Building Special Award for fiscal 2008, which is awarded by the Osaka prefectural government.

Konica Minolta used the latest energy conservation technologies when designing and constructing the new building. The new building at Osakasayama Site has the following environmentally friendly features:

- Best-in-class energy-saving transformers and air conditioners to reduce CO₂ emissions
- Sandwich panels for outer walls and double-pane insulating glass in windows
- Greenery on the roof to counter heat-island effects
- A courtyard on the top floor to let natural light into the building, reducing the electric energy to use for lights



New building at Osakasayama Site



Natural light enters from the courtyard on the top floor.

Supporting a Recycling-Oriented Society

Konica Minolta is working to reduce and recycle emissions based on a zero waste activities in order to contribute to realizing a recycling-oriented society.

Basic Concept

Konica Minolta conducts zero waste activities aimed at minimizing final disposal (landfill waste) through recycling, and reducing the total amount of waste in order to contribute to achieving a recycling-oriented society. The Group sets target values for reducing waste at all production sites worldwide, as well as targets for each site for achievement of zero waste activities that have two levels of attainment criteria.

In addition, from the perspective of the product life cycle, Konica Minolta is pursuing design for reduction materials, implementation of resource-saving packaging materials, and collection of the used products.

Targets and Results for Fiscal 2008

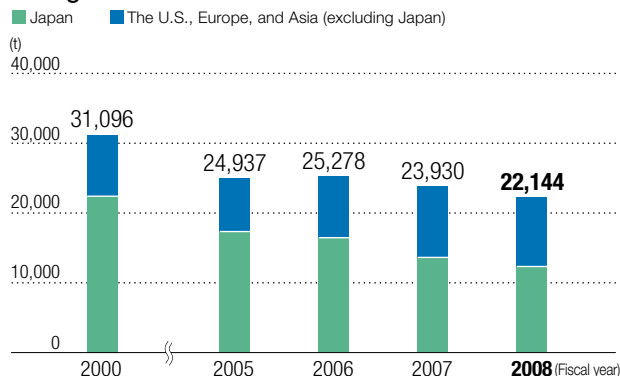
In order to achieve the fiscal 2008 target of a 17% reduction of waste compared to fiscal 2000 at production sites worldwide, Konica Minolta needed to reduce the amount of waste to as much as 25,900 tons. In fact, the Group succeeded in reducing the amount to 22,100 tons, achieving a 29% decrease compared to fiscal 2000.

Zero waste activities are also progressing according to plan, with one site each in China and France and two sites in the U.S. achieving Level 1 in fiscal 2008. As a result, all production sites except for Konica Minolta Glass Tech Malaysia Co., Ltd., which began full operation from March 2008, achieved Level 1. Furthermore, all production sites in Japan maintained the higher standards of Level 2, while three locations in China achieved Level 2 for the first time.

Targets and Results for Fiscal 2008

Targets	Results	Target achieved
Reduce emissions of waste from worldwide production sites by 17% compared with fiscal 2000 (259,000 t)	22,100 t (Reduce emissions of waste by 29% compared with fiscal 2000)	✓
Maintain zero emission Level 2 at all Group production sites in Japan	Maintained zero emission Level 2 at all Group production sites in Japan	✓
Achieve zero emission Level 1 at all production sites in America, Europe, and Asia	Achieved zero emission Level 1 at all production sites except one new production site Achieved zero emission Level 2 at three product sites	✓

Changes in Waste Volume at Production Sites*



*The figures exclude emissions from R&D sites.

Future Targets

From fiscal 2009 going forward, Konica Minolta will augment its efforts to reduce petroleum-based resource usage as a matter of the highest priority in accordance with the Medium-Term Environmental Plan 2015. As a fast depleting resource, petroleum in particular is in need of more efficient utilization, especially in light of preventing global warming. The Group will continue to set challenging target values for reductions in the amount of waste emitted by its sites. In addition, Konica Minolta will strengthen its efforts to reduce packaging materials and to collect and recycle used products, expanding the scope of its activities in order to contribute to the development of a recycling-oriented society. (See page 11.)

Zero Waste Activities

The basic policy of Konica Minolta's zero waste activities is to reduce the environmental impact of the company at the same time as accomplishing reductions in costs. This is because the company understands that activities which fail to take profitability into account cannot be maintained.

In accordance with this policy, the attainment criteria

Criteria of the Konica Minolta Group's zero waste activities

A site must achieve the target values listed below and maintain them for three months or more. After an audit by environmental specialists, the executive officer in charge of CSR conducts an onsite inspection to confirm the achievements and determines whether the standards have been met.

Level 1 criteria are as follows:

- Recycling rate: 90% or higher
- Final disposal rate: 0.5% or lower (5% or lower including secondary residues)
- Cost reductions: Reductions of 90% or more (in relation to benchmarks) in total recycling cost paid to outside parties, or profit on sales of recycled materials and the benefits from zero waste activities exceed the total recycling cost paid to outside parties

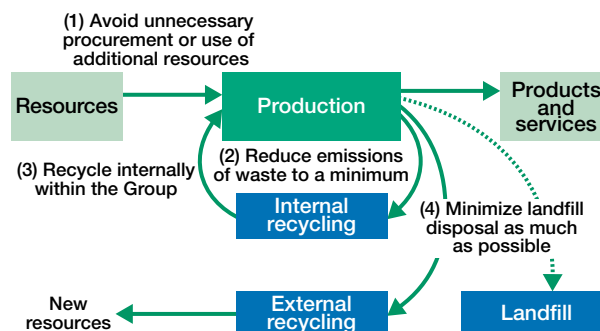
Level 2 criteria are as follows:

- Level 1 criteria is achieved
- Volume of waste discharged externally per unit of sales (in relation to benchmarks): Reduction of 30% or more

for the zero waste activities are set at two levels, Level 1 and Level 2. At Level 1, targets are set for reductions in final disposal (landfill waste) by recycling, as well as reductions in costs. Level 2 requires reduction in the amount of waste including resources recycled, per unit of sales.

In order to meet these criteria, the Group focuses its efforts on (1) thoroughly examining the necessity of purchasing in advance, thereby eliminating in wasteful resources and expenses, (2) finding efficient uses for resources that have been purchased in order to reduce emissions of waste to a minimum, (3) finding ways to recycle waste internally, thereby reducing the volume of waste disposed of, and (4) seeking ways to recycle waste that must be disposed of externally so that landfill volume is kept to a minimum.

The Zero Waste Activities



TOPICS

Three sites in China achieved zero waste Level 2.

- Konica Minolta Business Technologies (Wuxi) Co., Ltd.
- Konica Minolta Business Technologies (Dongguan) Co., Ltd.

The main products of both companies are business information products including multi-functional peripherals (MFPs). Emissions from manufacturing processes include waste cardboard and plastic.

By replacing the cardboard boxes of procured components with returnable containers, the companies reduced the amount of waste cardboard. In addition, the mill ends that result from molding plastic components are reused, thereby reducing the amount of waste plastic that leaves the site.



Garbage cans made from plastic mill ends are donated to a nursing home in Wuxi



Cartridge cover made from plastic mill ends (Dongguan)



Trays used for vapor deposition of lenses made from plastic mill ends

- Konica Minolta Optical Products (Shanghai) Co., Ltd.

The company's main products are micro lens units for mobile phones and optical lens units. Emissions from manufacturing processes include waste plastic and washing effluent for lenses.

The plastic mill ends produced in manufacturing micro lenses are processed into trays used for vapor deposition of lenses and other items, thereby reducing the amount of waste. In addition, the method of washing the lenses was revised in order to make effective use of the cleaning fluid, thereby reducing the amount of waste emitted externally.

Reducing the Risk of Chemical Substances

Konica Minolta is ahead of the global management of chemical substances by undertaking initiatives that minimize the risks entailed in the use of chemicals.

Basic Concept

There is international agreement on the need to take steps to minimize the adverse effects on human health and the environment when companies manufacture or use chemical substances. Beginning with the REACH regulations*1 in Europe, a movement is now underway, in Japan and the U.S. as well, to revise regulations of chemicals, which requires companies to manage chemical substances at a higher standard.

Taking the lead in making these changes, the entire Konica Minolta Group is working to reduce its use of harmful chemicals or to eliminate them completely. The Group is focused on executing advanced evaluation of chemical risks, reducing the emission of harmful substances into the atmosphere, eliminating hazardous substances from production processes and products, and improving safety management for workers and product users.

*1 REACH regulations: The EU consolidated its earlier regulations concerning chemical substances, and in June 2007, enacted new regulations for the registration, evaluation, authorization and restriction of chemicals.

Targets and Results for Fiscal 2008

In response to the fiscal 2008 target of 90% reduction in total atmospheric emissions of volatile organic compounds (VOCs) compared to fiscal 2000 (calculated based on risk conversion), Konica Minolta achieved a 92% reduction. Furthermore, the Group made on-schedule progress towards completing its management system of chemical-containing products in compliance with REACH regulations.

Reduction of Atmospheric Emissions of Harmful Substances

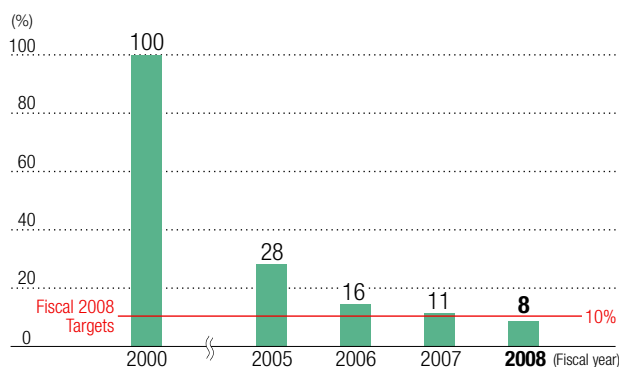
With respect to the chemical substances used in the factories, since 1993, Konica Minolta has set a target for the reduction of total atmospheric emissions of volatile

organic compounds (VOCs), prioritizing several types of VOCs that are deemed particularly risky in terms of hazard and amount used. The Group completely eliminated the use of particularly hazardous substances (benzene, formaldehyde, chloroform and so on) by fiscal 2004. Furthermore, starting from fiscal 2005, Konica Minolta has developed its initiatives to reduce the use of chemicals based on its unique risk management indicators*2.

The various Group companies introduced alternative technologies and adopted measures to prevent evaporation and to improve manufacturing processes. Their steady and continuous efforts resulted in reductions of VOCs that significantly exceeded the target in fiscal 2008.

*2 Risk management indicator: An indicator of the impact of VOCs released into the atmosphere based on the sum of the risk of direct impact on human health and the risk of atmospheric pollution.

Changes in Total Atmospheric Emissions of VOCs (Compared to Fiscal 2000 Level and Based on Risk Conversion)



Future Targets

From fiscal 2009 going forward, Konica Minolta will expand the scope of reductions in atmospheric emissions of harmful substances from substances that pose a direct risk to human health to include substances that pose an environmental risk as well. The Group will take further steps to reduce chemical risks with the view of achieving the Medium-Term Environmental Plan 2015.(See page 11.)

Targets and Results for Fiscal 2008

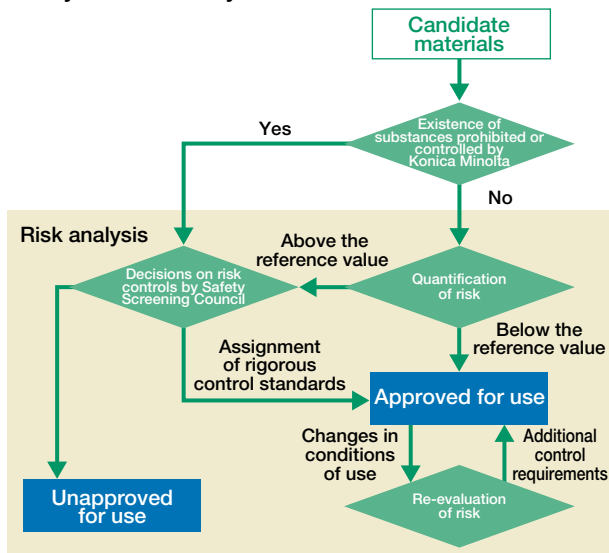
Targets	Results	Target achieved
Reduce total atmospheric emissions of VOCs (risk conversion) by 90% compared with fiscal 2000	Reduce total atmospheric emissions of VOCs by 92% compared with fiscal 2000	✓
Establish a system for management of chemicals in products to comply with REACH regulations	[Chemicals] Completion of pre-registration [Equipment products] Establishment of a data management system	✓

Advanced Evaluation of Chemical Risks

Konica Minolta has established the Safety Verification System for the advanced investigation of risk management relate to the adoption of new chemicals. When the Group cannot avoid using a chemical that poses a high degree of risk, the safety screening meeting is convened to establish rigorous requirements of control.

In fiscal 2008, the Group revised the system to make

Safety Verification System



it possible to re-evaluate the risk of a given chemical according to changes in the amounts used and the conditions of use. This has enabled greater rational risk assessment that considers product safety, environmental protection, and occupational safety.

Green Procurement

Konica Minolta implements green procurement on a global scale, evaluating the contained chemical substances of parts and materials, and giving priority to product purchases with a lower environmental impact. It defines prohibited substances and reportable substances from the point of view of legal compliance and environmental responsibility for use of products such as MFPs and printers. The Group is working to reduce or eliminate chemical substances from its production processes and products, which have an adverse impact on human health and the environment.

Moreover, the Group has completely eliminated the substances subject to control under the European RoHS Directive*³ from most of its new products launched since 2005, and is taking steps to eliminate these substances from the rest of its products. Konica Minolta plans to make reductions in the substances of very high concern (SVHC) in the REACH regulations.

*³ RoHS Directive: Regulations enacted by the EU in July 2006 restricting the use of certain hazardous substances in electrical and electronic equipment.

TOPICS

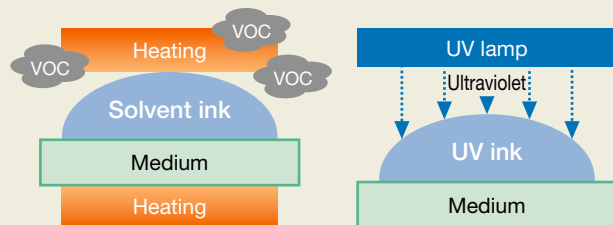
UV*⁴ Ink for Ink Jet Printers

Typically, solvent inks are used for printing signs and displays such as advertisement placards and wrapping film. The principal constituent of solvent inks is organic solvent and when the inks are printed, the organic solvents are volatilized in the atmosphere as VOCs.

In order to solve this problem, Konica Minolta IJ Technologies, Inc. focuses on UV curable ink for printers that is dried and fixed with ultraviolet irradiation instead of heating. By using cationic polymerization inks that can be cured with low-level irradiation, printers can be equipped with irradiation lamps that consume little power. The odor of the printout is also reduced. Furthermore, Konica Minolta has also developed its own unique ink materials which result in enhanced curability and environmental performance.

*⁴ UV: ultraviolet

Comparison of Solvent Ink and UV Ink



	Solvent ink	UV ink
Fixing	Heating and drying (slow)	Ultraviolet irradiation (fast)
VOC	Yes	No
Printable media	Poly Vinyl chloride, PET etc	Poly Vinyl chloride, PET, metal, glass etc

Environmental Efforts throughout the Product Life Cycle

Konica Minolta has implemented various measures to reduce environmental impact in all product stages. As an example of these efforts, the color MFP bizhub C652, a Konica Minolta mainstay product, is highlighted below.

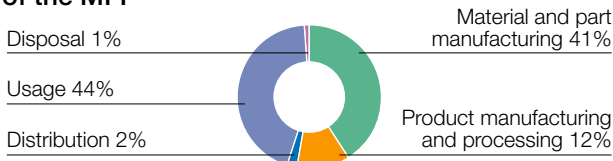
During an MFP's life cycle, the end-user operating stage accounts for a major portion of its total CO₂ emissions.

When copying or printing text and images output by the MFP, heat is necessary to fuse the toner on the paper. The energy required in the fusing process represents a

significant percentage*¹ of the energy utilized by the MFP during the end-user operating stage. As a result, Konica Minolta has focused its efforts on ways to save energy during the fusing process.

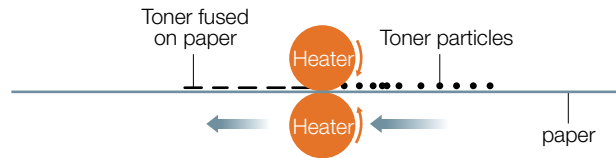
*¹ Represents about 60% of the end-user operating stage energy consumption for the bizhub C652.

Reference: CO₂ Emissions from Life Cycle Stages of the MFP*²



*² Data is for the bizhub 751 black-and-white MFP (75 ppm, letter or A4 size landscape printing), provided by the EcoLeaf Environmental Labeling Program of the Japan-Environmental Management Association for Industry

Fusing Mechanism



Assessment of Product Development

When developing new products, Konica Minolta determines specific environmental standards and only releases products that surpass such standards.

Energy Saving Design

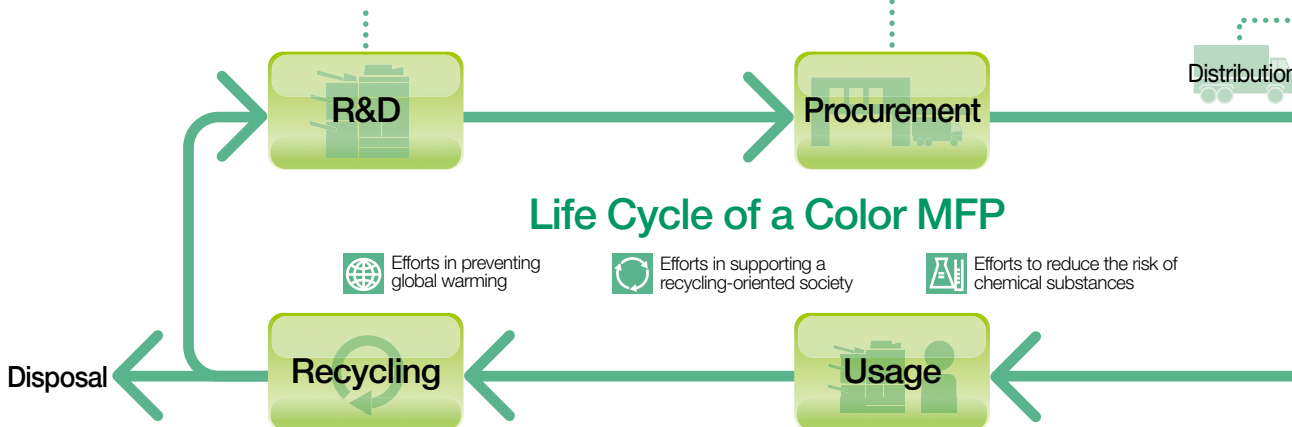
Recyclable Design

Compact and Lightweight with Extended Product Life

Green Procurement

Konica Minolta implements green procurement on a global scale, evaluating the contained chemical substances of parts and materials and giving priority to product purchases with a low environmental impact. (See page 20.)

Life Cycle of a Color MFP

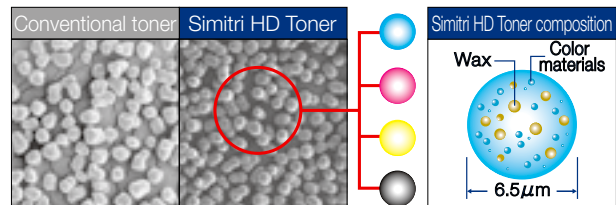


Recovery and Recycling of Used MFPs and Printers

To facilitate the recovery and recycling of used products, Konica Minolta has established systems that meet the regulations and markets of respective countries around the world.

Simitri HD Toner Fuses at a Lower Temperature

Simitri HD Toner is a proprietary polymerized toner developed by Konica Minolta. Polymerization is a method of toner manufacturing that greatly reduces environmental impact during production when compared to conventional toner manufacturing methods. The toner particles are smaller than regular toner particles, so less toner is required for the same print jobs. In addition, the toner is fused at a lower temperature. All of these features contribute to reducing the amount of energy used.



Toner particles of a uniform shape and size are used

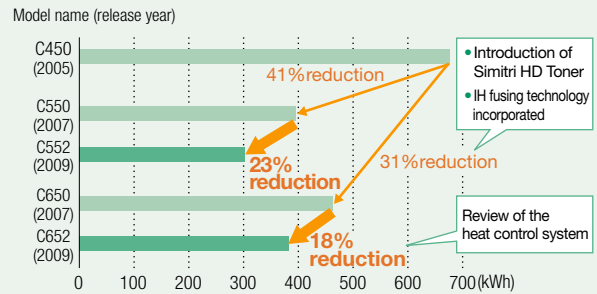
Color MFP bizhub C652



Launched in March 2009, the bizhub C652 (65 ppm black/50 ppm color*) is a high-speed color MFP. The bizhub C552 (55 ppm black/45 ppm color*) was released at the same time. Both models offer high-resolution printing combined with energy-saving performance and have been certified under the International Energy Star program.

* Landscape letter or A4 size

Comparison of Energy-Saving Performance with Previous Models



* Figures were calculated by converting the Typical Electricity Consumption (TEC) value, obtained by the measurement method as stipulated by the International Energy Star Program over a 52-week (one year) period.

Energy Conservation Support Program

Konica Minolta is promoting a program where the Group's experts propose ideas to conserve energy at its production sites around the world. (See page 16.)

Zero Waste Activities

Konica Minolta promotes recycling of waste to minimize landfill disposal while also endeavoring to reduce the total amount of waste. (See page 18.)

Milk Run Logistics (Round collection of cargos)

Konica Minolta uses an efficient transportation method at its production sites in China, which is called "milk run logistics" i.e., assigning a single vehicle to pick up parts from various suppliers instead of requesting each supplier to deliver goods individually.

Promoting a Modal Shift to Alternative Transportation Methods

Konica Minolta has been promoting a modal shift for the long-distance transportation of products and parts, switching from aircraft and trucks to ships, railways and other means that emit less CO₂. (See page 16.)

Improving Distribution Routes and Systems

Konica Minolta is proactively restructuring its logistics facilities around the world. (See page 16.)

Container Round Use

Konica Minolta has established a system for its production sites in Japan to reuse import containers as export containers without returning them empty to shipping companies.

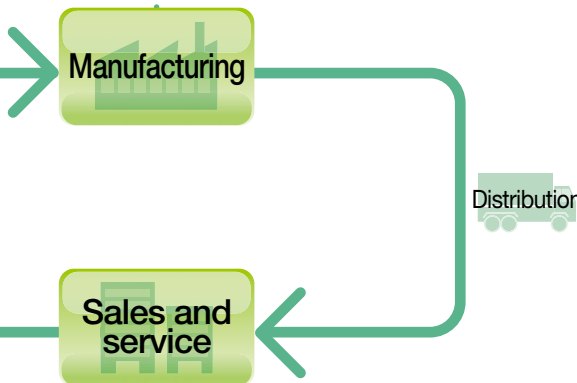
Introducing Eco Cars and Promoting Eco Driving

At its sales offices around the world, Konica Minolta introduces eco cars that emit relatively low amounts of CO₂ and atmospheric pollutants while promoting eco driving to lessen energy consumption.

Using IH Technology to Create an Energy-Efficient Fusing Unit

Before printing can begin, the fusing roller must be heated to a certain temperature. If the standby temperature is kept high, then the roller can be heated quickly to the proper fusing point. However, this means that a significant amount of energy is consumed during the standby mode. Reducing this energy consumption is key to making an energy-saving MFP. Konica Minolta provides a solution with its induction heating (IH) technology. This technology has been applied as the means to rapidly heat the fusing unit of its MFPs^{*3}. By rapidly heating the surface of the fusing roller, a low standby temperature can be quickly increased to printing temperature. This greatly reduces power consumption during standby mode.

*3 Applies to some bizhub MFPs



Earning the Confidence of Customers

Striving to improve customer satisfaction in various ways, including product quality, safety and usability

Basic Concept

Konica Minolta aims to build solid relationships of trust with its customers through the provision of products and services that benefit them. In order to realize this goal, Konica Minolta pursues quality assurance with safety as the top priority, striving to improve the satisfaction of customers worldwide in various ways, including making products easier to use, and enhancing their functionality through customer feedback.

Based on the Konica Minolta Quality Management Policy, these activities are carried out as Group-wide initiatives and as each business company's initiatives. On the Group level, Konica Minolta Holdings, Inc. establishes a strategy to improve customer satisfaction. Each business company develops activities that suit the characteristics of individual businesses.

Quality Management

Quality Management Policy

The Konica Minolta Quality Management Policy has been established as the basic approach for gaining customer satisfaction and confidence. By sharing this policy with Group companies worldwide, Konica Minolta is ensuring that customers' satisfaction and quality of products are always considered first.

In order to realize this policy, important measures and targets for entire Group have been prepared in the form of a medium-term quality management plan. Each company is working to achieve its targets.

Quality Management System

Konica Minolta Holdings has appointed an executive officer in charge of CSR with the authority and responsibility for Group-wide quality assurance. Directors in charge of quality have also been appointed at each business company and common function company, with the authority and responsibility for quality at their individual operations.

As a body for the control and promotion of Group-wide quality management, Konica Minolta has set

COLUMN

Pursuit of Universal Design

Konica Minolta creates products based on the concept of universal design. This involves accessibility, so that anyone regardless of age, gender, stature, or disability can use a product with practically the same degree of ease. It also involves usability, which means making a product as comfortable to use as possible.

Universal design is particularly important for products like MFPs, which are often shared by many people working in an office. In light of this, Konica Minolta has prepared its own Universal Design Guidelines based on detailed proprietary standards, and is designing products according to these guidelines. The company also tests the products' usability by having people in wheelchairs and senior citizens use products and provide feedback. The company also conducts verification under various potential usage conditions. Konica Minolta aims to realize products where universal design is not an option but a standard specification, based on the belief that this kind of design is simply common sense and should be available to everyone.

Introduction of Color Universal Design

There is variation in the way individuals perceive colors, and many people find it difficult to see certain hues. Therefore, color universal design seeks to ensure that information is properly conveyed to all people regardless of their color perception.

Starting with the color MFP bizhub C650/C550, launched in 2007, Konica Minolta has employed this concept when designing the colors of indicator lights and the colors and shapes of operation buttons. The bizhub C650/C550 has received the color universal design (CUD) certification mark from the non-profit Color Universal Design Organization (CUDO). Konica Minolta actively obtains the same certification with new MFP products.



up the Quality Committee, which is chaired by the executive officer in charge of CSR and composed of the presidents or the directors in charge of quality from individual companies. The Quality Committee shares quality issues and initiatives from Group companies, and decides on Group-wide policies and measures for quality enhancement. The presidents or the directors in charge of quality take the decisions back to their respective companies, and use them to implement specific initiatives.

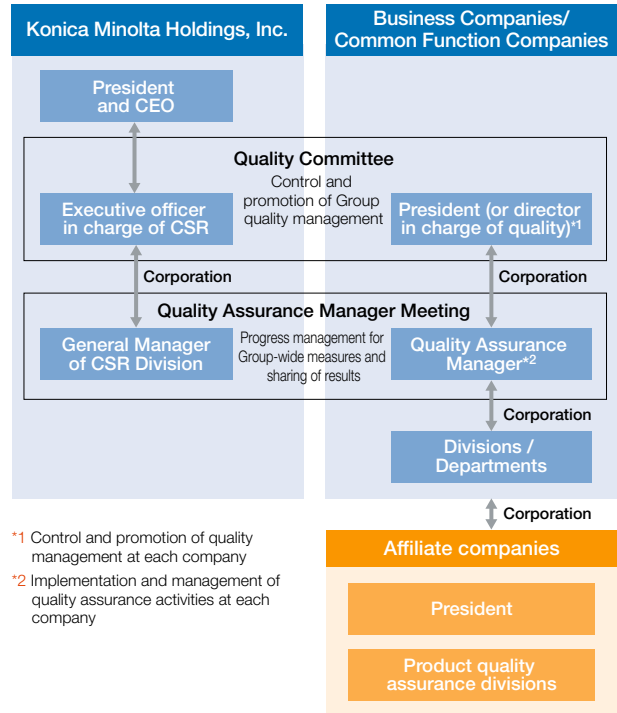
Konica Minolta Quality Policy (excerpts)

The Konica Minolta Group ensures maximum satisfaction and trust by our customers, paying the utmost attention to our customers and giving our top priority to the quality of products and services.

Our concept is to make steady progress in quality based on quantitative measurement and analysis of accurate data. This basic concept is demonstrated in the following affirmation:

1. Achieving the industry's top level Customer Satisfaction
2. Providing advanced products that satisfy customers' potential needs
3. Establishment and development of a global Quality System
4. Quality Management in the total life cycle of products and services
5. Continued enhancement of Quality Assurance Process
6. Minimization of product quality risks
7. Disclosure of product safety information

Group Quality Management System



Initiatives for the MFP bizhub Series

- Operation panel that can be tilted easily for greater operability
- LCD touch panel that enables users to magnify the display by one-touch operation
- Start button and data light employing a blue LED that is easy to distinguish



- Paper outlet colored gray to make white paper stand out, and with grooves to enable users to pick up paper with greater ease

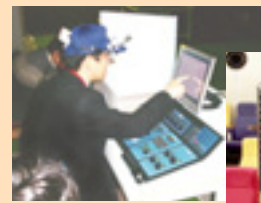
- "Free-grip" that can be grasped from above and below



bizhub C652/C552

Initiatives for Planetarium Equipment

The idea of universal design has also been employed for the layout of the operation keys and the touch panels of planetarium operation consoles. The design concept strives to offer comfortable usability for wheelchair users and people of shorter stature. It also offers understandability and ease of use both for novices and experts.



Evaluation of a prototype



SUPER MEDIAGLOVE-II digital planetarium

Earning the Confidence of Customers

Individual Company Initiatives (1) Konica Minolta Business Technologies, Inc.

Konica Minolta Business Technologies, Inc. (Business Technologies) provides equipment for offices and production printing markets around the world, including digital multi-functional peripherals (MFPs) and printers. The company believes that creating products and providing services from the customer's perspective is paramount. Therefore, Business Technologies has created various mechanisms to facilitate this. Requests and comments from customers are carefully gathered, and the relevant information is then quickly relayed to various departments in the company for making improvements.

In order to maintain and improve quality and ensure customer satisfaction, the company places top priority on product safety, while improving its evaluation and analysis abilities for introducing new technologies.



The bizhub series MFP

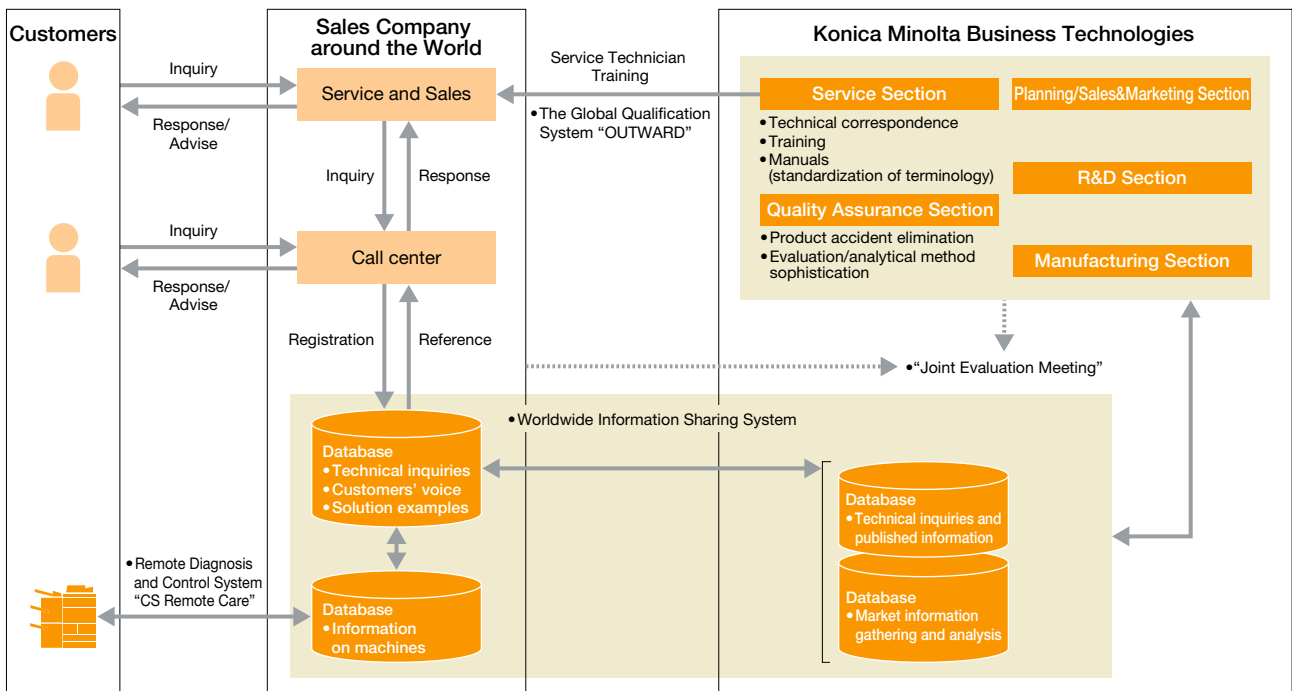
Worldwide Information Sharing System

Business Technologies organizes the information gathered from call centers worldwide in a database using a standardized global system. The information is then shared throughout the company at every level, from development to production, quality assurance, and sales. Business Technologies strives to quickly identify latent problems through effective data analysis and to efficiently relay information to relevant departments.

Joint Evaluation Meeting

Business Technologies holds Joint Evaluation Meetings in the design stage for the development of key models. The meetings are attended by customer service engineers and marketing staff from its major sales companies around the world. Together with R&D engineers, evaluations are carried out concerning prototype safety, operability and serviceability. By reflecting a customer-conscious perspective in the development stage, Business Technologies is working to create even better products.

Initiatives for Improving Customer Satisfaction



Test Laboratory for Combustion Testing

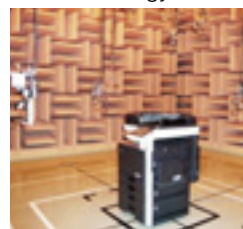
Business Technologies designs its products to eliminate any chance of them catching fire or emitting smoke. However, in the event that such an incident or a building fire should occur, products must have a fire-resistant design to prevent the spread of fire. Therefore, fire-retardant plastics are selected when designing products. In order to get accurate data on fire safety, products need to be subjected to combustion testing.

A laboratory for reliability testing was built in January 2009 in order to accommodate combustion testing. Now detailed combustion information can be obtained for products using this laboratory with its cutting-edge analysis equipment. The facility is also equipped with sophisticated smoke elimination technology, thereby allowing combustion testing without any impact on the neighboring environment.

Initiative for the Development of Quiet Products

Business Technologies is pursuing the development of quiet products that do not disturb the office environment, by measuring and analyzing various sounds that are generated by MFPs and printers.

In fiscal 2008, the company established an acoustic test laboratory with world-class acoustics features, for which it obtained ISO/IEC 17025*1 accreditation from the National Institute of Standards and Technology in the U.S. As a result, Business Technologies is now able to perform noise-level measurements required for the German environmental protection label Blue Angel mark.



The inside of the acoustic test laboratory

*1 ISO/IEC 17025: General requirements for testing and calibration laboratory competency

TOPICS

Remote Support Center for On-Demand Printing

Business Technologies provides remote support, 365 days a year, to clients of its on-demand printing system*2, in order to handle equipment problems in real time. At the remote support center that serves as the base for this service, operators with specialized knowledge in desktop publishing and engineers skilled in equipment maintenance work together to resolve client issues.

When a call comes in, the operator confirms the malfunction situation and performs a remote diagnosis of the client's printing system via telecommunication lines before taking the appropriate measures and giving advice to the client. Since the operator can view the same screen as the client, he or she can offer tailored support based on an accurate understanding of the situation.

*2 On-demand printing system: A system that prints a required volume of copies upon request. Color MFPs enable fast and low-cost printing by directly reproducing and printing information from computers.



The test lab at the remote support center in Tokyo

Voice

Making an effort to understand the client's situation

In order to meet the needs of printing professionals, we need more than just knowledge of our own company's products. For problems like slow printing or unfaithful color rendering, we would also need to consider such issues as the printing data and the applications used to prepare it, in order to provide a solution that meets the client's need. Even though we are providing remote support, we try to visualize the faces of our clients, and we do our best to understand the circumstances of each of them.



Staff at the Remote Support Center

Earning the Confidence of Customers

Individual Company Initiatives (2) Konica Minolta Medical & Graphic, Inc.

When making medical equipment for diagnoses not only are product safety and high quality very important, but rapid response to any malfunctions or customer questions is also critical.

Konica Minolta Medical & Graphic, Inc. manufactures and sells products such as digital X-ray image digitizers, and digital phase contrast mammography (PCM) X-ray systems. Along with establishing high quality standards that exceed the standards of countries around the world, the company gathers all information relating to product malfunctions and market needs, and is building a system for prompt customer response.



PLAUDR C30 digital radiography

Risk Management that Enables Quick Response

Based on pre-established rules, Konica Minolta Medical & Graphic gathers, investigates, and sorts information obtained from customers worldwide. The information is then used for quality improvement.

As part of this effort, the company has established an instant response system for information relating to product safety using risk management methods. Specifically, a risk map is created after identifying various risks and sorting them into categories of urgency, frequency of occurrence, and severity. By clarifying criteria in each possible case, the company is able to respond quickly to the market and improve its basic cause investigation abilities and procedures.

Call Center with Remote Function Capability

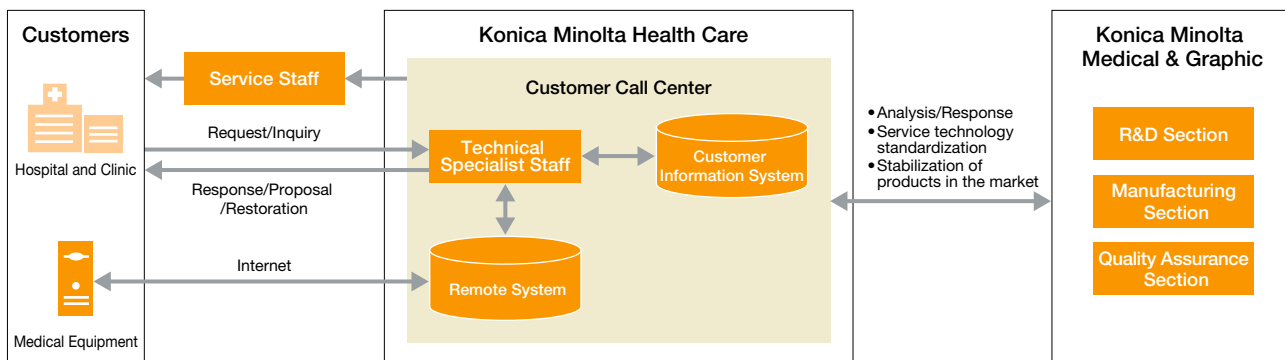
Digital and network technologies are rapidly expanding in community healthcare clinics. In order to support these clinics, Konica Minolta Medical & Graphic established a call center in Konica Minolta Healthcare Co., Ltd., (a sales and services company in Japan), which is staffed with full-time specialist technicians who directly respond to calls 24 hours a day, 365 days a year.

Having obtained ISMS* certification (ISO 27001), this call center is equipped with a high security operating system that provides remote services through the Internet.

This service enables staff to explain equipment instruction to customers while they view a medical device operation screen, and also permits staff to handle software problems remotely. By being provided with operation reports based on the device information obtained, customers can use them to understand the operating conditions of their equipment, to manage supplies, and to improve healthcare performance.

* Information Security Management System (ISMS)

Call Center System



Individual Company Initiatives (3) Konica Minolta Opto, Inc.

Konica Minolta Opto, Inc. has developed measurement technology, precision processing, and optical design technology over many years. Utilizing these technologies, the company provides optical application products and various components to customers worldwide including electronics companies, to support the quality of their communication devices and digital consumer products.

The field of high-tech electronics requires an advanced level of quality management and an extreme level of technological innovation. Therefore, in order to deliver products with the world's best quality, Konica Minolta Opto carries out thorough product checks based on its own policies for quality and using its own reliable data. In this way, the company promotes ongoing quality improvement.



Pickup lenses

Quality Improvement through Process Improvement Activities

Process Improvement Activities are initiatives to address issues voluntarily decided in each workplace, to prevent quality problems before they occur and to share information and technologies obtained during the process. These activities are being pursued throughout the entire Konica Minolta Group.

In addition to quality improvement in individual processes, Konica Minolta Opto utilizes these activities even in the area of personnel development in the Manufacturing Division, where the business is growing. The number of participants and activities has doubled in recent years. In particular, the number of activities at production bases outside Japan has increased rapidly and now account for about half of all the company's process improvement activities.



Process improvement activity block competition in China

Individual Company Initiatives (4) Konica Minolta Sensing, Inc.

Konica Minolta Sensing, Inc., supplies industrial measuring instruments used in many different sectors. The company's products are used as standard measuring equipment at many companies, and include luminance meters used for development and manufacturing in various fields and color-measuring instruments used for product color management.

These measuring instruments are made according to particularly stringent requirements. Not only should they support the quality management activities of customers, they must also guarantee accuracy with a high degree of reliability while minimizing downtime in the event of a breakdown.

Consequently, Konica Minolta Sensing is pursuing various measures, including product development and services that lighten the burden on customers, as well as ensuring traceability that meets international standards.



Spectrophotometer CM-700d/600d

On-Site Services and Faster Inspection and Repair Times

Konica Minolta Sensing is working to reduce the total product repair time required from reception to delivery, while upgrading business processes and improving the skills of its repair technicians. Moreover, by simplifying the service fees system and providing the information on the company website and in pamphlets, customers no longer waste time requesting estimates for inspection and repair.

The company has also set up a system to provide customers with a temporary replacement while their product is being inspected or repaired. The new service has been particularly well received in Japan, and since its start in July 2007, the number of customers using it has steadily risen.

In addition, the company offers on-site service by dispatching repair technicians to visit customers directly. The need for this service is particularly high in Europe, and in the area of color-measuring instruments for solid objects, about 40% of customers that request inspection or repairs use the service.

Strengthening Cooperation with Suppliers

Konica Minolta fulfills its social responsibility together with its suppliers by building relationships of trust based on fair and transparent transactions.

Basic Concept

It is essential to have reliable suppliers in order to continuously provide customers all over the world in a timely manner with products and services that are desirable in every aspect, such as quality, price, and environmental impact.

Recognizing this, Konica Minolta views the suppliers that provide its raw materials and parts as “essential partners in its business activities” and strives to build strong partnerships with those suppliers, based on fair and transparent transactions. The Group uses its close partnerships with its suppliers to improve quality, reduce costs, and promote green procurement.

Konica Minolta also promotes Group-wide efforts in CSR procurement, an area of recent growing demand, through which the Group cooperates with its suppliers to fulfill its social responsibility.

Konica Minolta established its Procurement Policy in April 2008 to clarify the Group’s overall approach to procurement activities.

Promoting CSR Procurement

Concept for CSR Procurement

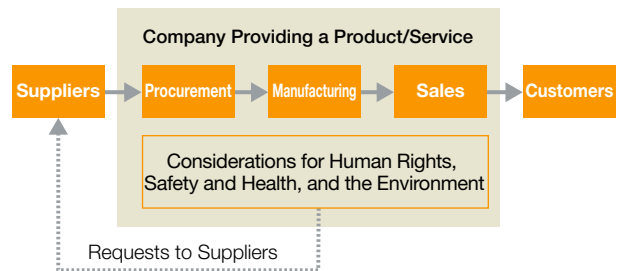
Recent trends require manufacturers and service providers to fulfill their social responsibility not only within the company but also throughout the entire supply chain*1

that brings those products and services to life. This means addressing issues that include human rights, safety and health, and consideration for the environment. Konica Minolta is working on achieving Group-wide CSR procurement to meet such requirements. The Group also enlists the cooperation of its suppliers and is building stronger partnerships with them by providing support for problem-solving as needed.

Prior to a full-fledged implementation of the CSR procurement in 2009, an annual plan was formulated by each of the business companies, based on their business situation and procurement environment. To start with, these plans are implemented at Konica Minolta’s production sites, primarily in China where the majority of the group’s production sites are located, and the knowledge acquired in this process will be used when the Group extends the CSR procurement to its suppliers.

*1 Supply chain: The series of activities involved in delivering a product or service to a customer, ranging from procurement and production to distribution and sales.

CSR Procurement Diagram



Konica Minolta Procurement Policy (excerpts)

The Konica Minolta Group pursues customer satisfaction by creating innovative products and services that contribute to the development of society, according to our management philosophy, “The Creation of New Value.” In procurement activities, we establish firm partnerships with our suppliers based on fairness and transparency and aim to build a sustainable society by fulfilling social responsibilities with our suppliers.

- OPEN
- FAIR
- GLOBAL
- COMPLIANCE
- ECOLOGY

Request to Suppliers

Based on strong partnerships with our suppliers, we ask our suppliers to focus on the following areas in order to increase customer satisfaction and fulfill social responsibilities.

- | | | |
|----------------------------------|---|-------------------------------|
| 1. Excellent quality | 4. Compliance with laws, regulations and corporate ethics | 7. Health and safety |
| 2. Reasonable prices | 5. Environmental protection | 8. Information security |
| 3. Response to changes in demand | 6. Respect for the human rights of workers | 9. Firm management foundation |

Developing Systems to Promote CSR Procurement

To promote CSR procurement at Konica Minolta production sites, production affiliates, and suppliers, the Group assigned personnel at its business companies and major affiliates to serve as CSR Procurement Managers and Core Members in November 2008. Efforts are being made to ascertain the degree to which CSR procurement is being promoted by each of these Core Members as a leader.

Also, Konica Minolta is preparing tools that can be used to promote CSR procurement, including the Code of Conduct*² that identifies relevant fields and standards, and a CSR procurement questionnaire for ascertaining the degree to which CSR procurement is being achieved.

These tools are in compliance with those proposed by the code of conduct and the questionnaire specified in the EICC*³ which promotes global CSR procurement efforts. By providing training for procurement personnel in China and implementing CSR procurement on a trial basis with some of its suppliers, Konica Minolta is striving to identify challenges in advance and to add explanations to the questionnaire for helping make it more intelligible to participants.

*² Code of Conduct: Regulations that identify the level of achievement in the various areas of CSR procurement, including labor, ethics, safety and health, the environment, and management systems.

*³ EICC: Electronic Industry Citizenship Coalition (an organization promoting CSR procurement in the electronic information and communications industry).

Voice

Diligently Promoting CSR Procurement, the Global Standard

While we are a company that procures raw materials and parts from many different companies in order to manufacture our products, we are also a company that supplies highly sophisticated products to many global companies. We have already gone to great lengths to address issues of quality, cost, delivery lead-time, and considerations for the environment in our business activities. In the future, diligently promoting CSR procurement, now the global standard, will help us strengthen the cooperative relationships we have with our suppliers and earn an even greater level of trust from our customers.



Izumi Ishizone

Senior Manager
Quality & Environment Administration
Department
Konica Minolta Opto, Inc.

Cooperating with Suppliers

Procurement Collaboration System

Konica Minolta Business Technologies, Inc., has been promoting its Procurement Collaboration System since 2006, prior to the implementation of the Group's CSR procurement. This is an effort in which Konica Minolta Business Technologies and its suppliers work together to mutually promote business environment improvements, and it is aimed at maximizing customer satisfaction.

Specifically, the company identifies the issues and challenges the suppliers face by discussing their situations with them and visiting their workplaces. It then makes proposals and provides tangible support for solving the problems identified. On the other hand, the company also listens to the suppliers' suggestions and works to address any business problems identified.

Suppliers' Meetings Held in China

Konica Minolta Business Technologies periodically holds annual suppliers' meetings in China, where most of its suppliers are located. At the meeting held in March 2009, the company explained the Konica Minolta Procurement Policy, reported on the company's procurement achievements and the procurement plan for the coming fiscal year, and shared its goals and the challenges that need to be addressed. The meeting was attended by 222 companies in the south China region and 149 companies in the east China region, making it a valuable communication opportunity.



Suppliers' meeting in China

Contributing to Society

Striving to create a better society through its role as a corporate citizen, Konica Minolta engages in social contribution activities on a Group-wide basis.

Basic Concept

To be appreciated by and earn the trust of society, Konica Minolta is striving to fulfill its responsibility as a corporate citizen by engaging in a variety of activities that contribute to the creation of a better society. In addition to taking a Group-wide approach to global issues through its business activities, Konica Minolta is actively developing ways to meet local challenges in the various countries where it operates.

Konica Minolta Group Policy on Social Contribution Activities

The Konica Minolta Group sees itself as a global provider of imaging solutions, and engages in continuous social contribution activities that are of value to society at large and supported in communities around the world.

Five areas

- Supporting culture and the arts
- Promoting sports



- Promoting community health and safety
- Protecting the natural environment



- Supporting scholarship, research and education



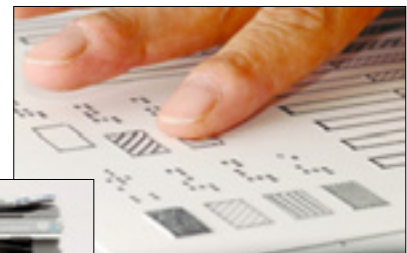
Social Contributions through Businesses

Support for the Visually Challenged

Supporting the Communication of Information to the Visually Challenged with a 3D Copying System

PartnerVision, the 3D copying system provided by Konica Minolta Business Technologies, Inc., can reproduce braille texts and copies of graphic materials on specialty paper in three-dimensional format. By creating tactile graphs and maps with simple operations, the system supports the communication of information to the visually challenged.

This system is also used to create educational materials for special needs education schools for the visually impaired and to create guidance materials that enable visually challenged persons to enjoy and appreciate art exhibits.



PartnerVision bizhub 360, a 3D copying system

Cooperating with the Support Organization for the Visually Challenged

Konica Minolta Business Solutions Spain S.A., a business information systems sales company, is providing donations and other support to ONCE, Spain's largest organization for helping those with visual impairments.

Contributions to the Early Detection of Breast Cancer

Developing and Providing Digital Mammography Units

Digital mammography units are diagnostic devices that contribute to the early detection of breast cancer which is difficult to detect by touch.

Konica Minolta Medical & Graphic, Inc., provides products that enable the clear visualization of micro-calcifications and tumor shadows around cancer cells, with its own technologies.

In addition, the Group companies around the world support the Pink Ribbon campaign, which emphasizes the importance of early detection of breast cancer.



Regius PureView Type M, a digital mammography unit

Cosponsoring Health Forums for Women in China

In cooperation with local women's associations and libraries in cities in China, Konica Minolta holds the Women's Health Forums, a health lecture series for a female audience. These lectures, which focus on the theme of Health Information for Our Beloved Women, are intended to educate people about the causes of diseases peculiar to women, including breast cancer, and to emphasize the importance of early detection and treatment.

After being held in Shanghai in 2007, the Forums were moved to Beijing in 2008. Five Forums were held between October 2008 and March 2009, and attracted more than 1,500 participants.

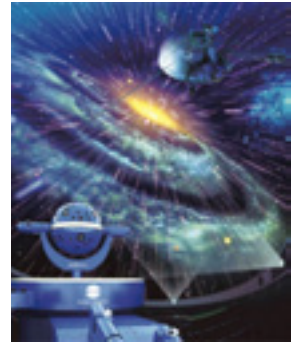


The Women's Health Forums

Cultivating Dreams and Inspiration for Science

Developing Planetariums in Various Locations

Planetariums cultivate intellectual curiosity in science and astronomy, and motivate people to learn about space and to think about the Earth and humankind. As a comprehensive manufacturer of planetariums, Konica Minolta Planetarium markets dome projection equipment and program content to planetariums in Japan as well as the global market.



Participation in the Lifelong Learning Festival in Japan

Since 2001, Konica Minolta Planetarium has been participating in the National Lifelong Learning Festival, "Manabi-pia," which is jointly sponsored by the host prefecture and the Ministry of Education, Culture, Sports, Science and Technology.

In 2008, the five-day festival was held in Fukushima Prefecture. The company exhibited its MEDIAGLOBE-II, a mobile digital planetarium system that can project a starry sky and images across the entire dome. The booth was visited by about 3,000 people.



Festival booth

Contributing to Society

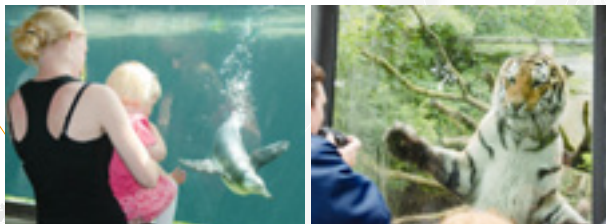
Activities for Addressing Local Issues

The Konica Minolta Group's companies around the world respect the cultures, histories, and customs of their myriad local communities, and are developing a wide array of activities that contribute to societies across the globe.

In Denmark

Support for a Zoo and Museum

Konica Minolta Business Solutions Denmark a/s, a business information systems sales company, provided support to the Aalborg Zoo and the Esbjerg Fisheries and Maritime Museum. These popular tourist attractions are known for their various activities for raising awareness, understanding and respecting nature while conserving the Earth's rich wildlife.



Esbjerg Fisheries and Maritime Museum Aalborg Zoo



Zhuanghe Shanzhen Konica Minolta Hope School

Supporting Childhood Education

Konica Minolta supports Project Hope, a campaign launched in 1989 by the China Youth Development Foundation to promote school attendance among children. The support for this project started in 2006 with the donation of funds to cover the construction costs for building an elementary school in Zhuanghe, Dalian (Liaoning Province), and has been ongoing in various other ways.

In fiscal 2008, Konica Minolta Opto (Dalian) Co., Ltd., a manufacturing company of optical lenses, donated school supplies and funds for purchasing school desks and chairs.

In France

Support for the Activities of the National Forests Office

Konica Minolta Business Solutions France, a business information systems sales company, has been participating in Activities to Help All People Interact with Nature since 2007, which are activities sponsored by the National Forests Office in France. Thus far, the company has provided support for the creation of walking trails in various parts of France that provide access for wheelchair users along beaches and through forests. Konica Minolta offers universally designed products, which are intended to ensure that anyone regardless of handicap can use the products easily. The support activities follow the spirit of universal design.

In fiscal 2009, the company will co-sponsor nature and wildlife-watching events, as well as seminars on environmental issues, which will be held in Rambouillet Forest about 60 km southwest of Paris. Guests are invited to attend these events and contribute to the festive activities.



Nature trail

In China



Three students awarded with scholarships

Konica Minolta Colorful Tomorrow Foundation

In February 2007, Konica Minolta Business Solutions U.S.A., Inc., a business information systems sales company established the Konica Minolta Colorful Tomorrow Foundation. The aim of this non-profit organization is to actively promote the company's social contribution activities. The Konica Minolta Colorful Tomorrow Foundation (CTF) has been recognized for its support of the KIPP McDonogh 15 School for the Creative Arts, which seeks to increase educational opportunities for children from disadvantaged families in New Orleans. In 2009, the foundation provided its third annual scholarships to three graduating eighth-grade students to attend private, college preparatory high schools that excel in the areas of academics, music, and creative arts. Also this year, the CTF provided support for the Embrace Kids Foundation, which provides moral and financial support to families who are confronted with the news that their child has catastrophic disease. Additionally, the CTF contributed to a fund for rebuilding schools that were destroyed in the 2008 Sichuan Earthquake in China.

In the United States

In Japan

Konica Minolta Plaza

Konica Minolta Plaza, a gallery space managed by Konica Minolta in Tokyo, plays host to various events and exhibitions aimed at contributing to society, culture, and the arts. One of these exhibits, Konica Minolta Photo Premio, was developed to provide young photographers an opportunity to showcase their work and to encourage their artistic endeavors. This event has been held regularly since 1999.

In March 2009, the Plaza held the Eco and Art exhibition for the second year running, to showcase pieces of work highlighting environmental issues from the perspective of art. As a new way of displaying, the Plaza officially collected creative works from young artists who carry the next generation out. Twenty five unique artworks selected from a total of 296 submitted works were put on display in the exhibition.



Preparation of the Eco & Art Exhibit

Growing Together with its Employees

Creating an environment for diverse human resources and vigorously supporting employee development for future growth

Basic Concept

Konica Minolta knows that creating an environment in which diverse employees can maximize their individual potential is important for the growth of the Group. Thus, the Group actively provides opportunities for its employees, regardless of nationality or gender, to develop their abilities. It creates an environment where employees can thrive, by improving workplace safety, helping employees improve their mental and physical health, and promoting the idea of work-life balance.

Furthermore, with the aim of cultivating personnel who can play an active role on a global basis, the Group has designed various measures to meet the needs of each country. For improving the vitality of the entire Group, in addition to supporting the growth of individual employees, Konica Minolta is actively cultivating personnel who will lead the future of the Group.

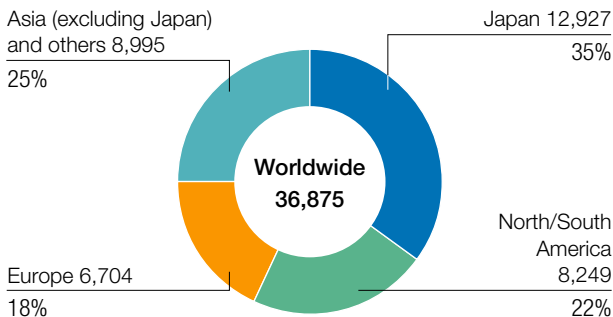
Creating an Environment Where Diverse Employees Can Succeed

Employee Diversity

Konica Minolta emphasizes the importance of equal opportunity and diversity in the hiring and compensation of employees, and does not tolerate discrimination based on race, nationality, religion, or gender.

At the end of fiscal 2008, Konica Minolta had 36,875 regular employees working for 86 companies in 27 countries.

Employee Composition by Region



(As of March 31, 2009)

Support for Women to Exercise their Capabilities

Konica Minolta rejects gender discrimination in every case, including hiring, compensation, training, and promotion, so that all of its employees are able to fully develop their capabilities. It promotes systems that support a work-life balance, and encourages the creation of work environments that prevent the incidence of harassment.

The active promotion of female employees into management positions will be an important issue for the Group going forward. To achieve this, Konica Minolta is planning to conduct training aimed at raising the level of interest in career development among female employees, and to promote the activation by building networks between female employees.

Cultivating and Promoting "Global Personnel"

As its business has become more globalized, Konica Minolta has endeavored to promote personnel management strategies aimed at cultivating and promoting employees with global business savvy.

As part of these efforts, measures are being implemented to strengthen personnel exchanges between Group companies in Japan and affiliated companies outside Japan, to develop employees' global business savvy and to encourage them to utilize it in everyday business activities.

Voice

I want to contribute to mutual understanding between business companies and sales companies

I was previously responsible for Solution Product Marketing at the European Sales Headquarters for business information systems. In March 2009, I was appointed to Solution Product Planning at Konica Minolta Business Technologies in Japan. Attending the decision-making processes in the Headquarter helped me better understand what kind of information from sales companies is leading to the most efficient results. Also, communicating the needs of the sales company to the business company can help promote a greater level of mutual understanding between the two organizations.



Jan Müller

Assistant Manager
Solution Division, Sales Headquarters
Konica Minolta Business Technologies, Inc.

Promoting Work-Life Balance

Konica Minolta is striving to provide various systems to support work-life balance to help employees maximize their capabilities in the workplace while also achieving a fulfilling personal life.

Group companies in Japan have adopted child-rearing support systems for men and women alike, including parental leave, shorter working hours for childcare, and child nursing-care leave, as well as a menu of other elective services. They also have systems of leave and shorter working hours for family nursing-care, which include support beyond that required by law. In fiscal 2008, the companies began a trial program that enables an employee to work at home during child-rearing, and are now preparing to fully implement this system.

Maternity Leave and Parental Support Programs Use

Number of employees taking maternity leave (Total number of regular female employees: 1,270)	53
Number of employees taking parental leave	104 women, 4 men
Number of employees using the system of shorter working hours for childcare	149 women, 0 men

* Fiscal 2008. Scope: Regular employees at the holding company, business companies, and common function companies in Japan.

Voice

I have successfully continued working after parental leave, thanks to the understanding and cooperation of my coworkers

After finishing my second parental leave, I am now involved in a software development project with dozens of engineers both within and outside the company. When my children were young, I was able to utilize the shorter working hours system and avoid long business trips. With the understanding and cooperation of my supervisors and colleagues, I was assigned the same kinds of tasks as everybody, and was able to make a smooth transition back to work.



Yoko Fujiwara
Staff Manager
Office Hardware Development Division
Konica Minolta Business Technologies, Inc.

Occupational Safety and Health

Occupational Safety and Health Management

Konica Minolta is working to promote Occupational Safety and Health Management Systems at each of its production bases. In fiscal 2008, two Group companies, located in China and Malaysia, received external certification.

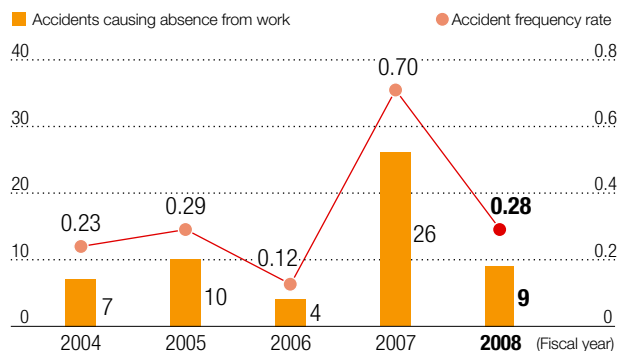
The Group is continuously strengthening its Safety and Health Achievement Program, which it developed independently to internally assess and improve its safety and health activities. In fiscal 2008, the Group set the targets for each site in Japan and implemented improvements toward the achievement of the targets. The program has also started at its production companies in China.

Accident Prevention Measures during Working Hours

In fiscal 2008, as in the previous year, Konica Minolta worked to identify risk factors and conduct risk assessments for equipment, facilities and operations at its general offices in addition to its production and R&D sites, and implemented measures in response to the assessments.

The company began collecting information on accidents that occurred during business hours primarily at its production sites overseas in fiscal 2007. In fiscal 2008, the use of a database that had been managed in Japan made it possible to achieve a more rapid response.

Accidents Causing Absence from Work, Frequency Rate



Scope: Regular and temporary employees at the holding company, business companies common function companies, and affiliated companies in Japan
Accident frequency rate: Number of people injured or killed due to occupational accidents per one million labor hours

Growing Together with its Employees

Career Building Support

Human Resource Development

Konica Minolta cultivates human resources through on-the-job development (OJD^{*}). To enhance training results, the Group conducts a variety of knowledge and skill development seminars, and position-based training for employees who assume new positions and roles. Educational programs to supplement those listed above are also being developed.

Konica Minolta also provides the selective training programs for the development of next-generation leaders and engineers.

^{*} OJD: A variation of on-the-job training (OJT). OJD refers to the development of abilities while facing real-life work challenges, under the guidance of a superior.

Business Leader Program

This program is designed to cultivate the future business leaders of Konica Minolta. The program is conducted every year for about 20 employees, particularly management candidates who have been recommended to the program by the presidents of Group companies. Over the course of one year, participants learn to develop the basic skills, business creativity, and entrepreneurial mindset needed in business management through experiential learning exercises and lectures. At the end of the course, the participants have a chance to present new business proposals in a meeting attended by corporate executives.

In fiscal 2008, English language sessions on cross-cultural understanding were added to the program for the purpose of improving the participants' sense of global awareness.



Business Leader Program

Challenge Engineers Forum

Every year, about 20 employees are selected to participate in this one-year program from among all the young engineers who apply. The governing board members are selected from the engineering departments of each of the Group companies. Under the guidance of the governing board members, participants attend various training sessions, and develop, research, and present proposals related to forward-looking topics. This forum plays a significant role in facilitating exchange activities among colleagues from different workplaces and areas of expertise.

Human Resource Development at Group Companies outside Japan

Konica Minolta Group companies around the world conduct various training programs based on their own human resource development policies.

For example, Konica Minolta Consulting (Shenzhen) Co., Ltd., which is responsible for procuring parts and materials for the Group's business information products in China, conducts position-based training and knowledge and skill development training in an effort to improve the skills of each and every employee.



A scene from an employee training course

Education and Training System Implemented at Konica Minolta Consulting, (Shenzhen) Co., Ltd. (excerpt)

Position-Based Training		Training for mid-level employees
		Training for production site managers
		Leadership development training
		Training for new managers
		Training for future executives
Knowledge and Skill Development Seminars	Standard education	ISO internal auditor education
		QCC Process / Management education
		On-site training / Quality assurance education
	Basic procurement knowledge	IT security
		Product knowledge
		Mechanical parts and processing knowledge
		Electrical parts knowledge
		Basic procurement knowledge (business negotiation skills)
	Business skills	Basic procurement knowledge (logistics / customs clearance)
		SCM
	PC application	
	ACCESS	
	Japanese language / English language education	

Management System

Separate supervisory and execution functions in a management and governance system with a high degree of transparency help to speed up decision making and boost competitiveness.

Corporate Governance

The Konica Minolta Group believes that strengthening corporate governance is a vital part of fulfilling its responsibilities to stakeholders. With the aim of increasing corporate value, the Group has created a management and governance structure that allows more timely and suitable decision making on matters such as restructuring and more organizational flexibility in the face of market change.

Company-with-Committees System

Konica Minolta Holdings, Inc. has adopted a company-with-committees system, enabling the management supervisory function of the directors to be separated from the business-execution function of the executive officers. The executive officers are entrusted by the Board of Directors with the task of business execution. The content of this business execution is subject to the oversight of the Board of Directors and to audits by the Audit Committee, which enhances the soundness of management and compliance.

The Board of Directors includes four outside directors, who are highly independent and have no significant business relations with the company. A majority of directors do not serve as executive officers. Moreover, the Chairman of the Board of Directors has no executive

officer position, which reinforces the supervisory function of the Board of Directors.

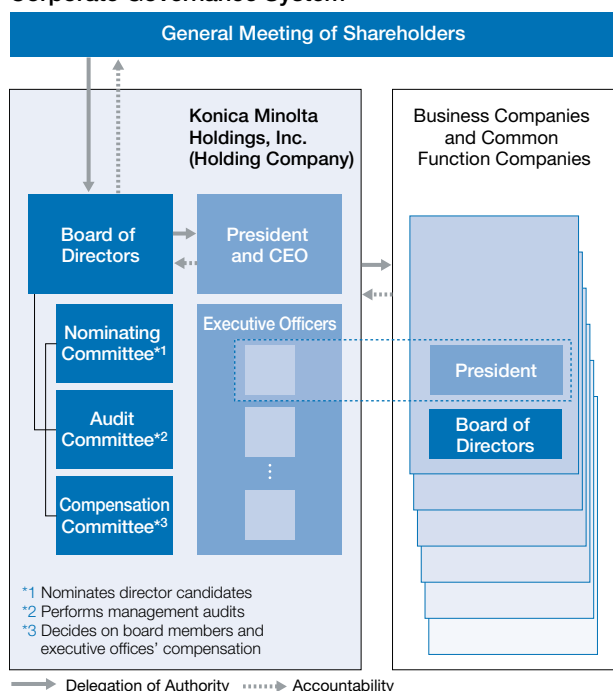
There are three committees within the Board of Directors: Nominating, Audit, and Compensation Committees—all of which are chaired by outside directors. Although the law in Japan only requires that no executive officers serve on the Audit Committee, Konica Minolta has implemented a system in which its executive officers do not serve on any of these committees, in order to ensure better transparency.

Holding Company System

The Konica Minolta Group has adopted a holding company system comprised of a holding company, business companies and common function companies. To establish separate business companies by each business category, enables to speed up decision-making processes and enhance competitiveness. Moreover, the common function companies enable the centralization of basic research and back-office operations within the Group, to help achieve greater efficiency and stronger functionality. Each president of the business companies and common function companies is also an executive officer of Konica Minolta Holdings, Inc. They have the authority and responsibilities necessary for directly executing the management activities in their respective business.

Thanks to this system, the holding company is able to focus on Group management and governance with greater leadership ability, which improves corporate value for the entire Group.

Corporate Governance System



Group Auditing System

Konica Minolta Holdings, Inc., which has adopted the company-with-committees system, has established an Audit Committee while its business companies, common function companies and other subsidiaries have appointed their own respective auditors. In addition, Konica Minolta Holdings has a Corporate Audit Division, which conducts an internal audit of the entire Group.

The members of the Audit Committee and the Corporate Audit Division, as well as auditors of the individual Group companies, hold an Audit Council meeting every three months, where participants share related information and strengthen coordination of audit activities across the Group. With the aim of ensuring effective audits, the same parties hold regular meetings with the accounting auditors, review auditing systems and policies, and examine whether or not the accounting auditors can fulfill their tasks properly.

Management System

Internal Control Measures

In recent years, corporate scandals and lack of compliance have become matters of social concern. To prevent misconduct, management needs to implement stronger internal control systems.

In March 2009, the holding company's Board of Directors revised the resolution on internal control systems and the relevant internal rules were updated as a result.

Complying with Japan's Financial Instruments and Exchange Law

The Japanese Financial Instruments and Exchange Law(J-SOX) has been adopted in order to prevent corporate accounting fraud and ensure reliability of financial reporting since the beginning of fiscal 2008. Under J-SOX, the submission of an internal controls report and audit certification is required. The Group companies have been preparing for the application of J-SOX since fiscal year 2006 and have developed a design implementation structure that includes the documentation, evaluation and remediation of internal controls, and performed operating effectiveness evaluation tests. In addition, an internal controls report was prepared and submitted in June 2009 with Japanese Annual Security Reports after the internal controls audit by external auditors.

In preparing for these internal controls, the Group has implemented a questionnaire-based internal evaluation of 95 Group companies, including subsidiaries in Japan and

overseas. Seventeen principal companies, in particular, documented the workflow in the sales process and other areas, identified risks related to financial reporting, and reconfirmed the importance of internal controls.

Furthermore, mechanisms such as mutual cross-evaluations between different business companies in the Group are utilized to ensure objectivity in internal evaluations.

Compliance

Konica Minolta's concept of compliance includes not only adherence to laws in a particular country, but also observance of corporate ethics and internal rules. Based on this approach, in October 2003 when the Konica Minolta Group was created, the company established the Konica Minolta Group Conduct Guidelines. These guidelines place the highest priority on compliance for conduct in all corporate activities.

To promote a thorough understanding of compliance, the Group is offering educational opportunities to its employees. This training aims to provide knowledge to its employees and encourages them to achieve compliance in their daily activities. Konica Minolta is promoting the creation of a system that will realize these aims, while striving to foster shared Group-wide values and create a corporate culture that recognizes that compliance is demanded by society.

Voice

Our corporate culture has changed over the last two years

In the two years since we introduced J-SOX to Konica Minolta there has been a cultural shift that emphasizes the importance of internal controls. We have developed a control environment which not only promotes the improved accuracy of daily activities but also ensures the overall reliability of our financial reporting. This could not have been accomplished without the collaborative efforts of members from all aspects of the Company.



Steve Near

Vice President
Corporate Compliance and Audit
Konica Minolta Business
Solutions U.S.A., Inc.

Konica Minolta Group Conduct Guidelines

Basic Approach

1. We will observe all relevant laws and regulations, along with in-house rules and codes.
2. We will respect social norms and will act in full awareness of corporate ethics, as well as common sense, so as to be accountable for our acts.
3. We will seek to understand the Guidelines thoroughly, and to comply with them always.
4. We will not violate the Guidelines under any circumstances, even to benefit the Company or increase profits, even if so instructed by our superiors; or if the Guidelines have long been violated by our predecessors and many other companies, or their violation has become industrial or national practice.

Internal Hotline Systems

Konica Minolta is working to expand and improve internal hotline systems for reporting compliance issues in each Group company worldwide. In Japan, for example, an employee that discovers a compliance violation can consult directly with the President and CEO, the Group Compliance Officer, or the General Manager of the legal division at Konica Minolta Holdings, Inc. through diverse means, such as telephone, email, or letter. In addition, independent hotlines have been set up at each business company for employees including its subsidiaries.

Group companies outside of Japan have also been provided with independent internal hotlines. For example, Konica Minolta Business Solutions U.S.A., Inc., a business information systems sales company in the U.S., established the Whistleblower's Hotline in August 2006. The Ombudsman was also created in July 2008 at Konica Minolta Business Solutions Europe GmbH and Konica Minolta Business Solutions Deutschland GmbH, business information systems sales companies for Europe and Germany.

In fiscal 2008, about 20 calls were made to hotlines in Japan, while another 20 or so were made to overseas hotlines. Most of the concerns related to workplace environments, and there were no reports of serious legal violations.

Promoting Information Security

The Konica Minolta Group established a plan for obtaining ISO 27001 certification, the international standard for information security management. The plan began in fiscal 2006, and is being completed in three terms.

Consolidated certification for all 31 Group companies in Japan is scheduled for completion in the first half of fiscal 2009. Group companies in China are also working on individual activities for ISO 27001 certification.

Risk Management

Along with the globalization of economies and the transformation of societies, the risks faced by companies have become more diverse.

Konica Minolta has created a Group-wide risk management system in order to clarify various corporate risks and to minimize their impact on its businesses. The Group also conducts business continuity management taking measures to ensure that businesses are able to continue uninterrupted in the case of a natural disaster or other unforeseen circumstances.

Business Continuity Management

One of the most important responsibilities of an enterprise is to maintain or rapidly resume its essential business operations in the event of major disaster or accident. Konica Minolta is working toward this goal at Group companies worldwide, while also including its supply chains*.

To ensure that Group companies are able to maintain key operations in the event of a major disaster and minimize negative effects on suppliers and customers, each company has established a business continuity plan (BCP). This forms the basis for business continuity management (BCM) systems that organically incorporate the initial response systems activated immediately after a disaster. Each Group company identifies essential businesses that cannot be suspended, along with any obstacles to the ongoing operation of these businesses. Measures are then devised to ensure continued operations, together with alternative measures in case a business becomes nonfunctional.

For example, Konica Minolta is promoting a measure to handle a major earthquake in Japan and deal with a possible future influenza pandemic which has become a global concern. Various drills have also been carried out in order to improve BCM effectiveness.

* Supply chain: The series of activities involved in delivering a product or service to a customer, ranging from procurement and production to distribution and sales.

Third Party Opinion of Konica Minolta's CSR

Ms. Sachiko Takami, Chief Executive of The Natural Step, Japan, an international NGO, offered her perceptions and opinions of the Konica Minolta Group's CSR activities.



Sachiko Takami

Chief Executive
The Natural Step, Japan
(an international NGO)

<http://www.tnsj.org/>

In 2008, I was given my first opportunity to offer feedback on Konica Minolta's CSR activities. I made several recommendations, including the need for a long-term vision to help create a sustainable society, along with an action plan based on a backcasting*1 approach. I also proposed that Konica Minolta, as a group that has various business operations worldwide, take on the responsibility of providing products and services that support a low-carbon society, and make efforts to contribute to solving global issues.

In my review of this year's report, I examined Konica Minolta's new long-term vision for the environment, Eco Vision 2050, as well as the specific action plan, the Medium-Term Environmental Plan 2015.

First, I would like to commend Konica Minolta for setting a high target for reducing CO₂ emissions throughout product lifecycles by 80% on a 2005 basis before 2050, as part of its Eco Vision 2050 initiatives to tackle global warming. In Japan, a corporate vision is generally regarded as a promise that must be kept, so companies tend to set targets they deem attainable. In Europe, however, a vision is more of a statement of intended direction, pulling a company's efforts like a magnet. A higher target can generate various new ideas

for going beyond the company's current path. I expect Konica Minolta to use its unique technologies to develop revolutionary new products and services that can contribute to the realization of a sustainable society.

In addition, Konica Minolta's initiative for reducing the amount of petroleum-derived resources it uses is an important step towards creating a recycling-based society. I also expect to see results from the company's stated initiative for switching to renewable raw materials based on new technology developments. I hope the company will consider investigating specific methods for reducing the amount of metal used as raw materials. The global competition over resources is likely to intensify in the near future. If resources can be used more effectively through recycling, the necessity of mining new metal supplies will be reduced, thus ensuring that our limited resources will not be wasted.

In the area of chemical substance management, Konica Minolta may need a strategy that goes beyond the REACH regulation*2. In addition to eliminating hazardous substances, I think the company should initiate dialogues with its suppliers of parts and materials, and request that they minimize their use of non-biodegradable substances in order to reduce future risks.

Although Konica Minolta's operations do not have a major direct impact on biodiversity, the Group still has a responsibility to help repair natural environments affected by the mining of metals used as raw materials, to take environmental measures when constructing new plants, and to do more to reduce landfill disposal of its products after use. Finally, I expect Konica Minolta to actively support NGOs engaged in environmental conservation in China, regardless of the company's direct business relationships there.

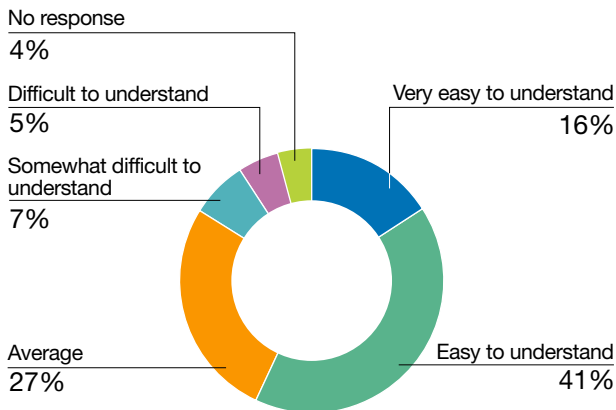
*1 Backcasting: A way of thinking or tool that is often described as the opposite of forecasting. Envisioning the success first and then making a plan to reach the goal from the current situation.

*2 REACH regulations: The EU consolidated its earlier regulations concerning chemical substances, and in June 2007, enacted new regulations for the registration, evaluation, authorization and restriction of chemicals.

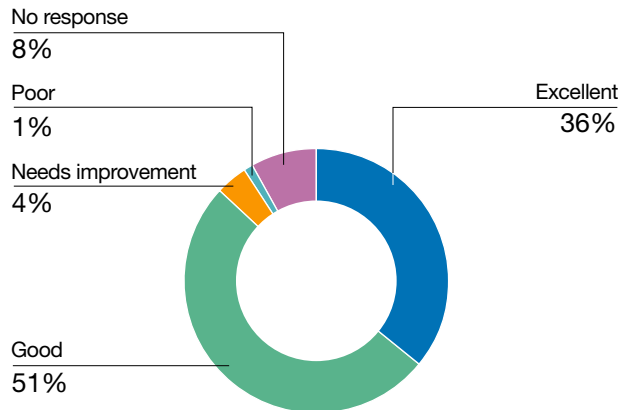
Konica Minolta CSR Report 2008 Survey Results

Konica Minolta received a total of 318 responses to its survey on last year's CSR report. These valuable opinions will be used for the improvement of CSR reports and for the development of CSR activities.

Report Clarity



CSR Activities of Konica Minolta



CSR Activities that Readers Want Konica Minolta to Focus on More (Multiple Answers)



Popular Opinions

Regarding Konica Minolta's CSR activities

- More active environmental efforts should be taken.
- Achieving the CO₂ reduction targets will be impossible if innovative policies are not implemented in a short time frame. I'd like to know how these targets are to be achieved.
- Companies that use large quantities of paper should get involved in forest preservation efforts around the world.
- It is important to think about which CSR activities make the most sense for Konica Minolta to be involved in.

Regarding the CSR Report

- It should have more content related to the environment, products, and social contributions, which all are the basis of the company's activities.
- It should provide more information on the latest technologies and social themes the company is focusing on.
- Is the report based on information gathered in the field or by someone sitting at a desk in an office somewhere?
- It would be more interesting to include more information about employees or people outside the company.
- Too many acronyms made it difficult to read.
- The font used should be larger and bolder to make it easier to read.

Responding to Feedback from Society

Konica Minolta began inviting third-party opinions from outside experts on the CSR Report 2006. Opinions received regarding the 2009 report focused on the Group's environmental efforts, including its newly formulated Vision and Medium-Term Plan for the Environment. A wealth of advice was offered, including reducing the use of metals through the promotion of recycling as well as making efforts to protect biodiversity. These suggestions provide useful input for the Group in considering its future environmental activities.

Every year, a survey is conducted on the CSR Report. Konica Minolta is keenly aware of the high expectations of its stakeholders and appreciates their assessments of the report as well as their vigorous encouragement the Group's CSR activities. In striving to seek the understanding and earn the appreciation of its stakeholders by creating new value, Konica Minolta will continue to develop its CSR activities in the future, and looks forward to receiving candid feedback on its efforts.

Corporate Social Responsibility Division, Konica Minolta Holdings, Inc.



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