

Win-win Partnerships with Suppliers and Contractors

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

Basic procurement policy

Global procurement in an open and fair manner

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

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

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

Basic Procurement Policy (developed by Konica Minolta Business Technologies)

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

Education of procurement staff

Konica Minolta is providing compliance education and RoHS education.

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

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

Relations with Suppliers and Contractors

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

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

Close ties with suppliers

Announcement of results and plans at Vendors' Meetings

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

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



Vendors' Meeting held in China

Promoting green procurement

Decision to implement a Green Partner program that covers RoHS requirements

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

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

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

Procurement risk management

Comprehensive measures to counter procurement risks

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

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

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

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