About this report

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

Scope
The entire Konica Minolta Group in Japan and overseas.
Holding company:
Konica Minolta Holdings, Inc.
Business companies:
Konica Minolta Business Technologies, Inc.
Konica Minolta Opto, Inc.
Konica Minolta Photo Imaging, Inc.
Konica Minolta Medical & Graphic, Inc.
Konica Minolta Sensing, Inc.
Common function companies:
Konica Minolta Technology Center, Inc.
Konica Minolta Business Expert, Inc.

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

In this Report, “Konica Minolta” and “Konica Minolta Group” refer to the following companies, respectively.
Konica Minolta: Konica Minolta Holdings, Inc., business companies and common function companies
Konica Minolta Group: Konica Minolta and its affiliate companies

In the following pages, the company names may be abbreviated as follows:
Konica Minolta Holdings, Inc.—Konica Minolta Holdings
Konica Minolta Business Technologies, Inc.—Konica Minolta Business Technologies
Konica Minolta Opto, Inc.—Konica Minolta Opto
Konica Minolta Photo Imaging, Inc.—Konica Minolta Photo Imaging
Konica Minolta Medical & Graphic, Inc.—Konica Minolta MD
Konica Minolta Sensing, Inc.—Konica Minolta Sensing
Konica Minolta Technology Center, Inc.—Konica Minolta Technology Center
Konica Minolta Business Expert, Inc.—Konica Minolta Business Expert

This Report has been developed in accordance with the following guidelines.
Ministry of the Environment of Japan (Environmental Reporting Guidelines (Fiscal Year 2003 Version))
Global Reporting Initiative (GRI), 2002 Sustainability Reporting Guidelines

Our Social Mission—Enriching the World of Imaging

The business domain of Konica Minolta covers the entire field of imaging, from input to output, and we offer a diversity of unique products and services to consumers and business users. Capitalizing on our strengths in materials, optical, nano processing and imaging fields, we devote ourselves to developing leading-edge technologies that serve to expand the world of imaging.
Konica Minolta desires to become a vital member of society by constantly introducing a new, inspiring world to the field of imaging.

Management Philosophy
The creation of new value.

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

Corporate Message
The essentials of imaging

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

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

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

Business Companies

Konica Minolta Business Technologies, Inc.
Manufacture, sale and related services of photocopiers, multi-functional devices, printers, micrographics systems and related supplies

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

Konica Minolta Photo Imaging, Inc.
Manufacture, sale and related services of color film, digital cameras, film cameras, inkjet media and other related equipment

Konica Minolta Medical & Graphic, Inc.
Manufacture, sale and related services of film and processing equipment for medical and graphic imaging

Konica Minolta Sensing, Inc.
Manufacture and sale of instrument systems for industrial, photographic and medical applications

Common Function Companies

Konica Minolta Technology Center, Inc.
As one of the Group’s common function companies, undertakes research and development, incubates new technologies and businesses and oversees and manages intellectual property

Konica Minolta Business Expert, Inc.
As one of the Group’s common function companies, provides diverse business support and indirect functions and services including production facilities, distribution and procurement, environment and safety, export control, administration, human resources and accounting

Breakdown of sales by business segment
April 1, 2004-March 31, 2005

Breakdown of sales by region
April 1, 2004-March 31, 2005
We believe that being a good corporate citizen helps us achieve our goal to raise corporate value.

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

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

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

—What actually is Konica Minolta’s CSR?

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

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

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

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

I might add that this year’s report is quite a transformation compared with last year’s, disclosing information in a far more transparent and precise manner for stakeholders. Additionally, we wanted to have as many people as possible understand the stance and contents of our CSR efforts, so we issued a digest of the detailed report. The digest has been widely distributed to our customers, shareholders, suppliers, contractors, regional companies, employees and other stakeholders. We are very keen to hear comments from everyone after they read the report.

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

August 2005

Fumio Iwai
President and CEO
KONICA MINOLTA HOLDINGS, INC.
Konica Minolta positions CSR as management itself.

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

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

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

To this end, we have established the Konica Minolta Group Charter of Corporate Behavior, covering beneficial and safe products and services, fair and transparent corporate conduct, communication with society at large, environmental protection, active contribution to society and respect for employees. Each and every member of the Group is committed to make CSR the basis for daily activities, and to constantly improve each of these points.

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

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

1. Beneficial and safe products
We 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.

Striving to raise corporate value through communication
The Konica Minolta Group believes that CSR depends heavily on two-way communication with stakeholders such as our customers, shareholders, employees, suppliers, contractors and residents in the environs of our business sites. We adequately and fairly publicize our corporate information to gain correct understanding and trust from a wide range of stakeholders. Additionally, we engage in active communication with stakeholders in an effort to win good faith, to build a corporate group that is welcomed and to maximize corporate value.

CSR efforts begun directed toward full-scale launch of CSR in fiscal 2005
During fiscal 2004, an executive officer of Konica Minolta Holdings was charged with the responsibility of promoting “management emphasizing CSR” as the basic policy of the mid-term plan (V-5 Plan). The CSR Promotion Committee was formed from representatives of diverse organizations to promote CSR activities. Priorities for the Group were specified, and the CSR Report Editing Committee, Communication Subcommittee and Social Contribution Subcommittee were established to study policies. With fiscal 2005 positioned as the year CSR will be fully launched, the Konica Minolta Group has begun to tackle CSR in earnest, and is building the foundations for future directions.

Economic, social and environmental activities are presented in this CSR Report. Konica Minolta’s social efforts in relation to CSR are described in detail in the section entitled “Collaborating with People and Society,” beginning on page 16. For an in-depth look at our environmental efforts, please refer to the section entitled “What We Can Do for the Earth,” beginning on page 32.
33,388*—this is the number of employees working for the Konica Minolta Group around the world. Our employees adhere to the Konica Minolta Group Charter of Corporate Behavior and make a personal commitment to improve their daily activities. Each must work hard to respond to the trust placed upon us by our stakeholders. We fulfill our economic, social, and environmental responsibilities, acting in a manner that upholds our corporate value.

*As of March 31, 2005

A tiny sparkle of each employee makes us glow—and grow.
Konica Minolta is endeavoring to speed up management decision-making and strengthen competitiveness.

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

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

The executive officers of Konica Minolta Holdings carry out activities entrusted to them by the Board of Directors. Some are also acting as President of the business and common function companies. To achieve speedy business operation and management, two common function companies, on the other hand, collectively perform basic research activities and other indirect operations within the Group, serving to improve overall business and functional efficiencies. The structure also allows Konica Minolta Holdings to concentrate on the management of the Group as a whole.

Better transparency in the management and compliance postures of the Group, the activities of these officers are supervised by the Board of Directors and reviewed by the Auditing Committee. The Board of Directors of Konica Minolta Holdings consists of eight internal members (five executive and three non-executive officers) and four outside directors, with one of the non-executive officers serving as chairman. With the majority of members made up of non-executive officers, the Board of Directors is able to perform its supervisory functions on a highly independent basis.

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

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

In fiscal 2004, the Board of Directors meeting was held approximately once a month with over a 90% attendance rate of outside directors. Non-executive officers, who attended important internal meetings, principally provided outside directors with advance orientation on upcoming agendas. Konica Minolta established a system where questions on details of corporate information could be answered on the spot. These efforts supported active discussions and smooth operations of the Board of Directors meetings. We set up the Board of Directors Office for the Board of Directors and the Nomination Committee and the Compensation Committee, in addition to the Audit Committee Office, and held an outside directors meeting (December 2004), developing a system to allow the Board of Directors to function more. Furthermore, we actively provided opportunities, such as local business site visits, so that outside directors could understand the Konica Minolta Group’s actual business activities.

Providing outside Board members with information is important.

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

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

Active discussions at Board meetings

Focus on internal control system in overseas affiliated companies during fiscal 2004

Overseas educational session held in China

Auditing Committee’s Educational Sessions

Nov. 2004: China (Hong Kong, South China area and Shanghai)
Feb. 2005: Europe (Germany)
Compliance

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

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

Compliance Promotion System

Evolving for Better Transparency

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

Konica Minolta Group Conduct Guideline (excerpts)

Basic Stance

1. We shall comply with all applicable laws and internal policies and regulations.
2. We shall respect social standards, and act with good discretion, responsibility and due awareness of corporate ethics.
3. We shall endeavor to fully understand the contents of the Guideline and comply with them at all times.
4. We shall not act in violation of this Guideline. Pursuit of profit, service for the company, orders from superiors, precedent, or personal preferences.

Products and Services

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

Fair Transactions

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

Export and Import Procedures

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

Confidential Information and Intellectual Property

• We shall be aware of the importance of protecting the company’s Confidential Information and Intellectual Property.

Communication and Information Disclosure

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

Environmental Protection

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

Contribution to Society

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

The Guideline also specifies rules related to “Antitrust Forces,” “Respect for Employees,” and “Internal Policies and Regulations.”

Cultivating a strong sense of compliance on a global basis

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

Delivered Konica Minolta Group Charter of Corporate Behavior in nine languages

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

Delivered the manual in the Chinese language

Following delivery in April 2004 of the Compliance Manual to every employee working for Group companies in China, we developed a Chinese version of the manual and delivered 2,000 issues in May. Since the laws and commercial practices that form the basis of our compliance activities vary according to country or region, we developed a separate version that conforms to Chinese laws and regulations. Our affiliate companies in the U.S. and Europe have also developed their own Code of Conduct, which lists the policies and guidelines that our employees must follow.

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

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

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

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

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

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

Help Line offered through various means of access

In Japan, we operate a Help Line service that allows an employee to report an act of questionable conduct in view of our compliance stance directly to the Compliance Committee in each company, the President and CEO of Konica Minolta Holdings, the officer responsible for compliance, or to the head of the Legal Division via telephone, e-mail or written correspondence. During fiscal 2004, more than 10 reports were made to Konica Minolta Holdings. In each case, we conducted inspections, while taking into account the protection of the informant, and made prompt actions to correct the situation.
Risk Management

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

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

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

Risks associated with our corporate activities are divided into 13 categories, with risk factors, details and possible crisis situations defined for each. We implement a three-phase response plan, composed of prevention and prediction during peacetime, actions taken during crisis and post-crisis activities. The Crisis Management Committee at Konica Minolta Holdings maintains close communication with its subcommittees in our Group companies and is able to obtain real-time information on a given incident, even when it is occurring at one of our overseas Group companies. We swiftly receive reports based on an early reporting approach while the level of risk is still at the indication stage. Periodical reports are made even during peacetime, and the risk status of the Group as a whole is reported to top management on a monthly basis.

Risk Factors and Details (excerpt)

<table>
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<tr>
<th>Factors</th>
<th>Details</th>
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<tbody>
<tr>
<td>1. Defective products; recalls, product liability suits</td>
<td>First in design (damaged product, health hazard), error in production process (damaged product, foreign substance contained in product)</td>
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<td>2. Defective services</td>
<td>Inefficient and inadequate explanation; discriminating treatment</td>
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<td>3. Transnational issues</td>
<td>Anthroposophic standards used for personal assessment; unusual positional change; employee engagement in crime or scandal</td>
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<td>4. Labor-related issues</td>
<td>Labor dispute; occupational health hazard; death or suicide caused by overwork</td>
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<td>5. Accidents</td>
<td>Environmental contamination (oil, wastewater, air), industrial accident (health and safety hazard, accident)</td>
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<td>6. Instability of nuclear conduct</td>
<td>Anthrosocial force; scandalous act; internal dispute; NAM</td>
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<td>7. Results of management and marketing decisions</td>
<td>Risk related to investment, loan, debt transaction; undue competition</td>
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<td>8. Organizational crimes</td>
<td>Illegal act (violating the Antimonopoly Act, Premiums and Representations Act, Subcontract Act, and Tax and Commercial Laws)</td>
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<td>9. Blackmailing and other crimes committed against the company</td>
<td>Malicious act (stealing harmful substance into product, etc.), robbery, sabotage</td>
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<td>10. Economic or social disturbances</td>
<td>Energy crisis, major power failure, a sharp decline in stock prices</td>
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<td>11. International or political disturbances</td>
<td>War, political dispute, trade impediment</td>
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<td>12. Natural disasters or epidemics</td>
<td>Earthquake, storm and flood, fire, infectious disease</td>
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<tr>
<td>13. Incorrect information given an impression of management instability</td>
<td>Incorrect information provided to mass media; spreading rumor through various channels, including the Internet</td>
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Evolving for Better Transparency

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

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

Preparing for a large-scale earthquake

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

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

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

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

For the Konica Minolta Group, quality issues represent the highest management issue to our operations. With Konica Minolta Holdings working in tandem with each Group company, we take swift and appropriate action to deal with quality issues based on our customer first principle.

Response to quality issues during fiscal 2004

Hyper Jet Cleaner (air duster)

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

DIGIMAX 2 (digital camera)

Occurred in August 2004. Calls from customers revealed that significant noise occurred under certain shooting conditions and that system errors may occur when taking continuous shots. We immediately made an announcement on our website and started a free download service of a firmware solution.
101,434—this is the number of calls made during fiscal 2004 only in Japan to the Call Center of Konica Minolta Photo Imaging, Inc., one of our Group companies engaged in the camera and film business. Customer feedback is important to us, and we use it to build better products and services and attain improved customer satisfaction. The Konica Minolta Group receives customer feedback, suggestions, and ideas through various channels across the world. Dialogue with our stakeholders, including shareholders, investors, regional communities, suppliers, contractors and employees, is the key to establishing a trust-based relationship with society, which in turn, will enable us to improve our corporate value.

Close dialogue with our stakeholders gives us energy to move forward.
Supporting mentally challenged persons to be active in society via single-use camera recycling work

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

Sheltered workplace for mentally challenged persons

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

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

Recruiting enthusiastic persons with mental disabilities as full-time employees

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

Vital work for recycling resources

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

At the Nobinobi Eco Workplace, single-use cameras are first separated by manufacturer. Products of other companies are sent to the manufacturers, and Konica Minolta Photo Imaging products are further separated by model. Once the single-use cameras are separated by model and the flashlighr batteries are removed, they are packed in cardboard boxes to be shipped to China. The batteries must be removed because regulations forbid them from being imported to China. Since over 10 million are handled annually, the workplace plays an important role in keeping the recycling system running smoothly.

Taking the next step

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

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

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

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

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

Investors’ briefings now provided quarterly

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

Stepped up IR efforts for overseas investors

Overseas markets account for 70% of total sales of the Konica Minolta Group. The integration of Konica and Minolta in August 2003 pushed up our market value above the 500 billion yen level and drew the attention of an increased number of major institutional investors abroad. Accordingly, we bolstered our IR efforts targeting overseas investors in fiscal 2004. Materials used in the investors’ quarterly briefings and other information offered on our website are available both in Japanese and English. At the night of the day on which a briefing is held, we hold teleconferences with parties in New York and London. A video teleconference is held as requested, and accordingly, we held 24 such meetings during fiscal 2004. As part of our overseas IR activities, we participated in conferences held by major overseas securities companies. We also conducted a one-week tour in Europe (the U.K., Germany, France, Switzerland and Italy) and another in North America (U.S. and Canada), presenting briefings to a total of about 100 companies.

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

Summary of Overseas IR Activities (fiscal 2004)

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

Top management spearheading our IR program

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

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

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

Reader-friendly IR materials

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

http://konicaminolta.com/investors/
Enhancing Corporate Value Through Quality Management

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

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

The Konica Minolta Group is promoting Group-wide quality management chiefly through the Quality Committee, which oversees quality management for the Group. The Group started conducting “quality inspection tours by top management,” an effort that was strengthened in fiscal 2004, in which the President and CEO visits business sites to engage in direct dialogue with employees.

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

Konica Minolta is developing an internal feedback system.

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

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

The Konica Minolta Group is operating its “critical accident information database” worldwide.

The Konica Minolta Group is endeavoring to respond promptly and accurately, take corrective measures and carry out thorough preventive steps when quality-related problems occur in line with its major principle, the customer first philosophy. In an emergency, in particular, center, all of which serve as contact points with customers, together at one site in Japan and strengthened its system to quickly analyze and assess opinions sent from over 100,000 customers annually. Based on this system, Konica Minolta made efforts to enhance its response skills so that we can handle points that customers “want us to listen to” and answer questions that customers “want to ask” promptly and accurately.

Konica Minolta prevents confidential information leaks via information equipment.

Recently, copiers and printers are evolving as a network information station, with the increasing need for measures to prevent confidential information leaks. All of Konica Minolta’s copiers and multi-functional devices* launched after the bizhub 714S which was released in December 2002, obtained ISO 15408 certification, an international certification for information security. These models are the only products with a security module in the standard specification (optional for some models), plus their high-level, confidential functions are easy to use.

*Includes products awaiting certification.

Reducing quality risks

Customer feedback

Konica Minolta pursues comfortable designs for customers.

The Konica Minolta Group pursues comfortable designs for customers, regardless of their age, gender or physical disability. Our development departments are implementing a broad range of design upgrades and conducting continuous assessments and improvements in cooperation with the elderly and people with physical disabilities.

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

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

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

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

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

As a result of these efforts, Konica Minolta was ranked number two in terms of overall evaluation in the 2004 Nihon Quality Management Survey.
Win-win Partnerships with Suppliers and Contractors

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

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.

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.

Promoting green procurement

Konica Minolta Business Technologies selects suppliers on the basis of quality, cost and delivery time, plus environmental 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 2005.

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.

Multi-Region Procurement System

To achieve market superiority, we implement rational evaluation criteria that maintain a win-win approach and benefit both sides. We conduct procurement in an open and fair manner, and we pursue fair and transparent transactions benefiting both sides, sharing the same goals of achieving synergistic growth.

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.

Decision to implement a Green Partner program that covers RoHS requirements

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Comprehensive measures to counter procurement risks

Products of the Konica Minolta Group are made up of materials and parts obtained from 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 Nigata Chuo Earthquake in Japan and the Sumatran 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 or Tonankai earthquakes predicted to occur in Japan.
Creating a Work Environment that Encourages Personal Commitment

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

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

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

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

Utilizing an intranet system to share information and maintain interactive communications

Konica Minolta Online, an intranet system in place throughout the Konica Minolta Group, serves as the Group’s communication hub and connects our business bases across the world. Konica Minolta Online facilitates the sharing of information by conveying the Group’s policies and other important information on individual companies within the Group. It also provides a direct linkage between top management and employees to maintain an exchange of information and promote interactive communications.

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

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

Augmenting existing performance-based systems

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

The competence assessment system uses performance indicators (assessment rankings) to aid human resources development and personnel assessment standards to facilitate fair and open promotion. Competence assessment is divided into four major levels, and employees are promoted or demoted according to their skill level.

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

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

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

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

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

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

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

Competence Assessment System and Innovation Career Path

A compensation system with increased focus on performance, and work that involves a certain level of discretion (work requiring special skills, stemming, etc.)

Training area

Konica Minolta’s Employee Training System

Knowledge and Skill Enhancement Programs

Executive

Managers

Senior-level Employees

Junior-level Employees

Newly hired Employees

Senior-level Employees

Junior-level Employees

Newly hired Employees

Konica Minolta Personnel Philosophy under Management Philosophy

Management Philosophy

The creation of new value.

Corporate Mission

The essentials of imaging

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

Quarterly Group Magazine

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

Konica Minolta Personnel Philosophy under Management Philosophy

Philosophy of Minolta Personnel Philosophy under Management Philosophy

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Good attitude/motivation

Creativity/professionalism

Positive approach to challenges

Action oriented

Personnel Philosophy

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

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

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Creating a Work Environment that Encourages Personal Commitment

Konica Minolta is actively promoting respect for employees.

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

A global approach to expanding career opportunities

The Konica Minolta Group does not discriminate against employees and is promoting global employment and recruitment of diverse personnel. Affiliate companies in Europe have a trainee program to allow college students to experience and learn the reality of working at affiliate companies and gain practical business knowledge for an extended period. In this program, college students take a leave from college for 1–3 years and learn about business at respective companies. About 30 students are participating in this program in Germany. Konica Minolta also hires full-time employees from many counties, including Poland, Russia and Italy.

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

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

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

An comfortable working environment for everyone

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

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

Shift toward a system that supports employees’ ability and performance

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

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

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

The Konica Minolta Group safety and health plan is produced under the RC Committee, which controls safety and health activities of the entire Group, and the Central Safety and Health Committee, which promotes and manages safety and health measures. In fiscal 2004, Safety and Health Managers were appointed at respective business companies and common function companies to develop a safety and health management system involving affiliate companies as a means of preparing for the introduction of an occupational safety and health management system.

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

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

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

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

Konica Minolta seeks distinctive social contribution activities.

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

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

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

There are a large number of common issues for all humanity in various fields, such as the environmental problem of global warming. The Konica Minolta Group’s global social contribution activities have yet to be fully developed in further contributing to this area of concern. However, the Group thinks that sharing things in common and taking Group-wide actions regarding common issues not only serves this purpose in a wider range of social areas but also provides the Group’s employees with great pride.

Support for Pink Ribbon Campaigns

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

Support for Sumatra Tsunami Recovery Projects

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

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

Categorizing activity areas into North America, Europe, China, Japan and Other, the Konica Minolta Group engages in activities that comply with regional characteristics and are welcomed by each region as well as those that effectively are able to utilize management resources accumulated in the field of imaging.

Japan

Konica Minolta Plaza

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

Europe

China

Commemorative Graduation Photographs

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

Regional program

North America

Support for the Mentially Challenged

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

Europe

Support for the 40-foot Container Donation Campaign

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

Coordinating activity areas in North America, Europe, China, Japan and Other, the Konica Minolta Group engages in activities that comply with regional characteristics and are welcomed by each region as well as those that effectively are able to utilize management resources accumulated in the field of imaging.

Local program

Support for Shigenkou Festival

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

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

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

*As of March 31, 2005

Each individual effort builds up to produce a cumulative effect.
Aiming to be the leader in chemical plant risk communication

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

Awarded first PRTR Grand Prize in Japan

The year 2004 closed with some positive news. The Environmental Information Science Center presented its first PRTR* Grand Prize to the Konica Minolta Group in Japan. The PRTR Grand Prize was established to reward companies successfully performing risk communication based upon their own initiative as a means of gaining community understanding about the status of environmentally harmful chemicals they manage. The news about winning the award was immediately relayed to Tokyo Site and Odawara Site in the greater metropolitan area, where year-round Community Environmental Briefings have proved beneficial as a factor in receiving this award. Some of the staff commented that they felt their efforts were being rewarded, while others reflected that genuine advances have been made since the inaugural meeting in 2002. *PRTR stands for Pollutant Release and Transfer Register.

Community Environmental Briefing ahead of the pack

Konica Minolta’s Tokyo Site can be reached by taking a 30-minute ride on the Chuo Line’s rapid train from Shinjuku Station to Toyota Station, and then a several-minute car ride. The site is a historical one, where Japan’s first color photo film was produced in 1940. At its inception, the plant was in a placid country setting, which has long since been supplanted by residential areas surrounding the rapid expansion of suburban communities. The first Community Environmental Briefing was held on September 21, 2002 at the Tokyo Site. The previous year, the Japanese government enacted the PRTR Law obliging companies to report waste amounts and amounts for prescribed chemical substances. In view of the fundamental concepts of the PRTR Law, we began studying how to convey our environmental activities to regional operations in Japan. The decision to organize Community Environmental Briefings at the Tokyo Site was because it is a large chemical plant and is surrounded by residential areas. Although the staff were a bit anxious because no company had ever held such a meeting before, they prepared for the briefing, guided by the mission, “Disclosing the site’s environmental measures to the community and fulfilling our accountability.” They had no idea of the number of attendees, or who they would be, or what kinds of questions would be asked. At the same time, they had to decide what to explain and how, with no precedents to help them. However, amid such concerns, they let the staff know one small point: Since 1996 they had been meeting regularly with the head of the community association, thereby giving them a communication platform from which to start. Sincerity would win the day, they believed, and the staff seemed to agree.

What Konica Minolta learned at the briefing

The staff were particularly concerned about four issues. The first matter was “accessibility.” No restrictions were placed on attendees, and prior notification was not required. Explanatory documentation that was used did not contain specialized terminology and were designed carefully so that average people could understand their contents. The second matter was “transparency.” For example, expressions that may give a negative impression, like “reductions are not improving,” were not altered. The third concern was “continuity.” Once the briefings had begun, they would have to be held every year thereafter. The fourth matter was “sincerity.” They wanted to listen carefully to the wishes of the attendees and study ways to make improvements accordingly.

On the day of the briefing, 69 people attended from the local community, government, NPOs, and other companies. Examples of the requests and suggestions were such recommendations as: “Report every year about key improvements concerning the release of chemical substances into the atmosphere and the amount of waste” and “Report the production volume for comparison with the quantity of CO2 emissions.” Many people also expressed their desire that we “continue holding such briefings in the future.”

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

Community Environmental Briefing focusing on “sincerity”

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

Facing new issues in risk communication

In January 2005, at the PRTR Grand Prize award ceremony, the judges praised the Community Environmental Briefings for the “clear and transparent” presentation of the facts. Winning the Grand Prize served as a tremendous impetus to the staff and inspired them to aim for even higher quality risk communication, and they have already developed new ideas and topics. For example, as the concerns expressed in the Community Environmental Briefings are met and problems are solved, the number of participants decreases. To continue communicating with members of the community, the staff realize that they may need to freshly connect with participants as outside partner, and therefore, hold events that would gain community interest. Further, complex information about chemical substances should be presented in easily understood format, and the method of explanation should be well-rounded so that average people will understand the essential points.

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

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

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

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

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

The Konica Minolta Group has set up three intensive measures, namely “Measures to Prevent Global Warming,” “Minimization of Chemical Risks,” and “Initiatives Toward a Sound Material-cyclicity,” as the core pillars for our mid-term environmental plan (fiscal 2005–2009), and these environmental measures are actively being implemented.

Environmental Policy of the Konica Minolta Group

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

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

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

2. Compliance with laws and other requirements
   We comply with legal requirements in countries and regions where we engage in business and the Group companies’ environmental management programs to translate this Environmental Policy into action.

3. Consideration of the environment through the entire lifecycle of products and services
   We are committed to reducing environmental impacts at all stages of the lifecycle from raw material extraction through manufacture to disposal, and to ensure that responsibility for a product rests with its manufacturer.

4. Initiatives to counter global warming
   We work to steadily reduce greenhouse gas emissions from the manufacturing and disposal processes of products and services, and to reduce our own consumption of natural resources, and promoting activities aiming for zero waste disposal. We promote strategies for the recovery and recycling of waste contained in the products, and we strive to actively respond to the expectations of our stakeholders and international standards for the environment.

5. Initiatives toward a sound material-cyclicity
   We constantly review what we can do as a corporate citizen to create a sound material cycle society, while striving to improve our consumption of natural resources, and promoting activities aiming for zero waste disposal. We promote strategies for the recovery and recycling of waste contained in the products, and we strive to actively respond to the expectations of our stakeholders and international standards for the environment.

6. Prevention of chemical pollution, reduction of environmental risk
   We implement measures to prevent chemical pollution. In order to minimize environmental risk, we work steadily to minimize the amounts of chemicals we use, and to reduce the amounts of chemicals released.

7. Information disclosure
   We will be accountable to our stakeholders and strive for harmony with society by promptly disclosing environmental information and conducting risk communication. Our Environmental Policy shall be made widely-known.

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

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

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

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

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

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

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

Under this concept, multi-site acquisition of ISO 14001 certification has been promoted in Japan at all business sites, including product development, sales and distribution, as well as manufacturing sites. As of fiscal 2004, the scope for multi-site certification has been expanded to 61 business sites pertaining to 31 companies in Japan, including Konica Minolta Holdings, business companies, common function companies and affiliates, employing a total workforce of some 16,600 people.

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

Effective development implemented under standardized practices

The acquisition of multi-site certification in Japan enables activities to be conducted for the entire lifecycle of our products. Not only minimizing the environmental load generated by our Group companies, such as energy usage during production, waste generation and paper consumption, but also offering energy-saving products has enabled us to implement indirect impact-reducing activities within society. This is further exemplified by reduced power consumption, when using our products under this single unified system. Additionally, the adoption of standardized practices for reporting environmental issues and a standardized concept for environmental auditing that evaluates and checks investment effects on the environment in numerical terms has enabled the effective development of measures because uniform information is quickly and evenly spread throughout the Group.

Promotion of self-development for improved awareness via environmental education

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

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

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

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

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

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

Each business site (primarily manufacturing sites) operates under rigorous self-management standards than those legally required, for example, they comply with air quality, noise and waste disposal management in line with ISO 14001 system standards, complemented by a very high standard of risk management. In terms of product regulations, we also incorporate forward-looking information into our activities, such as to achieve reduction of potentially harmful chemicals in advance of any requirements to do so. Specialist internal auditors periodically review our legal compliance in Japan, and this activity will be expanded to our overseas operations as well.

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

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

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

Green Procurement

We promote Green Procurement across the board.

Konica Minolta has been promoting Green Procurement through participation in the Green Procurement Network (GPN) ever since its establishment in Japan. We seek out materials that meet the minimum environmental impact across the entire lifecycle of the product with regard to various resources, including stationery, OA equipment, company transport, and the paper and ink used for our own publications.

Environmental accounting

Environmental accounting refers to the converted monetary value of benefits derived from the various environmental measures we implement, and their investment effectiveness is compared and studied quantitatively. This enables rational decision-making to ensure the most effective environmental measures and comprehensive environmental action that directly links environmental measures with management strategy.

The Konica Minolta Group positively implements environmental accounting to promote more effective environmental measures, and conducts consolidated global accounting for the entire Group by assigning environmental accounting personnel to each office. We continuously aim to achieve through implementation of environmental measures through the practical adoption of environmental accounting and further promotion of its use internally.

The Konica Minolta Group has established both the standards and assessment methods for risk calculation as well as for the economic and environmental protection benefits, and in doing so, has gained better understanding of the risk reduction benefits. The effectiveness of reduction benefits is “assumed benefits,” which expresses the extent to which the environmental impact was reduced in monetary terms compared to the estimated environmental impact had those measures not been implemented.

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

<table>
<thead>
<tr>
<th>Types of environmental measures</th>
<th>Fiscal 2004 Results</th>
<th>Fiscal 2005 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduction in electricity usage (MWh)</td>
<td>3,150</td>
<td>2,608</td>
</tr>
<tr>
<td>Reduction in CO2 emission (tons)</td>
<td>2,266</td>
<td>2,266</td>
</tr>
<tr>
<td>Reduction in packaging materials (tons)</td>
<td>1,447</td>
<td>1,447</td>
</tr>
<tr>
<td>Other costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental damage costs</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Social contribution costs</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other costs</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>798,153,744</td>
<td>798,153,744</td>
</tr>
</tbody>
</table>

*Fiscal 2005 budget does not cover overseas affiliates.

Environmental Protection Benefits

<table>
<thead>
<tr>
<th>Stage</th>
<th>Type of benefit</th>
<th>Fiscal 2004*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>Reduction in water usage (tons)</td>
<td>148,751</td>
</tr>
<tr>
<td></td>
<td>Reduction in electricity usage (MWh)</td>
<td>211,047</td>
</tr>
<tr>
<td></td>
<td>Reduction in natural gas usage (1,000 m3)</td>
<td>211,047</td>
</tr>
<tr>
<td></td>
<td>Reduction in heavy oil usage (kL)</td>
<td>2,292</td>
</tr>
<tr>
<td></td>
<td>Reduction in harmful chemical substances (tons)</td>
<td>1,596</td>
</tr>
<tr>
<td></td>
<td>Reduction in materials usage (tons)</td>
<td>1,085</td>
</tr>
<tr>
<td></td>
<td>Reduction in packaging materials (tons)</td>
<td>1,032</td>
</tr>
<tr>
<td></td>
<td>Reduction in water usage (tons)</td>
<td>280,270</td>
</tr>
</tbody>
</table>

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

*Companies included in results

8 Konica Minolta companies
27 Japanese affiliates
18 overseas affiliates

A comprehensive list of companies included is available on our website. http://www.konicaminolta.com/pr/ecodata

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

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

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

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

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

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


**Promoting consistent management and effective activities throughout the entire Group**

- Complete Group (ISO 14001 certification for all Japanese companies in the Group)
- Establish global environmental management system
- Establish global environmental information management system
- Establish the operation of Group environmental education system

**Purification of contaminated soil and groundwater**

- Promote purification of soil and groundwater, understand its effects, and implement review
- Introduce measures for environmental management indicators
- Utilization of environmental accounting for management

**Creation and Promotion of Environmentally Sound Products**

- Reducing the environmental impact of products by adopting an eco design
- Phasing out hazardous chemicals
- Reducing Environmental Risks Through Enhanced Chemical Management
- Phasing out all specific heavy metals

**Measures to Prevent Global Warming**

- Reducing greenhouse gas emissions by business companies
- Phasing out agents that cause ozone depletion

**Reduction in environmental impact of products through Green Procurement**

- Introduce certification system for chemicals used in the product

**Information Disclosure**

- Establish analysis system
- Establish the global environmental management system
- Establish the Group’s global environmental education system

**Introduction of initiatives for successful environmental management levels**

- Multi-use ISO 14001 certification for all Japanese companies in the Group
- Establish the global environmental management system
- Establish the global environmental information management system
- Establish the operation of Group environmental education system

### Results from Fiscal 2004

As one of the main social shifts in fiscal 2004, the Kyoto Protocol is now in effect. Konica Minolta has been trying to reduce its CO2 emissions by establishing environmental management objectives at each site. Moreover, we have begun to create a scenario to ensure the entire Group attains this objective since our corporate responsibility to do so has steadily increased.

In terms of the “Initiatives Towards a Sound Material-Cycle Society,” major progress has been made, such as attainment of Level 1: Zero Waste Disposal by five sites, including two chemical plants for which it was remarkably difficult to attain the objective, and attainment of Level 2: Zero Waste Disposal for the first time by these sites. Regarding the “Minimization of Chemical Risks,” our results have exceeded targets, such as the phasing out of chloroform earlier than planned and reductions in atmospheric emissions of dichloromethane. In terms of “Information Disclosure,” Community Environmental Briefings are held and Site Reports have been issued continuously, while environmental data on 19 manufacturing sites is available via the Internet.
Environmental Sound Products

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

We promote a sound environmental design from a comprehensive perspective.

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

We assess the environmental impact at each stage in a product's lifecycle from raw material and component procurement through to manufacturing, transport, sales, usage, reuse/recycling and disposal, as well as establish assessment criteria and implement the resultant measures from a comprehensive perspective. During the planning phase for new products, numerical targets for environmental goals are set for standard product assessment evaluation items. During the testing phase, we check whether the goals are being met and conduct a final assessment before proceeding to the production stage. Only products that meet these goals are marketed.

![Product Lifecycle and Assessment](image)

We promote Green Procurement globally.

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

![Utilizing the Green Procurement System](image)

We devise appropriate measures to reduce CO2 emissions in accordance with product characteristics.

We have introduced the Lifecycle Assessment (LCA) method, and collect and check data for CO2 emissions throughout the lifecycles for a wide range of products, while implementing effective measures to reduce CO2 emissions in line with each product’s characteristics, for example, those with higher emission rates during the production stage or those with higher rates during usage.

**Digital multi-functional devices**

Energy efficiency during usage has been improved,Portraying the development of more energy-efficient technologies. In the production of materials and parts, the development of a polymerized toner has enabled us to reduce CO2 emissions during toner production by 32.4%. We have also reduced toner consumption by improving the consistency of the toner particles.

**Single-use cameras**

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

**Color film**

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

**Digital cameras**

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

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

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

**CO2 emission rate throughout the lifecycle**

Usage accounts for about 50%

Production of materials and parts accounts for about 70%

Product manufacture accounts for about 60%

Product manufacture accounts for about 70%

Product manufacture accounts for about 80%

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

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

Recycling system for single-use cameras.

We carefully consider all aspects from the design stage as part of designing environmentally sound products. We produced the smallest and lightest color laser printer in the world (as of March 2005), the “magicolor 2430DL color laser printer” released in December 2004, which has an optical unit a quarter size of its normal size, with an ultra-small print head and reduced optical path of the laser beam.

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

Incorporating size and weight reductions into the product design not only reduces raw material and energy consumption during production but also significantly contributes to reduced use of packaging materials, CO2 emissions during transportation and environmental impact upon disposal. Konica Minolta has been promoting a wide range of measures for resource conservation through its designs as part of designing environmentally sound products. We produced the smallest and lightest color laser printer in the world (as of March 2005), the “magicolor 2430DL color laser printer” released in December 2004, which has an optical unit a quarter size of its normal size, with an ultra-small print head and reduced optical path of the laser beam.

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

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

Design for reuse and recycling increases the recycling ratio

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

Our adoption of several module designs has enabled reuse per module; thus, the efficiency for disassembly, testing and reassembling parts during the reuse stage has been increased. Even among products in different series, the reuse efficiency has been significantly enhanced by thoroughly designing standardized parts.

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

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

Beginning in July 2006, sales in the EU of electrical and electronic equipment that contain any of six specified toxic substances—namely lead, cadmium, mercury, hexavalent chromium and two types of polybrominated fire retardants (PB8 & PBE5)—will generally be prohibited (as per the RoHS Directive).

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

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

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

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

Uniformity of outer casing plastics promotes recycling

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

Reusing and recycling of digital multi-functional devices and printers

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

Toner recycling system eliminates toner wastage

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

Restriction of Hazardous Substances Directive (RoHS)

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

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Collection and recycling of multi-functional devices and printers

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Konica Minolta CSR Report 2005

Collection and recycling of multi-functional devices and printers

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

Original Toner Recycling System

Original Toner Recycling System

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

Beginning in July 2006, sales in the EU of electrical and electronic equipment that contain any of six specified toxic substances—namely lead, cadmium, mercury, hexa-
Measures to Prevent Global Warming

We implement measures to prevent global warming at each stage of the lifecycle, with the aim of reducing CO₂ emissions by 7% during the manufacturing process.

We are working to reduce CO₂ emissions throughout the lifecycle.

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

We calculate how much energy is consumed at each stage from raw material procurement through to transportation after shipping, use, recycling and disposal, as well as assessing CO₂ emissions from business sites during manufacturing, and endeavor to reduce CO₂ emissions at each stage. In order to reduce CO₂ emissions during manufacturing, we have been seeking the most effective use of energy, such as installation of electrical cogeneration systems, and trying to improve manufacturing efficiency by adopting the cell production method, coupled with the introduction of polymerized toner which requires less energy during manufacturing.

In terms of transportation measures, we have been promoting a modal shift and other measures. Furthermore, we have been working to reduce CO₂ emissions during actual use of the products by developing energy-saving technology.

Example of Product Lifecycles and CO₂ Reduction

We aim to reduce CO₂ emissions by 7% by fiscal 2010 compared to fiscal 1990 levels.

In February 2005, the Kyoto Protocol came into effect, and corporate responsibility to act to reduce CO₂ emissions from business premises has increased.

Konica Minolta has also decided to reinforce its activities by defining “reduction of CO₂ emissions from Group business premises in Japan by 7% by fiscal 2010 compared to fiscal 1990 levels” as a core priority.

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

We promote reduction in CO₂ emissions at manufacturing sites.

Manufacturing sites inevitably consume more energy than offices, and thus measures implemented from the manufacturing stage are crucial to maximize any reduction in CO₂ emissions.

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

For fiscal 2005, we are implementing comprehensive assessments of energy use at business sites that emit the most CO₂, determining reduction points and also trying to decrease the overall level of CO₂ emissions through effective horizontal implementation.

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

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

Hierarchical reduction in CO₂ emissions from business sites

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

Adoption of electric-powered vehicles by sales companies

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

This year, each service engineer’s territory was reviewed, so that our engineers can visit more customers per outing in the most efficient manner. As a result, we have been able to reduce CO₂ emissions by 433 tons a year thanks to reduced journey distances in Japan.

Adoption of electric vehicles
Management of Chemicals

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

Comprehensive management performed on chemicals throughout the lifecycle.

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

Minolta Group has voluntarily set reduction targets prioritizing eight types of volatile organic compounds (VOCs) that are deemed particularly risky based on their toxicity and usage volume. In fiscal 2004, we phased out formalin, DMF*, and other substances as planned, and have also achieved the phasing out of chloroform six years ahead of our original schedule*. We are taking steps to steadily reduce other substances as well. We will increase our risk management one level higher, increase the number of VOCs to be managed, and promote additional measures. Furthermore, we plan to phase in these measures at our overseas sites as well.

Establishment of procurement standards for chemicals

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

Safety checks on chemicals

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

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

Before we introduce a new substance into a product, we reject any dangerous or hazardous substances through repeated safety testing undertaken at every stage of the process. Only substances that fully satisfy our risk assessment standards are utilized.

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

Phased out use of chloroform, formalin, and DMF

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

PRTR initiatives

We actively promote the dissemination of chemical information.

A pollution release and transfer register (PRTR) system specified industrial plants and other facilities, which should notify the government about how much chemical substances that may pollute the environment are emitted, as well as transfers of these substances off-site in the form of waste materials. In Japan, the Konica Minolta Group discloses such information on emissions and off-site transfer of chemical substances via our website, as well as issuing Site Reports, and holding Community Environmental Briefings, and actively disseminates such information. Our risk communication and standard chemical management activities are highly commended, and the Konica Minolta Group in Japan won the first PRTR Grand Prize established in 2004.
Promotion of Zero Waste Disposal Activities

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

Zero waste disposal with due regard to economics

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

Konica Minolta Group zero waste disposal criteria

Level 1 criteria
- Resource recovery rate: over 90%
- Final disposal rate: less than 5%
- Cost reduction: over 90% reduction in external payments (from fiscal 1998 levels)

Level 2 criteria
- Reduce the volume of waste discharged externally by 30% per unit of sales (from fiscal 2001 levels)

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

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

Results of resource recovery

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

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

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

Annual changes in total waste volume, resource recovery rate and final disposal rate are published on our website. http://konicaminolta.com/pr/recodata

Integrated management of information on waste disposal for appropriate handling

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

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

Reduction in landfill volume by promoting resource recovery

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• Sites that achieved zero waste disposal in fiscal 2004

Kobe Site
Efficiently implemented bulk manufacturing of TAC films per type reduced manufacturing losses from magnesium moldings.

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

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

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

Konica Minolta Chemical Co., Ltd. Shizuoka and Fukushima Facilities
These sites have long promoted internal recycling of solid wastes through distribution. A new sludge drying system has been installed within the site, and various other measures have been implemented, such as trying to recycle raw materials for cement.

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

Okajima Minolta Seimitsu Co., Ltd.
The company extracted recyclable items from waste, increased its resource recovery rate and reduced losses from magnesium moldings.

Results of zero waste disposal activities: Approximately ¥1.6 billion annual savings
Initiatives for Environmental Communication

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

Establish a relationship of trust based on information disclosure and communication

Konica Minolta has been promoting information disclosure to stakeholders and communication based on “transparency” and “continuity.” We disclose everything about the environmental activities promoted by the entire Group through the issuance of reports such as this document and other mediums such as an environmental website and exhibitions. Each of our business sites considers that establishing a good relationship with local society through two-way communication is crucial. We also actively disclose information via environmental labels to convey details about our environmental products to users.

Promotion of information disclosure via reports and website updates

We issue annual reports introducing the activities of the Group as a whole, as well as of individual sites. In fiscal 2004, we issued a Sustainability Report 2004 to explain the entire Group’s measures to reduce environmental impacts as well as convey our respect for the environment. In terms of Site Reports that detail environmental information about individual sites, three more locations, namely the Motobu, Mikawa and Toyokawa sites, began to issue such reports in addition to those sites already issuing them. Our environmental website introduces Konica Minolta’s environmental activities as well as presents content to enhance environmental awareness. Furthermore, the Environmental Reports we issue are replicated on the website and supplemented with additional environmental data pertaining to group performance data.

http://konicanon.com/pr/ecodata

Participation in the Eco Products 2004 Trade Fair (Tokyo)

In December 2004, we participated in the largest environmental exhibition in Japan, Eco Products 2004, held at the Tokyo Big Sight trade show center. In 2004, under the theme “What Konica Minolta can do,” we introduced our activities and environmentally sound products, such as multi-functional devices, printers, polymerized toner and digital cameras. We also aired a program under the theme of “starry skies and space” at Konica Minolta’s “Media Globe” — digital planetarium.

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

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

Fiscal 2004 Community Environmental Briefings

Tokyo Site

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

Odawara Site

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

Risk Communication Model Program

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

We actively display relevant information using environmental labels.

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

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

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

Editor’s note

In order to ensure articles of deeper stakeholder interest in this CSR Report, Konica Minolta has established a CSR Report Editing Committee, comprised of members in the sections concerned within the Group under the guidance of the director in charge of CSR. Issuance for the next fiscal year is scheduled for August 2006.