



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.

Any activity that Konica Minolta undertakes should be ethical and proper. Every one of our employees and suppliers is aware of their responsibility to adhere to the strictest corporate ethics standards in all their actions.

In addition to rigorously complying with all relevant laws and regulations, they must ensure transactions are fair, treat all types of sensitive information properly, and prevent corruption. At the corporate level, we constantly work to increase transparency and strive to guard against impropriety through systems designed to discover and correct any transgression.

Promotion of Transparent and Effective Corporate Governance

The Konica Minolta Group has taken on a holding company structure, which enables each of the separate companies to concentrate on their specialties and to smoothly make strategic decisions. Konica Minolta Holdings has adopted the Board-with-Committees system that separates the supervisory and execution functions of operation to enhance management transparency and speed up decision making. The board of directors has three committees with different authorities to supervise operations: the Auditing Committee, Compensation Committee, and Nomination Committee. Each committee is chaired by an outside director and the majority of members are also outside directors. This structure helps ensure a transparent management system.

Konica Minolta's J-SOX project team has started working to ensure the Group's compliance with the Financial Instruments and Exchange Law,¹ which will be applicable starting in fiscal 2008. The team has divided the process into four phases and is proceeding to upgrade the Group's internal controls across consolidated companies. The goal is to establish a reliable system that prevents the occurrence of errors in the financial report preparation, and thus assure the appropriateness of the report procedure as well as the report content.

Ensuring Thorough Compliance of Local Laws and Regulations

In North America, Konica Minolta has published and hands out the *Antitrust Compliance Manual*, and conducts Antitrust Compliance Policy training sessions every year for the relevant personnel. The Group distributes the manual together with the *Distribution Code of Conduct* to dealers, requests them to comply with laws and regulations, and sends out letters to ensure that they are well informed.

In Europe, Konica Minolta ensures the Group is well informed about compliance issues by distributing the *Compliance Guide for Competition Law in Europe* to sales subsidiaries in each country and encouraging the discussion of competition laws at important meetings at each subsidiary.

In Japan, Konica Minolta developed educational courses on internal controls for managers of each subsidiary, following the enforcement of the Company Law in May 2006. In October, guidance and case studies were provided to executives at main subsidiaries to ensure the thorough adoption of corporate ethics. The Group also conducted stratified educational courses for a total of about 380 participants, including new employees, senior employees, newly appointed officers in subsidiaries, and newly appointed managers.

Roles of the Committees



Nomination Committee

The committee nominates candidates to be the next board member chosen in the General Meeting of Shareholders.

Compensation Committee

The committee determines the compensation of directors and executive officers.

Auditing Committee

The committee performs management audits in place of the previous corporate auditors.

J-SOX Project Team Work Plan

- Phase 1: Establishment of overall plan (completed in fiscal 2006)
- Phase 2: Documentation of internal control (underway in fiscal 2007)
- Phase 3: Design and operating effectiveness tests
- Phase 4: Further improvement

➔ The system will be integrated by the end of March 2008.

¹ Commonly known as the "J-SOX Law." A wave of recent corporate scandals in Japan has made clear the importance of internal company controls and the Financial Instruments and Exchange Law was enacted in 2006 to ensure the reliability of financial reporting. The law will become effective in fiscal 2008.