



KONICA MINOLTA *CSR REPORT* 2007



KONICA MINOLTA

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Message from the President

Becoming a Corporate Group that Plays an Essential Role in Society



The Konica Minolta Group is increasing its business worldwide with the aim of becoming an essential corporate group in the field of imaging. This drive is underpinned by the aspiration to win the trust of the world and become an essential corporate group in society; it is also the embodiment of our corporate social responsibility (CSR)¹ activities. As I mentioned in last year's *CSR Report*, we have put world-class CSR programs in our "Forward 08" medium-term business plan. All this is for the purpose of allowing ourselves to advance with our united effort as a Group to achieve this aspiration, while meeting every one of our stakeholders'² economic, social, and environmental expectations.

At Konica Minolta, we create our CSR activities by drawing on the Group's distinctive strengths, and move forward with each of them with real commitment. It is by doing so that we can earn the trust of stakeholders and gain respect as an essential company in society. Therefore, we have made the following measures our top priorities and have earnestly put them into practice:

1. Konica Minolta's CSR activities shall be promoted globally and driven forward Group-wide.
2. Aiming to be an essential corporate group in the field of imaging, the Group shall win trust through unceasing efforts in ensuring quality and environmental safety, as a provider of products and services.

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.



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.

3. The Group shall strengthen its communication with diverse stakeholders, including shareholders, customers, suppliers, members of local communities, and employees, and shall strive to reflect society's opinions in its management practices.
4. The Group shall strive to practice highly transparent management by strengthening internal controls in compliance and other areas.

Konica Minolta always takes a worldwide perspective and has put forward a global operational presence. This strength manifests itself in the Group's ability to create regional businesses worldwide that are each grounded in local society and culture. Capitalizing on this strength, I will spare no effort to continually raise Konica Minolta's corporate value and to cement society's trust in the Group. I believe that the Group's continued success depends on its being a company that is trusted by society and by all its stakeholders.

CSR activities thus fulfill a major role in our group. Konica Minolta is determined to continue Group-wide CSR activities that reflect its earnest mindset and unique approach.

June 2007



Yoshikatsu Ota

President and CEO
Konica Minolta Holdings, Inc.

¹ Whereas corporate governance and information disclosure are generally regarded as the major responsibilities that a company has to society, there are many other interpretations of CSR. Konica Minolta believes that CSR means obtaining society's trust.

² Includes shareholders, customers, suppliers, employees, members of local communities with whom the Group carries out business activities, and all other parties concerned.



CSR Activities at Konica Minolta

Promotion of Corporate Social Responsibility (CSR) Activities From Responsibility to Trust

Hiroshi Ishiko
Senior Executive
Officer responsible
for CSR
Konica Minolta
Holdings, Inc.



The Konica Minolta Group sees CSR as the essence of management. Pursuit of the Group's management philosophy, "the creation of new value," and the implementation of the Konica Minolta Group Charter of Corporate Behavior form the basis of Konica Minolta's CSR.

Seven Target Areas in the Konica Minolta Group Charter of Corporate Behavior

- 1 Beneficial and safe products
- 2 Fair and transparent corporate activities
- 3 Communications with society and information disclosure
- 4 Environmental protection
- 5 Contribution to society
- 6 Respect for employees
- 7 Responsible actions

* The full Charter of Corporate Behavior can be viewed on the Konica Minolta Web site.

"Forward 08" Medium-Term Business Plan

Promoting World-Class CSR Programs

Areas of Focus:

- Strengthening Wide Stakeholder Engagement¹
- Strengthening Quality and Environmental Management
- Practicing and Continuously Improving Group Governance

¹ "Stakeholder" refers to all parties interested in the Group's business activities, including shareholders, customers, suppliers, and local residents.

"Stakeholder engagement" refers to soliciting stakeholder opinion on management decisions and corporate activities.

² Konica Minolta's zero waste initiative is to promote waste recycling and reduction of the amount of material sent to landfills.

The trust of our stakeholders is our driving force. The Group is compelled by the need to forge a solid foundation that is deeper and longer-lasting with its stakeholders and to become a company in which the world can have absolute confidence. CSR is generally thought of as a company's economic, social, and environmental responsibilities. At Konica Minolta, our vision goes beyond fulfilling responsibilities. Rather, the aim of our CSR activities is to become a company that is trusted around the world.

While we are promoting CSR activities, we thrive on the positive feedback from our customers, shareholders, suppliers, community residents, and employees from around the world. This feedback, in turn, can provide great motivation for the company to continue striving even harder to be a company that grows sustainably.

One of our priority issues is to promote world-class CSR programs, a commitment articulated as a basic policy in the Group's "Forward 08" medium-term business plan. To implement our CSR programs effectively, we had the Konica Minolta Group Charter of Corporate Behavior, which will be the shared foundation among suppliers and employees, translated into nine languages and distributed widely. Moreover, this is the third year that we are publishing the CSR report in five languages (Japanese, English, German, French, and Chinese). We hope that it will expand an understanding of the CSR activities the Group is working on around the world.

I have visited Group companies throughout Japan, Europe, the United States, and China, to communicate face to face with the people directly responsible for promoting our CSR activities to share understanding of our CSR activities. The feedback gathered at these meetings has helped shape the measures leading to the strengthening of our activities. We have just started to take the leap from responsibility to trust, but this goal is rooted in the consciousness of each Konica Minolta employee. We also believe strongly in respecting the culture, customs, historical views, and needs of each region around the world, and we promote activities in line with that respect for shared values.

Konica Minolta is keen to consider quality and environment, both of which constitute essential components of trust. One small example, in terms of quality, is our goal to strengthen our manufacturing capabilities. To date, we have expanded process-enhancement activities worldwide. On the environmental front, we have expanded our zero waste initiatives² from Japan to China, transforming them into a global effort. Two plants in China recently achieved what we classify as "Level 1" zero waste criteria. We are determined to earn the trust of the people not only through provision of products and services but also in our dedication to quality improvement and

Progress made in fiscal 2006

1. Beneficial and safe products

- Universal design³ has been incorporated into every aspect of the full-color multi-functional peripheral (MFP)⁴ bizhub C550, such as in the use of blue LED lights, which are more clearly visible to people with red-green color blindness, in the start button and state indication lights.
- ISO 15408,⁵ an international certification for information security, was obtained for all MFP products. These products come loaded with a security mode as a standard specification.
- Konica Minolta offers products with low environmental impact by obtaining environmental label certifications, such as the Blue Angel label⁶ and the Energy Star,⁷ and by complying with the RoHS Directive.⁸

2. Fair and transparent corporate activities

- Aiming to acquire ISO 27001 certification for its Group-wide information security management system (ISMS),⁹ Konica Minolta established a plan for each of the Group companies and started activities toward that end.
- Aiming to be fully compliant with all environmental regulations, including the RoHS Directive, the Group started a partner acknowledgement system to work with its well-established suppliers on environmental issues, and completed evaluations of all the production sites of its suppliers (about 700 sites of 500 companies).

3. Communications with society and information disclosure

- Upon a complete renewal of Konica Minolta's Web site in April 2007, the Group improved the user friendliness of the site with an intuitive navigation system that allows viewers to move back and forth between related information and easily find what they are looking for.
- The Corporate Information Disclosure Committee confirmed that the framework for disclosing important company information (through timely financial and corporate status reporting to stock exchanges, annual reports, CSR reports, etc.) in a timely, appropriate, and fair manner is functioning properly.

4. Environmental protection

- Konica Minolta conducted Group-wide evaluations to identify energy-saving measures and established plans and measures to reduce CO₂ emissions.
- The Group is working steadily toward fully phasing out, by the end of fiscal 2007, the use of heavy metals specified in the RoHS Directive in its products that are not mandated for compliance. In addition, the Group's determination to increase energy savings in its products was evident in its anchor product, the bizhub C550, which consumes 40% less energy than the previous model.
- All Group production facilities pushed forward with zero waste activities, while six new sites achieved the zero waste standards set by Konica Minolta. The release of volatile organic compounds into the atmosphere decreased by 86% compared to the fiscal 2000 level.

5. Contribution to society

- Konica Minolta carried out a Group-wide, in-depth study of its social contribution records in order to examine which initiatives to strengthen.
- Under its Global Program,¹⁰ Konica Minolta's continued involvement in breast cancer eradication activities included donating digital mammography machines¹¹ to China.
- Under its Regional Program,¹² Konica Minolta gives continuous support to the operation of the Tsurui Ito Red-Crowned Crane Sanctuary, established by the Wild Bird Society of Japan.
- Under its Local Program,¹³ Konica Minolta encourages Group companies and sites to improve relationships of trust with local communities, using their own judgment.

6. Respect for employees

- In Japan, Konica Minolta promoted a new fair-and-well-balanced human resources system and also started investigating the adoption of job rotations that will increase opportunities for employees to fully demonstrate their abilities.
- In Japan, the Labor-Management Committee started educational activities to encourage utilization of the company system that enables employees to maintain their career while having peace of mind during times of childbirth and child-raising. It also strengthened measures to prevent health problems related to overwork.
- In Japan, Konica Minolta stepped up its traditional employment of persons with disabilities. It also made preparations to revise its system for reemploying persons who have reached the mandatory retirement age. The system will be expanding greatly from fiscal 2007.

environmental concern. We will continue making it our mission to enhance our commitment at the highest levels in these areas.

Konica Minolta is not just a company but also a member of society. It, naturally, makes contributions through its main business. But at the same time, the Group is promoting various activities to contribute to society to be of some help to the world. As part of the Pink Ribbon campaign, a global drive to eradicate breast cancer, we have contributed mammography machines, which are essential to the early detection of breast cancer, to university hospitals in Beijing and Shanghai, China. We have also been involved in many other social-contribution activities that are gradually bearing fruits.

The Group's CSR activities also cover other areas such as compliance, occupational safety, and communication with stakeholders. We have established targets that we hope will prove Konica Minolta to be a company worthy of trust. We will not, even for a moment, allow the momentum of our CSR activities to decline, nor will we lose track of our state of progress while following plans that focus on the medium and long term. Moreover, we will with good grace admit to challenges not yet overcome and ensure transparency in all our actions.

The Konica Minolta Group is strongly united in its CSR efforts and its hope of making the leap to a globally trusted company. We thank all our stakeholders for their continued support of the Konica Minolta Group.

³ The concept of designing products, buildings, and spaces while keeping in mind diversifying human factors, such as disabilities, age, and sex.

⁴ A printer capable of performing several other functions, such as copying, scanning, and faxing.

⁵ International standards granted to IT products and systems that guarantee reliability of security-function design and mounting.

⁶ This label, attached to environmentally sound products in Germany, has the longest history of any eco mark in any country.

⁷ This mark of the international Energy Star program is attached to office equipment that meet specific energy-consumption standards.

⁸ Stands for "the restriction of the use of certain hazardous substances in electrical and electronic equipment" and has been in effect since July 2006 in the EU.

⁹ A third-party recognition system to approve that an organization is maintaining its information security management system.

^{10, 12, 13}

The Global Program, Regional Program, and Local Program are classifications for Konica Minolta's social contribution activities. See page 26 for details.

¹¹ Machines that take X-ray images and contribute to the early detection of breast cancer by revealing tumors too small to be felt by palpation.

Special Feature:
Corporate Social Responsibility (CSR)
Promotion through Business Activities

Konica Minolta has made a commitment as a manufacturer to deliver first-rate products and services that are trusted and needed all over the world.

Konica Minolta is increasing not only the usability but also the value of its products and services for its customers.

In this chapter, Konica Minolta's globally expanding CSR activities are highlighted through the bizhub C550, which represents the next generation of multi-functional peripherals (MFP).¹





The bizhub C550: Responding to the Needs and Business Environment of Every Customer

The world has been experiencing technological innovation in a rapidly developing IT environment, and the day when people will be able to access information anytime and from anywhere is already within sight. Konica Minolta recognizes that delivering first-rate products needed by society is the responsibility of the manufacturer. Guided by this mantra, the Group is concentrating its efforts to take the customer's point of view and offer real value to the customers, going beyond just the production and development of products. Konica Minolta has launched a Group-wide effort covering various departments to develop products and services that will offer the greatest value to the customer. One achievement of this effort is the full-color MFP bizhub C550.

The bizhub series are convenient for use in offices that demand high speed and high quality. In addition to basic functions such as copying, printing, scanning, and faxing, bizhub devices handle a wide range of applications over networks and the Internet. Building upon the bizhub's basic functionality, the C550 is a first-rate product and service that responds to the needs and business environment of each and every customer.

The C550 is highly advanced in terms of information security and universal design (UD),² both of which have become social

concerns. In addition to a user-ID and password authentication capability, the C550 is equipped with an authentication system that uses finger vein pattern recognition to differentiate users and prevent the leak of information through MFPs. This system is fast, highly accurate, and relieves the need for users to carry an access card.

Another feature is universal design, a design that everyone can use and is becoming widely acknowledged. The Group was one of the first to establish its own UD standards and put them into products, including adjusting the height of machines and designing operation panels that can move up and down, providing access to people in wheelchairs. The C550's enhanced usability features an operation panel that can also be moved left and right, as well as blue LED lights in the start button and the indication lights on the unit's front side that are more clearly visible to people with red-green color blindness.

Color MFPs that meet the varying needs and business environments of every customer—these represent the new wave of first-rate products and services that Konica Minolta plans to offer.

This special feature article highlights individuals who have played a role in the marketing of the C550 and work with pride and a sense of responsibility.



¹ A printer that is capable of performing various other functions, such as copying, scanning, and faxing.

² The concept of designing products, buildings, and spaces while keeping in mind diversifying human factors, such as disabilities, age, and sex.

Special Feature:
Corporate Social Responsibility (CSR)
Promotion through Business Activities

Responding to Customer Demand for Reliable and User-Friendly Products

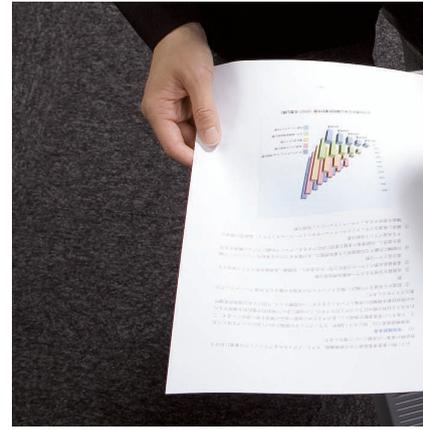
During the development of the C550, Konica Minolta kept the customer's needs in mind, striving for a product that would be reliable and user-friendly. The C550 meets all these criteria.

Reliability means more than a safe user experience. It is the sense of assurance that comes with trusting that the device will be free of glitches, that it is environmentally sound, and that the manufacturer is fulfilling its social responsibility. The C550 employs induction heating (IH)¹ technology in a fixing unit with a short warm-up time. This reduces the energy consumed during operation and controls idling



movements during standby as much as possible, thereby cutting down idling noise and decreasing rises in room temperature. The C550 delivers one of the industry's leading energy-efficient designs that takes into account the global environment as well as the office environment.

Moreover, during the test production stage, the company invites a number of people to try out the prototype in order to ensure comfortable operation. The testers are asked to comment not only on image quality and output speed but also on ease of use, points of concern, and any annoying noises, among other quality issues. Older people and people with disabilities also cooperate in this process, evaluating and helping improve the user friendliness. For example, in response to feedback, a display-enlargement function was added and high-contrast colors were used, to make the screen on the operation panel easier to read.



¹ A method of generating heat with electromagnetic induction. The technology is used in certain kinds of cooking elements, etc.



Yoshio Yamazaki
 General Manager
 Imaging Products R&D
 Headquarters
 Konica Minolta Business
 Technologies, Inc.

Direct communications with customers to make even better products

"We go to a customer's office and ask what they would like to see in an MFP. We then develop products while sharing what we have learned with people in various departments. In this respect, I think that development designers need to have good communication skills."



Xinhua Wei
 Manager
 Parts Quality Assurance
 Department
 Konica Minolta
 Consulting (Shenzhen)
 Co., Ltd.

The results are achieved through cooperation with suppliers

"In China, to ensure the RoHS compliance of target parts was our top priority in 2006. We worked hard everyday, as we didn't have any experience in this field before. The achievement is the result of collaboration between China and Japan inside the group and with our suppliers."

Safe Products Begin with a Strong Reliable Relationship with Supplier

Quality parts are the elements of safe products. For both the customer and the customer engineer (CE),² parts must not be the origin of injury, such as getting cut on openings in sheet metal; and electrical parts must be capable of withstanding the voltage and heat as indicated. Konica Minolta relies on its suppliers to ensure the safety of its products.

In recent years, there has been an increasing concern over the safeness of chemical substances contained in parts. A typical example is the "RoHS Directive," a regulation relating harmful substances enforced by the EU. Starting from July 2006, products containing the six substances designated by the directive as harmful, including lead and mercury, cannot be sold within the EU. This regulation did not pose any problem to Konica Minolta because a countermeasures team had already been set up and all measures had been thoroughly implemented before this regulation came

into effect. Propelled by this momentum, Konica Minolta has established an even stronger parts-quality-control framework within its green procurement³ system.



First, Konica Minolta proceeded with a thorough on-site inspection and visited more than 700 suppliers all over the world to make inspections and evaluations on such issues as the inclusion of harmful substances in parts or units and the appropriate drainage system of the suppliers' plants.

Based on the inspection results, Konica Minolta issued a letter of acknowledgment to suppliers who had established sufficient environmental measures. Further, by training and encouraging the recognition of internal inspectors who are responsible for evaluating suppliers, awareness of environmental activities has gone up among employees. The key to Konica Minolta's green procurement success may have been due to the strong, reliable relationship cultivated by direct interchange with suppliers during the on-site visits.

² Service personnel who maintain and inspect customers' devices.

³ A method of procurement practiced by companies, whereby parts and products that are environmentally sound are selected and purchased.

Special Feature:
Corporate Social Responsibility (CSR)
Promotion through Business Activities



**“This Is Our Second Home” —
 Motivating Employees and Raising
 Company Spirit in China Plants**

China has now become the world’s factory as many companies set up their production bases in China. However, supervisors have to face challenges in terms of workforce turnover rate and morale. At Konica Minolta, however, the turnover rate in China has improved over the past few years. What happened? The key to this question is revealed in the message of the Chinese saying, “*Yi chang wei jia*,” or “This is my second home.”

A manufacturer’s reliability as a global company depends on whether it can provide steady supply of identical high-quality products all over the world. To maintain quality, it is necessary to develop an environment in which employees have job satisfaction and are willing to work there for a long time. Konica Minolta’s solution for this is rather simple: to care for its employees by holding cultural activities, sports events,

and arranging after-work educational programs, such as Japanese, English, and computer classes for the employees. The feeling of stability that comes from knowing that Konica Minolta is a company that is supporting the development of one’s ability gave employees a budding fondness for the workplace.

Responsibility grows as one loves their workplace. Visitors are always surprised at the employees’ capability of identifying defective parts—it showed that Konica Minolta employees are proud of their work and get involved in it. To provide worthy service is the Group’s common mission.

In China, family and one’s hometown are very important. Konica Minolta’s Chinese employees refer to their workplace in the same manner. Konica Minolta treated the philosophy — “*Yi chang wei jia*,” “This is my second home” sincerely.



Zhenzhou Chen
 Department manager
 Product Production
 Division
 Konica Minolta
 Business Technologies
 (Wuxi) Co., Ltd.

Making tireless effort to produce high quality products

“We had a number of problems with the production line setup for the new bizhub C550 last September. However, we were able to overcome the problems that arose thanks to the efforts of the staff in Japan and at the Wuxi Plant. In the end, we achieved a solid production plan while ensuring high quality.”



Phil Steele
Production Print
Technician
Production Printing
Support Department
Konica Minolta Business
Solutions (UK) Ltd.

Providing customers with the highest level of support and service

"I work for the Production Print Division in the UK as a technician specializing in software and solutions which include controller and applications issues. My aim is to provide customers in the production print environment with the highest level of support and service."

Tapping into the C550's Potential— Technological and Communication Capabilities Generate Customer Satisfaction

The bizhub C550 was commercialized by the combined efforts of Konica Minolta's many departments. However, if customers want to use the C550's full potential, CEs, who serve as a direct connection with customers, need to improve their own product knowledge, technical abilities, and proposal methods. Gathering CEs together for a major training session each time a model is upgraded, though, could be an inconvenience for customers waiting to have their machines serviced.

Accordingly, Konica Minolta has introduced two systems that support the improvement of CEs' service capabilities. One is an e-learning¹ system, which can be used any number of times without concern for time or location. The other is OUTWARD, a qualification system that has been used since the spring of 2006. OUTWARD categorizes the technical capabilities of

Konica Minolta's CEs worldwide into four levels: associate, professional, expert, and master. This system offers the combined benefits of clarifying the services that CEs can provide to customers and increasing the transparency of the personnel evaluation system by promoting CEs who have attained higher qualifications.



Products evolve as we respond to individual customer needs. The Group's goal in the future is to develop new MFPs that will provide customers with whatever documents they need whenever they want. As we have seen thus far, it is the people that close the gap between customers and products. This is why Konica Minolta devotes so much effort toward human resources education and development.

Even at this very moment, Konica Minolta's employees around the world are continuing their efforts to improve their delivery of valuable services to customers.

¹ Technology-based learning method using PCs or a computer network.





Charter of
Corporate Behavior

1

Beneficial and Safe Products

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

Konica Minolta believes that as a manufacturer, we must earn the trust and confidence of society by conscientiously fulfilling customers' expectations with respect to product quality and safety. Accordingly, we have made it our overriding goal to fulfill customers' expectations by consistently giving top priority to quality and customer satisfaction and by providing products and services with distinctively high levels of value.

Print-on-Demand (POD) System: Printing When and in the Amount You Need

Konica Minolta provides a POD system, with its own high-speed multi-functional peripherals (MFP). The POD system, without any proofs or plates, enables the customer to print and bind copies on-demand. Moreover, in the case of digital documents, the customer can print them remotely even at multiple locations simultaneously through communication networks. The system also enables the customer to complete tasks which were not practical with traditional printing methods because of time consumption and economical reasons, such as immediately obtain a copy of a foreign newspaper or a single volume of a rare book.



POD System

Advanced Protective Films for Liquid Crystal Display (LCD) Products

Thin, light, and energy-efficient, LCDs are widely used as monitors for TVs, computers, cell phones, car navigation systems, and other products. Konica Minolta is a major producer of triacetyl cellulose (TAC) film, an important material that is used as a protective film for polarizing plates, which are a basic component of LCDs. Since production of TAC films for protecting LCD polarizing plates requires an advanced technology, manufacturers are extremely limited. Meeting the extensive needs for LCDs, Konica Minolta offers a wide array of products and supports the supply of increasingly large, ever-higher image quality LCDs.



TAC film used as a protective film for LCDs

Digital Konsensus Answers Demand for Digital Proofing System

The computer-to-plate process, which does not require graphic arts film, has become more widespread in the printing industry in recent years. As a result, digital color proofing—another step in which graphic arts film is not needed—has become essential. Konica Minolta's Digital Konsensus digital proofing system is the answer to this need. In the latest model, Digital Konsensus Premium, Konica Minolta succeeded in reducing waste liquid by about half, compared to previous models, by developing new types of paper and processing agents, as well as an automatic processor that incorporates new cleaning technology.



Digital Konsensus Premium



PULSOX pulse oximeter

Pulse Oximeter Spares Patients Discomfort

The PULSOX pulse oximeter is a compact device that measures oxygen saturation in arterial blood by observing changes in the color of hemoglobin in the blood with light shone through the fingertip. With this feature, the pulse oximeter is put to good use in the medical field as an instrument that gives results instantaneously without the need to draw blood. It is mainly used for lung function tests at hospitals, checkups for patients undergoing domiciliary oxygen therapy, and as a simple way of detecting sleep apnea syndrome.



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.



Charter of
Corporate Behavior

3

Communications with Society and Information Disclosure

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

Konica Minolta believes that two-way communications enable diverse people to pool their wisdom and constructively collaborate. Therefore, we engage in dialogue with diverse counterparts, including our customers, shareholders, and investors as well as government units, local communities, and other companies. To ensure widespread understanding of and confidence in the Konica Minolta Group, we strongly emphasize not only the timely and proper disclosure of financial information but also the timely and proper disclosure of such nonfinancial information as that related to our social and environmental activities.

Making the Most of Investors Feedback in Quarterly Briefings

Every quarter, a briefing is held to explain financial results to institutional investors and ratings organizations. The fourth-quarter briefing in May 2006, for example, addressed the "Forward 08" medium-term business plan. Executives and employees of the planning divisions of the group companies participate in these briefings and directly receive comments and opinions from investors. This feedback is then incorporated into management decision making such as business planning.

On the same day, materials distributed in the briefings are posted in both Japanese and English on the Konica Minolta's investor relations (IR) Web site, and telephone conferences are held for institutional investors outside Japan. Every effort is made to ensure that all shareholders and investors receive the same information at the same time.

Meetings between Investors Outside Japan and Top Management

In July 2006, Yoshikatsu Ota, president and CEO of Konica Minolta Holdings, Inc., visited the United Kingdom, Germany, and France, and then the United States and Canada in September, holding meetings with over 40 institutional investors in total. In these meetings he not only explained the current financial results of the company but also held earnest discussions on the direction of management and business strategy over the medium term and long term.

Konica Minolta frequently holds individual meetings to facilitate dialogue with institutional investors, by paying visits to their offices, as well as accepting visits as requested. Top management has been taking the lead in this area, and feedback obtained from these meetings is reflected in the company management. In fiscal 2006, individual meetings were held with around 400 institutional investors. More than 100 of these meetings were conducted by Konica Minolta's management team.

Electronic Voting System for Shareholders from around the World

Konica Minolta ensures sufficient communication with institutional investors, such as through the early provision of agenda information for the General Meeting of Shareholders.

As of the General Meeting of Shareholders in June 2007, institutional investors from around the world (mainly in the United States, the United Kingdom, and other countries) were able to exercise their voting rights via an electronic voting system, which has been proved to be reliable by the use of about 2,000 institutional investors. In the past, institutional investors outside Japan received agenda information on the General Meeting of Shareholders, held in Japan, through numerous relevant institutions; they thus had little time to study the agenda contents. However, this new system has sped up the process and given institutional investors an optimized environment to carefully review the agenda information before voting.

Dialogue with Stakeholders



Staff Column

Kaori Gokyu
Manager
Investor Relations
Group
Konica Minolta
Holdings, Inc.



"In order for the company to grow sustainably as a valuable entity, it is important to continue earning the trust of stakeholders. In our IR activities, we are working on maintaining open lines of communication with stakeholders in order to reinforce their confidence in Konica Minolta."



IR briefing for investors

3

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



Exhibition "George V" held in Paris

Staff Column

Daniel Mathieu

Director
Marketing and
Communication
Department
Konica Minolta
Business Solutions
France S.A.S.



"We will continue to provide value-added solutions to society, not just through products based on innovative technology but also through various services and CSR activities."

Tom Rohde

Administration
Manager
Konica Minolta
Supplies
Manufacturing
U.S.A., Inc.



"I am very proud that for 18 years Konica Minolta has served the Goshen, New York, community by offering our copying services to charitable organizations and allowing our facilities to be used for community events."

Konica Minolta's Exhibitions Improve Dialogue

Exhibitions represent an important opportunity for direct communication with various visitors. Through the presentation of its products and CSR activities, Konica Minolta is actively promoting dialogue with its stakeholders.

In February 2007, sales company Konica Minolta Business Solutions France S.A.S. held an exhibition "George V," showcasing multi-functional peripherals (MFPs) at the Four Seasons Hotel George V, Paris. Many people visited the event, including customers and dealers, and the company had the opportunity to present Konica Minolta as the number one manufacturer of color MFPs. In an area dedicated to Konica Minolta's 20th anniversary of color copier sales, the evolution of the company's color copiers and its 20 years of environmental efforts were showcased. The French edition of the *Konica Minolta CSR Report 2006* was widely distributed along with a brochure which introduced CSR activities, made in France. Many visitors to the exhibition were impressed that the technical development of MFPs is tied in with the company's CSR activities.

Building Trust among Local Communities

Konica Minolta plants place importance on communicating with local residents and actively hold plant tours and events for the public.

Since the construction of its plant, toner producer, Konica Minolta Supplies Manufacturing U.S.A., Inc., has been encouraging an open exchange of opinions with the local community on environmental impact and other issues. One encouraging result of these interactions is a large wetland area preserved inside the plant compound that has become a sanctuary for geese and deer. The company now also provides a free copying service for brochures and newsletters to many nearby non-profit organizations, such as art museums and the Rotary Club. Paper for testing printing qualities of toner is largely left blank and can still be used; the company donates this paper to the YMCA (Young Men's Christian Association) and YWCA (Young Women's Christian Association) USA.

Konica Minolta Supplies Manufacturing U.S.A. also supports the Japanese Association, which introduces Japanese culture to local residents through classes on Japanese flower arrangement, tea ceremonies, and haiku poetry. The company also lends out a conference room to the local chamber of commerce. In this way, the company is deepening mutual understanding within the local community.

Raising Awareness about Konica Minolta's Quality Management

At its manufacturing plants in China, Konica Minolta actively invites clients, including dealers and group sales companies that sell Konica Minolta products, to take factory tours. The aim is to have them witness the efforts made for quality assurance in the plants by giving clients a first-hand look at the production process. The participants are able to view the quality management system with their own eyes, meet the employees face to face, and realize their motivation and devotion to making good products. In seeing the passion with which Konica Minolta products are made, tour participants will have greater confidence in the products and will consequently recommend them to their customers with firm conviction.

Encouraging Employee Involvement in CSR Initiatives through Campaigns

When promoting CSR activities, it is important to not just implement management policies but to also ensure that all employees are fully participating in them. In order to enhance frontline employees' understanding of CSR, in November 2006, Konica Minolta began a campaign entitled, "Understand and Promote CSR."

The members of the CSR Promotion Group visit the Group sites in Japan and give easy-to-understand talks on CSR. This activity is to promote understanding among all employees, including temporary and part-time workers.

Panels on CSR and related materials are posted in locations such as cafeterias at Konica Minolta sites. Talks are given to employees that visit the cafeteria, and specific CSR conduct cases are explained. These events are attended by an average of 200 people a day, and close to 500 people in some places; a total of 3,000 employees have participated to date (as of June 2007). These types of activities bring together employees of different backgrounds to discuss the things that are important to them, and the things that they can do to promote CSR.



Participants taking a Shilong plant tour

Staff Column

Yuefeng He
Senior Manager
Production 1
Division, Shilong
Plant
Konica Minolta
Business
Technologies
Manufacturing (HK)
Ltd.



"Shilong Plant is a world-class plant that continues to evolve and produces high-quality goods that give customers great satisfaction. The quality of our products is the result of our continuous efforts for improvement. The plant is like a big family, with mutual respect among the employees. We sincerely hope that plant visitors will witness the results of our efforts in all the products manufactured here."



"Understand and Promote CSR" campaign

Environmental Protection

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

Konica Minolta strives to minimize its environmental footprint. Under its environmental management policy, the Group aims not only to provide customers with products and services that are useful, but to minimize environmental impact and maximize economic value. Moreover, we comprehensively define the minimizing of environmental impact as including the global impact of all product life-cycle stages—from the selection of raw materials and components through development, manufacturing, distribution, usage, servicing, and disposal.

Energy Efficient Products with Less Environmental Impact

With the progress of global warming, lowering energy consumption has become an important issue in designs of multi-functional peripherals (MFP). The bizhub C550, a digital full-color MFP that was released in February 2007, employs induction-heating (IH) fuser technology,¹ thereby cutting down the machine's warm-up time. The C550 also uses Konica Minolta's high-grade polymerized toner, which requires significantly less heat to fuse to paper. As a result it achieved an appreciable decrease in consumed energy (40% reduction over its predecessor²).



bizhub C550

Reducing Energy Consumption with Advanced Polymerized Toner

Compared to conventional pulverized toner, Konica Minolta's polymerized toner comes in fine, uniform particles and produces high-quality images comparable to offset printing. All the new models in Konica Minolta's line of MFPs and laser printers come loaded with a polymerized toner system.

The manufacturing of polymerized toner requires at least 30% less energy compared to conventional methods because, unlike with pulverized toner, grinding is unnecessary. The elimination of this step thus reduces the amount of CO₂ emitted. Moreover, with the introduction of an upgraded polymerized toner in 2006, the Group succeeded in reducing energy consumption during use by about 15%, on top of the energy saved during manufacture, as it requires less heat to fix the toner.

Eliminating Hazardous Substances in Products

The RoHS Directive³ was adopted by the European Union to eliminate six hazardous chemical substances that could result in health and environmental risks, even if the products were properly disposed of. This directive has prohibited the use of lead, mercury, cadmium, hexavalent chromium, and polybrominated biphenyl (PBB) and polybrominated diphenyl ether (PBDE) flame retardants in electrical and electronic equipment sold on and after July 1, 2006. In response to the RoHS Directive, Konica Minolta raised the goal of compliance not only for products marketed in Europe but worldwide. The Group implemented an investigation and took the initiative to substitute any unacceptable parts used in Konica Minolta products with ones that do not include those restricted substances. As of January 2006, the Group uses only parts that do not contain the six substances in its manufacturing of applicable new products.

Staff Column

Egbert Pape

Manager
Environment &
Safety Europe
Konica Minolta
Medical & Graphic
Imaging Europe
GmbH



"The EU's three environmental directives—WEEE, RoHS, and EuP⁴—raise major issues regarding manufacturing equipment and the materials being used. Also, all chemical substances included in products are subject to the EU's REACH.⁵ We should therefore make chemical substance management a basic part of the eco-design of these products."

¹ IH (Induction Heating) technology is a process for electromagnetically inducing heat.

² Based on comparison with the bizhub C450, released in 2005.

^{3, 4, 5}

The Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS), Waste Electrical and Electronic Equipment (WEEE), and Energy-Using Products (EuP) directives, as well as the Registration, Evaluation, and Authorization of Chemicals (REACH), are environmental regulations for products. These directives have been established in Europe in recent years.

4

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

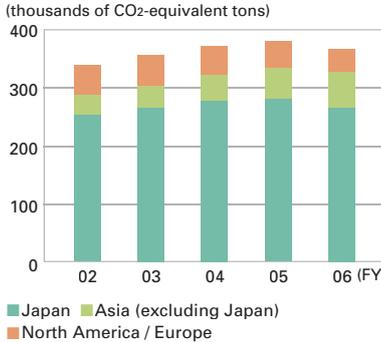
■ Staff Column

Florence Buhot
Quality & Environment Manager
Konica Minolta Business Solutions France S.A.S.



“On February 2, 2007, the Fourth Assessment Report of the Intergovernmental Panel on Climate Change—which summarizes the latest knowledge about global warming—was presented. In response to the report, we must hasten to take measures. In fiscal 2007, the company will adopt the Bilan Carbone® method for measuring and reducing its CO₂ emissions.”

CO₂ Emissions of Konica Minolta R&D and Production Sites



¹ Level 1 zero waste criteria: Recycling rate must be 90% or higher; final disposal rate should be 5% or lower (including secondary residue); cost reduction is achieved by a gain on sales of recycled materials and/or a cost saving effect resulted from such measures, exceeding the total recycling cost paid to outside parties.

² Level 2 zero waste criteria: Volume of waste discharged externally must be reduced by 30% per unit of sales (compared against the benchmark fiscal year).

CO₂ Reduction throughout Product Life Cycle

Konica Minolta is working toward the group-wide goal of reducing CO₂ emissions from the overall life cycle of its products—from manufacturing and distribution to usage—by 20% compared to the fiscal 2000 level in fiscal 2010.

The Group is implementing an Energy-Conservation Support Program that repeatedly checks the energy-saving status, identifies problem areas, and makes improvements at each production site. In addition, the Group is working to develop products that save energy when in use (see page 22).

Airplanes emit much more CO₂ than ships delivering the same product in the same distance. Konica Minolta ships its products internationally by sea, but sometimes air shipments are also used. The Group is working to reduce CO₂ emissions by cutting down on the frequency of air shipments. In fiscal 2006, the percentage of CO₂ emissions from air shipments was reduced by about 60% from the fiscal 2004 level.

Zero Waste—Contributing to Build a Recycle Oriented Society

Konica Minolta is lowering its environmental impact and cutting down on the amount of waste it produces by setting a group-wide goal of reducing its waste disposal at all sites by 20% (compared to the fiscal 2000 level) in fiscal 2010. To achieve this goal, the Group is promoting zero waste campaigns to minimize landfill waste through recycling. The criteria, which Konica Minolta categorizes as either Level 1¹ or Level 2² are to be implemented at each site. Level 1 calls for the reduction of landfill waste by recycling. After achieving the goal of Level 1, the site aims to meet Level 2 standards for reducing the volume of waste per unit of sales.

In fiscal 2006, Konica Minolta Business Technologies (Wuxi) Co., Ltd., and the Shilong Plant of Konica Minolta Business Technologies Manufacturing (HK) Ltd. achieved the Level 1 zero waste goal. This was the first time a site outside Japan met the requisite criteria. The recycling rate is 94.4% for the Wuxi Plant and 99.9% for the Shilong Plant. This news was covered by newspapers in China and on the Internet, introducing Konica Minolta’s environmental management system to Chinese society.

In Japan, another four sites reached the Level 2 zero waste goal, bringing the total to ten sites within the country.

Sound Management of Chemical Substances and Voluntary Reduction of Hazardous Substances

Konica Minolta has set the goal of reducing its gross release of volatile organic compounds (VOCs)³ into the atmosphere to 1/10 the fiscal 2000 level in fiscal 2008. In fiscal 2006, it reduced its release of VOCs to 16% of the fiscal 2000 level. Moreover, the Group has set individual targets for a priority reduction of certain substances, such as dichloromethane,⁴ which has a serious environmental impact.

Regarding soil and groundwater pollution, Konica Minolta's proactive investigations have resulted in the finding of such pollution at nine sites. Specialized teams were formed to manage these sites, where the Group is continuing to undertake remediation and periodic monitoring as well as other countermeasures. Detailed information on each of these sites has been disclosed on the Group's website.

When starting manufacture of a new product on a production line, Konica Minolta ensures both product safety and the safety of its employees working on-site, based on its own chemical safety management standards. One example of this is American Litho's plant in Michigan, in the United States, which recently expanded its production line of next-generation printing plates. Under the supervision of experts and industrial physicians, the plant carefully examined its handling method of chemical substances in use. Taking the experts' opinions into account, American Litho held a meeting for chemical safety judgment and continues to work to ensure safety in the production process.

For more details about Konica Minolta's environmental initiatives and an online version of the environmental report, visit Konica Minolta's environmental Web site at:

<http://konicaminolta.com/environment>



Wuxi New District Web site explains plant's zero waste progress

Staff Column

Jianli Gong
Environment
Representative
Konica Minolta
(China) Investment
Ltd.



"This March, the Wuxi Plant and the Shilong Plant achieved Level 1 zero waste, both attaining over a 90% recycling rate for generated waste materials. We will continue to push ahead with various environmental measures, in addition to advancing our zero waste activities."

David A. Pasquini, Ph.D.
Vice President
Health, Safety &
Environmental
Management
Konica Minolta
Headquarters North
America, Inc.



"By safely managing the handling, use, storage, and disposal of chemical substances in our manufacturing operations, Konica Minolta is able to safely use chemicals to manufacture high-quality products at its US manufacturing sites."

³ VOCs are widely used as detergents, solvents, and fuel. In recent years they have been regarded as hazardous substances that cause pollution, such as photochemical smog, and illness, such as sick house syndrome.

⁴ A species of organic solvent also known as methylene chloride.



Charter of
Corporate Behavior

5

Contribution to Society

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

Konica Minolta aims to be an excellent corporate citizen everywhere it operates and works to gain a solid understanding of regional values and to ensure its activities are in harmony with those values. Through its operations, the Group seeks to show respect for regional cultures, histories, and customs while helping to overcome regional problems.

Contributing to Society Globally, Regionally, and Locally

Konica Minolta's social contribution activities are categorized into three types of programs, in accordance with the scale of the activity. Global Programs focus on challenges shared by all humanity and the entire Group. Regional Programs are conducted on a smaller geographical scale and involve activities that specifically target North America, Europe, Asia (China), or Japan. Local Programs are initiated by Group companies and facilities located around the world to contribute to respective communities.

Global Programs

Leveraging Technical Capability to Support Breast Cancer Awareness Campaign Worldwide

With the aim to save as many women as possible from breast cancer through technology, Konica Minolta is offering digital phase-contrast mammography (PCM) X-ray systems, which support the early detection of breast cancer.

In conjunction, the entire Group promotes programs to support the Pink Ribbon campaign¹ and the eradication of breast cancer. In Japan, Konica Minolta held the Pink Ribbon Visual Exhibition at the Konica Minolta Plaza located in Tokyo. Also it cosponsors symposiums as part of the campaign. In China, the United States, the United Kingdom, Australia, and other places, the company undertakes various related charity and volunteer activities.

In China, breast cancer takes the lives of nearly 40,000 women every year and has become the top cause of death among women. In 2006, the Chinese government started the "One Million Women Breast Cancer Examination Project" to increase the early detection rate of breast cancer through breast cancer awareness and examination.

In full support of this project, Konica Minolta donated PCM systems to the Peking University First Hospital and the Fudan University Cancer Hospital in Shanghai. About 100 people attended the presentation ceremony at each hospital, both of which have been helpful in spreading the Pink Ribbon campaign in China.

Encouraging Female Employees to Receive Regular Medical Checkups for Early Detection of Breast Cancer

In Japan, the Group is offering its own Pink Ribbon program for its employees through its healthcare management divisions. Leaflets are distributed that provide information on the self-exam method and the medical facilities that perform breast cancer screening. The Group also uses the topics section of the Group intranet², as well as posters, to send messages advising women to perform self-exams once a month and to receive professional examinations once a year.



Konica Minolta's Pink Ribbon campaign symbol



Poster for the Pink Ribbon Visual Exhibition



Ceremony for the donation of a digital mammography system

¹ The Pink Ribbon campaign began when the daughter of an American woman died of breast cancer. The mother, along with two little children, started making pink ribbons and giving the ribbons the message of "early detection, early diagnosis, and early treatment of breast cancer." Wearing a pink ribbon sends a message to society about the importance of self-exams and regular examinations by a medical professional.

² An internal information network for a company or department that operates based on Internet technology.

5

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



Entrance ceremony held at the Hope School.



Japanese cranes that Konica Minolta helps protect

¹ The red-crowned crane is a large bird with a white body and a patch of red on the crown of his head. Its habitat extends from eastern Eurasia to Hokkaido in Japan.

² Print-on-demand refers to the capability of printing copies on an as-needed basis, without using printing plates. Digital multi-functional peripherals enable rapid and low-cost printing on demand.

Regional Programs

Supporting Education Programs for Children in China

Hope Schools are part of a volunteer movement known as "Project Hope," which was started by the China Youth Development Foundation in 1989. The project supports the schooling of children through three core programs: the building of Hope Schools, the donation of Hope Libraries, and the training of rural teachers.

Wishing to assist Project Hope in its worthy endeavor, Konica Minolta donated funds to construct an elementary school in Zhuanghe, Dalian, Liaoning Province. On September 1, 2006, the school's inaugural entrance ceremony was held at the new Zhuanghe Shanzhen Konica Minolta Hope School, with the city's deputy mayor Wang Peng in attendance. On that day, Konica Minolta Opto (Dalian), Inc., which is also located in Dalian, donated laptop computers, writing materials, and sports equipment to the school.

Concern for Endangered Animals Leads to Efforts to Save Japanese Crane

Not long ago, the number of red-crowned cranes¹ indigenous to Japan plummeted and was, for a time, on the verge of extinction due to the deterioration of its native habitat. However, thanks to the establishment of the Tsurui Ito Red-Crowned Crane Sanctuary in 1987 by the Wild Bird Society of Japan and the protection activities undertaken by local residents and relevant organizations, the number of cranes has increased to more than 1,000.

Konica Minolta has been a supporter of the crane-protection activities since the establishment of the sanctuary. In addition, the Group has created a set of postcards, featuring photographs of the cranes, that is given to people who donate to the sanctuary. In 2007, the 20th anniversary of the sanctuary's founding, Konica Minolta is planning to produce a collection of 30 photos, selected from the prizewinning pieces submitted to the Konica Minolta Japanese Red-Crowned Crane Charity Photo Contests held thus far. The collection will be produced with the print-on-demand² bizhub PRO C series machine.

Local Programs

Contributing to the Safety of Beaches in Australia

In Australia, the activities of the country's "surf lifesavers," who patrol the beaches and keep them safe for others to enjoy, is supported by volunteer members and depends on subsidies from the national government and donations. Konica Minolta Business Solutions Australia Pty. Ltd., an office equipment sales company, supports and provides donations to the local lifesaving association in Queensland.



Surf lifesavers

UK Employees Participate in Leap for Life Charity Event

At Konica Minolta Business Solutions (UK) Ltd., an office equipment sales company, employees and their families recently participated in the Leap for Life charity event, for the gynaecological ward at Southend University Hospital, as one of their community contribution activities. During this event, people abseiled off the roof of a building to raise donations for a cardiac defibrillator³ for the hospital. Employees from Konica Minolta daringly and enthusiastically accepted the challenge.



A charity event in the UK

Assisting in the Reconstruction of a School Devastated by Hurricane Katrina

In 2005, Hurricane Katrina caused severe damage in the southeastern United States. Konica Minolta Business Solutions U.S.A., Inc., an office equipment sales company, has been planning charity activities, as part of its reconstruction assistance in the afflicted area, to provide donations for the restoration of the McDonogh 15 School for the Creative Arts, which was damaged by the disaster. The company is also planning to help raise funds to establish a scholarship program for the school.



McDonogh 15 School for the Creative Arts

Teaching People in Japan the Fun of Running

The Konica Minolta Track and Field Club has made a mark in many long-distance relay road races and medium-to-long-distance races. It holds running classes, which are available to the public, at the club's training base in Tokyo and other venues across Japan. Each class has 100 to 150 participants, who range from elementary school students to adults. They receive coaching from the club's members on everything from basic stretching to their running form.



Running class

³ A device to restore the heartbeat of a person in cardiac arrest, through the administration of an electric shock.



Charter of
Corporate Behavior

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.

Konica Minolta constantly strives to ensure that all Group employees everywhere enjoy dynamically supportive work environments that help them make the most of their abilities and develop their potentials.

Creating a Work Environment With Respect to Cultures and Customs Worldwide

Konica Minolta believes that people are its greatest asset, and that they are the key to expanding its corporate value. Based on this awareness, the Group places great importance on the development and posting of its human resources. The Group has a corporate culture in which its employees are free to explore ideas that motivate them, and the encouragement to channel their passion and energy into realizing these ideas.

As of March 31, 2007, there are a total of 30,207 employees in the Konica Minolta Group, working at locations in over 40 countries worldwide (see chart, right). Konica Minolta is respectful of regional and national cultures and customs, and creates workplace environments where its employees can be enthusiastic about their work.

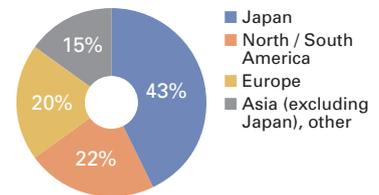
Employees Encouraged to Share Opinions and Ideas Openly

In October 2006, a discussion was held between employees and President Yoshikatsu Ota, in the executive boardroom of Konica Minolta Holdings, Inc., in Tokyo. Five employees in their 20s and 30s participated in the discussion. These participants were selected among interested employees of different Group companies in Japan, and their specialties vary from planning, development, and manufacturing, to sales. An enthusiastic discussion with President Ota continued for about two hours, as they discussed reform and challenges facing the Group. The participating employees were able to offer frank opinions, and the president responded earnestly. Through this kind of activity, the distance between top management and employees is being bridged. This free and open corporate climate is encouraging the people of Konica Minolta to take on new challenges.

Since 2005, Konica Minolta has published a German edition of each new *CSR Report*. The report was distributed among employees in Germany in 2006. In February 2007, the Konica Minolta Holdings director responsible for CSR visited Europe for a CSR Promotion Committee meeting. During his visit, the director held a discussion on CSR with junior employees who had read the report. Some of the employees expressed the opinion that they wanted to deepen their understanding of not only their own sales duties but also the activities of the entire Group. Other employees shared ideas of things they could and would like to do to contribute to society, including supporting nearby daycare centers, helping senior citizens, giving assistance to children in underprivileged households, and aiding disabled persons.

Global Breakdown of Employees

(March 31, 2007)



Staff Column

Chao King
President
Konica Minolta
Technology
U.S.A., Inc.



"Working with Konica Minolta is really not just a job, it is a part of my life. I do not encourage changing jobs, like many Silicon Valley employees do. I often say to our people, "If the company treats you well, then you should treat her with fairness and loyalty." Konica Minolta is a good company with a lot of potential. However, as I always say, the most important asset of a company is good people."



Employees in Japan exchange opinions with President Ota



Employees in Germany share ideas with the CSR director

6

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.



Staff appointment ceremony



Employees of the Wuxi Plant



Konica Minolta Business Technologies
(Wuxi) Ltd.

Establishing Programs that Encourage the Growth and Development of Employees in China

Konica Minolta supports people who are willing to explore their own growth and change by offering a full range of education programs. Moreover, the Group regularly promotes employees based on their ability and performance.

Konica Minolta Business Technologies (Wuxi) Ltd., a production site in China, has expanded its number of employees eightfold (including temporary employees) in the year and a half since it began operation and has been experiencing steady growth.

The plant began a project to introduce new products in 2006. Although there were many obstacles and setbacks, the employees were able to gain a lot of valuable experience from the process. Experts from various fields and sites across Japan visited the plant to support them with the start up and shared their know-how. The plant employees worked hard to absorb all the knowledge and expertise provided by the specialists. They are now striving to organize and systematize the skills and information gained, so that the experience can be applied to future projects.

Here, outstanding temporary employees have an opportunity to be hired as employees formally. There is also a system to offer staff status according to ability and aptitude. Those who are appointed as staff members engage in the management of the production site or in support operations using computers. As of April 2007, 160 employees have been hired formally, and of these, 27 were given staff positions.

In addition, in order to support this personnel-promotion system, a training program was introduced to improve workers understanding about management basics, the organization of the Konica Minolta Group, and basic computer operation. Employees that have obtained skills and knowledge, with the guidance of senior workers, can obtain staff qualification after passing an exam. Currently, there are about 30 workers training to become staff members. This program also promotes staff development; it serves as an opportunity for the teaching staff to improve their abilities by preparing easy-to-understand materials and finding better ways to transfer the necessary skills.

Along with the development of the plant and local human resources, in October 2006, the company began promoting local staff to management positions. As of April 2007, 22 locally hired Chinese staff have been promoted to these positions. It is hoped that many will join the ranks of top management in the future.

Workplace-Exchange Program Facilitates Employees Understanding of Each Other's Professions

In 2006, Konica Minolta Business Solutions France S.A.S., an office equipment sales company, established a new program called *Vis Mon Job*, which allows its employees to try out a different workplace for a day. By experiencing different work environments within the company, participants get to know operations outside their own fields and obtain a better understanding of the Group's overall activities in France. The program has already run twice in 2006 (June and December), each time with ten participants selected from the employees. Plans are being made to have about 30 or 40 people take part each year.

Under this program, if a participant discovers another appealing profession within the company, it is possible for that person to change professions. For example, there was a case where an office equipment customer engineer¹ switched to the position of sales promotion engineer. Through this program, employees develop a better appreciation for each other's jobs, with the added bonus of discovering new positions and skills worth pursuing.

Fostering a Balanced Work Life for Both Men and Women with a Supportive Workplace

Japan has been faced with falling birthrates having reached its peak of approximately 128 million people in 2005. By 2050, the Japanese population is expected to decrease to 100 million people. The concern currently facing Japan is how to foster the next generation of citizens and to create a society that will support the upbringing of healthy children.

Konica Minolta is working on this issue by creating a work environment where both women and men can balance their work and family lives. In April 2005, various programs were introduced including the establishment in 2006 of the Committee for Fostering the Next Generation. Since then, Konica Minolta has been promoting activities to strengthen these programs. As a result, Konica Minolta Business Technologies Inc. and Konica Minolta Technology Center Inc., in fiscal 2005 and 2006, have satisfied the requirements under a program by the Ministry of Health, Labour and Welfare of Japan to certify companies that support childrearing. Accordingly, the two companies are entitled to use the *Kurumin* logo. Konica Minolta will continue to promote policies that advocate diverse human resources, both male and female, while adopting optimal work conditions. In this way Konica Minolta is helping to create a society that will foster healthy future generations.



Article on *Vis Mon Job* program

Staff Column

Alain Bendavid
Human Resource
Director
Konica Minolta
Business Solutions
France S.A.S.



"Today, everybody knows that the human element is essential for any company to be successful. The main goal, by implementing *Vis Mon Job*, is to create a new, open-minded culture, where the employees are aware of the consequences their actions have on other jobs. It also contributes to creating transverse communication."



The *Kurumin* logo, certification for efforts in fostering the next generation.

¹ A member of service personnel who maintains and inspects customers' devices.



7

Responsible Actions

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

Protecting Voluntary Informants

Konica Minolta maintains a system that allows employees to safely report any compliance violations that are discovered. A hotline has been set up at Konica Minolta Holdings that enables employees of the Konica Minolta Group in Japan to report questionable conduct directly to top management or the officer responsible for compliance. This ensures rapid information gathering for the company and protection for callers. At Konica Minolta Business Solutions U.S.A., Inc., the Whistleblower's Hotline was set up in August 2006, which is run by a third party and serves to protect internal informants. Reports were received through both these lines in fiscal 2006. For both cases, an investigation was carried out while protecting the caller's position, and orders for improvement were promptly given.

Reporting and Preventing Loss of Personal Information

In November 2006, there was an incident in which a file containing customer information was lost in Japan. The cause was the result of simple human error on the part of the employee in charge of the file. Konica Minolta immediately reported the loss to the relevant government agency, the Ministry of Economy, Trade, and Industry. It also contacted the customers concerned, to report the incident and offer apologies, and disclosed details of the incident on the group's Web site. In order to prevent the reoccurrence of such an incident, the group has reminded employees to be attentive concerning information protection and reinforced strict compliance of company regulations.

Feedback for *Konica Minolta CSR Report 2006*

Feedback (comments and opinions)

From individual shareholders

- Konica Minolta should raise awareness of the utility and safety of its products, further develop sales channels, increase profits, and give shareholders better returns. At the same time, it must remember to maintain good relations with local communities.
- Rather than just emphasizing environmental efforts and philanthropy, the companies nowadays should take concrete action and link these efforts to benefits.
- In addition to reviewing past activities, Konica Minolta should explain its future plans in more detail.

From employees of Group companies

Germany

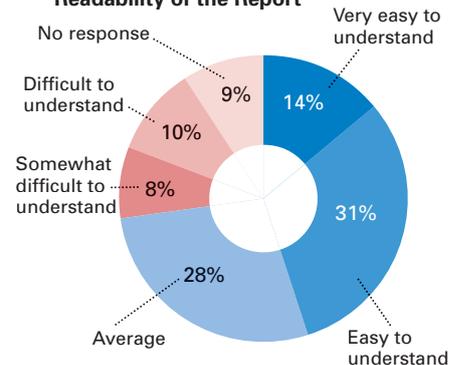
- I had never heard of the *CSR Report* before. This was my first time to read it, and it was very informative.
- The content was dry and difficult to read. It should be more interesting and emotionally provoking.

United States

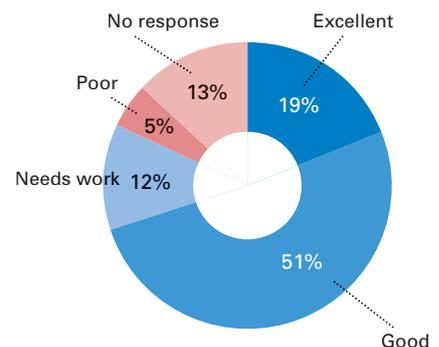
- The local personnel department attached a message outlining the report before sending it out. This helped us feel interested in reading it.
- In Michigan, where a new plant has just been built, it was an effective tool for explaining Konica Minolta to the local governmental agency, the banks, and accountants.
- There is a wealth of information about China and Japan, but not enough about activities in the United States.

Results of the *CSR Report 2006* Questionnaire (Japan survey)

Readability of the Report



Konica Minolta's CSR Activities



Response to Feedback

Konica Minolta's responses to comments featured in "Giving Feedback to Konica Minolta" (*CSR Report 2006*)

- Dr. Morita of Chunichi Hospital said that the company should raise awareness among female employees for breast cancer screening. In response, breast cancer posters were put up in the workplace, announcements were placed on the intranet¹, and pamphlets were distributed explaining the cancer screening process. (See page 26)
- In reference to the feature article on the plant in China, Ms. Kawaguchi of the Daiwa Institute of Research gave the opinion that focusing more on employees would make the significance of CSR activities clearer. In response, topics regarding employees in China have been covered in greater detail in the "Special Feature" and "Respect for Employees" sections of the 2007 report.
- A shareholder noted that progress made on specific commitments should be published in the 2007 report. Thus, in this year's report, the results achieved for fiscal 2006 targets are shown in chart form. (See page 6)
- In response to numerous shareholder comments about the print being too small, this year's report features a larger font.

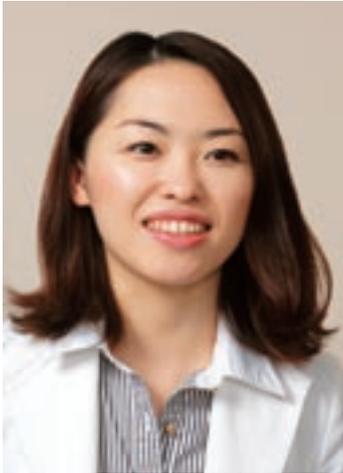
Response to other comments or opinions

- Employees in Germany commented that it was encouraging to see someone they knew in the *CSR Report*. Therefore, this year we have featured different employees from various countries.

¹ An internal information network for a company or department that operates based on Internet technology.

Giving Feedback to Konica Minolta

People that have a relationship with Konica Minolta have offered their perceptions and opinions of the Group.



Asuka Yoshikawa

Staff Writer
Toyo Keizai Inc.

Konica Minolta's Distinctive Approach

From April 2005 to March 2007, I served as the writer in charge of covering Konica Minolta. As I gathered material for our *Kaisha Shikiho* (Quarterly Japan Company Handbook) and *Weekly Toyo Keizai* publications, it was evident that Konica Minolta is a company with a strong sense of responsibility for conveying information to the public. The Group is not only supportive of the media and provides detailed materials but is also active in the area of information disclosure. In an era when the importance of corporate information disclosure is on the rise, Konica Minolta is even willing to release information that is unfavorable and avoids concealing the truth.

Every year, Toyo Keizai sponsors a Green Reporting Award and Sustainability Reporting Award. I have had many opportunities to read such reports, and I feel that the reports, which are thoughtfully prepared by each company, reflect the spirit of each company very well. In the case of Konica Minolta, the Group has taken readability into consideration and provides the information in a concise digest form. The Group also publishes English, French, Chinese, and German versions, in addition to the Japanese report, and distributes copies to employees worldwide and individual shareholders. This is an effort that is highly distinctive to Konica Minolta.

When it comes to information disclosure, I feel that shareholders often have too few opportunities to learn about the companies in which they have invested. Even when it appears that information is readily available, the shareholders are, in fact, often unable to find the exact information they want. Although other companies issue huge CSR reports of close to 100 pages, in an attempt to convey as much information as possible, I applaud Konica Minolta for taking its own individual and unique approach. I think the Group's idea of condensing the content of its CSR report, distributing more copies, and having more people read it is a good method for enhanced communication.

More Effective Publication of Internal Changes Wanted

At the same time, however, I feel that there is something lacking in the condensed content. For example, since Konica Minolta is currently undergoing a major shift in its core business, the company should be more thorough in explaining to consumers and shareholders the reasons for this shift and its thoughts on future prospects. At a time when the Group is shifting from the business-to-consumer to the business-to-business market, creating a tendency to lose general consumers, it will become necessary for the Group to have people understand the importance of these changes.

It would also be a good idea to showcase the company's competitive technologies and products, such as organic light-emitting diode, triacetyl cellulose film for liquid crystal polarizing plate protection, and mammography. The same goes for the Group's mobile planetariums. Across Japan, many planetariums have closed down, and Konica Minolta is now the only listed company that continues to operate planetariums. This is a contribution to which no other company can lay claim.

Although Toyo Keizai provides company information for investors, I think it is important that companies are not overly swayed by investor opinion. Companies must not only make a profit, they must prove their role in society. In the future, I hope that Konica Minolta will continue to be faithful to its hardworking and unified corporate spirit, and maintain its emphasis on communication with a wide range of stakeholders.



Shigeharu Nakachi
Chairman
Toxic Watch Network Japan

A Company that Prioritizes Risk Disclosure

The non-profit organization I work with is engaged in activities to promote the reduction of environmental risk posed by chemical substances. We operate a website on the Pollutant Release and Transfer Register (PRTR) system¹, which allows citizens to access environmental data reported by business establishments and thus make effective use of the system. Konica Minolta was the grand prize winner at the first annual PRTR Awards in 2004, where I served as a member of the judging committee. Konica Minolta's activities were particularly groundbreaking; the Group had set up a computer system to gather and manage information on chemical substances used internally. The Group had also voluntarily held public briefings with local communities, while many other companies were doing that only upon requests from local governments. My impression of Konica Minolta is that it is a company that prioritizes risk disclosure.

I participated in the Community Environmental Briefing held at Konica Minolta's Itami site in the autumn of last year. At the meeting I saw that the local participants appreciated Konica Minolta's sincere spirit, high level of technological expertise, and strict quality control. I hope that these briefings will continue in the future, involving even more participants and helping the company to strengthen its relationships of trust with the local community.

I believe that risk disclosure is an extremely important element of a company's social responsibility. In recent years, reports of soil contamination near factories have gained public attention. This kind of pollution may be unavoidable for plants that have been operating long before current environmental regulations were put into place. It is important for companies to properly disclose the facts, and take measures to try and meet the current standards.

It is also a good idea to report substances that have not yet been regulated to the community, explaining both the risks and the measures that would be taken in the event of a disaster such as an earthquake. These kinds of efforts are the basis for earning the trust of local residents. The same applies to sites outside of Japan.

The Why and How: Improved Disclosure

Although focusing on readability may be the latest trend in CSR reports, I regret that companies generally reduce numerical and other data. If this kind of data cannot be included in the printed report, then it should be available on the company website for anyone to access. It is also preferable to release data for each site and make the entire company's achievements easy to understand. Information disclosure is more than just releasing information; it is important to consider how best to convey each type of information. Rather than merely indicating that CO₂ emissions and toxic substances have been reduced, it is imperative to explain why and how these materials were minimized.

Konica Minolta uses dichloromethane in its manufacturing processes. For any toxic substance for which an alternative has not yet been found, stakeholders should be informed about how it is properly collected and disposed of.

Thirty years ago, companies only needed to consider whether or not they were complying with regulations. Today however, they must undertake efforts that go a step beyond what is legally required. I would like to see Konica Minolta continue to focus on risk disclosure, and earn greater trust from people in the community.

¹ A system which requires business establishments to assess and disclose the total amounts of harmful chemical substances that they emit into the environment or that are contained in wastes that they transfer off their premises.

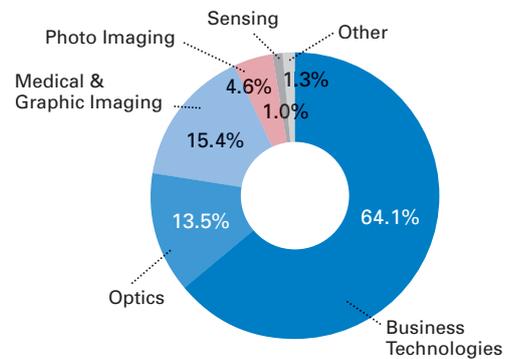
Management Profile

Below is an overview of the Konica Minolta Group and its financial situation. More detailed management and financial information is available on the Investor Relations section of Konica Minolta's Web site (<http://konicaminolta.com/investors/index.html>).

Company Profile

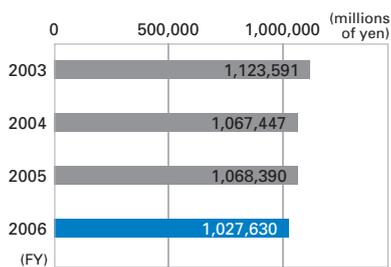
Company name:	Konica Minolta Holdings, Inc.
Head office:	Marunouchi Center Building, 1-6-1 Marunouchi, Chiyoda-ku, Tokyo, Japan
Kansai office:	Nishi-honmachi Intes, 2-3-10 Nishi-honmachi, Nishi-ku, Osaka-shi, Osaka, Japan
President and CEO:	Yoshikatsu Ota
Established:	December 22, 1936 (management integrated: August 5, 2003)
Paid-in capital:	37,519 million yen
Fiscal year end:	March 31
Number of employees:	90 (Group employees: 30,207) (as of March 31, 2007)

Breakdown of Sales Business Segment (Fiscal 2006)

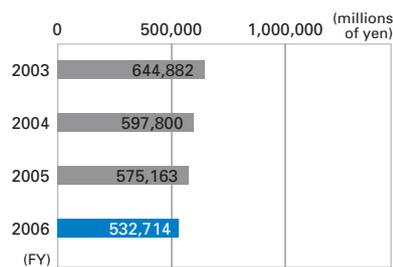


Financial Highlights

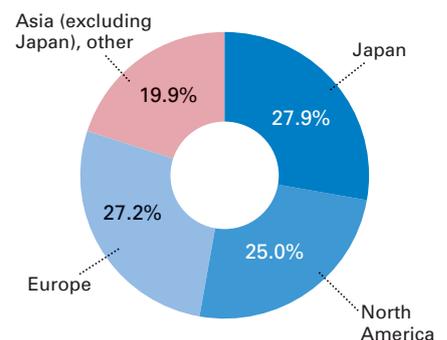
Net Sales



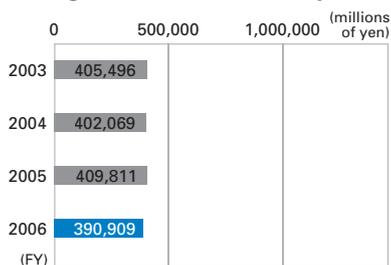
Cost of Sales



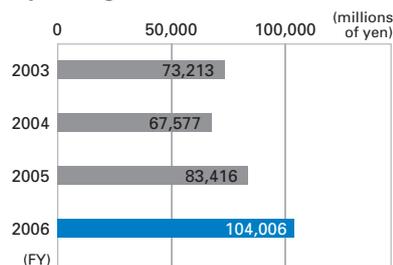
Breakdown of Sales by Region (Fiscal 2006)



Selling and Administrative Expenses



Operating Income



Konica Minolta's History

August 2003	Launches new integrated holding company, Konica Minolta Holdings, Inc.
January 2004	Shilong Factory in China is certified as a "Creditable Enterprise" that is compliant with regulations by the Dongguan Customs Office.
March 2004	Grand opening of planetarium Sunshine Starlight Dome "Manten" in Tokyo.
November 2004	Releases print-on-demand machines bizhub PRO 1050 and bizhub PRO 1050P for production print.
January 2005	Establishes Konica Minolta IJ Technologies, Inc., a new company in the ink-jet printhead and textile printer business. Receives Fiscal 2004 PRTR (Pollutant Release and Transfer Registers) Award.
February 2005	Releases phase-contrast mammography X-ray system.
May 2005	Obtains first Japan Eco Mark in the newly established toner cartridge field.
December 2005	Completes construction of Wuxi Plant in China as the main production base for full-color multi-function peripherals (MFPs). Obtains integrated ISO 14001 certification for all group companies in Japan.
March 2006	Releases magicolor 5450, a high-speed, high-quality A4 color laser printer. Konica Minolta Business Solutions, Inc., obtains information security management system certification at all locations.
May 2006	Konica Minolta's Level 1 zero waste criteria is achieved at all production sites in Japan. Awarded CoolBrand Polska 2005 in Poland.
June 2006	Develops a white organic light-emitting diode with world's highest luminous efficiency. Konica Minolta Information Systems Co., Ltd., obtains privacy mark certification.
September 2006	Completes construction of a new plant in Kobe, Japan, for triacetyl cellulose (TAC) film (protective film for LCD polarizers) business. Releases the bizhub PRO C6500, a high-speed digital full-color MFP.
October 2006	Konica Minolta Plaza wins 2006 Japan Mecenat Award in the Mecenat Grand Prize category.
November 2006	Obtains approval for a measurement lab meeting standards eligible for application of the Blue Angel label, a German environmental protection label. Group newsletter wins prizes in the Keidanren Corporate Newsletter Competition two years running.
December 2006	Completes construction of a new plant in Nagano, Japan; upgrades and expands the production system for polymerized toner. The bizhub 420 is first in the world to obtain certification under the new certification criteria for the Blue Angel label. Donates mammography systems to university hospitals in Beijing and Shanghai, China.
January 2007	Releases Digital Konsensus Premium, an advanced digital color calibration system. Selected among the "Fabulous 50" by <i>Forbes Asia</i> .
February 2007	Releases the bizhub C550, a digital full-color MFP designed on new concepts and compatible with next-generation networks. Receives Superbrand 2006 award for B2B business in Russia.
March 2007	Cooperates with General Electric Company in the United States to accelerate the commercialization of organic light-emitting diode, which has excellent environmental performance. Two production bases in China (Wuxi and Shilong) achieve Level 1 zero waste criteria.
April 2007	Establishes Konica Minolta Health Care Co., Ltd., a new company in the medical business in Japan.



KONICA MINOLTA

KONICA MINOLTA HOLDINGS, INC.

KONICA MINOLTA BUSINESS TECHNOLOGIES, INC.

KONICA MINOLTA OPTO, INC.

KONICA MINOLTA MEDICAL & GRAPHIC, INC.

KONICA MINOLTA SENSING, INC.

KONICA MINOLTA PHOTO IMAGING, INC.

KONICA MINOLTA TECHNOLOGY CENTER, INC.

KONICA MINOLTA BUSINESS EXPERT, INC.

KONICA MINOLTA IJ TECHNOLOGIES, INC.

KONICA MINOLTA PLANETARIUM CO., LTD.

Konica Minolta Holdings, Inc.

Corporate Communications & Branding Division

1-6-1 Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan

Phone: +81-3-6250-2100 Fax: +81-3-3218-1368

For inquiries:

Corporate Social Responsibility Division

Phone: +81-3-6250-2120 Fax: +81-3-3287-7701

E-mail: csr-support@konicaminolta.jp

<http://konicaminolta.com>