

Corporate Governance

A Corporate Governance Structure for Prompt, Transparent Management

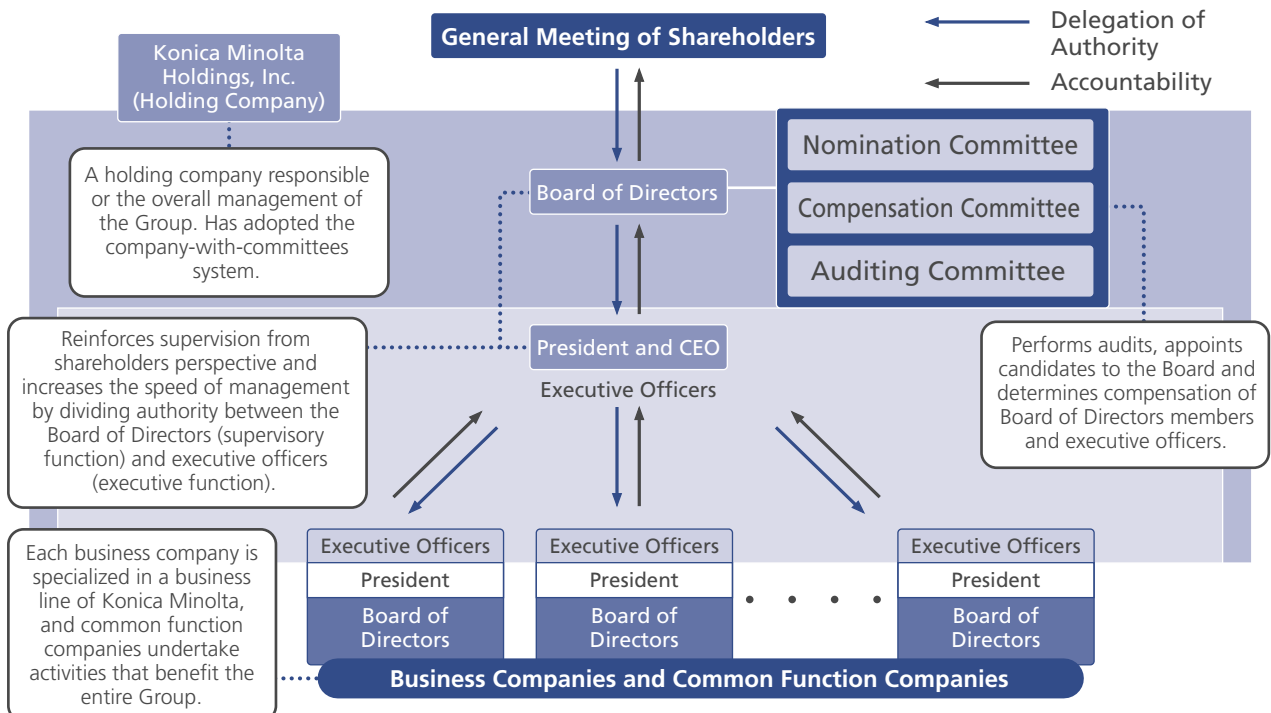
Approach to Corporate Governance

The Konica Minolta Group has pursued a policy of speeding up decision making and ensuring highly transparent management. From its establishment, the Group began adopting such measures as the separation of executive and supervisory functions, and appointing outside directors, stressing the importance of independence. While adopting a holding company system the Group changed to a company-with-committees system, enabling prompt responses to rapidly changing market conditions. Going forward, the Group will continue reinforcing both Group governance to ensure the full functionality of the holding company structure and corporate governance to amplify the Group's presence as a member of society.

Adoption of a Holding Company System

The Konica Minolta Group has taken on a holding company system, comprised of a holding company and separate business companies and common function companies. Konica Minolta Holdings, Inc., the holding company, assumes responsibility for Group-wide management. Through the division of the Group's different businesses, the separate business companies are able to make business decisions faster and to focus on their particular specialties, thereby enhancing the Group's competitive edge. The common function companies, on the other hand, concentrate on basic research and back-office operations, thereby improving Group-wide operational efficiency and boosting Group competence. This structure enables the holding company to concentrate its resources on more efficient Group management and corporate governance. The holding company, business companies, and common function companies each have their own auditing capabilities. This enhances the soundness, effectiveness, and transparency of management across the Group through horizontal cooperation.

Corporate Governance System at Konica Minolta



Company-with-Committees System

Konica Minolta Holdings, Inc. has adopted the company-with-committees system. This system increases the speed and transparency of Group-wide management by separating the functions of the Board of Directors, which oversees management, and those of the executive officers, who are responsible for business execution. The Board of Directors comprises three committees: the Auditing Committee, the Nomination Committee, and the Compensation Committee. Each of the three committees is chaired by an outside director, and does not include members who are executive officers. Business activities are subject to audit by the Auditing Committee and supervision by the Board of Directors.

Board of Directors

Board of Directors			
◎ : Chairman			
Directors who are not Executive Officers	Auditing Committee	Nomination Committee	Compensation Committee
Director (Chairman of the Board)		○	
Outside Director	◎	○	
Outside Director		◎	○
Outside Director	○		◎
Outside Director	○	○	○
Director	○	○	○
Director	○		○

Directors serving as Executive Officers
President (Chief Executive Officer) and five other directors (Senior Executive Officers)

Dynamic Board of Directors

During fiscal 2007, the Board of Directors met nearly once a month. Overall attendance by outside directors at meetings of the Board of Directors and of its three committees exceeded 90%. Executive officers or the Secretariat staff members provide full briefings to outside directors in advance on upcoming agendas to enable

lively and constructive discussions at meetings of the Board of Directors. Moreover, every year each of the board members provides an evaluation of the Board of Directors. This evaluation is summarized and discussed in an effort to enhance corporate governance.

Group Audit System

Konica Minolta Holdings, Inc. has an Auditing Committee under its company-with-committees system, whereas its business companies, common function companies, and other subsidiaries have their respective auditors. In addition, the company has a Corporate Audit Division, which conducts internal audits of the entire Group. Members of the Auditing Committee and the Corporate Audit Division, as well as auditors of the individual Group companies hold Audit Council meetings every three

months, where participants share related information and strengthen coordination of audit activities across the Group. In addition, with the aim of ensuring effective audits, the same parties hold regular meetings with the accounting auditors in order to review auditing systems and policies, and to examine whether or not the existing system sufficiently enables accounting auditors to fulfill their tasks.