



# Cooperating with Business Partners

Konica Minolta views the suppliers that provide its raw materials and parts as well as those to whom it outsources manufacturing as “essential partners in its business activities.” The Group strives to build strong partnerships with these business partners, based on fair and transparent transactions, with a commitment to the shared goal of providing superior products and services in a timely manner to customers all over the world. Konica Minolta also recognizes that it is essential to promote CSR not just within its own operations but also across its entire supply chain, to win the trust of society as a global company. This is why Konica Minolta promotes CSR procurement on a Group-wide basis and requires its business partners to give consideration to human rights, labor issues, and the environment in their business operations.



## Fiscal 2012 Achievements

■ Konica Minolta validated the results of assessments of suppliers and production sites in the Group conducted between fiscal 2009 and fiscal 2011. It also incorporated CSR procurement into supplier evaluation within the ISO 9001 quality management system. p. 32

■ Konica Minolta established a promotion system compliant with conflict minerals regulations. p. 32

Group production sites  
Validated as Rank A  
based on CSR  
procurement  
assessment

All **36** sites

Suppliers whose  
targets were not  
achieved based on CSR  
procurement  
assessment

**17** companies  
(total at end of fiscal 2011)

**7** companies  
(total at end of fiscal 2012)

## Konica Minolta Procurement Policy (excerpts)

The Konica Minolta Group pursues customer satisfaction by creating innovative products and services that contribute to the development of society, according to our management philosophy, “The Creation of New Value.” In procurement activities, we establish firm partnerships with our suppliers based on fairness and transparency and aim to build a sustainable society by fulfilling social responsibilities with our suppliers.

- OPEN** We will build transparent and reliable relationships with our suppliers and manage procurement in an open manner, while sharing objectives from a long-term and global perspective.
- FAIR** We will carry out transactions under the principle of free competition with rational evaluation criteria, and seek mutual benefit with suppliers.
- GLOBAL** We will have a global outlook and carry out procurement in the regions that best suit our operational needs.
- COMPLIANCE** We will comply with all relevant laws and regulations, corporate ethics, and internal policies and regulations.
- ECOLOGY** We will contribute to the international society and local communities by striving to take the lead in environmental protection, while reducing the impact of our operations on ecosystems.

## Request to Suppliers

Based on strong partnerships with our suppliers, we ask our suppliers to focus on the following areas in order to increase customer satisfaction and fulfill social responsibilities.

1. Excellent quality
2. Reasonable prices
3. Response to changes in demand
4. Compliance with laws, regulations and corporate ethics
5. Environmental protection
6. Respect for the human rights of workers
7. Health and safety
8. Information security
9. Firm management foundation



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# Promoting CSR Throughout the Supply Chain

## Making Improvements by Tackling Challenges with Suppliers

In the Business Technologies Business, Konica Minolta has been implementing its Procurement Collaboration System in which Konica Minolta and its suppliers work together to mutually promote business environment improvements with the aim of maximizing customer satisfaction. This is an effort in which the company identifies the issues and challenges that suppliers face by discussing their situations with them and visiting their workplaces. It then makes proposals and provides tangible support for solving the problems identified, in order to make comprehensive improvements in terms of quality, delivery, productivity, the environment, and business management. At the same time, Konica Minolta also listens to its suppliers' suggestions and works to address any business problems identified.

### Example: Suppliers' Meetings Held in China

Konica Minolta regularly holds suppliers' meetings every year in China as part of its Procurement Collaboration System. The meeting held in March 2013 was an opportunity to directly convey to the top management of suppliers the most important objective of the management structure reorganization made in April 2013, which is to strengthen the management capability of the Business Technologies Business. The company also shared its medium-term priority strategies, its procurement plan for the next year forward, and improvement initiatives being carried out jointly by Konica Minolta and suppliers. It also gave an overview of the conflict minerals regulations that need to be addressed going forward and explained the company's stance on this issue. Attended by 147 companies in the east China region and 123 companies in the south China region, the meeting was a valuable communication opportunity.

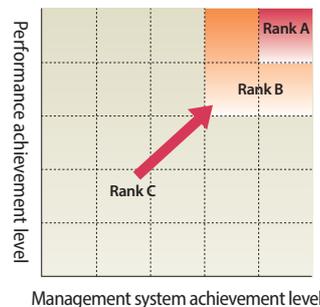


## Building a Solid Foundation for CSR Procurement

Konica Minolta is active in its pursuit of CSR procurement to improve the work environment and ensure respect for human rights throughout its supply chain. It expects active participation in CSR initiatives on the part of the suppliers who provide materials. The Group monitors their progress, and requests improvements and offers advice when needed. The Group also sets higher goals at its own production sites when carrying out evaluations and making improvements. As a foundation for these initiatives, the Group has created a Code of Conduct that outlines the criteria for and fields covered by its CSR procurement program and has also created and implemented a survey system that uses self-assessment questionnaires. The evaluation results are classified into four ranks, A through D, based on the levels of achievement. Expectations are set at Rank A for Group production sites and Rank B or higher for suppliers. Sites and suppliers that do not meet expectations must make improvements based on a submitted improvement plan.

\* The Code of Conduct and the self-assessment questionnaires are compliant with standards of the Electronic Industry Citizenship Coalition (EICC).

### Rank Based on Achievement Level



- Rank A**  
Nearly fulfills all social expectations.
- Rank B**  
Some areas need improvement; these improvements can be made voluntarily.
- Rank C**  
Many areas need improvement; immediate action and submission of improvement plan required.
- Rank D**  
Some areas fall short of mandatory compliance levels determined by Konica Minolta; urgent improvements and submission of improvement plan required.

## CSR Procurement Promotion Steps



## Rolling Out the CSR Procurement Program

Konica Minolta carried out a survey using self-assessment questionnaires to evaluate the status of CSR implementation at Group production sites and suppliers based on a plan covering the three-year period from fiscal 2009 to fiscal 2011.

In fiscal 2012, the Group reviewed the survey results, made assessments of new suppliers, and expanded the scope of assessments to include production contractors. The validation results confirmed that all 36 main Group production sites that had achieved Rank A maintained that rank. As of the end of fiscal 2012, assessments had been conducted on a total of 622 suppliers. The number of suppliers that had not met expectations went from 17 at the end of fiscal 2011 to seven at the end of fiscal 2012. Additionally, the Group incorporated CSR procurement rules into supplier evaluation within the ISO 9001 quality management system in order to continuously address CSR procurement throughout the Group. Most business divisions completed this process during fiscal 2012. All business divisions should complete the process and have the rules operating during fiscal 2013.

Furthermore, in fiscal 2012 the Group trained 29 examiners, who are essential for promoting CSR procurement, at two Chinese affiliated companies and five sites in Japan. The Group intends to provide training to other relevant personnel in fiscal 2013.

## Addressing the Issue of Conflict Minerals

The conflict in the Democratic Republic of Congo and adjoining countries as well as the accompanying serious human rights abuses and environmental destruction are major international problems. There are concerns that the mineral resources mined in this region—to be specific, tantalum, tungsten, gold and tin (“conflict minerals”)—could be used to fund armaments, contributing to the conflict.

Efforts to address this international problem include section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which was passed in 2010 in the United States, and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. Given these circumstances, companies today are inevitably required to ensure responsibility in mineral supply chains.

Konica Minolta, for some time, has followed its own Procurement Policy, which includes commitments to comply with laws, regulations and corporate ethics, respect for the human rights of workers, and environmental protection. Konica Minolta is determined to fulfill its social responsibilities in all procurement activities, taking the initiative in its activities across the entire supply chain. Konica Minolta has responded to requirements on conflict minerals and is implementing initiatives based on its Procurement Policy to help prevent relevant human rights abuses.

In fiscal 2012, Konica Minolta established a cross-Group promotion system with members including sales and procurement departments. In fiscal 2013, it plans to establish a management system and train relevant personnel in order to create specific initiatives. It will also study the issue in more detail, including the establishment of a survey method, in cooperation with the Japan Electronics and Information Technology Industries Association’s (JEITA) responsible Mineral Procurement Investigative Commission.

## Spotlight

### Campaign to Raise Awareness of Respect for Human Rights

Konica Minolta uses its intranet in ongoing efforts to deepen Group employees’ understanding of respect for human rights in business. In fiscal 2012, it published a series of seven commentaries, including examples of specific companies, on various topics related to human rights, such as conflict minerals regulations, the International Labor Organization’s (ILO) Eight Core Conventions, expected corporate responsibility in the supply chain, and internationally agreed codes of conduct.



A commentary