**Responsible Supply Chain**

Companies that supply raw materials and parts, product manufacturing contractors, and logistics providers are essential business partners that help Konica Minolta contribute to society. To enhance these partnerships even further, Konica Minolta is working to expand its CSR activities through coordinated activities with its business partners.

Our Concept

Solving Social Issues with Partners through Business Activities

In the age of global business, companies need to support progress towards a sustainable society by taking steps to solve social issues. These actions must be taken in collaboration with business partners throughout the supply chain in an effort to achieve efficient procurement and production, while improving product quality, costs, and lead time. This is why Konica Minolta is working to make a positive change in society while enhancing the corporate value of both Konica Minolta and its business partners. This can be achieved by providing customers with reliable products that contribute solutions to social issues such as environmental sustainability, health and safety, ethics, and labor and human rights.

Konica Minolta has joined other companies through membership in the EICC*1, which adheres to internationally recognized standards, such as the Universal Declaration of Human Rights*2 and the ILO International Labour Standards*3. Konica Minolta is engaging in activities with other member companies based on the EICC framework.

*1 Electronic Industry Citizenship Coalition (EICC): An organization that promotes CSR in the supply chain of the electronics industry
*2 Universal Declaration of Human Rights: Basic human rights to be recognized by all people and countries, adopted in 1948 by the United Nations General Assembly
*3 ILO International Labour Standards: Standards on human rights and labor adopted by the general assembly of the International Labour Organization (ILO)
Promoting CSR in the Supply Chain

Background and Issues

The Konica Minolta Group is determined to address social issues, including environmental sustainability, health and safety, ethics, and labor and human rights, in the supply chain. This commitment extends not just to Group production sites but also to material suppliers, logistics providers and even to mines where raw materials are obtained. Adhering to the EICC framework, Konica Minolta is addressing conflict mineral issues in order to prevent human rights violations in mines, at the beginning of the supply chain. The company also engages in CSR procurement activities at Group production sites and through material suppliers, and works with logistics providers to ensure efficient and responsible distribution.

Vision

In order to solve social issues and realize a sustainable society, it is essential to include material suppliers and logistics providers throughout the supply chain in CSR activities. Konica Minolta shares initiative value with its business partners, and provides them with support for improvement. By thinking and growing together with its partners, Konica Minolta aims to continue CSR initiatives that include its suppliers.

Key Measures and KPIs

**CSR Procurement**
- CSR activity participation requests to partners: 100% implementation
- CSR assessments: By the end of fiscal 2016, completion at all 20 Group production sites and at approximately 130 important partner sites
- CSR Audits: By the end of fiscal 2016, completion at three targeted Group productions sites, and at two partner sites

**CSR Logistics**
- CSR assessments: By the end of fiscal 2016, completion of implementation and improvements at 8 logistics providers

**Addressing conflict mineral issues**
- Response to customer survey requests: 100% compliance

Main Initiatives in Fiscal 2015 (1) CSR Procurement

**CSR Activity Participation Requests and CSR Assessments**

Through its Procurement Policy and Supplier Code of Conduct, Konica Minolta asks its partners to participate in CSR activities. By setting explicit targets and standards in areas such as the environment, health and safety, ethics, and labor (human rights), these activities aim to promote improvements at partner companies.

In order to ascertain the level of CSR activity implementation, Konica Minolta uses Self-Assessment Questionnaires to promote CSR assessments at Group production sites and important partner companies. The questionnaires are administered using EICC-ON, the EICC’s online database. Sites are assigned rankings from A to C, based on their CSR achievement level. The target for Group production sites is rank A, while partners aim for rank B or higher.

In fiscal 2015, CSR assessments conducted at 16 Group production sites and 57 partner sites confirmed that all locations were achieving their targets. Konica Minolta will continue to perform regular confirmation while offering support, so that partner companies can promote their independent CSR activities.

**Rankings from CSR Assessment Results**

- Rank A (100% - 85%): Social demands are mostly satisfied.
- Rank B (85% - 65%): There is some room to improve, and voluntary improvement is expected.
- Rank C (65% - 0%): There are items needing improvement, and urgent improvements are needed in conjunction with submission of an improvement plan.

**Fiscal 2015 Partner CSR Assessment Results and Regional Distribution**

- Overall Evaluation: Rank A 73%
- Regional Distribution: Japan 50%
**CSR Audits and Correction Support**

Konica Minolta is developing appropriate EICC third-party auditing\(^1\), mainly using Konica Minolta CSR Audits\(^2\) based on EICC standards, for targeted Group production sites and business partners.

Konica Minolta Business Technologies (Wuxi) is one of the Group’s main production sites in China; the site underwent EICC third-party auditing in fiscal 2014. In fiscal 2015, the company revised its internal regulations and operating procedures based on the issues identified in the audit. It implemented correction measures such as ensuring thorough implementation records. In-house training on CSR auditing was also provided to 27 employees, and an internal audit system was created at the company. A follow-up audit is scheduled for fiscal 2016 to confirm the improvements.

As part of CSR auditing measures at partner companies, a Konica Minolta CSR Audit was conducted at Allied Precision Manufacturing in Malaysia in fiscal 2015. Some suggestions for improvement were identified, but no urgent problems requiring immediate action were discovered. An improvement plan was formulated with the company to address the identified issues. Konica Minolta will continue to provide support for ongoing improvement, including participation in progress reviews, consultation, and CSR education for Allied Precision Manufacturing employees.

- **EICC third-party auditing:** Using EICC standards, audits are performed by a third-party institution certified by EICC [Validated Audit Program (VAP) audits]
- **Konica Minolta CSR Audit:** Using EICC standards, audits are performed by Konica Minolta auditors who have EICC qualifications

**Results from a Third-Party Audit of Konica Minolta Business Technologies (Wuxi)**

In fiscal 2015, CSR assessment was conducted as part of the company’s CSR activities to ascertain our current situation in a systematic and thorough manner. This represented the first CSR Logistics initiative in Japan based on EICC standards. Activities are implemented based on the results. This was an opportunity to greatly enhance our CSR activities.

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**Voice**

**Business Partner Feedback**

**Working together with Konica Minolta to improve labor circumstances.**

What is most attractive about Konica Minolta’s CSR procurement activities is that Konica Minolta is willing to work together with us to accomplish improvement. In the stage of establishing the corrective action plan, Konica Minolta not only shared with us a lot of knowledge; we also worked together to discuss the countermeasures. As a result, we could establish the most appropriate corrective action plans. With the assistance of Konica Minolta, we will keep improving the labor, work, and employment conditions, taking human rights issues into consideration. By fostering a supportive, safe and healthy work environment, we will improve CSR issues, which will maximize organization value and improve competitiveness.

**Hsu Ching Yuh**
CEO/Group Managing Director
Allied Technologies Limited Group of Companies

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\(^{1}\) EICC third-party auditing: Using EICC standards, audits are performed by a third-party institution certified by EICC [Validated Audit Program (VAP) audits]
\(^{2}\) Konica Minolta CSR Audit: Using EICC standards, audits are performed by Konica Minolta auditors who have EICC qualifications
Main Initiatives in Fiscal 2015 (2) CSR Logistics

CSR Initiatives Expanded to Logistics Providers
In fiscal 2015, Konica Minolta began promoting CSR activities in its logistics chain. Together with logistics partners, CSR Logistics is being carried out through cooperation with DHL Supply Chain, which provides comprehensive domestic logistics services for Group companies in Japan.

As with CSR procurement, logistics providers are sent a request to complete CSR assessments using an EICC self-diagnostic questionnaire. Ongoing improvement activities are implemented based on the results. This represents the first CSR Logistics initiative in Japan based on the comprehensive application of EICC standards.

In fiscal 2015, CSR assessment was conducted as part of CSR activity requests made to eight logistics providers. The assessment revealed that all the providers met the target of rank B or higher. Improvement plans were created in collaboration with the providers to improve low-scoring areas. Support is being provided for improvement.

Business Partner Feedback

It was an opportunity to greatly enhance our CSR activities.

By adopting CSR activities based on EICC standards, we got to know what the international community is expecting beyond just legal compliance. By evaluating our initiative situation for over 400 items in areas such as the environment, health and safety, ethics and labor, we were able to ascertain our current situation in a systematic and rational way. Our achievements and areas for improvement were clarified both company-wide and for each business unit, and now we have a clear picture of what needs to be done in the future. We are confident that the resulting improvement efforts will further strengthen our competitiveness.

Main Initiatives in Fiscal 2015 (3) Addressing Conflict Mineral Issues

Ongoing Implementation of Conflict Mineral Surveys
It is pointed out that certain minerals mined in the Democratic Republic of Congo and adjoining countries have become a source of funding for warring forces who are violating human rights. The Konica Minolta Conflict Minerals Policy Statement was created to address the conflict mineral issue. While responding to customer survey requests, Konica Minolta asks its suppliers to take measures in line with its Conflict Minerals Policy, and to respond to a survey about the parts and materials it procures.

The conflict mineral survey was conducted in the Business Technologies Business in fiscal 2015. The supplier response rate was 99%, a dramatic improvement over the previous year. Referencing the responses, Konica Minolta identified smelters in the supply chain in its own investigation as part of due diligence. The percentage of these smelters that have been certified as conflict-free by the international Conflict-Free Sourcing Initiative (CFSI) rose to 41% from 20% in the previous year. The company is steadily advancing toward a conflict-free supply chain. No evidence of involvement in conflicts was found relating to parts and materials procured by Konica Minolta.

Konica Minolta is also actively cooperating with other companies through industry associations, to address conflict mineral issues. The company gave a lecture at a conflict mineral survey briefing organized by the Japan Electronics and Information Technology Industries Association (JEITA) to raise awareness of the conflict mineral issue.

Percentage of Certified Conflict-Free Smelters among All the Specified Smelters in the Konica Minolta Supply Chain

<table>
<thead>
<tr>
<th>Year (FY)</th>
<th>Percentage</th>
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<tr>
<td>2013</td>
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