

Responsible Supply Chain

Konica Minolta will continue to pursue socially responsible procurement in cooperation with its suppliers, recognizing them as key business partners that help the Group fulfill its responsibilities to society.



Related SDGs



Our Concept

Solving Social Issues with Suppliers through Business Activities

Konica Minolta promotes CSR procurement throughout its supply chain, helping to create sustainable societies.

The company believes that corporations are not only responsible for their products, but also socially responsible to improve conditions of labor (human rights), ethics, the environment, safety and health, throughout the supply chain that delivers products to customers. Konica Minolta practices CSR procurement in order to realize these improvements at its manufacturing sites and works closely with the suppliers who supply raw materials and parts for its products.

To further facilitate these efforts, Konica Minolta has joined the Responsible Business Alliance (RBA, formerly EICC),*¹ which conducts activities according to

internationally recognized standards such as the Universal Declaration of Human Rights*² and ILO International Labour Standards*³ and works in cooperation with member companies under the RBA framework.

*¹ **Responsible Business Alliance (RBA):** Organization that promotes CSR in the supply chain

*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)



Responsible Business Alliance

Formerly the Electronic Industry Citizenship Coalition

Advancing Sustainability Globally

Konica Minolta's Approach to CSR Procurement in the Supply Chain





Promoting CSR in the Supply Chain

Background and Issues

The Konica Minolta Group recognizes that, around the world, many people are forced to work with no respect for their rights or in deplorable conditions, and that children and foreign/migrant workers are particularly vulnerable to this. The Group also understands that companies must fulfill their social responsibilities, including making improvements in the areas of labor issues (human rights), ethics, the environment, and health and safety, not only related to their own products, but also throughout the entire supply chain for the products delivered to customers.

Vision

Konica Minolta addresses social issues, seeking to build sustainable societies that respect human rights. To achieve this, Konica Minolta is working to solve social challenges through its business activities, including procurement, production, and logistics, while cooperating with its suppliers. These initiatives are expected to raise Konica Minolta's corporate value as well as the value of its entire supply chain. Supplying products that customers can purchase with peace of mind is a sure way to ensure success in "Creating Shared Value."

Key Measures and KPIs

CSR procurement (FY2017 to FY2019)

- Request that suppliers carry out CSR activities: 100% implementation
- CSR assessment: Complete assessments of all Group production sites and approximately 120 important suppliers
- CSR audit: Complete audits of two important Group production sites and two important suppliers

Response to conflict mineral issues (FY2017 to FY2019)

- Supplier response rate to conflict mineral surveys: Maintaining 95% or higher
- Response to customers' requests for surveys: 100%

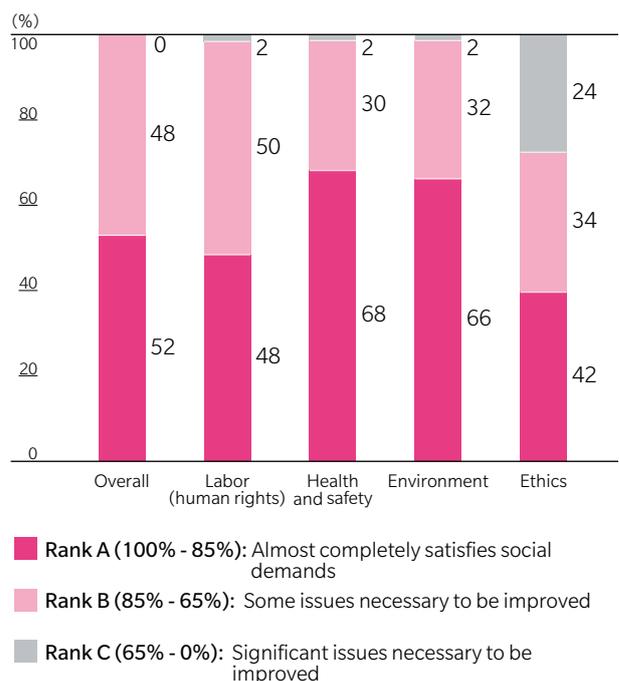
Main Initiatives in Fiscal 2017: CSR Procurement

Requests for CSR Activities and CSR Assessment

Konica Minolta leverages its Procurement Policy and Supplier Code of Conduct to request suppliers to participate in CSR activities. With explicit targets and standards set in areas such as labor (human rights), ethics, the environment, and health and safety, these activities aim to promote improvements at suppliers. In order to ascertain the level of CSR activity implementation, Konica Minolta conducts CSR assessments using Self-Assessment Questionnaires (RBA SAQ) based on RBA standards, which are completed by its important suppliers and its production sites. Konica Minolta classifies the results of the self-assessment questionnaire from rank A to C. The targets for overall scores are rank A for all Group production sites and rank B or higher for all suppliers.

In fiscal 2017, Konica Minolta conducted assessments at three Group production sites and 50 suppliers. All production sites achieved an overall rank of A, and all suppliers achieved an overall rank of B or higher. Still, Konica Minolta has been asking suppliers whose overall assessment results met the targets but had specific component scores that revealed weaknesses to make further voluntary improvements. The Group will continue to conduct periodic checks and provide support.

Suppliers' CSR Assessment Results (Percentage Ranking)



CSR Audits at Group Production Sites

Since an RBA third-party audit (VAP audit)*¹ was conducted in fiscal 2014 at the Group's main production site, the plant has been making improvements in response to the issues identified. Based on the knowledge obtained through the audit, the Group developed the Konica Minolta CSR Audit*² for its companies that manufacture MFPs and printers.

To date, the audits have uncovered issues such as the management of total working hours, provision of education concerning labor and ethics, and establishment of internal audit systems. In response to these issues, the audited companies prepared and enhanced their improvement plans. Follow-up audits have confirmed that the improvements have been completed.

Using its own internal audit system, Konica Minolta Business Technologies (Wuxi) has performed self-assessment and improvements in areas such as labor, health and safety. It will continue to make improvements using this internal audit system.

In addition, two MFP and printer manufacturers, Konica Minolta Business Technologies (Dongguan) Co., Ltd. in China, and Konica Minolta Business Technologies (Malaysia) Sdn. Bhd., received Konica Minolta CSR Audits. In order to take corrective actions on issues identified through these audits, the two companies established internal audit systems and trained their internal auditors. This led to the establishment of systems that enable continuous improvement. The two sites are also continuing to work on improvements concerning some of their labor issues.

In fiscal 2017, the scope of the Konica Minolta CSR Audits was expanded from the main MFP and printer manufacturers to manufacturers of consumables for MFPs, such as materials and toner cartridges.

After implementing the Konica Minolta CSR Audit for the first time, Konica Minolta Supplies Manufacturing Co., Ltd. and Konica Minolta Supplies Manufacturing France S.A.S. both recognized that they needed to establish their own internal audit systems. However, no practices against RBA standards relating to migrant workers or child labor were found. In fiscal 2018, follow-up audits will be performed to confirm the status of improvements at these two sites.

*¹ **RBA third-party audit:** Using RBA standards, audits are performed by a third-party institution certified by RBA [Validated Audit Program (VAP) audits]

*² **Konica Minolta CSR Audit:** Using RBA standards, audits are performed by Konica Minolta auditors who have RBA qualifications



CSR Audit at Konica Minolta Supplies Manufacturing France S.A.S.



CSR audit at Konica Minolta Supplies Manufacturing Co., Ltd.

CSR Audits and Supporting Improvements for Suppliers

Konica Minolta wants suppliers to pursue their own independent CSR activities and provides information and support based on its knowledge to assist them.

This assistance includes providing information on legal requirements and the expectations of customers and society regarding CSR procurement. Konica Minolta also provides suppliers with specific education on the RBA audit standards they must know to conduct their independent CSR audits. Konica Minolta conducts its CSR Audits and then provides support for improvement activities based on the results.

In fiscal 2017 activities, after implementing a Konica Minolta CSR Audit in fiscal 2016, Chinese manufacturer Dongguan Konka Mould Plastic Co., Ltd. was given support to conduct its own internal audit the following year, which included education for internal auditors. This support is helping the company to establish a framework for continuous improvement.

Main Initiatives in Fiscal 2017: Addressing Conflict Mineral Issues

Ongoing Implementation of Conflict Minerals Surveys

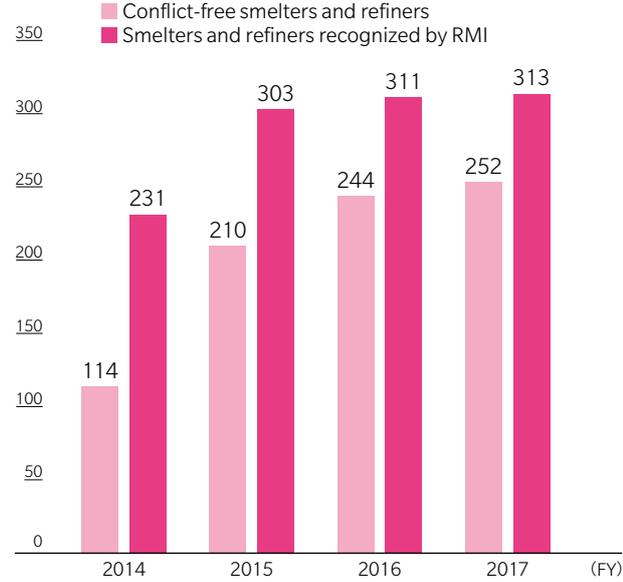
It has been proven that certain minerals mined in the Democratic Republic of Congo and adjoining countries have become a source of funding for warring forces who are violating human rights. Konica Minolta carries out initiatives addressing conflict minerals in line with the OECD's Five-Step Framework.*1

In fiscal 2017, Konica Minolta continued conflict minerals surveys and obtained responses from 99% of suppliers in scope. When carrying out the survey, suppliers were requested to take any steps needed to ensure transparency in the supply chain by reducing the number of unknown smelters, and to ensure their products are conflict-free.

The survey confirmed that 313 smelters and refiners in the supply chain are recognized by RMI.*2 Of these, 252 were certified as conflict-free. This was an increase of eight from the fiscal 2015 result. Also, 56 countries were thought to be country of origin of conflict minerals in the supply chain (as of March 31, 2018).

*1 OECD's Five-Step Framework: "Five-Step Framework for Due Diligence based on Risk in the Mineral Supply Chain" in Annex I of "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas" issued by the Organization for Economic Co-operation and Development
 *2 Responsible Minerals Initiative (RMI): An organization with the participation of more than 300 companies and organizations worldwide that is leading efforts to eliminate human rights violations funded by conflict minerals.

Number of Smelters/Refiners Confirmed in the Conflict Mineral Survey



Initiatives under the OECD's Five-Step Framework

Step 1

Establish strong company management systems

- The company established the Konica Minolta Conflict Minerals Policy Statement, requiring suppliers to be familiar with the policies. The policies are also incorporated into contracts with suppliers.
- Konica Minolta's conflict mineral programs are incorporated into its environmental management system led by an executive officer. In addition, a mechanism for implementing conflict mineral surveys, including production sites in Japan and overseas, has been prepared to identify the smelters and refiners in the supply chain.
- The management and staff in the procurement divisions in charge of procurement are given training regarding conflict mineral issues.

Step 2

Identify and assess risk in the supply chain

- Using the Conflict Minerals Reporting Template (CMRT) issued by RMI, Konica Minolta implements conflict mineral surveys.
- Based on the results of the survey and information from the identified smelters and refiners, Konica Minolta assesses the risk to the supply chain, by each supplier, and by each product. These results are reported to the executive officer in charge.

Step 3

Design and implement a strategy to respond to identified risks

- Based on the results of the risk assessment, Konica Minolta requests suppliers to take any needed steps related to conflict mineral issues. Activities such as building awareness about the issue of conflict minerals are also implemented.

Step 4

Carry out independent third-party due diligence audits for smelters/refiners

- Encourage smelters/refiners to participate in audit program through RMI and JEITA* activities.

Step 5

Report annually on supply chain due diligence

- Conflict mineral initiatives are posted every year on the company's website.

* Japan Electronics and Information Technology Industries Association (JEITA): An association with about 400 corporate and organization members mainly in Japan's IT and electronics fields