Konica Minolta, Inc. has established a corporate governance framework from the standpoint of supervision. This is based on the conviction that corporate governance that contributes to medium- and long-term corporate value growth must encourage suitable risk-taking in business operations and have a highly effective supervisory function for business operations. In 2003, the “company with committees” structure (currently “company with three committees”) was selected as the organizational structure in accordance with Japan’s Companies Act. In addition, the company has taken steps to ensure its governance system is objective and not overly influenced by personalities, while still operating the system in a distinctive Konica Minolta style.

The company’s basic views with regard to its governance system are as follows.

• Ensuring management oversight for corporate value growth by separating the roles of management oversight and operation of business activities
• Election of independent Outside Directors who can perform supervision from the standpoint of shareholders
• Using these measures for improving the transparency, integrity and efficiency of management

Specifically, the Board of Directors and the three committees are structured as shown in the figure below.

Building a Risk Management System

The executive officers are responsible for managing various risks including strategic risks, financial risks, risks pertinent to environmental regulations and hazard risks. They identify and evaluate risks and develop and monitor countermeasures in their respective spheres of management.

In addition, the Risk Management Committee, chaired by an executive officer appointed by the Board of Directors, is convened periodically. The Committee examines the risks identified by each executive officer, as well as the countermeasures in place, and checks to ensure that the risk management system is functioning effectively, making revisions where necessary. The Group responds as a whole to risks judged to be particularly important, led by an executive officer appointed by the chairman. The activities of the Risk Management Committee are periodically reported to the Audit Committee.

Structure of Corporate Governance Systems (As of June 18, 2019)
Compliance

Compliance Promotion System
Konica Minolta considers compliance to be the highest priority of all corporate activities. The Group’s pursuit of compliance with corporate ethics, internal rules and adherence to all applicable laws is based on the Konica Minolta Group Charter of Corporate Behavior, which sets conduct guidelines for the entire Group.

The Chief Compliance Officer, who is appointed by the Board of Directors, is responsible for promoting and overseeing compliance throughout the Group. The Chief Compliance Officer appoints regional compliance coordinators in Europe, North America, China, and Southeast Asia and supports the promotion of their compliance activities, which are carried out in accordance with local laws and regulations. Moreover, Internal Hotline Systems (Helplines) have been set up in those regions so that employees can report and consult about compliance violations.

In fiscal 2018, all employees were asked to sign a compliance pledge as a new measure to further encourage understanding of and adherence to Konica Minolta’s compliance programs. The submission rate in Japan was 99.9%.

Compliance with Antitrust Laws and Anti-Corruption Initiatives
The Konica Minolta Group Guidance for the Charter of Corporate Behavior, a guide for implementing the Konica Minolta Charter of Corporate Behavior, provides specific expectations for behavior regarding compliance with antitrust laws, the prohibition of extortion gifts and entertainment, the prohibition of soliciting or accepting bribes, and a ban on any contact with organized criminal elements.

Every year, the Konica Minolta Group prioritizes compliance with antitrust laws and preventing corruption in its annually renewed compliance promotion plan, considering the expectations of society, the degree of impact on the company and society and the possibility of occurrence. In fiscal 2018, the Group used a global compliance promotion system to continue to educate its personnel on these two priority issues, in line with local laws, business environments, and customary practices. The compliance issues, risks, and progress of education in each region are regularly reported to the Chief Compliance Officer via compliance reports.

In fiscal 2018, the anti-corruption guidelines for personnel in Japan were revised in response to changes in public expectations, and efforts were made to ensure that the new guidelines are thoroughly understood by employees. In fiscal 2019, new guidelines will be prepared for personnel in other countries and regions, in accordance with their respective laws and cultures.

There were no incidents of anti-trust law violations, bribery or corruption in fiscal 2018.

Information Security

Information Security Management
Konica Minolta understands that information security is the most important issue related to the effective use of information and IT. Konica Minolta has established an IT security management system at Group companies worldwide and continuously improves IT security levels under the leadership of the President and CEO of Konica Minolta, Inc. and the chief IT security officer, who is responsible for IT planning and administrative organization at Konica Minolta, Inc.

Senior management at Konica Minolta recognizes the growing threat of cyberattacks today and understands the importance of taking steps to combat the issue, as highlighted by the Cybersecurity Management Guidelines from the Ministry of Economy, Trade and Industry of Japan. Konica Minolta has implemented global IT security measures such as the establishment of a Computer Security Incident Response Team (KM-CSIRT).

Protecting Personal Information of Customers
Konica Minolta takes full precautions to protect the personal information of customers. Konica Minolta has established the Global Personal Data Protection Policy and regulations for protection of the personal data of the Konica Minolta Group, which address the EU’s General Data Protection Regulation (GDPR). In accordance with this policy and rules, the Group has established a worldwide system for protecting personal information and properly manages the personal information in its possession. Employees are also kept up-to-date on the policy and rules through e-Learning and other methods of training.

In the event that a leakage of information, including personal information held by Konica Minolta, is confirmed or liable to have occurred, the information security management system would deliver an event/incident report to the Personal Information Protection Office. The Officer would immediately check the facts and degree of impact and submit a report to the Personal Information Protection Commission in Japan and other appropriate authorities in each country.

In fiscal 2018, there were no problems with leaks, thefts or losses of personal information.
The Australian Human Rights Commission honored Konica Minolta Business Solutions Australia Pty. Ltd. with a Business Award at the Human Rights Awards 2018. This award recognizes companies that take practical steps to promote and protect human rights and freedom in Australia.

Konica Minolta is promoting human rights-related initiatives such as the prohibition of any kind of discrimination and harassment based on race, nationality, gender, gender identity/sexual orientation, religion, belief, or physical disability. In addition, Konica Minolta, Inc. and group companies in Japan implement the PDCA cycle regarding their employees, according to a process of annual risk assessment and appropriate corrective actions based on compliance with laws and regulations related to labor (human rights). Going forward, Konica Minolta will consider establishing a risk assessment and corrective action system for Group employees outside Japan as well.

Human Rights Initiatives Related to Group Employees

Konica Minolta is promoting human rights-related initiatives such as the prohibition of any kind of discrimination and harassment based on race, nationality, gender, gender identity/sexual orientation, religion, belief, or physical disability. In addition, Konica Minolta, Inc. and group companies in Japan implement the PDCA cycle regarding their employees, according to a process of annual risk assessment and appropriate corrective actions based on compliance with laws and regulations related to labor (human rights). Going forward, Konica Minolta will consider establishing a risk assessment and corrective action system for Group employees outside Japan as well.

Potential adverse human rights impacts

- Group employees' human rights:
  - Working hours, wages and benefits, harassment, discrimination, health and safety, protection of privacy
- Human rights in the supply chain:
  - Forced labor, child labor, wages and benefits, harassment, discrimination, freedom of association, health and safety
- Customers' human rights:
  - Protection of personal information

Human Rights Initiatives in the Supply Chain

Konica Minolta aims to help build a more sustainable world, where all people are respected. Toward that end, the Group works at CSR procurement (responsible procurement in the supply chain), in order to facilitate appropriate improvements in labor (human rights) as well as ethics, health, safety, and the environment. These efforts are undertaken not only at the Group's production sites but also at the suppliers from which the Group sources raw materials, parts, and other materials, and to which it contracts production and distribution services.
Konica Minolta Basic Policy on Social Contribution Activities

As a responsible, global corporate citizen, Konica Minolta makes group-wide efforts to address social issues that it can contribute to through its businesses in order to be an entity that is essential to society. It is also committed to contributing to the creation of a sustainable society by continually engaging in activities that meet local challenges in the various countries where it operates.

Main Initiatives in Fiscal 2018

Protecting the Natural Environment

Participating in a Marathon Event That Supports Reforestation

The “Green Marathon” held in Rennes, France, contributes to the greening of the world through tree-planting projects, by planting new trees based on the total distance run. Konica Minolta Business Solutions France S.A.S. has been supporting this event since fiscal 2011 and the number of trees planted as of the fiscal 2018 event was 724,000. In fiscal 2018, about 160 people participated, including Konica Minolta employees and business partners.

Supporting Scholarships, Research, and Education

Helping Young People Form Careers

In cooperation with a local vocational training institute, Konica Minolta Business Solutions India Private Ltd. has been conducting skills development programs for young people from under-resourced families since 2016.

Program participants receive basic training in a wide range of subjects including English, electronic engineering, machinery, and multi-functional peripherals services over a two-month period.

This program supports young people facing a shortage of jobs, which has become a challenge for new graduates in India in recent years.

Konica Minolta supports the activities of NGOs by promoting employee participation in charity runs and walks, seeking to help patients with diseases including cancer and heart disease. In fiscal 2018, employees participated in charity runs and walks held around the world, including in the US, Europe, Japan, and other parts of Asia.

Promoting Community Health and Well-being

Supporting NGO Activities That Aid Patients with Intractable Diseases

Konica Minolta supports the activities of NGOs by promoting employee participation in charity runs and walks, seeking to help patients with diseases including cancer and heart disease. In fiscal 2018, employees participated in charity runs and walks held around the world, including in the US, Europe, Japan, and other parts of Asia.