

Interviews with the Chairman of the Board and an Outside Director

Ensuring sustainability through a corporate culture with integrity, transparency and fairness



Masatoshi Matsuzaki

Chairman of the Board of Directors

Masatoshi Matsuzaki served as a Director at Konica Minolta Business Technologies, Inc., the Representative Director and President of Konica Minolta Technology Center, Inc., and in various other roles before becoming a director, and then the President and CEO of Konica Minolta, Inc. In April 2014, he assumed the position of Chairman of the Board.

Shoji Kondo

Outside Director

Shoji Kondo has served as a Senior Executive Director at Toyota Motor Corporation, Representative Director and President, and Chairman at Hino Motors, Ltd., and in various other roles. He has been an outside director of Konica Minolta, Inc. since June 2011.

Early Promotion of a Governance System Based on Democratic, Open Ideas

——— Please share your thoughts on Konica Minolta's corporate governance.

Matsuzaki Konica Minolta is a “company with three committees” as stipulated by the Companies Act. The three committees within the Board of Directors include the Nominating Committee, Audit Committee, and Compensation Committee, in which the majority of members are outside directors. These committees carry out various tasks such as nominating director candidates, auditing the duties of representative executive officer(s) and directors, and determining compensation, thereby ensuring management

transparency and fair business practices.

Kondo Konica Minolta stipulates that the Chairman of the Board is selected from among directors not currently serving as an executive officer, one-third or more of the directors are to be outside directors, and that directors who do not concurrently serve as executive officers constitute the majority of the total number of directors.

Matsuzaki In reality, presently four of the eleven directors are outside directors and seven directors do not concurrently serve as executive officers. I am one of the seven and also chair the Board.

Kondo Konica Minolta has an extremely advanced governance system, one that many listed companies are currently aiming to achieve. This is due to the proactive efforts

initiated since the management integration between Konica and Minolta.

Matsuzaki The origins of the current governance system can indeed be traced back to before the integration. Tomiji Uematsu served as Konica's president until March 2001. After stepping down, he briefly served as representative director and Chairman of the Board. Mr. Uematsu reflected on his time as president and became keenly aware that no system had been introduced to check management more rigorously. The opportunity came when Mr. Uematsu decided to give up the right of representation and stepped down from the executive role, switching to that of supervising management, where he began working to strengthen governance with the cooperation of legal experts.

Kondo In other words, rather than taking a passive approach and doing something because the Companies Act was revised or because a problem arose, Konica Minolta initiated corporate governance autonomously based on an extremely democratic and open philosophy that "those with authority should be checked all the more carefully."

Matsuzaki Exactly. Because a person devoted to supervision decided to take on the role of flagman, we were able to build a thorough governance system without having to compromise.

Incorporating an Objective Perspective from Outside the Company and Swiftly Responding to Management Issues

——— Please tell us the selection criteria and role expectations for outside directors.

Matsuzaki Konica Minolta's selection criteria for outside directors can be broadly broken down into five points. The first is that they satisfy certain independency criteria. The second is that, like Mr. Kondo, they have experience in operating an organization, or alternatively, expertise in specific fields such as technology or finance. The third is that they possess superior insight, can ask the right questions, and are capable of providing the right guidance regarding the Company's management. The fourth is that they have what it takes to be a committee member or committee chairman. For example, the individual has to be able to engage in discussions with officers and accounting auditors through appropriate processes if they become an Audit Committee member or Audit Committee chairman. The fifth condition is that they are able to devote sufficient time to serve as a director of the Company. Furthermore, as a member of the Nominating Committee and

participating in the selection of candidates for outside directors, I think it is important to keep in mind that we should select candidates for outside directors with a good balance of specialties and people whose abilities fit the future important management themes of the Company.

Kondo I don't know if I meet all of those conditions, but since I was appointed in 2011, I have certainly been able to freely speak my mind as an outside director.

Matsuzaki We expect outside directors to check the Company's management using an outside perspective, so we are most grateful to receive unreserved opinions. Mr. Kondo provided us with valuable guidance when we decided the withdrawal from glass substrates for HDDs business.

Kondo If discussions are held only between internal personnel, sometimes it can be hard to reach decisions due to being too devoted to a business or interpersonal relationship. There is no emotional tie for outside directors such as ourselves, so we can say without hesitation that businesses where no improvements are anticipated should be eliminated. Moreover, since I became an outside director, I also pointed out the inefficiency of treating the Business Technologies Business—which accounts for 70% of the Group's sales—with the same importance as other businesses. I believe this feedback was thoroughly acted upon in April 2013 when the corporate structure was reorganized.

Matsuzaki Many of the internal directors were also aware of problems regarding the business structure. But outside directors pointed them out without hesitating. I think there is a great advantage to be had insofar as clarifying issues and responding to them swiftly.

Strengthening the Ability of Each Business to Increase Profits Further

——— How do you provide explanations and information to outside directors in order to obtain their understanding of Konica Minolta's businesses?

Matsuzaki When a Board of Directors meeting is held, detailed materials are provided to all outside directors in advance and we sometimes set up a pre-meeting to explain particularly important matters on a one-to-one basis.

Kondo We are also provided the opportunity to attend presentations of new products and technologies, as well as tour research laboratories and plants.

Matsuzaki Additionally, following my appointment to Chairman of the Board in 2014, upon a request from outside directors to hold informal meetings, we began holding informal

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advisory meetings. In addition to official board of directors meetings, we offer information on the status of each business channel and regional strategies, and provide opportunities to discuss important themes a number of times a year.

Kondo If time permitted, I would like to go into the field more. However, I believe that Konica Minolta provides a satisfactory level of explanations and information, both from qualitative and quantitative perspectives, to its outside directors.

——— **What was your impression of Konica Minolta as a company when you actually went out into the field firsthand?**

Kondo If I may speak from my many years of experience in production management and procurement at Toyota and Hino, I must say that I sensed there was still ample room for improvement. I think Konica Minolta has steered its management extremely well amidst the dramatically changing business environment. But if the Company improves the onsite abilities of each of its businesses, it will surely grow into an outstanding company capable of generating even more profit.

Matsuzaki Yes, I agree. I'd like to see greater ability to handle issues onsite as well.



65 of 73 Principles of the Governance Code Completed

——— **The Corporate Governance Code has been in effect since June 2015. What initiatives do you believe are important for Konica Minolta to introduce?**

Matsuzaki As I explained in the beginning, Konica Minolta began building its governance system early on. Accordingly, there are few new issues that need to be addressed. In fact, when the governance code was announced, we made a

comparison believing it to be a useful tool for assessing our current status. Through that comparison, we discovered that we had already covered 65 of the 73 principles.

Kondo The remaining eight principles are currently a hot topic of discussion.

Matsuzaki Moving forward, responding to Principle 3-1, we are introducing initiatives to improve the transparency of appointment procedures for directors and senior management. We are also revising policies and procedures for appointing the CEO, and transitioning to a process that can be supervised by the Nominating Committee and Board of Directors. Moreover, executive officers other than the CEO are currently appointed by the Board of Directors, with the Nominating Committee only receiving reports of the appointments. We are planning to change the system so that the Nominating Committee also participates in the appointment process.

Kondo This issue was discussed by the Nominating Committee just the other day. I, too, believe that incorporating outside opinion in the appointment process for senior management is extremely important to secure business transparency and fairness. It is a given that if external eyes are focused on the appointment of top management, each and every employee will conduct themselves understanding that society is always watching.

Accomplish Open and Sincere Management Growing as a Company Trusted by Society

——— **Moving forward, what actions are necessary in order to achieve sustainable growth?**

Matsuzaki For more than 10 years, we have used a questionnaire-style evaluation sheet that the board of directors use to conduct self-evaluations. In addition to points for improving the operations of the board of directors, items on the evaluation sheet include questions relating to mid- to long-term management issues. Every year, despite their busy schedules, our members provide us with extremely in-depth answers. We plan to further increase our level of corporate management by rotating the PDCA cycle based on these opinions and guidance.

Kondo Another important hint regarding management is information obtained by communicating with investors.

Matsuzaki Precisely. I myself soon became aware of which risks investors place importance on by speaking with various investors when I was a CEO. It provided great insight. We must continue to place importance on communicating with investors and utilize their perspectives in our management. Moreover, we

will start to effectively utilize the results of socially responsible investment (SRI) index surveys such as DJSI in order to strengthen the backbone of management.

Kondo Another essential element to sustainable growth is spreading and instilling a culture of transparent management and sound business activities at Konica Minolta. This is also the objective of building a governance system. The starting point is the honest and sincere approach of each and every employee.

Matsuzaki I feel the same way. We stated “Open and honest” as the leading line of the Konica Minolta Philosophy when it was revised last year. This expresses the strong desire to firmly carry on our innate values of fairness and sincerity.

Kondo I like the phrase, “With all due difference to you.” Even when addressing someone of seniority, people are not afraid to speak their mind if they believe they are right. This kind of positive culture enables transparent and sound business activities. I believe this kind of culture is already being developed within Konica Minolta and hope that the Company



continues to grow, raising the level of trust by society ever higher.

Matsuzaki We will do our absolute best to meet your expectations. Please continue to provide us with your valuable guidance.

