

Basic Policy on Corporate Governance

Introduction Basic Views

Konica Minolta, Inc. (the “Company”) believes that corporate governance should contribute to sustainable corporate growth and increased corporate value over the medium to long term by encouraging appropriate risk-taking as part of management execution. On the other hand, the Company has established a corporate governance system from the standpoint of the supervisory side in the belief that setting up and managing a highly effective supervisory function is also necessary. As part of its institutional design in accordance with the Companies Act, in 2003 the Company selected the “company with committees” system (now, a “company with three committees” system) and established a system that eliminated dependency on personal characteristics, thereby pursuing governance in a style specific to the Company.

The Company’s basic views with regard to its governance system is as follows.

- Reinforcement of business supervisory functions by separating the supervisory and execution functions in order to increase the corporate value
- Election of an Independent Outside Director who can provide supervision from a shareholder perspective
- Improvement of the transparency, integrity and efficiency of management through the above-mentioned points

Specifically, the Board of Directors and the three committees are composed as follows.

1) Board of Directors

- One-third or more of Directors are Independent Outside Directors, and Directors who do not concurrently serve as Executive Officers constitute the majority of the total number of Directors
- The Chairman of the Board is selected from among Directors not concurrently serving as Executive Officers

2) Nominating, Audit and Compensation committees

- Each of the three committees is composed of three Outside Directors and two Inside Directors
- The Chairmen of the three committees are selected from among the Outside Directors
- The President and CEO is not selected as a member of the Nominating, Audit or Compensation committee

Section 1: Securing the Rights and Equal Treatment of Shareholders

(Exercise of Shareholder Rights at General Shareholder Meeting)

- Article 1 Taking a shareholder perspective, the Company strives to create an appropriate environment for the exercise of shareholders' rights at general shareholder meeting.
2. The Company aims to send convening notices to shareholders at least three weeks prior to the date of general shareholder meeting. On the day convening notices are sent, they are posted on the Company's website and the website of the Tokyo Stock Exchange to ensure shareholders sufficient time to consider the proposals. Taking into account its high percentage of foreign investors, the Company translates convening notices into English for overseas institutional investors, and posts these translations on its website and the website of the Tokyo Stock Exchange on the day the convening notices are sent.
 3. To enable shareholders to exercise their voting rights electronically, the Company has prepared environments enabling use of multiple sites for the exercise of voting rights (ICJ Platform, E-VOTE).
 4. To enhance constructive dialogue with its shareholders and in consideration of the accurate provision of information, the Company holds its ordinary general shareholder meeting one week or more before the so-called concentrated period.

(Cross-Shareholdings)

- Article 2 With regard to cross-shareholdings of shares in listed companies, in accordance with its "Policy for Cross-Shareholdings" (Attachment 1) the main purpose of these shareholdings is to foster tie-ups with the companies issuing those shares and cultivate business synergies.
2. Concerning the cross-shareholdings based on the preceding paragraph, in principle the Company approves resolutions submitted to shareholders. However, proposals that are believed to be contrary to the policy for cross-shareholdings are properly evaluated and decided by exercising voting rights.

(Related-Party Transactions)

- Article 3 If the Company, by any chance, engages in transactions with conflicting interests as prescribed in the Companies Act with executives (Directors and Executive Officers), such proposals must be approved by the Board of Directors based on the Companies Act and the Board of Directors rules.
2. To identify conflict-of-interest transactions by executives, every year on a regular basis there are confirmations with these executives to determine if there were any transactions (except compensation) between the Konica Minolta Group and an executive or close relative (relatives within the second degree)
 3. With regard to transactions between the Company and its related parties, including major shareholders, subsidiaries and related companies, the Company has created internal approval procedures based on its authority rules equivalent to those governing transactions with third parties to ensure such transactions do not harm the interests of the Company or the common interests of its shareholders.

Section 2: Appropriate Cooperation with Stakeholders Other Than Shareholders

(Appropriate Cooperation with Stakeholders)

Article 4 The Company recognizes that appropriate cooperation with a variety of stakeholders, including employees, customers, suppliers, creditors and local communities, is essential to the increase of corporate value over the medium to long term. Accordingly, the Company strives for such cooperation.

(Management Philosophy, CSR, Sustainability)

Article 5 In line with its management philosophy, “the creation of new value,” the Company endeavors to create value together with its various stakeholders and, through growth, achieve increases in corporate value over the medium to long term.

2. To achieve sustainable growth as a global company, the Company promotes “CSR management” and upholds the management vision of “a global company that is vital to society.”
3. Recognizing that dealing proactively with sustainability issues such as those affecting society and the environment is an important for increases in corporate value, the Board of Directors conducts appropriate initiatives.

(Charter of Corporate Behavior)

Article 6 In its belief that corporations, in addition to being economic entities engaged in the pursuit of profit through fair competition, should be beneficial to society at large, the Company has formulated the “Konica Minolta Group Charter of Corporate Behavior” (Attachment 2). The Company conducts employee training to ensure that all its employees are thoroughly aware of this charter and that they behave in a socially responsible manner in the spirit of the charter.

(Whistleblowing)

Article 7 The Company operates an appropriate whistleblowing structure, having established hotlines both inside and outside the Company as internal reporting hotlines that can be used to report actual or foreseeable compliance violations. Furthermore, Company rules make clear the common knowledge that it prevents the unfair treatment of people reporting infractions.

(Ensuring Diversity by Promoting Global Human Resources and the Advancement of Women)

Article 8 The Company recognizes the importance of incorporating the perspective of diversified human resources to enhancing its management capabilities and ensuring sustainable growth. Accordingly, the Company promotes diversity among its human resources, such as women and global human resources.

Section 3: Ensuring Appropriate Information Disclosure and Transparency

(Full Disclosure)

Article 9 The Company discloses information properly in accordance with laws and regulations. In addition, to ensure that decisions are made with transparency and fairness, the following information is disclosed from the standpoint of maintaining an effective corporate governance system. The Company discloses information proactively. Specifically, the Company uses its website, CSR report, corporate governance report, annual report, business report and other reports, and reference materials at general shareholder meeting to disclose information. In addition, there are proactive measures to supply information by using Management Policy Briefings, Investor Briefings for Individual Investors and other activities.

- (1) The Company's management philosophy, management vision and other aspects of its "Philosophy" (Attachment 3) and business plans
 - (2) Basic Views and Basic Policy on Corporate Governance
 - (3) Policy for Determining Amount of Director or Executive Officer Compensation (Attachment 4)
 - (4) "Policy and Procedure for Selection of Executive Officers by the Board of Directors" (Attachment 5) and "Nominating Committee Policies and Procedures in the Nomination of Director Candidates" (Attachment 6)
 - (5) Explanations of individual appointments when appointing Senior Executive Officers in charge of principal duties by the Board of Directors, and explanations of individual nominations when nominating Director candidates by the Nominating Committee
2. As the Company has a high percentage of overseas investors, it produces an English-language version of its website and other documents, and proactively discloses information about the Company to overseas investors.

(External Accounting Auditors)

Article 10 The Company recognizes the External Accounting Auditors' responsibilities to shareholders and investors, and takes appropriate steps to ensure the proper execution of audits.

2. The External Accounting Auditors should be independent of the Company and possess required expertise.
3. In accordance with the Audit Committee rule, the Audit Committee formulates policy regarding decisions to appoint, dismiss or deny reappointment to the External Accounting Auditors.
4. The Audit Committee formulates evaluation standards for the External Accounting Auditors and performs such evaluations annually.
5. The Audit Committee performs the following activities to ensure proper audits by the External Accounting Auditors.
 - (1) After receiving audit plan submissions by the External Accounting Auditors, adequate time is provided to ensure high-quality audits.
 - (2) The Audit Committee confirms that the External Accounting Auditors conduct management interviews regularly.

- (3) The Audit Committee confirms sufficient coordination among the External Accounting Auditors, the Audit Committee and the Corporate Audit Division which performs internal audits.
- (4) If an External Accounting Auditor discovers any irregularity and reports it to the Audit Committee, the necessary response is taken in each instance.

Section 4: Responsibilities of the Board of Directors

(Management Supervision and Execution)

- Article 11 The Directors and Executive Officers recognize their fiduciary responsibility to shareholders, ensure appropriate cooperation with stakeholders and act in the interests of the Company and the common interests of the shareholders.
2. The Company has adopted the company-with-three-committees system. Accordingly, the Company thoroughly separates management supervision and execution. Positioning supervision and execution as “two wheels on a cart,” the Company works to reinforce both functions.

(Roles and Responsibilities of the Board of Directors)

- Article 12 By reinforcing management supervision, the Board of Directors realizes the Company's sustainable growth and increases in corporate value, thereby supporting the Executive Officers in taking appropriate risks.
2. Based on the management philosophy and management vision, the Board of Directors views the setting of strategic direction as one major aspect of its roles and responsibilities. The Board of Directors allocates sufficient time for constructive deliberation on “Fundamental Policies for Management” and other items.
 3. Since the Company is a company with three committees, the Board of Directors delegates to Executive Officers as much authority as allowed by laws and regulations for making operational decisions. This contributes to the speed and flexibility of managing business operations. The Board of Directors makes decisions solely about items, such as fundamental management policies, that can be determined only by the Board of Directors, according to laws and regulations. In addition, the Board of Directors makes decisions about investments larger than a certain amount and such other items that will have a significant impact on the Konica Minolta Group.
 4. The Board of Directors and Executive Officers formulate Medium-Term Business Plan. The Executive Officers put forth their best effort to achieve these objectives. At the same time, the Board of Directors receives reports on the status of progress on plans, provides advice and in other ways supports their accurate achievement. The Board of Directors also reviews and analyzes the results of Medium-Term Business Plan and reflects any necessary items into the next Medium-Term Business Plan.
 5. The Board of Directors conducts highly effective supervision of the Executive Officers from an objective standpoint, appropriately evaluates corporate operating performance and individual operating performance, and appropriately reflects these evaluations in its

deliberations of new Executive Officer selection proposals by the President and CEO.

(Composition, Scale and Diversity of the Board of Directors)

Article 13 The Board of Directors is composed of a number of Directors within the scope provided in the Articles of Incorporation, taking into account the management issues the Board of Directors is required to address.

2. To ensure management transparency and supervisory objectivity, one-third or more of Directors are Independent Outside Directors, and Directors who do not concurrently serve as Executive Officers constitute the majority of the total number of Directors.
3. To enhance the management supervision function, liaise with the Independent Outside Directors and strengthen communication and cooperation with Executive Officers, more than one Inside Directors not concurrently serving as Executive Officers will be appointed.
4. To further enhance deliberations on important decisions from a management standpoint, in addition to the President and CEO, several Executive Officers in charge of principal duties will be appointed as Directors.
5. The Company has formulated the "Director Election Standards" (Attachment 7) in order for the Board of Directors to fulfill its roles and responsibilities effectively. These standards provide appointment standards to ensure that Directors have diverse and well balanced knowledge, experience and capabilities by providing in the "Director Election Standards" that "people with organizational management experience in industry, government or academia, or specialists in technology, accounting, law or some other field" and "Outside Directors who have a history of performance and insight in that person's field".

(Chairman of the Board)

Article 14 The Chairman of the Board is appointed from among those Directors not concurrently serving as Executive Officers.

2. Given the results of survey of the effectiveness of the Board of Directors, the Chairman of the Board strives to foster free, open and constructive deliberations and exchange opinions at the Board of Directors and ensure effectiveness in the making of important decisions and management supervision.

(Independent Outside Directors)

Article 15 The Company expects Independent Outside Directors to perform the following roles:

- (1) To participate in important decisions by the Board of Directors and supervision of the process;
- (2) To provide advice, based on their own experience and knowledge, concerning the formulation of management policy and business plans and with regard to reports on the status of management execution;
- (3) To supervise conflicts of interest between the Company, and its shareholders or management;
- (4) Shall conduct supervision of management to protect the general shareholders and the

common interests of the shareholders from the standpoint of the perspective of general shareholders who are independent from that of management and specific stakeholders;
and

- (5) To supervise management through the duties of members of the Nominating, Audit and Compensation committees.
2. Concerning the appointment of Independent Outside Director candidates, the Nominating Committee formulates "Independence Standards for Outside Directors" (Attachment 8), considering independence to be the factor of topmost importance. The term of office for Independent Outside Directors is, in principle, four years. The Nominating Committee cautiously deliberates the importance and reasonableness of appointing Director candidates who exceed that term.
3. Outside Director appointment standards specify the requirement of someone who with sufficient time to fulfill the duties of a Director and take into consideration in the candidate selection process the number of other listed companies for which candidates are concurrently serving as Executives.

(Executive Officers)

Article 16 The Company has Executive Officers, who make operational decisions delegated to them by resolution of the Board of Directors and execute operations.

2. In accordance with Standards for the Selection of Executive Officers formulated by the Board of Directors, at an appropriate time each year the President and CEO drafts an Executive Officer appointment plan for the next term (new appointments or reappointments) and proposes this plan to the Board of Directors. Executive Officers are appointed by resolution of the Board of Directors.
3. By delegating substantial authority from the Board of Directors to the Executive Officers, the Company seeks to accelerate decision-making with regard to management execution and business execution.

(Construction of an Internal Control System)

Article 17 With regard to the "Establishment of System to Ensure Appropriate Business Operations" (Attachment 9) provided in the Companies Act (the "Internal Control System"), each year the Board of Directors reviews the Internal Control System from the perspective of appropriateness and operational effectiveness. The Board of Directors deliberates and decides on revisions, if necessary, and discloses in its business report the summary of Internal Control System and their operational status.

(Nominating Committee)

Article 18 The Nominating Committee formulates "Nominating Committee Policies and Procedures in the Nomination of Director Candidates" (Attachment 6) and "Director Election Standards" (Attachment 7). In accordance with these documents, decisions are made with regard to the content of proposals to appoint or dismiss Directors that are submitted at general shareholder meeting.

2. The Chairman of the Nominating Committee is appointed from among the Nominating Committee members, who are Independent Outside Directors.
3. In the process of appointing Director candidates, the Nominating Committee takes into consideration the diversity and scale needed to deliberate the Company's management issues, as well as the makeup of members of the three committees, and checks the appropriateness of Director candidates.
4. The Nominating Committee receives from the President and CEO reports on succession plans when the timing is appropriate and provides the necessary supervision.

(Audit Committee)

Article 19 The Audit Committee audits the execution of duties by Directors and Executive Officers, prepares audit reports, and determines the content of proposals for submission at general shareholder meeting regarding decisions to appoint, dismiss or deny reappointment to the External Accounting Auditors.

2. To enhance the Audit Committee's effectiveness, the Board of Directors appoints as an Audit Committee member a full-time Inside Director with management execution experience and strong capabilities in gathering information. The Audit Committee allows this Audit Committee member to be in charge of actual investigation.
3. The Chairman of the Audit Committee is appointed from among the Audit Committee members, who are Independent Outside Directors.
4. The Company set up the Audit Committee Office with a full-time staff to support the Audit Committee and formulated the "Establishment of System to Ensure Appropriate Business Operations" (Attachment 9) as requirements for the execution of duties by the Audit Committee.

(Compensation Committee)

Article 20 The Compensation Committee determines the content of individual compensation to be received by Directors and Executive Officers.

2. The Chairman of the Compensation Committee is appointed from among the Compensation Committee members, who are Independent Outside Directors.
3. The Company has formulated a "Policy for Determining Amount of Director or Executive Officer Compensation" (Attachment 4) that provides for a system comprising compensation appropriate to the roles of each of the Directors and Executive Officers and cash compensation as well as stock compensation linked to the Company's operating performance over the medium to long term.

(Active Deliberations)

Article 21 The Board of Directors strives to encourage even more active deliberations through the specific measures outlined below.

- (1) At an appropriate time, the Chairman of the Board prepares an annual meeting schedule for the Board of Directors including important items for deliberation, such as annual and quarterly closings of accounts and a broad outline of the fiscal year plan

and notifies the schedule promptly to all Directors.

- (2) The number of Board of Directors meetings during the year, the number of agenda items at each Board of Directors meeting and approximate time requirements are set appropriately to enable sufficient time for deliberation.
- (3) For important agenda items at Board of Directors meetings, materials are distributed ahead of time, and explanations are provided ahead of meetings, as necessary.

(Meetings Consisting Solely of Independent Outside Directors)

Article 22 Meetings consisting solely of Independent Outside Directors are held when the Independent Outside Directors deem it necessary to exchange information and understandings among themselves based on their objective standpoint as Independent Outside Directors in order to further enhance the operation of the Board of Directors, or when Independent Outside Directors otherwise decide such meetings are necessary. When such meetings are held, the meeting's chairperson is decided through mutual voting.

(Effective Evaluation of the Board of Directors)

Article 23 The Board of Directors distributes a questionnaire every year that includes a self-evaluation by each Director. The questionnaire covers the composition of the Board of Directors and the three committees, the Board of Directors agenda items and operation, and other subjects. The purpose is to analyze and assess the overall effectiveness of the Board of Directors, identify issues and make improvements as needed. A summary of the results of this survey is announced.

(Systems to Support Directors)

Article 24 The Company has established a support system for Directors that comprises the Board of Directors Office to serve as a secretariat for the Board of Directors, Nominating Committee and Compensation Committee, with a full-time staff assigned to this office.

2. A budget is provided and operated to enable Directors to elicit advice from outside experts other than those with whom the Company has advisory agreements in place, when Directors, including Independent Outside Directors, consider this necessary in order to make decisions at Board of Directors meetings.

(Director Training Policies)

Article 25 In accordance with the Director Election Standards, the Nominating Committee selects candidates for election as Director who have the qualities needed to be a Director. The Company confirms whether new Directors require training judging from each individual's knowledge, experience and other characteristics. If training is needed, the Company provides suitable opportunities to receive this training.

2. For new Independent Outside Directors, the Company provides information about the group's structure, business activities and finances as well as information about the Medium-Term Business Plan and its progress and other subjects.
3. For Independent Outside Directors, the Company arranges visits to the development,

manufacturing, sales, service and other operations of every business unit. The Executive Officer of each business unit provides the Directors with the latest information about that business.

Section 5: Dialogue with Shareholders

(Policy for Constructive Dialogue with Shareholders)

Article 26 The Company has established a “Policy for Constructive Dialogue with Shareholders” (Attachment 10) and encourages constructive dialogues with shareholders and other investors with the goal of using these dialogues to contribute to sustained growth and the medium and long-term growth of corporate value. The Company will conduct extensive investor relations activities.

Section 6: Revisions to This Basic Policy

(Revisions to This Basic Policy)

Article 27 Amendments to this basic policy are resolved by the Board of Directors.

2. In the event of revision or abolition of any of the items listed below, the attachments to this basic policy shall be automatically revised or abolished to reflect such revision or abolition.
 - (1) Policy for Cross-Shareholdings (Attachment 1)
 - (2) Konica Minolta Group Charter of Corporate Behavior (Attachment 2)
 - (3) Konica Minolta Philosophy (Attachment 3)
 - (4) Policy for Determining Amount of Director or Executive Officer Compensation (Attachment 4)
 - (5) Policy and Procedure for Selection of Executive Officers by the Board of Directors (Attachment 5)
 - (6) Nominating Committee Policies and Procedures in the Nomination of Director Candidates (Attachment 6)
 - (7) Director Election Standards (Attachment 7)
 - (8) Independence Standards for Outside Directors (Attachment 8)
 - (9) Establishment of System to Ensure Appropriate Business Operations (Attachment 9)
 - (10) Policy for Constructive Dialogue with Shareholders (Attachment 10)

Policy for Cross-Shareholdings

The Company has prepared a policy for cross-shareholdings and standards for voting cross-shareholdings. The policy and standards have been disclosed. In addition, the Company examines the economic justification for its major cross-shareholdings from a medium to long-term perspective every year.

(1) Policy for cross-shareholdings

The basis for cross-shareholdings is expectations for collaboration with these issuers and business synergies. The goal is to increase the Company's corporate value by maintaining and strengthening the business relationship and smoothing transactions with each issuer. Stock where there is little significance or justification for ownership will be sold while taking into account the proper stock price, market conditions and other factors.

(2) Standard for voting cross-shareholdings

In principle, the Company approves resolutions submitted to shareholders. However, proposals that are believed to be contrary to the policy for cross-shareholdings are properly evaluated and decided by exercising voting rights.

Konica Minolta Group Charter of Corporate Behavior

Corporations, in addition to being economic entities engaged in the pursuit of profit through fair competition, should be beneficial to society at large. For this reason, Konica Minolta Group shall behave in a socially responsible manner and shall have all of its directors, officers, and employees clearly acknowledge the spirit of this Charter of Corporate Behavior.

The top management shall recognize that the fulfillment of the spirit of this Charter is its own role and responsibility, and shall take the initiative to ensure that all directors, officers, and employees fully understand the Charter. In addition, the management shall constantly pay attention to the opinions of internal and external parties, and shall promote the implementation of effective systems to secure ethical corporate behavior.

1 Beneficial and Safe Products

We shall strive to earn the confidence of consumers and clients through the development and provision of socially beneficial products and services with the utmost consideration for safety.

2 Fair and Transparent Corporate Activities

We shall, in the pursuit of fair and transparent corporate activities, comply with laws and social regulations and act in accordance with international rules and the articles of incorporation.

3 Communications with Society and Information Disclosure

We shall communicate with society at large and disclose corporate information fairly and adequately.

4 Environmental Protection

We shall acknowledge the seriousness of global environmental issues, and shall act voluntarily and affirmatively to protect the environment.

5 Contribution to Society

We shall, with a global perspective, affirmatively make contributions to society while respecting local customs and cultures.

6 Respect for Employees

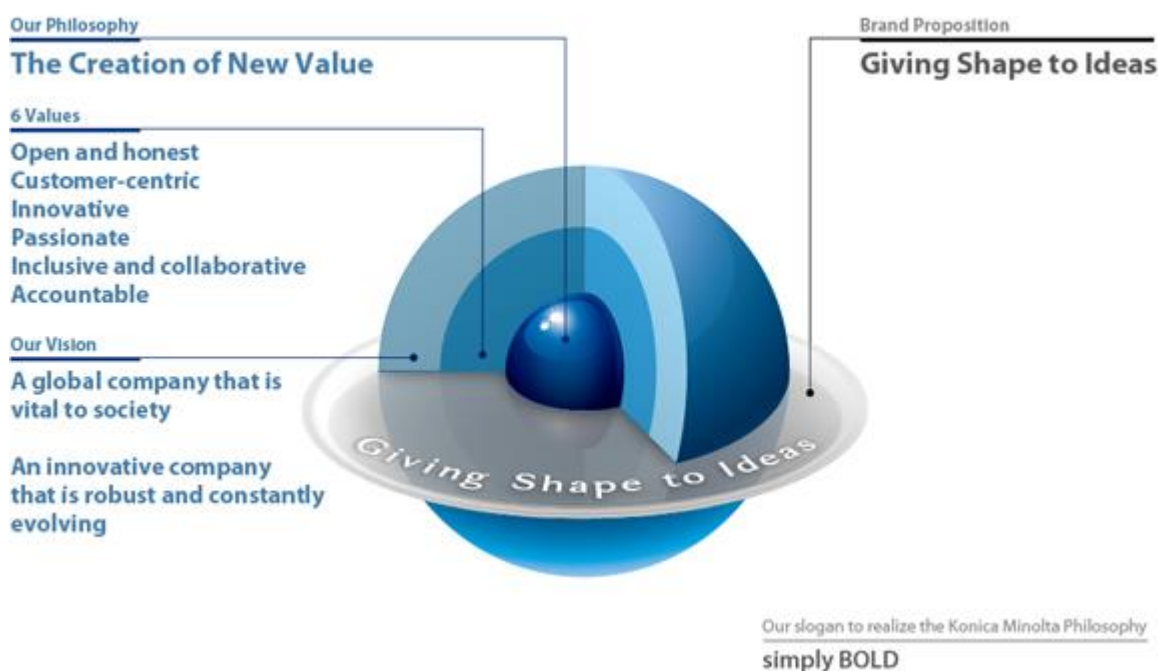
We shall endeavor to make the lives of employees comfortable and fulfilling, provide a safe work environment, and respect each employee's personality and individuality.

7 Responsible Actions

In the event of a violation of the principles of this Charter, in order to solve the problem, the top management shall investigate the cause of the violation and develop reforms to prevent its recurrence in accordance with corporate compliance procedures. Prompt public disclosure of

precise information and an explanation regarding the violation shall be made, and responsibility for the violation shall be clarified. Strict and fair disciplinary action shall be taken, including with respect to the top management where necessary.

Konica Minolta Philosophy



Our philosophy is to articulate the ideas that is shared by over 40,000 members worldwide.

“The Creation of New Value,” this is the reason we exist.

Our 6 Values are the essence of our innermost beliefs.

Our Vision articulates where we are heading in the future.

Our Brand Proposition “Giving Shape to Ideas,” is our pledge to our customers.

Konica Minolta is committed to our philosophy to benefit both our customers and society at large.

Our Philosophy	The Creation of New Value	Through innovation which only Konica Minolta can provide, we create value and share it with society for the betterment of people’s lives today and for the generations to come.
6 Values	Open and honest Customer-centric Innovative Passionate Inclusive and collaborative Accountable	Our 6 Values are the essence of our innermost beliefs, our inherited DNA, and define how we go about our business and act towards all our partners. They articulate what we stand for and direct our decision making.
Our Vision	A global company that is vital to society	Possessing a mindset that drives us to best serve and improve the quality of society in all our activities, we are determined to become a company that is vital to global society by providing excitement that exceeds the expectations of all.
	An innovative company that is robust and constantly evolving	We are committed to becoming an innovative company that stands tall in difficult times with a solid and quality business base, ensuring we remain courageous to provide new value in the face of any challenge.
Brand Proposition	Giving Shape to Ideas	It is our pledge to bring the ideas of customers and society to life through innovation and contribute to the creation of a high quality society.

Policy for Determining Amount of Director or Executive Officer Compensation

The Company, which has adopted the company-with-three-committees system, has established a Compensation Committee. Outside Directors account for the majority of members of the committee and the committee is chaired by an Outside Director to ensure transparency and to determine compensation in a fair and appropriate manner.

The Company's Directors' compensation system is intended to strengthen the motivation of Directors and Executive Officers to strive for the continuous medium-to-long-term improvement of the Group performance in line with management policies to meet shareholder expectations, and to contribute to the optimization of the Group value. The Company aims for a level of compensation that enables it to attract and retain talented people to take responsibility for the Company's development.

In keeping with these aims, the Compensation Committee has established a policy for determining the individual compensation entitlement of Directors and Executive Officers as set out below, and determines the amount, etc. of individual compensation entitlement of Directors and Executive Officers in line with this policy.

a. Compensation system

- 1) Compensation packages for Directors (excluding Directors who concurrently hold Executive Officer posts) exclude a short-term performance-based cash bonus because Directors have a supervisory role, and consist of a "base salary" component in the form of a base salary and "medium-term stock bonus" that links with improvement of the shareholder value for the medium term. Outside Directors receive base salary only.
 - 2) Compensation packages for Executive Officers consist of "base salary," "annual performance-based cash bonus," which reflects the performance of the Group and the performance of the business of which they are in charge in each year, and "stock bonus linking with medium-term performance," which reflects the degree of attainment of the Medium Term Business Plan and improvement of the shareholder value for the medium term.
- b. The total amount of individual compensation entitlement and "base salary" are set at an appropriate level with each position and its value taken into account, based upon objective data, evaluation data and other data collected at regular intervals, etc.
- c. The amount of the "annual performance-based cash bonus" is determined based on the level of performance result for the fiscal year (consolidated operating income) and the degree of attainment of annual performance targets and according to progress of each Executive Officer's key operational measures. The amount based on the degree of attainment of annual performance targets is determined in the 0 % to 150 % range of the standard amount of compensation. The targets are major consolidated performance indicators (operating income, operating income margin, ROA and others) associated with results of operations. Executive officers' key operational measures include those related to non-financial indicators, such as ESG (environmental, social and governance).

- d. Details of the stock bonus plan are as follows.
- 1) In the “medium-term stock bonus” plan to Directors, the Company’s shares are distributed to Directors after the end of the Medium Term Business Plan, according to their roles and years they are in office. The plan is aimed to enhance their motivation toward contribution to improvement of the shareholder value and promote holdings of the Company’s own shares.
 - 2) In the “medium-term stock bonus” plan to Executive Officers, the Company’s shares are distributed to Executive Officers after the end of the Medium Term Business Plan in the 0 % to 150 % range. The plan is aimed to enhance their incentives toward attainment of the targets in the Medium Term Business Plan and promote holdings of the Company’s own shares. The medium-term targets are major consolidated performance indicators (operating income, ROE and others) associated with the medium term management policy.
 - 3) The standard number of shares is set by the position of each Director or Executive Officer in the first year of the Medium Term Business Plan.
 - 4) Certain portions of shares are distributed in cash on assumption that they are exchanged for cash.
 - 5) Shares of the Company obtained as stock bonus shall be held in principle for one (1) year after the date of retirement from the post of each Director or Executive Officer.
- e. The standard for compensation to the President and Chief Executive Officer is a 50:25:25 mix of “base salary,” “annual performance-based cash bonus” and “medium term performance-based stock bonus.” For the other Executive Officers, the “base salary” ratio is set higher than that for the President.
- f. Compensation for non-Japan residents may be handled in different ways from the treatment said above according to legal and other circumstances.
- g. When the Board of Directors resolved a correction to financial statements after the announcement due to a material accounting error or fraud, the Compensation Committee considers corrections to performance-based bonuses and limit payment or request return of the bonuses when necessary.
- h. The Company reviews levels, composition and others of compensation in a timely and proper manner in accordance with changes in the management environment.

Policy and Procedure for Selection of Executive Officers by the Board of Directors

The Board of Directors uses a fair, timely and appropriate method to select people who have the capabilities to serve as Executive Officers. These individuals must be able to create new value for the Group and earn the support of internal and external stakeholders. Standards for making these judgments about capabilities are defined in “Standards for the Selection of Executive Officers”.

These standards include qualification standards. Individuals must have the ability and experience for the internal and external management of the Group’s business operations. Qualification standards also take into consideration knowledge about specialized fields and technologies, an individual’s age when the time for renewing the appointment comes, and other items. In addition, the Board of Directors selects individuals with a strong commitment to ethics, the ability to put customers first, the ability to drive innovation, strong motivation to achieve goals, and other characteristics.

To select new Executive Officers, candidates who have completed senior executive candidate training must do the first stage of the selection process, which involves submitting documents and completing an interview. Next, an assessment is performed in order to reach a highly objective and appropriate decision. This process includes input from both an external perspective and from the perspective of people at the Group who frequently interact with these candidates as part of their jobs. An evaluation conference, which consists of the President and CEO and the Executive Officer responsible for personnel, is held to examine the results of this process. This results in the selection of candidates to become Executive Officers.

To determine the new team of Executive Officers, the President and CEO selects from the list of Executive Officer candidates the individuals who are believed to be well suited to serve as Executive Officers. Next, a proposal for the selection of Executive Officers for the new fiscal year is prepared and submitted to the Board of Directors with a list of the duties for each Executive Officer.

Prior to the submission of this proposal to the Board of Directors, the Nominating Committee performs oversight of the whole process, including a confirmation that a suitable process was used. Oversight includes receiving the proposal for the new Executive Officer team (including the proposed new Executive Officer selections from the President and CEO) and a report about the proposed duties of each Executive Officer.

Nominating Committee Policies and Procedures in the Nomination of Director Candidates

The Nominating Committee starts each year by performing reviews of the composition of the Board of Directors and committees and of the standards for the selection of directors and committee members. By performing examinations from the standpoints of career, skill balance, diversity and other factors, this committee aims to upgrade its selections of Director candidates. The following process is used to make selections.

<Board of Directors>

- 1) The Nominating Committee examines the objectives of the composition of the board and then confirms a proposal for the total number of Directors, the number of Outside Directors, and the number of Inside Directors who do and do not concurrently serve as Executive Officers.
- 2) Confirmation of Directors who will resign due to standards for the number of years as a Director or age and expected number of new Outside Director and new Inside Director candidates.

<Outside Directors>

- 3) To select Outside Director candidates, after the Nominating Committee confirms the selection process, the Nominating Committee chairman asks for a broad range of recommendations for candidates based on information from Nominating Committee members, other Outside Directors and the President and CEO. To provide reference information, the Secretariat distributes to Nominating Committee members a candidate database, centered on “chairmen” of excellent companies, that includes information about independence, age, concurrent positions and other characteristics of candidates.
- 4) From the candidates recommended through the preceding process, the Nominating Committee uses the following steps to narrow down the number of candidates and establish an order of priority.
 - Selection standards for Directors
 - Standard for independence of Outside Directors
 - Career and skill balance and diversity required for Outside Directors
- 5) Using the order of priority for candidates, the Nominating Committee chairman and Chairman of the Board of Directors visit and approach the candidates to serve as an Outside Director.

<Inside Directors>

- 6) Draft proposals for Inside Director candidates are determined by discussions between the Chairman of the Board of Directors and the President and CEO, while placing emphasis on the following points.
 - Selection standards for Directors
 - Roles of Directors who do and do not concurrently serve as Executive Officers
 - Required skills, experience and other characteristics of Directors who do and do not concurrently serve as Executive Officers
- 7) The Nominating Committee uses the draft proposals to examine the candidates.

[Career and skill balance and diversity required for Outside Director candidates]

- 1) For the diversity of Directors, the Nominating Committee Rules for selection standards for Directors state that candidates should “have experience operating an organization in the industrial,

government or academic sector or have specialized skills involving technologies, accounting, law or other fields” and “have accomplishments and knowledge in their respective fields for Outside Director candidates.”

- 2) Candidates should have the character, skill and experience needed for strengthening and upgrading management in order to enable the Board of Directors to determine the Company’s strategic direction.
- 3) A career and skill matrix is prepared for each Outside Director candidate for reelection or election as a new Director. The matrix includes the business sector, major management experience, fields of expertise and other characteristics of each candidate to provide information about overall balance and diversity. The objective is to select candidates who can provide useful advice during discussions of management issues by the Board of Directors.
- 4) In selecting Outside Director candidates for the 2017 general meeting of shareholders, the Nominating Committee confirmed that the candidates were selected by taking into account experience as corporate managers as well as their ability to provide useful advice and oversight concerning shifts in business operations, launching new businesses, global operations and other management issues.

[Stance concerning roles of Inside Directors and selection of Candidates]

- 1) The Chairman of the Board of Directors calls meetings of the board and chairs the meetings. In addition, the Chairman is responsible for overseeing improvements in the effectiveness of corporate governance. The Chairman ensures that agenda items are handled in a manner that facilitates constructive discussions in an open and unrestricted manner. The Chairman also asks questions and takes other actions from the standpoint of providing oversight and ideas and suggestions. Furthermore, based on assessments of the effectiveness of the board, the Chairman establishes policies for the board’s operations and explains these policies at the board meeting following each general meeting of shareholders.

The Company’s previous President and CEO has been selected as the Chairman in order to have a Chairman who has a thorough knowledge of the Company’s management and can provide highly effective oversight of management. The Company’s Basic Policy on Corporate Governance and Corporate Organization Basic Regulations require that the Chairman shall be a Director who does not concurrently serve as Executive Officer, whether the individual is an Outside or Inside Director.

- 2) An Inside Director who is not concurrently an Executive Officer and who has the ability to ensure the quality of audits is selected as a full-time Audit Committee Member.

The Inside Director who serves as a full-time Audit Committee Member should have extensive management experience as an Executive Officer of the Company in order to improve the effectiveness of the Audit Committee. The qualifications required in particular are experience in accounting and finance or business management and core business management.

This Inside Director also serves on the Nominating Committee and Compensation Committee.

- 3) Inside Directors who are concurrently Executive Officers, other than the President and CEO, are selected based on their experience, capabilities and character so that these individuals can contribute to energetic and meaningful discussions of the Board of Directors. Requirements for these Inside Directors include responsibility for overseeing strategic planning, accounting and finance, technology, and other major elements of the Company’s operations.

Director Election Standards

The Nominating Committee has selected candidates who satisfy the following standards as being suitable Directors for achieving good corporate governance i.e. ensuring the transparency, soundness and efficiency of the Company's operations.

- (1) Good physical and mental health
- (2) A person that is well liked, dignified, and ethical
- (3) Completely law-abiding
- (4) In addition to having objective decision-making abilities for management, the person must have good foresight and insight
- (5) Someone with no possible conflict of interest or outside business relations that may affect management decisions in the Company's main business areas, and who has organizational management experience in the business, academic, or governmental sectors. Otherwise, someone with specialized knowledge in technology, accounting, law, or other fields
- (6) For Outside Directors, a candidate with a history of performance and insight in that person's field, someone with sufficient time to fulfill the duties of a Director, and who has the ability to execute required duties as a member of the three relevant committees
- (7) The Nominating Committee has separately set forth points for consideration in the re-election of Directors and requirements concerning the number of terms of office, age and other factors. Especially, in principle, existing terms of office for Outside Directors are up to four years.
- (8) In addition, the candidate must have the abilities necessary for a Director running and building a public corporation that is transparent, sound, and efficient.

Independence Standards for Outside Directors

As standards for the independence of Outside Directors, the Nominating Committee selects highly independent Outside Director candidates for whom none of the following items are applicable.

- (1) Person affiliated with Konica Minolta
 - Former employee of the Konica Minolta Group
 - Having a family member (spouse, child, or any blood or marital relative within the second degree) that has served as a Director, Executive Officer, Auditor or senior management in the Konica Minolta Group during the past five years
- (2) Person affiliated with a major supplier/client
 - Currently serving as a Managing Director, Executive Officer, or employee of a major supplier/client company/group that receives 2% or more of its consolidated sales from the Konica Minolta Group or vice versa
- (3) Specialized service provider (lawyer, accountant, consultant, etc.)
 - Specialized service provider that received annual compensation of ¥5 million or more from the Konica Minolta Group for the past two years
- (4) Other
 - A shareholder holding more than 10% of the voting rights in the Company (Executive Director, Executive Officer, or employee in the case of a corporate body)
 - A Director taking part in a Director exchange
 - A director, executive officer, auditor or equivalent position-holder of a company that competes with the Group, or a person holding 3% or more of the shares of a competing company
 - Having some other significant conflict of interest with the Group

Establishment of System to Ensure Appropriate Business Operations

The Board of Directors of the Company adopted resolutions on the matters prescribed by the applicable Ordinance of the Ministry of Justice as those necessary for the execution of the duties of the Audit Committee (Article 416, Paragraph 1, Item 1 (b) of the Companies Act), and on the establishment of systems necessary to ensure that the execution of duties by Executive Officers complies with laws and regulations and the Articles of Incorporation, and other systems prescribed by the applicable Ordinance of the Ministry of Justice as systems necessary to ensure the properness of operations of a Stock Company (Article 416, Paragraph 1, Item 1 (e) of the Companies Act). A summary of the resolutions is as follows.

- (1) Requirements for the execution of duties by the Audit Committee
 - (a) The Company set up the Audit Committee Office with a full-time staff to support the Audit Committee, and, besides being the secretariat of the Audit Committee, the Audit Committee Office shall perform its duties in accordance with the instructions of the Audit Committee. Furthermore, this principle is to be clearly specified in Company rules and made common knowledge.
 - (b) To ensure the independence of the above Audit Committee Office from Executive Officers and the effectiveness of instructions received from the Audit Committee, personnel matters regarding the Audit Committee Office including appointment, personnel changes and disciplinary action, shall be approved in advance by the Audit Committee.
 - (c) The Company's Executive Officers in charge of the Group's internal control, including the Corporate Audit Division, Risk Management Committee and the Compliance Committee, shall report on the status of operation to the Audit Committee on a regular basis and without delay if an urgent situation that must be reported has arisen or if requested to make a report by the Audit Committee. The subsidiaries' internal audit division, risk management division, compliance division and auditors shall report on the status of operation to the Audit Committee without delay if requested to make a report by the Company's Audit Committee.
 - (d) The Company will secure and manage a budget that is necessary and appropriate for paying expenses arising from the execution of work duties by the Audit Committee members.
 - (e) The Company will provide opportunity for Audit Committee members elected by the Audit Committee to attend management council meetings and other important meetings. The Executive Officers in charge of internal control, including the Corporate Audit Division, Risk Management Committee and the Compliance Committee shall report without delay if requested to make investigations, reports, etc. by the Audit Committee members.
- (2) Systems for ensuring compliance of execution of duties by Executive Officers with laws, regulations and the Articles of Incorporation and other required systems of the Group for ensuring the properness of business operations
 - (a) Each Executive Officer shall manage the minutes of management council meetings and other important meetings, documents requesting formal approval and other information concerning

the performance of their duties to ensure that documents are preserved in an appropriate manner and made available for inspection in accordance with the provisions of the Executive Officer document management rules and internal rules concerning the management of other documents.

(b) The Company set up the Risk Management Committee which is in charge of managing the various risks that arise in connection with the Group's business activities, and the Executive Officer nominated by the Board of Directors shall be responsible for the development of risk management systems including the following, in accordance with the Risk Management Committee Regulations.

- With respect to management of the business risks and operational risks, each Executive Officer shall be responsible in accordance with respective assigned area. The Risk Management Committee shall provide support to each Executive Officer. Further, the Risk Management Committee shall periodically conduct selection, assessment and review of risks material to Group management, develop measures, and confirm management status.
- The Executive Officer in charge of risk management nominated by the Board of Directors shall be responsible for establishing the contingency plans and countermeasures to minimize the damages by a crisis which is supposed to adversely affect the corporate value.
- Provide support to the development and strengthening of risk management systems at each group company.

(c) The Company set up a Corporate Audit Division which is in charge of the internal auditing of the Group to evaluate and improve the status of execution of business operations in all business activities from the viewpoint of legality and rationality, and which shall be responsible for establishing and operating internal auditing systems in accordance with the Internal Auditing Regulations.

(d) The Company shall be responsible for establishing and operating a system of internal control over financial reporting in the Group and a system for evaluating the efficacy of their operation.

(e) The Company set up the Compliance Committee which is in charge of establishing and operating the Group's compliance systems, and the Executive Officer nominated by the Board of Directors shall be responsible for establishing and operating the compliance systems including the following, in accordance with the Compliance Committee Regulations.

- Defining compliance in the Group as the observance of laws and regulations applicable to corporate activities, corporate ethics and internal regulations and policies, and making this known to every individual working for the Group.
- Establishing the Konica Minolta Group Charter of Corporate Behavior, familiarizing this through the Group, and enacting compliance conduct guidelines, etc. based on the philosophy of the Charter of Corporate Behavior.
- Establishing and operating systems to promote compliance at each group company.
- Establishing and operating a whistle blowing system that allows employees to report any compliance violations that are discovered or anticipated. Make this system clear common knowledge in Company rules to halt unfair treatment through the reporting of infractions.

Furthermore, the department in charge of the whistle blowing system will regularly inform the Audit Committee of report details and status.

- (f) The Company established the Corporate Organization Basic Regulations, and shall develop the corporate governance mechanisms of the Company and the Group, including the foregoing systems. The Company shall also work to establish and operate a system for ensuring the appropriateness of business operation through the management council and other meeting bodies, authority regulations and other internal regulations, and shall endeavor to ensure the legality, rationality and efficiency of business execution by reviewing as necessary systems for management and administration across all the business activities of the Group. Furthermore, based on internal rules, etc. such as Authorization Regulations, the Company will make subsidiaries regularly report and seek preapproval on matters concerning the execution of important work duties, accounting, financial execution, human resources and other important information pertaining to such subsidiaries through Management Consultation Committee and other meetings.

Policy for Constructive Dialogue with Shareholders

1. The Company encourages constructive dialogues with shareholders and other investors with the goal of using these dialogues to contribute to sustained growth and the medium-term growth of corporate value. The Company will conduct extensive investor relations activities.
2. Activities for a constructive dialogue with shareholders and other investors are centered on the President and CEO. The Executive Officer for investor relations and the department responsible for investor relations assist the President and CEO.
3. The Corporate Planning Division, which is responsible for investor relations, plays the primary role in encouraging dialogues with shareholders and other investors. The accounting, finance and legal affairs departments and all business units work together to support this division. In addition, the Corporate Business Management Division works seamlessly with the management council meetings and other major councils as well as the Corporate Information Disclosure Committee for the purpose of ensuring that dialogues are timely and appropriate.
4. The Company positions general shareholder meeting as an important opportunity for a dialogue with shareholders. The goal is to operate these meetings in a manner that can earn the trust of shareholders. This involves the disclosure of information about business operations so that information is supplied in a sufficient volume and in a format that is easy to understand. In addition, there are quarterly Financial Results Briefing Session, Management Policy Briefings from the President and CEO, and Investor Briefings for Individual Investors. All these activities are aimed at maintaining strong lines of communication with shareholders and other investors.
5. The President and CEO submits reports on investor relations activities to the Board of Directors, management council meetings and other major councils in order to maintain the proper framework. These reports include opinions and concerns about the Company that were received through dialogues with shareholders and other investors.
6. The Company has a Corporate Information Disclosure Committee for the purpose of ensuring that the disclosure of important corporate information is timely, appropriate and fair. This Committee establishes a procedure for the disclosure of information. In addition, as stated in Rules for the Prevention of Group Insider Trading, the managers of departments that have information about significant facts are responsible for managing this information. Disclosure must be timely, appropriate and fair. Information must be managed to prevent the provision of information only to some shareholders and investors.
7. The Company performs investigations and other activities in order to identify effective shareholders. The purpose is to know all shareholders, both registered and effective shareholders, who make investment decisions and stock voting decisions. Dialogue with these effective shareholders is one of the Company's priorities.
8. The Company plans to further upgrade the provision of financial information, the President and CEO's medium and long-term stance about management, information about the environment, society and governance, and other non-financial information. Another goal is to increase the

amount of information provided by Independent Outside Directors.