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Discussion on Corporate Governance

We are enhancing the effectiveness of governance by having the Nominating Committee take the lead in selecting candidates based on a balance of career and skill and in supervising and supporting the CEO succession plan.



Masatoshi Matsuzaki Chairman of the Board

After serving as a Director at Konica Minolta Business Technologies, Inc., as President of Konica Minolta Technology Center, Inc., and in various other roles, Matsuzaki became the President and CEO of Konica Minolta, Inc. He now serves as Chairman of the Board, a position he has held since April 2014.

Hiroshi Tomono Outside Director

After serving as President at Sumitomo Metal Industries, Ltd. and subsequently as Representative Director, President and COO, and Representative Director and Vice Chairman at Nippon Steel & Sumitomo Metal Corporation, among other positions, Tomono became an Outside Director at Konica Minolta, Inc. in June 2015. He was appointed Chairman of the Nominating Committee in June 2016.

Board composition and selection process for Director candidates

— Can you describe Konica Minolta's selection process for Director candidates and criteria?

Matsuzaki: Every year, the selection process for next year's Director candidates gets underway as soon as Directors are elected at the Ordinary Shareholders' Meeting. We begin by reviewing the current state of the Board of Directors, and then examine proposals for the number of total board members, Outside Directors, non-executive Inside Directors, as well as executive officers serving concurrently as Inside Directors. At the same time, we check the outgoing Outside Directors and Inside Directors as of the next Ordinary Shareholders' Meeting and consider new candidates to fill these positions.

On top of this, we examine and determine the type of people we should appoint as next year's candidates for Director under the direction of the Chairman of the Nominating Committee.

Tomono: Generally speaking, when it comes to Japanese companies, the President wields a great deal of influence in the selection of Director candidates. Actually, I have heard many cases where the President's preferences for new Directors are simply approved by the company's nominating committee. In contrast, Konica Minolta entrusts the selection process up to the Nominating Committee, which examines and determines the board composition for the subsequent year and the type of candidates needed.

When selecting Outside Director candidates, we prepare a long list by having the Nominating Committee together with other Outside Directors and the President recommend candidates based on the finalized board composition and candidate requirements. This long list is discussed by the Nominating Committee, which determines a priority order. Following this order, Chairman Matsuzaki and I together visit the candidates to gauge their interest in becoming an Outside Director.

Matsuzaki: Previously, I served as President for five years and during this time I recommended candidates every year, but there was just one case where the candidate I recommended was approved. In other words, Konica Minolta's selection process for Outside Director candidates focuses on the most qualified candidate, regardless of who makes the recommendation.

— Two new Outside Directors were elected this fiscal year. What elements did you emphasize in their selection?

Tomono: This time the selection of Outside Director candidates emphasized compatibility with our management strategy. Under the TRANSFORM 2016 Medium Term Business Plan, Konica Minolta made efforts to shift to a business model where we provide customers with solution-based services.

Under the new SHINKA 2019 Medium Term Business Plan, we are working to create business opportunities in new domains such as bio-healthcare, IoT, and digital solutions, while strengthening the profitability of our core business. For this reason, the element we emphasized the most this time around was the selection of candidates who can provide appropriate insight and advice within discussions on these strategies.

Matsuzaki: In the selection of Outside Directors, we are mindful of a balance between each candidate's background and field of expertise, and give priority to candidates with a wealth of experience and knowledge in fields where we lack depth or in domains that we need in the future. For example, as was the case with Mr. Tomono, selected for his global manufacturing experience and ability to share his views after visiting the front lines, Mr. Noumi, selected for his ability to provide views from an investor perspective, and Mr. Hatchoji, selected for his experience in corporate governance at a global corporation, we ask people with their own unique field of expertise to serve as Outside Director. With this composition as the premise, as Mr. Tomono noted earlier, we added Mr. Fujiwara for his familiarity with the bio-healthcare field and Mr. Hodo for his ability to delve into the fundamental essence of IoT and digital domains.

Tomono: This year the two candidates newly elected as Outside Director also have a wealth of experience in M&A to complement their individual fields of expertise. I believe this year we have a very powerful combination of board members when it comes to both balance of background, field of expertise and compatibility with strategy. In addition, three years have passed since I was elected as Outside Director; yet, I feel that the term of an Outside Director is but a short period of time when it comes to the long timeline of a company. This is why I feel Konica Minolta's selection of Outside Director candidates, which involves myself and Mr. Matsuzaki, who has been with the company even longer than I, is a very good system.

— Two new Inside Directors were also elected this year. What elements did you emphasize in their selection?

Tomono: This fiscal year the Nominating Committee emphasized the keywords "continuity" and "generational change." In terms of non-executive Inside Director, Mr. Matsuzaki and Mr. Shiomi were re-elected and Mr. Itoh was newly added. As for Executive Officer serving concurrently as Inside Director, Mr. Taiko was newly elected to go with Mr. Yamana, Mr. Hatano, and Mr. Koshizuka. In this manner, the main characteristic of this year's board is a generational change infusing new members while ensuring continuity with the re-election of current members.

Matsuzaki: For Inside Directors, the President and I hold discussions and prepare a draft based on the elements emphasized by the Nominating Committee, as pointed out by Mr. Tomono. Following this, I propose candidates to the Nominating Committee. Non-executive Inside Directors serve as full-time Audit Committee members, and for this reason, I proposed candidates well versed in the group's internal control and business administration. Inside Directors who serve

concurrently as Executive Officer need to fulfill additional accountability for the business they are responsible for at board meetings and other venues. For this reason, I proposed the officer for the mainstay Business Technologies Business.

— **This fiscal year Konica Minolta appointed its first female Executive Officer. What are your thoughts about female representation?**

Tomono: The fundamental principle in Konica Minolta's selection of Directors and Executive Officers is to choose candidates who can contribute to the company's sustained growth and enhance corporate value and candidates who can live up to stakeholder expectations. Such attributes as gender or nationality have no bearing under this fundamental principle.

Matsuzaki: Recently there is widely growing awareness about the importance of diversity. For Konica Minolta, diversity has always been an integral part of our business operations. This selection of a female Executive Officer does not mean that we are simply following the latest trend.

Tomono: For quite some time, women's names have appeared on the long list of Outside Director candidates and we have approached a number of women about the opportunity to serve as a Director. However, due to other obligations none of these individuals chose to become an official candidate for Director.

Matsuzaki: Several years ago, the President asked me to select

executive management, including women, and coach them as future candidates for Executive Officer. One of these candidates was the woman who was elected as Executive Officer this year. I believe that other talented and highly capable women will emerge from this type of development program.

CEO Succession Plan

— **What led to the Nominating Committee supervising the CEO succession plan?**

Matsuzaki: The impetus behind this decision was Japan's Corporate Governance Code introduced in 2015. I facilitated a roundtable discussion with the Board of Directors on the implementation of this code, where I listened to views with regard to the company's current status of compliance and the extent to which we should comply with the code in the future. As a result, we reached a consensus that included complying with the supplementary principle calling for the Board of Directors to supervise the CEO succession plan. As a company with three committees, Konica Minolta's Board of Directors fulfills its inherent roles and is placed in a position to supervise the execution of business, which is entrusted to the execution side whenever possible. One of these inherent roles is the selection of Executive Officers, and of particular importance the selection of the CEO. Given this, the CEO succession plan was fundamentally viewed as an action that should be supervised by the Board of Directors. Actually, we considered it realistic to make this a responsibility of the Nominating Committee, and currently we are implementing the supervision cycle through the Nominating Committee.

Tomono: In the succession plan, the Board of Directors has the final say on the successor, and the Nominating Committee will check the development plan and provide advice from a supervisory position. Specifically, such requirements as the personal qualities, experience and career path deemed necessary of Konica Minolta's CEO not only reflect the current CEO's view, but also a consensus built while taking into account the views of Nominating Committee members.

Matsuzaki: When considering the personal qualities deemed necessary of the CEO, for example, there are requirements common to any company, such as the ability to plan ahead, zeal for company growth, communications skills, and personal magnetism, as well as requirements unique to our company, such as specific experiences or familiarity with certain businesses. Our discussions have found that both are essential.

Tomono: Based on these personal qualities and requirements, we prepare a long list of CEO candidates. The list includes a development plan that will pave the way for each candidate to become CEO in the future, including career path along with the experiences, knowledge and skills that need to be acquired.



Furthermore, in the process of selecting and developing candidates, we assess candidate competency not only internally, but also using outside organizations. The results are shared with the Nominating Committee as well.

Matsuzaki: In this manner, we monitor the development of successor candidates from various angles and narrow down the list of candidates.

Tomono: As part of monitoring, we carefully check performance, such as their responses to questions by the Board of Directors. There are also many opportunities for me to visit the frontlines and attend research presentations. I find it very useful to evaluate a person based on their remarks and responses to questions during such occasions.

Matsuzaki: As Mr. Tomono says, the best training is responses to questions and findings from Directors during board meetings. For that reason alone, there are times when such comments are deliberately severe.

— **What other efforts are the Board of Directors and Nominating Committee making with regard to developing the skills of Executive Officers outside of candidates for CEO successor?**

Matsuzaki: Over the past year the CEO's succession plan has gotten off the ground under the supervision of the Nominating Committee. We are now beginning to develop successors to other chief officers in charge of business execution such as the CFO and CTO. We are discussing candidate requirements and the development of candidates based on the President's draft plan while also listening to the views of the Nominating Committee.

Tomono: As we implement the CEO's succession plan, the scope of work has expanded automatically. There is the possibility the new CEO could come from current executive management or be selected from somewhere below. When considering this, we need to take a systematic approach to developing successors not only for the CEO but also other executive management positions.

Matsuzaki: As I mentioned earlier, I continue to coach future Executive Officer candidates at the request of President Yamana. For example, I host rehearsals for future Executive Officers, which include explaining about business operations and answering questions at a mock board meeting, and then I provide feedback and advice on areas in need of improvement. At first, I provided coaching to only a small number of people, but now I am working with over 10 people because of the solid results seen by the President over the past year.

Tomono: Another one of our unique approaches is that we prepare a chart for successor development including the CEO. The horizontal axis is the timeline while the vertical axis is the positions for development and process. For example, this helps to visualize quantitative targets and ensures action is taken by showing the planned retirement date of certain chief officers and establishing goals to list several successor candidates by a certain date.



Evaluations of Konica Minolta by Outside Directors and Challenges

— **Three years have passed since you (Mr. Tomono) were elected Outside Director. How do you appraise Konica Minolta's corporate governance?**

Tomono: I feel like Konica Minolta is carrying out very progressive measures stoically while regulating itself rather strictly. In 2003, it transitioned to a company with committees (currently, a company with three committees) and in 2004 it began evaluating the board's effectiveness. Therefore, Konica Minolta made efforts to establish a strong governance system more than a decade before Japan's Corporate Governance Code took effect (June 2015). In recent years, too, under the leadership of Chairman Matsuzaki, the company has worked diligently to further enhance board effectiveness. The fact Konica Minolta has created its own better approach to governance from scratch instead of mimicking others enables various improvements and updates. Some feel that the corporate governance of Japanese companies is mere formalization lacking substance, embodied by the phrase "has the form but not the spirit." However, in the case of Konica Minolta, it created the form from an early stage, and later embedded the spirit after repeated actions (high effectiveness) to create its own form of governance today.

— **Did you notice any concerns or areas in need of improvement during your visits to the frontlines of various businesses?**

Tomono: A company is formed by many different “frontlines of work.” In addition to the production floor, the frontlines include everywhere else such as accounting or human resources departments. The frontline that requires the greatest transformation in the future is likely the production floor. After visiting the production floor myself and talking with the engineers I found that the group has a real serious commitment to manufacturing. Built-up technical prowess and know-how developed through manufacturing are important assets. However, Konica Minolta is in the process of transforming and evolving its business portfolio. As such, I feel we need to reset our approaches to organizations and work. For example, I think we need to review from scratch collaboration between development and the production floor to transform development and production processes.

Progress of the SHINKA 2019 Medium Term Business Plan

— **The first year of the SHINKA 2019 Medium Term Business Plan is over. How do you assess the progress?**

Tomono: Overall, I think we are moving in a good direction. Under SHINKA 2019, we are working to boost profitability in our core business and accelerate new business creation that will support future growth, while utilizing the results of TRANSFORM 2016, the previous Medium Term Business Plan where we prepared core technologies and strengthened our

customer base. I feel like we are moving in the right direction. I would like everyone to feel comfortable in living up to their greatest potential and tackling new challenges with all their might. This requires careful monitoring of the progress of each measure and understanding the situation not through words, but rather numbers. Consequently, there is no need to have a negative outlook even if the numbers don't materialize as planned. Within Konica Minolta there is a wealth of knowledge and experience in business. This means we have many tools at our disposal to solve just about anything once we know the problem. The important thing is to implement a cycle where problems are quickly discovered and resolved without overlooking or ignoring them.

— **How will the Board of Directors aid in the achievement of SHINKA 2019?**

Matsuzaki: As with Mr. Tomono's assessment, I find the direction of the strategy appropriate. The major challenge now will be how to go about implementing this plan. When drawing up the plan for fiscal 2018 under the Medium Term Business Plan, I asked the business execution side to come up with the measures and numerical targets for this fiscal year along with the reason and basis for each. The Board of Directors will make this into a check sheet to monitor the progress of measures. To achieve the business plan, we, of course, need to continue to take on various risks. This is why I believe the Board of Directors must provide greater support to risk management. For example, recently we have made large-scale initial investments in bio-healthcare, and I have asked the officer of the Bio-Healthcare Business to think very carefully about any problems that may have been missed in carrying out this business. Going forward, the Board of Directors will aid the achievement of the Medium Term Business Plan from various angles, in an effort to achieve sustainable growth as a company and enhance corporate value over the medium to long term.

Corporate Governance

Basic Concept for Corporate Governance

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

Basic Policy on Corporate Governance

Basic Approach

- 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; and
- 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.

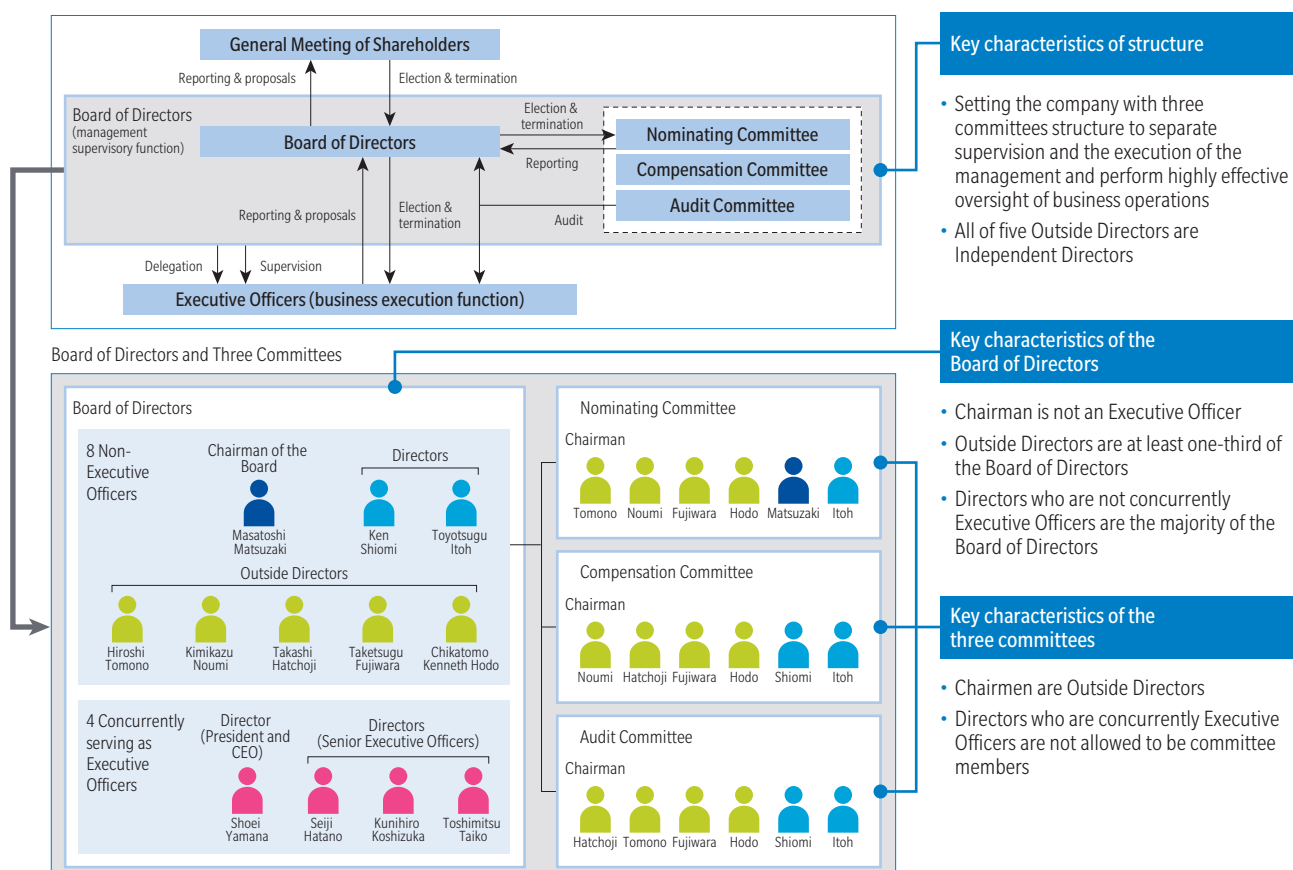
1) Board of Directors

- 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.
(Following the June 2018 shareholders meeting, each committee is operated by four 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.

Structure of Corporate Governance Systems (As of June 19, 2018)



committees" system) and established a system that eliminated dependency on personal characteristics, thereby pursuing governance in a style specific to Konica Minolta.

The Basic Policy on Corporate Governance that was formulated in September 2015 defines the basic views regarding corporate governance.

We have published the Basic Policy on Corporate Governance on our website.

<https://www.konicaminolta.com/us-en/investors/management/governance/>

Compliance with the Corporate Governance Code

Konica Minolta complies with every principle of Japan's Corporate Governance Code set forth by the Tokyo Stock Exchange (compliance with the revised code which came into effect on June 1, 2018 is currently being examined).

We have indicated in the corporate governance report that the Company is in compliance with all principles. Additionally, we have disclosed details for all 11 general principles, principles, and supplementary principles for which the Tokyo Stock Exchange requires disclosure.

The corporate governance report is available on our website.

https://www.konicaminolta.com/us-en/investors/ir_library/governance/

Governance Structure and Director Selection and Election

Board of Directors and Directors of the Board

(1) Director Candidate Selection Policy and Procedures

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 election of directors and committee members. By performing examinations from the standpoints of balance of career and skill, 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.

Chronology of measures to establish a corporate governance framework and improve its effectiveness

	FY2000-	FY2010-
Institutional Design	2003 • Formation of Konica Minolta Holdings, Inc. due to a management integration. Became a company with committees (now a company with three committees)	
Directors	2000 • Reduced the number of directors (started an executive officer system) 2002 • Elected two independent outside directors • Shortened the term of directors to one year 2003 • Number of independent outside directors increased from two to four 2006 • First overseas field trip by outside directors (two) for a visit to a manufacturing subsidiary in China 2018 • Increased the number of Independent Outside Directors from four to five	
Rules and Policies	2003 • Establishment of the Corporate Organization Basic Regulations 2010 • Revised part of the Board of Directors rules 2015 • Established the Basic Policy on Corporate Governance 2018 • Revised some of the Board of Directors Rules	
Effectiveness Assessments	2004 • Started self-assessments (using questionnaires) of the effectiveness of the Board of Directors 2014 • Started establishing a Fiscal Year Policy for the Board of Directors based on results of self-assessments 2016 • Started using an external organization for questionnaires and interviews to assess the effectiveness of the Board of Directors	
Nominating	2006 • Chairman of the Board of Directors started participating in the Nominating Committee • Established standards for the independence of outside directors 2015 • The Nominating Committee started overseeing the succession plan (development and selection) of the President and CEO	
Audit	2006 • Changed accounting auditors	
Compensation	2003 • Establishment of policy for determining compensation 2005 • Ended lump-sum retirement payments and started compensation-type stock options 2009 • Revised part of the terms for performance-linked compensation in the compensation determination policy 2017 • The compensation determination policy was revised, replaced compensation-type stock options and introduced stock bonus linking with medium-term performance	
Other	2006 • Ended the senior adviser position	

Outside Directors

- 3) To select Outside Director candidates, after the Nominating Committee confirms the selection process, the members of this committee determine the careers and skills that will be required of new Outside Directors in order to enable them to be a good match with Outside Directors to be reelected. The purpose is to receive beneficial oversight and advice concerning management issues at the Company.
- 4) The Nominating Committee chairman asks for a broad range of recommendations for candidates, irrespective of gender, based on information from Nominating Committee members, other Outside Directors and the President and CEO. To provide reference information, the Board of Directors Office distributes to Nominating Committee members etc. a candidate database, centered on "chairpersons" of excellent companies, that includes information about independence, age, concurrent positions and other characteristics of candidates.
- 5) The Nominating Committee takes into consideration the items listed below in order to narrow down the number of candidates, irrespective of gender, from the recommended individuals obtained through the preceding process in order to determine an order of priority.
 - Election standards for Directors
 - Standard for independence of Outside Directors
 - Balance and diversity of career and skill required for Outside Directors
- 6) 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

- 7) 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.
 - Election 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
- 8) The Nominating Committee uses the draft proposals to examine the candidates.

(2) Roles Outside Directors are expected to play and the reasons for their election

(1) Expected roles

- To participate in important decisions made by the Board of Directors and supervise the decision-making process
- To submit advice about the establishment of management policies and plans and about reports concerning business operations by using their experience and knowledge
- To oversee conflicts of interest among the Company, its shareholders, senior executives and others
- To supervise management to protect ordinary shareholders and to reflect the interests of shareholders from the standpoint of ordinary shareholders, which is independent from senior executives and special stakeholders

- To supervise management as members of the Nominating, Audit and Compensation Committees

* The Company, under the rules of the Nominating Committee, in principle, limits the period in office of outside directors to four years (reappointment limit). This rule is based on the concern that the objectivity of these directors may decline as the length of time in office increases.

(2) Reasons for election

Name	Reasons of Election
Hiroshi Tomono*	Mr. Hiroshi Tomono has many years of experience at Sumitomo Metal Industries, Ltd. and Nippon Steel & Sumitomo Metal Corporation in the management of the materials manufacturing sector, including having overseen activities at steelmakers ranging from technology and manufacturing to planning, administration and new business. He has extensive experience and a broad range of knowledge as a corporate executive. The Company believes that Mr. Tomono can contribute to the maintenance and upgrading of corporate governance.
Kimikazu Noumi*	Mr. Noumi was a financial services business manager at The Norin Chukin Bank and Aozora Bank Ltd., he has helped new businesses to grow through investments made by the Innovation Network Corporation of Japan, and he has been involved with assisting companies in enacting reforms from within. He has extensive experience and a broad range of knowledge as a corporate executive. The Company believes that Mr. Noumi can contribute to the maintenance and upgrading of corporate governance.
Takashi Hatchoji†	At Hitachi, Ltd., Mr. Takashi Hatchoji was involved for many years in the management of the electronics manufacturing business, including promotion of global management and business transformation. He has extensive experience and a broad range of knowledge as a corporate executive. The Company believes that Mr. Hatchoji can contribute to the maintenance and upgrading of corporate governance through the activities of the Board of Directors and the committees.
Taketsugu Fujiwara	Mr. Taketsugu Fujiwara has been in charge of management of a comprehensive chemicals maker for years at Asahi Kasei Corporation, which diversified from chemicals and textiles to electronic materials, pharmaceuticals, and housing. His duties at Asahi Kasei included fostering businesses through mergers and acquisitions. He has extensive experience and a broad range of knowledge as a corporate executive. Therefore, the Company believes that Mr. Fujiwara can contribute to the maintenance and upgrading of corporate governance through his activities at the Board of Directors and the committees.
Chikatomo Kenneth Hodo	Mr. Chikatomo Kenneth Hodo has been in management of a company providing business consulting and IT services for years at Accenture Japan Ltd. He has extensive experience and a broad range of knowledge on digital business as a corporate executive. Therefore, the Company believes that Mr. Hodo can contribute to the maintenance and upgrading of corporate governance through his activities at the Board of Directors and the committees.

* Every outside director has been designated an "independent director" as each of them meets the independence standards established by the Company's Nominating Committee, is not a business executive or other significant person at a major supplier or customer or a major shareholder of Konica Minolta, and will not represent conflicts of interest with ordinary shareholders concerning his role as an outside director.

(3) Operations of Board of Directors

In principle, the Board of Directors meets once a month.

Outside directors receive materials in advance that detail agenda items in order to familiarize them with the agenda and facilitate lively discussions at meetings of the Board of Directors. Executive Officers in charge may also occasionally conduct preliminary briefings on important management decisions.

In addition, the seating configuration changes at each Board meeting, except for the Chairman of the Board and the President, in an effort to encourage communication among board members and enliven the proceedings.

(1) FY2017 Board of Directors and the Three Committees

Meetings held in fiscal 2017 by the Board of Directors and the

three committees, as well as attendance rates for each, are given below. 99% of Board of Directors meetings and meetings of the three committees were attended by Kazuaki Kama, Hiroshi Tomono, Kimikazu Noumi and Takashi Hatchoji Outside Directors serving at the Company during fiscal 2017.

* Directors are asked to maintain an attendance rate of at least 80%.

	Board of Directors	Nominating Committee	Audit Committee	Compensation Committee	Total
Times held	14	10	13	8	45
Participation by all directors (%)	99	100	100	98	99
Participation by outside directors (%)	98	100	100	96	99

(2) Major Agenda Items Discussed by the Board of Directors in FY2017

- Current Medium Term Business Plan (FY2017–2019) first year review and status reports for each business unit
- Corporate departments status reports (technology management, ESG, talent management and others)
- Discussions and approval concerning bio-healthcare business M&As
- Reports concerning PMI for M&As
- Revisions to some of the Board of Directors rules
- Internal control system reviews
- Outline and baseline budget for the FY2018 business plan
- Policy for administrating FY2018 ordinary general meetings of shareholders

(3) Training for Directors

Konica Minolta conducts training for and provides information to directors in accordance with the following policies.

Director Training Policies

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.

- 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. In addition, the Company provides basic information concerning each business and cross-corporate functions.
- 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.

Board of Directors activities in fiscal 2017:

- Field trips in Japan (factories and sales offices, including at subsidiaries)
Two trips with the cumulative participation of two Outside Directors
- Field trips outside Japan (factories and sales offices, including at subsidiaries)
One trip with the participation of one Outside Director
- Research activity announcement event
Five events with the cumulative participation of 14 Outside Directors

(4) Supporting System for Outside Directors

The Board of Directors Office functions as a secretariat for the Board of Directors, Nominating Committee and Compensation Committee and has a similar function to that of the Audit Committee Office that is the secretariat for the Audit Committee. The members of the Board of Directors Office provide assistance for the Outside Directors to help enable the board and its three committees to function properly. Members of this office also distribute the document in advance concerning agenda items to Outside Directors, and create proposals and plans for visits to Company facilities and accompany Outside Directors as needed as part of activities to provide information to these directors. The objectives are to enable Outside Directors to thoroughly discuss subjects at the Board of Directors meetings and to enable these meetings to take place with no difficulties.

Executive Officer System and Executive Officers

1. Election of Executive Officers

- (1) 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 Election 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.
- (2) To select new Executive Officers, candidates who have completed senior executive candidate training must do the first stage of the election 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.
- (3) 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 election 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.

2. Executive Officers

- (1) The executive officers perform decision-making and business execution, as entrusted by the Board of Directors.

The content of this business execution is subject to the oversight of the Board of Directors and to audits by the Audit Committee, which enhances effectiveness, validity, legality and soundness of the management.

The Board of Directors appoints the Company's executive officers and selects the Representative Executive Officer and the President, as well as other executive officers in positions of responsibility, from among these officers. The division of executive duties is also determined by the Board. The Representative Executive Officer and President and other executive officers perform decision-making on and execute the business entrusted by the Board.

Board of Directors Effectiveness Assessments

In 2003, the Company became a company with committees (now a company with three committees). To determine if the corporate governance system is functioning as intended, the Company started performing self-assessments in 2004 concerning the Board of Directors' effectiveness. Self-assessments have been performed every year since then in order to make improvements.

The Company now has a PDCA cycle that covers assessments and the analysis of results, the establishment of policies for the operation of the Board of Directors in the next fiscal year, and the creation and implementation of a plan for the board's operations. PDCA is used as a tool for continuous improvements in the effectiveness of the Board of Directors.

In the fiscal year that ended in March 2017, the Company outsourced interviews and questionnaires to an external organization to enhance the objectivity, conducting the evaluation of the effectiveness from the standpoint of the third party with additional points of evaluation.

In fiscal 2017, the Company performed an evaluation of effectiveness with emphasis on two points. One is building a governance system that is consistent with the Company's governance objectives of sustained growth and medium and long-term growth in corporate value. The other point is confirming that this system is functioning properly.

Survey schedule

The fiscal 2017 evaluation of effectiveness was performed as follows.

April 2018:	Distribution of self-evaluation questionnaires
May 2018:	Return of questionnaires and processing of results
June 2018:	Explanation of Board of Directors Operations Policy (Fiscal 2018) by the Chairman (at the Board of Directors meeting immediately after the Ordinary General Meeting of Shareholders)

Results of Effectiveness Assessment of the Board of Directors

Report of the assessment results

(a) Governance framework, Board of Directors composition and other items

The Company has established a corporate governance framework that contributes to sustained growth and the medium and long-term growth of corporate value. This

assessment resulted in the unanimous opinion that this framework is consistent with these objectives. However, there were opinions concerning several points requiring attention. Measures will be required concerning these points with regard to the operation of the governance system.

- The Company is a company with three committees and has a small Board of Directors that includes only four Directors who are concurrently Executive Officers (following the June 2018 shareholders meeting). If the Board of Directors is positioned as a means of developing the skills of these Executive Officers, measures such as giving the Executive Officers more opportunities to participate in meetings are needed.
- The Company's previous CEO is the chairman of the Board of Directors. This allows selecting proper and accurate agenda items and holding meetings with responsive and sincere stance along with thorough discussions. The Company has a suitable framework that centralizes authority and responsibility for ideas concerning basic management policies and the operation of business activities with the current CEO. Attention is required for both the framework and its operation to prevent the current CEO from being hesitant about altering the policies of the previous CEO.
- Regarding the number of Outside Directors and their characteristics (requirements for the selection of candidates), the selection of these candidates has been appropriate chiefly with regard to diversity involving careers and skills with respect to the Company's business operations. Discussions about gender diversity have started and now the Directors should start considering the inclusion of a non-Japanese member.

(b) Effectiveness and operation of the Board of Directors and the three committees

The Board of Directors and the three committees are operated properly in general, but there are several areas where further improvements are needed.

- The Board of Directors is properly performing its supervisory and advisory role concerning proposals for medium-term business plan and other strategies and the corporate and business strategies that have been proposed. Another important role of the Directors is the rigorous oversight of a PDCA cycle for fiscal year business plans to follow up on ongoing medium-term business plan.
- In addition to holding discussions about business portfolio management, the Directors need to increase activities for the effective oversight of the allocation of people, equipment, capital and other resources.
- The Directors need to increase activities for the oversight of processes used for the development and commercialization of new businesses.
- For a proper level of risk exposure involving business activities, the Board of Directors is using the diversity of its members to perform supervision and advice from many perspectives. For decisions about major projects, the Directors held long discussions at spanning two or more meetings.
- The Board of Directors is conducting post-merger integration reviews of M&A deals and investment effectiveness reviews with the proper timing. The Directors need to hold more thorough discussions in order to learn lessons from mistakes

that can be used for future deals.

- Fair and transparent processes have been established for the election and reappointment of Executive Officers, and the President and CEO is accountable for reporting in advance to the Nominating Committee and explaining draft proposals to the Board of Directors. However, it is desirable to increase opportunities for Outside Directors to come in contact with new Executive Officer candidates.
- Regarding internal control systems, internal audits, risk management, compliance and others are being appropriately implemented, and as such continued awareness building is important so that timely and relevant reports continue to be made, including subsidiaries added to the Group via M&As.
- In addition to its duty concerning the determination of Director election measures, the Nominating Committee has also come to oversee CEO succession plans by the President and CEO and is doing so reliably.
- The Audit Committee's audits of Director and Executive Officer professional duties and its audits of internal control systems are adequate.
- The Compensation Committee's revision of the fiscal 2017 compensation system was adequate.

* A review of the Board of Directors Management Policies for fiscal 2017 and related issues are provided in Konica Minolta's Corporate Governance Report.

Outline of Board of Directors Management Policies for Fiscal 2018

Based on this assessment of the Board of Directors' effectiveness, the Chairman provided the following explanations after establishing a management policy for the board's activities in fiscal 2018.

- Structured development of skills of Executive Officers and candidates through the Board of Directors
- Follow-up framework to be established by the CEO with Nominating Committee in order to give the Board of Directors information about candidates for new or reappointed Executive Officers (and individuals who may be candidates in the future.)
- Improvement of the quality of discussions by the Board of Directors
 - Always notifying departments giving explanations of the purpose of the associated agenda item
 - Always using reports in accordance with administrative and supervisory processes
- Measures of both the framework and its operation are required to ensure there is no hesitation about altering the policies of the previous CEO
- The following agenda items for fiscal 2018 have been selected and the associated Executive Officers will give explanations.
 - Confirmation of progress with process used for growing businesses and the development and commercialization of new businesses (including strategy reviews)
 - Status of business portfolio management
 - Allocation of people, equipment and capital, including efficiency and effectiveness
 - Capabilities of the organization and measures to strengthen capabilities

- Recruiting and skill development management (policies/strategies, plans, execution, results, upcoming actions)
- IR and PR activities (policies, plans, execution, results, upcoming actions)
- Corporate and organizational culture (required elements/corporate and organizational culture, status, how to make improvements, progress)
- Activities for sustainability
- Significant business risk factors
- Determination of measures for revising the Corporate Governance Code

Compensation for Directors and Executive Officers

Compensation Policy and Directors' Compensation System

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.

The Company revised the existing Compensation Policy in fiscal 2017. Major revisions to the compensation policy and reasons are as follows:

- (1) The Company started stock bonus linking with medium-term performance. The intent is to increase motivation to achieve the performance targets of the medium-term plan.
- (2) Stock bonus linking with medium-term performance is Company stock rather than cash. Owning Company stock during their time at the Company is intended to make individuals view the importance of medium- to long-term growth of corporate value from the same standpoint as shareholders.
- (3) The structure of compensation was reexamined. This resulted in a reduction in the percentage of fixed compensation and the replacement of compensation-type stock options with stock bonus linking with medium-term performance. In addition, performance-linked compensation increased as a percentage of total compensation. Taking these actions made individuals even more aware of the importance of improving the Company's performance.
- (4) Compensation includes a claw-back provision. By performing the required procedure, the Company can limit compensation or demand the return of compensation. However, this is possible only when performance indicators

that are the basis for calculating performance-linked compensation differ significantly from actual performance due to a major error or fraud.

* These revisions were discussed and examined by the Compensation Committee starting in fiscal 2015. The Company believes these revisions are consistent with Supplementary Rule 4-2-1 of the Corporate Governance Code (There should be a suitable division between compensation linked to medium to long-term performance and cash compensation and company stock compensation so that compensation functions as a sound incentive for senior executives to achieve sustained growth).

Guidelines on Officer Ownership of Konica Minolta Shares

To encourage an even greater focus on boosting earnings results and the Company's share price from the perspective of shareholders, Konica Minolta has established guidelines on ownership of Konica Minolta shares for Inside Directors and Executive Officers.

Konica Minolta Executive compensation structure

Directors	Inside	Fixed compensation			Medium-term stock bonus
	Outside	Fixed compensation			
Executive Officers	President	Fixed compensation 50%		Annual performance-based cash bonus 25%	Stock bonus linking with medium-term performance 25%
	Senior Managing Executive Officer, Senior Executive Officers, Executive Officers	Fixed compensation 51 - 55%		Annual performance-based cash bonus 29 - 25%	Stock bonus linking with medium-term performance 20%

Annual performance-based cash bonus structure

Item	Annual performance-based cash bonus				
	Compensation A	Compensation B			Individual assessment
Assessment index and others	Operating profit	Operating profit 50%	Operating profit ratio 25%	ROA 25%	Degree of attainment of major policies, challenges and role; degree of effort and others
	Linked with Group consolidated performance result level	Annual performance target achievement rate			

Stock bonus structure

Item	Medium-term stock bonus	Stock bonus linking with medium-term performance	
Subject	Directors (inside non-executive)	Executive Officers (including currently serving as Directors)	
Assessment index	Non-performance-based	Operating profit (Group consolidated) 50%	ROE (Group consolidated) 50%
		Medium Term Business Plan achievement rate	

"Annual performance-based cash bonus B" and "stock bonus linking with medium-term performance" are determined within a range of 0%-150% according to the degree of target achievement.

Amount of compensation paid to directors and executive officers for the year ended March 2018

		Total (million yen)	Total base salary		Performance-based cash bonus		Stock bonus		Compensation-type stock options	
			Persons	Amount (million yen)	Persons	Amount (million yen)	Persons	Amount (million yen)	Persons	Amount (million yen)
Directors	Outside	48	5	48	-	-	-	-	-	-
	Internal	157	3	127	-	-	3	23	3	6
	Total	205	8	175	-	-	3	23	3	6
Executive Officers		897	23	529	23	181	23	160	18	24

- At the end of the period (March 31, 2018), the Company has four (4) Outside Directors, three (3) Inside Directors (not concurrently holding Executive Officer posts) and twenty-four (24) Executive Officers.
- In addition to the three (3) Inside Directors shown above, the Company has another three (3) Inside Directors who concurrently hold Executive Officer posts, and the compensation to these Directors is included in compensation to Executive Officers.
- Regarding the performance-based cash bonus, the amounts which should be recorded as expense in the period are stated.
- Regarding the stock bonus, the amounts which were recorded as expense in the period are stated, based on a calculation of future share allocations according to estimated points to be allotted to Directors (excluding Outside Directors) and Executive Officers as part of their compensation.
- Regarding the compensation-type stock options, which were abolished with the twelfth issue of compensation-type stock options for fiscal 2016, the amounts which were recorded as expense based on an estimation of the fair value of the subscription rights are stated.

The following individual received compensation of ¥100 million or more in fiscal 2017

		Millions of yen					
Position and name	Company classification	Total	Fixed compensation	Performance-based cash bonus	Stock bonus	Compensation-type stock options	
Director, President and CEO, Representative Executive Officer Shoji Yamana	Submitting company	115	65	21	24	3	
Executive Officer, Richard K.Taylor	Consolidated subsidiary Konica Minolta Business Solutions U.S.A., Inc.	173	88	85	-	-	

* Mr. Taylor received this compensation from consolidated subsidiary Konica Minolta Business Solutions U.S.A., Inc.

New Compensation Policy

(1) Compensation system

- 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.
- 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.

(2) 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.

(3) The amount of the "annual performance-based cash bonus" is determined based on the level of performance result for the fiscal year (consolidated operating profit) 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 profit, operating profit ratio, 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).

(4) Details of the stock bonus plan are as follows.

- 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.
- 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 profit, ROE and others) associated with the medium term management policy.
- 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.
- Certain portions of shares are distributed in cash on assumption that they are exchanged for cash.
- 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.

(5) 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.

(6) Compensation for non-Japan residents may be handled in different ways from the treatment said above according to legal and other circumstances.

(7) 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.

(8) The Company reviews levels, composition and others of compensation in a timely and proper manner in accordance with changes in the management environment.

Group Auditing System

Konica Minolta Inc., which has adopted the "company with three committees" framework, has established an Audit Committee, while its subsidiaries in Japan have appointed their own respective auditors. In addition, Konica Minolta Inc. has a Corporate Audit Division, which conducts an internal audit of the entire Group.

The members of the Audit Committee and the Corporate Audit Division of the Company, as well as auditors of the subsidiaries in Japan, share related information and strengthen coordination of audit activities across the Group. With the aim of ensuring effective audits, the same parties hold regular meetings with the accounting auditors, review auditing systems and policies, and examine whether or not the accounting auditors can fulfill their tasks properly.

Audit Committee System and Roles

The Audit Committee is comprised of six directors (who do not hold positions as executive officers), four of whom are outside

directors. The chairperson of the Audit Committee is selected from among the outside directors. To ensure effective operation of the committee, it has established its own office (Audit Committee Office) with staff members who are independent of any sections committed to actual business operations.

The Audit Committee members evaluate the legality and validity of the management decisions made by directors and executive officers, monitor and validate internal control systems, and assess the adequacy of the accounting auditors.

Corporate Audit Division System and Roles

The Corporate Audit Division is responsible for internal audits for the entire Konica Minolta Group. Overseen directly by the Representative Executive Officer, this division oversees the internal auditing function for the entire Group and performs internal audits of the Company and its subsidiaries. Audits use the risk approach for efficiency from the standpoint of the reliability of financial reports, the efficiency and effectiveness of business operations, and compliance with laws and regulations. There are also follow-up audits to confirm that

actions have been taken concerning items requiring improvements that were identified during audits.

Major subsidiaries also have their own internal audit departments. These departments strengthen the internal audit function of the entire Group while working with the Konica Minolta Corporate Audit Division.

Dialogue with Shareholders and Investors

Based on its Policy for Constructive Dialogue with Shareholders, Konica Minolta actively engages in IR activities with the purpose of achieving sustainable growth and improving corporate value over the medium-term through constructive dialogue with its shareholders and investors. In addition to disseminating information through various IR tools on the Konica Minolta website and other places, the Company strives to create opportunities for direct dialogue with investors and analysts through a variety of briefings and meetings, where the Company shares information about its management policies and strategies. In light of increasing interest in ESG investment in recent years, in FY2017 Konica Minolta held a briefing for investors themed on ESG.

Main Opportunities for Dialogue with Shareholders and Investors

	FY2017 Opportunities
General Meeting of Shareholders	<ul style="list-style-type: none"> •Attendants: 658 •Percentage of voting rights exercised: 81.2%
Institutional Investor Meetings	<ul style="list-style-type: none"> •Meetings held: 254 •Companies: 148
Analyst Meetings	<ul style="list-style-type: none"> •Meetings held: 72 •Analysts: 18 companies
Briefings for Investors and Analysts	<ul style="list-style-type: none"> •Briefings held: 10 •Visitors: 619
Individual Investor Briefings	<ul style="list-style-type: none"> •Briefings held: 4 •Visitors: 647

Group Compliance Promotion System

Compliance is the highest priority for Konica Minolta, Inc. in all of its corporate activities, and as such a compliance promotion structure has been established to supervise the Group overall.

At Konica Minolta, the Chief Compliance Officer, who is appointed by the Board of Directors, determines important matters for the promotion of the Group's compliance and is responsible for promoting and overseeing compliance activities such as anti-corruption measures and personal information protection. In order to execute these duties, the Chief Compliance Officer reports directly to the President and CEO of Konica Minolta, Inc., who has ultimate responsibility for Group compliance. The Chief Compliance Officer convenes the Group Compliance Committee, which is composed of officers responsible for compliance from corporate departments in charge of Group-wide functions.

Moreover, Konica Minolta implements a system in which the general managers of each department of Konica Minolta, Inc. in their positions as the official responsible for the compliance of their department, and the presidents of Group companies in Japan and overseas, in their positions as the official responsible for the compliance of their companies,

promote compliance in their respective organizations. The Chief Compliance Officer reports regularly to the Audit Committee regarding the progress of compliance activities and important compliance issues in the Group.

Risk Management System

Konica Minolta, Inc. has established a management system in which the President and CEO is responsible for risk management and crisis management.

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 (twice a year). 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 chairperson. The activities of the Risk Management Committee are periodically reported to the Audit Committee.

Konica Minolta has established a system for minimizing the business and social impact of crises that may arise from a range of risks by taking prompt and appropriate action and by releasing information. The Crisis Management Committee, chaired by the executive officer for crisis management appointed by the Board of Directors, discusses and formulates crisis countermeasures and procedures for action. Furthermore, the emergency contact system has been established to enable the President and CEO, in addition to the executive officer for crisis management, to assess the situation and make decisions quickly. A system has also been established to enable the President and CEO to take leadership in critical areas in a crisis.

Directors



Front row (from left): Fujiwara, Noumi, Yamana, Matsuzaki, Tomono, Hatchoji, and Hodo

Back row (from left): Itoh, Koshizuka, Shiomi, Taiko, and Hatano

Chairman of the Board of Directors Masatoshi Matsuzaki

After serving as a Director at Konica Minolta Business Technologies, Inc., as President of Konica Minolta Technology Center, Inc., and in various other roles, became a director, and then the President and CEO of Konica Minolta, Inc. Assumed the position of Chairman of the Board in April 2014.

Director (President & CEO) Shoei Yamana

After serving as Senior Executive Officer (in charge of business strategy and investor relations) at Konica Minolta, Inc. and subsequently as President of Konica Minolta Business Technologies Inc., among other positions, became President and CEO of Konica Minolta, Inc. in April 2014.

Director (Outside Director) Hiroshi Tomono

After serving as President at Sumitomo Metal Industries, Ltd. and subsequently as Representative Director, President and COO, and Representative Director and Vice Chairman at Nippon Steel & Sumitomo Metal Corporation, among other positions, became an outside director at Konica Minolta, Inc. in June 2015.

Director (Outside Director) Kimikazu Noumi

After serving as Senior Managing Executive Trustee at The Norinchukin Bank, as Representative Director and President at Norinchukin Zenkyoren Asset Management Co., Ltd., as Representative Director, Chairman and CEO at Aozora Bank, Ltd., and as Representative Director, President and CEO at Innovation Network Corporation of Japan, among other positions, became an outside director at Konica Minolta, Inc. in June 2016.

Director (Outside Director) Takashi Hatchoji

After serving as Representative Executive Officer of Hitachi, Ltd., and subsequently as President and Director of Hitachi Research Institute, Ltd., Chairman of Hitachi America, Ltd., and Director at Hitachi, Ltd., among other positions, became an Outside Director at Konica Minolta, Inc. in June 2017.

Director (Outside Director) Taketsugu Fujiwara

After serving as President of Asahi Kasei Chemicals Corporation, President and Representative Director and later Vice Chairman and Director of Asahi Kasei Corporation, among other positions, became an Outside Director at Konica Minolta, Inc. in June 2018.

Director (Outside Director) Chikatomo Kenneth Hodo

Served as Representative Director and President and later Director and Chairman of Accenture Japan Ltd., among other positions. Became an Outside Director at Konica Minolta, Inc. in June 2018.

Director Ken Shiomi

After serving as President of Konica Minolta Sensing Europe B.V., as Director and General Manager of the Business Management Division at Konica Minolta Sensing, Inc., and as Executive Officer at Konica Minolta, Inc., among other positions, became a Director in June 2015.

Director Toyotsugu Itoh

Served as General Manager, Manufacturing Technology Center of Konica Minolta Technology Center, Inc. and Executive Officer and General Manager, Corporate Production Operation Division and later Senior Executive Officer at Konica Minolta, Inc. Assumed the position of Director in June 2018.

Director (Senior Executive Officer) Seiji Hatano

Came to Konica Minolta, Inc. from the Bank of Tokyo-Mitsubishi UFJ, Ltd. In July 2011, and became Executive Officer and General Manager of the Business Strategy Division in April 2013, Senior Executive Officer in April 2014, and Director and Senior Executive Officer in June 2014.

Director (Senior Executive Officer) Kunihiro Koshizuka

After serving as Director and General Manager of the Development Center at Konica Minolta Medical & Graphic, Inc., and subsequently as Executive Officer and General Manager of the Technology Strategy Division and as Senior Executive Officer and General Manager at Business Development Headquarters at Konica Minolta, Inc., among other positions, became Director and Senior Executive Officer in June 2015.

Director (Senior Executive Officer) Toshimitsu Taiko

Served as Director at Konica Minolta Business Technologies, Inc., Chairman and CEO at Konica Minolta Business Solutions U.S.A., Inc., and Executive Officer at Konica Minolta, Inc. among other positions. Assumed the position of Director in June 2018.

Executive Officers (Listed in Japanese alphabetical order by name at the time of appointment or promotion)

Title	Name	Current Position and Responsibilities at the Company
President & CEO, Representative Executive Officer	Shoei Yamana *	Responsible for Diversity Enhancement
Senior Managing Executive Officer	Kiyotaka Fujii	General Manager, Healthcare Business Headquarters and Chairman, Ambry Genetics Corporation
Senior Executive Officer	Tsukasa Wakashima	Responsible for Human Resources and General Affairs
Senior Executive Officer	Kunihiro Koshizuka *	Responsible for Technologies
Senior Executive Officer	Ken Osuga	Responsible for Special Projects
Senior Executive Officer	Seiji Hatano *	Responsible for Business Management, Accounting, Finance, and Risk Management
Senior Executive Officer	Shingo Asai	General Manager, Manufacturing Headquarters
Senior Executive Officer	Noriyasu Kuzuhara	General Manager, Material & Component Business Headquarters and Corporate R&D Headquarters
Senior Executive Officer	Yuji Ichimura	General Manager, Industrial Optical System Business Headquarters and Responsible for BIC (Business Innovation Center) and Public Relations
Senior Executive Officer	Masafumi Uchida	General Manager, Quality Headquarters and Responsible for Corporate Sustainability
Senior Executive Officer	Toshimitsu Taiko *	Lead officer responsible for Business Technologies Business and General Manager, Office Business Headquarters
Senior Executive Officer	Ikuo Nakagawa	Responsible for Digital Workplace Business and IT
Senior Executive Officer	Kazuyoshi Hata	General Manager, Corporate Planning Division and Kansai Regional Director and Responsible for Investor Relations, Corporate Branding, and One KM Business Promotion
Executive Officer	Hiroyuki Suzuki	General Manager, Corporate Audit Division
Executive Officer	Atsuo Takemoto	Deputy General Manager, Manufacturing Headquarters
Executive Officer	Hajime Takei	General Manager, R&D Headquarters, Business Technologies
Executive Officer	Richard K. Taylor	President & CEO, Konica Minolta Business Solutions U.S.A., Inc.
Executive Officer	Takaji Ito	General Manager, Corporate Business Management Division
Executive Officer	Toshiya Eguchi	General Manager, IoT Service Platform Development Operations
Executive Officer	Koji Sugie	General Manager, Professional Print Business Headquarters
Executive Officer	Tetsuya Matsueda	General Manager, Corporate Legal Division and Responsible for Intellectual Property, Compliance, and Crisis Management
Executive Officer	Kazumi Atago	General Manager, Corporate Secretarial Division and Company Secretary
Executive Officer	Hitoshi Kamezawa	General Manager, Sensing Business Unit, Industrial Optical System Business Headquarters
Executive Officer	Toru Hasegawa	Deputy General Manager, Healthcare Business Headquarters and General Manager, Healthcare Business Unit
Executive Officer	Jean-Claude Cornillet	President, Konica Minolta Business Solutions France S.A.S.

* Indicates the officer also holds a position as Director

CSR Management

Basic Approach

Konica Minolta aims to establish itself as an innovative company that is constantly evolving. Under its management philosophy, “The Creation of New Value,” Konica Minolta works to remain vital to society. This is why the Group strives to contribute to the resolution of global challenges by creating value that improves the quality of society through its business endeavors.

Konica Minolta’s CSR activities are guided by its management philosophy and vision, which are based on its Charter of Corporate Behavior. The Konica Minolta Group Guidance for the Charter of Corporate Behavior is shared globally and illustrates desirable behavior in each of the categories included in the Charter as a basis for understanding and practicing desired behavior. The Group Guidance articulates Konica Minolta’s respect for international social norms such as the United Nations Global Compact, to which Konica Minolta, Inc. is a signatory, and its commitment to acting in compliance with those ideals.



CSR-Related Principles, Charters, and Norms That Konica Minolta Observes

- Universal Declaration of Human Rights
- Sustainable Development Goals (SDGs)
- United Nations Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises
- ISO 26000
- Japan Business Federation “Charter of Corporate Behavior”

CSR-Related Organizations in Which Konica Minolta Participates or Is a Signatory

- United Nations Global Compact
- Responsible Business Alliance (RBA)
- Responsible Minerals Initiative (RMI)
- Japan Electronics and Information Technology Industries Association (JEITA), Responsible Minerals Trade Working Group, Conflict-Free Sourcing Working Group

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, the 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.

Senior 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, 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.

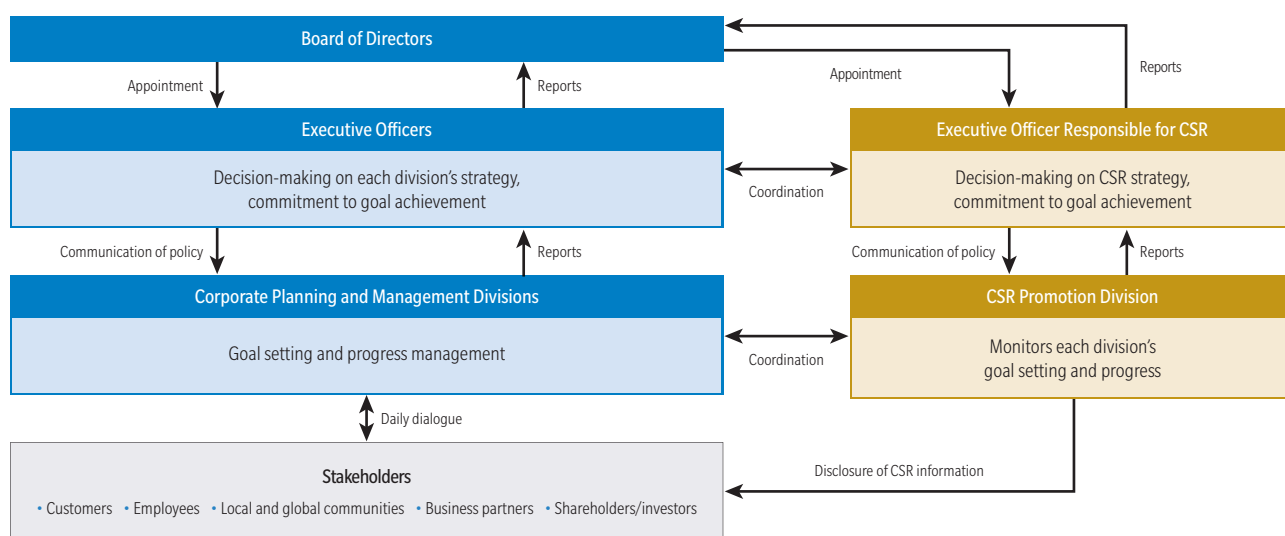
7. Responsible actions

In the event of a violation of the principles of this Charter, in order to solve the problem senior 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 senior management where necessary.

CSR Management System

At Konica Minolta, Inc., the executive officer responsible for CSR, who is appointed by the Board of Directors, carries out the duties and authorities concerning the entire Group's CSR activities. Directly reporting to the officer is the CSR promotion division, which sees to the implementation of CSR management for the entire Group. On a weekly basis, the division reports the progress of CSR activities to the executive officer in charge, while also reviewing measures and making proposals. Furthermore, the division consults the executive officers on important matters as appropriate.

In fiscal 2015, Konica Minolta established the CSR Executive Meeting, with executive officers as core members, to facilitate detailed discussion of CSR issues. At the same time, the company is improving measures and policies by reviewing each issue from a cross-sectional perspective. Since fiscal 2017, CSR activities have been implemented as an integral part of business management, and executive officers are now also being evaluated using non-financial performance indicators such as criteria related to the environment, society, and governance (ESG).



	Characteristics of Stakeholders	Tools and Opportunities for Communication
Customers	Konica Minolta does business around the world. The major customers of Konica Minolta's main business operations are corporations, government agencies, and hospitals.	<ul style="list-style-type: none"> • Providing customer service via websites and call centers • Providing product information via websites and newsletters • Conducting customer satisfaction surveys • Exchanging information via visits to customers • Exchanging information at showrooms and trade shows • Holding seminars
Employees	Konica Minolta employs 43,299 people worldwide. Of those, 26% are in Japan, 25% are in Europe, 21% are in the U.S., and 28% are in China and elsewhere in Asia and other locations. (Figures are based on total regular employees of consolidated companies, as of March 31, 2018.)	<ul style="list-style-type: none"> • Interactive intranet • Group journal • Employee engagement survey • Dialogue with labor unions • Internal help line systems • Discussion during inspection tours of production sites by senior staff • Video messages from the CEO
Local and global communities	Throughout its global operations, Konica Minolta acts as a responsible member of every community where it operates.	<ul style="list-style-type: none"> • Activities that contribute to local communities • Community briefings and invitational events • Sending speakers to lectures and places of education • Industry group activities • Environmental reports and websites • Global public relations activities through international publications and websites
Business partners	Konica Minolta procures raw materials, parts and components from many suppliers for each of the Group's businesses. The majority of these suppliers are located in Japan, China, and elsewhere in Asia.	<ul style="list-style-type: none"> • Holding suppliers' meetings • Procurement Collaboration System • Conducting CSR surveys (self-assessment questionnaires) • Visiting suppliers to exchange information
Shareholders and investors	Since Konica Minolta, Inc. has relatively high ownership by institutional and foreign shareholders, the company is expected to proactively take part in IR initiatives on a global basis.	<ul style="list-style-type: none"> • Shareholders' meetings • Briefings for investors • Visits to investors • Briefings for business analysts and institutional investors • Integrated reports • IR website

Process for Identifying Material Issues

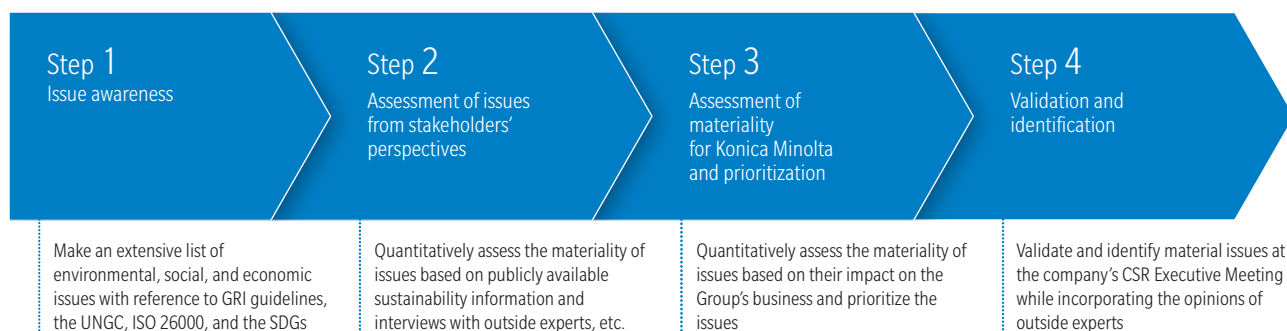
The companies of today must address a wide range of social issues, including human rights, labor ethics, and environmental challenges such as climate change and resource depletion. In light of the changing social landscape and business environment, Konica Minolta identifies material issues to address with priority, with the aim of ensuring that its initiatives function with a balance between social issues and business objectives.

To identify material issues, first a comprehensive list of issues was created with reference to international guidelines. These issues were given a quantitative rating for two aspects, “stakeholder interest” (materiality to stakeholders) and

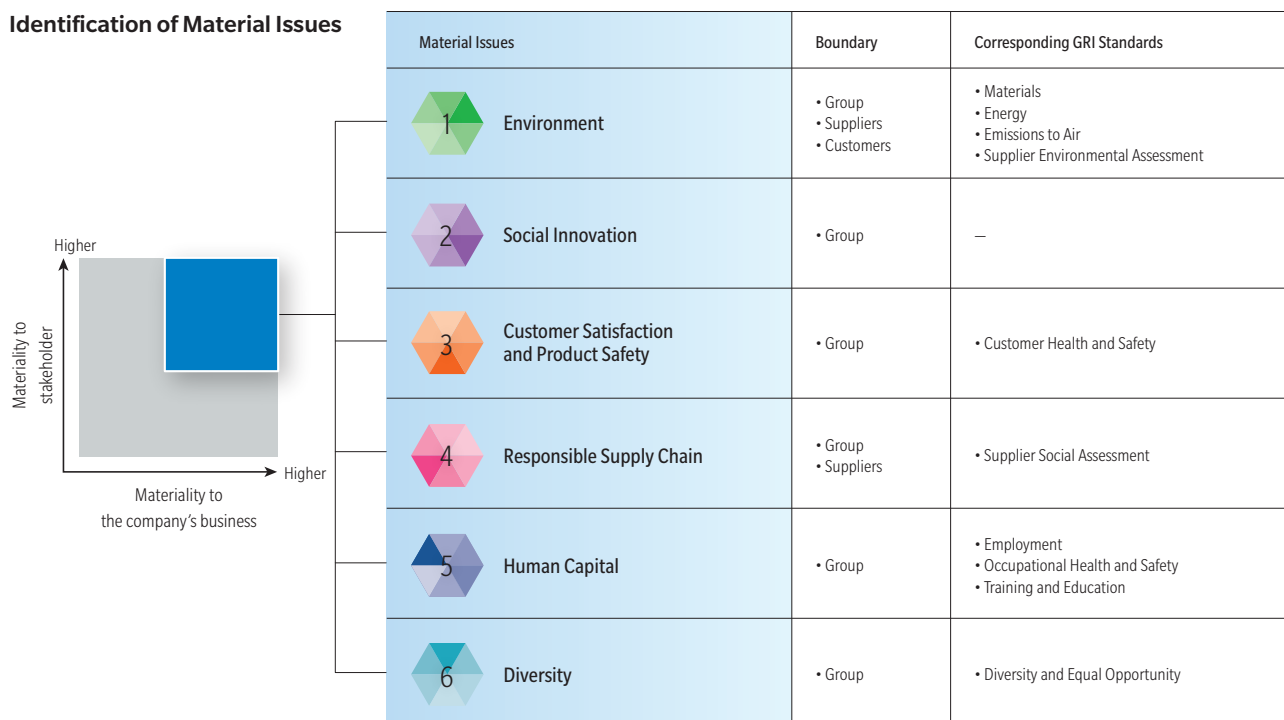
“impact on the Group’s business” (materiality to the company’s business), to verify their materiality. Outside experts were asked for their opinions in order to incorporate objectivity into the decisions on the materiality of each issue, which were validated by the CSR Executive Meeting, thereby completing the process for identifying material issues.

Targets and action plans will be established in accordance with these material issues, and action will be taken. This approach will help to ensure that Konica Minolta contributes to the resolution of social challenges, thereby enhancing its competitiveness as a company.

Process for Identifying Material Issues



Identification of Material Issues



Stakeholder Engagement

When promoting CSR activities, Konica Minolta emphasizes dialogue with diverse stakeholders including customers, employees, the local and global communities, business partners, shareholders and investors. Therefore, the company not only conducts daily dialogue with each division in charge, but also proactively creates opportunities for communication, including at the executive level, while leveraging

communication tools to help people understand Konica Minolta's approach.

The opinions acquired from feedback received and in dialogues with stakeholders are reviewed and urgent concerns are reported to management, facilitating improvements in management, products and services.

Focused Topics

Medium-Term Environmental Plan Briefing for Investors

In recent years, ESG investment, which considers corporate approaches to the environment, society, and governance in addition to financial performance, has been rapidly growing. Konica Minolta proactively disseminates information in response to the interests of such investors.

In 2017, investor briefings on the Medium-Term Environmental Plan 2019 were held in June and September. They were attended by 23 securities analysts and 23 institutional investors. Konica Minolta will continue to share this kind of information in the future.



Medium-Term Environmental Plan
briefing in 2017

Contributing to achievement of the Sustainable Development Goals (SDGs)

17 goals and 169 targets were set as Sustainable Development Goals (SDGs) at the United Nations Sustainable Development Summit in September 2015.

Under the guiding principle of becoming a "digital company with insight into implicit challenges" as laid out in the Medium-Term Business Plan, SHINKA 2019, Konica Minolta provides high added-value products and services that enable customers to solve problems in diverse industries and lines of business. Through these efforts, we aim to achieve sustainable growth as a company while at the same time helping advance our customers' businesses and promote social development. Achieving sustainable growth hand in hand with society is the goal that society now requires companies to meet, and this process is also well aligned with the SDGs.

Thus, by identifying and getting to work on the material issues that must be prioritized, we will contribute to solving global environmental issues and improving the quality of life while also making a difference in achieving the SDGs by 2030.

SUSTAINABLE DEVELOPMENT GOALS 17 GOALS TO TRANSFORM OUR WORLD



Medium-Term Environmental Plan 2019, fiscal 2017 targets and results and fiscal 2018 targets

Material Issue	Key Action	Priority Issue	Medium-Term Environmental Plan 2019		Fiscal 2017 Targets
			Business value	Environmental value	Business value
Environment	Green Products (planning and development)	(1) Creation of Sustainable Green Products (SGPs) sought by customers and society	Sales <ul style="list-style-type: none"> Sustainable Green Products sales: 770 billion yen (sales ratio: 70%) Cost reductions <ul style="list-style-type: none"> Resource-saving cost reduction 	<ul style="list-style-type: none"> CO₂ emissions reduction during product use: 17.2 thousand tons CO₂ emissions reduction in the procurement stage: 45.9 thousand tons Effective resource utilization: 11.3 thousand tons Control emissions + Social issue solutions based on SDGs	Sales <ul style="list-style-type: none"> Sustainable Green Products sales: 640 billion yen (sales ratio: 65%) Cost reductions <ul style="list-style-type: none"> Resource-saving cost reduction
		(2) Complying with government procurement standards and environmental label requirements	Sales <ul style="list-style-type: none"> Eliminate lost sales opportunities 	<ul style="list-style-type: none"> Reduce environmental impact through compliance with standards 	Sales <ul style="list-style-type: none"> Eliminate lost sales opportunities
		(3) Dependably complying with product-related laws and regulations	Risk avoidance <ul style="list-style-type: none"> Eliminate effect on sales 	<ul style="list-style-type: none"> Reduce hazardous chemical substance risk by conforming to laws and regulations 	Risk avoidance <ul style="list-style-type: none"> Eliminate effect on sales
	Green Factory (procurement and production)	(1) Excellent Green Factory activities	Cost reductions <ul style="list-style-type: none"> Energy and resource cost reduction 	<ul style="list-style-type: none"> CO₂ emissions reduction in production activities: 19 thousand tons Effective resource utilization: 2.8 thousand tons Water consumption reduction: 220 thousand m³ 	Cost reductions <ul style="list-style-type: none"> Energy and resource cost reduction
		(2) Expansion of Green Supplier activities	Cost reductions <ul style="list-style-type: none"> Supplier cost reductions Sales <ul style="list-style-type: none"> Measures and expertise database creation, and knowledge commercialization 	<ul style="list-style-type: none"> CO₂ emissions reduction at suppliers: 5 thousand tons Effective resource utilization at suppliers: 0.25 thousand tons + Social issue solutions based on SDGs	Cost reductions <ul style="list-style-type: none"> Supplier cost reductions
		(3) Expanded adoption of renewable energy	Sales <ul style="list-style-type: none"> Eliminate lost sales opportunities 	<ul style="list-style-type: none"> Renewable energy ratio: 1% + Social issue solutions based on SDGs	Sales <ul style="list-style-type: none"> Eliminate lost sales opportunities
		(4) Supply chain risk response	Risk avoidance <ul style="list-style-type: none"> Eliminate environmental impact from procurement, production, and sales 	<ul style="list-style-type: none"> Environmental impact reduction through standards compliance 	Risk avoidance <ul style="list-style-type: none"> Eliminate environmental impact from procurement, production, and sales
	Green Marketing (distribution, sales and service, and collection and recycling)	(1) Strengthening relationships with customers globally	Sales <ul style="list-style-type: none"> Acquire sales opportunities 	<ul style="list-style-type: none"> Reduce customer's environmental impact + Social issue solutions based on SDGs	Sales <ul style="list-style-type: none"> Acquire sales opportunities
		(2) Optimizing the supply chain and linking environmental initiatives	Cost reductions <ul style="list-style-type: none"> Reduce cost of distribution and packaging 	<ul style="list-style-type: none"> CO₂ emissions reduction in distribution: 0.3 thousand tons Effective resource utilization: 0.04 thousand tons 	Cost reductions <ul style="list-style-type: none"> Reduce cost of distribution and packaging
		(3) Complying with laws on collection and recycling of used products	Risk avoidance <ul style="list-style-type: none"> Eliminate effect on sales 	<ul style="list-style-type: none"> Resource recycling through collection and recycling of used products 	Risk avoidance <ul style="list-style-type: none"> Eliminate effect on sales

- Preventing global warming
- Supporting a recycling-oriented society
- Reducing chemical substance risks
- Environment overall
- Restoring and preserving biodiversity

		Fiscal 2017 Results				Fiscal 2018 Targets	
	Environmental value	Business value		Environmental value		Business value	Environmental value
	<ul style="list-style-type: none"> • CO₂ emissions reduction during product use: 11.2 thousand tons • CO₂ emissions reduction in the procurement stage: 36.9 thousand tons • Effective resource utilization: 9.3 thousand tons 	Sales <ul style="list-style-type: none"> • Sustainable Green Products sales: 657.6 billion yen (sales ratio: 64%) Cost reductions <ul style="list-style-type: none"> • Resource-saving cost reduction 	○	<ul style="list-style-type: none"> • CO₂ emissions reduction during product use: 10.9 thousand tons • CO₂ emissions reduction in the procurement stage: 37.1 thousand tons • Effective resource utilization: 10.3 thousand tons 	○	Sales <ul style="list-style-type: none"> • Sustainable Green Products sales: 700 billion yen (sales ratio: 65%) Cost reductions <ul style="list-style-type: none"> • Resource-saving cost reduction 	<ul style="list-style-type: none"> • CO₂ emissions reduction during product use: 13.2 thousand tons • CO₂ emissions reduction in the procurement stage: 39.8 thousand tons • Effective resource utilization: 10.4 thousand tons
	<ul style="list-style-type: none"> • Reduce environmental impact through compliance with standards 	Sales <ul style="list-style-type: none"> • Eliminate lost sales opportunities 	○	<ul style="list-style-type: none"> • Reduce environmental impact through compliance with standards 	○	Sales <ul style="list-style-type: none"> • Eliminate lost sales opportunities 	<ul style="list-style-type: none"> • Reduce environmental impact through compliance with standards
	<ul style="list-style-type: none"> • Reduce hazardous chemical substance risk by conforming to laws and regulations 	Risk avoidance <ul style="list-style-type: none"> • Eliminate effect on sales 	○	<ul style="list-style-type: none"> • Reduce hazardous chemical substance risk by conforming to laws and regulations 	○	Risk avoidance <ul style="list-style-type: none"> • Eliminate effect on sales 	<ul style="list-style-type: none"> • Reduce hazardous chemical substance risk by conforming to laws and regulations
	<ul style="list-style-type: none"> • CO₂ emissions reduction in production activities: 17.4 thousand tons • Effective resource utilization: 1.9 thousand tons • Water consumption reduction: 150 thousand m³ 	Cost reductions <ul style="list-style-type: none"> • Energy and resource cost reduction 	○	<ul style="list-style-type: none"> • CO₂ emissions reduction in production activities: 25.6 thousand tons • Effective resource utilization: 4.0 thousand tons • Water consumption reduction: 259 thousand m³ 	○	Cost reductions <ul style="list-style-type: none"> • Energy and resource cost reduction 	<ul style="list-style-type: none"> • CO₂ emissions reduction in production activities: 23.4 thousand tons • Effective resource utilization: 4.8 thousand tons • Water consumption reduction: 213 thousand m³
	<ul style="list-style-type: none"> • CO₂ emissions reduction at suppliers: 3 thousand tons • Effective resource utilization at suppliers: 0.15 thousand tons 	Cost reductions <ul style="list-style-type: none"> • Supplier cost reductions 	○	<ul style="list-style-type: none"> • CO₂ emissions reduction at suppliers: 3.4 thousand tons • Effective resource utilization at suppliers: 0.26 thousand tons 	○	Cost reductions <ul style="list-style-type: none"> • Supplier cost reductions 	<ul style="list-style-type: none"> • CO₂ emissions reduction at suppliers: 5.4 thousand tons • Effective resource utilization at suppliers: 0.35 thousand tons
	<ul style="list-style-type: none"> • Renewable energy ratio: 0.2% 	Sales <ul style="list-style-type: none"> • Eliminate lost sales opportunities 	○	<ul style="list-style-type: none"> • Renewable energy ratio: 0.4% 	○	Sales <ul style="list-style-type: none"> • Eliminate lost sales opportunities 	<ul style="list-style-type: none"> • Renewable energy ratio: 0.6%
	<ul style="list-style-type: none"> • Environmental impact reduction through standards compliance 	Risk avoidance <ul style="list-style-type: none"> • Eliminate environmental impact from procurement, production, and sales 	○	<ul style="list-style-type: none"> • Environmental impact reduction through standards compliance 	○	Risk avoidance <ul style="list-style-type: none"> • Eliminate environmental impact from procurement, production, and sales 	<ul style="list-style-type: none"> • Environmental impact reduction through standards compliance
	<ul style="list-style-type: none"> • Reduce customer's environmental impact 	Sales <ul style="list-style-type: none"> • Acquire sales opportunities 	○	<ul style="list-style-type: none"> • Reduce customer's environmental impact 	○	Sales <ul style="list-style-type: none"> • Acquire sales opportunities 	<ul style="list-style-type: none"> • Reduce customer's environmental impact
	<ul style="list-style-type: none"> • CO₂ emissions reduction in distribution: 0.3 thousand tons • Effective resource utilization: 0.005 thousand tons 	Cost reductions <ul style="list-style-type: none"> • Reduce cost of distribution and packaging 	○	<ul style="list-style-type: none"> • CO₂ emissions reduction in distribution: 0.5 thousand tons • Effective resource utilization: 0.007 thousand tons 	○	Cost reductions <ul style="list-style-type: none"> • Reduce cost of distribution and packaging 	<ul style="list-style-type: none"> • CO₂ emissions reduction in distribution: 0.4 thousand tons • Effective resource utilization: 0.02 thousand tons
	<ul style="list-style-type: none"> • Resource recycling through collection and recycling of used products 	Risk avoidance <ul style="list-style-type: none"> • Eliminate effect on sales 	○	<ul style="list-style-type: none"> • Resource recycling through collection and recycling of used products 	○	Risk avoidance <ul style="list-style-type: none"> • Eliminate effect on sales 	<ul style="list-style-type: none"> • Resource recycling through collection and recycling of used products

Targets and Results Regarding Social Impact

Material Issue	Key Action	Fiscal 2017 Targets
Social Innovation	Business development that contributes solutions to social issues	<ul style="list-style-type: none"> Promote new business development through core technologies and open innovation Promote business development at the company's five Business Innovation Centers (BICs) Establish KPIs for the social outcomes of new businesses
	Achieving top-tier quality and reliability	<ul style="list-style-type: none"> Number of serious product-related accidents^{*1}: 0 Risk assessment practices: 12 times/year
Customer Satisfaction and Product Safety	Creating new quality value	<ul style="list-style-type: none"> Continue conducting satisfaction surveys, set targets, and make improvements
	Promoting CSR in the supply chain	<p>CSR procurement</p> <ul style="list-style-type: none"> Request that suppliers carry out CSR activities: 100% implementation CSR assessment: Complete assessments of all Group production sites and about 120 important suppliers by the end of fiscal 2019 CSR audit: Complete audits of two important Group production sites and two important suppliers by the end of fiscal 2019 <p>Response to conflict mineral issues</p> <ul style="list-style-type: none"> Supplier response rate to conflict mineral surveys: Maintaining 95% or higher Respond to customers' requests for surveys: 100% response
Human Capital	Work-style reform	<ul style="list-style-type: none"> Define actions and work methods required for each business portfolio and implement disruptive innovation in work-style reforms based on business process reforms and use of robotics and AI Improve productivity per unit of time, promote collaboration, and promote diversity
	Developing human capital	<ul style="list-style-type: none"> Continue implementing human resource development program (Global e-Juku) for global group managers Define ideal human resources, required abilities and skills to achieve new medium-term business plan Accelerate human capital development for young employees Create business producers who create new businesses from the customer's perspective
	Occupational safety and health	<ul style="list-style-type: none"> Serious accidents^{*4}: 0 Frequency rate of accidents causing absence from work^{*5}: 0.1 or less Improve global health and safety management by senior management Implement comprehensive risk management to comprehensively reduce equipment, material, work, and work environment risks Strengthen cultivation of safety culture: Involve top management in safety, manage safety in the workplace, and improve individuals' safety awareness
	Improving employee health	<ul style="list-style-type: none"> Curb the number of absences due to illness Number of absences due to illnesses: 38 (as of April 1, 2018) Reduce the number of employees with health risks (1) Rate of reduction of people with risk of requiring ongoing hospital treatment for blood pressure, blood sugar, lipids: Down 21.3% from FY2016 (2) Rate of reduction of people with specific health guidance: Down 14.9% from FY2016
Diversity	Supporting women's career advancement	<ul style="list-style-type: none"> Foster awareness and a culture supportive of diversity, with a focus on promoting participation by women Consider ways of supporting life events affecting both men and women, such as childbirth, child-rearing and care-taking, and consider work styles tailored to these life events Appoint female managers: Women hold 5% of all management positions Raise the percentage of women among new graduate hires
	Utilizing employee experiences gained outside the company and abroad	<ul style="list-style-type: none"> Proactively hire and train non-Japanese employees in Japan

^{*1} Serious product-related accidents refer to those accidents that cause serious harm to the product user's life and/or body and accidents that cause serious damage to assets other than the product.

^{*2} Serious security incidents refer to those product-security incidents that cause serious and significant harm to the product user's business.

^{*3} RPA (Robotic Process Automation): Automating routine business processes on a personal computer

	Fiscal 2017 Results	Fiscal 2018 Targets and Plans
	<ul style="list-style-type: none"> Four BIC projects brought a product to market BIC Japan released "Kunkun body" body odor detector, a product that makes body odor visible Conducted surveys of nursing care staff about their satisfaction with Care Support Solutions* 	<ul style="list-style-type: none"> Promote new business development through core technologies and open innovation Promote business development at the company's five Business Innovation Centers (BICs) Continue to survey nursing care staff about satisfaction with Care Support Solutions* and implement improvements for any issues identified
	<ul style="list-style-type: none"> Number of serious product-related accidents*¹: 0 Risk assessment practices: 12 times/year 	<ul style="list-style-type: none"> Number of serious product-related accidents*¹: 0 Number of serious security incidents*² in the service business area: 0
	<ul style="list-style-type: none"> Customer satisfaction surveys conducted according to the characteristics of each business area Identified issues for each business area and made improvements 	<ul style="list-style-type: none"> Continue conducting satisfaction surveys and implement improvements based on the results Construct verification processes for customer value creation using design thinking
	CSR procurement <ul style="list-style-type: none"> Requested that suppliers carry out CSR activities: 100% implementation CSR assessment: Completed assessment of three Group production sites and 50 important suppliers CSR audit: Completed audit of two important Group production sites and one important supplier 	CSR procurement (FY2017 to FY2019) <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> Supplier response rate to conflict mineral surveys: 99% Response to customers' requests for surveys: 100% 	Response to conflict mineral issues (FY2017 to FY2019) <ul style="list-style-type: none"> Supplier response rate to conflict mineral surveys: Maintaining 95% or higher Respond to customers' requests for surveys: 100%
	<ul style="list-style-type: none"> Full-scale implementation of a remote work system Allowed employees to take a second job or work concurrently to promote innovation Introduced a job return system Utilized RPA*³ to enhance the efficiency of 45 operations, saving 4,200 hours 	<ul style="list-style-type: none"> Prepare operational and workplace environments Reform operational processes Make the most of diverse human resources Expand systems Clarify roles and authorities Enhance efficiency using RPA*³: Save approximately 19,000 hours
	<ul style="list-style-type: none"> Implemented Global e-Juku (34 people from 13 countries participated) Expanded educational programs based on a clear picture of the ideal human resources and the necessary skills and abilities Launched an overseas training program for young employees in Japan (total of 24 people sent overseas) Implemented a program for employees to learn about digital innovation creation through new business proposals 	<ul style="list-style-type: none"> Accelerate the development of high-potential human resources, and foster global human resources development for executives Promote an overseas training program for young employees in Japan Develop entrepreneurs who can create new businesses based on customer needs Develop human resources who can establish IoT business models
	<ul style="list-style-type: none"> Serious accidents*⁴: 0 Frequency rate of accidents causing absence from work*⁵: Japan, 0.22; Overseas, 0.20 According to Konica Minolta's original safety management indicator Unsafety Marks*⁶, a 20% reduction was achieved over the past three years 	<ul style="list-style-type: none"> Serious accidents*⁴: 0 Frequency rate of accidents causing absence from work*⁵ (FY2017 to FY2019): 0.1 or less Improve health and safety management capability using Konica Minolta's original indicator Unsafety Marks*⁶ Advance comprehensive risk management that broadly minimizes equipment, materials, operation and work environment risks Enhance the safety culture: Top management involvement in safety promotion, workplace safety management, and individual safety awareness improvement
	<ul style="list-style-type: none"> Curb the number of absences due to illness Number of absences due to illnesses: 26 (as of April 1, 2018) Reduce the number of employees with health risks (1) Rate of reduction of people with risk of requiring ongoing hospital visits for blood pressure, blood sugar, lipids: Down 4.3% from FY2016 (2) Rate of reduction of people with specific health guidance: Down 3.3% from FY2016 	<ul style="list-style-type: none"> Curb the number of absences due to illness Reduce the number of employees with health risks
	<ul style="list-style-type: none"> Established a Corporate Diversity Office directly under the president Held workshops for key personnel groups (Top management, general managers, managers, and all women employees) Conducted a survey to ascertain the actual situation for employees with home care responsibilities, and distributed information to relieve concerns Appointed female managers: Women held 5.5% of all management positions Actively recruited women graduates: Percentage of women among new graduate hires: 33% 	<ul style="list-style-type: none"> Foster awareness and a culture supportive of diversity, with a focus on promoting participation by women Consider ways of supporting life events affecting both men and women, such as childbirth, child-rearing and caretaking, and consider work styles tailored to these life events Appoint female managers (target for fiscal 2019: Women hold 7% of all management positions) Raise the percentage of women among new graduate hires (30% or more)
	<ul style="list-style-type: none"> Percentage of non-Japanese nationals among new employees hired by Konica Minolta, Inc.: 14% (April 2018) 	<ul style="list-style-type: none"> Active recruitment of mid career human resources and personnel from outside of Japan Provide opportunities to gain experience and knowledge outside of the company Promote exchanges among employees globally and provide venues for innovation creation where diverse employees can inspire and learn from each other





*⁴ **Serious accidents**: (1) Death, disease requiring a long recovery period (or the possibility thereof), an injury resulting in a disability (or the possibility thereof), or a specific contagious disease; (2) an accident resulting in the death or injury of three or more workers during work at one point or the contraction of a disease (including accidents not accompanied by lost worktime)

*⁵ **Frequency rate of accidents causing absence from work**: The number of persons absent from work per one million total actual working hours for current employees

*⁶ **Unsafety Marks**: Numerical values obtained by assigning points based on the number, type and severity of accidents that occur in a workplace

Creating Value through Our Value Chain

To produce high added-value products and services, Konica Minolta has built a value chain supporting everything from development to procurement, production, distribution, marketing and sales, and after-sales support. Alongside leveraging this value chain to optimize costs, we are also working to improve quality, reduce environmental impact, and develop the people who make it all possible.

Value Chain	R&D	Procurement	Production	Distribution
				
Quality Improvement Initiatives	<ul style="list-style-type: none"> Utilize the four core technologies of materials, optics, nanoscale fabrication, and imaging to develop revolutionary products Develop cyber-physical systems that achieve a sophisticated combination of input technologies, which make the invisible visible; process technologies, which make acquired data intelligent; and output technologies, which allow for the creation of solution-based services 	<ul style="list-style-type: none"> Improve analytical capabilities and roll out prediction and prevention measures by deploying Konica Minolta ICT systems at, and sharing data with, business partners Work with business partners to conduct quality improvement activities called DOAZ[*] <p>[*] Defect On Arrival Zero</p>	<ul style="list-style-type: none"> Conduct production capability assessments to gauge frontline capabilities and productivity improvement capabilities at production sites, including with respect to environments, quality, safety, and security Pursue global quality assurance through coordination with Konica Minolta production sites and production contractors inside and outside of Japan Gather and analyze quality and other data using ICT in order to improve production quality through quality stabilization and defect prevention 	<ul style="list-style-type: none"> Improve and maintain logistics quality (improve lead times and reduce damage and losses) through KPI management in cooperation with logistics (shipping and inventory) partners (contractors) Conduct logistics network design and respond flexibly to reduce logistics risks (freight congestion caused by natural disasters, government policies, conflicts, etc.)
Quality Management (P.79)				
Environmental Initiatives	<ul style="list-style-type: none"> Create the sustainable green products that customers and society need Develop the environmental technologies for creating sustainable green products 	<ul style="list-style-type: none"> Work with business partners to conduct green supplier activities and reduce environmental impact and costs 	<ul style="list-style-type: none"> Conduct green factory operations that simultaneously reduce environmental impact and cut costs Conduct upgrade recycling (using upgraded recycled materials) to solve regional environmental issues 	<ul style="list-style-type: none"> Reduce CO₂ emissions through better logistics efficiency Reduce packaging material usage
Environmental Management (P.80)				
Human Resource Initiatives	<ul style="list-style-type: none"> Hold the Challenge Engineers Forum to develop young technicians Practical education aimed at developing businesses for digital solutions companies (MOT education) Provide intellectual property education in China, where patent acquisition is heating up 	<ul style="list-style-type: none"> Improve skills through cross-border and cross-organizational personnel rotation Provide specialized education in compliance and procurement 	<ul style="list-style-type: none"> Build and manage systems for companywide training for production personnel Utilize systems for flexibly accommodating production structure changes and make the most of experienced personnel 	<ul style="list-style-type: none"> Strengthen logistics strategy planning ability aimed at overall optimization Strengthen ability to execute when building a distribution network Leverage global SCM personnel
Human Resource Management (P.81)				
IT Initiatives	<ul style="list-style-type: none"> Acquire IoT, AI, and other cutting-edge technologies 	<ul style="list-style-type: none"> Improve mutual operating efficiency through procurement ICT coordination with business partners 	<ul style="list-style-type: none"> Achieve efficient production through workflow reform using ICT 	<ul style="list-style-type: none"> Improve systems and business processes that span production to sales and optimize product supply and inventory based on customer needs
IT Management (P.82)				
Cost Initiatives	<ul style="list-style-type: none"> Acquire patents in Japan, the U.S., China, and other countries Invest at least 70 billion yen annually in R&D 	<ul style="list-style-type: none"> Work with business partners to control costs, beginning at the development stage Promote Procurement Collaboration Activities in order to improve business partners' productivity Conduct global procurement activities that account for logistics, exchange rate volatility and other factors 	<ul style="list-style-type: none"> Save labor through production innovations involving production automation and ICT Reform work styles and reduce production costs with development and production department coordination Reduce the cost of small lot orders by utilizing mixed-flow production and processing technologies for small lots 	<ul style="list-style-type: none"> Reduce costs by improving shipping efficiency (improving container/truck loading efficiency) Optimize inventory at each site through global supply and demand balancing, and review distribution routes to improve transport efficiency

Marketing & Sales



- Conduct face-to-face sales to understand the value customers truly need and provide solutions to customers' problems through the best mix of products and services
- Improve value to the customer through OPS and hybrid-type sales which combine equipment sales with provision of IT services
- Improve the quality of proposals for and delivery to customers through sales and project management handled by customer engagement teams

After-Sales Support



- Homogenize support operations through the launching of the Global Support Center
- Implement SLA (Service Level Agreement) to provide customers with high quality services and peace of mind

- Provide support for decreasing customers' environmental impact with OPS
- Provide support for customers' environmental management using environmental technologies and expertise

- Collect and recycle used MFPs and printers
- Carry out the Clean Planet Program for collecting toner cartridges

- Acquire expertise and human resources to strengthen ability to provide services such as OPS, MPM, and MCS

- Invest human resources in service businesses
- Strengthen ability to help customers at the call center

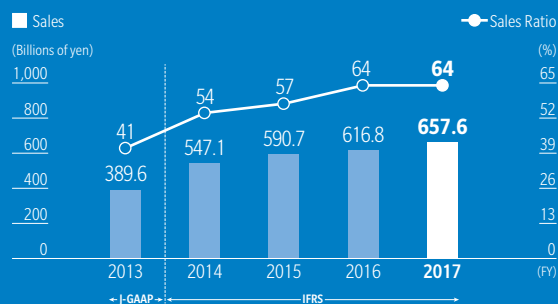
- Promptly resolve problems by utilizing remote support maintenance

- Consolidate sales facilities Make support operations more

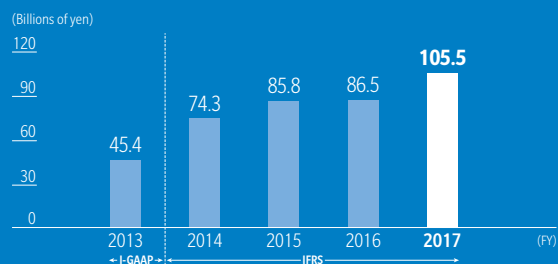
- Efficient with the launching of the Global Support Center

Results of Contributing to Customer Value Creation

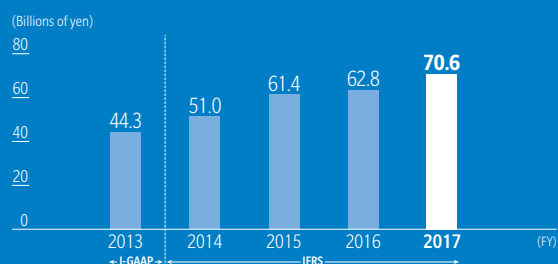
Expanded sales in green products, which reduce customers' environmental impact



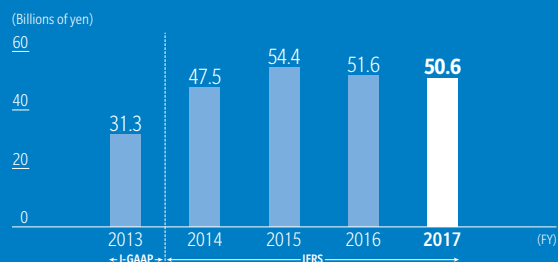
Expanded sales of OPS, which help customers cut costs and enhance efficiency



Expanded sales in IT service solutions, which support workflow transformation in the Office Services



Expanded sales in MPM services, which help reduce costs and improve efficiency in customers' marketing activities



Quality Management

As it works to make services a bigger part of its business portfolio, Konica Minolta is changing from “manufacturer-centric quality” to “customer-centric quality” in pursuit of becoming #1 in customer satisfaction.

* More information is provided on pg. 31-34 (Improving Customer Satisfaction and Product Safety) in CSR Report 2018. <https://www.konicaminolta.com/about/csr/csr/download/2018/index.html>

Medium-Term Quality Plan 2017–2019

One of the goals of Konica Minolta’s Medium Term Business Plan “SHINKA 2019” is to help solve social issues by becoming a digital company that provides solutions with insight into implicit challenges facing society. Based on the belief that developing solutions to challenges faced by professionals in the workplace ultimately benefits society by helping to resolve social issues, it is also necessary to bring a revolution to the “form” of quality assurance delivered to customers by providing quality-guaranteed products and services. This has made it important for the company to transform its actions by taking the customer’s perspective.

To guide this new approach, Konica Minolta has recently implemented its Medium-Term Quality Plan 2017–2019 based on the concept of shifting focus from quality from the manufacturer’s perspective to quality from the customer’s perspective. Under this plan, Konica Minolta is striving to provide customers with “safety and security” by achieving quality with a high degree of reliability. By creating new quality value, the company is aiming to become No. 1 in customer quality satisfaction by improving customer engagement.

In order to realize highly reliable quality, the company is working to transition from quality assurance for products to include quality assurance for services while continuously enhancing quality assurance and endeavoring to reduce quality risk in all service business areas.

Meanwhile, in order to create new quality value, Konica Minolta is promoting initiatives that start on the customer’s frontline. By analyzing customer feedback, identifying latent challenges, and then helping to solve them, Konica Minolta is striving to achieve a new level of engagement above and beyond customer expectations.

Enhancing Secure Product Development and Operation

In a society where an increasing number of devices are connected to the Internet using IoT technology, security incidents that involve exploitation of product vulnerabilities, such as unauthorized intrusion, unauthorized operation, and data tampering, are new threats that can cause serious damage to customer operations. In its Medium Term Business Plan, Konica Minolta has positioned its Edge IoT platform strategies, such as Workplace Hub, as a major growth driver among its new businesses. The company recognizes that the risk of IoT security incidents will increase in this area compared to its conventional foundational business.

Information regarding the vulnerability of products is being centrally managed group-wide. Along with promoting the necessary measures, the company has launched KM-PSIRT* as a group-wide organization to collaborate with external public organizations, and it has begun relevant activities.

Additionally, Konica Minolta has established security guidelines spanning the entire product lifecycle from product planning and development to product use. The company is also constructing mechanisms to ensure that secure products are provided to the market, and to respond and report promptly when incidents occur.

* KM-PSIRT: Konica Minolta’s Product Security Incident Response Team, a product vulnerability response organization

Creating a Quality Assurance System in Service Business Areas

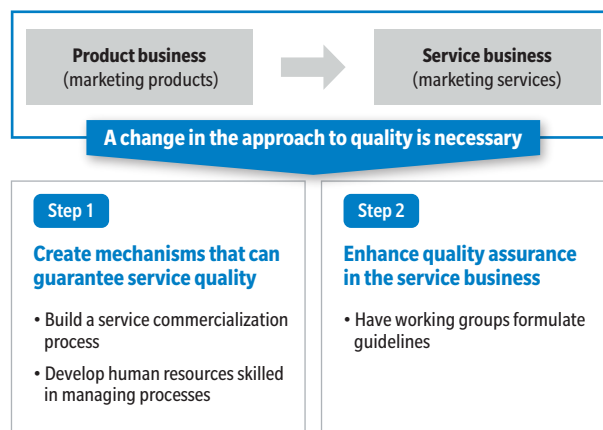
In service business areas, the company believes it must shift from product quality assurance to service quality assurance and establish the most innovative processes. Services are different from manufactured products as they lack physical form, their quality cannot be checked in advance, and they highlight the importance of process in addition to results. Consequently, it is a challenge to predict and manage highly reliable quality.

Based on this shift in business, the company is promoting the construction of a service commercialization process, and human resource development for process management as a way to create a mechanism for quality assurance in the upstream stage of the service business.

When developing a new service business, Konica Minolta utilizes the agile development method. It quickly ascertains the quality required by customers and uses this knowledge to enhance quality assurance. This method is performed not only in Japan, but also globally at locations in customers’ vicinities, to ensure strong quality assurance worldwide.

Furthermore, a company-wide working group has been established based on several key terms: cloud-based services, product security, and agile development, which are the core elements of a service business. Konica Minolta is working on the formulation of quality standards and usage guidelines, along with actions to put them into practice.

Quality Issues and Steps to Grow Service Business Areas



Environmental Management

While striving to solve environmental problems and achieve business growth, we are working with stakeholders to achieve our “carbon minus” goal by 2050.

* More information is provided on pg. 15-24 (Environment) in CSR Report 2018. <https://www.konicaminolta.com/about/csr/csr/download/2018/index.html>

Evolution of Long-Term Environmental Target Eco Vision 2050

Konica Minolta is focused on reducing its environmental impact and contributing to a more sustainable society in accordance with the Eco Vision 2050 long-term environmental target and Medium-Term Environment Plan 2019, which are to be achieved by 2050 and 2019, respectively. In order to further strengthen environmental action in fiscal 2017, the company added a more ambitious goal, to Eco Vision 2050, the “Carbon Minus” concept. Under this concept, Konica Minolta aims to reduce the CO₂ emissions from its products throughout their entire life cycle by 80% compared to fiscal 2005 levels by 2050. Furthermore, we aim to achieve a CO₂ emissions reduction effect that exceeds the CO₂ emissions produced by Konica Minolta’s business activities through cooperation with stakeholders (see page 12 for more information on carbon minus targets).

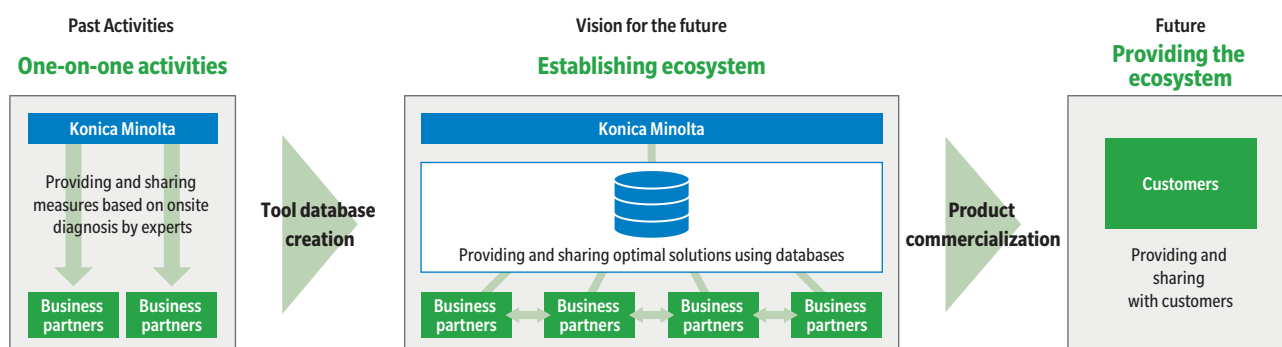
Creation of Shared Value with Stakeholders to Realize “Carbon Minus” Status

When working to overcome environmental challenges on a global scale, there is a limit to what can be achieved by just one company. This is why it is essential to expand the impact of environmental efforts by working with stakeholders such as suppliers, customers, and local communities.

Under its Medium-Term Environment Plan 2019, the company is working toward the Carbon Minus goal indicated in Eco Vision 2050. The aim is to reduce the environmental impact of society as a whole by collaborating with a wide range of stakeholders.

For example, by creating a database of energy-saving methods used internally and sharing it with business partners, Konica Minolta can help suppliers to devise and implement their own energy-saving measures. By sharing these activities with customers and expanding the circle of cooperation globally, Konica Minolta believes that it can make a dramatic contribution to solving global environmental problems.

Creation of Shared Value with Stakeholders



Feedback from Customers Collaborating with Us on Environmental Initiatives

At our company, I had always heard the comment that environmental activities involve a significant cost. When I attended the Konica Minolta lecture however, I realized that environmental activities can actually lead to cost reductions. So, we used Konica Minolta's "biz-Library" environmental management support tools as a reference and first set up monitoring of energy usage at our main factory. Looking at the results, we decided to focus on gas consumption, which accounted for a large proportion of our energy usage. We optimized the manufacturing process and took measures to reduce heat loss, while verifying the influence on product quality. This enabled us to reduce both CO₂ emissions and costs. As people at the site saw the cost reduction effect, everyone grew in their environmental awareness, and since then many employees have come up with their own ideas for energy conservation. This success case is now being expanded to other plants.

Gen Ohara

Plant Manager and Management Office Head, Paloma Co., Ltd.

Feedback from Business Partners Collaborating with Us on Environmental Initiatives

Through the Green Supplier activities, we received a wealth of advice on things such as energy conservation, resource reduction measures, and calculation methods. Thanks to Konica Minolta, we were able to take the first steps toward environmental contribution. For environmental measures requiring investment, we received proposals from a management perspective, including measures sorted into short-, medium-, and long-term investments, as well as by depreciation period. The government also has several requirements for environmental conservation measures, and we were able to work even more positively on them by pursuing the Green Supplier activities. In the future, we would like to develop self-diagnosis mechanisms while applying diagnostic tools from Konica Minolta.



Yushi Ueda
Director / General
Manager
Szepak Precision
(Wuxi) Co., Ltd.

Human Resource Management

To catalyze corporate growth, we will leverage the capabilities of those who can create new value in solving issues faced by our customers and society.

* More information is provided on pg. 39-48 (Human Capital and Diversity) in CSR report 2018. <https://www.konicaminolta.com/about/csr/csr/download/2018/index.html>

Efforts for Greater Diversity

One of Konica Minolta's strengths as a global company is that employees of different national origins, races, beliefs, cultures, languages, genders, ages and expertise work together in regions all over the world. It is this diversity that leads to innovative thinking and original ideas, thus generating new value that helps provide solutions for customers and society.

Based on this philosophy, in April 2017 Konica Minolta, Inc. established a Corporate Diversity Office under the direct control of the president. The role of the new organization is to promote a respect for diversity and a focus on inclusion within the company. The Corporate Diversity Office is striving to ensure a deep understanding of diversity and inclusion among employees, and since fiscal 2016, it has been working to support the success of Konica Minolta's female employees. The office is also working with various departments to promote the participation of international employees and people with disabilities by creating an organizational culture that respects not only diversity in attributes, such as gender and nationality, but also diversity in values and views of life.

Work-Style Reform

Konica Minolta is moving forward with work-style reforms in many areas, including operational processes, human capital utilization, roles and authority, systems, and environmental measures. In so doing, the company is seeking to improve the job satisfaction of every employee as well as overall productivity. At the same time, in a business environment where unprecedented changes continue to occur, Konica Minolta will continue to promote the creativity and innovation that is the source of competitiveness.

In fiscal 2017, Konica Minolta, Inc. implemented a program that permits employees to take on a second job or work concurrently to promote innovation. At the same time, the company also introduced a Job Return System to increase employee diversity. The first measure helps to meet the needs

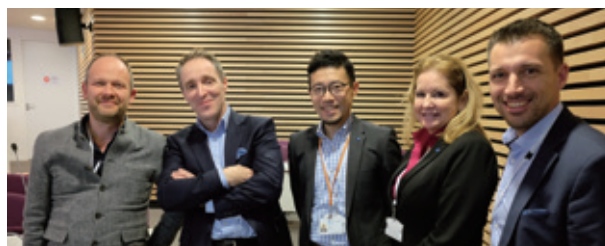
of employees who want to start their own businesses while still working at Konica Minolta, and those who want to enhance their skills in areas such as IT and programming. This program is expected to become a starting point for creating innovation, by making full use of employee knowledge and skills that can be gained through work experience outside the company.

The Job Return System provides opportunities for reinstatement to employees who have left the company due to personal circumstances such as child rearing or nursing care of a family member, or those who leave in order to study abroad or change occupations with the goal of career advancement. In addition to utilizing the knowledge and experience cultivated by such employees before leaving the company, Konica Minolta expects to also make full use of the knowledge, personal contacts and experience gained by such employees during their time away.

Human Resource Development

Konica Minolta aims to foster "true management executives" who can succeed globally. This is why a Global e-Juku business leader education program has been implemented for executive candidates, including those from Group companies globally.

Konica Minolta has a short-term overseas training program targeting young Japanese employees. By practicing leadership and engaging in cross-cultural exchanges for exposure to diverse values, this program aims to improve and expand employee outlooks to help them to succeed on the global stage.



Overseas training program participant (center) and host-country employees

Focused Topics

Konica Minolta Receives Grand Prize in NIKKEI Smart Work Awards 2018 for the ability to innovate while making optimal use of human resources

Konica Minolta, Inc. received the Grand Prize in the Nikkei Smart Work Awards 2018 conducted by the Nihon Keizai Shimbun (Nikkei Inc.).

According to Nikkei, Smart Work Management is defined as a management strategy for making optimal use of human resources by introducing diverse and flexible workstyles, encouraging innovation, and creating a virtuous cycle of continuously developing new markets, thereby maximizing the productivity and other performance parameters within the organization.

Using the results of the 1st Nikkei Smart Work Management

Survey covering all listed Japanese companies and leading unlisted companies in 2017, an external judging committee performed a comprehensive review and selected the Smart Work Award recipients. By awarding the Grand Prize to Konica Minolta, the judges have formally recognized the achievements of the company's initiatives to utilize diverse human resources and to create innovation.



IT Management

Guided by the Medium-Term IT Plan linked with the Medium Term Business Plan, Konica Minolta is strengthening its internal IT platform while at the same time developing and managing an IoT business platform.

Medium-Term IT Plan

Konica Minolta has devoted efforts to establishing an internal IT platform as a global company—efforts outlined in our global IT strategies since FY2011 and in the FY2014-2016 Medium-Term IT Plan. The FY2017-2019 Medium-Term IT Plan establishes six themes and calls for the Company to pursue them. These include establishing an IT platform to support business reform aimed at expanding our IoT business, security measures, and building a data utilization support system and IT platform for ascertaining, analyzing, and gaining insights into business performance indicators in a timely fashion.

IT Department's Vision and FY2017-2019 Medium-Term IT Plan Themes

Vision

- IT departments that constantly achieve ambitious goals with boldness, speed, and persistence
- IT departments trusted as essential organizations by business divisions globally
- A medium-term plan for IT departments that lead the industry through active efforts to develop and manage IT for our business while deploying state-of-the-art technologies and conducting internal IT management

Themes

1. IT infrastructure upgrade to support business transformation
2. Enhance IT tools & services for Work-style reform
3. Data-analytics system development for management decision in a timely manner
4. Stable and Secure IT Infrastructure deployment to ensure business continuity
5. Company-wide IT cost control
6. Strengthen IT workforce and define Global IT Structure

IT security management system and measures to prevent information leaks

The establishment of an IT security management system for the entire Group is one way in which Konica Minolta is continually working to improve IT security at Group companies. As part of a Groupwide security management system, all Group companies in Japan have continuously acquired ISO/IEC 27001 certification, an international standard, since 2009. Overseas Group companies have also built their own management systems internally, with 16 companies having acquired the abovementioned certification as of the end of fiscal 2017.

In January 2016 we launched the KM-CSIRT* (Konica Minolta Computer Security Incident Response Team) as part of a system to enable a quick response in the event of a serious IT security incident.

In fiscal 2017, we worked with certain subsidiaries in the APAC/China region, where IT security risk is considered to be relatively high, to conduct training in handling incidents involving ransomware, a kind of malware. We also strengthened IT security coordination with these regions.

In addition, as part of ongoing measures to prevent information leaks, we have stepped up network monitoring through the deployment of a next-generation firewall. In fiscal 2017, we began watching for suspicious activity within endpoints.

* CSIRT is the general term given to organizations that handle incidents related to computer security. The Nippon CSIRT Association is a community that coordinates the sharing of information and collaboration among CSIRTs in Japan and that supports efforts to create CSIRT within organizations. Konica Minolta became a member of the association in April 2016.

Focused Topics

Business process automation using RPA (robotic process automation)

Konica Minolta is deploying RPA as part of measures to improve business processes and operational efficiency.

Deployment began in Japan and Asia in fiscal 2017, and plans call for global deployment in Europe and North America beginning in fiscal 2018. This global deployment will allow for standardizing and consolidating business processes shared across business sites and departments and enable the utilization of assets from other regions. To this end, we have put together a global team to carry out these efforts with efficiency.

By advancing automation, we have been able to improve operational process quality as well as efficiency. Our RPA efforts not only improve the productivity of Konica Minolta operations but we will also develop the human resources that will enable the "digital company with insight into implicit challenges" that SHINKA 2019 seeks to achieve. We are also coordinating with business divisions to think about providing products and services made possible through RPA.

Independent Valuation of Konica Minolta's Management, with Its Focus on Achieving Sustainable Growth

ESG investment, which involves selecting and investing in companies that make outstanding achievements with respect to areas such as human resources, the environment, and corporate governance, as well as corporate finance, has been garnering attention around the world in recent years.

Konica Minolta has been included in several international ESG investment indexes. The Company has been included in the World category (since 2012) and Asia Pacific category (since 2009) of the Dow Jones Sustainability Index issued by U.S.-based S&P Dow Jones Indices and Swiss-based RobecoSAM. The Company has also been

included in the FTSE4 Good Index Series (since 2003).

In fiscal 2017, Konica Minolta was also named an Industry Group Leader in the Dow Jones Sustainability World Index. Konica Minolta received top scores among roughly 120 companies worldwide in the Technology Hardware & Equipment industry group. 24 Industry Group Leaders were named worldwide, and Konica Minolta was the only Japanese company to be given this prestigious title.

Konica Minolta has also been included by CDP, an international NGO that works to advance sustainable economics, on the Climate A List (the highest rating).

Inclusion in Prominent Japanese/Foreign Indices

August 2018	6th consecutive year of inclusion in the JPX-Nikkei Index 400
July 2018	9th consecutive year* of inclusion in the MSCI ESG Leaders Indexes (formerly the MSCI Global SRI)
July 2018	Maintained inclusion in the FTSE4Good Index Series for 15 consecutive years
July 2018	Inclusion in three investment indexes—the FTSE Blossom Japan Index, the MSCI Japan ESG Select Leaders Index, and the MSCI Japan Empowering Women Index—by the Government Pension Investment Fund (GPIF), the world's largest pension fund
March 2018	Inclusion in the Morningstar Socially Responsible Investment Index (MS-SRI)
September 2017	Inclusion in the Dow Jones Sustainability World Index for the sixth year running, this year as an Industry Group Leader

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM



FTSE4Good



FTSE Blossom
Japan

* No information available for the years prior to 2010

Evaluations by International ESG Rating Agencies

July 2018	8th consecutive year of being awarded Prime Status (a CSR rating) as a global electronics industry leader by ISS-oekom.
February 2018	Ranked Gold Class CSR by RobecoSAM, a world-leading research and rating company in the SRI field
October 2017	Selected a Climate A List company, the highest rating, by CDP (CDP is an international NGO that works to achieve sustainable economies)



ROBECOSAM
Sustainability Award
Gold Class 2018



Various management surveys in Japan

February 2018	Included in the Health and Productivity Stock Selection, a joint initiative by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange
February 2018	Received Grand Prize for Measures against Global Warming Report at the 21th Environmental Communication Awards
February 2018	Received second place prize at the 20th NIKKEI Annual Report Awards
January 2018	Received Grand Prize in the NIKKEI Smart Work Awards 2018 held by The Nikkei

NIKKEI
Smart Work
Awards 2018 Grand Prize

