Discussion on Corporate Governance

Deepen debates on strategy at Board of Directors meetings

Taking a proactive approach to governance

Executive compensation system linked to the Company's medium-term performance



Contribution to Achieving SDGs

SUSTAINABLE GAA 17 GOALS TO TRANSFORM OUR WORLD

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with Its Focus on Achieving Sustainable Growth

Discussion on Corporate Governance

Pursuing sustainability in management based on a 10-year vision

Working to enhance the effectiveness of Konica Minolta's corporate governance

— Mr. Noumi, as Outside Director how do you assess Konica Minolta's governance?

Noumi: I have attended the board meetings of a number of companies. After attending Konica Minolta's, I felt like the Board of Directors has a very high level of effectiveness, based on the thorough discussions and the serious stance of executive management taking part in the meetings. I have also been impressed with Mr. Matsuzaki's efforts as a Chairman to deepen discussions, including calling on Directors to share views based on their own experience and specialization, and asking Executive Officers to provide additional explanations.

Matsuzaki: Konica Minolta's board meetings are not just a venue for reaching a conclusion, they represent a place for finalizing decisions based on prudent and detailed discussions among attendees including Outside Directors. Meetings tend

to last a long time, so we look for people willing to fully commit their time when selecting candidates for Outside Director. Noumi: Every year, I evaluate the effectiveness of the Board of Directors. In the case of Konica Minolta, the content of the questionnaire is very serious, and I need to take extra time answering each question. As I review each question for example, "Over the past year, did you provide advice to and carry out supervision of Executive Officers properly?," I'm keenly aware that Konica Minolta is serious about the effectiveness of its corporate governance and that it demands Outside Directors fulfill a critical role in management supervision. Matsuzaki: Our annual evaluations of board effectiveness require the precious time of our Directors. Yet, the thorough answers have helped us to identify issues and implement the plan-do-check-action (PDCA) cycle smoothly. Noumi: As a company with three committees, Konica Minolta has established a Nominating Committee, Audit Committee and Compensation Committee. These three committees carry out their own in-depth and intense discussions just like the Board of Directors. On occasion, they also spend the money to engage outside institutions to investigate matters when necessary. Generally, I feel Konica Minolta has extremely strong



expectations, or a high level commitment, for Outside Directors to fulfill their role.

— Why is it that there is just one principle of Japan's Corporate Governance Code that Konica Minolta does not comply with?

Matsuzaki: Following revisions to Japan's Corporate Governance Code in June 2018, we held an informal gatherings of Directors in August where we discussed our response. Among these talks, a majority of Directors, including myself, felt we did not need to overreach to comply with Principle 2.6 "Roles of Corporate Pension Funds as Asset Owners." But, Executive Officers indicated their strong desire to take this as an opportunity to raise the bar of departments in charge of corporate pension management, so we decided to comply. **Noumi:** Complying in form alone does not carry any meaning. It is worth making the full effort as long as the result will enhance our operational capabilities and strengthen governance. Matsuzaki: Konica Minolta explained about the revision dealing with diversity in Principle 4.11 "Preconditions for Board and Kansayaku Board Effectiveness." It has stated that the board should be well balanced in terms of diversity and appropriate size, which I agree with 100%. This particular revision adds the terms gender and international experience

Noumi: Gender and international experience are important conditions for diversity. As for the appropriate size of the board, however, it is extremely difficult to find candidates with the

balance of gender and international experience at the same time as securing people with the qualities we require.

Matsuzaki: Konica Minolta's basic stance is to elect Directors purely based on their qualities, such as experience and specialization; rather than their attributes, such as gender, nationality or country of origin. I decided that I should stand up and clearly explain the reasons for this, instead of bending this basic stance to comply with the principle in form alone.

— In June 2019, Sakie T. Fukushima became Konica Minolta's first female Outside Director. Why was she selected over other candidates?

Matsuzaki: The selection of a new Outside Director candidate first involves discussions by the Nominating Committee about the qualities we are looking for. The term of office of an Outside Director is four years, so we select the right person with the right specialization or experience, given the company's management needs over this time frame. The key point this time around was global talent management. We are in the process of transforming our business portfolio, including digitalization. To achieve this transformation, we need to find talent with advanced expertise and excellent skills not only in Japan, but internationally, who can play an active role.

Noumi: Ms. Fukushima has many years of professional experience in the global human resources consulting field. This made her the ideal candidate for supervising and advising our efforts to promote globally-minded talent management.



Matsuzaki: Furthermore, looking ahead, we must pursue work-style reforms and reduce working hours through productivity improvements, and we also need to provide an attractive workplace for our employees by building a work system in tune with the times. I also expect Ms. Fukushima to provide advice regarding these new work-styles. In this manner, as a result of selecting the right person with the right qualities we needed, Ms. Fukushima was chosen as Outside Director. This does not mean that in the future the right person will also be a woman or a foreign national. Consequently, Konica Minolta will continue to explain our stance regarding Principle 4.11.

Noumi: Nominating Committee documents about the history of board constitution reveal the skills and experience, along with the management challenges, sought after by the company whenever someone was selected as a candidate. This clarifies that selections are not made simply to fulfill a number requirement, but rather to find the right person to serve as a supervisor for Konica Minolta's governance who will contribute to enhancing corporate value.

What qualities need to be added during the selection of Outside Directors in order to further increase the effectiveness of governance?

Matsuzaki: Konica Minolta is promoting a digital shift and making strategic investments in bio-healthcare as part of its current transformation. Mr. Noumi is providing advice in terms of investment decisions and post-merger integration (PMI), and in the future, once we fully move into the business expansion stage, we will need the support of someone with management experience in the bio-healthcare field. Noumi: However, there still are not that many people with management experience in cutting edge fields such as biohealthcare.

Matsuzaki: Therefore, we need to expand our target from Japanese to foreign nationals to find the right person for the role. Toward this end, I plan to begin building a pipeline. Noumi: By focusing on qualities in the selection process similar



to the case of Ms. Fukushima, there is a possibility the Board of Directors will gain members with international experience as

Matsuzaki: That's right. Also, even when shifting our business portfolio toward digital and bio-healthcare fields, the base is the same—we are still a manufacturing company. Directors serving concurrently as Executive Officer have shared the view during assessments of board effectiveness that we need to add a Director who can thoroughly supervise manufacturing, and I agree with them.

Executive Compensation System

-There is growing interest in the executive compensation system as an element related to the effectiveness of governance. What are the features of Konica Minolta's compensation system?

Noumi: Konica Minolta's current executive compensation system took shape in fiscal 2017 after a series of reforms centered on two points; namely, "increase motivation to improve business performance continuously over the medium to long term" and "keep the level that can secure and retain talent capable of guiding the company's development." The key point is the addition of the "stock bonus linking with medium-term performance" within executive compensation linked to the achievement rate of performance targets set out in the Medium Term Business Plan. In addition, we lowered the percentage of base salary compared to before and increased the amount of performance-based cash bonus for the fiscal year and medium term. At the same time, we eliminated the short-term performance component of compensation for non-executive Directors in favor of base salary and mediumterm stock bonus linked to increasing shareholder value over the medium term. Outside Directors only receive base salary. Matsuzaki: Thanks to lengthy discussions by the Compensation Committee, I feel like this is now a very positive system that incorporates medium-term incentives. In addition, the component of annual performance-based cash bonus for Executive Officers involving individual evaluations reflects the progress of each Executive Officer's key measures. The fact that these key measures involve initiatives with nonfinancial indicators such as environment, social, governance (ESG) speaks to the uniqueness of Konica Minolta's executive compensation system.

What are the basic thoughts behind performancelinked compensation and incentives for Directors?

Noumi: The Outside Directors of Konica Minolta are of course Independent Directors. We are responsible for supervising business execution; rather than carrying it out. This is why the Compensation Committee unanimously agreed that it would not be appropriate to base Outside Director compensation on business performance evaluations.

Matsuzaki: Similar to Outside Directors, non-executive Internal Directors do not receive performance-based cash bonus. From a medium-term perspective, however, we introduced stock bonus not linked to performance. While non-executive in nature, Internal Directors are full-time positions. This is why we decided against base salary alone and adopted stock bonus with the condition of having to retain the stock bonus until one year after retirement, knowing that this will increase interest further in our share price, similar to conventional compensation-type stock options.

Noumi: The Compensation Committee discussed the pros and cons of stock bonus for Outside Directors. Outside Directors, including myself, share their views at board meetings from a shareholder perspective, so we decided that owning the company's shares was not a requirement. I'm aware that many investors have a negative view toward offering performancebased stock bonus to Outside Directors, in particular. Some also believe that Directors should own the company's stock since they are part of the same boat, while others believe that Directors should be independent supervisors without ties to the company's stock. After examining these varying views, we ultimately decided not to adopt stock bonus for Outside Directors. Konica Minolta has an executive's stock ownership plan, which means Outside Directors can own the company's stock through this plan if they so desire.

What are some of the areas concerning the executive compensation system that you will be reviewing in the future?

Noumi: The topic of international experience in terms of board constitution came up earlier. If the number of foreign nationals on our board increases in the future, determining how to seek consistency between local compensation levels and Konica Minolta's executive compensation level will be a major issue. To secure exceptional talent and cope with headhunting, companies need to offer compensation in excess of that locally. In this case, the compensation of these people could greatly exceed that of Konica Minolta's.

Matsuzaki: When modifying the executive compensation system in 2017, the Compensation Committee spent a great deal of time investigating and discussing compensation level. Compared to other countries, the gap between executive pay and employee pay in Japan isn't that pronounced. Among executives as well, the gap between pay of top management and second in command isn't as large as other countries. Noumi: As Mr. Matsuzaki says, we determined the compensation level holistically based on a detailed investigation of industry practices while considering social norms as well. In terms of the pay of top management and second in command, personally I feel top management's compensation should be higher because they have much larger responsibilities and play a much bigger role.

Matsuzaki: Konica Minolta's Corporate Organization Basic Regulations state that the Chairman is not an Executive Officer. The president serves as the Chief Executive Officer (CEO) with the sole right to represent the company. Therefore, I feel the compensation level of our president needs to be appropriate now and in the future.

Noumi: With globalization, I feel that the practices of Japanese



companies in terms of their executive compensation system are gradually moving closer to their peers in Europe and North America. Considering social and cultural differences, however, it would not be right to simply Westernize Japan's corporate governance or executive compensation system. The Compensation Committee needs to build a convincing executive compensation system for stakeholders while taking into account these developments.

Results and Challenges of the Medium Term Business Plan

Konica Minolta is heading into the final year of its Medium Term Business Plan called SHINKA 2019. How do you assess the progress thus far?

Matsuzaki: Each of our core businesses is performing well, and we are making steady strides toward strengthening profitability, which was an issue. However, we have fallen behind schedule in our new businesses, especially the growth of our bio-healthcare business in the United States, so getting back on track will be a major issue for the future. The plan was to steadily increase results from growth businesses and new businesses during the course of the Medium Term Business Plan and we released business targets expecting these businesses to contribute to the bottom line in the final year of the plan. But, growth has fallen behind, opening up a gap between these figures.

Noumi: When the Board of Directors approved the Medium Term Business Plan, we discussed the probability of the performance targets for each business and whether there was sufficient grounds for these targets. However, compared to core businesses where we already have a great deal of experience, there are many elements of uncertainty in new

businesses. This means that even if there is some substantiation, there tends to be major gaps. It's really difficult to commit in a similar fashion as core businesses to exact figures on when and how much profit new businesses can generate. Matsuzaki: How to address this issue became a major topic during the board effectiveness evaluation the other day. Based on board members' views, we decided to increase the frequency of monitoring growth businesses and new businesses, compared to core businesses, as part of our board operation plan for fiscal 2019.

Mr. Noumi, what perspectives do you use to supervise and advise regarding strategic investments in these new businesses?

Noumi: In my case, I am actively advising our Executive Officer team in the areas of investment decisions from the standpoints of macroeconomics and markets and management such as PMI, based on my experience at financial institutions and funds; rather than get deeply involved in the operational aspects of these businesses. In the bio-healthcare business, our acquisitions of Ambry Genetics and Invicro in fiscal 2017 were some of the largest M&A deals Konica Minolta has ever undertaken, with a combined value of around 100 billion yen. The Board of Directors discussed in detail about whether to undertake these investments or not.

Matsuzaki: Genetic diagnosis is a very new business domain with a great deal of uncertainty. For this reason, there were many opinions citing questions about the business or concerns about the gravity of investment risks.

Noumi: Because of the size of the investment and the newness of the segment. It felt like we could lose the entire 100 billion yen if these investments failed. However, both companies have a positive cash flow and other companies were looking to acquire them, so we can just sell them if we are unable to successfully generate synergies. I explained this to the board and provided the advice that the company is not necessarily risking the entire 100 billion yen amount. Ultimately, however, the strong commitment of top management is critical for any investment decision, so I was impressed with how the president strongly lobbied Directors to approve the deals. Matsuzaki: Mr. Noumi has been very helpful because his perspective and acumen in corporate investment simply cannot be obtained through experience in corporate management alone.

Noumi: As Mr. Matsuzaki says, we are behind schedule in our new businesses in the United States. However, as evidenced by the in-depth discussions by the Board of Directors, our strategy to expand into the bio-healthcare field is sound and the core value of these acquisitions can be fully justified by the investment amount. This is why we will patiently and carefully monitor the cash flow timeline.

What perspectives are being used in discussions on the company's next Medium Term Business Plan?

Noumi: Through the two Medium Term Business Plans TRANSFORM 2016 and SHINKA 2019, Konica Minolta has worked on boldly restructuring and transforming its business portfolio to cope with changes in society and technological innovations. The next Medium Term Business Plan that begins in fiscal 2020 needs to present specific outcomes achieved from our initiatives to date, such as revenue, profits and track record of the genre-top strategy. For example, in terms of new businesses, we should establish a profit model with the fullfledged rollout of Workplace Hub. Although it may take some time to fully expand the bio-healthcare business in Japan, we should present outcomes to stakeholders in an easy-tounderstand manner, such as sharing with society the unique value of our own visualization technologies combined with the cutting edge technology and know-how gained from M&A.

Matsuzaki: I agree. The name and detailed measures of the plan changed, but since I was on the Executive Officer team, Konica Minolta has focused efforts on implementing business strategy and strengthening governance aimed at the consistent goals of sustainable growth and improving mediumto long-term corporate value. We may need to more actively show stakeholders the extent to which Konica Minolta was able to grow based on these initiatives.

Noumi: Moreover, I feel that in the future sustainability in management will become even more important. In order for a company to endure, it must not only increase revenue and profits, but also boost its return-on-invested-capital. It is also essential to always develop and groom the next generation of executive management with an eye on five and ten years down the line.

Matsuzaki: As part of the next Medium Term Business Plan, Executive Officer team is now formulating a long-term 10-year vision for the company in 2030. While monitoring the situation, the Board of Directors will discuss any shortcomings the company may have in realizing this 10-year vision and provide advice regarding strategies and measures to implement during the three-year period of the next Medium Term Business Plan.

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

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

Basic Policy on Corporate Governance

Basic Views

- Ensuring 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.

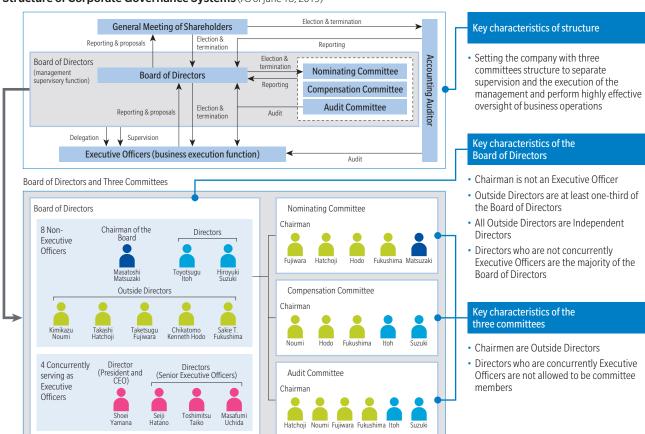
1) Board of Directors

- 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 committee is composed of around five members, and a majority of its members is Independent Outside Directors.
- The Chairman of each committee is selected from among the Outside Directors.
- The President & CEO is not selected as a member of the Nominating, Audit or Compensation committee.

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



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

https://www.konicaminolta.com/us-en/investors/management/ governance/index.html

Compliance with the Corporate Governance Code

Konica Minolta complies with every principle of Japan's Corporate Governance Code (revised on June 1, 2018) based on the above Basic Views, with the following exception.

We have indicated in the corporate governance report that the Company is in compliance with all 11 general

Principle 4-11 Preconditions for Board of Directors and Kansayaku Board Effectiveness

< Regarding diversity, including gender and international aspects, and appropriate size>

The Company has paid due heed to "the board should be well balanced in knowledge, experience and skills in order to fulfill its roles and responsibilities," and "it should be constituted in a manner to achieve both diversity and appropriate size," as stipulated in the principle. However, while consideration of diversity naturally took into account gender and nationality, it was not realistic to commit to forming a Board of Directors that definitely realized the gender and nationality aspects while still achieving an appropriate size. In order to secure the effectiveness of the Board of Directors, the Company considers the credentials of a Director to be more important than their demographic characteristics.

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 selection 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.

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 1 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		
Effectiveness Assessments	2004 • Started self-assessments (using questionnaires) based on results of self-assessments of the effectiveness of the Board of Directors 2016 • 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		
Other	2006 • Ended the senior adviser position		

2) Confirmation of Directors who will resign due to standards for the number of years as a Director or age and expected number of new Outside Director and new Inside Director candidates.

Outside Directors

- 3) To select Outside Director candidates, after the Nominating Committee confirms the selection process, the 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, based on information from Nominating Committee members, other Outside Directors and the President & CEO. To provide reference information, the Board of Directors Office distributes to Nominating Committee members etc. a candidate database, centered on "chairmen" 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, from the recommended individuals obtained through the preceding process in order to determine an order of priority.
 - · Selection standards for Directors
 - Standard for independence of Outside Directors
 - Balance of career and skill required for Outside Directors and diversity
- 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.
- * Specific details regarding the policies and procedures for appointing Director candidates are on
- https://www.konicaminolta.com/us-en/investors/management/governance/01-01.html#anc-02

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
Kimikazu Noumi [*]	Mr. Kimikazu 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.
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 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.
Sakie Tachibana Fukushima	Ms. Sakie Tachibana Fukushima served as Member of the Board of Korn/Ferry International (Global Headquarters) and head of its Japanese subsidiary for many years. She also served as outside director of many Japanese companies. In addition to extensive experience as a corporate executive and a broad range of experience and knowledge about the management of human resources, she has an extensive range of knowledge about corporate governance. Therefore, the Company believes that Ms. Fukushima can contribute to the maintenance and upgrading of corporate governance through her 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) FY2018 Board of Directors and the Three Committees

Meetings held in fiscal 2018 by the Board of Directors and the three committees, as well as attendance rates for each, are given below. As of the end of fiscal 2018, 99% of Board of Directors meetings and meetings of the three committees were attended by five Outside Directors: Hiroshi Tomono, Kimikazu Noumi, Takashi Hatchoji, Taketsugu Fujiwara, and Chikatomo Kenneth Hodo.

^{*} Directors are asked to maintain an attendance rate of at least 80%

		Nominating Committee		Compensation Committee	Total
Times held	12	7	13	6	38
Participation by all Directors (%)	100	100	99	100	99
Participation by Outside Directors (%)	100	100	98	100	99

2) Major Agenda Items Discussed by the Board of **Directors in FY2018**

- · Situation report concerning efforts by business divisions and the corporate departments towards the current mediumterm business plan (FY2017-2019)
- · Situation report on PMI for M&A projects in the biohealthcare business
- · Review report on the concept for and review of crossshareholdings
- Review report on internal control systems
- Situation report on business portfolio management
- Response guideline approval for general principles in the revised Corporate Governance Code (June 2018 edition)
- Partial revision approval for the Basic Policy on Corporate Governance
- Fiscal 2019 management plan outline approval and baseline budget report
- · Operating policy report for the fiscal 2019 ordinary general meeting of shareholders
- * The status of activities involving sustainability, quality, talent management, IR, etc.

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. These new Directors also receive basic information about the Company's businesses and corporate-level 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.
- · New Inside Directors provided opportunities to attend governance training held by external institutions.

Board of Directors activities in fiscal 2018:

- Field trips in Japan (factories and sales offices, including at subsidiaries) Three trips with the cumulative participation of 10 Outside Directors
- Field trips outside lapan (factories and sales offices, including at subsidiaries) Four trips with the participation of Five Outside Director
- · Research activity announcement event

Three Outside Directors participated in research result presentations for two business domains

Two Outside Directors participated in an outside trade show

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 he 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 Selection of Executive Officers". These standards include qualification standards. Individuals must have the ability and experience for the internal and external management of the Group's business operations. Qualification standards also take into consideration knowledge about specialized fields and technologies, an individual's age when the time for renewing the appointment comes, and other items. In addition, the Board of Directors selects individuals with a strong commitment to ethics, the ability to put customers first, the ability to drive innovation, strong motivation to achieve goals, and other characteristics.
- 2) To select new Executive Officers, candidates who have completed senior executive candidate training must do the first stage of the selection process, which involves submitting documents and completing an interview. Next, an assessment is performed in order to reach a highly objective and appropriate decision. This process includes input from both an external perspective and from the perspective of people at the Group who frequently interact with these candidates as part of their jobs. An evaluation conference, which consists of the President & 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 & CEO selects from the list of Executive Officer candidates the individuals who are believed to be well suited to serve as Executive Officers. Next, a proposal for the selection of Executive Officers for the new fiscal year is prepared and submitted to the Board of Directors with a list of the duties for each Executive Officer.
- 4) Prior to the submission of this proposal to the Board of Directors, the Nominating Committee performs oversight of the whole process, including a confirmation that a suitable process was used.
- 5) The Nominating Committee considers observing the character of Executive Officer candidates is an important matter and utilizes opportunities such as attending meetings of the Board of Directors and reporting to informal gatherings of Directors. After receiving the proposal for the selection of Executive Officers mentioned above from the President & CEO, the Nominating Committee discusses the content of the proposal, creates a summary of its conclusions regarding matters such as the appropriateness of candidates and training issues, and provides these as feedback to the President & CEO.
- 6) The Board of Directors takes the "Standards for the Selection of Executive Officers" into full consideration when deciding whether or not to dismiss an 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.

Evaluation of Effectiveness of the Board of Directors

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. Selfassessments 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.

The fiscal 2017 evaluation of effectiveness once again questioned whether the fundamentals of the Company's governance system were appropriate for achieving the Company's corporate governance goals of sustained growth and the medium and long-term growth of corporate value.

In fiscal 2018 an evaluation is being performed using questions that have been set in order to discover what is needed to raise effectiveness in line with the Company's corporate governance goals.

In fiscal 2016, the Company outsourced interviews and questionnaires to an external organization to enhance objectivity by adding standpoints of third parties, and to clarify issues not noticed in the existing "self-assessments."

Survey schedule

The fiscal 2018 evaluation of effectiveness was performed as follows.

April 2019: Distribution of self-evaluation questionnaires				
May 2019:	019: Return of questionnaires and processing of results			
June 2019:	Explanation of Board of Directors Operations Policy (Fiscal 2019) 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

a) Composition and roles of the Board of Directors and other items

It was confirmed that the composition of the Board of Directors regarding the number of Outside Directors and their characteristics (specialization and fields of expertise) was appropriate for enabling effective operations. Opinions given included "The selection of Outside Director candidates up to now, particularly in terms of diversity in career paths and skills, has resulted in a composition that is appropriate for holding indepth board meetings," "The number of Outside Directors is appropriate. An increase in this number in pursuit of an ideal would not necessarily smoothly translate into executive action and may result in a reduction in effectiveness," and "The inclusion of the person responsible for the largest business department to the four Directors who concurrently serve as Executive Officers has led to appropriate discussion that is rooted in situations at actual workplaces." Opinions were also received regarding specializations to consider when selecting future Outside Director candidates.

It was also confirmed that Executive Officers and Directors who concurrently serve as Executive Officers were receiving beneficial advice from Outside Directors and the Chairman of the Board of Directors and that the Board of Directors is providing an environment that enables Executive Officers and Directors who concurrently serve as Executive Officers to take appropriate risks. However, an opinion was also given calling for improvements from the executive side in regard to following up on actionable opinions provided.

b) Effectiveness and operation of the Board of Directors

Multiple opinions called for further improvement in explanations and information provided by the executive side in order to enable the Board of Directors to provide advice and make decisions appropriately and further raise its performance. There were also opinions calling for further improvements in the timing in which materials are issued and for opportunities in which informal exchanges of opinions can be held with business departments. The results showed that support provided by the secretariats of committees and the Board of Directors was generally appropriate.

It was confirmed that communication between Directors has been established and constructive relationships are being built. However, there was an opinion calling for action to be taken to provide opportunities for networking and for communication between Directors and Executive Officers.

Regarding the operation of the Board of Directors, it was confirmed that topics for discussion are being set based on social circumstances and the management environment, that time for discussions was being secured, that discussions are constructive and held in an open and unrestricted manner, that matters to be resolved and matters to be reported are being set appropriately, and that the Chairman of the Board of Directors is handling agenda items appropriately. However, opinions such as the following were also given – (1) there is room for improvement in monitoring the progress being made by the executive side in executing matters discussed by the Board of Directors, (2) it may be worth increasing the frequency of

reports on businesses that are growth drivers, and (3) Directors who concurrently serve as Executive Officers should participate in discussions to a greater degree.

There was also a comment that the Board of Directors should take more interest in the provision and disclosure of information to investors, which affects shareholder value, as well as the feedback from dialogue with investors.

c) Operation of the three committees

It was confirmed that the Nominating Committee's process for selecting Director candidates, oversight regarding the selection and dismissal of Executive Officers, and oversight of the CEO's succession plan are all appropriate. However, the opinion was given that the Nominating Committee needs to contribute a little more to the oversight of plans for cultivating management personnel.

It was confirmed that the Audit Committee is properly auditing the performance of the Directors and Executive Officers and the establishment and operation of internal control systems, and that it is cooperating appropriately with Internal Audit Departments and the Accounting Auditor. However, there was an opinion calling for further action to be taken regarding oversight of the execution of duties overseas.

It was confirmed that the review of compensation systems for Directors and Executive Officers and the checking of compensation levels performed by the Compensation Committee were appropriate and that it is properly overseeing Executive Officer performance evaluations. However, there was an opinion calling for the Compensation Committee to increase its knowledge of management compensation levels in countries to which foreign Executive Officers belong.

d) Governance in general

It was confirmed that the Company's governance systems were functioning effectively when viewed as a whole, that transparent and fair decision-making is being ensured, that there are no impediments to executive management exercising its autonomy and making swift and resolute decisions, and that the Chairman of the Board of Directors is fulfilling his responsibility to ensure that governance systems are functioning effectively. However, there were opinions given that regular checks are needed to ensure that Executive Officers and Directors who concurrently serve as Executive Officers are conforming to governance systems and that the Company should consciously evolve from "making sure there are no impediments to swift and resolute decision-making" to "encouraging swift and resolute decision-making."

The following points to keep in mind were raised regarding protective governance – (1) engagement in cyber security based on the latest trends, (2) response to shifts in what society demands in regard to corporate governance, and (3) internal controls at overseas subsidiaries (are directives reaching all the way to the rank and file of overseas subsidiaries?).

The following points to keep in mind were raised regarding assertive governance – (1) raising the level of management's ability to handle investment projects, and (2) use of the process for formulating the next medium-term business plan to deepen strategy discussion (business portfolio, resource allocation, capital productivity, etc.).

e) Tackling of matters stipulated in the fiscal 2018 Board of **Directors policies**

It was confirmed that matters stipulated in the policies had been implemented other than part of agenda items for the Board of Directors that were going to be set would be confirmed in the process for formulating the next mediumterm business plan.

Regarding operations in fiscal 2019, the following opinions were given – (1) strategic discussions should maybe contain with more outside-of-the-box creativity, and (2) bolder personnel measures should maybe be discussed based on an objective assessment of the personnel situation.

Outline of Board of Directors Management Policies for Fiscal 2019

Based on the assessment of the Board of Directors' effectiveness, the Chairman of the Board established a management policy for the board's activities in fiscal 2019 and provided the following explanations immediately after the Ordinary General Meeting of Shareholders.

- · Sharing of the progress of follow-up concerning the execution of requirements and resolutions made by the **Board of Directors**
- Raising of the level of execution and oversight in regard to investment
- · Increase in the frequency of monitoring regarding new and growth businesses
- Using the process for formulating the next medium-term business plan to deepen strategy discussion
- Increasing opportunities to share evaluations from investors and raise the interest of the Board of Directors in the provision and disclosure of information to investors in order to enhance shareholder value

In addition to the policies above, requirements and requests of the Executive Officers, committee secretariats, and each committee were given based on the effectiveness assessment.

Compensation for Directors and Executive Officers

Compensation Policy and Directors' Compensation System

The Company, which has adopted the company-with-threecommittees 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 and decided to introduce a stock bonus system linking with the Company's medium-term performance, in line with the launch of the new medium-term

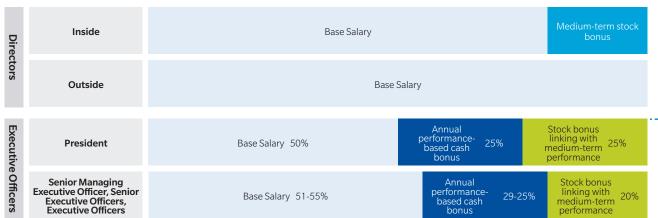
business plan. Major revisions to the compensation policy and reasons:

- 1) The Company started stock bonus linking with mediumterm performance. The intent is to increase motivation to achieve the performance targets of the medium-term business 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 longterm 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 base salary and the replacement of stock 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



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 income) and the degree of attainment of annual performance targets and according to progress of each Executive Officer's key operational measures. The amount based on the degree of attainment of annual performance targets is determined in the 0 % to 150 % range of the standard amount of compensation. The targets are major consolidated performance indicators (operating income, operating income margin, ROA and others) associated with results of operations. Executive Officers' key operational measures include those related to non-financial indicators, such as ESG (environmental, social and governance).
- 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 mediumterm 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 shares. The medium-term targets are major consolidated performance indicators (operating income, 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.
 - 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 & CEO is a 50:25:25 mix of "base salary," "annual performance-based cash bonus" and "medium term performance-based stock bonus." For the Executive Officers other than the President & CEO, the "base salary" ratio is set higher than that for the President & CEO.
- 6) Compensation for non-Japan residents may be handled in different ways from the treatment said above according to legal and other
- 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.

Indicators for performance-based bonuses, reasons for the selection of these indicators, and method for determining the amount of performance-based bonuses

Annual performance-based cash bonus

(1) Overview of composition (items, evaluation indicators, etc.)

Item	Portion according to performance level	Portion according to attainment of performance targets			Portion according to personal appraisal
Assessment index and	Operating profit	Operating profit 50%	Operating profit ratio 25%	ROA 25%	Reflects progress of each Executive Officer's
others	Linked with Group consolidated performance result level	Linked with Annual performance target achievement rate			key measures

- (2) Indicators and the reasons for the selection of these indicators
 - 1) The indicator for the level of performance results portion is the amount of Group consolidated operating profit. It was judged that operating profit is the most appropriate indicator for determining the responsibility for performance that should be taken on by Executive Officers with the aim of realizing sustainable growth and enhanced corporate value by achieving higher levels of operating profit.
 - 2) The indicators for the portion according to attainment of performance targets are the amount of operating profit, operating profit margin, and ROA. In accordance with the management policy set out in "SHINKA 2019," the medium-term business plan, the amount of operating profit has been selected in order to strengthen earning power, operating profit margin has been selected to realize a shift to a highly profitable system, and ROA has been selected to enhance asset efficiency. These have been weighted at 50%, 25% and 25% respectively.
 - 3) For the portion according to personal appraisal, factors such as progress of each Executive Officer's key operational measures are used as indicators. Matters are evaluated from a different perspective from the level of performance results portion and the portion according to attainment of performance targets.
- (3) Methods for determining the amount of compensation
 - 1) The amount paid for the level of performance results portion is calculated by multiplying a value determined according to the amount of Group consolidated operating profit by a number of points set for each position. Said value is decided in accordance with a table formulated in advance.
 - 2) The amount paid for the portion according to attainment of performance targets is calculated by multiplying an attainment rate of annual performance targets that has been calculated reflecting the weighting of each indicator by a set amount for each position. For Executive Officers responsible for a business department, said business department's consolidated performance is used, while for Executive Officers responsible for head office divisions or divisions spanning the entire Company, the Group's consolidated performance is used. Although the achievement rate can be read as being the unaltered payment rate, a lower limit of 0% and an upper limit of 150% have been set.
 - 3) The amount paid for the portion according to personal appraisal is calculated by multiplying the total of the standard amounts determined for the level of performance results portion and portion according to attainment of performance targets by an appraisal value (value in the range of -30% to +30%) for each Executive Officer stipulated in a proposal drafted by the President & CEO.
 - 4) The payment amounts in the three items listed above will be discussed and settled by the Compensation Committee.

Stock bonus linking with medium-term performance

(1) Overview of composition (items, evaluation indicators, etc.)

Item	Stock bonus linking with medium-term performance				
Assessment index	Amount of Group consolidated operating profit (3-year total for FY2017-2019) 50%	Group consolidated ROE (3-year average for FY2017-2019) 50%			
	Linked with attainment rate of medium-term business plan targets				

(2) Indicators and the reasons for the selection of these indicators

The amount of Group consolidated operating profit and Group consolidated ROE have been set as indicators based on the management policy and targets set out in "SHINKA 2019," the Group medium-term business plan. The amount of operating profit has been selected in order to strengthen the earning power of core businesses and to realize the creation of high-profit businesses through growth businesses and new businesses, and ROE been selected to enhance asset efficiency in the medium- to long-term.

- (3) Methods for determining the amount of compensation
 - 1) The amount of compensation is calculated by combining the attainment rate of cumulative operating profit targets over the mediumterm business plan period multiplied by 50% with the attainment rate of average ROE targets for the same period multiplied by 50%. This total is then multiplied by a number of points set per position accumulated over the same period, with one point equaling one share that will be transferred as compensation. Although the achievement rate can be read as being the unaltered payment rate, a lower limit of 0% and an upper limit of 150% have been set.
 - 2) Points set per position is calculated by dividing the amount of resources allocated per position by a reference stock price.
 - 3) The reference stock price is the average price paid by the trustee entrusted by the Company, the trustor, when purchasing the number of shares in the Company required to pay the stock bonus on the stock market.
 - 4) The number of shares transferred listed above will be discussed and settled by the Compensation Committee

Amount of compensation paid to Directors and Executive Officers for the year ended March 2019

		Total	Base	salary	Performance-based cash bonus		Stock bonus	
		(million yen)	Persons	Amount (million yen)	Persons	Amount (million yen)	Persons	Amount (million yen)
	Outside	57	6	57	-	-	-	-
Directors	Internal	159	4	127	-	-	4	31
	Total	216	10	184	-	-	4	31
Executive Office	rs	1,063	24	561	24	272	24	229

Notes

- 1. The number above includes one Outside Director and one Inside Director, both of whom resigned at the date of the 114th Ordinary General Meeting of Shareholders held on June 19, 2018, At the end of the period (March 31, 2019), the Company has five (5) Outside Directors, three (3) Inside Directors (not concurrently holding Executive Officer posts) and twenty-five (25) Executive Officers.
- 2. In addition to the four (4) Inside Directors shown above, the Company has another four (4) Inside Directors who concurrently hold Executive Officer posts, and the compensation to these Directors is included in compensation to Executive Officers. As to one (1) Executive Officer, who resigned at the date of the 114th Ordinary General $Meeting \ of Shareholders \ and \ assumed \ the post \ of \ Director, \ was \ separately \ counted \ as \ Executive \ Officer \ and \ Director \ in \ the \ table \ and \ compensation \ was \ also \ set \ for th \ separately \ depends on the \ table \ and \ compensation \ was \ also \ set \ for th \ separately \ depends on the \ table \ and \ compensation \ was \ also \ set \ for \ th \ separately \ depends on the \ table \ and \ compensation \ was \ also \ set \ for \ th \ separately \ depends on the \ table \ and \ compensation \ was \ also \ set \ for \ th \ separately \ depends on the \ table \ and \ compensation \ was \ also \ set \ for \ th \ separately \ depends on \ table \ depends on \ depends on \ table \ depends on \ table$ as the portion as Executive Officer and that as Director.
- 3. Regarding the performance-based cash bonus, the amounts which should be recorded as expense in fiscal 2018 are stated.
- 4. Regarding the stock bonus, the amounts which were recorded as expense in fiscal 2018 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.

The following individual received compensation of 100 million yen or more in fiscal 2018.

Millions of yen

Position and name	Company classification	Total	Base salary	Performance-based cash bonus	Stock bonus
Director, President and CEO, Representative Executive Officer Shoei Yamana	Konica Minolta, Inc.	135	65	34	35
Executive Officer Mr. Richard K. Taylor	Consolidated subsidiary Konica Minolta Business Solutions U.S.A., Inc.	181	90	90	-

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

Group Auditing System

As a company with three committees, the Company has an Audit Committee. Subsidiaries in Japan are companies with Corporate Auditors. The Company also has a Corporate Audit Division, which performs internal audits of the entire Group.

The Company's Audit Committee, Corporate Audit Division, and the Corporate Auditors of subsidiaries in Japan each preserve their independence as auditors, while cooperating with each other to make audits more efficient and effective. The Company has signed an audit contract with KPMG AZSA LLC to make it the Accounting Auditor, and is being audited. The Audit Committee holds periodic meetings with the Accounting Auditor, and works so the Accounting Auditor can perform an appropriate and rigorous accounting audit, while confirming the system so the Accounting Auditor can perform its work appropriately, based on audit policies and audit plans.

Audit Committee System and Roles

The Audit Committee is comprised of six Directors, four of whom are Outside Directors. It has established its own office, the Audit Committee Office. Staffed with full-time employees, this is an independent office that assists with the activities of

the Audit Committee.

The Audit Committee evaluates the legality and validity of management decisions made by Directors and Executive Officers, monitors and validates internal control systems, reviews the methods and results of Accounting Auditor audits, and determines the election or dismissal of 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 FY2018 Konica Minolta held a briefing for investors themed on ESG.

Main Opportunities for Dialogue with Shareholders and Investors

	FY2018 Opportunities
General Meeting of Shareholders	•Attendants: 548 •Percentage of voting rights exercised: 82.12%
Institutional Investor Meetings	Meetings held: 252 Companies: 119
Analyst Meetings	•Meetings held: 71 •Analysts: 18 companies
Briefings for Investors and Analysts	•Briefings held: 10 •Visitors: 580
Individual Investor Briefings	•Briefings held: 4 •Visitors: 400

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.

The Executive Officer in charge of compliance assigns a regional compliance coordinator in Europe, North America, China, and South East Asia, and each coordinator supports compliance promotion activities in each area, working with the presidents of subsidiaries on these activities according to the circumstances of each region.

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): Hodo, Hatchoji, Yamana, Matsuzaki, Noumi, Fujiwara, and Fukushima Back row (from left): Taiko, Suzuki, Itoh, Hatano, and Uchida

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 (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

Hiroyuki Suzuki

After engaging in Secretariat duties to support the Audit Committee in the Audit Committee Office of the Company, was in charge of internal auditing as General Manager of the Company's Corporate Audit Division for 10 years from 2009. Has served as Executive Officer since 2012 and assumed the current position in June, 2019.

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)

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 (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 lune 2014.

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)

Sakie Tachibana Fukushima

Served as Member of the Board of Korn/Ferry International's Global Headquarters in the U.S. and was President and Representative Director of Korn/Ferry International-Japan. Currently serves as President and Representative Director of G&S Global Advisors Inc. Became an Outside Director at Konica Minolta, Inc. in June, 2019.

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

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

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)

Masafumi Uchida

After serving as Deputy General Manager of the Manufacturing Headquarters, General Manager of Corporate Social Responsibility Division, Executive Officer and General Manager of the Corporate Environmental and Quality Management Division, and promoted management focusing on SDGs. He became Senior Executive Officer in 2018 and in this capacity, has been responsible for technology since 2019. Assumed the current position in June 2019.

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 Vice President and Executive Officer	Kiyotaka Fujii	Division President of Healthcare Business Headquarters and Precision Medicine Business Unit and Chairman & CEO, Konica Minolta Precision Medicine, Inc.
Senior Executive Officer	Tsukasa Wakashima	Responsible for Human Resources and General Affairs
Senior Executive Officer	Seiji Hatano [*]	Responsible for Business Management, Accounting, Finance and Risk Management
Senior Executive Officer	Noriyasu Kuzuhara	Division President of Material & Component Business Headquarters and General Manager, Corporate R&D Headquarters
Senior Executive Officer	Yuji Ichimura	Division President of Industrial Optical System Business Headquarters and Responsible for BIC (Business Innovation Center) and External Affairs
Senior Executive Officer	Masafumi Uchida [*]	Responsible for Technologies and General Manager, Quality Management Headquarters
Senior Executive Officer	Toshimitsu Taiko [*]	Lead officer responsible for Business Technologies and Division President of Office Business Headquarters
Senior Executive Officer	Ikuo Nakagawa	Responsible for Digital Workplace Business, DX Branding and IT
Senior Executive Officer	Kazuyoshi Hata	General Manager, Corporate Planning Division and Kansai Regional Director and Responsible for Investor Relations, Corporate Communications, One KM Business Promotion
Executive Officer	Ken Osuga	Executive Vice President, Konica Minolta Japan, Inc.
Executive Officer	Atsuo Takemoto	General Manager, Manufacturing Headquarters
Executive Officer	Hajime Takei	General Manager, R&D Headquarters, Business Technologies
Executive Officer	Richard K. Taylor	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	Division President of Professional Print Business Headquarters
Executive Officer	Tetsuya Matsueda	General Manager, Legal Division and Responsible for Intellectual Property, Compliance and Crisis Management
Executive Officer	Kazumi Atago	Company Secretary and General Manager, Secretarial Division
Executive Officer	Hitoshi Kamezawa	General Manager, Sensing Business Unit, Industrial Optical System Business Headquarters
Executive Officer	Toru Hasegawa	Division Vice President of Healthcare Business Headquarters and General Manager, Healthcare Business Unit
Executive Officer	Jean-Claude Cornillet	President, Konica Minolta Business Solutions France S.A.S.
Executive Officer	Keiji Okamoto	President, Konica Minolta Business Solutions Europe GmbH
Executive Officer	Yoshihiko Hirota	Deputy General Manager, IoT Service Platform Development Operations and Deputy General Manager, Quality Management Headquarters

^{*} Indicates the officer also holds a position as Director

Sustainability Management

Message from the Sustainability Officer

Leveraging Sustainability Concepts to Create Innovation

Takenori Takahashi

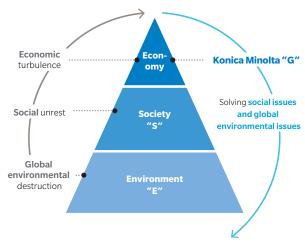
Group Executive and General Manager, Corporate Sustainability Division Konica Minolta, Inc.



Growing Business While Contributing to the Creation of a Sustainable Society

We aspire to be a digital company that provides solutions with insight into implicit challenges. This means that we will become a company that contributes to the realization of a sustainable society that continues to advance through innovation, together with our customers. We continue to

Our Sustainability Strategy



Earning positive recognition from the global community and attracting talented employees and capital

Sustainable growth

create new value for the environment and human society and take up the challenge of innovation that drives business growth.

Pursuing a sustainable society also leads to enhanced sustainability for companies. Our sustainability strategy is based on this kind of awareness. If society breaks down due to environmental destruction, it will affect the economy, as well. I am convinced that resolving environmental and social issues will create growth opportunities for Konica Minolta.

Integrating Management Strategy with Environmental and Social Management

The environment and society are closely linked in many ways. An integrated approach, rather than thinking of them as separate entities, is crucial. Based on this approach, in April 2018 we consolidated the departments responsible for our environmental and social performance, forming the Corporate Sustainability Division, which also includes the strategic planning function. This is intended to strengthen integrated management in tandem with business management.

In fiscal 2019, we will devise a sustainability strategy linked to our next management plan. We look ahead to our vision for the environment and society in 2030 and beyond, and then backcast from there to determine what we should do now and where to set the significant milestones.

Evolving as a Digital Company That Provides Solutions with Insight into Implicit Challenges

The Corporate Sustainability Division works closely together and collaborates with business divisions to align our sustainability strategy with our business.

We believe that social innovation is one of our material issues, and we have created Care Support Solutions, Workplace Hub and gas monitoring solutions, which utilize Konica Minolta's core technologies and innovation to help resolve social issues. We must resolve environmental and social issues with an eye on the future based on business strategies in order to continue contributing to a sustainable society and grow sustainably as a company. To this end, the related divisions will collaborate with divisions working on technology strategies, management planning and sustainability promotion to discuss issues and policies, and establish medium- and long-term management plans from 2020.

Comprehensively Addressing the World's Environmental Issues and Sharing Joy with Our Stakeholders

The efforts of one company alone are not enough to create a sustainable society. We believe that opening up the core technology and expertise that Konica Minolta has built up and allowing customers, business partners and local communities to use it will be meaningful in our efforts to help resolve environmental, energy and other global social issues.

Creating Value by Integrating Business and Sustainability



Konica Minolta has established its Eco Vision 2050, a long-term environmental vision looking ahead to 2050, and set a "Carbon Minus" target. This is a commitment to achieve a CO₂ reduction effect that exceeds CO₂ emissions produced by our business activities by 2050, in cooperation with stakeholders.

To achieve our "Carbon Minus" target, we have pursued activities—together with stakeholders, including customers, business partners—designed to raise both environmental value and corporate value, based on our Medium-Term Environmental Plan. At present, we are promoting our Environmental Digital Platform, which aims to digitize the environmental expertise we have offered on an individual basis thus far, to make even more substantial contributions to the environment. By having more stakeholders participate in this platform and accumulating more technology and expertise for mutual use, we think we can help achieve significant reductions in society's overall environmental impact.

Konica Minolta has joined the Task Force on Climaterelated Financial Disclosures (TCFD) and RE100, international recommendations and initiatives related to climate change and energy. We have to be careful to secure our procurement of energy and raw materials in consideration of impact on climate change, and we believe that it is important to disclose this information to investors and other stakeholders. For example, we think that a society that uses all renewable energy will arrive by 2050, or even as early as 2030. Operating a business that is aligned to this kind of society is a prerequisite for sustainable growth. Moreover, if Konica Minolta can contribute to the resolution of these social issues by utilizing its technologies in fields such as materials, imaging, and edge IoT, it will create business opportunities. The medium- and long-term business plan that we are currently considering clarifies the risks and financial impact of climate change as well as countermeasures, and we will disclose these in an integrated report.

I am confident that incorporating a sustainability perspective in management and business will create a positive cycle for the company overall. Konica Minolta creates innovation as a digital company that provides solutions with insight into implicit challenges and helps to create a sustainable society.

Approach and System

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 practices CSR, guided by its management philosophy and vision, which are based on the Konica Minolta Group 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
- The Japan Business Federation's Charter of Corporate Behavior

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

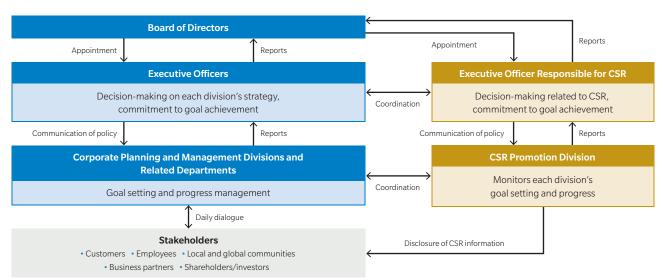
- United Nations Global Compact
- Responsible Business Alliance (RBA)
- Responsible Minerals Initiative (RMI)
- Japan Electronics and Information Technology Industries Association (JEITA), Responsible Minerals Trade Working Group, Conflict-Free Sourcing Working Group

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 Corporate Sustainability Division, which sees to the implementation of CSR management for the entire Group.

On a weekly basis, the division reports initiative progress to the officer, while also reviewing measures and making

proposals. The officer consults with the management executive meeting and the management council meeting, which addresses important matters as appropriate, and also reports to the Board of Directors once a year. Since fiscal 2017, CSR has been positioned as an integral part of business management, and non-financial performance indicators such as criteria related to the environment, society, and governance (ESG) are being used to evaluate Executive Officers.



Material Issues

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.

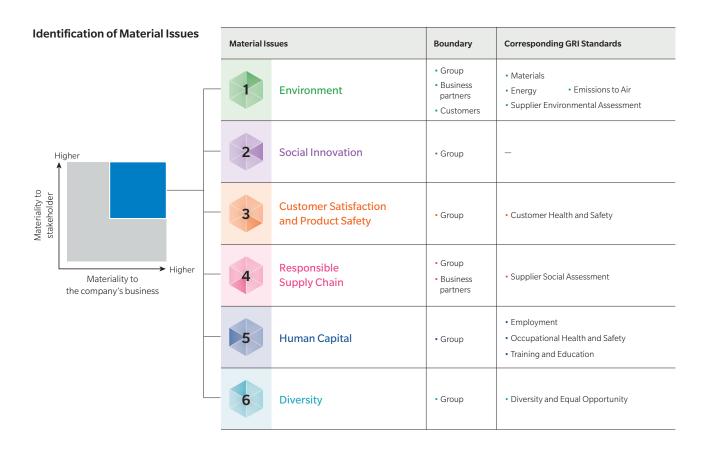
To identify material issues, first a comprehensive list of issues was created with reference to international guidelines. These issues were given a quantitative rating for two aspects, "stakeholder interest" (materiality to stakeholders) and

"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 a meeting attended by Executive Officers, 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

Step 2 Step 3 Step 4 Step 1 Assessment of issues Issue awareness perspectives Quantitatively assess the Make an extensive list of Quantitatively assess the materiality of Validate and identify material issues at environmental, social, and economic issues based on publicly available materiality of issues based on their a meeting attended by Executive issues with reference to GRI sustainability information and impact on the Group's business Officers while incorporating the guidelines, the UNGC, ISO 26000, interviews with outside experts, etc. and prioritize the issues opinions of outside experts and the SDGs



Sustainable Value Chain

R&D **Procurement Production** Value Chain Carry out risk assessments at the Work with business partners to Conduct production capability **Customer Satisfaction and** productization phase, and based on that, check the safety design, and conduct quality improvement activities called DOAZ* assessments to gauge frontline capabilities and productivity **Product Safety** improvement capabilities at production sites, including with Establish a Konica Minolta-PSIRT respect to environments, quality, safety, and security (Product Security Incident Response Team) to respond to Pursue global quality assurance through coordination with Konica information security threats, which are significant with IoT devices, and Minolta production sites and production contractors inside and start activity. Create customer value and outside of Japan improve verification accuracy through customer visits and "design thinking" Speed up the creation of products Carry out Green Supplier activities Expand and accelerate Green **Environment** and services that will contribute to solving environmental and social to reduce environmental impact and costs by providing our Factory activities to reduce environmental impact and costs problems by implementing the Sustainable Green Products suppliers with the environmental technologies and expertise we inside and outside the Company by implementing the Excellent Green Certification System developed through our Green Factory activities Factory Certification System Develop the environmental Roll out upgrade recycling (using technologies for creating sustainable green products upgraded recycled materials) to solve regional environmental issues Materiality Build a detailed personnel development system that allows for Conduct the KM-Way Employee Provide specialized education in **Human Capital/Diversity** Selection Program compliance and procurement managing skills with a skill map for production site personnel, and Provide intellectual property education in China, where patent conduct a technical certification program, provide skill specialist acquisition is heating up education, and create visually-effective study materials in line with that management. Top executive development program (Global e-luku) Young employee overseas training program Business producer development program Responsible Supply Chain ■ Work with business partners to control costs, beginning at the development stage Conduct conflict minerals audits on suppliers in accordance with the OECD's five-step framework Social Innovation Develop new businesses through Business Innovation Centers (BICs) Provide support for drug development and improve QoL through the Bio-Healthcare Business Acquire IoT, AI, and other Improve efficiency across the Enhance quality and productivity **IT Initiatives** cutting-edge technologies, and utilize the Group's shared deep through data science and the collection, visualization, analysis, entire supply chain through standardization of supplier ICT learning environment platform and utilization of production data usina ICT

Distribution



- 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.)
- Improve logistics through voluntary action declarations for the White Logistics Movement campaign
- Reduce logistics CO₂ emissions through means such as streamlining distribution center selection and routes to shorten shipping distances and improving
- Review product packing design and develop new buffer materials to reduce the use of packaging and packing material
- vehicle load efficiency to reduce container count

Marketing & Sales



- Improve value to the customer through hybrid-type sales which provide a combination of documents and IT services
- Improve the quality of proposals for and delivery to customers through sales and project management handled by customer engagement teams
- Digitalize tests and evaluations in our customers' manufacturing processes, provide Konica Minolta expertise, and otherwise contribute to improving customer product quality while boosting production efficiency.
- Help reduce our customers' environmental impact by promoting bizhub ECO and expanding digital on-demand printing business in the commercial/ industrial printing domains
- Conduct and strengthen our Green Marketing activities, through which we provide customers with our extensive environmental technologies and expertise, as we work to contribute to solving environmental problems and gain new sales opportunities
- Acquire and develop personnel highly specialized in IT services (system engineers, etc.) and industrial printing

After-Sales Support



- Homogenize support operations with the Global Support Center
- Implement SLA (Service Level Agreement) to provide customers with high quality services and peace of mind
- Take a scientific approach to customer satisfaction surveys, including Net Promoter Scores (NPS)
- Provide programs to collect and recycle used MFPs and printers
- Carry out the Clean Planet Program for collecting toner cartridges
- Provide the Carbon Neutrality Program
- Invest human resources in service businesses
- Strengthen ability to help customers at the call center
- Imaging IoT and AI talent development through the ICT personnel skill certification program
- Promote diversity and inclusion through the Corporate Diversity Office to the Corporate Diversity & Inclusion Office and various programs etc.
- Conduct CSR assessments and audits of suppliers in line with RBA standards and help make improvements
- Conduct CSR assessments and audits of Group production sites and make improvements

customer data

- Mitigate environmental impact through digital on-demand printing
- Solve caregiving issues through Care Support Solutions etc.
- Use the S&OP system to both Improve sales productivity by executing and expanding on a scientific sales approach using supply products according to demand and optimize inventory
- Practice data-based predictive maintenance and promptly resolve problems by utilizing remote support maintenance

Reform work-styles using the Workplace Hub

External Evaluations of Konica Minolta's Sustainable Management

- Named one of the 2019 Global 100 Most Sustainable Corporations in the World by Corporate Knights
- Named an Industry Group Leader in the Dow Jones Sustainability World Index
- Placed first in the general ranking for the 10th JUSE Quality Management Level Research by the Union of Japanese Scientists and Engineers
- Named a constituent of the S&P/ JPX Carbon Efficient Index
- Certified as a Supplier Engagement Leader by the CDP
- Placed first in the general manufacturers ranking in The Nikkei's Environmental Management Survey
- Named Health and Productivity Stock Selection, a joint initiative by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange
- Named a constituent in the MSCI Japan Empowering Women Index
- Granted the Eruboshi certification by the Ministry of Health, Labour and Welfare
- Received the Grand Prize at the Good Career Company Awards 2018
- Earned gold level recognition, the highest level of recognition, in **EcoVadis Sustainability Ratings**

■ Named a 2019 Noteworthy IT Strategy Company by the Ministry of Economy, Trade and Industry and the Tokyo Stock

See pg. 93 for more information about independent valuations

Strengthening Environmental Management

Long-Term Environmental Target Eco Vision 2050

Given the urgency of global environmental issues, global businesses have a great responsibility to help build a more sustainable society by reducing environmental impact.

With Eco Vision 2050, Konica Minolta exemplifies its determination to fulfill its long-term environmental responsibilities. The company is taking a series of actions to achieve "Carbon Minus" status.

With Eco Vision 2050, Konica Minolta aims to reduce the CO₂ emissions from its products throughout their entire lifecycle by 80% compared to fiscal 2005 levels by 2050. The addition of "Carbon Minus" is Konica Minolta's commitment to achieve a CO₂ emissions reduction effect that exceeds the CO₂ emissions produced by Konica Minolta's business activities in cooperation with stakeholders such as business partners, customers and local communities.

If the company can reduce its CO_2 emissions by 80% by 2050, the remaining 20% will be approximately 400,000 tons. By helping stakeholders utilize Konica Minolta's technologies and expertise to reduce their own CO₂ emissions by 400,000 tons or more, the net outcome will be that society's overall CO₂ emissions resulting from Konica Minolta's activities will be negative.

Medium-Term Environmental Plan 2019

Under its management vision, Konica Minolta aims to be a global company that is vital to society. To realize this vision, it is necessary to identify social challenges as business opportunities and generate innovative solutions, which in turn will drive Konica Minolta's own sustainable growth.

The Medium-Term Environmental Plan 2019, launched in fiscal 2017, is an integrated environmental and business plan. The aim is to grow the business, including sales and profits, by helping to solve environmental challenges.

Creation of Shared Value with Stakeholders

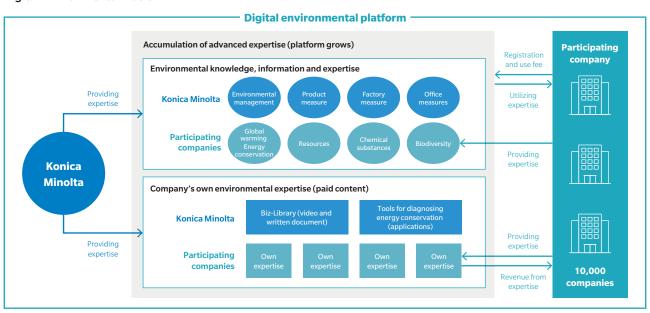
When working to overcome environmental challenges on a global scale, there is a limit to what can be achieved by just one company. This is why it is essential to expand the impact of environmental efforts by working with stakeholders such as suppliers, customers, and local communities.

Under its Medium-Term Environmental 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 stakeholders, including business partners and customers.

Furthermore, the company has been developing an environmental digital platform since fiscal 2018 as a measure to collaborate with more companies.

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.

Digital Environmental Platform



Responding to the Task Force on **Climate-related Financial Disclosures (TCFD)**

The Task Force on Climate-related Financial Disclosures (TCFD), established by the G20 Financial Stability Board (FSB), released its final report, entitled "Recommendations of the Task Force on Climate-related Financial Disclosures," in June 2017. Konica Minolta believes that accurately assessing the risks

and actively disclosing information to investors and a wide range of other stakeholders is essential for a company capable of sustainable growth. Being one of the supporters of the TCFD, Konica Minolta agreed to support the final report. As its first action based on the recommendations, Konica Minolta will begin using the TCFD's framework when disclosing its climate change initiatives.

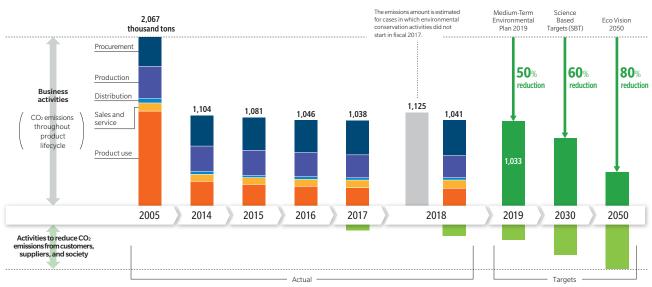
and opportunities related to climate in its business operations

^{*} More information is provided on CSR Report 2019. https://www.konicaminolta.com/about/csr/csr/download/2019/index.html

Items	Description of activities	Point of reference in CSR report 2019
Corporate Governance	achieve this goal.	
Strategy	As climate change becomes more apparent, it will create social problems and economic impacts, resulting in both risks and opportunities for Konica Minolta's business. In the manufacturing industry in particular, it will be essential over the long term to find alternatives for fossil resources, pursue the optimal energy efficiency for production and products, and take mitigation and adaptation initiatives to fight climate change. In the short and medium terms, Konica Minolta anticipates rising prices for fossil resources, demand for energy savings, interruptions in the supply chain due to weather abnormalities, and a shift to a paperless system in industry. If steps are not taken to address these challenges, it will lead to substantial capital investments and higher costs, and a loss of business opportunities. This is why Konica Minolta is transforming itself into a digital company that provides solutions with insight into implicit challenges, creating solutions that help to solve social issues by actively incorporating cutting-edge technology into products and integrating them with digital input and output technology, which is Konica Minolta's strength. The company is also working to address environmental issues such as climate change, the depletion of resources, and waste, all as integral parts of its medium- and long-term business strategy. Companies in the manufacturing industry can reduce their environmental impact by decreasing production volumes, transport, inventory and waste. Konica Minolta is helping to resolve these issues, for example, by providing on-demand equipment for industrial printing for packages, labels and textiles. To reduce the consumption of paper in offices, Konica Minolta provides digital workplace solutions that foster the shift to a paperless system while improving the efficiency of operational flows. Addressing the problem of the massive amount of energy data centers use to analyze big data, Konica Minolta's edge-computing technology helps minimize energy consumption by enabling a	 Participation in International Initiatives (P. 16) CSR Targets and Results (PP. 21–22) Eco Vision 2050 (P. 25) Medium-Term Environmenta Plan 2019 (PP. 26–27)

Items	Description of activities	Point of reference in CSR report 2019
Risk Management	Konica Minolta views environmental risk, including climate change, as one of its management risks. These risks are addressed by the Risk Management Committee, chaired by an Executive Officer appointed by the Board of Directors. This Committee conducts risk assessment on corporate activities, and confirms the risks thus identified as well as countermeasures, while also checking that the risk management system is functioning effectively and making changes as necessary. The Risk Management Committee regularly reports to the Audit Committee, which consists of Directors who are not also Executive Officers.	 CSR Targets and Results (PP. 21–22) Eco Vision 2050 (P. 25) Medium-Term Environmental Plan 2019 (PP. 26–27) Corporate Governance (P. 54)
Metrics and Targets	Konica Minolta has established its Eco Vision 2050, which aims to reduce CO2 emissions over the product lifecycle and bring carbon emissions to negative levels, as its metric for managing the risks and opportunities posed by climate change. Results are reported every year. The target of for reducing CO2 emissions across the product lifecycle includes all of Scopes 1 and 2 (CO2 emissions generated during the production stage and the sales and service stage) and the main components of Scope 3 (CO2 emissions generated during the procurement stage, transportation and distribution stage, and product use stage). In the long term, Konica Minolta aims to reduce CO2 emissions by 60% by 2030 and by 80% by 2050, and in the short term, the company aims to cut emissions by 50% by 2019, all compared to fiscal 2005 levels. In fiscal 2018, emissions were down 49.6% (refer to the graph below for the targets and results). Also, based on having joined RE100, Konica Minolta established the target of procuring 100% of the electricity used in company activities from renewable energy by 2050. The Medium-Term Environmental Plan, which designates 2019 as the target year, sets the target for the company's Green Factory activities of reducing CO2 emissions in the production stage by 19,000 tons and also sets cost-cutting targets. In fiscal 2018, Konica Minolta succeeded in reducing CO2 by 26,500 tons and also achieved its cost-cutting targets. In its Green Products initiative, Konica Minolta has set targets of reducing CO2 emissions in the product use stage by 17,200 tons in fiscal 2019 and generating 770 billion yen in sales of Certified Sustainable Green Products. In fiscal 2018, Konica Minolta reduced CO2 by 15,000 tons and recorded sales of Sustainable Green Products amounting to 778.5 billion yen. "Carbon Minus" refers to Konica Minolta's commitment that its business will have a net minus impact on the overall CO2 emissions of society. If the company can reduce its CO2 emissions froeduct the product lifecycle by 80% by 2050. Ther	CSR Targets and Results (PP. 21–22) Eco Vision 2050 (P. 25) Medium-Term Environmental Plan 2019 (PP. 26–27) Green Products (PP. 28–29) Green Factory Activities (PP. 30–32) Environmental Data Summary (PP. 58–59)

CO₂ Emissions Reduction and Carbon Minus Targets



Konica Minolta's Climate-Related Risks and Opportunities

The Paris Agreement provides a framework for the world to move more quickly and ambitiously to build a low-carbon global society. At the same time, there are concerns that the needed changes will not happen fast enough and climate change will have a harsh impact on the world.

If Konica Minolta does not take measures to address climate change, it faces a risk of higher costs and loss of business opportunities. Konica Minolta recognizes that it can create opportunities by taking action sooner. For example, Konica Minolta's proprietary IoT technology, such as edge computing, which does not require large-capacity servers, goes far in reducing energy load and reducing greenhouse gas emissions. Environmental issues could be an opportunity for higher demand for this kind of technology and stronger sales. As part of its ongoing energy conservation activities, Konica Minolta not only reduces costs at its own factories, but also strives to create new business initiatives by collaborating with suppliers and business partners.

Climate-related Risks and Opportunities along the Supply Chain

Risks	Opportunities along the Supply Chain	
	Impact on procurement Impact on direct operations	Impact on product and service demand
Transition	Higher procurement and manufacturing costs Higher prices for fossil resources and fossil fuels Response to emissions regulations and laws in line with measures to mitigate impact of climate change Temporary suspension of production due to restrictions on electric power supply	Increase in product development costs New regulations on product energy efficiency and the market in line with measures to mitigate impact of climate change Decline in product competitiveness due to unsustainable use of resources and non-reusable design
risks and opportunities	Reduction in procurement and manufacturing costs • Manufacturing and supply chain development that achieves sustainable use of energy and resources	Higher sales • Edge computing, which does not require a data center • Digital workplace to support a paperless society • Technology for upgrading recycled plastics • Digital on-demand printing
Physical risks and opportunities	Lower revenue due to a reduction in production capacity • Supply chain interruptions following large-scale natural disasters • Depletion of water resources and restrictions on water intake	Higher sales IoT solutions to improve farm employees' food productivity

Targets and Results Regarding Environmental Impact

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

			Medium-Term Environmental Plan 2019	
Material Issue	Key Action	Priority Issue	Business Value	Environmental Value
Environment	Green Products (planning and development)	(1) Creation of Sustainable Green Products (SGPs) sought by customers and society	Sales • Sustainable Green Products sales: 770 billion yen (sales ratio: 70%) Cost reductions • Resource-saving cost reduction	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
		(2) Complying with government procurement standards and environmental label requirements	Sales • Eliminate lost sales opportunities	Reduce environmental impact through compliance with standards
		(3) Dependably complying with product-related laws and regulations	Risk avoidance • Eliminate effect on sales	Reduce hazardous chemical substance risk by conforming to laws and regulations
	Green Factory (procurement and production)	(1) Excellent Green Factory activities	Cost reductions • Energy and resource cost reduction	CO2 emissions reduction in production activities: 19 thousand tons Effective resource utilization: 2.8 thousand tons Water consumption reduction: 220 thousand m ³
		(2) Expansion of Green Supplier activities	Cost reductions Supplier cost reductions Sales Measures and expertise database creation, and knowledge commercialization	CO2 emissions reduction at suppliers: 5 thousand tons Effective resource utilization at suppliers: 0.25 thousand tons Social issue solutions based on SDGs
		(3) Expanded adoption of renewable energy	Sales • Eliminate lost sales opportunities	Renewable energy ratio: 1% Social issue solutions based on SDGs
		(4) Supply chain risk response	Risk avoidance • Eliminate environmental impact from procurement, production, and sales	Environmental impact reduction through standards compliance
	Green Marketing (distribution, sales and service, and collection and recycling)	(1) Strengthening relationships with customers globally	Sales - Acquire sales opportunities	Reduce customers' environmental impact Social issue solutions based on SDGs
		(2) Optimizing the supply chain and linking environmental initiatives	Cost reductions • Reduce cost of distribution and packaging	CO2 emissions reduction in distribution: 0.3 thousand tons Effective resource utilization: 0.04 thousand tons
		(3) Complying with laws on collection and recycling of used products	Risk avoidance • Eliminate effect on sales	Resource recycling through collection and recycling of used products

 $Note: Fiscal 2018 CO_2 \ emissions \ throughout \ the \ product \ lifecycle \ totaled \ about \ 1.04 \ million \ tons, \ representing \ a \ 49.6\% \ reduction, \ compared \ to \ fiscal \ 2005 \ levels. \ Under Eco \ Vision \ 2050, \ Konica \ Minolta's \ fiscal \ 2010 \ levels.$ long-term goal is to achieve an 80% reduction by 2050.

Self-assessment of performance 100% or above: ○ 80% or above, less than 100%: △ Less than 80%: × • Preventing global warming • Supporting a recycling-oriented society • Reducing chemical substance risks

	Fiscal 2018 Targets	Fiscal 2018 Results				
	Business Value	Environmental Value	Business Value		Environmental Value	
Green Products (1)	Sales • Sustainable Green Products sales: 700 billion yen (sales ratio: 65%) Cost reductions • Resource-saving cost reduction	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	Sales • Sustainable Green Products sales: 778.5 billion yen (sales ratio: 74%) Cost reductions • Resource-saving cost reduction	0	CO2 emissions reduction during product use: 15.0 thousand tons CO2 emissions reduction in the procurement stage: 41.8 thousand tons Effective resource utilization: 12.6 thousand tons	0
(2)	Sales • Eliminate lost sales opportunities	Reduce environmental impact through compliance with standards	Sales • Eliminated lost sales opportunities	0	Reduced environmental impact through compliance with standards	0
 (3)	Risk avoidance • Eliminate effect on sales	Reduce hazardous chemical substance risk by conforming to laws and regulations	Risk avoidance • Eliminated effect on sales	0	Reduced hazardous chemical substance risk by conforming to laws and regulations	0
Green Factory (1)	Cost reductions • Energy and resource cost reduction	CO2 emissions reduction in production activities: 23.4 thousand tons Effective resource utilization: 4.8 thousand tons Water consumption reduction: 213 thousand m³	Cost reductions • Energy and resource cost reduction	0	CO ₂ emissions reduction in production activities: 26.5 thousand tons Effective resource utilization: 7.1 thousand tons Water consumption reduction: 274 thousand m³	0
(2)	Cost reductions • Supplier cost reductions	CO2 emissions reduction at suppliers: 5.4 thousand tons Effective resource utilization at suppliers: 0.35 thousand tons	Cost reductions • Supplier cost reductions	0	CO2 emissions reduction at suppliers: 9.1 thousand tons Effective resource utilization at suppliers: 0.63 thousand tons	0
 (3)	Sales • Eliminate lost sales opportunities	Renewable energy ratio: 0.6%	Sales • Eliminated lost sales opportunities	0	Renewable energy ratio: 1.5%	0
(4)	Risk avoidance • Eliminate environmental impact from procurement, production, and sales	Environmental impact reduction through standards compliance	Risk avoidance • Eliminated environmental impact from procurement, production, and sales	0	Environmental impact reduction through standards compliance	0
Green Marketing (1)	Sales • Acquire sales opportunities	Reduce customers' environmental impact	Sales • Acquired sales opportunities	0	Reduced customers' environmental impact	0
(2)	Cost reductions Reduce cost of distribution and packaging	CO2 emissions reduction in distribution: 0.4 thousand tons Effective resource utilization: 0.02 thousand tons	Cost reductions • Reduced cost of distribution and packaging	0	CO2 emissions reduction in distribution: 0.6 thousand tons Effective resource utilization: 0.03 thousand tons	0
 (3)	Risk avoidance • Eliminate effect on sales	Resource recycling through collection and recycling of used products	Risk avoidance • Eliminated effect on sales	0	Resource recycling through collection and recycling of used products	0

Strengthening Human Capital

Konica Minolta's Human Capital Strategy According to the Executive Officer responsible for HR

Allowing the Individual to Shine **Human Capital Development for Victory** in Global Competition

Tsukasa Wakashima

Senior Executive Officer General Manager, Corporate Human Resources Division



For Konica Minolta to continue growing sustainably by solving the issues that customers and society face, human capital is everything. By turning diversity into a strength and maximizing the Group's people power, we will build a corporate culture that aims high and an organization that will always win against global competition.

View of the Environment

In a business environment changing at a breakneck pace and driven by a shift to digitalization, the key to winning the global fight for business and achieving sustainable growth lies in human capital. This is because only human capital can undertake the important task of accurately assessing and responding to customers' problems, and thereby contribute to solving society's issues.

What we look for in our people is not emulating change but the ability to stand at the forefront of change and demonstrate strong leadership. What we need are fullyautonomous people — people with a clear vision of the ideal situation and people who can make decisions and take action on their own according to Konica Minolta's 6 Values.

Konica Minolta's HR organization puts in place the systems, mechanisms, and environment to allow individuals to shine in our business environment. At the same time, we support individuals' self-directed growth, and recognize the important role of maximizing the potential of one of Konica Minolta's strengths: its highly diverse Group-wide workforce.

Managing Talent to Win

To be victorious worldwide, the top priority must be building up the number of officer candidates that could lead the company in the future as CEO and speed up their development. To this end, we are using medium-term (three to five years) and long-term (five to ten years) views to identify candidates, and are conducting a selective-type training program that involves them being strategically assigned and utilized.

For this selective-type training program, since fiscal 2016 we have brought together officer candidates to participate in a six-month training program we call Global e-juku. With the goal of having executives train executives, this program is a consolidation of officer training programs that had, before fiscal 2016, been done separately for Japanese and people of other nationalities. The program develops true business leaders who will succeed in our globally competitive world, by giving them the input they need to bring about digital transformation in their business, while having them conduct serious discussions with and proposals to top executives about real management issues. Through the program, top executives also assess personnel, including those of foreign nationalities, for possible Executive Officer candidate development, providing additional assignment and opportunities or offering permanent assignments.

Another important component to achieving sustainable growth is developing the young people who will lead the next generation. That is why we give our employees responsibility and authority while they are young, making focused investment in young employees out of the belief that we must start early in building true leaders who can compete on the world stage. Our goal with this effort is to have young employees establish themselves early through experience working in fast-changing workplaces overseas. With the goal of sending 180 people over a span of three years, since fiscal 2017 we have been sending young employees to our frontlines of business, as well as to overseas academic institutions, providing opportunities for friendly competition with highly talented people outside the company.

Acquiring and Training the People Needed to Execute Growth Strategies

To enhance our IT services, Konica Minolta has expanded its roster of system engineers to roughly 2,000 people through M&A and other activities. Alongside these activities, we have made it a priority theme to enhance our imaging IoT and Al talent, which will be key to edge IoT platform strategy success. The imaging IoT and Al talent, as we refer to them, consists of Product Owners, who will lead our agile development efforts; Data Scientists, who analyze data, identify problems, and lead efforts to solve them; System Architects, personnel capable of designing entire IT systems, and those generally called AI

expert engineers. We currently have roughly 400 such individuals with high-level expertise, and we plan to double this over the next few years.

One of our initiatives in expanding our pool of talent is making more new and mid-career hires. We are aiming to leverage overseas development facilities, and acquire talent through stronger cooperation with local universities.

Another is shifting skills and training internal personnel who show potential. After identifying the skill sets they need, we are creating the appropriate internal training programs. We have also implemented an internal program for certifying and registering Product Owners and Data Scientists as "entrylevel," "standard," or "expert" according to their skill level. To date, 254 Data Scientists and 168 Product Owners have had their skills certified through this internal training program. Going forward, we will be training about 30 of each kind of class a year for standard-level certification.

In 2020 we will build a new product development building at a research and development facility in Kansai (the Takatsuki Site). Here we will assemble a core team of personnel to develop a full-fledged imaging IoT development center.



Imaging IoT and AI talent development program

Systems and Mechanisms for Producing Innovation

To become a digital company with insight into implicit challenges that creates new value while anticipating and solving issues that trouble customers and society, the Konica Minolta Group needs innovative organizations and individuals who can come up with game-changing concepts and ideas.

And diversity is a particularly rich source of innovation. Revolutionary new concepts and ideas do not arise from homogenized groups of people. By promoting diversity in our human capital, the mingling of people with different qualities, and healthy conflict, we believe individuals will grow through mutual self-improvement and new concepts and revolutionary ideas will be born. We understand that Japan lags far behind the U.S. and Europe on this count. Therefore, we have been actively promoting women's participation and advancement and employing people of other nationalities, while also bringing in more talent with "outside" knowledge by doing away with second job restrictions and rehiring former employees.

We are putting an environment in place that enables our diverse talent to demonstrate their creativity beyond

organizational boundaries by setting up remote work programs and satellite offices for all employees, implementing internal social media systems, and otherwise enabling a diversity of working styles. At the same time, we are promoting networking by providing active support (allowing the use of company facilities and partially subsidizing event costs) company-wide for voluntary get-togethers among employees looking to break down organizational barriers. Furthermore, along with the Konica Minolta Tokyo Site Hachioji SKT research and development building that is an important center for technology development, the above-mentioned new building at the Takatsuki Site and a satellite office we opened in Umeda, Osaka, in the summer of 2019 will be "places for creating new value" with a view to encouraging communication with people both inside and outside the company and achieving innovation.

Also essential for achieving innovation is "fostering a challenge-seeking culture." For Konica Minolta to weather discontinuous change for which past successes provide no useful reference and to thrive amid global competition, we must — as an organization and as individuals — continue to boldly seek out challenges. We have made a number of efforts to bring out challenge-seeking by providing pathways for achieving innovation, such as the KM-Way and design thinking, while providing places for employees to express their ideas. As a result, we are seeing an increasing number of employees stepping forward to take on these challenges — mostly young employees who bring forth unprecedented concepts and who want to change the company themselves. To propagate this challenge-seeking culture throughout the company, we have cut away from our traditional performance review system and put the spotlight on challenge-seeking actions, with corporate officers conducting reviews directly. Through these reviews, we will provide rewards (remuneration to the employee), praise (from officers), spread the idea (actively promoted internally as a recommendation) for challenges boldly sought by individual employees. Taking ownership of this cycle, officers will foster a challenge-seeking culture.

In Closing — Allowing the Individual to Shine

Operating on the idea that "good health is the foundation that allows individuals to shine and maximally demonstrate their potential," Konica Minolta comes together as one and actively promotes health and productivity management. In recognition of our efforts in this area, we have been selected as an exceptional company under the Health & Productivity Stock Selection Program hosted by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange for two years running. We have received this honor a total of four times in the past five years.

I see our employees as having ample potential. As head of HR, my duty is to fully support employees' autonomous action and growth through mechanisms and systems for maximally demonstrating their potential based on health and productivity management and without clinging to traditional practices.

Targets and Results Regarding Social Impact

Material Issue	Key Action	Fiscal 2018 Targets and Plans
Social Innovation	Business development that contributes solutions to social issues	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
Customer Satisfaction and Product Safety	Achieving top-tier quality and reliability	Number of serious product-related accidents*1: 0 Number of serious security incidents*2 in the service business area: 0
	Creating new quality value	Continue conducting satisfaction surveys and implement improvements based on the results Construct verification processes for customer value creation using design thinking
Responsible Supply Chain	Promoting CSR in the supply chain	CSR procurement (FY2017 to FY2019) Request that suppliers carry out CSR activities: 100% implementation CSR assessment: Complete assessments of all Group production sites and approximately 120 important suppliers CSR audit: Complete audits of two important Group production sites and two important suppliers
		Response to conflict mineral issues (FY2017 to FY2019) • Supplier response rate to conflict mineral surveys: Maintaining 95% or higher • Respond to customers' requests for surveys: 100%
Human Capital	Work-style reform	Prepare operational and workplace environments Reform operational processes Make the most of diverse talent Expand systems Clarify roles and authorities Enhance efficiency using RPA*3: Save approximately 19,000 hours
	Developing human capital	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
	Occupational safety and health	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
	Improving employee health	Curb the number of absences due to illness Reduce the number of employees with health risks (1) People with high physical health risk: Reduced by 4.5% from fiscal 2017 (2) Persons needing specified health guidance (persons needing active support): Reduced by 3% from fiscal 2017
Diversity	Supporting women's career advancement	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)
	Utilizing employee experiences gained outside the company and abroad	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

^{*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 2018 Results	Fiscal 2019 Targets and Plans
Began marketing of WoundAide, an automatic wound measurement system for medical institutions in Singapore (BIC Asia Pacific) Conducted surveys of nursing care staff about their satisfaction with Care Support Solutions and addressed issues	Promote new business development through core technologies and open innovation Promote business development at the company's five Business Innovation Centers (BICs) Increase customer satisfaction with Care Support Solutions by using data to address issues
Number of serious product-related accidents*1: 0 Number of serious security incidents*2 in the service business area: 0	Number of serious product-related accidents*1: 0 Number of serious security incidents*2 in the service business area: 0
Customer satisfaction surveys conducted according to the characteristics of each business area and improvements made on issues Built the framework of verification processes for customer value creation	Continue conducting satisfaction surveys and implement improvements based on the results Construct verification processes for customer value creation using design thinking
CSR procurement Requested that suppliers carry out CSR activities: 100% implementation CSR assessment: Completed assessment of 18 Group production sites and 15 important suppliers CSR audit: Confirmed improvements in areas indicated in CSR audits at two Group production sites	CSR procurement Request that suppliers carry out CSR activities: 100% implementation CSR assessment: Complete assessments of 60 important suppliers CSR audit: Complete audits of an important supplier
Response to conflict mineral issues • Supplier response rate to conflict mineral surveys: 98% • Responded to customers' requests for surveys: 100%	Response to conflict mineral issues • Supplier response rate to conflict mineral surveys: Maintaining 95% or higher • Respond to customers' requests for surveys: 100%
Used system allowing second job or concurrent working: About 30 people Uiberalized office dress code Introduced a new hourly leave system Enhanced efficiency using RPA*3: Saved approximately 19,000 hours	Prepare operational and workplace environments Make the most of diverse human resources Enhance efficiency using RPA**: Save approximately 33,000 hours
Implemented Global e-Juku (16 participants) Offered overseas training program for young employees in Japan: 31 participants Implemented 9th business producers development program (Challenge Gijutsusha Forum (CGF)): 20 participants Enhanced internal training program in line with educational system needed to develop data scientists (DS) and KM product owners (KMPO): 254 DSs certified and 168 KMPOs registered	Expand pool of executive candidates to globally lead transformation into a digital company with insight into implicit challenges and accelerate their development (Global e-Juku, overseas training program for young employees) Establish a culture and system for creating organizations full of business athletes who can win out globally (KIZUKI Workshops)
Serious accidents*4-1 Frequency rate of accidents causing absence from work*5: Japan, 0.25; Overseas, 0.20 According to Konica Minolta's original safety management indicator Unsafety Marks*6, a 20% reduction was maintained for the yearly average for fiscal 2014–2016 Provided e-Learning to increase safety awareness to 12,000 people a month (all employees of Konica Minolta, Inc. and employees of Group companies in Japan), with about 90% taking the training	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*5 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
Curbed the number of absences due to illness (Konica Minolta, Inc.) Number of absences due to illnesses: 28 (as of April 1, 2019) Reduced the number of employees with health risks (Konica Minolta, Inc.) (1) Employees with physical health risks: Down 22.3% from FY2017 (2) Employees needing specified health guidance (persons needing active support): Down 3.7% from FY2017	Curb the number of absences due to illness (Konica Minolta, Inc.) Number of absences due to illnesses: 25 or less (as of April 1, 2020) Reduce the number of employees with health risks (Konica Minolta, Inc.) (1) Employees with physical health risks: Reduced by 5% from FY2018 (2) Employees needing specified health guidance (persons needing active support): Reduced by 3% from FY2018
Launched Diversity Advocates Held workshops for key personnel groups (top management, general managers, managers, and all women employees) Held lectures to prepare for and alleviate worries about caregiving Women held 6.2% of all management positions (as of April 2019) Percentage of women among new graduate hires: 31% (as of April 2019)	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 Target for appointing female managers: Women hold 7% of all management positions Raise the percentage of women among new graduate hires (30% or more)
 Percentage of non-Japanese nationals among new employees hired by Konica Minolta, Inc.: 19% (April 2019) Percentage of mid-career hires among total recruitment: 53% (Konica Minolta, Inc.)	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

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

TOPICS

Leveraging RPA as a Digital Workforce Necessary for Digital Transformation

Establishing a New Sourcing Model Using the **Digital Workforce**

Konica Minolta sees Robotic Process Automation (RPA) not as an efficiency improvement tool but as a digital workforce. In our business process re-engineering (BPR) efforts, we use RPA solely for operations for which RPA is deemed to be optimally suited.

We are also unique in that we are using RPA not only in administrative departments but also in operations departments throughout the entire value chain, such as procurement, development, production, and sales. In addition, we are building an RPA deployment system in collaboration with offices in Asia, Europe, and North America, and are ensuring good governance globally while each region conducts its own initiatives with independence and speed.

Our digital workforce is an asset essential to achieving Konica Minolta's digital transformation. To improve this function, in addition to our RPA we are also deploying technologies such as chatbots, OCR (optical character recognition), and voice recognition.

Knowledge Gained Through Internal Use Brought to Customers

Konica Minolta offers its services by leveraging the expertise it has acquired through its use of RPA.

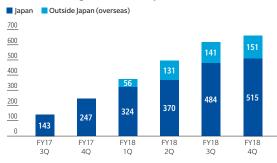
At Konica Minolta Japan, Inc., for example, we provide a working style reform solution we call "Design Your Time!," a part of which involves proposing that customers use RPA.

We take knowledge and wisdom gained from deploying RPA at our customers' facilities, apply it internally, and improve it, aiming to build an eco-cycle that allows us to give back to the customer.

Global RPA Deployment System



Internal Training Course Participants



RPA Activities in the Finance Division

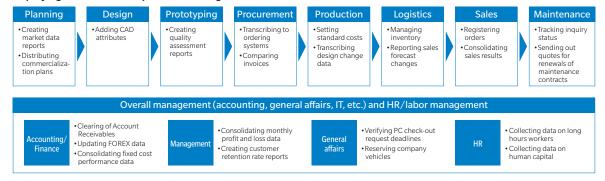
A key challenge for the Corporate Finance Division is to reduce time spent on routine work and focus more on work that adds greater value such as data analysis and cash forecasting. We launched RPA in fiscal 2017 after evaluating all processes and determining which operations to automate.



Reiko Masuda Capital Management Gr. Corporate Finance Div

RPA currently covers 20 tasks, thereby reducing two FTE. We received enthusiastic responses when sharing these initiatives at our global conference, which triggered the expansion of RPA to our overseas group companies. I was in my first year out of college at the time of RPA implementation and have been fortunate since to acquire BPR and RPA development skills at an early stage in my career, thanks to the support from my colleagues and superiors.

Deploying RPA in Various Operations throughout the Value Chain



TOPICS

Intellectual Property Activities Supporting the Creation of New Value

Intellectual Property Scale and Quality

Along with possessing multiple intellectual properties worldwide, we are one of the top companies in Japan for the number of patent rights held.

According to Patent Result Co., Ltd.'s 2018 Ranking of Companies' Capability to Prevent Other Companies from Obtaining Patent Rights, Konica Minolta placed fourth in the precision equipment sector. We have placed in the top five companies every year since 2013. The Ranking of Companies' Capability to Prevent Other Companies from Obtaining Patent Rights tabulates patents cited in patent rejection reasons by the Japan Patent Office and can be considered one objective indicator of "patent quality." In addition, in the 2018 Patent Asset Ranking for all business categories, Konica Minolta was ranked 10th.

Intellectual Property Rights Held (Konica Minolta data, 2018)

	Japan	U.S.	China
Patent rights	12,235	6,807	1,712
Trademark rights	383	61	173
Design rights	111	94	35

Ranking of Patents Acquired (Konica Minolta data, 2017, Japanese companies)

Japan	U.S.	China
12th	24th	20th

Intellectual Property Strategy

Konica Minolta views intellectual property as an important corporate resource and its intellectual property strategy as an essential component of corporate strategy. In the Intellectual Property Strategy 2017-2022 formulated in fiscal 2018, we established intellectual property strategies for Core, Growth, and New Business areas according to their respective business environments.

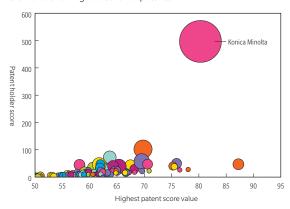
In our Growth and New Business areas, we will build barriers to entry with a patent portfolio comprising basic patents that protect each business's customer value proposition (CVP), and peripheral patents. Also, to establish our platform business, with respect to the data accumulated through our unique devices and services, in addition to rights via patents, we will not be constrained by the conventional boundaries of intellectual rights and use various laws and contracts for protection and use.

For our Core Businesses, we are optimizing our patent assets by reviewing our patent portfolio from a global perspective. At the same time, we are working to maintain and strengthen our competitive superiority and profitability by focusing on applying for and acquiring patents for differentiating technologies that create genre-top product value.

In recognition of these efforts to formulate and execute intellectual property strategies for each of our business areas, Konica Minolta received the Commissioner of the Japan Patent Office Award in the FY 2018 Intellectual Property Achievement Awards, held jointly by the Ministry of Economy, Trade and Industry and the Japan Patent Office. The award recognizes Konica Minolta's intellectual property strategies for contributing to the creation of new products and businesses, and in particular for Konica Minolta's acquisition of intellectual property that protects its proprietary HSTT technology for entry into, and conducting operations in, the Bio-healthcare business.

Position of HSTT-Related Patents in the Industry

Circle size indicates the number of patents held by each company, with the X axis showing values for the highest ranked patents and the Y axis showing values for all patents.



Score map for Japanese patents (published and registered) involving "immunofluorescence staining." Prepared by Konica Minolta based on data from Patent Result Co., Ltd.'s Biz Cruncher

Strengthening and Transforming Intellectual **Property Activities**

In addition to Intellectual Property Strategy 2017-2022, Konica Minolta has formulated two plans, one being Strategies and Policies to Improve Intellectual Property Quality, and the other being Strategies and Policies to Foster Intellectual Property Experts, as part of efforts to improve its intellectual property and foster its related human capital. We analyze the business environment based on intellectual property and other information, and were one of the first to focus on the importance of the IP landscape in proposing strategies for management and business. This has led us to analyze other companies' patent trends and explore their development themes using patent analysis tools. In April 2019 we established an organization dedicated to intellectual property strategy within the Intellectual Property Division. The organization is now strengthening strategies that contribute to better business management.

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 2018, Konica Minolta was also named an Industry Leader in the Computers & Peripherals and Office Electronics sector of the Dow Jones Sustainability World Index for the second consecutive year. The Company was also selected as one of the Global 100 Most Sustainable Corporations in the World by Canadabased Corporate Knights in conjunction with the World Economic Forum, an annual global economics meeting held in Davos.

Inclusion in Prominent Japanese/Foreign Indices

August 2019	7th consecutive year of inclusion in the JPX-Nikkei Index 400
July 2019	Maintained inclusion in the FTSE4Good Index Series for 16 consecutive years
July 2019	Inclusion in four investment indexes—the FTSE Blossom Japan Index, the MSCI Japan ESG Select Leaders Index, the MSCI Japan Empowering Women Index, and the S&P/JPX Carbon Efficient Index—by the Government Pension Investment Fund (GPIF), the world's largest pension fund
July 2019	10th consecutive year' of inclusion in the MSCI ESG Leaders Indexes (formerly the MSCI Global SRI)
September 2018	Included in the Dow Jones Sustainability World Index for the 7th year running, and selected as an Industry Group Leader for the second consecutive year

MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM 🐽





 $[\]ensuremath{^*}$ No information available for the years prior to 2010

Evaluations by International ESG Rating Agencies

February 2019	Ranked Gold Class for two years running by RobecoSAM, a world-leading research and rating company in the ESG investment field
February 2019	Recognized for two years running as a Supplier Engagement Leader by the CDP, an international nongovernmental organization that conducts activities for a sustainable economy
December 2018	Achieved a Gold rating for three years running in EcoVadis' sustainability survey
July 2018	Received Prime certification, a top-tier rating, in a CSR ranking by CSR ratings company ISS-oekom





Various management surveys in Japan

May 2019	Placed first in the third general manufacturers ranking in the 22nd Nikkei Environmental Management Survey
February 2019	For the fourth time and two years in a row, named in the Health and Productivity Stock Selection
November 2018	For the second time, placed first in the general ranking in the 10th Quality Management Level Research

