

# Value Creation Story

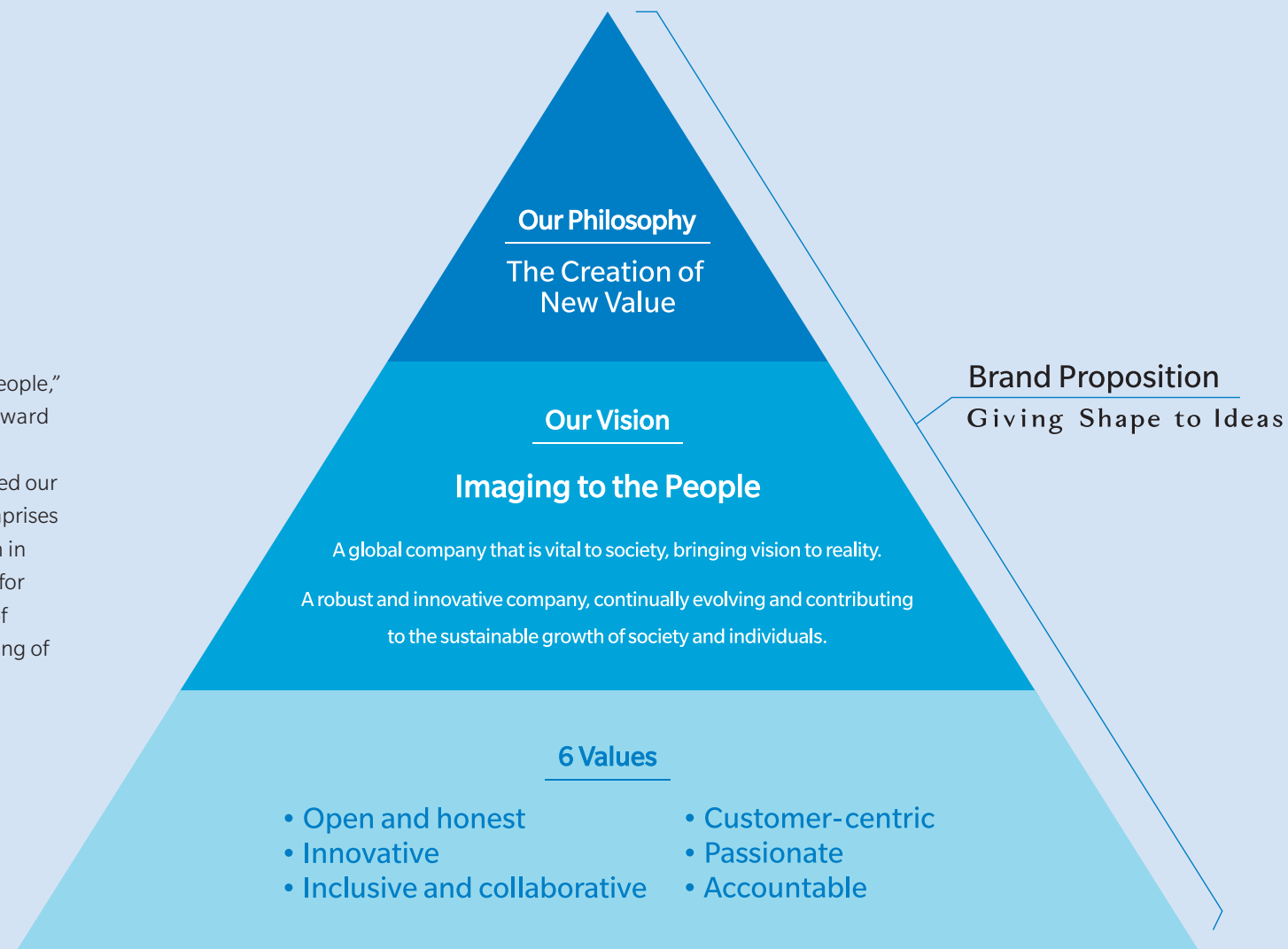
Creating new value through the power of imaging



## Konica Minolta Philosophy

Konica Minolta has formulated “Imaging to the People,” a long-term management vision that looks forward to 2030.

In concert with these initiatives, we redeveloped our philosophy. Now, Konica Minolta Philosophy comprises Our Philosophy, unchanged since its formulation in 2003, Our Vision, which defines our aspirations for 2030, the 6 Values that guide the development of Konica Minolta's corporate culture as the wellspring of our value creation, and our “Brand Proposition.”

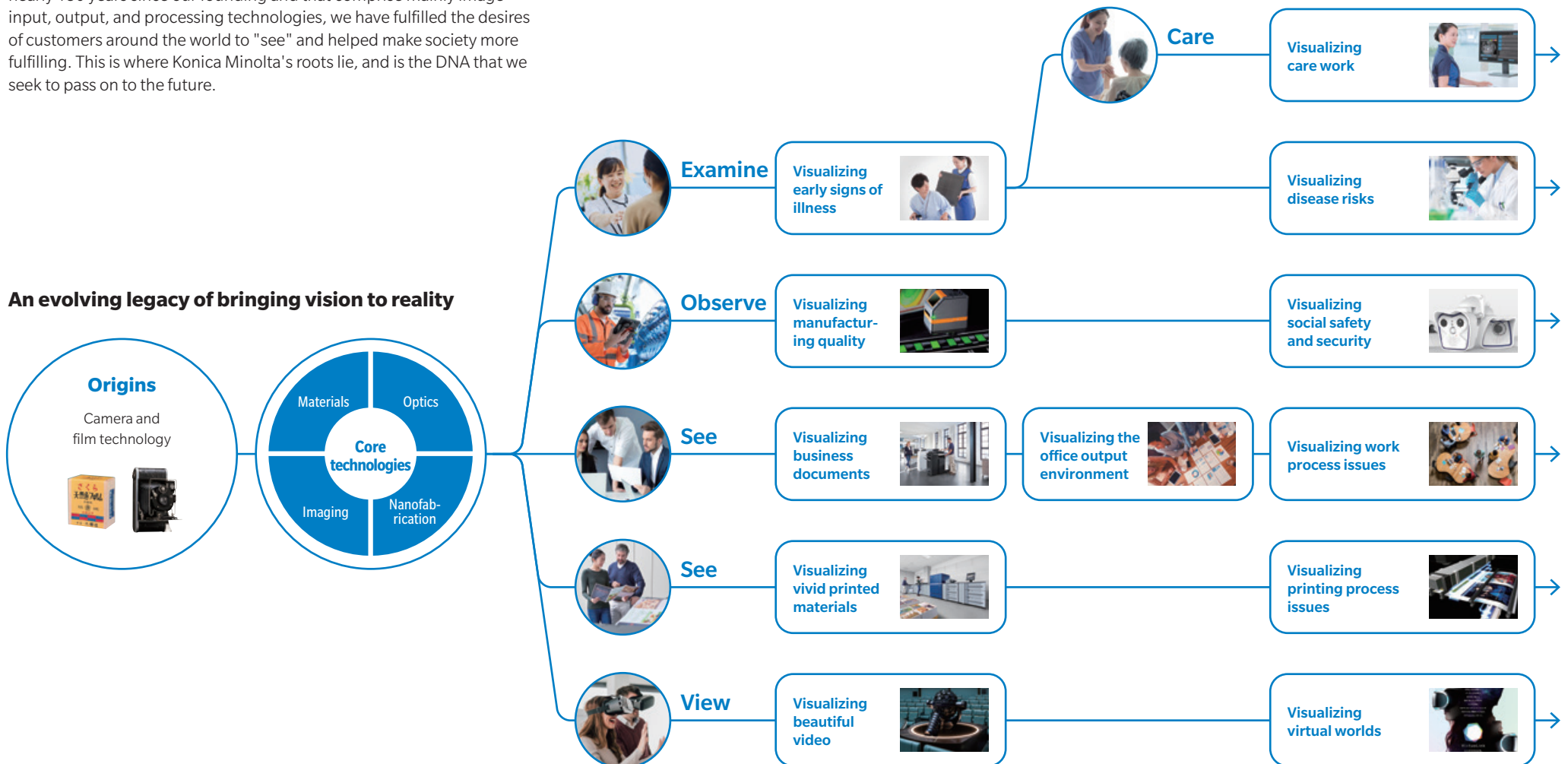


## Konica Minolta's DNA

# Satisfying hopes and desires to "see," while creating new value

Leveraging the "imaging" technologies that we have developed over the nearly 150 years since our founding and that comprise mainly image input, output, and processing technologies, we have fulfilled the desires of customers around the world to "see" and helped make society more fulfilling. This is where Konica Minolta's roots lie, and is the DNA that we seek to pass on to the future.

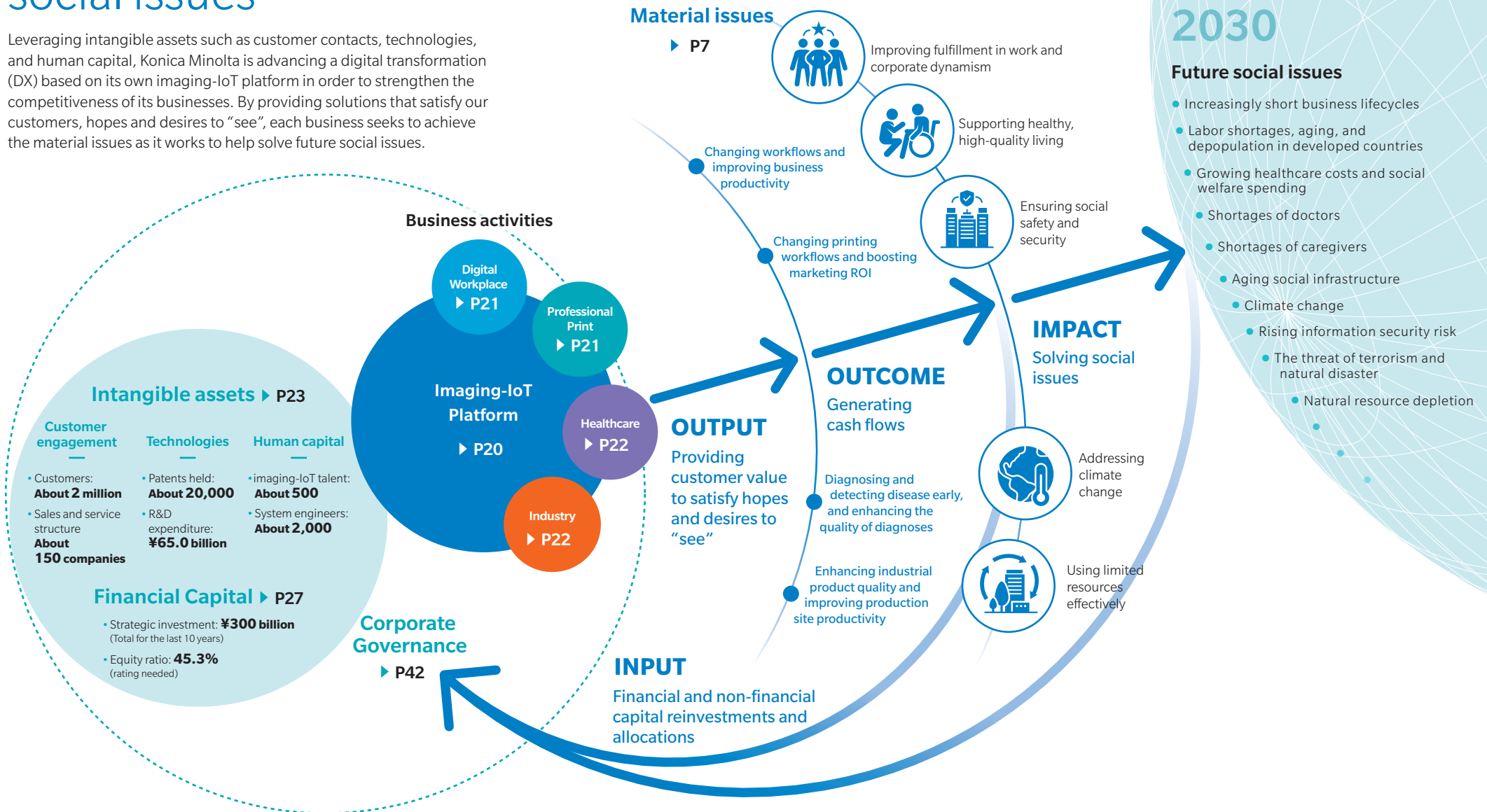
### An evolving legacy of bringing vision to reality



## Value Creation Process

# Focusing on sustainable value creation with an eye to resolving future social issues

Leveraging intangible assets such as customer contacts, technologies, and human capital, Konica Minolta is advancing a digital transformation (DX) based on its own imaging-IoT platform in order to strengthen the competitiveness of its businesses. By providing solutions that satisfy our customers, hopes and desires to “see”, each business seeks to achieve the material issues as it works to help solve future social issues.



































## Material issues for value creation

# Backcasting from 2030 to identify five material issues

Today, numerous social issues, such as demographic changes, rising social welfare spending, climate change, and resource depletion are becoming evident. With a view to 2030, Konica Minolta has made opportunity and risk assessments concerning how these issues will impact our Group and society and, through backcasting, has redefined five material issues that we seek to address. By focusing on these material issues and helping to solve social issues through our business activities, we will enhance medium- to long-term corporate value.

Material issue	Vision for 2030	Related SDGs
 <b>Improving fulfillment in work and corporate dynamism</b>	Increase labor productivity for corporate clients, society, and Konica Minolta. Make time for creativity, and promote workplaces where all individuals can thrive.	       
 <b>Supporting healthy, high-quality living</b>	Promote health and high quality of life at corporate clients, in society, and Konica Minolta. Help individuals lead fulfilling lives.	  
 <b>Ensuring social safety and security</b>	Enhance safety and security in the workplaces of corporate clients and in society. Minimize risks posed by Konica Minolta products and services.	   
 <b>Addressing climate change</b>	Reduce CO <sub>2</sub> emissions by Konica Minolta. Enhance CO <sub>2</sub> emissions reduction at corporate clients and suppliers, and reduce the carbon footprint of society.	   
 <b>Using limited resources effectively</b>	Promote the effective use of resources at Konica Minolta, while also helping corporate clients and suppliers to achieve effective use.	     

## Material issues for value creation

### Material Issue Evaluation and Identification Process

#### Step 1. Issue Awareness

First, Konica Minolta made a list of diverse environmental, social, and economic issues by referencing international frameworks and guidelines such as the GRI Standards and SDGs, as well as macro trends in each specialized field.

The list was prepared by referring to the Wedding Cake Model of the SDGs. This structural model was developed by the Stockholm Resilience Center\* as a way to understand the SDGs, and it helps to clarify the relationships among the SDGs. With this model, the 17 goals are divided into three layered categories, like the tiers of a wedding cake. These tiers from bottom to top are biosphere, society and economy. The model illustrates that achieving the biosphere and society-related SDGs can help to build a sustainable economy and society, upon which companies can help build the foundation for a sustainable economy. With this relationship in mind, Konica Minolta identified the issues of greatest importance to its business.

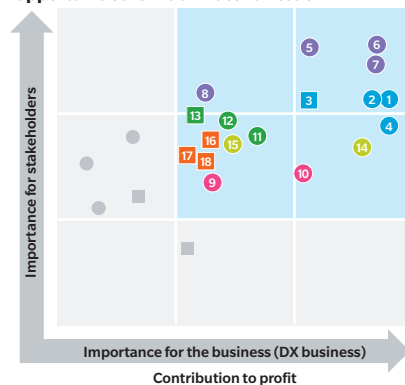
During this identification process, Konica Minolta also considered social and environmental changes, regulatory and policy trends, and stakeholder requirements, all in light of the company's current and potential business areas as well as the corresponding supply and value chains.

\* Stockholm Resilience Center  
<https://www.stockholmresilience.org/research/research-news/2016-06-14-how-food-connects-all-the-sdgs.html>

#### Step 2. Issue Identification and Prioritization

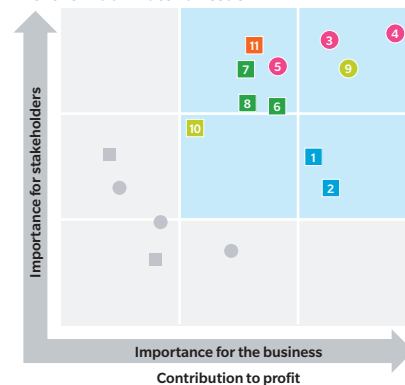
From the initial list of issues, Konica Minolta identified fields that are particularly relevant to its business, and then conducted a prioritization process. Konica Minolta's materiality analysis is unique in that it assesses both risks and opportunities. By evaluating both these aspects, the company aims to fulfill expectations for enterprises to tackle the SDGs. The expectation is that companies treat social and environmental issues as opportunities to grow their businesses, while helping to solve the issues through their business activities. Materiality analysis put 1 of 5 levels of importance for stakeholders (customers, suppliers, shareholders and investors, employees, etc.) and the business (amount of financial impact), and assigned priority to each issue.

Opportunities for Each Material Issue



- 1 Improving productivity of customer organizations and increasing time for creativity by providing work-style solutions using digital technology
- 2 Improving productivity and enhancing workplace motivation in the supply chains of customer organizations by providing products and services that transform the workflows of frontline workers
- 3 Realizing the full potential of human resources, who are the source of new value, and creating workplaces organizations where individuals thrive
- 4 Eliminating labor shortages and strengthening cyber security by eliminating the gap in IT access faced by small and medium enterprises
- 5 Transforming caregiver workflow with imaging IoT-based systems and onsite consulting services, and creating a labor pool in the caregiving industry
- 6 Promoting disease prevention and early detection by providing high value-added medical services, and reducing medical expenses
- 7 Streamlining drug development by promoting innovation in pharmaceutical development processes utilizing genetic testing technology
- 8 Improving healthcare accessibility in developing countries
- 9 Improving safety and security at client sites and for society by providing products and services such as gas leak monitoring services
- 10 Supporting the quality produced by corporate clients by offering products and services that facilitate high-tech measurement and inspection
- 11 Reducing energy consumption and CO<sub>2</sub> emissions of customers and society by providing manufacturing process solutions
- 12 Promoting a paperless and ubiquitous computing society by providing solutions for work style reform
- 13 Contributing to drastic CO<sub>2</sub> emissions and cost reductions by helping business partners to reduce their environmental impact using DX technology
- 14 Constructing efficient supply chains for client companies using on-demand production
- 15 Reducing workflow and supply chain loss for client companies
- 16 Fostering a corporate culture that encourages role models for the generation of SDG innovation
- 17 Improving ESG relations with investors
- 18 Enhancing customer relations by making the most of ESG initiatives

Risks for Each Material Issue



- 1 Mismatches between employee skills and their work due to rapid changes in systems and environments
- 2 Declines in employee diversity, independence, and ability to innovate due to stagnated efforts to create workplaces that promote diversity
- 3 Loss of public confidence in the event of a product or service-related accident that results in death or injury to a user
- 4 Loss of public confidence in the event of a serious information security accident related to a product or service, which results in a personal data leak or privacy infringement
- 5 Impacts on operations and product shipments due to the use of substances that pollute ecosystems and pose human health hazards
- 6 Skyrocketing energy prices, increased material costs due to raw material shortages, and supply instability
- 7 Greater use of paperless systems due to skyrocketing energy prices and raw material shortages
- 8 Supply chain disruptions due to abnormal weather
- 9 Decline in competitiveness due to delayed participation in the circular economy
- 10 Production or shipment delays due to water-related risks and water resource depletion
- 11 Decline in public confidence due to lack of governance at business partners




- Improving fulfillment in work and corporate dynamism
- Supporting healthy, high-quality living
- Ensuring social safety and security
- Addressing climate change
- Using limited resources effectively
- Cross-cutting opportunities and risks
- Create value through the business
- Create value through the Company's activities

#### Step 3. Results Confirmation and Issue Identification

The Konica Minolta Group Executive for Corporate Sustainability, who chairs the Group Sustainability Promotion Committee, confirmed the appropriateness of the material issue evaluation process and the prioritized issues. The selected material issues were then discussed by senior management and approved by the Board of Directors. The process used to identify material issues is reviewed annually, which guarantees the validity of the issues selected and the corresponding plan.

## Material issues for value creation

### Opportunities and risks for each material issue, and Medium-term Sustainability Plan 2022

Material issues	 <b>Improving fulfillment in work and corporate dynamism</b>	 <b>Supporting healthy, high-quality living</b>	 <b>Ensuring social safety and security</b>
<b>Environmental and social issues with a view to 2030</b>	<p>Many economies around the world, including Japan, are expected to see labor shortages. As industrial structures change, there will be imbalances in the type of labor force needed. There will be labor shortages in some areas and more mismatches between the skills people have and the skills jobs require. By 2030, a total labor shortage of about 100 million people is anticipated in the countries that make up the top 70% of global GDP. Many jobs will need to be performed using technologies such as robotics and automation. This will occur not just on the manufacturing floor, but in offices as well. While it is important to increase productivity with technology, human creativity must also be fostered to solve the global labor shortage.</p>	<p>Due to population aging, the number of people suffering from diseases in developed countries is expected to grow. With a corresponding increase in the demand for medical treatment and nursing care, social security costs will also climb. In sparsely populated areas and developing countries, there are concerns that healthcare access could become difficult. In addition, the gap between supply and demand for nursing care in Japan is expected to grow to approximately 500,000 patients by 2030.*<sup>1</sup> Similar issues are also anticipated in other developed countries in the near future. As part of productivity and safety improvement at medical facilities and seniors care sites, the quality of and access to medical services need to be enhanced, and social security costs have to be reduced. This can be done through the prevention and early detection of disease. It can also be accomplished by shortening the development period for new drugs through improved candidate success rates and greater clinical trial efficiency.</p>	<p>Due to the aging of factories and equipment, staff shortages and the retirement of veteran employees with a wealth of experience, among other factors, the risk of disasters at manufacturing sites has increased and the risk of workplace accidents is also considered to rise. In order to attract personnel, however, companies must provide safer workplace environments. In addition, cyber-attacks have become increasingly frequent and sophisticated. The unprecedented damage they have caused is estimated at as much as 90 trillion dollars*<sup>2</sup> worldwide. Societies also need to respond to risks such as urban crime, natural disasters, pandemics and food insecurity, which all threaten people's work and livelihoods. To make society safer and more security, it is vital to visualize dangers to social infrastructure and workplaces, as well as information security risks, and to improve the inspection of products and services that contribute to people's work and livelihoods.</p>
<b>Opportunities</b>	<p><b>Through Konica Minolta businesses</b></p> <ul style="list-style-type: none"> <li>Improving productivity of customer organizations and increasing time for creativity by providing work-style solutions using digital technology</li> <li>Improving productivity and employee engagement in the supply chains of customer organizations by providing products and services that transform the workflows of frontline workers</li> <li>Eliminating labor shortages and strengthening cyber security by eliminating the gap in IT access faced by small and medium enterprises</li> </ul> <p><b>Internal action to create value</b></p> <ul style="list-style-type: none"> <li>Realizing the full potential of human resources, who are the source of new value, and creating organizations where individuals thrive</li> </ul>	<p><b>Through Konica Minolta businesses</b></p> <ul style="list-style-type: none"> <li>Promoting disease prevention and early detection by providing high value-added medical services, and reducing medical expenses</li> <li>Streamlining drug development by fostering innovation in pharmaceutical development processes utilizing genetic testing technology</li> <li>Improving healthcare accessibility in developing countries</li> <li>Transforming care staff workflow with imaging IoT-based systems and onsite consulting services, and creating a labor pool in the nursing care industry</li> </ul> <p><b>Internal action to create value</b></p> <ul style="list-style-type: none"> <li>Building safe and comfortable workplaces where employees feel motivated</li> </ul>	<p><b>Through Konica Minolta businesses</b></p> <ul style="list-style-type: none"> <li>Supporting the quality produced by corporate clients by offering products and services that facilitate high-tech measurement and inspection</li> <li>Improving safety and security at client sites and for society by providing products and services such as those that make gas leaks visible</li> </ul>
<b>Risks</b>	<p><b>Affecting Konica Minolta</b></p> <ul style="list-style-type: none"> <li>Mismatches between employee skills and their work due to rapid changes in systems and environments</li> <li>Declines in employee diversity, independence, and ability to innovate due to stagnated efforts to create workplaces that promote diversity</li> </ul>	<p>—</p>	<p><b>Affecting Konica Minolta</b></p> <ul style="list-style-type: none"> <li>Loss of public confidence in the event of a product or service-related accident that results in death or injury to a user</li> <li>Public disapproval in the event of a serious information security accident related to a product or service, which results in a personal data leak or privacy infringement</li> <li>Impacts on operations and product shipments due to the use of substances that pollute ecosystems and pose human health hazards</li> </ul>
<b>Medium-term Sustainability Plan 2022</b>	<ul style="list-style-type: none"> <li>Increasing customer productivity and making time for creativity</li> <li>Improving employee engagement and making the most of human resources globally</li> </ul> <p><b>KPI</b> Strategic assignment of managerial candidates/Number of DX leaders trained/Employees engagement score/Percentage of management positions held by women</p>	<ul style="list-style-type: none"> <li>Promote health and high quality of life at corporate clients</li> <li>Building safe and comfortable workplaces where employees feel motivated</li> </ul> <p><b>KPI</b> Rate of reduction of Level 4 workplaces/Percentage moving to higher level of organizational health/Percentage moving to higher level of organizational health/Number of employees who are at high risk physically/Number of vacation days due to mental health problems</p>	<ul style="list-style-type: none"> <li>Provide safety and security in the work and daily lives of corporate clients</li> <li>Minimize safety and security risks posed by Konica Minolta products and services</li> </ul> <p><b>KPI</b> Number of serious accidents caused by chemical substances/Serious business losses due to chemical substance management/Number of serious accidents with products. Serious business losses due to product safety/Number of serious incidents due to information security/Serious business losses due to information security</p>

\*1 From a report released by Japan's Ministry of Economy, Trade and Industry on April 9, 2018: Report compiled by the Study Group for Future Supply and Demand of Elderly Nursing Care Systems

\*2 Source: Zurich Insurance Group and the Atlantic Council, 2015

## Material issues for value creation

### Material issues



#### Addressing climate change

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 and when the low-carbon society is achieved, the energy structure of entire industries will have changed significantly, including the widespread use of renewable energy and dramatic energy savings. On the other hand, if dire climate change predictions materialize, rising sea levels will submerge coastlines and damage biodiversity. There will likely also be frequent severe weather events, such as typhoons and hurricanes, which could have a significant impact on both industry and people's lives. In order to transition to a low-carbon global society, there needs to be a fundamental change in how energy is used, which means conventional workflows must be dramatically reformed. In addition, it is vital to build an industrial structure that can withstand severe weather events in case dire climate change predictions materialize.

### Environmental and social issues with a view to 2030

### Opportunities

#### Through Konica Minolta businesses

- Reducing energy consumption and CO<sub>2</sub> emissions of customers and society by providing manufacturing process solutions
- Promoting a paperless and ubiquitous computing society by providing solutions for work style reform

#### Internal action to create value

- Contributing to dramatic CO<sub>2</sub> emissions and cost reductions by helping business partners to reduce their environmental impact using DX technology

### Risks

#### Affecting Konica Minolta

- Soaring energy prices, increased material costs due to raw material shortages, and supply instability
- Greater use of paperless systems due to rising energy prices and raw material shortages
- Supply chain disruptions due to abnormal weather

### Medium-term Sustainability Plan 2022

- Reduce energy use and CO<sub>2</sub> by transforming customers' operational processes  
**KPI** Amount of "Carbon Minus" contributions/Solution sales
- Reduce energy use and CO<sub>2</sub> from Konica Minolta sites, Konica Minolta products and services and business partners  
**KPI** Reduction of CO<sub>2</sub> emissions/Monetary equivalent of energy reduction/Amount of CO<sub>2</sub> reduced through procurement of renewable energy/Sales from sustainable solutions/Monetary equivalent of energy reduction



#### Using limited resources effectively

Given the world's growing population and the growing rate of resource consumption, it is estimated that the equivalent of two earths will be needed by 2030. In order to make more effective use of limited resources, companies need not only to recover and recycle waste, but also to reduce the volume of resources wasted. This means that drastic workflow innovations are required, such as using on-demand production and IoT technology, to reduce resource waste in the supply chain. Circular economies also need to be created by developing material technologies that facilitate recycling, while building better networks for recovering used resources.

#### Through Konica Minolta businesses

- Constructing efficient supply chains for client companies using on-demand production
- Reducing workflow and supply chain loss for corporate clients

#### Affecting Konica Minolta

- Decline in competitiveness due to delayed participation in the circular economy
- Production or shipment delays due to water-related risks and water resource depletion

- Promote effective use of resources by transforming customers' operating processes  
**KPI** Reduction of waste discharge of customers/Solution sales
- Promote effective use of resources by Konica Minolta sites and for Konica Minolta products and services  
**KPI** Reduction of waste discharge of customers/Reduction of waste discharge/Amount of resources saved and recycled (thousand tons)  
Sustainable solution sales (billion yen)