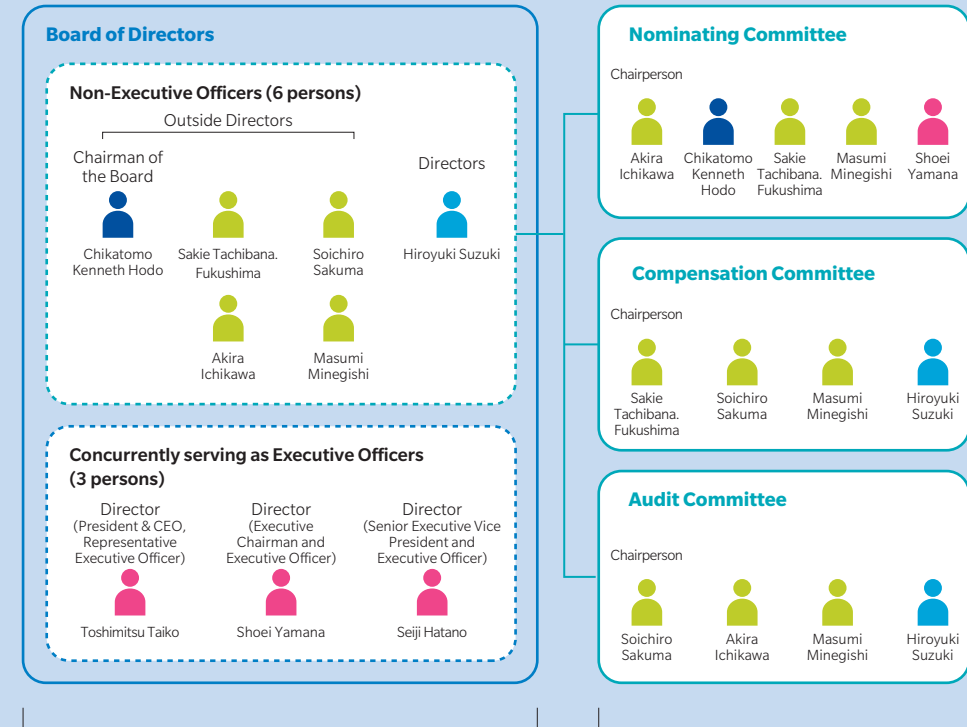


Governance

Since the beginning of Konica Minolta in 2003, we have adopted the format of a "company with committees" (currently a "company with three committees") as our institutional design and have pursued governance that eliminates dependency on personal characteristics. We ensure highly effective business supervisory functions by separating these from execution functions, and appoint Independent Outside Directors who are able to provide supervision of management from a shareholder perspective. Through these measures, we aim to improve the transparency, integrity, and efficiency of our management and improve our corporate value.

Composition of the Board of Directors and the three committees



Key characteristics of the Board of Directors

- All Outside Directors are Independent Directors
- Outside Directors comprise the majority
- Chairman is an Outside Director
- At least one Inside Director does not concurrently serve as an Executive Officer

Key characteristics of the three committees

- Chairpersons are Outside Directors
- Director who is concurrently Representative Executive Officer does not serve as a committee member





List of Directors



Name and title	Toshimitsu Taiko Director, President & CEO, Representative Executive Officer	Chikatomo Kenneth Hodo Outside Director, Chairman of the Board Nominating Committee Member	Sakie Tachibana Fukushima Outside Director Chairperson of the Compensation Committee, Nominating Committee Member	Soichiro Sakuma Outside Director Chairperson of the Audit Committee, Compensation Committee Member	Akira Ichikawa Outside Director Chairperson of the Nominating Committee, Audit Committee Member
Career highlights	<p>April 1986 Joined Minolta Camera Co., Ltd.</p> <p>June 2012 Director, General Manager, Corporate Planning Division, General Manager, Business Innovation Division of Konica Minolta Business Technologies, Inc.</p> <p>April 2013 Group Executive of the Company, CEO of Konica Minolta Business Solutions U.S.A., Inc.</p> <p>April 2015 Executive Officer of the Company, CEO of Konica Minolta Business Solutions U.S.A., Inc.</p> <p>April 2017 Executive Officer, General Manager, Professional Printing Business Headquarters of the Company</p> <p>June 2018 Director, Senior Executive Officer, lead officer responsible for Business Technologies Business, General Manager, Office Business Headquarters of the Company</p> <p>April 2020 Director, Senior Vice President and Executive Officer, lead officer responsible for Business Technologies, and responsible for Corporate Planning, Investor Relations, Corporate Communications and DX Branding of the Company</p> <p>April 2022 Director, President & CEO, Representative Executive Officer of the Company (present position)</p>	<p>September 1982 Joined Accenture Japan Ltd</p> <p>September 2005 Representative Director of Accenture Japan Ltd</p> <p>April 2006 Representative Director and President of Accenture Japan Ltd</p> <p>September 2015 Director and Chairman of Accenture Japan Ltd</p> <p>September 2017 Director and Senior Corporate Advisor of Accenture Japan Ltd</p> <p>June 2018 Director of the Company (present position)</p> <p>July 2018 Senior Corporate Advisor of Accenture Japan Ltd</p> <p>June 2021 Retired from Senior Corporate Advisor of Accenture Japan Ltd</p> <p>July 2021 Representative Director of Bayhills Co., Ltd. (present position)</p>	<p>June 1980 Joined Braxton International</p> <p>September 1987 Joined Bain & Company, Inc.</p> <p>August 1991 Joined Korn/Ferry International-Japan</p> <p>May 1995 Member of the Board of Korn/Ferry International (Global Headquarters)</p> <p>September 2000 Regional Managing Director of Korn/Ferry International-Japan and Member of the Board of Korn/Ferry International (Global Headquarters)</p> <p>July 2001 President and Representative Director of Korn/Ferry International-Japan and Member of the Board of Korn/Ferry International (Global Headquarters)</p> <p>September 2007 President and Representative Director of Korn/Ferry International-Japan</p> <p>May 2009 Chairman and Representative Director of Korn/Ferry International-Japan</p> <p>July 2010 President and Representative Director of G&S Global Advisors Inc. (present position)</p> <p>June 2019 Director of the Company (present position)</p>	<p>April 1978 Joined Nippon Steel Corporation</p> <p>April 2009 Director (under the Executive Management System) of Nippon Steel Corporation</p> <p>April 2012 Managing Director (under the Executive Management System) of Nippon Steel Corporation</p> <p>June 2012 Managing Director (Member of the Board) of Nippon Steel Corporation</p> <p>October 2012 Managing Director, Member of the Board of Nippon Steel & Sumitomo Metal Corporation</p> <p>April 2014 Representative Director and Executive Vice President (in charge of General Administration, Legal, Internal Control & Audit, Business Process Innovation, Human Resources and Environment) of Nippon Steel & Sumitomo Metal Corporation</p> <p>April 2018 Director of Nippon Steel & Sumitomo Metal Corporation</p> <p>June 2018 Senior Advisor of Nippon Steel & Sumitomo Metal Corporation</p> <p>April 2019 Senior Advisor of Nippon Steel Corporation</p> <p>June 2020 Director of the Company (present position)</p> <p>July 2020 Adviser of Nippon Steel Corporation (present position)</p>	<p>April 1978 Joined Sumitomo Forestry Co., Ltd.</p> <p>June 2007 Executive Officer, General Manager of Corporate Planning Division of Sumitomo Forestry Co., Ltd</p> <p>June 2008 Director Managing Executive Officer of Sumitomo Forestry Co., Ltd</p> <p>April 2010 President and Representative Director of Sumitomo Forestry Co., Ltd</p> <p>April 2020 Chairman of the Board and Representative Director of Sumitomo Forestry Co., Ltd (present position)</p> <p>June 2021 Director of the Company (present position)</p>
Number of shares of the Company held	42,131	0	0	6,100	1,200
Term of office	4	4	3	2	1
Board of Directors meeting attendance (FY2021)	14/14	14/14	14/14	14/14	10/10
Committees belonged to (◎ denotes committees chairs)	Nominating Committee	○	○		◎
	Audit Committee			◎	○
	Compensation Committee			◎	
Skills matrix	Corporate executive experience in listed company	●			●
	Global executive management experience*	●	●	●	●
	R&D and manufacturing				
	Sales and marketing	●			●
	Finance and accounting, and understanding of investor perspective		●		
	HR management			●	
	Governance, internal control, legal affairs			●	●
Business transformations and new business development (DX)	●	●		●	

* "Global executive management experience" includes both actual experience at a global business and experience relating to overseas business operation.

List of Directors

					
Name and title	Masumi Minegishi Outside Director, Nominating Committee Member Audit Committee Member, Compensation Committee Member	Hiroyuki Suzuki Director, Audit Committee Member Compensation Committee Member	Shoei Yamana Director, Executive Chairman and Executive Officer Nominating Committee Member	Seiji Hatano Director, Senior Executive Vice President and Executive Officer	
Career highlights	<p>April 1987 Joined Recruit Co., Ltd.</p> <p>April 2003 Corporate Executive Officer of Recruit Co., Ltd.</p> <p>April 2004 Managing Corporate Executive Officer of Recruit Co., Ltd.</p> <p>June 2009 Managing Corporate Executive Officer, and Director of the Board of Recruit Co., Ltd.</p> <p>April 2011 Senior Managing Corporate Executive Officer, and Director of the Board of Recruit Co., Ltd.</p> <p>April 2012 President, CEO, and Representative Director of the Board of Recruit Co., Ltd.</p> <p>October 2012 President, CEO, and Representative Director of the Board of Recruit Holdings Co., Ltd.</p> <p>April 2021 Chairperson and Representative Director of the Board of Recruit Holdings Co., Ltd. (present position)</p> <p>June 2022 Director of the Company (present position)</p>	<p>April 1979 Joined Minolta Camera Co., Ltd.</p> <p>July 1997 Senior Managing Director, Minolta MBK Digital Studio, Inc.</p> <p>April 2004 General Manager, China Sales Promotion Office, MFP Overseas Sales Department, Konica Minolta Business Technologies, Inc.</p> <p>June 2006 General Manager in charge of Audit Committee Office of the Company</p> <p>June 2009 General Manager, Corporate Audit Division of the Company</p> <p>April 2012 Executive Officer, General Manager, Corporate Audit Division of the Company</p> <p>June 2019 Director of the Company (present position)</p>	<p>April 1977 Joined Minolta Camera Co., Ltd.</p> <p>January 2001 CEO of Minolta QMS Inc.</p> <p>July 2002 Executive Officer, General Manager of Management Planning Div., Deputy General Manager of Image Information Products General Headquarters, Image Information Products Company of Minolta Co., Ltd.</p> <p>August 2003 Senior Executive Officer of the Company, and Executive Officer and General Manager of MFP Operations and Deputy General Manager of Image Information Products General Headquarters, Image Information Products Company of Minolta Co., Ltd.</p> <p>October 2003 Senior Executive Officer of the Company, and Managing Director of Konica Minolta Business Technologies, Inc.</p> <p>June 2006 Director, Senior Executive Officer of the Company</p> <p>April 2011 Director, Senior Executive Officer of the Company, and Representative Director and President of Konica Minolta Business Technologies, Inc.</p> <p>April 2013 Director, Senior Managing Executive Officer of the Company</p> <p>April 2014 Director, President & CEO, and Representative Executive Officer of the Company</p> <p>April 2022 Director, Executive Chairman and Executive Officer (present position)</p>	<p>April 1982 Joined the Mitsubishi Bank, Ltd.</p> <p>June 2011 Resigned the Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>July 2011 Joined the Company</p> <p>April 2013 Executive Officer and General Manager, Corporate Strategy Division of the Company</p> <p>April 2014 Senior Executive Officer and General Manager, Corporate Strategy Division of the Company</p> <p>June 2014 Director, Senior Executive Officer and General Manager, Corporate Strategy Division of the Company</p> <p>April 2016 Director, Senior Executive Officer and General Manager, Management Planning Division of the Company</p> <p>April 2017 Director, Senior Executive Officer in charge of Management Planning, Administration, and Risk Management of the Company</p> <p>April 2018 Director, Senior Executive Officer in charge of Administration, Accounting, Financial Affairs, and Risk Management of the Company</p> <p>April 2022 Director, Senior Executive Vice President and Executive Officer, and Assistant to the CEO. Lead officer responsible for Accounting, Finance and Risk Management of the Company (present position)</p>	
Number of shares of the Company held	0	54,789	116,971	33,030	
Term of office	0	3	16	8	
Board of Directors meeting attendance (FY2021)	—	14/14	14/14	14/14	
Committees belonged to <small>(○ denotes committees chairs)</small>	Nominating Committee	○		○	
	Audit Committee	○	○		
	Compensation Committee	○	○		
Skills matrix	Corporate executive experience in listed company	●		●	
	Global executive management experience*	●		●	
	R&D and manufacturing				
	Sales and marketing	●	●	●	
	Finance and accounting, and understanding of investor perspective				●
	HR management				
	Governance, internal control, legal affairs		●		●
Business transformations and new business development (DX)	●		●		

* "Global executive management experience" includes both actual experience at a global business and experience relating to overseas business operation.

Message from the Chairman of the Board



Chikatomo Kenneth Hodo
Outside Director

Profile

Mr. Chikatomo Kenneth Hodo has many years of involvement in the management of Accenture Japan Ltd., which provides management consulting and IT services. He possesses a wealth of experience as a member of corporate management and wide-ranging insight regarding digital business. Mr. Hodo assumed the post of Outside Director of the Company in June 2018 and the post of Chairman of the Board in June 2022.

Putting corporate governance at Konica Minolta on the road of evolution to a new stage

Upon assuming the post of Chairman of the Board

I assumed the post of Chairman of the Board in June 2022. Given the tremendous contributions that previous Chairman Matsuzaki made to improving the effectiveness of and evolving upon corporate governance at the Company for many years, I feel the weight of responsibility as his successor.

This is the first time at the Company for an Outside Director to assume the post of Chairman. After I was approached with the offer to take up that post, I asked people who had served as Chairman at the company with three committees to hear what they had to say. Upon doing so, it was pointed out to me that an Outside Director serving as Chairman resulted in more active remarks by officers on the executive side of things, reason being that when outside individuals engage in the operation of agenda in the capacity of Chairman, they become able to speak up without concerning themselves over the internal hierarchy. Additionally, in the “Practical Guidelines for Independent Directors” formulated by the Ministry of Economy, Trade and Industry (METI) in 2020, it is stated that “Ideally, independent directors should proactively engage in (1) appropriate agenda-setting for the board of directors and (2) the devising of ideas for operation, etc. to facilitate the vitalization of the board of directors.”

Based on the above, I concluded that an Outside Director serving as Chairman at the Company as well could provide a springboard for us to take corporate governance here a further step forward, and therefore accepted the offer presented to me. I will go beyond monitoring business execution and providing relevant advice to leverage the external knowledge, perspectives from capital markets and other elements that only Outside Directors can bring to the table in providing active backup to the

devising of strategy by the executive team. My hope is that we will be able to advance to such a new stage of governance. I myself serve as an Outside Director at an asset management company and as an advisor to a private equity fund. Going forward, based on my experience and knowledge gained in those roles, I have faith that I can engage our shareholders as well as a wide range of other stakeholders, both internal and external, from multiple sides.

Furthermore, as of the Ordinary General Meeting of Shareholders that convened in June 2022, the Company’s Board of Directors consists of five Outside Directors and four Inside Directors, with the former comprising the majority. While this number last fiscal year was five and six, which was enough to satisfy the “at least one-third of directors as independent directors” requirement under the Corporate Governance Code, I am proud that we have realized a majority and in doing so, taken a considerable step forward. Moreover, from the angle of knowledge, experience and ability, our Outside Directors constitute an ideal balance of members. With our Outside Directors, Inside Directors and executive bodies working in concert more than before, we will accelerate the transformation of our business portfolio.

Operations Policy of the Board of Directors for FY2022

We will operate the Board of Directors in fiscal 2022 based on the following three overarching directions.

The first of those directions is to narrow down the strategic domains that we should focus on, execute a PDCA cycle and oversee its progress. For fiscal 2022, we have set forth the following three domains: “transformation of our business portfolio,” “improvement of our executive capability,” and

Message from the Chairman of the Board

“recovery in the trust in us and our self-confidence.” Despite espousing a transformation in our business portfolio as one of our key strategies, we have been unable to obtain the outcomes dictated by our plans, and our business performance has been sluggish. Up to this point, we have discussed areas such as the factors behind that and the issues that we should resolve at meetings of our Board of Directors, but have not reached a breakthrough in the situation. In fiscal 2022, while executing a PDCA cycle with a quarterly frequency, we intend on heavily discussing the above three strategic domains that we should focus on as key agenda of the Board of Directors.

The second direction is to further establish a corporate governance framework from the perspective of our shareholders and investors. As other Directors and I have pointed out, I feel that our Board of Directors and executive team still greatly lacks a perspective that objectively identifies how capital markets view our company, what the situation is at rival corporations, and so forth. Going forward, I believe that both our Board of Directors and meeting bodies on the executive side will need to frequently delve into issues such as what expectations capital markets have of the Company.

The third and final direction is the elevation of corporate governance at the Company to the next stage. Over time, we have tackled the evolution and reform of corporate governance and endeavored to improve its effectiveness as a member of corporate Japan's vanguard. However, Western enterprises are even further ahead of us in that regard. As an example, in the U.S., discussions on the “Board 3.0” model through which directors who are well-versed in capital markets work together with executive teams and assist them with the devising of management strategy is taking place with considerable frequency. While I am not of the opinion that we should implement those endeavors as is, examining the ideal nature of next-generation governance that suits Japanese society while further elevating the effectiveness of the Board of Directors as the existing monitoring board is another important role of the Board. As I said above, Outside Directors providing backup to the devising of strategy in a more active manner should constitute one such endeavor.

Expectations of the executive team centered on our new President

The Company commenced its initiatives geared towards a succession plan for its President & CEO, Representative Executive Officer in 2015. These were then monitored by the Nominating Committee. More specifically, those initiatives consist of the following process: (1) Define qualification requirements for the President, (2) Select presidential successor candidates, (3) Implement assessments by external organizations, (4) Formulate and carry out eligible successor development plan, (5) Check and evaluate, (if necessary), (6) Narrow presidential successor candidates or reselect, then go through (4) and (5) once more, and (7) Nominate final candidate for presidential succession. The Nominating Committee regularly received reports from then-President Yamana and gave supervision and advice on this process. As a result, current President Taiko was selected as the next President via a resolution by the Board of Directors. I was also involved in the selection process as a member of the Nominating Committee, and believe that President Taiko possesses the tenacity for achieving the transformation of our business portfolio and the ability to consolidate a team into a single whole.

Fiscal 2022 is the final year of our “DX2022” medium-term business plan. I regret to say that we have failed to achieve the targets that we ourselves set over several years, and are in a grim predicament as dictated by negative ROE over three consecutive fiscal years and operating losses over two consecutive fiscal years. I expect that our new executive team led by President Taiko will solemnly accept this reality, then ensure to produce the kind of results that eluded us in previous years.

The Board of Directors will also provide all the support that it can muster while maintaining a sense of crisis. That is one of the reasons why we set forth “improvement of our executive capability” as one of the strategic domains that we should focus on in fiscal 2022. Our Outside Directors include people who have realized portfolio transformations as well as people who have overcome management crises. As those Outside Directors, using such experience and knowledge as our foundation, we intend on presenting greater options for the devising of strategy than before.

Furthermore, for the sake of close communication among Outside Directors, starting in fiscal 2022, we plan on holding meetings solely attended by those directors four times a year. We are also looking into holding meetings that include the presence of the President and Executive Chairman in addition to Outside Directors about twice per year.

Going forward, the Board of Directors will continue endeavoring to grow the Company sustainably and improve corporate value over the medium to long term by proactively helping to devise strategy and improve executive capability in addition to effectively monitoring management execution.

Message from the Chairperson of the Nominating Committee



Akira Ichikawa

Outside Director

Profile

Mr. Akira Ichikawa promoted sustainability management at Sumitomo Forestry Co., Ltd., which utilizes forestry resources to operate various businesses such as those related to lumber and building materials, housing and construction, and successfully raised that company's corporate value. After serving as President and Representative Director of Sumitomo Forestry, he now serves as its Chairman of the Board and Representative Director. He assumed the post of Outside Director of the Company in June 2021.

Selection process for the next President & CEO, Representative Executive Officer

Since 2015, when the Corporate Governance Code was enacted, the Company has commenced initiatives geared towards a succession plan for its President & CEO, Representative Executive Officer. The function and role of the Nominating Committee in these initiatives is to receive a report on the selection of successor candidates, the formulation and implementation of a development plan, the verification and evaluation of progress and other relevant areas once every six months from the President and to provide supervision and advice regarding that succession plan. Since June 2021, when I assumed the post of

Nominating Committee member, I mostly confirmed and verified questions pertaining to successor candidates such as whether they were armed with the qualities and sense of mission befitting top management, which must boldly confront harsh environments, and whether they possess a vision or approach for appropriately devising and executing our next medium-term business plan.

Through such a process, the Nominating Committee verified that new President Taiko is a calm, cool and collected individual who possesses rational thought as well as the poise to earnestly engage anything head-on and the firm will to follow things through to the very end, and that he is an ideal individual to entrust the management of the Company to given the persistent severity that surrounds it.

What we seek from our new management team centered on President Taiko is the adequate outlining of a future vision paired with the successful engineering of an early recovery in our business performance. Our expectation is that they will put a stop to our negative momentum of two consecutive years of operating losses, initiate our new medium-term business plan, and proceed to the next step. Additionally, we hope that Executive Chairman Yamana will proceed to facilitate the further reinforcement of our executive framework by working together with President Taiko as his predecessor.

Changes in our governance structure for fiscal 2022

Over time, the Nominating Committee has continuously reviewed the ideal composition of the Board of Directors. Following the verification of our approach and direction regarding that composition in our fiscal 2021 review, our governance structure for fiscal 2022 has changed significantly.

One of those changes is the assumption of the post of Chairman of the Board by an Outside Director. While individuals who resigned from the post of President & CEO, Representative Executive Officer had continued to assume the role of Chairman up to that point, as stipulated in the Company's Corporate Organization Basic Regulations, "the Chairman will be selected from Directors who do not concurrently serve as Executive Officers," which does not preclude the assumption of the post of Chairman by an Outside Director. Director Hodo, who was recently selected as Chairman, can be expected to lead the operation of the Board of Directors of the Company, which seeks to improve its corporate value by promoting DX, based largely on his wealth of experience as an Outside Director at corporations that include companies with three committees and his deep understanding of governance at the Company.

There were also changes in the number make-up of the Board of

Directors that should be noted. Last fiscal year, there were five Outside Directors and six Inside Directors. This year, that spread is five and four, representing the first time that Outside Directors constitute the majority.

Against this backdrop, I believe that the Board of Directors will proceed to form a highly transparent corporate governance framework that adopts a greater stakeholder perspective than before.

Additionally, we recently welcomed Chairperson and Representative Director of the Board Masumi Minegishi of Recruit Holdings Co., Ltd. as new Outside Director. Mr. Minegishi has a remarkable record at Recruit Holdings, which pursues a diverse array of businesses, and has a wealth of knowledge pertaining to business development, IT service operations and global management as a member of top management. Our expectation is that he will contribute in extensive ways at the Company, which seeks to dramatically change through a transformation of our business portfolio, starting with monitoring and advising efforts to bring our new businesses to profitability.

Our future operations policy

At the first meeting of the Nominating Committee in June 2022, the "Annual Policy of the Nominating Committee for Fiscal 2022" was approved. An outline of this policy is as follows.

- Examination and confirmation of ideal composition of Board of Directors and specialization and experience of candidates.
- Determination of Director candidates based on the foregoing.
- Supervision and advice on successor plan for President & CEO, Representative Executive Officer.
- Supervision and advice on Executive Officer/Corporate Vice President candidates and development thereof (including next-generation human capital).
- Addressing of issues for examination.

Initiatives pertaining to the plan for President Taiko's successor are already underway. In the same manner as before, the Nominating Committee will receive reports on areas such as the content and progress of that plan from the President and proceed to provide supervision and advice.

Additionally, with regard to the implementation of 360-degree evaluations targeting the President and management team members, we will look into giving advice in the Committee's supervisory capacity with a focus on discussion on the executive side.

Moreover, I believe that in addition to the fulfillment of its duties of "determining Director candidate proposals to submit at

Message from the Chairperson of the Nominating Committee

shareholders' meetings" and "monitoring the successor plan for the President & CEO, Representative Executive Officer," we should discuss the question of whether the organizational capability of the Company is accurately functioning. Over the course of the year after I assumed the post of Outside Director, I developed a genuine sense of the wonderful frontlines capability that the Company possesses. At the same time, that capability is not successfully tying into positive outcomes, and is not leading to a transformation in our business portfolio. Turning that frontlines capability into organizational and corporate capability and driving the forward development of the Company and the growth of its businesses is the role of the executive team. Yet, I get the impression that we are failing to sufficiently manifest that power. The Nominating Committee also needs to take heed of this and work towards reinforcing our management team as we move forward. To that end as well, I intend on increasing opportunities for dialogue not only with our current executive team but also with members envisioned to be our next Executive Officers/ Corporate Vice Presidents.

Outline of initiatives for the succession plan for the President & CEO, Representative Executive Officer (FY2015 to FY2021)

1. Handling of Corporate Governance Code
 - 1) The Nominating Committee commenced initiatives for the succession plan for the President & CEO, Representative Executive Officer in December 2015
 - 2) The Company established its Basic Policy on Corporate Governance (September 2015) and revised its Corporate Organization Basic Regulations (October 2015) in line with the enactment of the Corporate Governance Code (June 2015)
2. Clarification of functions and division of roles
 - 1) Board of Directors
The Board of Directors have the power to decide the President & CEO, Representative Executive Officer ("President")
 - 2) Nominating Committee
The Nominating Committee has the responsibility for overseeing the selection process for the next President
 - 3) President
The President devises and implements the process and schedule for the succession plan for the President & CEO, Representative Executive

Officer and reports the content and progress of said plan to the Nominating Committee

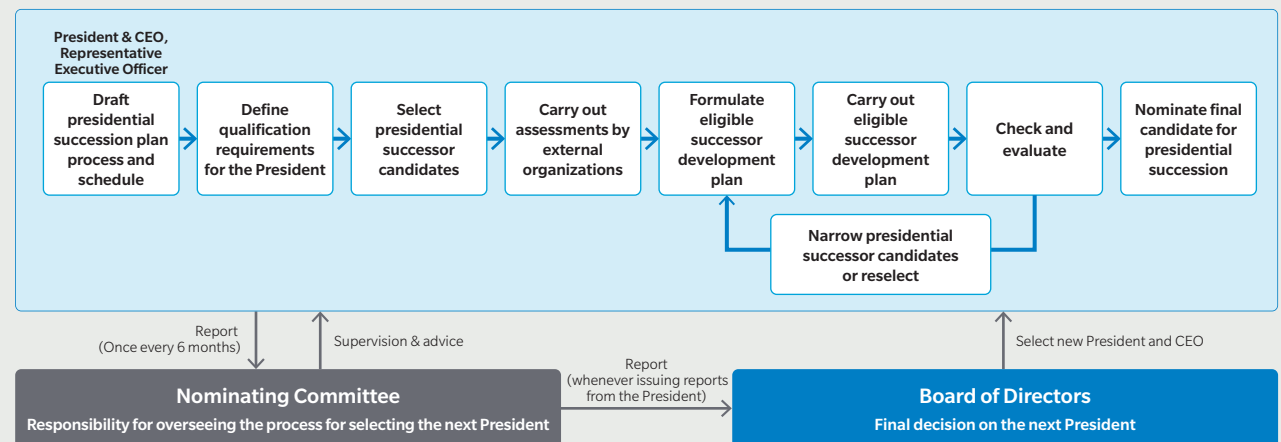
3. Status of initiatives
 - 1) The President makes a report to the Nominating Committee once every six months on initiatives such as the clarification of qualification requirements, the selection of succession candidate(s), the formulation and implementation of development plans that include the assignment of tough missions, and the verification and assessment of the status of development
 - 2) The Nominating Committee, based on said report, provides guidance and advice on the succession plan for the President & CEO, Representative Executive Officer while simultaneously providing necessary information in Committee activity reports given at meetings of the Board of Directors as the occasion demands
4. Results
 - 1) Final verification of the selection of then-Senior Executive Vice President and Executive Officer Toshimitsu Taiko ("Mr. Taiko") as the next candidate for President was carried out at the meeting of the Nominating Committee for February 2022
 - 2) The selection of Mr. Taiko as the next President was approved and passed unanimously at the meeting of the Board of Directors for February 2022

Top executive candidate (Executive Officers, Corporate Vice Presidents, etc.) development plan

The development of top executive candidates such as Executive Officers and Corporate Vice Presidents is also being done in a systematic fashion. The Talent Committee selects candidates and formulates development plans and assignment plans. The Committee conducts the following activities, the results of which are reported to the Nominating Committee by the President (once a year).

- Conducting an in-house program for developing next-generation executives
- Coaching by the previous Chairman of the Board
- Individual meetings with the President
- Coaching by former Outside Directors
- Dispatching personnel to participate in external (Japan and overseas) executive development programs

Functions and roles of the President & CEO, Representative Executive Officer in the succession plan



Message from the Chairperson of the Audit Committee



Soichiro Sakuma

Outside Director

Profile

At Nippon Steel Corporation and Nippon Steel & Sumitomo Metal Corporation (currently Nippon Steel Corporation), Mr. Soichiro Sakuma was involved for many years in management in the manufacturing sector and was in charge of main head office functions, including general administration, human resources, environment, and IT, handling primarily legal, internal control, and auditing operations. He has extensive experience and a broad range of knowledge as a corporate executive. Mr. Sakuma was appointed Outside Director in June 2020.

Priority themes for FY2021 and audit policy for FY2022

The Audit Committee engaged in audits with the below three points as its priority themes for fiscal 2021. Firstly, we audited progress in the DX espoused under our “DX2022” medium-term business plan and the progress in improvements in earnings under new businesses and verified the state of coping with various risks that included impairment risk such as that caused by past acquisitions and the effects of COVID-19 on our businesses. Secondly, we identified specific departments under our Industry Business, which constitutes one of

the profit-generating drivers of the Group, and audited their business management framework and operational effectiveness. Thirdly, we performed audits on the status of initiatives for ESG geared towards improving corporate value vis-à-vis our five material issues.

Furthermore, in fiscal 2021, we ended up auditing our response to the explosion accidents that took place twice—once in July and again in August—at a toner plant belonging to Konica Minolta Supplies Manufacturing Co., Ltd. We verified that the actions taken by the executive team, including an investigation into the causes of the accidents, effects analysis and measures to prevent reoccurrence, were performed adequately, and that we properly fulfilled our responsibility as a corporation.

Fiscal 2022 is the final year of “DX2022.” The auditing of the status of attainment of the strategic targets under that medium-term business plan will be our most important task of all. Naturally, in addition to examining items within that plan that were/were not attained, we intend to perform those audits from the standpoint of whether we are tackling those targets methodically, organizationally, and with a view to the future.

Operation of Audit Committee

All of the members of the Audit Committee have long been involved with corporate management, and have amassed a considerable record for themselves over time. What this means is that due to being outfitted with a wealth of experience and advanced insight with regard to management, those members are capable of digging deep into discussion to reach the very essence of any audit theme that they take up. This is a major defining characteristic of the Company’s Audit Committee.

For example, upon taking up a problem related to inventory control under a certain business, the Audit Committee went beyond simply performing an inspection of quantitative items to open up the discussion into one that suggested the heart of the matter might be fundamental issues faced by the subsidiary involved, such as those surrounding its corporate constitution or a lack of competitiveness. Additionally, in the audit of another business, the Committee focused on how the aspect of human capital constituted a significant management issue in addition to performing a careful review of that business’ management framework, and arrived at the recommendation that the generation of synergy through personnel exchange between acquired overseas subsidiaries should also be considered.

Such response is also extremely vital for the sake of realizing

audits with higher levels of effectiveness. Going forward, the Audit Committee will continue to endeavor towards the dynamic operation of agenda so that it can conduct substantial discussion that leads to the resolution of management issues while ensuring that its viewpoints are tailored to each work situation.

In order to enhance our corporate value over the medium to long term

In addition to the protraction of COVID-19, there has been increasing uncertainty due to the geopolitical situation in Eastern Europe and sharply rising energy prices. These and other factors have caused the severity of the operating environment that surrounds the Company to increase rapidly and dramatically. Given our position as a global enterprise whose primary markets include Europe, the US and Asia, we are at risk of encountering various effects from those factors in our management. In order to successfully improve our corporate value over the medium to long term, it is crucial that we analyze the kind of impact that events that have surfaced and matters with the potential to arise in the future will have on our company, and to take any necessary measures in a timely manner. Going forward, the Audit Committee will continue to assist in improving our corporate value through performing efficient and effective audits of the state of execution based on risk approach.

As of this April, we have a new President & CEO, Representative Executive Officer. Accordingly, our executive team will be tackling the sustained growth of the Company and the medium- to long-term improvement of its corporate value based on a new organization. I also intend on properly noting whether that direction conforms to our management vision of “Imaging to the People.”

Message from the Chairperson of the Compensation Committee



Sakie Tachibana Fukushima

Outside Director

Profile

Ms. Sakie Tachibana Fukushima served as Member of the Board of Korn Ferry International (Global Headquarters) and President and Chairperson of its Japanese subsidiary. She has also served as President and Representative Director of G&S Global Advisors Inc. and is the former Vice-Chairman of the Japan Association of Corporate Executives. In addition to her extensive experience as a member of management and a broad range of experience and knowledge about the management of human capital, she has an extensive range of knowledge about corporate governance. Ms. Fukushima was appointed Outside Director at Konica Minolta in June 2019.

Primary themes handled by the Compensation Committee

For the purpose of further elevating the awareness and motivation of each Executive Officer with respect to the sure implementation of strategy and attainment of targets upon the start of the “DX2022” medium-term business plan in April 2020, the Company revised its compensation determination policy and partially revised its officer compensation system. Additionally, the Compensation Committee commenced examination efforts with a view to an officer compensation

system that would suit its officers following the completion of the transformation of the business portfolio currently being promoted by the Company. As part of that examination, in fiscal 2021, we conducted discussions centered on the following two themes.

The first of those themes is the revision of benchmark corporate groups for officer compensation systems. Every year, we perform benchmarking in order to verify the market competitiveness of our officer compensation system. Until now, the Company had used “electronic and precision equipment” as the category for benchmarking. However, as we promoted the transformation of our business portfolio, competition with different industries than before has increased. Given that, following our discussions, we modified the framework of our benchmarking target from “electronic and precision equipment” to “competing corporate groups.” We newly extracted appropriate competing corporations from various business categories and industries such as chemicals, IT and DX to complement preexisting industries and reconfigured our benchmark into a corporate group that suits the Company’s current situation.

The second theme, which is an issue that has been the subject of ongoing examination for some time, is the review of our officer compensation system into one that encourages the achievement of positive outcomes for the transformation of our business portfolio. As a result of this review, starting in fiscal 2020, we revised the evaluation indicators and payment rates under our “annual performance-based cash bonus” for Executive Officers as well as introduced a “long-term stock bonus” for Executive Officers and non-executive Inside Directors. While the resulting effects have yet to fully manifest themselves, this compensation system has approached a balanced one that rewards good work and penalizes bad work, making it generous to officers who perform well and strict to those who do not perform well enough. We believe that it is indicative of the future direction of compensation governance at the Company. Going forward, we will continue to pursue an ideal officer compensation system from various angles, such as by revising the ratios of our base salary, performance-based bonuses and long-term incentive systems or adding new evaluation items, to give some examples.

Furthermore, starting from fiscal 2020, the year in which I assumed the post of Chairperson of the Compensation Committee, we began conducting evaluation meetings that also include the verification of key management issues for the next fiscal year with the President & CEO, Representative Executive Officer. Under this system, upon the determination of payment amounts for the “annual

performance-based cash bonus,” with respect to evaluations for each individual Executive Officer, which constitute one evaluation element, the degree of attainment of key management issues is evaluated based on the self-evaluation of the President himself at meetings of the Compensation Committee. Those results are reported by the Chairperson to the President, and key management issues for the next fiscal year are verified. This fiscal year, as we have already verified those issues with the new President, we intend on holding interviews with him at the end of the fiscal year based on that verification.

Operations Policy for the Compensation Committee and Future Issues

The Company’s Compensation Committee is made up of three Outside Directors with management experience in industries different from those in which Konica Minolta is active and non-Executive Inside Directors who are highly familiar with the situation within the Group. Each Committee member also has a wealth of experience overseas and possesses a strong understanding of global compensation systems and the importance of the “market value” of human capital in incentives. I, too, have job experience in global human capital consulting in the U.S. and Japan, and believe that securing and developing human capital with high “market value” is imperative in order to elevate corporate value over the medium to long term. Furthermore, members of the Compensation Committee engage in vibrant, continual discussion based on their opinions founded on elements such as the difficulties in hiring capable local human capital at overseas Group companies and their experience in situations where the effects of compensation incentives upon that hiring differ from those in Japan. While leveraging those discussions, we intend on identifying the most effective officer compensation system for the Company by selectively adopting the best practices out of a number of successful examples from both within and outside Japan.

One of the issues that we will examine going forward is the introduction of compensation systems that more strongly incorporate the perspectives of ESG and SDGs as well as shareholder perspectives such as linkage with corporate value evaluations by external parties and Total Shareholder Return (TSR). Additionally, as overseas operations represent a high proportion of our business, and the multinationalization and global reassignment of our officers are also expected to increase going forward, I believe that we must act in haste to consider the establishment of a compensation framework that is competitive in human capital markets both in Japan and globally.

Corporate Governance

Towards governance aimed at achieving sustainable corporate growth and improving medium- to long-term corporate value

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. At the same time, 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*¹ that was formulated in September 2015 defines the basic views regarding corporate governance.

Moreover, the Company implements all of the various principles in the Tokyo Stock Exchange’s “Corporate Governance Code” (version revised on June 11, 2021) based on these basic views.

Note that the Company discloses all of its 14*² general principles, principles and supplementary principles in detail in the “Corporate Governance Report.”*¹

*1 Our Basic Policy on Corporate Governance and Corporate Governance Report are available on our website. <https://www.konicaminolta.com/us-en/investors/management/governance/index.html>

*2 The company with three committees is excluded from disclosure pertaining to Supplementary Principle 4-10 a. Accordingly, information is disclosed on 13 principles in actuality.

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 Independent Outside Directors who can provide supervision from a shareholder perspective; and
- Improvement of the transparency, integrity and efficiency of management through the above-mentioned points

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

	FY2000-	FY2010-	FY2020-
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)		
Board of Directors Directors	2000 • Reduced the number of Directors (started an Executive Officer system)	2002 • Elected two Independent Outside Directors • Shortened the term of Directors to one year	2003 • Number of Independent Outside Directors increased from two to four 2006 • First overseas field trip by Outside Directors (two) for a visit to a manufacturing subsidiary in China 2018 • Increased the number of Independent Outside Directors from four to five 2022 • Selected an Independent Outside Director as the Chairman of the Board 2022 • Decreased the number of Inside Directors from six to four and made the transition to a framework with Independent Outside Directors constituting the majority
Rules and Policies	2003 • Establishment of the Corporate Organization Basic Regulations	2010 • Revised part of the Board of Directors rules 2015 • Established the Basic Policy on Corporate Governance	2018 • Revised some of the Board of Directors Rules 2021 • Revised a portion of the Basic Policy on Corporate Governance
Effectiveness Assessments	2004 • Started self-assessments (using questionnaires) of the effectiveness of the Board of Directors	2014 • Started establishing a Fiscal Year Policy for the Board of Directors based on results of self-assessments 2016 • Started using an external organization for questionnaires and interviews to assess the effectiveness of the Board of Directors	
Nominating Committee	2006 • Chairman of the Board started participating in the Nominating Committee • Established standards for the independence of Outside Directors	2015 • Started overseeing the succession plan (development and selection) of the President & CEO, Representative Executive Officer	2021 • Finished overseeing said succession plan (The Board of Directors selected a new President & CEO, Representative Executive Officer) 2021 • Disclosed the expertise and experience expected of Director candidates in the form of a “skill matrix” (Originally, the Committee would prepare and apply these expected attributes internally) 2022 • Started overseeing the new succession plan (development and selection) of the President & CEO, Representative Executive Officer
Audit Committee	2006 • Changed External Accounting Auditors		
Compensation Committee	2003 • Establishment of policy for determining compensation 2005 • Ended lump-sum retirement payments and started compensation-type stock options	2009 • Revised part of the terms for performance-linked compensation in the compensation determination policy 2017 • The compensation determination policy was revised, replaced compensation-type stock options and introduced stock bonus linking with medium-term performance	2020 • Revised part of the terms for performance-linked compensation in the compensation determination policy 2020 • Implemented a long-term stock bonus in addition to the medium-term stock bonus
Other	2006 • Ended the senior adviser position 2019 • Issued tablet devices to Outside Directors and commenced digital delivery of Board of Directors meeting materials		

Corporate Governance

The Company’s basic policy of pursuing a highly transparent governance framework

As a company with three committees, to the extent legally allowed, Konica Minolta’s Board of Directors entrusts business decisions to Executive Officers to a significant degree. The Board has adopted “basic management policies,” “internal control systems,” and “the election of Executive Officers” as the important matters that it should resolve.

At least one third of the total number of Directors must be Independent Outside Directors, and Directors not also serving as Executive Officers must compose the majority of Directors. The Chairman of the Board, selected from among Directors not also serving as Executive Officers, ensures that supervision by the Board of Directors is effective. Outside Directors compose the majority of the Nominating Committee, Audit Committee, and Compensation Committee, and committee chairpersons are selected from among

these Outside Directors. The Director who is concurrently Representative Executive Officer is not elected to a committee. In principle, the Board of Directors meets once a month. Outside Directors receive materials in advance in order to

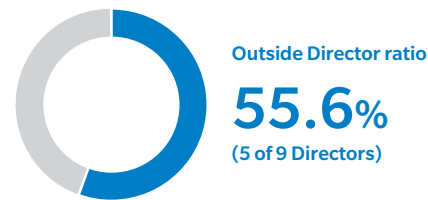
familiarize them with the agenda and facilitate lively discussions at meetings of the Board of Directors. Executive Officers in charge may also occasionally conduct preliminary briefings on important management decisions.

Primary agenda at meetings of the Board of Directors in FY2021

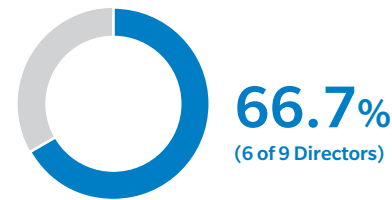
- Approval of the “DX2022” medium-term management plan and reporting of department-specific progress in said plan
- Reporting of an outline of the fiscal 2022 management plan and the review status for the basic budget
- Reporting of the capital policy under the precision medicine business
- Reporting of matters related to sustainability*
- Approval of guidelines for complying with the each of various principles in the revised Corporate Governance Code (June 2021 ver.)
- Approval of application to list the Company on the Prime Market
- Approval to revise a portion of the Basic Policy on Corporate Governance
- Reporting on the Operations Policy of the Board of Directors for Fiscal 2021 based on the “Board of Directors Effectiveness Assessments”
- Reporting on the Operations Policy of the Ordinary General Meeting of Shareholders for Fiscal 2021

* Said matters include the identification of the materiality of the Company and the approach thereto, management capability and capacity for action, cooperation with stakeholders, the reinforcement of human capital power, and innovation management

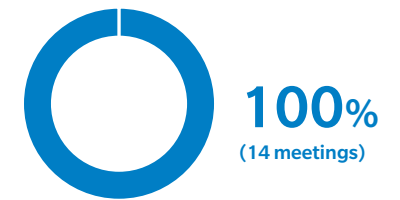
Board of Directors members



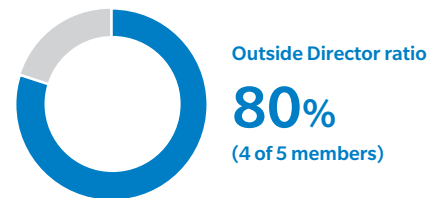
Non-Executive Officer ratio



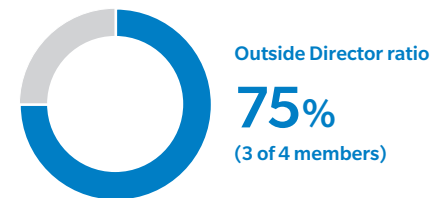
Board of Directors meeting attendance (FY2021)



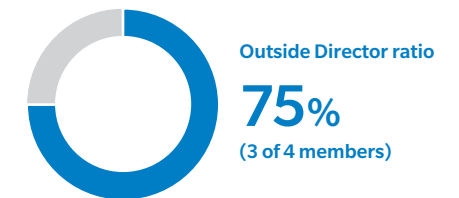
Nominating Committee members



Audit Committee members



Compensation Committee members



Member composition and ratios are current as of August 2022

Roles of the Board of Directors and three committees and meetings held in FY2021

	Role	Times held	Participation by all Directors	Participation by Outside Directors
Board of Directors	Acting in accordance with laws and the Articles of Incorporation, the Board of Directors make decisions on the Company’s business and supervises the execution of duties by the Directors and Executive Officers (including the execution of business by the Representative Executive Officer and Executive Officers).	14 times	100%	100%
Nominating Committee	The Nominating Committee makes decisions on agenda items that concern the election or dismissal of Directors, which are submitted to General Meetings of Shareholders. When appropriate, this committee also receives reports on and supervises succession plans (regarding personnel development and selection) provided by the President & CEO.	10 times	100%	100%
Audit Committee	The Audit Committee audits Directors and Executive Officers’ execution of duties, prepares audit reports, and makes decisions on proposals that concern the election, dismissal, or non-re-election of External Accounting Auditors and that are submitted at General Meetings of Shareholders.	13 times	100%	100%
Compensation Committee	The Compensation Committee makes decisions about individual compensation, bonuses, and other financial benefits that Directors and Executive Officers receive from the Company as compensation for performing their duties.	12 times	100%	100%

Corporate Governance

Policies and procedures upon nominating Director candidates

Board of Directors

The Nominating Committee reviews the composition of the Board of Directors and the three committees every year. In the recent selection of candidates for the Board of Directors, we carefully focused discussions on (1) the total number of directors and the composition of the directors (outside directors and inside directors, non-executive directors and directors concurrently serving as executive officers), (2) the tenure of outside directors, (3) diversity, (4) succession of the Chairman of the Board, (5) the role of inside directors serving as full-time audit committee members, and other factors. Based on the results of these discussions, the Company has confirmed the following policy regarding the composition of the Board of Directors for fiscal 2022.

1. The number of outside directors should be around five to six to ensure that they have the expertise and experience necessary for effective management supervision. In addition, the tenure of outside directors should be based on the existing four-year term, with the possibility of a two-year extension based on a resolution of the Nominating Committee, i.e., a maximum tenure of six years.
2. The selection of an outside director as the Chairman of the Board of Directors.
3. At least one internal director who does not concurrently serve as an executive officer is required to serve as a full-time member of the Audit Committee to ensure a certain level of audit quality.
4. In addition to the President, several executive officers, including the Executive Chairman and Executive Officer, shall be directors who concurrently serve as executive officers.

With the proposal for director nominees developed in accordance with this policy, the Board of Directors has a majority of outside directors (five out of nine), and an outside director was selected as the Chairman of the Board of Directors to further evolve the corporate governance system to be more transparent.

Additionally, in selecting Outside Director candidates, to oversee business execution from diverse perspectives, the Nominating Committee factors in the diversity and balance of the expertise, experience, and business categories that the Outside Directors represent as a whole and place the greatest emphasis on the expertise

and experience for appropriately overseeing the medium-term management challenges of the Company that those candidates possess. Note that for the newly-selected Outside Director, a candidate who possesses a wealth of knowledge regarding business development, IT service businesses and global management as a member of top corporate management and who can be expected to provide beneficial guidance and advice was selected.

Outside Directors

1. The Chairperson of the Nominating Committee asks the Nominating Committee members, other Outside Directors, and the President and CEO, Representative Executive Officer to recommend candidates in accordance with the above nomination policy. Upon this, a database of candidates prepared by the Nominating Committee Secretariat that contains information mostly centered on the “chairperson” of excellent enterprises, such as their independence, age and the status of concurrent positions, is also used as a reference.
2. With a view that Outside Directors have a role in overseeing the Company’s efforts to address medium-term management challenges, the Nominating Committee will discuss the nominees recommended and narrow down and rank the appropriate personnel as the candidates for Directors for the following year.
3. In order of the above ranking, the Chairperson of the Nominating Committee and the Chairman of the Board visit candidates to inquire about taking office as Outside Directors.

Inside Directors

1. President and CEO, Representative Executive Officer shares his plan on the executive system for the next fiscal year with Chairman of the Board of Directors. The two discuss a plan on candidates for Non-executive Directors and a plan on candidates for Directors who concurrently serve as Executive Officers according to the policies described above and make a joint proposal to the Nominating Committee.
2. The Nominating Committee discusses the proposal and makes its decision.

* Specific details regarding the policies and procedures for selecting Director candidates are on our website. <https://www.konicaminolta.com/us-en/investors/management/governance/01-01.html#anc-02>

Effectiveness assessments for 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.

Since then, self-assessments are conducted on the effectiveness of the Board of Directors and the three committees each year, looking back over the activities of the past year to confirm whether or not the construction and operation of the Company’s corporate governance system is contributing to the realization of sustainable growth and enhancement of medium- to long-term corporate value of the Company that the system is designed to facilitate. The results of these self-assessments are used to identify items that the Board of Directors should work on in the following fiscal year in order to further improve effectiveness.

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

In the past, we have developed questions with the objective of finding areas for improvement and issues to improve the effectiveness of governance, and in the last few sessions in particular, we have set questions with a specific point of focus.

On the other hand, since this year marks a milestone with the change of the Chairman of the Board, we have prepared questions to provide a bird’s eye view of the current status of the effectiveness of the Company’s governance.

Implementation process for effectiveness assessments for FY2021

March to April 2022	Distribution of self-evaluation questionnaires to Directors and their return
May 2022	Compiling of questionnaire responses and evaluation results Summary Report (informal gatherings of Directors)
June 2022	Explanation of Board of Directors Operations Policy for Fiscal 2022 by the new Chairman of the Board, Q&A session and opinion exchange (Board of Directors meeting immediately after the ordinary general meeting of shareholders)

Corporate Governance

Details of Board of Directors effectiveness assessments for FY2021

1. Composition of questions

The questions were divided into the following categories, with several questions for each (Responses consisted of five-grade evaluations.). In addition, a free-response field was provided for each category.

- (1) General questions (e.g.: contribution to corporate value, ensuring effectiveness)
- (2) Questions on operation of and discussions in board meetings (agenda setting, quality of discussions and supervision of the agenda)
- (3) Questions on operation of and discussions in board meetings (proceedings, quality of explanations and remarks during proceedings)
- (4) Committees
- (5) Environment of the Board and Committees
- (6) Composition of the Board

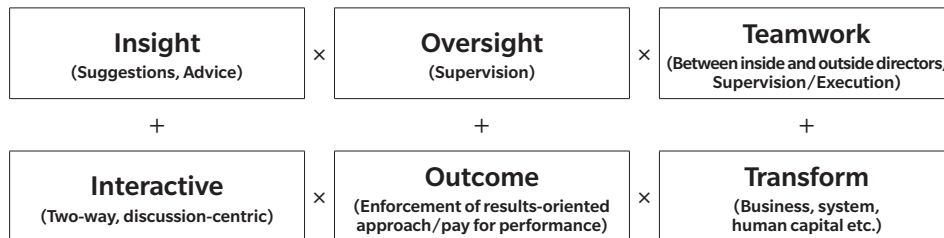
2. Responses, evaluations and opinions

Category	Responses, evaluation, opinions, etc. from each Director
(1)	<ul style="list-style-type: none"> • Although the Board has a certain level of effectiveness, it is not necessarily sufficient. • The contribution of the Board and the three committees to the enhancement of the Company's corporate value has reached a certain level, but it is not necessarily sufficient if we understand enhancement of corporate value to mean the improvement of business performance or stock price.
(2)	<ul style="list-style-type: none"> • There is a gap among directors in terms of how they perceive the level of oversight or discussion on sustainability-related issues. • Regarding the supervision of risk-taking by the executive team, there may be room for improvement in constructive deliberation or post-risk-taking supervision
(3)	<ul style="list-style-type: none"> • There are some times when I get the impression that the executive team's explanations are somewhat inaccurate and vary in degrees of skill from person to person. • There are cases when I feel that non-executive directors do not always ask questions or give opinions from the perspective of management oversight.
(4)	<ul style="list-style-type: none"> • There may be some issues to some of the discussions regarding executive officer appointments and oversight of succession planning for key positions.
(5)	<ul style="list-style-type: none"> • Board meeting materials need to be improved in terms of content, volume, and timing of distribution. • Training for directors could be further enhanced.
(6)	<ul style="list-style-type: none"> • I think it is better to take the stance of a global company and capture diversity in terms of gender, nationality, age, etc. • The absence of directors with experience and expertise in technology, R&D, and manufacturing can be a risk in the discussions and decisions of the Board. • It is desirable to be able to adjust the tenure of outside directors according to changes in the external environment and other factors. To this end, it may be an issue for consideration to conduct mutual evaluations among directors.

Outline of Board of Directors Management Policies for FY2022

1. Concept of the board management policy:

Aim to create a highly effective corporate governance system unique to the Company through IOT².



2. Other items to evolve further in the current fiscal year

- As a "monitoring board," narrow down the strategic points that need to be focused on in the current fiscal year and continuously implement the PDCA cycle.
- Further strengthen a governance system by increasing the shareholder/investor perspective.
- Foster an evolving sense of distance between the supervisory and executive sides to further improve teamwork.

3. Focus points for the Board of Directors

- Early recovery to profitability is a top priority
- Focusing on high-impact strategic themes, we aim to restore the trust of the market and the confidence of our employees by improving our executive power to transform our business portfolio.

Corporate Governance

Implementing a Directors' compensation system with clearly defined standards

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

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

Directors' compensation system

Compensation packages for Directors (Non-executive Inside Directors) exclude a short-term performance-linked cash bonus because Directors have a supervisory role, and consist of a "base salary" component in the form of a base salary and "stock bonus." The "stock bonus" consists of the "medium-term stock bonus" (non-performance-linked) and "long-term stock bonus." Also, Outside Directors only receive "base salary," inclusive of bonus according to their roles.

Compensation packages for Executive Officers consist of "base salary," "annual performance-linked cash bonus," and "stock bonus." Stock bonus consists of "medium-term stock bonus" (performance-linked) and "long-term stock bonus."

The amount of the "annual performance-linked 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, with the progress in each Executive Officer's key operational measures also reflected.

For "medium-term stock bonus" (non-performance-linked), the number of the Company's shares distributed is determined based on role and the number of years of service. For

"medium-term stock bonus" (performance-linked), that number is determined in accordance with the degree of attainment of targets adopted in the medium-term management plan. For "long-term

stock bonus," the number of the Company's shares distributed is determined based on title or role and the number of years of service.

Composition of Directors' compensation

Directors	Inside (not concurrently serving as Executive Officers)	Base Salary	Medium-term stock bonus (non-performance-linked)	Long-term stock bonus	
	Outside	Base Salary			
Executive Officers	President	Base Salary 50%	Annual performance-linked cash bonus 25%	Medium-term stock bonus (performance-linked) 15%	Long-term stock bonus 10%
	Other Executive Officers	Base Salary 51-55%	Annual performance-linked cash bonus 29-25%	Medium-term stock bonus (performance-linked) 12%	Long-term stock bonus 8%

Evaluation indicators for annual performance-linked cash bonuses

Item	Portion according to performance level	Portion according to attainment of performance targets				Portion according to personal appraisal	
		Corporate divisions *1/core business divisions			New business divisions		
Assessment index and others	Operating profit	Operating Profit 25%	Operating profit ratio 25%	Operating cash flow 25%	KMCC-ROIC *2 25%	Individual divisions targets	Reflects progress of each Executive Officer's key operational measures
	Linked with Group consolidated performance result level	Linked with annual performance target achievement rate			Linked with individual target attainment rate		

*1 The corporate divisions include management affairs divisions of Konica Minolta, Inc. and those with group-wide horizontal functions.

*2 KMCC-ROIC is ROIC for calculating the current annual performance-linked cash bonus, and invested capital consists of assets capable of individual management and improvement by each business division.

Indicators for determining medium-term stock bonus (performance-linked)

Item	Medium-term stock bonus (performance-linked)		
	Assessment index	Group consolidated operating profit	Group consolidated operating cash flow
(Cumulative total for 3 years from fiscal 2020 to fiscal 2022)		(3 year average from fiscal 2020 to fiscal 2022)	
40%		30%	30%
Linked with attainment rate of medium-term management plan targets			

Corporate Governance

Total compensation for Directors and Executive Officers

		Directors			Executive Officers
		Outside	Inside	Total	
Total (million yen)		64	169	234	391
Base salary	Persons	6	3	9	10
	Amount (million yen)	64	127	192	280
Performance-linked cash bonus	Persons	-	-	-	10
	Amount (million yen)	-	-	-	29
Stock bonus	Persons	-	3	3	10
	Amount (million yen)	-	42	42	81

Note 1 The number above includes one Outside Director and one Executive Officer who resigned on the date of the 117th Ordinary General Meeting of Shareholders held on June 17, 2021. As of March 31, 2022, the Company has five Outside Directors, three Inside Directors (not concurrently holding Executive Officer posts) and nine Executive Officers.

Note 2 In addition to the three Inside Directors shown above, the Company has another four Inside Directors who concurrently hold Executive Officer posts, and the compensation to these Directors is included in compensation to Executive Officers.

Note 3 Regarding the performance-linked cash bonus, the amounts which were recorded as expense in fiscal 2021 are stated.

Note 4 Regarding the stock bonus, the amounts which were recorded as expense in fiscal 2021 are stated, based on a calculation of estimated amount of stock bonus of the Company in the future according to estimated points to be allotted to Directors (excluding Outside Directors) and Executive Officers as part of their compensation. The amount includes medium-term stock bonus (performance-linked) to be distributed according to the target attainment rate in the period of the medium-term management plan.

Determining cross-shareholdings based on their significance or justification

In principle, the Company will not hold listed stocks as cross-shareholdings except in cases where it recognizes there is significance or justification for ownership. Significance or justification for ownership will be judged from the results of yearly examinations conducted on each based on whether there are expectations of collaboration with the issuers and business synergies, as well as on whether the benefit and risk of holding said stock are appropriate to its capital cost. Consequently, stock where there is little significance or justification for ownership will be sold while taking into account the proper stock price, market conditions, and other factors. Seven stocks judged to be lacking in significance were sold (excluding deemed holding shares) in fiscal 2021 (proceeds were ¥5,460 million).

The execution of voting rights is an important means of communicating with investees, and the Company exercises its voting rights related to all cross-shareholdings. In exercising these rights, the Company checks each proposal and, rather than making a uniform judgement on whether to approve or reject it

based on formulaic or short-term standards, makes a judgement from the perspective of whether the proposal will lead to continuous growth and a medium- to long-term increase in corporate value for the Company and the investee, based on sufficient consideration of said investee's management policy, strategies, and the like. Judgement on whether to approve or disapprove a proposal includes careful consideration of the following items that may have a significant impact on shareholder return in particular.

- Transfer of important assets
- Shareholdings structure change due to mergers or acquisition of 100% ownership
- Third-party allotments through favorable issuances
- Introduction of measures to defend against hostile takeovers

Breakdown of cross-shareholdings

	Stocks (name)	Total carrying amount (million yen)
Unlisted shares	22	1,820
Shares other than unlisted shares	8	5,579

* The ratio of the above total to consolidated net assets (total equity attributable to owners of the Company) is 1.3%.

* The above does not include deemed holdings shares.

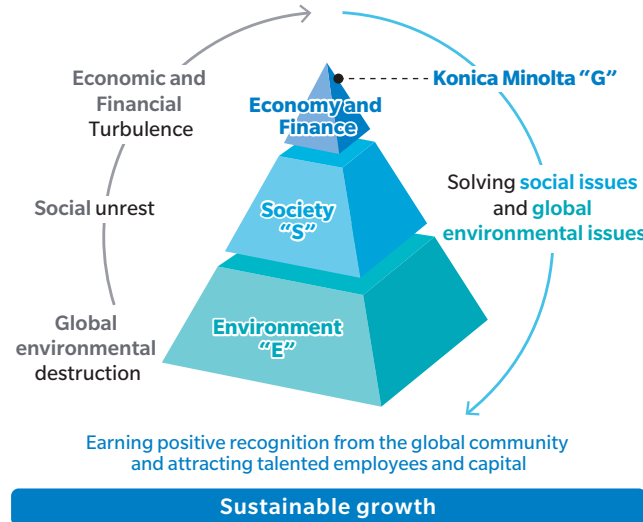
Sustainability Governance

Basic Approach

Konica Minolta has prospered together with society by continuing to provide the new value required in each era, living up to its philosophy, "The Creation of New Value." Helping to build a sustainable society also promotes corporate sustainability. If greater social unrest is triggered by the destruction of the global environment, it will also impact economies and financial systems worldwide. However, by working to solve global environmental and social problems, Konica Minolta can minimize future risks while creating opportunities for growth.

Konica Minolta's management vision is "Imaging to the People." It states the Company's determination to be a robust, innovative company, continually evolving and contributing to the sustainable growth of society and individuals. Konica Minolta will continue to take on the challenge of innovation — and co-innovation with customers — that can promote both the growth of its business and the creation of new value for the global environment and all of human society.

Basic Approach for Sustainability Management



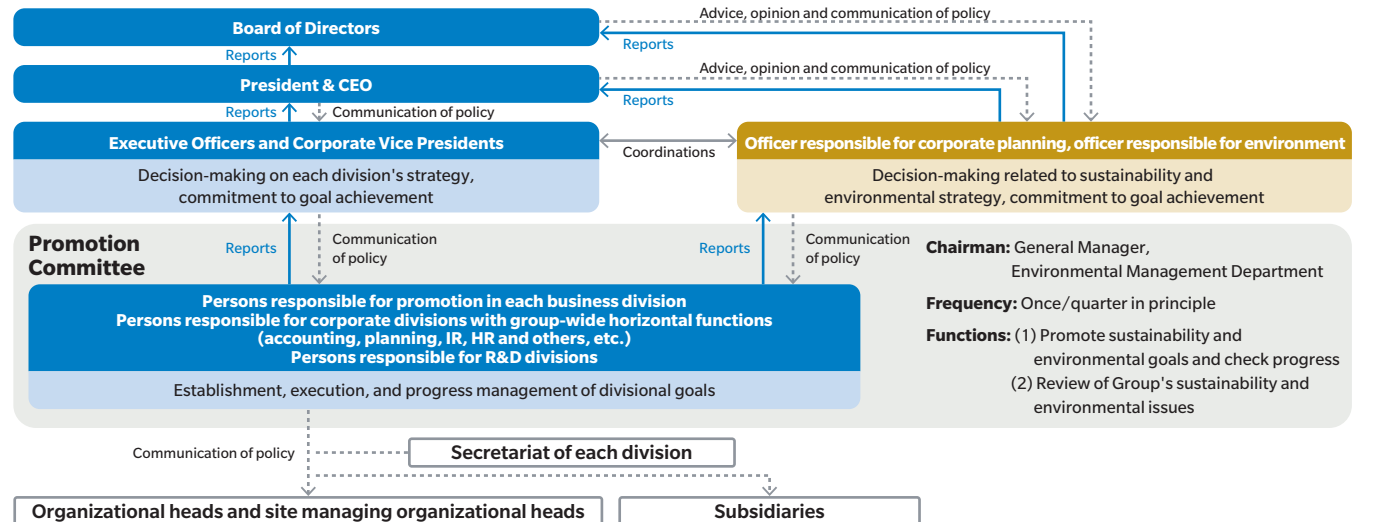
Sustainability Management System

At Konica Minolta Inc., the President and CEO, who is a member of the Board of Directors, is tasked with the ultimate responsibility and authority for overall sustainability management and is also responsible for the effectiveness of the Company's sustainability management. The actual sustainability management activities for the entire Group are executed by each Group Executive for Corporate Sustainability, under the President. Each Group Executive for Corporate Sustainability creates a medium-term plan for sustainability, which is approved by the Board of Directors as a management plan for the entire Group. Each Group Executive for Corporate Sustainability then reports to the President and the Audit Committee established in the Board of Directors on progress made on and issues in sustainability management. Each Group Executive also reports annually on sustainability progress under the medium-term management plan DX2022 (FY2020-FY2022) during Board of Directors meetings, and obtains advice and opinions.

The Company's established a Group Sustainability Promotion Committee as an organization that promotes the Group's medium-term sustainability plan. The Corporate Sustainability Division serves as the secretariat of the Committee, whose members are persons responsible for sustainability promotion appointed by the heads of the business divisions, corporate planning and management divisions (planning, IR, HR and others), and R&D divisions. The Committee discusses the medium-term sustainability plan and the annual plan, checks the quarterly progress, and reviews the Group's sustainability issues.

Since fiscal 2017, the Company's has been promoting sustainability as part of its management activities by including non-financial indicators such as ESG in the performance evaluation items of executive officers.

Sustainability Management System



Sustainability Governance

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.

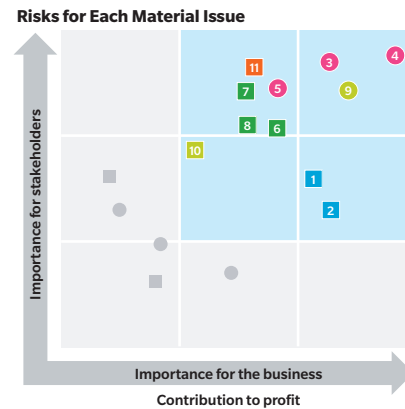
* Stockholm Resilience Center
<https://www.stockholmresilience.org/research/research-news/2016-06-14-how-food-connects-all-the-sdgs.html>

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.



- 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 CO₂ 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 CO₂ 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



- 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

Step 3. Results Confirmation and Issue Identification

As an organization that promotes the Group's Medium-term Sustainability Plan, the 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.

Sustainability Targets and Results during the Period of the Medium-term Management Plan DX2022

Improving Fulfillment in Work and Corporate Dynamism

Vision for 2030: Increase labor productivity for corporate clients, society, and Konica Minolta. Make time for creativity, and promote workplaces where all individuals can thrive.

Themes	Indicators		FY2020		FY2021		FY2022
			Results	Targets	Results	Targets	Targets
Increasing customer productivity and making time for creativity			Measures are planned to be disclosed in the future				
Creating an organization that draws out potential talent so that individuals can shine	Social and environmental value	Strategic assignments for manager candidates (%) *1	70	70	98	100	100
		Number of DX leaders*2 trained (people)	-	-	24	27	40
		Employee engagement score	GES*3 designing	GES designing	GES implementation Problem identification and goal setting	GES implementation Problem identification and goal setting	10% score increase in GES compared to FY2021
		Percentage of management positions held by women (%) *4	7.2	-	9.1	8	10% or more
		Percentage of women among new graduate hires (%) *4	23	30% or more	35	30% or more	Maintained at 30% or more

*1 Percentage of employees assigned to strategic leadership positions *2 DX leader: Leaders who can meet customer needs with digital solutions *3 GES (Global Employee Survey) *4 Target scope: Regular employees of Konica Minolta, Inc. as of April 1 following each fiscal year

Supporting Healthy, High-Quality Living

Vision for 2030: Promote health and high quality of life at corporate clients, in society, and Konica Minolta. Help individuals lead fulfilling lives.

Themes	Indicators		FY2020		FY2021		FY2022	
			Results	Targets	Results	Targets	Targets	
Promote health and high quality of life at corporate clients			Measures are planned to be disclosed in the future					
Building safe and comfortable workplaces where employees feel motivated	Improve organizational health	Social and environmental value	Rate of reduction in Level 4 workplaces (%) *1	38	15	69	30	50
			Percentage moving to higher level of organizational health (%) *2	-	-	5.1	5	10
	Employee health *3	Social and environmental value	Number of employees who are at high risk physically (employees with the highest health risks) ^{Note1}	24% increase	4% decrease	30% decrease	8% decrease	12% decrease
			Number of leave-of-absence days taken due to mental health problems *4	15.1% increase	3% decrease	10.1% increase	7% decrease	13% decrease

Note. Target scope: Konica Minolta, Inc. However, the scope of targets and results of employees who are at high risk physically (Note1) has expanded to include Group employees in Japan from fiscal 2021.

*1 The rate of reduction from fiscal 2019 levels in the number of Level 4 workplaces, which have the highest level of stress (workplaces deemed to have the highest level of stress based on the results of a four-level stress check) *2 The rate of year-on-year change in the number of workplaces whose results in the organizational health survey improved from less than 3.5 to 3.5 or higher (upper level) *3 Rate of change from fiscal 2019 results *4 Targets and results have been revised retrospectively to fiscal 2020 figures as the method of calculating the effects of measures was changed in fiscal 2021.

Ensuring Social Safety and Security

Vision for 2030: Enhance safety and security in the workplaces of corporate clients and in society. Minimize risks posed by Konica Minolta products and services.

Themes	Indicators		FY2020		FY2021		FY2022
			Results	Targets	Results	Targets	Targets
Provide safety and security in the work and daily lives of corporate clients			Measures are planned to be disclosed in the future				
Minimizing Risks Related to the Safety and Security of Konica Minolta Products and Services	Eliminate substances that affect health	Social and environmental value	Number of serious accidents*1 caused by chemical substances	0	0	0	0
		Economic value	Serious business losses due to chemical substance management (JPY)	0	0	0	0
	Reinforce efforts to ensure health when products and services are used	Social and environmental value	Number of serious product-related accidents*2	0	0	0	0
		Economic value	Major business losses related to product safety (JPY)	0	0	0	0
	Completely eliminate serious information security incidents	Social and environmental value	Number of serious information security incidents*3	0	0	0	0
		Economic value	Major business losses related to information security (JPY)	0	0	0	0

*1 Serious accident: A case that causes serious harm to the product user's life and/or body and cases that cause serious and significant impact on the business of the product user *2 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, to assets other than the product *3 Serious security incidents refer to those product-security incidents that cause serious and significant harm to the product user's business

Sustainability Targets and Results during the Period of the Medium-term Management Plan DX2022

Addressing Climate Change

Vision for 2030: Reduce CO₂ emissions by Konica Minolta. Enhance CO₂ emissions reduction at corporate clients and suppliers, and reduce the carbon footprint of society.

Themes	Indicators	FY2020		FY2021		FY2022		
		Results	Targets	Results	Targets	Targets		
Reducing Energy Usage and CO ₂ Emissions by Transforming Customer Processes	Social and environmental value	Amount of Carbon Minus contributions* ¹ (thousand tons)	578	590	570	700	640	
	Economic value	Solution sales (billion yen)	50.8	56.0	56.4	66.0	71.0	
Energy Usage and CO ₂ Emissions Reduction Related to Konica Minolta Sites, Business Partners, Products and Services	CO ₂ emissions over the product lifecycle* ²		Reduction of CO ₂ emissions (thousand tons)	821	-	790	-	970
			Reduction rate (%) over FY2005	60	-	61	-	57
	Reduction of environmental impact of Konica Minolta production sites* ³	Social and environmental value	Reduction of CO ₂ emissions (thousand tons)	4	4	12	10	18
		Economic value	Monetary equivalent of energy reduction (million yen)	79	89	270	210	350
		Social and environmental value	Amount of CO ₂ reduced through procurement of renewable energy (thousand tons)	7	6	10	12	20
			Percentage of renewable energy use (%)	6.5	-	8.5	-	10
	Reduction of environmental impact through the use of Konica Minolta products and services	Social and environmental value	Reduction of CO ₂ emissions (thousand tons)	14	16	25	28	50
		Economic value	Sales from sustainable solutions (billion yen)	676	770	597	690	690
Reduction of environmental impact at suppliers using DX* ³	Social and environmental value	Amount of contribution to CO ₂ reduction* ¹ (thousand tons)	1.1	1.0	2.8	2.1	5.0	
	Economic value	Monetary equivalent of energy reduction (million yen)	16	15	43	32	77	
Reinforcing engagement with customers using DX	Economic value	Number of customer relationships strengthened* ⁴	285	320	303	-	408	
		Number of times participating in business talks* ⁵	212	160	153	-	181	
		Contributions to sales* ⁶ (million yen)	692	700	892	-	1000	

Note: Targets and results have been revised retrospectively to fiscal 2020 figures as the method of calculating the effects of measures was changed in fiscal 2021.

*¹ Contribution to CO₂ reduction: Volume of CO₂ emissions reduced at customers, business partners and the broader society *² CO₂ emissions over the product lifecycle, from procurement, production, distribution, sales and service to use by the customer

*³ Reduction amount for each fiscal year due to the measures implemented during medium-term plan *⁴ Enhanced customer relations: Number of business opportunities gained by providing customers with environment-related technologies and know-how

*⁵ Business negotiation participation: Number of proposed products for which a quotation was submitted out of the number of enhanced customer relations *⁶ Sales contribution: Total amount of sales of products proposed at the above-mentioned business negotiations

Using Limited Resources Effectively

Vision for 2030: Promote the effective use of resources at Konica Minolta, while also helping corporate clients and suppliers to achieve effective use.

Themes	Indicators	FY2020		FY2021		FY2022		
		Results	Targets	Results	Targets	Targets		
Effective Use of Resources by Transforming Customer Business Processes	Social and environmental value	Reduction of waste discharge of customers (thousand tons)	320	330	320	350	350	
	Economic value	Solution sales (billion yen)	53.0	58.0	59.9	71.0	78.0	
Effective Use of Resources Relating to Konica Minolta Sites, Suppliers, Products and Services	Reduction of environmental impact of Konica Minolta production sites*	Social and environmental value	Reduction of waste discharge (thousand tons)	0.6	0.5	1.3	1.0	1.7
		Economic value	Monetary equivalent of waste reductions (million yen)	130	110	260	200	300
	Reduction of environmental impact through the use of Konica Minolta products and services	Social and environmental value	Amount of resources saved and recycled (thousand tons)	12	14	12	14	15
		Economic value	Sustainable solution sales (billion yen)	676	770	597	690	690

* Reduction amount for each fiscal year due to the measures implemented during medium-term plan

Disclosure Based on TCFD Recommendations

Responding to climate change

Konica Minolta's environmental management is based on the concept of "growing our business by solving environmental challenges and also creating new businesses." The goal is to become a company that is vital to society by helping to solve climate change and other global environmental challenges while pursuing corporate growth. There is a limit to what one company can do on its own to solve the problem of global climate change. This is why Konica Minolta seeks to achieve Carbon Minus status by proactively contributing to the reduction of CO₂ emissions on the planet in collaboration with stakeholders, primarily business partners and customers. The Group defines "Carbon Minus status" as "making a greater contribution to CO₂ reductions in areas outside the scope of our responsibility than the volume of CO₂ emissions in areas we are responsible for." Konica Minolta's aim is to quickly achieve a state wherein the Group contributes to emission reductions by customers and the broader society greater than the emissions directly related to its own products and operations (including Scope 1, 2, and 3 emissions). Konica Minolta hopes to accelerate the effects of decarbonization, strengthen its ties with stakeholders, and grow its business together by not only fulfilling its social responsibilities but also helping all stakeholders fulfill theirs.

Transition Plan to a Low-Carbon Society

Konica Minolta has set a medium-term Science Based Targets (SBT) for CO₂ emissions reduction in 2030 with the aim of helping to build a low-carbon society. As a transition plan to achieve the target, the Group has established short-, medium-, and long-term measures to reduce CO₂ emissions for which it is directly responsible by setting CO₂ emissions reduction measures such as the development of energy-saving production technologies, introduction of renewable energy-derived electricity, conversion of its business to a paperless operation, and consideration of CO₂-free fuels. Furthermore, Konica Minolta is transitioning to a DX business in anticipation of a change in demand for "as a Service" product services, and is formulating a business plan to both generate sales and reduce CO₂ emissions. Specifically,

Konica Minolta will promote Sustainable Solution activities that incorporate value for decarbonizing products and services at the planning and development stage, Sustainable Factory activities to achieve decarbonization during production, carbon neutral partner activities to achieve decarbonization together with suppliers, and sustainable marketing activities and the environmental digital platform to support customers' decarbonization in sales and services. On-demand production by customers, work style reforms, and edge computing will transform the mass production and mass disposal business model and help curb energy use in the digital society. In addition, Konica Minolta is considering moving up its plan to introduce renewable energy, especially in Europe, North America, Japan, China, and ASEAN.

Konica Minolta will transform its business portfolio as it heads toward 2025. As a result, there is a risk that Scope 1 and 2 emissions will increase due to the expansion of business caused by the transformation of its business portfolio, especially in the Industry Business. Therefore, in addition to the measures above, the Company is also considering measures to reduce CO₂ emissions by leveraging internal carbon pricing. This portfolio transformation will expand the Company's industrial printing business domain, significantly reduce CO₂ emissions at customers' sites, and help them achieve carbon zero status as quickly as possible. For example, Konica Minolta provides services that transform customers' workflows in the printing industry and other industries with on-demand printing and on-demand production, thereby improving the productivity of client companies and helping to reduce energy consumption by eliminating wasted uptime.

In 2018, Konica Minolta agreed to support the final report, "Recommendations of the Task Force on Climate-related Financial Disclosures," of the Task Force on Climate-related Financial Disclosures (TCFD), established by the G20 Financial Stability Board (FSB). The Group will disclose its climate change initiatives using the TCFD framework.

Governance

Organizational Governance of Climate-related Risks and Opportunities

In 2008, Konica Minolta set the goal of reducing CO₂ emissions across the entire lifecycle of its products by 80% compared to fiscal 2005 by 2050. This target was approved by the Board of Directors. In 2017, the Company added a Carbon Minus target as part of its commitment to contributing, working with business partners, customers and other stakeholders, to contribute to emission reductions for customers and the broader society greater than the CO₂ emissions directly related to the Company's products and operations. In addition, in 2020 the Board of Directors approved the inclusion of "addressing climate change" as one of the five material issues that Konica Minolta would address in its long-term management vision and the decision to move the Carbon Minus target date forward to 2030 as its goal for addressing climate change.

Furthermore, at Konica Minolta, the president has the ultimate responsibility for and authority over climate change issues and is responsible for the effectiveness of environmental management, including climate change. The officers assigned by the president (Group environmental officers) pursue environmental management including climate change, and prepare medium-term plans, while the progress of these activities is routinely reported to the Executive Committee and the Board of Directors where they are discussed as management issues. In addition, the Group's environmental officers report every month to the president, chairman of the Board of Directors and the Audit Committee established by the Board of Directors on issues including progress made with environmental management and climate change issues. The Audit Committee routinely monitors and reviews the status of the overall implementation of environmental management led by the president. In fiscal 2021, at the Board of Directors meeting held in May, we reported on the goals and priority activities of "Addressing Climate Change," one of the five material issues, as part of our medium-term sustainability management initiatives. In addition, at the Audit Committee meeting held in December, we reported on the sustainability management structure and control process including "Addressing Climate Change." The Company is pursuing the medium-term sustainability plan under the supervision of the Board of Directors.

Disclosure Based on TCFD Recommendations

Strategy

Impact on the Organization's Business, Strategy, and Finances of Climate-related Risks and Opportunities

As the physical impacts of climate change materialize and the global environment is ruined, this will likely cause turmoil in the economic and financial sectors. Konica Minolta recognizes these to be significant risks to its business. At the same time, the Company believes that, by helping to solve environmental issues through business activities, opportunities can be created that will promote the sustainable growth of the Group. By actively introducing cutting-edge technology and combining it with Konica Minolta's strengths in imaging IoT technology and digital input and output, the Group is transforming itself into a digital company that creates solutions which contribute to solving social issues including climate change.

In the long-term management vision formulated in fiscal 2020, "addressing climate change" was designated as one of the material issues and achieving Carbon Minus status by 2030 was set as a target. As Konica Minolta's offerings to clients shift from products to services, it aims to reduce CO₂ from services as well as CO₂ emissions from its products and turn this into business growth. By backcasting from this target and linking the medium-targets and annual plans on climate change measures to medium-term business plans for product planning, development, production, procurement and plans, Konica Minolta aims to achieve its Carbon Minus target while continuing to develop its business.

Risk Management

Process for identifying, evaluating, and managing climate-related risks

Having positioned risk management as "an activity to maximize returns while minimizing negative impacts of risk," Konica Minolta evaluates risk from a medium- to long-term perspective. In the short to medium term, environmental risks, which includes climate change, is positioned as a management risk for the whole Group, and the Risk Management Committee manages that risk. Furthermore, from a medium- to long-term perspective, the Group evaluates and manages the impact and uncertainty of climate change risk in the case of two scenarios, one in which a shift to a low-carbon society has taken place and one in which the impacts of climate change have materialized.

As for planning and implementing its climate change-related response, the Promotion Committee deliberates on these issues each quarter, undertakes a rolling review of the degree that risks have changed twice a year, and reevaluates risks. The Group Environmental Officer not only reports on progress in implementing plans monthly to the President and CEO but also reports on important environmental issues to bodies such as the management meetings of Executive Officers and Risk Management Committee. The Board of Directors monitors the implementation of plans by receiving regular reports on progress in management plans related to the climate change response.

Metrics and Targets

Metrics and Targets Used to Assess and Manage Climate-related Risks and Opportunities

Product life cycle CO₂ emissions include all Scope 1 and 2 emissions (CO₂ emissions generated during the production stage and the sales and service stage) and the main components of Scope 3 emissions (CO₂ emissions at the procurement stage, distribution stage, and product use stage). In the long term, the Group aims to reduce CO₂ emissions across the product lifecycle by 80% by 2050 compared to fiscal 2005 levels. In the medium term, Konica Minolta aims to reduce CO₂ emissions by 60% by 2030 (certified by the SBT Initiative as a Science-Based Target), and in the short term, to cut emissions by 57% by 2022. Konica Minolta reduced actual emissions by about 790 thousand in fiscal 2021, achieving a 61% reduction compared with fiscal 2005. Furthermore, beyond the scope of lifecycle of its own products, the Group will achieve "Carbon Minus status", which refers to generating contributions to emissions reductions by society and customers that exceed one's own CO₂ emissions, by 2030. In fiscal 2021, Konica Minolta reduced CO₂ emissions 580 thousand. Considering the forecast of not being able to use fossil fuels in the future, the Group has set targets for the percentage of electricity purchased for its own business activities that comes from renewable energy—100% by 2050, 30% by 2030 as a medium-term target, and at least 10% by 2022 as a short-term target. In fiscal 2021, the Group reached 8.3%.

Climate change scenario analysis and results

The Paris Agreement is a framework for addressing climate change that envisions two scenarios, one in which the whole world swiftly and boldly shifts to a low-carbon society and one in which climate change has a prominent physical impact in areas throughout the world. Konica Minolta identifies business risks that could adversely affect the performance of the Group in the future as well as business opportunities that can be created by proactively addressing the challenges of climate change. Konica Minolta utilizes the framework described below to conduct scenario analysis: identify target business areas, identify major climate-related risks and opportunities, review existing scientific scenarios for climate change, review and clearly define risks and opportunities for those scenarios as well as their financial impacts, and then review the direction, policies, and strategies for future responses.

Based on the scenario analysis results, the Company has formulated a business plan to anticipate business growth centered on DX by shifting from a conventional product sales model focused on MFPs, which account for a high percentage of sales, to an "as a Service" model. The Board of Directors approved the establishment of "addressing climate change" as one of the five material issues to be addressed by Konica Minolta in its long-term management vision and also approved moving forward the date for achieving Carbon Minus status to 2030 with the goal of addressing climate change. Konica Minolta is considering moving its target dates for the reduction of CO₂ emissions over the product lifecycle, contribution to CO₂ reductions, and the renewable energy-derived electricity utilization rate further forward.

Disclosure on Four Themes Based on TCFD Recommendations

If the average global temperature increase is kept below 2°C and a low-carbon global society is achieved

Addressing the “Risks” of Climate Change

Impact on Konica Minolta		Target Sector	Classification	Financial Impact	Timeline	Handling
Increase in procurement and manufacturing costs	Stakeholder demand for renewable energy procurement	Industry Digital Workplace Professional Print	Market evaluation	Medium	Short-term	Introduce renewable-energy-derived electricity at production, R&D, and sales sites
	Replacing fossil resources and fuels in production	Industry	Policies/Laws	Medium	Long-term	Examine the introduction of CO ₂ -free fuels
	Response to new emissions regulations and laws	Industry	Policies/Laws	Medium	Short to medium term	Develop energy-saving production technology
Increase in product development costs	Response to the market and new regulations on product energy efficiency	Digital Workplace Professional Print	Policies/Laws Market	Medium	Short-term	Product energy-saving design in keeping with new environmental labeling standards, compliant with public procurement and bidding requirements
Decrease in sales due to changes in demand for products and services	Decrease in office demand due to acceleration toward a paperless society	Digital Workplace Professional Print	Market	Medium	Short to medium term	Convert business to paperless operation
	Decline in product competitiveness due to unsustainable use of resources and non-reusable design.	Digital Workplace Professional Print	Policies/Law Evaluation	Medium	Medium term	Utilize recycled materials, product 3R design

Addressing the “Opportunities” of Climate Change

Impact on Konica Minolta		Target sector	Classification	Financial Impact	Timeline
Higher sales due to change in demand for products and services	Edge computing, minimizing need for data centers	Digital Workplace Professional Print Industry	Products/Services	Strong	Medium-term
	On-demand production process to restrain wasteful production	Digital Workplace Professional Print	Products/Services	Strong	Short- to medium- term
	Connected workplaces that support diverse work styles	Digital Workplace Professional Print	Products/Services	Strong	Short- to medium- term
	Solutions for material processing process transformation to reduce energy use	Industry	Products/Services	Medium	Short- to medium- term
	Leakage inspection system of pipelines including those carrying shale gas	Industry	Products/Services	Minimal	Short- to medium- term
	Ecosystem that supports corporate environmental and sustainability management	Digital Workplace Professional Print	Products/Services	Minimal	Short- to medium- term
	Technology for upgrading recycled plastics	Digital Workplace Professional Print	Products/Services	Minimal	Short- to medium- term

If the average global temperature increase exceeds 2°C and the predicted physical effects of climate change materialize

Addressing the “Risks” of Climate Change

Impact on Konica Minolta		Target sector	Classification	Financial impact	timeline	Handling
Lower revenue due to a reduction in production capacity	Insufficient or interrupted supply of natural resources due to changes in climate patterns	Industry	Chronic physical	Strong	Long-term	Product development not dependent on particular natural resources
	Supply chain interruptions following large-scale natural disasters	Digital Workplace Professional Print	Acute physical	Strong	Medium-term	Establish business continuity management (BCM), decentralize production and supply of consumables by region, production system independent of people, location, country, and fluctuations
	Depletion of water resources and restrictions on water intake	Digital Workplace Professional Print	Chronic physical	Minimal	Long-term	Water risk assessment and reduction of water consumption at production and procurement sites
Decrease in sales due to changes in demand for products and services	Limited access to forest resources due to abnormal climate and forest fires	Digital Workplace Professional Print	Chronic physical	Strong	Long-term	Turn the shift to paperless into business opportunity

Addressing the “Opportunities” of Climate Change

Impact on Konica Minolta		Target sector	Classification	Financial impact	Timeline
Increase in sales due to changes in demand for products and services	Image IoT and sensing solutions that contribute to disaster prevention and the mitigation of acute abnormal climate and natural disasters	Industry	Products/ Services	Medium	Medium-term
	Healthcare solutions utilizing diagnostic imaging at disaster medical sites	Healthcare	Products/ Services	Minimal	Medium-term

- Scientific scenarios used: IPCC RCP2.6, RCP8.5 IEA 2DS, CPS
- Classification of risks and opportunities: Transition risks (policies and laws, technologies, markets, reputation), physical risks (acute physical, chronic physical), opportunities (resource efficiency, energy, products/services, markets, resilience)
- Definition and evaluation criteria for “financial impact”: “Large”: additional cost or profit decrease of 1 billion yen or more, “Medium”: additional cost or profit decrease of 100 million yen to 1 billion yen, “Minimal”: additional cost or profit decrease of less than 100 million yen
- Definition and evaluation criteria for “financial impact”: “Large”: Profit of 10 billion yen or more, “Medium”: Profit of 1 to 10 billion yen, “Minimal”: Profit of less than 1 billion yen
- Definition and evaluation criteria for timeline: Long-term: 10 years or more, Medium-term: 3 to 10 years, Short-term: 1 to 3 years

Risk Management

Major risks identified by frequency and potential degree of impact

We consider risk to be any situation that presents “uncertainty” about a potential impact on the earnings or losses of our organization. In that sense, risk management encompasses not just the negative side of risk but also the positive side for our sources of earnings. It is therefore essential for mitigating potential negative impact as well as for pursuing the maximum return from opportunities.

In line with this philosophy, we have established the Risk Management Committee, which comprehensively and systematically manages various risks concerning the Group’s business activities. The committee is in charge of facilitating the building and strengthening of Group companies’ risk management systems, and its members are appointed by the committee’s chairperson. Konica Minolta’s Executive Officers and Corporate Vice Presidents are required to perform risk management for their respective areas of responsibility. Risk Management Committee members consist of individuals of Executive Officer or Corporate Vice President class.

Risk management process

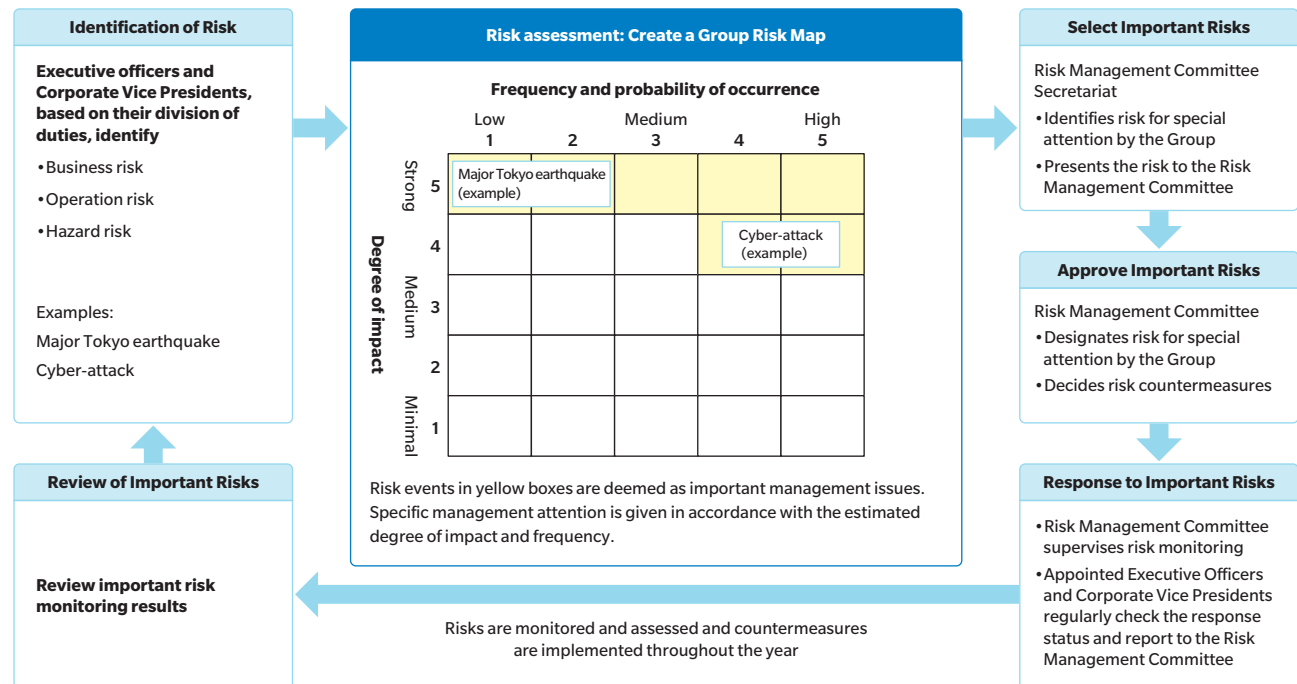
The Risk Management Committee reviews management risk items in 17 categories, including items classified as small and medium risks. It applies the PDCA process to improve risk measures, in which the committee reviews the status of countermeasures by conducting monthly and quarterly monitoring. The Risk Management Committee also annually identifies significant risks to the Group that are considered especially critical to management and need to be monitored from a companywide perspective. Significant risks are primarily managed by the committee members, who also spearhead the monitoring the monthly progress of the Group’s countermeasures.

All risks extracted by Executive Officers and Corporate Vice-Presidents are plotted into a comprehensive Group Risk Map based on quantitative assessments of the degree of impact and the frequency and probability of occurrence. These maps are updated and pertinent countermeasures are discussed twice a year.

When required due to some unforeseeable situation that

occurs, the extraordinary meeting is convened at the discretion of the committee’s chairperson. For risks deemed to be of high importance by the committee, progress made in addressing these risks are reviewed monthly or quarterly. Risks deemed to be of particularly high importance are addressed by the Group as a whole, with efforts led primarily by Executive Officers and Corporate Vice Presidents appointed by the committee chair.

Process of Identifying Important Risk for the Group



Risk Management

Main Risks and Countermeasures

Risk	Probability	Timing with Potential Occurrence	Potential Impact	Countermeasures
Forex fluctuations	High	Any time	Medium	To reduce the effects of forex fluctuation, hedges are made using mainly forward exchange contracts in major currencies such as the U.S. dollar and the euro.
Digital Workplace Business Risk related to changes in the print environment	High	Within 1 year	Strong	To address the risk of declining output opportunities in offices in developed countries, we are working towards expanding our scanning services and document management services that make use of MFPs. We also continue to expand deployment of color MFPs in countries and regions that still have room to grow, including China and India.
National or regional regulations	High	Within 1 year	Medium	We always pay close attention to and gather information about trends concerning laws and regulations in the countries and regions where we operate. We coordinate with legal affairs personnel in each area, ascertain the situation in overseas regions, and take action when necessary with help from specialized organizations that include outside lawyers and consultants.
Changes due to technological development	Medium	Within 3 years	Medium	Through taking “technologies to make the invisible visible” that result from fusing core technologies in four fields, namely materials, optics, nanofabrication, and imaging, with digital technologies as represented by IoT and AI technologies, and materializing those technologies in product form, we are carrying out initiatives to supply them to customers through each of our Digital Workplace, Professional Print, Healthcare and Industry Businesses.
Shift to new products	Medium	Within 3 years	Strong	From the initial stage of development through to mass production, at every step along the way in transitioning to new products and services, we perform thorough testing and gate management focused on product specifications, quality needs, production costs, and compliance with various regulations (including those for safety, the environment and security) for every prototype, pre-production sample, and mass-produced product that we handle.
Collaborations, company acquisitions	Medium	Any time	Medium	In our collaboration with other companies and corporate acquisitions, we assess the viability of an investment after conducting investment assessments that look at compatibility with our corporate strategies, planning probability, appropriateness of the investment size, and risk management.
Procurement, production, etc.	High	Within 1 year	Strong	We have specialized divisions in our core procurement regions of Japan, China, Vietnam, and Malaysia, and we accelerate our action-taking by gathering information on such things as regulations, restrictions, and changes that concern procurement in each region. We have also sought to practice production-related risk management and improve our flexibility in responding to changes in the business environment by building production assembly sites in Japan, China, and Malaysia. With these sites, we are increasing the proportion of products we make outside of China, mainly for major flagship products with large production volume. We do this to hedge against country risk in China, which has increased in various respects in recent years.
Global supply chain	High	Within 1 year	Strong	In our mainstay Digital Workplace and Professional Print Businesses, we carry out inventory projection simulations at sales sites tailored to the actual state of logistics there as appropriate, distribute supply quantities across various regions in accordance with future inventory projections, make flexible modifications to logistics routes, and circumvent any impact on sales.
Product liability and quality assurance	Low	Any time	Medium	As a means to prevent serious quality problems, we have created the “Quality Assurance Managers Committee,” which is chaired by an Executive Officer or Corporate Vice President who has quality-related responsibilities and authority and which oversees quality management throughout the Group.
Major earthquake, disaster, epidemic, etc.	Medium	Any time	Strong	The officer in charge of crisis management centrally manages information in the event of such things as disasters, infectious disease outbreaks, wars, acts of terrorism, and cyber-attacks, and we have built a system for taking appropriate action with top priority given to employee safety. For large earthquakes and other natural disasters, we are working in accordance with the Medium-term Disaster Readiness Plan and making improvements to our response capabilities both in terms of tangible and intangible asset, with measures aimed at prevention, mitigation, emergency response, initial response, recovery, and reconstruction.
Environmental regulations, climate change	Medium	Any time	Medium	We believe that conducting business with a focus on quickly conforming to the needs of a renewable energy-based society that is not reliant on fossil fuels, a major cause of man-made CO ₂ emissions, is a necessary condition for any company to grow sustainably. We are therefore a member of the RE100 international leader initiative, which aims to conduct business using 100% renewable energy. We have set a 2050 target to be using 100% renewable energy for the electricity procured for use in our business operations.
Intellectual property rights	Low	Any time	Minimal	In countries and regions where it is difficult to properly acquire and enforce intellectual property rights that protect things such as technologies, we employ a number of methods to stop the circulation of counterfeit products. These include collaborating with governmental agencies to confiscate and ban the import of such goods in order to conform with trademark rights, and stopping the sale of counterfeit products from e-commerce sites by coordinating with business operators.
Human resource availability	Medium	Within 3 years	Strong	We see the development and acquisition of IoT personnel as an important strategy and are focusing on implementing related measures. Based on the certification system for IT personnel that we have put in place and the hurdles each of those personnel members should overcome that we clarified, we have prepared programs for teaching skills that will be required of those personnel and are endeavoring to reinforce their development. In our efforts to recruit personnel, we are stepping up efforts towards long-term internships and collaboration with universities on attracting talented students in the IoT field to the Company.
Information security	High	Any time	Strong	Our information management efforts include developing appropriate technological measures and internal control systems, as well as educating employees. Additionally, in order to supply a work environment with greater consideration for security for the purpose of accommodating the increase in people working remotely, in addition to building a secure network environment through encrypted communications, we limit connections to our internal environment from devices other than those designated by the Company.
Impact from the COVID-19 pandemic	High	Within 1 year	Strong	In the face of the COVID-19 pandemic, Konica Minolta follows the laws and guidance of every government and region where the Company operates to prevent further infection and gives the highest priority to the health and safety of all its stakeholders, including customers, suppliers, everyone working in the Group, and their family members. Simultaneously, to ensure no disruption in our provision of products and services to customers and society, we continue to make every effort toward maintaining our supply chain, which includes production and distribution. In order to further boost productivity while enhancing quality and cost competitiveness, we maintain a particular focus on continued efforts to promote the digitalization of our production activities and pass on those effects to our suppliers as well.