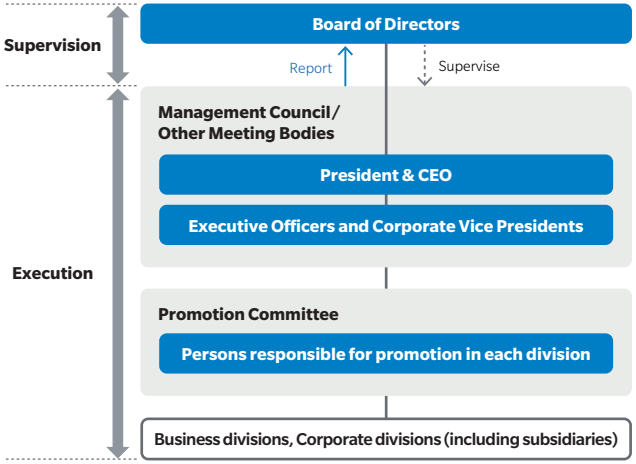
Sustainability Strategy

Management System

The President & CEO, Representative Executive Officer, has the highest responsibility and authority for overall sustainability management and is responsible for its effectiveness. Under the President & CEO, Representative Executive Officer, each executive responsible for sustainability promotes sustainability management for the entire Group. Discussions and decision-making on important sustainability issues are conducted at the Management Council and other meeting bodies, which are decision-making bodies, in the same manner as other important management issues, in order to increase connectivity with management and business strategies.

Promotion committees are set up when needed as a forum to discuss and promote the Medium-term Plan on Sustainability. For example, the Group Environmental Promotion Committee is attended by persons responsible for environmental promotion appointed by the head of each business division, corporate division, and other organizations, and deliberates on medium-term and annual plans related to the environment, checks progress on a quarterly basis, and examines environmental issues facing the Group.

Sustainability Management System



Role of the Group Environmental Promotion Committee

- Promotion of targets and implementation plans (annual plans) related to environmental activities and confirmation of progress
- Communication and review of information on the Group's environmental issues
- Consideration of agenda items required by the Group Environmental Officer

FY2024		Main report and discussion items
1st meeting	Jul.	• Review of environmental targets for fiscal 2023 and activity progress • Discussion on fiscal 2024/2025 plan response policy and review in light of internal and external changes
2nd meeting	Nov.	• Discussion on expansion of renewable energy procurement, taking into account social demands and customer needs • Discussion of measures to consider actions for formulation of the next Medium-term Business Plan • Formulation of strategies and measures for medium- to long-term CO_2 reduction at bases (Scope 1 and 2) • Green marketing strategies in strengthening businesses
3rd meeting	Feb.	• Sharing the current status of global environmental regulatory risks and necessary actions • Discussion on the outlook for fiscal 2024 environmental targets and actions for fiscal 2025

For more information: **Environmental targets and results by materiality (see pages 41-42)**

Material Issue Identification Process

After gaining insight into social and environmental issues expected to be critical by 2030 by examining the UN Sustainable Development Goals (SDGs), macro trends and various stakeholder requirements, Konica Minolta conducted a materiality analysis from the perspectives of social and environmental issues that must be solved and Konica Minolta's business growth. This led to the identification of five material issues for Konica Minolta to tackle.

In the process of identifying material issues, we refer to various international frameworks and guidelines, as well as requests made through dialogue with investors and other stakeholders.

By addressing these five material issues, Konica Minolta will achieve a high-level balance of supporting people to achieve their own purpose and realizing a sustainable society to enhance its corporate value over the long term. In addition, material issues are periodically verified when a new medium-term business plan is formulated.

Identification Process for Material Issues

Step 1. Issue Compilation

We have compiled an extensive list of environmental, social, and economic issues by referring to international frameworks and guidelines such as the GRI Standards and SDGs, macro trends in each specialized field, as well as requests from various ESG surveys and dialogues with investors and other stakeholders.

Step 2. Issue Identification and Prioritization

From the issues listed, areas of particular relevance to Konica Minolta's business were identified and then rated in terms of importance.

Step 3. Validity Confirmation and Issue Identification

The evaluation process for these material issues and the validity of the analysis results are verified by the Group Promotion Committee, and the material issues that should be prioritized are confirmed. After deliberation by management, the Board of Directors approves the material issues.

For more details: **Material Issue Evaluation and Identification Process**
https://www.konicaminolta.com/about/csr/process.html

Value Creation through Efforts toward Material Issues

Material issues	Improving fulfillment in work and corporate dynamism	Supporting healthy, high-quality living	Ensuring social safety and security	Addressing climate change	Using limited resources effectively
Industry	Automation and labor-saving of production processes and inspection procedures		Bringing about a safe work environment Quality assurance and market incidents suppression	Reduction of energy and CO_2 burdens of manufacturing and inspection processes	Reduction of losses in manufacturing and inspection processes Promotion of resource recycling
Digital Workplace	Supplying an environment where anyone can work with anyone anywhere and any time		Ensuring information security in the workplace	Realization of energy- and resource-saving workstyles	
Professional Print	Automated, labor-saving printing processes that reduce the need for skills			Reduction of energy loss in the printing supply chain	
Imaging Solutions	Mitigating burden on doctors and nurses	Early detection and diagnosis of diseases	Early detection of accident and work-related injury risks Improving the quality of medical care	Early detection of methane gas leaks and measurement of emission volume	
Vision for 2030	Improving the productivity of the Company, its customers, and all of society, make time for creativity, and encourage people to thrive	Providing the Company, its customers, and all of society with healthy, high-quality living, and let everyone have a prosperous life	Enhancing the safety and security of the jobs and lives of customers and society, while minimizing the risks posed by the Company's products and services	Reducing the Company's CO_2 emissions as well as further reducing CO_2 emissions of customers and society	Promoting efficient use of the Company's resources while creating resources' efficient usage contribution amounts for customers and society
Impact on the Company's Corporate Value	• Higher profitability from providing solutions that increase corporate clients' productivity • Reduced risk of declining autonomy and innovation through the promotion of diversity	• Higher profitability from providing solutions in the fields of healthcare and caregiving	• Higher profitability from providing solutions that contribute to social safety • Reduced risk of damage to companies and society from major incidents resulting from products and services	• Higher profitability from providing solutions that contribute to the decarbonization of corporate clients • Prevention of higher energy costs due to delays in decarbonization measures and lost sales opportunities due to delays in responding to customer requirements	• Higher profitability from providing solutions that contribute to corporate clients' efficient use of resources • Less risk associated with decreased competitiveness and supply instability due to increased resource procurement costs for the Company and delays in switching raw materials

Targets and Results for Each Material Issue

Material Issues	Themes		Indicators			FY2023 Results	FY2024 Targets	FY2024 Results	FY2025 Targets	FY2030 Targets
Improving Fulfillment in Work and Corporate Dynamism	Increasing Customer Productivity and Making Time for Creativity		To be formulated and released							
	Creating an organization that draws out potential talent so that individuals can thrive		Social and environmental value	GES score*1	Engagement*2	6.8	–	6.8	7.7 (Industry average)	Top 25% in industry
					Equity*3 Note 1	7.6(6.6)	7.8(6.7)	7.6(6.7)	8.0 (7.0) or more	–
					Freedom of opinion*4 Note 1	7.3(6.8)	7.7(7.2)	7.4(6.9)	8.0 (7.5) or more	–
				Percentage of management positions held by women (%)*5		10.7	12% or more	11.1	13% or more	18% or more*6
				Percentage of women among new graduate recruits (%)*5		39	30% or more	34	30% or more	–
	Note: Target scope: Konica Minolta, Inc. However, the scope of targets of the GES score (*1) is the Konica Minolta Group (worldwide) and the data for Konica Minolta, Inc. in parentheses in Note 1.									
Supporting Healthy, High-Quality Living	Promoting Healthier and Higher-quality Lives at Customers		To be formulated and released							
	Developing Safe and Comfortable Workplaces Where Employees Feel Motivated	Improving organizational health score	Social and environmental value	Percentage of workplaces where stress levels exceed the appropriate range*7		5.3%	11.3%	5.9%	9.3%	–
				Average score of the organizational health survey results (10-point scale)		6.3	6.9	6.4	7.7	–
		Employee health		Presenteeism: Percentage of employees with moderate or greater impaired work function due to health problems*8		18.2%	16.1%	17.8%	15.1%	–
				Absenteeism*9: Average reduction*10 in the number of days of leave for the person on leave*11		2% increase	9% decrease	12% decrease	17% decrease	–
	Note. Target scope: Konica Minolta, Inc.									
Ensuring Social Safety and Security	Providing Safety and Security in the Workplaces of Corporate Clients and in Society		To be formulated and released							
	Minimizing Risks Related to the Safety and Security of Konica Minolta Products and Services	Eliminating chemical substances harmful to health	Social and environmental value	Number of serious accidents*12 caused by chemical substances		0	0	0	0	0
		Enhancing user safety for products and services		Number of serious product-related accidents*13		0	0	0	0	0
		Thoroughly preventing major information security accidents		Number of serious product security incidents*14		0	0	0	0	0

*1 GES score: The average score of answers, on a scale of 0 to 10, to relevant questions in the Global Employee Survey *2 Engagement: Applicable question "How likely is it you would recommend Konica Minolta as a place to work?" (This has been corrected due to an error in the question description. This question has been used consistently since FY2021.) *3 Equity: "People from all backgrounds are treated fairly at my company." *4 Freedom of opinion: "At work, my opinions are valued." *5 Time of compilation: As of April 1 of the following fiscal year. *6 Target value as of April 1, 2030. *7 Workplaces where stress levels exceed the appropriate range: Workplaces with a total health risk of 120 or higher in stress check (A total health risk of 100 is the national average) *8 Presenteeism: A condition in which an employee is present at work, but their performance is declining due to some physical disorder. It is evaluated using the Work Functioning Impairment Scale (WFun), a survey developed at the University of Occupational and Environmental Health, Japan to measure the degree of impaired work function due to health problems. In Japan, a score of 21 or higher on this survey is said to indicate moderate or greater impaired work function. *9 Absenteeism: Condition of not being able to come to work due to illness or poor health *10 Percentage of reduction from FY2022 results *11 Person on leave: Employee on leave of absence (unscheduled absence or leave of absence). The average number of days of leave of absence does not include fixed days off, paid vacations, and absence due to work-related injury. *12 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 *13 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. *14 Serious security incidents refer to cases where product security has caused a serious and significant impact on the business of product users.

Material Issues	Themes		Indicators		FY2023 Results	FY2024 Targets	FY2024 Results	FY2025 Targets	FY2030 Targets	FY2050 Targets
Addressing climate change	Reducing Energy Use and CO_2 Emissions by Transforming Customer Processes		Social and environmental value	Contribution to CO_2 reduction outside the Konica Minolta product lifecycle*1 (Scope 4) (thousand tons)	631	690	682	800	1,000	2,060
			Economic value	Solution sales (billion yen)	83.6	97.0	88.6	100.0	–	–
	Energy Use and CO_2 Emissions Reduction Related to Konica Minolta Sites, Business Partners, Products and Services	CO_2 emissions over the product lifecycle*2 (Scope 1, 2, 3)	Social and environmental value	Reduction of CO_2 emissions (thousand tons)	748*8	–	784	800	620*8	0 (net zero)
				Reduction rate (%) over FY2005	63	–	62	61	70	100
		CO_2 reduction at the Konica Minolta production sites*3	Social and environmental value	Reduction of CO_2 emissions through energy conservation (thousand tons)	8*8	17	22	21	–	–
			Economic value	Monetary equivalent of energy reduction (million yen)	410	630	720	800	–	–
			Social and environmental value	Amount of CO_2 reduced through procurement of renewable energy (thousand tons)	3	13	14	55	–	–
				Percentage of electricity derived from renewable energy (%)	13.5*8	–	20.7	–	50	100
		CO_2 reduction from the use/procurement of Konica Minolta products and services	Social and environmental value	Reduction of CO_2 emissions (thousand tons)	19	30	26	35	–	–
			Economic value	Green Products*4 sales (billion yen)	773	–	777	735	–	–
		Reduction of environmental impact at business partners using DX*3	Social and environmental value	Amount of contribution to CO_2 reduction*1 (thousand tons)	2.2	4.2*9	3.2	4.8*9	–	–
			Economic value	Monetary equivalent of energy reduction (million yen)	46	95	71	110	–	–
	Using DX to Strengthen Customer Engagement		Economic value	Number of enhanced customer relations*5	424	371	359	371*9	–	–
				Number of times participating in business negotiations*6	372	258	211	258*9	–	–
				Sales contributions*7 (million yen)	1,100	1,100	915	1,100*9	–	–
Using limited resources effectively	Effective Use of Resources by Transforming Customer Business Processes		Social and environmental value	Contribution to reduction of natural resource use outside Konica Minolta products (thousand tons)	360	380	383	400	500	
			Economic value	Solution sales (billion yen)	83.6	97.0	88.6	100.0	–	
	Toward Zero Use of Natural Resources*10		Social and environmental value	Natural resource*10 use in Konica Minolta products (thousand tons)	91	–	104	108	95	
				Reduction rate (%) over FY2019	32	–	23	20*8	30	
	Effective Use of Resources Relating to Konica Minolta Sites, Suppliers, Products and Services	Reduction of environmental impact of Konica Minolta production sites*11	Social and environmental value	Reduction of waste discharge*12 (thousand tons)	1.6	1.6	2.1	1.7	–	
			Economic value	Monetary equivalent of waste reductions (million yen)	610	650	760	670	–	
		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)	13	14	13	14	–	
				Of which, circulated resources (recycled and bio-materials) utilization rate (thousand tons)	10	11	10	11	–	
			Economic value	Green Products*13 Sales (billion yen)	772.8	–	777.0	735.0	–	

*1 Contribution to CO_2 reduction: Volume of CO_2 emissions reduced at customers, business partners and the broader society *2 CO_2 emissions over the product lifecycle, from procurement, production, distribution, sales and service to use by the customer *3 Cumulative reductions for each fiscal year from FY2020 to FY2022 and FY2023 to FY2025. The reduction effects of measures implemented from the first fiscal year of each period to the relevant fiscal year are summed up for each fiscal year. *4 Green Products: Name changed from Sustainable Solution in FY2023. Promotes the solving of social and environmental issues by defining and certifying solutions that help to solve social and environmental issues and expand sales *5 Number of enhanced customer relations: Number of business opportunities gained by providing customers with environment-related technologies and know-how. *6 Number of times participating in business negotiations: Number of cases in which a quotation was submitted for proposed products among the enhanced customer relations. *7 Sales contributions: Total amount of sales of products proposed at the above-mentioned business negotiations *8 The figures have been corrected due to errors found in the disclosures for FY2024. *9 Targets for FY2025 have been revised based on FY2024 results. *10 Natural Resources: Resources that require new drilling or mining, such as crude oil or mineral resources, and are generally synonymous with depletable resources.
*11 Cumulative reductions for each fiscal year from FY2020 to FY2022 and FY2023 to FY2025. Total reduction amount for each fiscal year due to the measures implemented from the first fiscal year of each period to the relevant fiscal year. *12 Targets set for activities to reduce and recycle waste from products that use plastic based on the Act on Promotion of Resource Circulation for Plastics enacted in Japan, which include the reduction of plastic waste at major sites in Japan. *13 Green Products: Renamed from Sustainable Solutions in FY2023. The Company will define and certify solutions that contribute to solving social and environmental issues, leading to expansion of sales.

Toward Net Zero CO_2 Emissions and Zero Use of Natural Resources by 2050

Addressing climate change

Net Zero CO_2 Emissions and Carbon Minus

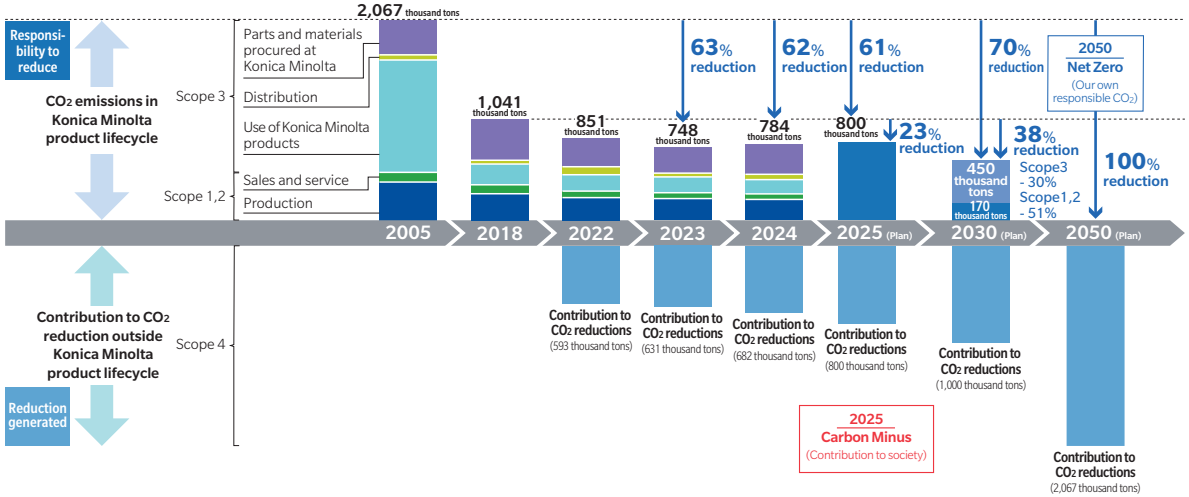
Konica Minolta aims to achieve net zero CO_2 emissions (Scope 1, 2, and 3) over the Konica Minolta product lifecycle in 2050.

We have also taken the lead over our competitors in adopting the unique concept of Carbon Minus and have been working to contribute to CO_2 reductions outside of our own scope of responsibility (Scope 4), with the goal that the amount of reduction will exceed the CO_2 emissions that are within our scope of responsibility. We will achieve Carbon Minus in fiscal 2025 by providing our solutions and technologies to increase our contribution to CO_2 reduction for customers and society

In fiscal 2024, we implemented reduction activities as planned, including the introduction of new renewable energy. However, emissions increased due to greater international distribution distances and revisions to the scope of emissions calculations.

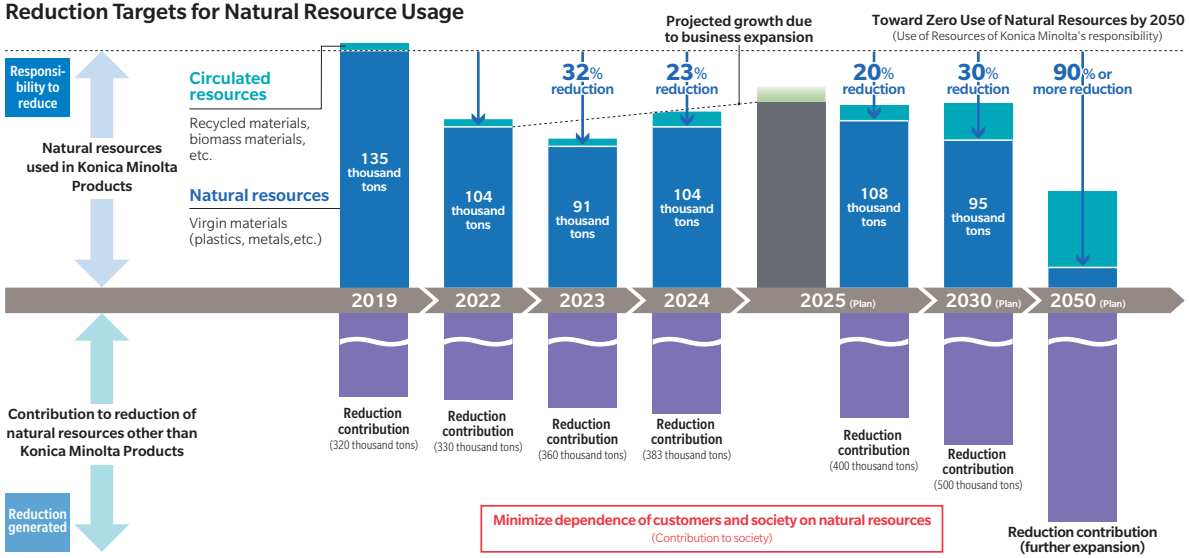
For more details: Eco Vision 2050
https://www.konicaminolta.com/about/csr/environment/policy/vision2050.html

CO_2 Reduction Targets



In July 2024, we received certification from the SBT Initiative for our "Net Zero Target" and "Short Term Target". For more details, please visit our website:
https://www.konicaminolta.com/global-en/newsroom/2024/0730-02-01.html

Reduction Targets for Natural Resource Usage



* We are reviewing the scope of our Scope 3 emissions and global resource use for fiscal 2024 to identify activities that we have not previously included.

Using limited resources effectively

Zero Use of Natural Resources*

Similar to the reduction of CO_2 emissions mentioned above, we have also set reduction targets for the use of natural resources by 2050 for within and outside of our scope of responsibility, respectively.

Within our scope of responsibility, we have reduced the amount of resources used in our own products to bring the use of natural resources to near zero, and have promoted the use of recycled plastics and other circulated resources in their place. In addition, we will maximize our contribution to the reduction of natural resources outside of the scope of our products.

We will continue to create and grow our business while also contributing to the formation of a decarbonized and recycling-oriented society.

* Natural resources: Resources that involve new mining, such as crude oil and mineral resources, and are generally synonymous with depletable resources

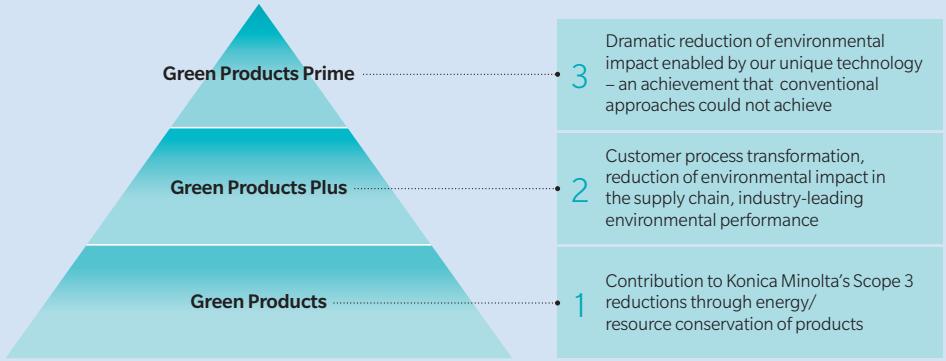
Focus Growing sales of products and services that contribute to solving environmental issues

Konica Minolta operates the Green Products Certification System to create and expand solutions that help solve environmental issues faced by customers and society.

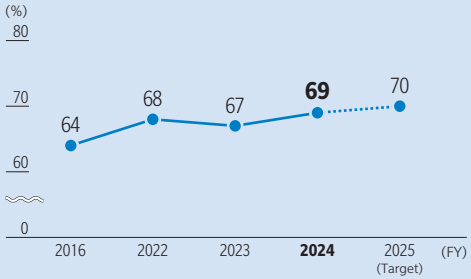
This system defines products that contribute to reducing environmental impact within the customer's value chain and stimulates the creation of products with higher environmental value. It employs a three-tier certification system based on environmental benefits and scope of contribution.

Konica Minolta has set a goal of increasing the sales ratio of certified Green Products and is working to develop and promote sales of certified products and services. As of fiscal 2024, we have successfully increased the sales ratio of Green Products to 69%.

Green Products Certification System



Sales of Green Products



Our bizhub i-Series products have been certified as Green Products due to the use of recycled plastic developed in-house and low power consumption performance equivalent to or better than conventional products.

Case Study

Professional Print Contributes to Reducing Environmental Impact

Transforming customers' supply chains and reducing CO_2 emissions in society

Related material issues

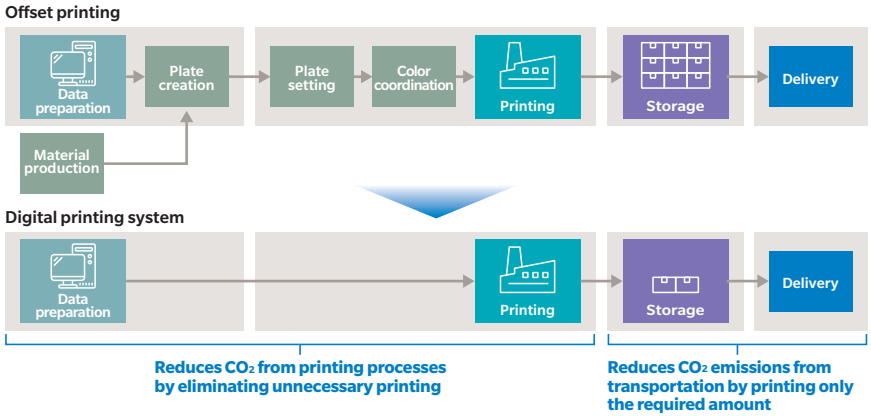
Addressing climate change

Using limited resources effectively

Compared to conventional offset printing, Konica Minolta's digital commercial printing system contributes to reducing environmental impact by shortening the customer's processes and supply chain and reducing resources used.

Our digital printers, such as the KM-1e and Accurio Press C14000, can reduce about 30% of CO_2 emissions throughout the entire lifecycle of printed materials by reducing the number of processes required for offset printing, including the production of plates and their materials.

Based on this superior environmental performance, these products are certified as Green Products Plus (see diagram at left) and included in Scope 4 reduction contributions. These initiatives contribute to expanding environmental impact reduction effects across society as a whole.



Disclosure Based on TCFD Recommendations

For more details: Task Force on Climate-related Financial Disclosures (TCFD)
https://www.konicaminolta.com/about/csr/environment/strategy/tcfd/strategy.html

Governance

At Konica Minolta, addressing climate change is positioned as one of the objectives of our sustainability management, and decisions such as setting and changing key targets are made with the approval of the Board of Directors. Specifically, we have set and changed target values after approval by the Board of Directors in fiscal 2008, fiscal 2017, fiscal 2020, and fiscal 2023.

Strategy

To address climate change risks, we set out a vision to achieve Net Zero greenhouse gas emissions across the whole value chain by 2050. We aim to achieve our goals through our business by integrating the risks caused by climate change into business risks and linking the medium-term goals and annual plans related to climate change measures with the Medium-term Business Plan for areas such as product planning, development, production, procurement, and sales.

In terms of opportunities, we are targeting the achievement of "Carbon Minus" by the end of fiscal 2025 to increase the level of contribution to energy and CO_2 reduction in customer companies and society and to achieve business growth. We are strengthening the core technologies that each business has cultivated since our founding as an "evolved core technology group" through the use of AI (data-driven development and production) and the integration of technologies across business areas. In this effort, we will increase the contribution toward reducing energy use and CO_2 emissions through workflow and supply chain reforms.

Climate change scenario analysis and results

Konica Minolta has identified two scenarios by respectively identifying business risks that will impact business performance in 2030 and business opportunities that can be created by proactively addressing the challenges of climate change.

The scenario analysis is carried out based on the following process.

- Identify target business areas for climate change scenario analysis
- Identify key climate-related risks and opportunities
- Consider existing scientific scenarios on climate change
- Consider and clarify risks and opportunities in the scenarios and their expected financial impact
- Consider future response policies and strategies

Scenario 1 **If the average global temperature increase is kept below 2°C (equivalent to 1.5°C) and a low-carbon global society is achieved**

Addressing the "Risks" of Climate Change

Impact on the Konica Minolta Group		Target segment	Classification	Financial impact	Timeline	Handling
Increase in procurement and manufacturing costs	Stakeholders' demand for renewable energy procurement and net-zero greenhouse gas emissions	Industry Digital Workplace	Market Reputation	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	Medium to long term	Examine the introduction of CO_2-free fuels, introduce internal carbon pricing, and optimize procurement strategy
	Response to new emissions regulations and tax laws	Industry Digital Workplace Professional Print Imaging Solutions	Policies/Laws	Strong	Short to medium term	Develop energy-saving production technology
Increase in product development costs	Response to new regulations on product energy efficiency and the market	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 printing demand	Digital Workplace	Market	Strong	Short to medium term	Transformation to an earnings model not reliant on print charges

"Opportunities" of Climate Change

Impact on the Konica Minolta Group		Target segment	Classification	Financial impact	Timeline
Higher sales due to change in demand for products and services	Digital solutions to transform the printing and apparel industry supply chain	Professional Print	Products/Services	Strong	Short to medium term
	Performance materials with reduced product carbon footprint, material and sensing technologies that contribute to improving the sortability and recycling rate of used plastics, transforming production processes through inkjet technology, and gas leak inspection systems that can contribute to early detection of methane gas leaks and reduction of emissions	Industry Imaging Solutions	Products/Services	Medium	Short to medium term

Scenario 2 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 the Konica Minolta Group		Target segment	Classification	Financial impact	Timeline	Handling
Lower profits 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 design and development not dependent on particular natural resources
	Supply chain interruptions following large-scale natural disasters	Digital Workplace Professional Pring	Acute physical	Strong	Medium-term	Establish business continuity management (BCM) Decentralize production and supply of consumables by region
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	Transformation to an earnings model not reliant on print charges

"Opportunities" of Climate Change

Impact on the Konica Minolta Group		Target segment	Classification	Financial impact	Timeline
Increase in sales due to changes in demand for products and services	Imaging solutions that contribute to prevention and mitigation of disasters caused by acute abnormal climate and natural disasters	Imaging Solutions	Products/Services	Minimal	Medium-term

Prerequisites for Scenario Analysis

- **Scientific scenarios references**
  IPCC RCP2.6 and RCP8.5, IEA NZE 2050, 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"**
  Strong: additional cost or profit decrease of 1 billion yen or more
  Medium: additional cost or profit decrease of 100 million yen to less than 1 billion yen
  Minimal: additional cost or profit decrease of less than 100 million yen
- **Definition and evaluation criteria for "financial impact"**
  Strong: Profit creation of 10 billion yen or more
  Medium: Profit creation of 1 to less than 10 billion yen
  Minimal: Profit creation of less than 1 billion yen
- **Definition and evaluation criteria for timeline**
  Long-term: 10 years or more
  Medium-term: 3 to less than 10 years
  Short-term: 1 to less than 3 years

Risk management

Konica Minolta positions risk management as an "activity that seeks to maximize returns while minimizing the negative impact of risk," and evaluates risk from a medium- to long-term perspective. For environmental risks, including climate change, we assess and manage the impact and uncertainty of climate change risks based on two scenarios. Also, this environmental risk is positioned as one of the management risks of the entire Group and is managed by the Risk Management Committee.

In addition to discussing plans and measures related to climate change response at the Environmental Promotion Committee held every quarter, rolling work to review the degree of change in risks is conducted twice a year at the Committee, and risks are re-evaluated. The Group Environmental Officer reports to the President every month on the progress of the plan. In addition, important environmental issues are also reported by the Group Environmental Officer to the Management Council, other meeting bodies, and the Risk Management Committee, etc. The Board of Directors receives regular reports on the progress of the management plan for addressing climate change and oversees its implementation.

Details of Konica Minolta's risk management system and risk management process are described on (see page 68).

Indicators and targets

In addition to "Carbon Minus targets," "Product lifecycle CO_2 emissions (Scopes 1, 2, and 3)", and "Ratio of electricity derived from renewable energy," Konica Minolta has set "CO_2 reduction contributions (Scope 4)" as a management indicator for climate change risks and opportunities.

Carbon Minus targets

We aim to achieve a "Carbon Minus" state where we create more emissions reduction contributions by our customers and society (CO_2 reduction contributions) outside the scope of Konica Minolta's product life cycles than our own CO_2 emissions (product life cycle CO_2 emissions) by the end of fiscal 2025 (see page 42).

Product lifecycle CO_2 emissions

Includes all of Scope 1 and Scope 2 emissions (CO_2 emissions at the production stage, sales and service stage) and Key Scope 3 emissions (CO_2 emissions at the procurement stage, logistics stage, and product use stage).

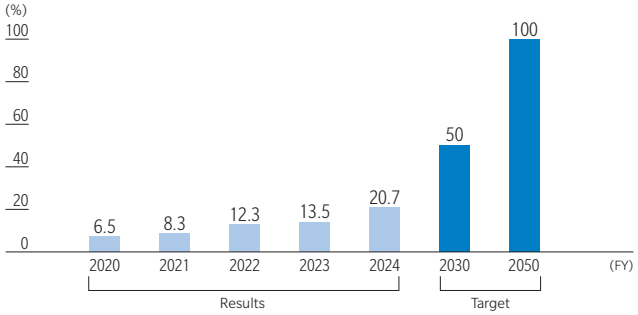
We have set a target of a 61% reduction in CO_2 emissions (800,000 tons) compared to fiscal 2005 by the end of fiscal 2025 and, in the medium term, a 70% reduction (620,000 tons) by 2030. In fiscal 2024, CO_2 emissions were about 780,000 tons (150,000 tons for Scope 1, 120,000 tons for Scope 2, and 510,000 tons for Key Scope 3), achieving a 62% reduction.

In the long term, we have set a goal of Net Zero greenhouse gas emissions across our value chain by 2050 (see page 42).

Disclosure Based on TCFD Recommendations

Renewable energy-derived electricity ratio

Based on our forecast that fossil fuels will no longer be available in the future, we have set a target of increasing the proportion of renewable energy-derived electricity used in our business activities to 50% or more by fiscal 2030 and to 100% by fiscal 2050, contributing to the reduction of Scope 2 emissions over the medium- to long-term.



Amount of contribution to reduction of CO_2 emissions (Scope 4)

Mainly in the Professional Print Business, we are contributing to our customers' CO_2 reduction by expanding sales of digital printing systems that improve productivity by shifting from analog to digital printing. As for progress toward the goal of achieving 800,000 tons of CO_2 reduction contribution by fiscal 2025, we reached 680,000 tons in fiscal 2024 (see page 42).

Green products* sales

We have set a target of sales of green products that contribute to addressing climate change, and we are aiming for its sales ratio to be 70% by fiscal 2025. In fiscal 2024, sales of green products were 777.0 billion yen, representing a sales ratio of 69%.

* Our uniquely defined products and services that solve environmental issues

Internal Carbon Pricing (ICP)

One ton of CO_2 emissions reduction requires different costs, measures, and timeframes between Scope 1 (fuel use) and Scope 2 (electricity purchase). To achieve more effective internal carbon pricing (ICP), we have adopted an approach that identifies the unique characteristics of each environmental value and sets different carbon prices accordingly.

Executive compensation

In order to increase incentives to achieve the goals of the Medium-term Business Plan, we have set a non-financial indicator within CO_2 emissions in the lifecycle of products (Scope 1, 2, and 3), "CO_2 emission reduction by measures*," as one of the evaluation indicators that constitutes medium-term stock bonus (performance-linked). After the completion of the Medium-term Business Plan, executive compensation for the President & CEO and other Executive Officers will be determined in the range of 0 to 200% depending on the degree of achievement of the target, and company shares will be issued.

Disclosure Based on TNFD Recommendations

Konica Minolta has endorsed the principles and recommendations of the Task Force on Nature-related Financial Disclosures (TNFD) to clarify its dependence and impact on natural capital, and its commitment to addressing its assessment, and opportunities and risks. In 2024, we registered as a TNFD Early Adopter and became a TNFD Forum member. We will assess our natural capital dependence and impacts and disclose this information in accordance with the TNFD framework.

We have identified issues from the perspective of the nine global core indicators proposed by TNFD, evaluated dependencies and impacts in our business activities, and identified risks and opportunities. We have begun to establish strategies, indicators, and targets to address these risks and opportunities.

For more details: **Task Force on Nature-related Financial Disclosures (TNFD)**
https://www.konicaminolta.com/about/csr/environment/strategy/tnfd/index.html

Risks and Opportunities for Konica Minolta

TNFD Core Indicators			Impact on the Konica Minolta Group	
Natural Factors of Change		9 Core Indicators	Risks	Opportunities
Dependence	Change in Use of Land/ Freshwater/Ocean	1 Total land footprint	–	–
		2 Extent of change in land/ freshwater/ocean use	–	–
	Resource use	3 Water withdrawal/ consumption from water stressed areas	• Supply chain: lower supply from water-stressed areas (Southeast Asia) due to water intake restrictions, etc.	• Dry textile printing process: anhydrous dyeing systems in regions with high water stress (India, Turkey, Italy)
		4 High-risk natural resources sourced from land/ocean/freshwater	• Natural resources: insufficient supply of high-risk natural resources due to tightened regulations, etc. • Paper: reduced opportunities for paper use and printing due to limited access to forest resources, changing social preferences, etc.	–
Impact	Pollution and Decontamination	5 Soil Contamination	–	• Toxic substance-free technology: provide technologies free of persistent toxic substances, etc.
		6 Wastewater	–	• Digital printing/textile printing, inkjet technology: wastewater reduction technology in areas with severe water pollution (South Asia)
		7 Waste generation and disposal	• End-of-life products: Mandatory recycling of products due to measures for Establishing a Sound Material-Cycle Society, etc. • Plastics: Requirement for using recycled plastics for products due to measures for Establishing a Sound Material-Cycle Society, etc.	• Recycled plastic technology: Increased demand for recycling technology, material technology, and sensing technology due to measures for Establishing a Sound Material-Cycle Society, etc.
		8 Pollution by plastics	–	–
		9 Non-GHG air pollutants	–	–

Respect for Human Rights

Basic Views

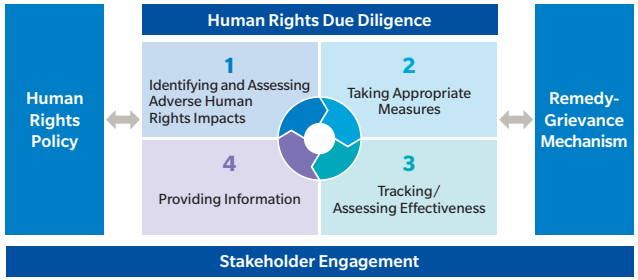
Human rights are universally valued rights that all people are born with. Konica Minolta is a company with global business operations and many component suppliers in Southeast Asia. If human rights are not fully respected throughout the supply chain, negative human rights impacts such as child labor and forced labor may occur. As a result, we believe that there is a risk of social criticism, resulting in lost sales opportunities, damage to our brand image, and a decline in our stock price due to loss of trust from investors and other adverse effects on our business performance.

The Konica Minolta Group Human Rights Policy was established based on the United Nations Guiding Principles on Business and Human Rights. The Konica Minolta Group Charter of Corporate Behavior and Konica Minolta Supply Chain Code of Conduct also specify respect for human rights as one of the most basic requirements in our business activities. Based on these policies, Konica Minolta conducts human rights due diligence and strives to ensure rigorous respect human rights with respect to business partners and other parties connected to the Konica Minolta Group's business.

Human Rights Due Diligence Process

In compliance with the United Nations Guiding Principles on Business and Human Rights, Konica Minolta has created a human rights policy, conducted human rights due diligence, and established a remedy and grievance mechanism to promote its initiatives.

Human Rights Due Diligence Process



Identifying and Assessing Adverse Human Rights Impacts (Impact Assessment)

The Group identified stakeholders who are subject to actual or potential negative impacts and any human rights issues as a result of its business activities and transactions, assessing the level of impact. As a result, 14 high-risk issues were identified, including rights of foreign/migrant workers, overwork and inappropriate work, occupational health and safety, and gender-related human rights issues. Assessments are reviewed on a regular basis, and the departments in charge of human resources, legal affairs, procurement, quality, IT, and sustainability set their own targets and consider and implement measures.

Furthermore, when making new or additional investments, the Group includes human rights-related checks in its due diligence process to assess investment suitability.

Taking Appropriate Measures and Tracking/ Assessing Effectiveness

In addition to fostering awareness of respect for human rights among Group employees through rank-based education and regular compliance education, we conduct an annual engagement survey of employees worldwide to confirm the effectiveness of our measures and identify issues for the next improvements.

We have made all direct material suppliers aware of the Konica Minolta Supply Chain Code of Conduct and requested that they agree to abide by this code. In addition, we conduct risk assessments of key suppliers through questionnaires, and provide corrective support and ongoing follow-up to those suppliers deemed to be high-risk.

Remedy and Grievance Mechanism

Konica Minolta has established a contact point for anonymous reporting of human rights violations from both inside and outside the Group, and has built a system to promptly investigate any allegations of human rights violations and take corrective measures through appropriate internal and external procedures if it is clear that Konica Minolta has directly caused or was involved in any adverse impact on human rights.

Voice

Hirofumi Bito (left)
Hiromi Kiyota (right)
Personnel and General Affairs Department
Konica Minolta Mechatronics Co., Ltd. (BMME)

Konica Minolta Mechatronics becomes the first Group company in Japan to receive a Platinum rating in the RBA's social responsibility audit

BMME was the first production site in Japan to receive Platinum recognition, the highest level in the Responsible Business Alliance's (RBA) Validated Assessment Program (VAP) audit, an international standard for labor, human rights, health and safety, environment, and ethics. Our work to achieve this recognition comes from BMME's original goal to create a safe and secure work environment for all factory workers, and in addition, from necessary action due to business requirements in the European market. We were able to acquire certification in a short period of six months by combining the knowledge of other sites within the Group and related departments. In particular, we had to ensure that temporary employees and onsite contractors were familiar with the rules, and we persistently engaged each member in dialogue to make sure the right principles were permeating the organization.

As a result of our efforts, human rights awareness, occupational health and safety, and standardization throughout the supply chain have increased, leading to improved business performance. In addition, BMME has improved the working and housing environment for foreign employees, provided educational opportunities and other benefits, and deepened relationships of trust, as evidenced by the appreciation expressed at briefing sessions. Going forward, we will continue to accelerate our efforts to realize a sustainable society.

Human Capital Strategy

Shinichiro Oka
Executive Vice President and Executive Officer

Recognizing employees as key drivers of long-term value creation, we are strategically investing in human capital to enhance sustainable corporate value. Central to this initiative is the development of professional human capital capable of creating value in a rapidly evolving business landscape. We believe our competitiveness stems from human capital with the autonomy to think, act, and deliver measurable outcomes.

In fiscal 2024, we executed global, company-wide, structural reforms, optimized our human capital portfolio, and initiated cost structure transformation. Despite short-term challenges, employee engagement levels remained stable year over year, demonstrating organizational agility and resilience to transformation.

Beginning in fiscal 2025, we will lay the foundation for growth and accelerate reinvestment in human capital, including reskilling programs to enhance productivity. Specifically, we aim to support enhancing the market value of each employee by advancing DX leadership development programs and driving operational innovation through AI application. We will also pursue a qualitative transformation of our workforce by recruiting globally competitive talent, implementing diversity-focused talent management, launching targeted development programs for the next-generation management and mid-level leaders, and reallocation and reguirement of human capital to strengthening businesses growth areas.

Operating across diverse sectors and business phases, Konica Minolta , which has varions fields with multiple business phases, is keen to be selected by human resources seeking for growth opportunities through challenges as their growth stage to carving out their careers. By partnering with such talent, we aim to drive sustainable enhancement of corporate value.

Human Capital Vision of Konica Minolta

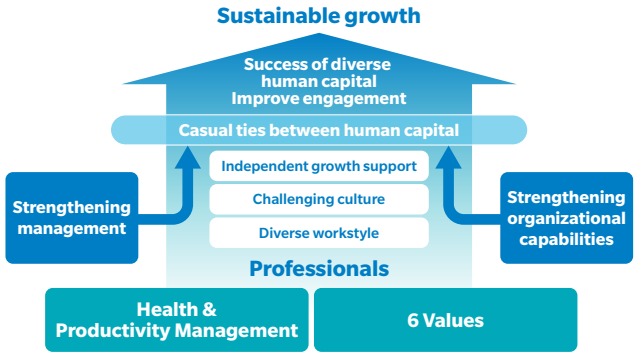
Basic Strategy for Human Capital

Konica Minolta has articulated a new growth strategy and business transformation policy as a part of its Medium-term Business Plan. In conjunction, we have defined the human capital required to realize our business plan as “professional human capital”—individuals who possess distinctive skills backed by superior knowledge, expertise, and experience, and who are able to solve problems through independent critical thinking. We are committed to developing and empowering such talent.

Konica Minolta is also committed to maximizing the power of each individual, based on 6 Values, our code of conduct, and health & productivity management that regards the physical and mental health of employees as a source of growth, as well as supporting self-directed growth through self-development support and extensive in-house training programs, fostering a culture of taking challenges by introducing in-house open recruitment, and realizing diverse workstyles by lifting the ban on side jobs ahead of other companies. At the same time, we are focusing on building an organization that maximizes the power of individuals and fostering management human capital who can realize strong teamwork.

We believe our efforts will organically connect diverse professional human capital to generate innovation, and at the same time, improve our execution capabilities by strengthening engagement and resilience, and ultimately lead to our sustainable growth.

Human Capital Vision of Konica Minolta



* Health & Productivity Management is a registered trademark of the NPO Kenkokeiei

Creating Human Capital that Realizes Business Growth

Konica Minolta optimized its human capital in fiscal 2024 as part of cost structure reforms aimed at shaping future growth. These reforms were implemented swiftly and effectively, supported by careful communication from management to employees. However, we recognize that simply reducing headcount and suspending recruitment is not a sustainable path to growth. Therefore, in fiscal 2024, we focused on transforming into an organization with higher per capita productivity by leveraging DX to enhance efficiency and optimize human capital allocation. Simultaneously, we continued to invest in the development of professional human capital and create a work environment where diverse human capital can engage and perform at high levels. As a result, by April 2025, we achieved outcomes exceeding our initial expectations, as there was no significant decline in sales or employee engagement (see page 18).

Looking ahead, we will continue to invest in the acquisition and development of human capital for our strengthening businesses, while accelerating the early promotion of those identified as top executive candidates.

Three Pillars of Human Capital Enhancement Measures

Goals linked to the Medium-term Business Plan

Create human capital that realizes business growth	Enhance the quality of management decisions by ensuring diversity	Maximize performance of organizations and individuals
Shift, secure, and leverage human capital to realize business growth	**Develop management rich in diversity**	**Enhance organizational capabilities**
▌Acquisition and use of human capital in strengthening businesses ▌Development of top executive candidates ▌Multitrack management system ▌Strengthen DX human capital	▌Developing female global leaders ▌Developing next-generation global leaders	▌Improving resilience based on health & productivity management ▌Improving employee engagement

Shifting, securing, and leveraging human capital in strengthening businesses

Focusing human capital resources on strengthening areas is essential for Konica Minolta to achieve sustainable growth. In the Industry sector, we are strengthening our development and production capabilities in automotive visual inspections, hyperspectral imaging (HSI), and optical components for semiconductor manufacturing equipment—areas that will lead to business growth. In the Professional Print sector, we are advancing the technology of our Heavy Production Printing machines, which hold top market share, and introducing new UV inkjet printers. We will prioritize securing human capital to support these core technologies.

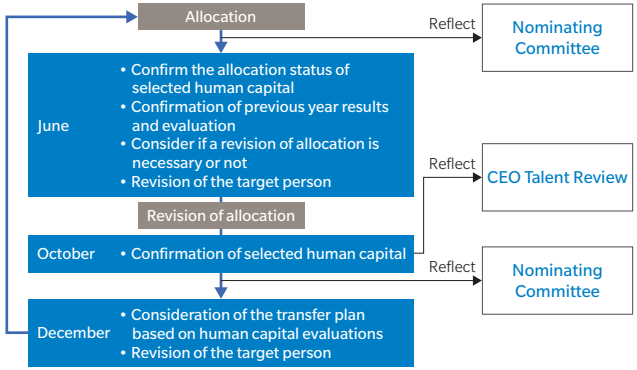
In addition, across all businesses, we will strengthen our recruitment efforts of human capital who can (1) promote business development by connecting cutting-edge technologies and customers across the industrial value chain beyond business organizations and (2) propose ways to increase the added value of hardware/software and revise entire business processes and workflows by deep-diving into customer needs.

Systematic development of President & CEO and top executive candidates

To maintain and evolve a strong organization, it is crucial to have human capital that can unite and lead many individuals within an organization. Therefore, we have identified as a key issue the systematic and rapid development of the next generation of leader candidates. Each year, the top managers of each business report to the President and discuss their succession plans for key positions, including their own and those at overseas affiliates, to determine the direction of our succession development plans.

In addition, for fiscal 2024, we established a Human Capital Committee to deliberate upon offering planned job assignments, strategic rotations, and educational programs for the early development of the next generation of leadership candidates for future president. This committee is chaired by the President and comprises executive officers in business, technology, as well as corporate affairs. In fiscal 2024, through the activities of this committee, we finalized the next generation candidates of President, and from fiscal 2025, we are concretely providing external educational opportunities as well as assignments tailored to the individual characteristics of each candidate. For human capital at the business-unit manager level, we are also implementing rotations across business boundaries to accelerate both personal growth and business enhancement.

Activity Cycle of the Human Capital Committee



Strengthening middle management

In fiscal 2022, we changed our management system from a single-track to a dual-track system. This change clarified the missions demanded of management; this, in turn, aimed to address issues such as the lack of non-management options for human capital with expertise, and the struggle to fully develop the experience and skills that management requires as our diverse workforce grows. Specifically, management roles (exempt positions) are now divided into two categories: “experts” who contribute to the business through their expertise, and “empowerment leaders” who draw out the strengths of diverse human capital and energize the organization to enhance execution capabilities. The requirements for each of these roles were also substantially revised.

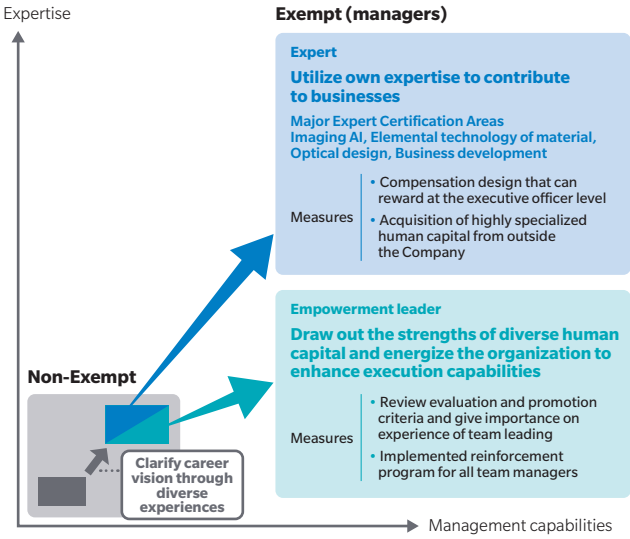
For experts, the reformed compensation design has enabled them, based on performance, to be compensated at the Executive Officer-level, which has thereby contributed to the recruitment of highly specialized human capital. Four years since these reforms, 5% of all exempt employees are now experts, who are contributing to business growth by leveraging their expertise.

As for empowerment leaders, we are systematically and regularly offering programs, for all team managers, to strength their management skills such as coaching, team building, and communication. In addition, in fiscal 2025, we launched a DX leader development program to improve managers’ task-setting ability needed to advance DX. Furthermore, for general managers, who are at the core of achieving medium- to long-term profit growth, we will implement a program aimed at strengthening both mindset and action.

In addition, both experts and empowerment leaders regularly undergo multifaceted evaluations to assess their performance in relation to the required behaviors, enabling them to consistently update their own actions. Through these initiatives, we are encouraging continuous growth and further strengthening our human capital.

Going forward, we will continue to leverage the potential of our engineers, who are Konica Minolta’s strength as a manufacturer, and advance as a unified team composed of strong leadership and high IT literacy.

Dual-track system



Strengthening and developing DX human capital

Konica Minolta aims to solve the problems that face customers by combining data and digital technology to innovate products and processes. To achieve this, we set out the goal to develop 1,000 DX specialists and met this goal in fiscal 2023 by providing the necessary training programs.

Furthermore, solving problems with DX is not something that can be accomplished by individual engineers alone. Rather, it requires identifying what needs to be resolved and involving colleagues to move forward as a team. To improve IT literacy on an individual basis, we conducted assessments of the president, executives, and all employees, and provided follow-up training based on those results. This led to 80% of all employees reaching the required level.

Enhancing the Quality of Management Decisions by Ensuring Diversity

Konica Minolta's human capital rich in diversity

At Konica Minolta, about three-quarters of our employees work outside Japan. With bases in 50 countries around the world, we are made up of a diverse and multinational human capital.

Globally, women make up 30% of all employees and are active in all job categories, with women making up about 21% of sales and other revenue-generating departments and about 14% of STEM fields (fields related to Science, Technology, Engineering, and Mathematics). Women also account for more than 19% of management positions globally.

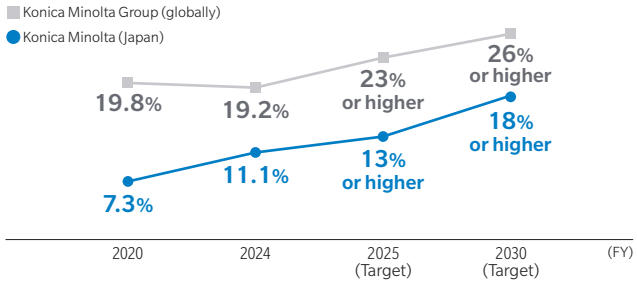
Our head office in Japan, where women account for 20% of the workforce, has been strengthening its efforts to promote women's workplace participation, and has increased the percentage of female managers through ongoing initiatives. This percentage was around 1% in 2003, at the time of Konica and Minolta's management integration, but by the end of fiscal 2024, it had risen to about 11%. This figure is high even when compared to the average of competitors and domestic manufacturers.

That said, there is still much to be done to further promote understanding women's empowerment. The DEI Office, an appointed body, is leading efforts to deepen understanding within the company regarding the value of improving our ability to identify and solve issues from diverse perspectives. Going forward, we will continue to create opportunities for women's workplace participation, aiming for 18% or more of management positions to held by women by fiscal 2030.

In addition, fostering a workplace culture with a high level of psychological safety is essential for leveraging diverse human capital. To this end, we provide e-learning for all employees and hold sessions on the nature of unconscious bias and psychological safety at key junctures such as when employees join the company, are promoted to assistant manager, or to manager. Furthermore, in the UK, initiatives to promote understanding and support for people with disabilities are underway, while in Japan, initiatives that encourage young employees to take ownership of their career path and push all employees to initiate change within the company are growing. Such employee-led initiatives have been spreading across different regions.

At the management level, we will ensure diversity in terms of gender, nationality, age, and other attributes to expand our experience and expertise, as well as continuously improve the quality of management decision-making.

Percentage management positions held by women at Konica Minolta



Women 2 Lead, a program to cultivate management-level employees based on "global × women"

Since fiscal 2023, we have been developing a program called 'Women 2 Lead' to select and nurture the next generation of leaders from our globally active female employees. This program is conducted in collaboration with IMD*, using their assessment methods to select human capital from a variety of fields, including sales, finance, marketing, and HR. The program assesses each candidate's strengths and weaknesses, encourages self-awareness, and conducts eight months of training focused on career path development as well as the knowledge and mindset required of leaders. Upon completing the program, to ensure that graduates can steadily advance their careers, we implement expanded roles and assignments based on individual development plans, with the commitment of their immediate superiors and the top management of their respective business companies, as well as the support of our head office's HR department.

* IMD: International Institute for Management Development, a world-renowned business school based in Switzerland.

Voice Women 2 Lead Program

Minna Tormala
Head of Global Marketing
Commercial Operations
Specim Spectral Imaging Ltd.

As the global marketing head of Specim, which is based in Finland, and is a leader in the hyperspectral imaging (HSI) field, I aim to grow global sales by enhancing awareness of HSI technology and our brand. To better navigate increasingly complex and rapidly changing business environments, I joined the Woman 2 Lead Program to further my leadership capabilities and business acumen.

This program helped me clarify my leadership style and development path. It also honed my professional skills: I became a more resilient leader, and refined my strategic-thinking, decision-making, and team-building abilities. In addition, I learned the value of collaborating with others across departments and cultures to drive innovation.

By applying these insights, I am now able to empower myself to influence while creating psychological safety within my team, as well as investing in connections both inside and outside the company.

Going forward, I will spread these learnings across Specim and foster innovation through customer and market insights. I am determined to help raise Konica Minolta's overall corporate value by developing scalable and reproducible marketing initiatives.

Developing the next generation of global human capital (GLOW)

To strategically strengthen our pipeline of future management human capital, we have been implementing GLOW, a six-month short-term overseas assignment program. Previously, only Japanese employees were eligible for this program, but from fiscal 2022, the entire program has been revamped to include overseas Group companies, enabling dispatches not only from Japan to overseas, but also from overseas to Japan, and between any two overseas locations.

This program is unique in that companies do not assign any missions; instead, employees with ambition set up their own missions. Specifically, dispatch candidates must negotiate their acceptance with the host company, then create and execute their own local contributions, missions, and dispatch plans. By seizing opportunities to take on challenges, cooperating with local teams to pursue goals, and polishing their skills and strengths to make them effective abroad, participants aim to cultivate a diverse and global perspective, ultimately becoming true global human capital capable of competing on the world stage.

Since fiscal 2023, about 30 employees in total (including 10 from overseas) have been selected and dispatched through this program. The selected individuals have been working hard to achieve results despite the challenges of gaining the trust and cooperation of local employees during their short-term assignments. The program is expected to benefit both the development of human capital and tackling of business issues, as the participants' contributions have been highly evaluated by host companies.

In fiscal 2025, we have begun dispatching the third cohort of participants while starting the selection process of the fourth cohort. Moving forward, we will be considering further expansion of this challenging but highly-rewarding program.

"GLOW" as global expansion of overseas training program for young employees

Enabling overseas dispatches from abroad and early development of true global leaders who can compete on the world stage

Maximizing Performance of Organizations and Individuals

Enhance employee engagement based on dialogue

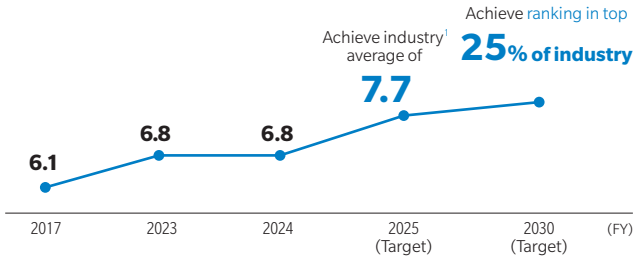
At Konica Minolta, we believe that the results of all of our initiatives are reflected in employee engagement. Therefore, we conduct an annual global survey called "Your Voice" to identify areas of focus for each workplace and incorporate them into our initiatives for the next fiscal year.

In fiscal 2024, we implemented painful structural reforms, but through dialogue with each business division, company, and workplace based on survey results, we continued to execute cycles of improvement actions, and as a result, we maintained the previous fiscal year's engagement score.

In addition, the global survey helped us identify areas in need of improvement: compensation, career path, and how accessible management is to employees.

With regard to compensation, although a fundamental solution would require improved business performance, we are focused on motivating capable employees by creating a work environment where each employee can contribute to society through the organization as professionals and raise their own

Employee Engagement Score



Note: Adopted Workday's research infrastructure. Average score for questions on "engagement" in the global employee awareness survey (answers on a scale of 0 to 10)

*1 Industry: Technology companies in general, not only in Japan but globally

Voice Glow Program

Momoko Iizuka

IJ Ink Development Unit Assistant Manager
IJ Imaging Tech R&D Center,
Chemical Products Business Unit
Konica Minolta, Inc.

Leveraging firsthand experience with U.S. sales staff and customers to advance ink development and support

I am responsible for UV ink development for the AccurioJet KM-1 series, our flagship digital inkjet press. Previously, my limited opportunities to engage directly with customers or sales staff left me with only an indirect understanding of development objectives and customer needs. To address this, I participated in the GLOW program to gain firsthand insights into our customers and sales operations. I chose a U.S. sales company as my assignment, given that the U.S. is the largest market for our current models.

During my assignment, I accompanied local staff on customer visits to introduce our printer ink and assess customer needs, exchanging views and documenting their requests and issues. I relayed this feedback to our headquarters' R&D division, enabling the verification and resolution of key issues. Observing the on-site operations firsthand allowed me to grasp the rationale behind requested improvements, making our R&D objectives and business strategies more concrete.

Looking forward, I intend to continue regular customer visits in Japan, Europe, and the U.S., to deepen my understanding of each market. Building on the insights and relationships developed through GLOW, I aim to collect data that will inform new R&D proposals. Additionally, I am committed to serving as a bridge between the R&D division and sales units, fostering mutual understanding and seamless collaboration.

market value.

With regard to career paths, we are particularly focused on strengthening management training and encouraging managers to seriously consider how to interact with their subordinates. We believe that raising awareness in this area will improve how managers advise and guide employees regarding their individual career plans.

With regard to how accessible management is to employees, the President personally visits each of our bases in Japan and overseas to directly engage with employees. Additionally, during CEO LIVE!, our internal briefings on quarterly financial results, the President provides direct explanations and on-the-spot answers to questions that employees have asked online, enabling direct feedback to management's thoughts and ideas. Each session receives many more questions than can be answered in the allotted time, but he provides thoughtful and sincere responses, fostering a venue for employees to understand management through two-way communication.

Through these efforts, we are closing the gap with the leading companies in employee engagement that we view as benchmarks.

In fiscal 2025, we will create a dialogue handbook based on best practices identified in the field and, based on the global survey results, roll out a framework to further promote the three steps of sharing results, communicating with colleagues, and taking action. In addition, due to the many comments and questions regarding compensation, benefits, and other HR matters through initiatives such as CEO LIVE!, we plan to establish venues at our main sites in Japan for HR executives and employees to directly discuss HR policies. This initiative aims to improve understanding of HR systems, address challenges, and strengthen efforts to improve workplace satisfaction.

Going forward, we will continue to aim to achieve an engagement score that ranks in the top 25% of our industry by fiscal 2030. To this end, we will increase productivity, ensure psychological safety, and innovation to realize growth across the entire organization. The engagement score is incorporated in the compensation determination scheme and is one of the key management indicators that the whole Group is working on to improve.

Voice Improving Engagement in Malaysia

Naoto Uryu
Managing Director
Konica Minolta Business Technologies (Malaysia) Sdn. Bhd. (BMMY)

Enhancing Employee Engagement by fostering accurate understanding across languages

As the president of BMMY, a key production site for the Business Technologies Business, I recognize that our relatively young company - established just a decade ago- has significant potential to grow stronger by localizing our operations to fit Malaysia's unique characteristics. Central to this transformation is elevating the quality of communication. In our multiethnic workplace, where over 3,000 employees speak a variety of languages, it is essential that everyone shares a clear and accurate understanding of our corporate direction. This shared understanding serves as a catalyst for new ideas and organizational strength.

In fiscal 2024, we reinforced our commitment to open communication by expressing our vision and strategy in straightforward language and by my personal engaging directly with employees through face-to-face dialogue. As a result, our "Your Voice" engagement score rose significantly from 7.2 in the previous fiscal year to 7.6. We also regarded the comment received from employees in the global survey as "Feedback is a Gift," and each supervisor responded thoughtfully to every comment.

Going forward, we will continue to pursue continuous improvement through trial and error, steadily nurturing a sense of pride and professionalism among our employees. These efforts will further enhance BMMY's value as a production site and contribute to the overall corporate value of Konica Minolta.

Konica Minolta's health & productivity management

To ensure that the professional human capital sought in our Human Capital Vision continue to work with high engagement, their physical and mental health is foundational.

At Konica Minolta, we consider the health management of our employees from a business perspective. Starting with a health declaration by the President, which recognizes that employee health is the foundation of all, we aim to improve well-being and maximize individual and organizational performance, thereby achieving sustainable growth as a company.

Since fiscal 2023, under our Medium-term Plan for health & productivity management, "Well-being 2025," we are advancing health initiatives closely linked to our business challenges through joint operations between the company and its partnered health insurance society. Specifically, we are promoting three initiatives: enhanced organizational health score by implementing measures based on analyses of various data results such as stress checks; reduced presenteeism by encouraging improved performance that should be delivered as a result of various health enhancement initiatives; and reduced absenteeism by supporting prevention and early recovery from illnesses and poor health that impede employees from working.

Based on the idea that change starts from the top, we have in place a Resilience Program led by occupational health physicians for senior management. This program is based on medicine, psychology, and neuroscience, and aims to improve physical, emotional, cognitive, and spiritual abilities, while also increasing engagement and maximizing organizational performance. To date, about 50 members of senior management, including the President and executive officers, have participated in the program, and the fifth term is currently underway.

DX Strategy

Basic Policy of Our DX Strategy

Konica Minolta has been promoting digital transformation (DX) since fiscal 2024 by establishing the DX Promotion Office, which is under the direct control of the President, with the aim of achieving two objectives: enhancing operational productivity and improving customer value through data and AI utilization. In the area of enhancing operational productivity, we are working on identifying DX opportunities originating from field challenges, with a scope that spans all businesses and corporate divisions, all value chains, and all geographic regions. With respect to improving customer value, we have started providing services that leverage AI and data at customer touchpoints, and are working to identify further opportunities.

In our DX strategy, we emphasize the following three points.

- Standardization of Group-wide DX promotion processes
- Educating talent to drive DX in the field
- Fostering a culture in which all employees actively utilize data and AI

In promoting DX, we place the highest priority on governance including AI ethics, and on cybersecurity measures, and we have established a Group-wide structure that involves the President, the Executive Officer responsible for Technologies, R&D, and the head of IT and Corporate Legal Division, among others.

DX promotion concept

Developing processes

In process development, Konica Minolta focuses on two points: creating mechanisms that produce quality projects and mechanisms that accumulate lessons across the Company.

With regard to the mechanisms that produce quality projects, it is important to review business processes themselves to eliminate waste before planning DX projects, and then design initiatives for the necessary processes. In addition, when planning DX projects, we emphasize calculating return on investment and clarifying the methods for monitoring it, establishing the operational structure after go-live, designing new value-added operations that arises from improved efficiency, and scaling successful initiatives across the organization.

Regarding mechanisms that accumulate lessons across the Company, we prioritize validating hypotheses through small, inexpensive PoCs on the premise that they are often proven to be incorrect. If a hypothesis is incorrect, we change directions or end the initiative itself, and share the failures experienced during the process with the entire Company to prevent the recurrence of the same mistakes.

Building organizations

In order to effectively promote DX, the key to success is for the management team, the relevant divisions (the field), and the IT division to work in close collaboration to execute DX projects originating from field challenges. The IT division includes a team responsible for IT implementation, a DX promotion team that develops a management structure to accelerate DX and serves as a bridge between the field and the IT division, and a data science team responsible for data analysis and AI model development.

At the same time, in order for DX to be effective, it is important for field staff to formulate daily improvement hypotheses, validate them with data, accelerate efforts when hypotheses are confirmed, and, when proven incorrect, generate and test new ones, thereby repeating this cycle to continuously enhance field activities. To this end, Konica Minolta has been promoting the development of DX specialists active in the field. As of fiscal 2023, more than 1,000 engineers across the Company have been certified as DX Specialists and are playing active roles in their business units.

The DX Promotion Office also plays the role of linking field challenges to DX opportunities in a top-down approach with major business value chains, as well as serving as a repository for DX opportunity identification activities (bottom-up approach) initiated by the field.

Fostering culture

The ultimate goal of our DX strategy is for each employee to utilize data and AI in their daily work to enhance operational productivity and improve customer value. To achieve this, it is essential that top management continuously communicate the importance of promoting DX, but even more important is that success stories are steadily accumulated in the field. The DX Promotion Office emphasizes a bottom-up approach that starts

DX strategy concept

with field challenges, and by generating results from many initiatives developed in the field, it fosters success stories. In addition, we post good practices, such as the use of generative AI to improve the efficiency of daily administrative tasks, on the intranet and share them at workshops and other events to help disseminate these success stories. We are working to foster a corporate culture that actively utilizes data and AI through efforts from both top and bottom.

Case study of enhanced operational productivity

Among Konica Minolta's major value chains (development, production, sales, service, and business administration), our production divisions have been pioneering the promotion of DX. In addition, for divisions with a large number of employees, where productivity enhancements would therefore have great impact, DX is promoted through a top-down approach with the participation of DX Promotion Office members.

For example, in our development divisions, we aim to reduce man-hours spent asking people or searching for information sources via e-mail or in person and man-hours spent resolving defects during software development by training generative AI on past product specifications and defect information. As for the sales divisions, we measure customer loyalty and use the resulting scores as a barometer for AI to automatically send e-mails to customers, instruct sales staff to make visits, and suggest opportunities for cross-selling. Service divisions are attempting to prevent unnecessary dispatch of service engineers by having AI provide optimal responses to customer inquiries.

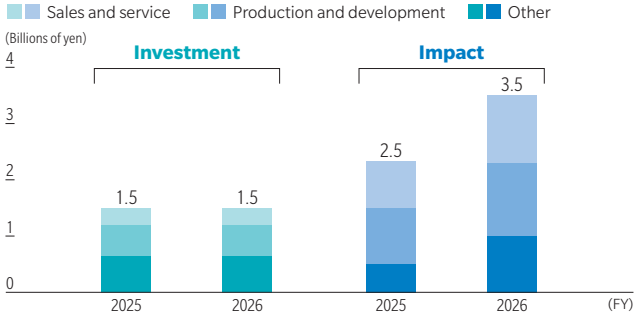
Return on investment from enhanced operational productivity

With regard to enhancing operational productivity, as a result of our efforts to identify opportunities originating from the field, more than 200 projects are in progress across the Group, and we expect to achieve a return on investment of ¥2.5 billion in fiscal 2025 and ¥3.5 billion in fiscal 2026, compared to investments of ¥1.5 billion each in fiscal 2025 and fiscal 2026. Furthermore, we aim to accumulate new projects in fiscal 2025, with a total impact of ¥5 billion in fiscal 2026.

For these projects, we are committed to carrying out inexpensive and fast PoCs with the premise that the hypotheses are often proven to be incorrect. For example, at a U.S. sales subsidiary, we selected 11 of 22 projects in fiscal 2024, all of which have proven to provide a sufficiently high return on investment.

We have also confirmed that the use of generative AI has resulted in users saving an average of 30 minutes per day, or approximately 10 hours of work per month. We aim to accelerate this individual use of generative AI to generate further impact.

Return on investment from enhanced operational productivity



Case study of improved customer value

For example, in our monitoring system for elderly care facilities, we enable data-driven care. By utilizing the visualization tool Care Loupe, caregivers can detect from elderly's movement data when the effects of medication are wearing off, enabling them to provide effective care such as administering medication earlier if necessary.

We also provide knowledge management support services, such as a service that uses AI to automatically generate manuals used in convenience stores, and a service that builds an environment at schools for students to study using generative AI.

Related information: Konica Minolta's internal DX promotion
https://img-insight.konicaminolta.com/blog/354/

Voice Sales division DX promotion

Ken Demura
Director, General Manager of Business Technologies Sales Division
Konica Minolta Japan, Inc.

Data democratization activities to implement data-driven management through DX

At Konica Minolta Japan's Business Technologies Sales Division, we are promoting "data democratization activities," in which sales representatives, management, and internal sales supervision and administrative staff take the initiative in identifying business challenges and advance data-driven management by utilizing digital tools.

For example, in sales activities, customer data had been stored across multiple systems, and each sales representative had to draw on their own skills to figure out a way to collect and analyze information in preparation for business negotiations. In this way, while a sales style supported by individual knowledge and experience had been the mainstream, there was room for improvement in terms of greater efficiency and the strengthening of organizational sales capabilities. Therefore, to make it easy for anyone to collect and analyze data, we have centralized data and developed functions that enable the use of dashboards and generative AI. As a result, not only have routine work hours been reduced, information sharing within the team has been facilitated, and decision-making has been accelerated, but the quality and quantity of strategic planning have been dramatically improved by visualizing the challenges and changes for each customer.

In order to improve these data utilization skills and awareness across the organization, we have been conducting training and workshops, as well as sharing best practices and success stories through our internal portal site, and data is now being effectively utilized in a variety of operations. Going forward, we would like to expand these initiatives to other divisions and the entire Group, leading to Group-wide operational reforms and the creation of new customer value.