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## Corporate Governance Report

Last Update: June 28, 2019  
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The corporate governance of Konica Minolta, Inc. (the “Company”) is described below.

### **I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information**

#### **1. Basic Views Updated**

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

#### **<Basic Concept for Corporate Governance>**

The Company believes that corporate governance should contribute to sustainable corporate growth and increased corporate value over the medium to long term by encouraging appropriate risk-taking as part of management execution. On the other hand, the Company has established a corporate governance system from the standpoint of the supervisory side in the belief that setting up and managing a highly effective supervisory function is also necessary. As part of its institutional design in accordance with the Companies Act, in 2003 the Company selected the “company with committees” system (now, a “company with three committees” system) and established a system that eliminated dependency on personal characteristics, thereby pursuing governance in a style specific to the Company.

The Company’s basic views with regard to its governance system are as follows.

- Ensuring business supervisory functions by separating the supervisory and execution functions in order to increase the corporate value;
- Election of an Independent Outside Director who can provide supervision from a shareholder perspective; and
- Improvement of the transparency, integrity and efficiency of management through the above-mentioned points.

Specifically, the Board of Directors and the three committees are composed as follows.

1) Board of Directors

- One-third or more of Directors are Independent Outside Directors, and Directors who do not concurrently serve as Executive Officers constitute the majority of the total number of Directors.
- The Chairman of the Board is selected from among Directors not concurrently serving as Executive Officers.

2) Nominating, Audit and Compensation committees

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

**[The reason for non-compliance with Japan’s Corporate Governance Code] Updated**

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

Reason for non-compliance with 【Principle 4-11 Preconditions for Board of Directors and *Kansayaku* Board Effectiveness】

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

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

**[Disclosure Based on the Principles of the Japan’s Corporate Governance Code] Updated**

【Principle 1-4 Cross-shareholdings】

The Company has prepared and disclosed a policy for cross-shareholdings (reduction policy and voting standards).

(1) Views on cross-shareholdings

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 stock 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.

As of March 31, 2019, the results of examinations into the Company's cross-shareholdings are as follows. Furthermore, each year, the Company verifies the economic justification and checks the qualitative significance of each individual stock through the Management Consultation Committee and reports its findings to the Board of Directors.

In terms of economic justification, each individual stock was examined as to whether revenues from dividends and related-party transactions exceeded the capital cost to the Company and it was confirmed that the most of stocks subject to examination produced revenues that exceeded capital cost of the Company.

In addition to the above, the stocks were checked regarding their qualitative significance which confirmed the purpose of holding stocks that are to continue being held by the Company, such as the maintenance or strengthening of business relations with investees or expectations of collaboration and business synergies.

This also confirmed stocks that the Company should consider selling due to the dilution of the significance or justification for ownership, or other factors. Additionally, five stocks that were recognized as having a diluted significance for ownership were sold in fiscal 2018, and the sales amount was 2,187 million yen.

## (2) Standard for voting cross-shareholdings

- 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, it makes a judgement from the perspective of whether said 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 in particular, as they may have a significant impact on shareholder return.

- 1) Transfer of important assets
- 2) Merger or share transfers which cause or cease wholly owned subsidiary
- 3) Third-party allotments through favorable issuances
- 4) Introduction of measures to defend against hostile takeovers

### 【Principle 1-7 Related Party Transactions】

If the Company, by any chance, engages in transactions with conflicting interests as prescribed in the Companies Act with Directors and Executive Officers ("executives"), the Board of Director rules require a resolution of approval by the Board of Directors. In addition, to identify conflict-of-interest transactions by

executives, every year on a regular basis there are confirmations with these executives to determine if there were any transactions (except compensation) between the Konica Minolta Group (the “Group”) and an executive or close relative (relatives within the second degree). Furthermore, with regard to transactions between the Company and its related parties, including major shareholders, subsidiaries and related companies, the Company has created internal approval procedures based on its authority rules equivalent to those governing transactions with third parties to ensure such transactions do not harm the interests of the Company or the common interests of its shareholders.

#### 【Principle 2-6 Roles as Asset Owners of Corporate Pension Funds】

The Company has established a Pension Asset Management Committee comprising the Executive Officer responsible for finance, the General Manager of the Human Resources Department, the General Manager of the Accounting Department, the General Manager of Finance Department, representatives from labor unions, and others. The committee is tasked with the appropriate management of the corporate pension fund.

Also, in order to perform the expected roles as Asset Owners by increasing the expertise used in management of the fund, dedicated fund management personnel who possess appropriate credentials and business experience in the Accounting and Finance departments have been appointed. Furthermore, for stocks of listed companies in Japan, management is entrusted to asset management institutions that profess to follow Japan’s Stewardship Code, and stewardship activities are monitored.

Conflicts of interest which could arise between corporate pension fund beneficiaries and the Company are managed appropriately as follows: 1) when selecting asset management institutions, the Company carries out a comprehensive assessment that covers not only quantitative aspects such as investment performance, but also qualitative aspects such as an institution’s investment policy, management framework, and compliance, 2) asset management institutions are required to formulate and disclose a policy regarding the management of conflict of interests, and 3) decisions regarding the exercise of voting rights are left to the sole discretion of the entrusted asset management institution to remove any possibility of interference by the Company.

#### 【Principle 3-1 Enhancement of Full Disclosure】

The Company discloses information properly in accordance with laws and regulations. In addition, to ensure that decisions are made with transparency and fairness, the following information is disclosed from the standpoint of maintaining an effective corporate governance system. The Company discloses information proactively. Specifically, the Company uses its website, integrated report, CSR report, corporate governance report, business report and other reports, and reference materials at general shareholder meeting to disclose information. In addition, there are proactive measures to supply information by using Management Policy Briefings, Investor Briefings for Individual Investors and other activities.

#### (1) Management Philosophy and Business Plan

The Company's management philosophy and business plan are disclosed in the integrated report. In addition, a link to the Corporate Governance Report is also provided to give detailed information. Furthermore, explanation is also actively provided through Management Policy Briefings and Investor Briefings for Individual Investors and other activities.

#### Management Philosophy

Please refer to the "Konica Minolta Philosophy" on the Company's website.

<https://www.konicaminolta.com/us-en/corporate/vision.html>

#### Business Plan

Please refer to the medium-term business plan on the Company's website.

One of the management targets for fiscal 2019, which was the operating profit target of at least 75.0 billion yen previously announced in the medium-term business plan, "SHINKA 2019," was revised to 66.0 billion yen. That said, the Group is committed to build the solid foundations for growth and new businesses to develop those into the future revenue pillars for the Group.

[https://www.konicaminolta.com/shared/changeable/investors/include/management/midterm\\_plan\\_presentations/pdf/plan\\_2017.pdf](https://www.konicaminolta.com/shared/changeable/investors/include/management/midterm_plan_presentations/pdf/plan_2017.pdf)

#### (2) Basic views on corporate governance

Please refer to the "Basic Policy on Corporate Governance" on the Company's website.

<http://www.konicaminolta.com/about/investors/management/governance/index.html>

#### (3) Policy and procedure for determining compensation for Executive Officers and Directors

Please refer to the Supplementary Explanation of "Incentives" and the Policy on Determining Compensation Amounts and Calculation Methods of "Compensation for Directors and Executive Officers" in section II. 1 of this report.

#### (4) Policy and procedure for selections or dismissals of Executive Officers and nominations of Director Candidates

##### (a) Policy and procedure for selections or dismissals of Executive Officers

The Board of Directors uses a fair, timely and appropriate method to select people who have the capabilities to serve as Executive Officers. These individuals must be able to create new value for the Group and earn the support of internal and external stakeholders. Standards for making these judgments about capabilities are defined in "Standards for the Selection of Executive Officers". These standards include qualification standards. Individuals must have the ability and experience for the internal and external management of the Group's business operations. Qualification standards also take into consideration knowledge about specialized fields and technologies, an individual's age when the time for renewing the appointment comes, and other items. In addition, the Board of Directors selects individuals with a strong commitment to ethics, the ability to put customers first, the ability to drive innovation, strong motivation to achieve goals, and other characteristics.

To select new Executive Officers, candidates who have completed senior executive candidate training must do the first stage of the selection process, which involves submitting documents and completing an interview. Next, an assessment is performed in order to reach a highly objective and appropriate decision. This process includes input from both an external perspective and from the perspective of people at the Group who frequently interact with these candidates as part of their jobs. An evaluation conference, which consists of the President & CEO and the Executive Officer responsible for personnel, is held to examine the results of this process. This results in the selection of candidates to become Executive Officers.

To determine the new team of Executive Officers, the President & CEO selects from the list of Executive Officer candidates the individuals who are believed to be well suited to serve as Executive Officers. Next, a proposal for the selection of Executive Officers for the new fiscal year is prepared and submitted to the Board of Directors with a list of the duties for each Executive Officer. Prior to the submission of this proposal to the Board of Directors, the Nominating Committee performs oversight of the whole process, including a confirmation that a suitable process was used. Oversight includes receiving the proposal for the new Executive Officer team (including the proposed new Executive Officer selections from the President & CEO) and a report about the proposed duties of each Executive Officer.

Prior to the submission of this proposal to the Board of Directors, the Nominating Committee performs oversight of the whole process, including a confirmation that a suitable process was used. Oversight includes receiving the proposal for the new Executive Officer team (including the proposed new Executive Officer selections from the President & CEO) and a report about the proposed duties of each Executive Officer.

The Nominating Committee considers observing the character of Executive Officer candidates is an important matter and utilizes opportunities such as attending meetings of the Board of Directors and reporting to informal gatherings of Directors. After receiving the proposal for the selection of Executive Officers mentioned above from the President & CEO, the Nominating Committee discusses the content of the proposal, creates a summary of its conclusions regarding matters such as the appropriateness of candidates and training issues, and provides these as feedback to the President & CEO.

Also, the Board of Directors takes the “Standards for the Selection of Executive Officers” into full consideration when deciding whether or not to dismiss an Executive Officer.

#### (b) Policy and procedure for nomination of Director Candidates

The Nominating Committee starts each year by performing reviews of the composition of the Board of Directors and committees and of the standards for the selection of directors and committee members. By performing examinations from the standpoints of balance of career and skill, diversity and other factors, this committee aims to upgrade its selections of Director candidates. The following process is used to make selections.

<Board of Directors>

1) The Nominating Committee examines the objectives of the composition of the board and then confirms a proposal for the total number of Directors, the number of Outside Directors, and the number of Inside Directors who do and do not concurrently serve as Executive Officers.

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

<Outside Directors>

3) To select Outside Director candidates, after the Nominating Committee confirms the selection process, the members of this committee determine the careers and skills that will be required of new Outside Directors in order to enable them to be a good match with Outside Directors to be reelected. The purpose is to receive beneficial oversight and advice concerning management issues at the Company.

4) The Nominating Committee chairman asks for a broad range of recommendations for candidates, based on information from Nominating Committee members, other Outside Directors and the President & CEO. To provide reference information, the Board of Directors Office distributes to Nominating Committee members etc. a candidate database, centered on “chairmen” of excellent companies, that includes information about independence, age, concurrent positions and other characteristics of candidates.

5) The Nominating Committee takes into consideration the items listed below in order to narrow down the number of candidates, from the recommended individuals obtained through the preceding process in order to determine an order of priority.

- Selection standards for Directors
- Standard for independence of Outside Directors
- Balance of career and skill required for Outside Directors and diversity

6) Using the order of priority for candidates, the Nominating Committee chairman and Chairman of the Board of Directors visit and approach the candidates to serve as an Outside Director.

<Inside Directors>

7) Candidates for Inside Director are jointly proposed with the Nominating Committee following discussions between the Chairman of the Board of Directors and the President & CEO concerning proposed candidates for Non-executive Directors and Directors who concurrently serve as Executive Officers based on the President & CEO sharing his plan for the executive system for the next fiscal year with the Chairman of the Board of Directors, with emphasis placed on the following points.

- Selection standards for Directors
- Roles of Directors who do and do not concurrently serve as Executive Officers
- Required skills, experience and other characteristics of Directors who do and do not concurrently serve as Executive Officers

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

[Director election standards]

The Nominating Committee has selected candidates who satisfy the following standards as being suitable Directors for achieving good corporate governance i.e. ensuring the transparency, soundness and efficiency of the Company’s operations.

- 1) Good physical and mental health
- 2) A person that is well liked, dignified, and ethical

- 3) Completely law-abiding
- 4) In addition to having objective decision-making abilities for management, the person must have good foresight and insight
- 5) Someone with no possible conflict of interest or outside business relations that may affect management decisions in the Company's main business areas, and who has organizational management experience in the business, academic, or governmental sectors. Otherwise, someone with specialized knowledge in technology, accounting, law, or other fields
- 6) For Outside Directors, a candidate with a history of performance and insight in that person's field, someone with sufficient time to fulfill the duties of a Director, and who has the ability to execute required duties as a member of the three relevant committees
- 7) The Nominating Committee has separately set forth points for consideration in the re-election of Directors and requirements concerning the number of terms of office, age and other factors.  
Especially, in principle, existing terms of office for Outside Directors are up to four years.
- 8) In addition, the candidate must have the abilities necessary for a Director running and building a public corporation that is transparent, sound, and efficient.

[Independence standards for Outside Directors]

Concerning Independence Standards for Outside Directors, please refer to the "Matters relating to Independent Directors" of "Independent Directors" in section II. 1 of this report.

[Balance of career and skill required for Outside Director candidates and diversity]

- 1) For the diversity of Directors, the Nominating Committee Rules for selection standards for Directors state that candidates should "have experience operating an organization in the industrial, government or academic sector or have specialized skills involving technologies, accounting, law or other fields" and "have accomplishments and knowledge in their respective fields for Outside Director candidates."
- 2) Candidates should have the character, skill and experience needed for strengthening and upgrading management in order to enable the Board of Directors to determine the Company's strategic direction.
- 3) A career and skill matrix for Outside Directors to be reelected and new Outside Director candidates that includes the industries, major management experience, fields of expertise and other characteristics is prepared in order to take into consideration the diversity of careers and skills. The purpose is to receive beneficial oversight and advice concerning the Company's management issues at the Board of Directors.
- 4) Outside Director candidates are not excluded from consideration on the grounds of their gender, nationality, country of birth, cultural background, race, or ethnicity.

[Stance concerning roles of Inside Directors and selection of Candidates]

- 1) The Chairman of the Board of Directors calls meetings of the board and chairs the meetings. In addition, the Chairman is responsible for overseeing improvements in the effectiveness of corporate governance. The Chairman ensures that agenda items are handled in a manner that facilitates constructive discussions in an

open and unrestricted manner. The Chairman also asks questions and takes other actions from the standpoint of providing oversight and ideas and suggestions. Furthermore, based on assessments of the effectiveness of the board, the Chairman establishes policies for the board's operations and explains these policies at the board meeting following ordinary general meeting of shareholders.

The Company's previous President & CEO has been selected as the Chairman in order to have a Chairman who has a thorough knowledge of the Company's management and can provide highly effective oversight of management. The Company's Basic Policy on Corporate Governance and Corporate Organization Basic Regulations require that the Chairman shall be a Director who does not concurrently serve as Executive Officer, whether the individual is an Outside or Inside Director.

2) An Inside Director who is not concurrently an Executive Officer and who has the ability to ensure the quality of audits is selected as a full-time Audit Committee Member. The Inside Director who serves as a full-time Audit Committee Member should have extensive management experience as an Executive Officer of the Company in order to improve the effectiveness of the Audit Committee. The qualifications required in particular are experience in accounting and finance or internal audit, business management and main business management.

3) Inside Directors who are concurrently Executive Officers, other than the President & CEO, are selected based on their experience, capabilities and character so that these individuals can demonstrate accountability in their execution of business and contribute to energetic and meaningful discussions of the Board of Directors. Requirements for these Inside Directors include responsibility for overseeing strategic planning, accounting and finance, technology, main business and other major elements of the Company's operations.

(5) Reasons for selections and nominations of Executive Officers and Directors responsible for major duties

(a) Reasons for selections of individual Executive Officers overseeing the major duties

The reasons for selecting Executive Officers in charge of the Company's major responsibilities are the followings.

Mr. Shoei Yamana (President & CEO, Representative Executive Officer)

As the executive for the Company's main Business Technologies Business, the Group's management strategies and other activities, Mr. Yamana has experience and accomplishments. In addition, he is the most suitable individual for serving as the chief executive officer for achieving ongoing profit growth by steadily implementing the medium-term management plan, "SHINKA 2019," that began in fiscal 2017.

Mr. Seiji Hatano (Senior Executive Officer responsible for Business Management, Accounting, Finance and Risk Management)

He has extensive experience and accomplishment as preparation for the Company's midterm business plan and the handle of growing business and the M&A after he performed various kinds of financial businesses at the mega bank in Japan, America and Asia.

Mr. Toshimitsu Taiko (Senior Executive Officer, Lead Officer responsible for Business Technologies Business and Division President of Office Business Headquarters)

He has served as CEO of a sales subsidiary in the United States, General Manager of Business Planning

Headquarters, General Manager of Professional Printing Business Headquarters and General Manager of Office Business Headquarters in the Company's mainstay Business Technologies Business, and has extensive experience and accomplishment in the business.

Mr. Masafumi Uchida (Senior Executive Officer responsible for Technologies and General Manager, Quality Management Headquarters)

He has served as General Manager of Production Technology Division in the Company's Business Technologies Business, as well as Deputy General Manager of Production Headquarters, General Manager of Corporate Social Responsibility Operations, and General Manager of Quality Headquarters, and has experience and accomplishments promoting a response to important company-wide issues that incorporates both technology and management through environment and quality management.

(b) Reasons for nominations of Director candidates

The reasons for selecting Director candidates by the Nominating Committee are the following. See "II 1 Information concerning Outside Directors" for the reasons for selecting Outside Director candidates.

[Reasons for selecting the candidate for Inside Director] (The 115th Ordinary General Meeting of Shareholders)

Mr. Masatoshi Matsuzaki (Chairman of the Board of the Company)

Mr. Masatoshi Matsuzaki has extensive experience and expertise. At the Company and its Group companies, under the company split and holding company structure, Mr. Matsuzaki has been in charge of research and product strategies for the Business Technologies Business, served as president of a subsidiary handling basic research and development of elemental technologies and served as Executive Officer in charge of technology strategy at the Company. In addition, Mr. Matsuzaki led the management of the Group, serving as President & CEO from April 2009 through March 2014. Since April 2014, as Chairman of the Board of Directors, he has worked to further enhance corporate governance.

It has been confirmed by the annual evaluation of the effectiveness of the Board of Directors that Mr. Matsuzaki properly chooses matters of discussion for the meetings of the Board of Directors and draws on capabilities of Outside Directors as a specialized supervisor with a very high level of familiarity of the Company's management, and also enhances the quality of supervision with questions and opinions that complement his activities described above. He also leads the Company's corporate governance reform aiming at realizing sustainable growth and enhancing corporate value. Therefore, the Company requested that shareholders elect for him to continue. Mr. Matsuzaki has been in charge of supervision of the management, securing sufficient time to fulfill his duties as full-time Chairman of the Board of Directors.

Mr. Shoei Yamana (President & CEO, Representative Executive Officer)

Mr. Shoei Yamana has extensive experience and expertise. At the Company and its Group companies, Mr. Yamana has been an Executive Officer in charge of management strategy and IR, served as General Manager of the Sales Division of Business Technologies Business and been in charge of operations, among other positions. Mr. Yamana has led the management of the Group, serving as President & CEO since April 2014,

and has worked to enhance corporate value by promoting “TRANSFORM 2016,” the Company’s medium-term business plan.

The Company believes that, as the CEO of the Group, Mr. Yamana can continue leading the Company to ongoing profit growth by steadily implementing “SHINKA 2019,” a medium-term business plan through fiscal 2019 that aims at the Company’s sustainable growth through business transformation. In addition to demonstrating accountability on the Board of Directors as Representative Executive Officer, Mr. Yamana can continue contributing to the enhancement of the function of making important decisions from a management standpoint. Therefore, the Company requested that shareholders elect for him to continue.

Mr. Toyotsugu Itoh

The Company believes that it is important for the Audit Committee to include a full-time Inside Director who has extensive business management experience and expertise involving the collection of information. Mr. Toyotsugu Itoh will attend management meetings of Executive Officers as a Member of the Audit Committee. He will grasp and confirm validity of the determination process about operations, which are commissioned to the Executive Officers by the Board of Directors, as well as the operational status of the internal control system. By providing the Audit Committee with feedback on such information, he will work to optimize the quality and quantity of information for the audit by the Committee.

Mr. Itoh has extensive experience and considerable expertise related to business management and internal control from serving in the Company’s production technologies, business management of subsidiaries, and serving as Senior Executive Officer in reforms of the management quality etc. In fiscal 2018, Mr. Itoh engaged in supervising management as an Inside Director at the Company not concurrently serving as Executive Officer and properly fulfilled his duties at the Nominating, Audit and Compensation Committees as an Inside Member.

Therefore, the Company believes that Mr. Itoh can enhance corporate value by maintaining and upgrading the corporate governance, and requested that shareholders elect for him to continue.

Mr. Hiroyuki Suzuki

The Company believes that it is important for the Audit Committee to include a full-time Inside Director who has extensive business management experience and expertise involving the collection of information in order to enhance the effectiveness of the Audit Committee. Mr. Hiroyuki Suzuki will attend management meetings of Executive Officers as a Member of the Audit Committee. He will work to optimize the quality and quantity of information for the audit by the Committee as he will grasp and confirm validity of the determination process about operations, which are commissioned to the Executive Officers by the Board of Directors, as well as the operational status of the internal control system and will provide the Audit Committee with feedback on such information.

After engaging in the secretariat duties to support the Audit Committee at the Audit Committee Office of the Company, Mr. Suzuki has also overseen internal audit as the General Manager of the Company’s Corporate Audit Division. Mr. Suzuki has extensive experience and considerable expertise related to internal control, and the Company expects that Mr. Suzuki will engage in supervising management as an Inside Director at the

Company not concurrently serving as Executive Officer and properly fulfill his duties at the Audit and Compensation Committees as an Inside Member.

Therefore, the Company believes that Mr. Suzuki can enhance corporate value by maintaining and enhancing the corporate governance, and requested that shareholders newly elect him as a Director.

Mr. Seiji Hatano (Senior Executive Officer)

As a Senior Executive Officer of the Company responsible for Business Management, Finance and Accounting, and Risk Management, Mr. Seiji Hatano has worked to enhance corporate value of the Group by promoting the medium-term business plan. The Company believes Mr. Hatano will demonstrate accountability to the Board of Directors and participate in important management decisions. Therefore, the Company requested that shareholders elect for him to continue.

Mr. Toshimitsu Taiko (Senior Executive Officer)

As a Senior Executive Officer of the Company, lead officer responsible for supervision of the Company's mainstay Business Technologies Business, Mr. Toshimitsu Taiko has worked to enhance corporate value of the Group by promoting the medium-term business plan. The Company believes Mr. Taiko will demonstrate accountability to the Board of Directors and participate in important management decisions. Therefore, the Company requested that shareholders elect him to continue.

Mr. Masafumi Uchida (Senior Executive Officer)

As a Senior Executive Officer of the Company in charge of all aspects of the technology sector as well as the quality, Mr. Masafumi Uchida has worked to enhance corporate value of the Group by promoting the medium-term business plan. The Company believes Mr. Uchida can demonstrate accountability to the Board of Directors and participate in important management decisions. Therefore, the Company requested that shareholders newly elect him as a Director.

[Supplementary rule 4-1-1 Rules and Responsibilities of Board of Directors]

Since the Company is a company with three committees, the Board of Directors delegates to Executive Officers as much authority as allowed by laws and regulations for making operational decisions. This contributes to the speed and flexibility of managing business operations. The Board of Directors makes decisions solely about items, such as fundamental management policies, that can be determined only by the Board of Directors, according to laws and regulations. In addition, the Board of Directors makes decisions about investments larger than a certain amount and such other items that will have a significant impact on the Konica Minolta Group.

【Principle 4-9 Independence Standards and Qualifications for Independent Outside Director】

The standards for determining independence are explained in II. 1. [Independent Directors] Matters relating to Independent Directors. For information about the required qualifications, see I. 1. [Disclosure Based on the Principles of the Japan's Corporate Governance Code] [Balance of career and skill required for Outside Director candidates and diversity].

[Supplementary rule 4-11-1 Total Balance, Diversity and Size of the Board of Directors]

The Board of Directors is composed of a number of Directors within the scope provided in the Articles of Incorporation, taking into account the management issues the Board of Directors is required to address.

- (1) To ensure management transparency and supervisory objectivity, oversight of management, one-third or more of Directors are Independent Outside Directors, and Directors who do not concurrently serve as Executive Officers constitute the majority of the total number of Directors.
- (2) To enhance the management supervision function, liaise with the Independent Outside Directors and strengthen communication and cooperation with Executive Officers, more than one Inside Directors not concurrently serving as Executive Officers will be appointed.
- (3) To further enhance deliberations on important decisions from a management standpoint, in addition to the President & CEO, several Executive Officers in charge of principal duties will be appointed as Directors.
- (4) The Nominating, Audit and Compensation committees are all chaired by Outside Directors to ensure transparency and objectivity. In addition, to ensure that each committee adequately fulfills its respective roles, each committee is composed of around five members, and a majority of its members is Independent Outside Directors.
- (5) Concerning the size of the Board of Directors, the Company considers that ten to 12 Directors to be appropriate from the standpoint of achieving the proper composition of the board with respect to Inside Directors who do not concurrently serve as Executive Officers, Inside Directors who concurrently serve as Executive Officers and Outside Directors.
- (6) For information about the diversity of the Board of Directors, see I. 1. [3-1 Enhancement of Full Disclosure] [Balance of career and skill required for Outside Director candidates and diversity]. Especially for the information about the approach to the diversity, including gender and international aspects, and appropriate size, see [The reason for non-compliance with Japan's Corporate Governance Code].

[Supplementary rule 4-11-2 The other Jobs and Duties of Directors]

For the selection standards for Outside Directors, individuals must "be able to spend sufficient time to perform their duties" and candidates are selected after thoroughly examining their other jobs and duties. The other jobs and duties of the Directors who were elected at the 115<sup>th</sup> Ordinary General Shareholder Meeting in June 2019 are as follows;

Furthermore, the Company requires all Directors to have an attendance rate of at least 80%, and in order to realize this, as a general rule Directors should aim to hold concurrent positions (positions as Officers as stipulated in the Companies Act) at no more than three companies other than the Company.

Name	Main position concurrently held (as of June 26 <sup>th</sup> )	Position
Masatoshi Matsuzaki (Chairman of the Board of the Company)	Ichigo Inc. Nomura Research Institute, Ltd. Nippon Sheet Glass Co. Ltd. LIXIL Group Corporation	Outside Director Outside Director Outside Director Outside Director
Kimikazu Noumi (Outside Director)	J-WILL CORPORATION Nishimoto Co., Ltd. SPARX Group Co., Ltd.	Executive Advisor Outside Director Outside Director
Takashi Hatchoji (Outside Director)	Nitto Denko Corporation Marubeni Corporation	Outside Director Outside auditor
Taketsugu Fujiwara (Outside Director)	Asahi Kasei Corporation SHIMADZU CORPORATION KOKUYO Co., Ltd. IHI Corporation	Counsellor Outside Director Outside Director Outside Director
Chikatomo Kenneth Hodo (Outside Director)	Accenture Japan Ltd Sumitomo Mitsui Asset Management Company, Limited Mynavi Corporation Mitsubishi Chemical Holdings Corporation	Senior Corporate Advisor Outside Director Outside Director Outside Director
Sakie Tachibana Fukushima (Outside Director)	G&S Global Advisors Inc. J. Front Retailing Co., Ltd. USHIO INC.	President and Representative Director Outside Director Outside Director

[Supplementary rule 4-11-3 Evaluation of Effectiveness of the Board of Directors]

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

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

The fiscal 2017 evaluation of effectiveness once again questioned whether the fundamentals of the Company's governance system were appropriate for achieving the Company's corporate governance goals

of sustained growth and the medium and long-term growth of corporate value.

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

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

(1) Survey schedule

The fiscal 2018 evaluation of effectiveness was performed as follows.

- April 2019: Distribution of self-evaluation questionnaires
- May 2019: Return of questionnaires and processing of results
- June 2019: Explanation of Board of Directors Operations Policy (Fiscal 2019) by the Chairman (at the Board of Directors meeting immediately after the Ordinary General Meeting of Shareholders)

(2) Survey target

All Directors

(3) Survey objective

The results of the survey are used to identify items that the Board of Directors should work on in the following fiscal year in order to further improve effectiveness.

(4) Questions

- Composition and roles of the Board of Directors and other items
- Effectiveness and operation of the Board of Directors and the three committees
- Governance in general
- Tackling of matters stipulated in the fiscal 2018 Board of Directors policies

(5) Results of Effectiveness Assessment

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

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

It was also confirmed that Executive Officers and Directors who concurrently serve as Executive Officers were receiving beneficial advice from Outside Directors and the Chairman of the Board of Directors and that the Board of Directors is providing an environment that enables Executive Officers and Directors who concurrently serve as Executive Officers to take appropriate risks. However, an opinion was also given calling

for improvements from the executive side in regard to following up on actionable opinions provided.

(b) Effectiveness and operation of the Board of Directors

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

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

Regarding the operation of the Board of Directors, it was confirmed that topics for discussion are being set based on social circumstances and the management environment, that time for discussions was being secured, that discussions are constructive and held in an open and unrestricted manner, that matters to be resolved and matters to be reported are being set appropriately, and that the Chairman of the Board of Directors is handling agenda items appropriately. However, opinions such as the following were also given – (1) there is room for improvement in monitoring the progress being made by the executive side in executing matters discussed by the Board of Directors, (2) it may be worth increasing the frequency of reports on businesses that are growth drivers, and (3) Directors who concurrently serve as Executive Officers should participate in discussions to a greater degree.

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

(c) Operation of the three committees

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

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

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

(d) Governance in general

It was confirmed that the Company's governance systems were functioning effectively when viewed as a whole, that transparent and fair decision-making is being ensured, that there are no impediments to executive management exercising its autonomy and making swift and resolute decisions, and that the Chairman of the Board of Directors is fulfilling his responsibility to ensure that governance systems are functioning effectively. However, there were opinions given that regular checks are needed to ensure that Executive Officers and Directors who concurrently serve as Executive Officers are conforming to governance systems and that the Company should consciously evolve from "making sure there are no impediments to swift and resolute decision-making" to "encouraging swift and resolute decision-making." The following points to keep in mind were raised regarding protective governance – (1) engagement in cyber security based on the latest trends, (2) response to shifts in what society demands in regard to corporate governance, and (3) internal controls at overseas subsidiaries (are directives reaching all the way to the rank and file of overseas subsidiaries?).

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

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

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

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

(6) Outline of Board of Directors Management Policies for Fiscal 2019

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

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

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

[Supplementary rule 4-14-2 Training of Directors and Auditors]

In accordance with the Director Election Standards, the Nominating Committee selects candidates for election as Director who have the qualities needed to be a Director. The Company confirms whether new Directors require training judging from each individual's knowledge, experience and other characteristics. If training is needed, the Company provides suitable opportunities to receive this training.

- (1) For new Independent Outside Directors, the Company provides information about the group's structure, business activities and finances as well as information about the medium-term business plan and its progress and other subjects. These new Directors also receive basic information about the Company's businesses and corporate-level functions.
- (2) For Independent Outside Directors, the Company arranges visits to the development, manufacturing, sales, service and other operations of every business unit. The Executive Officer of each business unit provides the Directors with the latest information about that business.

Board of Directors activities in fiscal 2018:

- (a) Inspection tours in Japan (factories and sales offices, including at subsidiaries)  
Three tours with the cumulative participation of ten Outside Directors
  - (b) Inspection tours outside Japan (factories and sales offices, including at subsidiaries)  
Four tours with the cumulative participation of five Outside Directors
  - (c) Research activity announcement event  
Research activity announcement events in two business areas with participation of three Outside Directors.
  - (d) External exhibitions  
External exhibition with the participation of two Outside Directors.
- (3) New Inside Directors provided opportunities to attend governance training held by external institutions.

【Principle 5-1 Policy for Constructive Dialogue with Shareholders】

The Company encourages constructive dialogues with shareholders and other investors with the goal of using these dialogues to contribute to sustained growth and the medium and long-term growth of corporate value. The Company will conduct extensive investor relations activities. Based on this commitment, the following actions are taken.

- (1) Designation of a senior management in charge of shareholder dialogues  
Activities for a constructive dialogue with shareholders and other investors are centered on the President & CEO. The Executive Officer for investor relations and the department responsible for investor relations assist the President & CEO.
- (2) Measures for seamless cooperation among departments  
The department responsible for investor relations plays the primary role in encouraging dialogues with shareholders and other investors. The accounting, finance and legal affairs departments and all business units work together to support this division. In addition, the Investor Relations Office works seamlessly

with the management council meetings and other major councils as well as the Corporate Information Disclosure Committee for the purpose of ensuring that dialogues are timely and appropriate.

(3) Measures used for dialogues other than individual meetings

The Company positions general shareholder meeting as an important opportunity for a dialogue with shareholders. The goal is to operate these meetings in a manner that can earn the trust of shareholders. This includes the disclosure of information about business operations so that information is supplied in a sufficient volume and in a format that is easy to understand. In addition, there are quarterly Financial Results Briefing Session, Management Policy Briefings from the President & CEO, and Investor Briefings for Individual Investors. All these activities are aimed at maintaining strong lines of communication with shareholders and other investors.

(4) Reporting system for shareholders' opinions and concerns

The President & CEO submits reports on investor relations activities to the Board of Directors, management council meetings and other major councils in order to maintain the proper framework. These reports include opinions and concerns about the Company that were received through dialogues with shareholders and other investors.

(5) Management of insider information

The Company has a Corporate Information Disclosure Committee for the purpose of ensuring that the disclosure of important corporate information is timely, appropriate and fair. This Committee establishes a procedure for the disclosure of information. In addition, as stated in Rules for the Prevention of Group Insider Trading, the managers of departments that have information about significant facts are responsible for managing this information. Disclosure must be timely, appropriate and fair. Information must be managed to prevent the provision of information only to some shareholders and investors.

(6) Other activities

The Company performs investigations and other activities in order to identify effective shareholders. The purpose is to know all shareholders, both registered and effective shareholders, who make investment decisions and stock voting decisions. Dialogue with these effective shareholders is one of the Company's priorities.

The Company supplies financial information to shareholders and other investors as well as the President & CEO' stance regarding management from medium and long-term perspectives (including specific measures regarding revisions to the business portfolio, the allocation of management resources, etc.), information about ESG (environmental, social and governance, and other non-financial information. More measures will be taken to further upgrade these disclosure activities.

## 2. Capital Structure

Percentage of Foreign Shareholders	30% or more
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### [Status of Major Shareholders] Updated

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	45,068,000	9.09
Japan Trustee Services Bank, Ltd. (Trust account)	31,637,800	6.38
MUFG Bank, Ltd.	13,945,007	2.81
SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation Pension Trust Account)	11,875,000	2.39
Nippon Life Insurance Company (Standing proxies: The Master Trust Bank of Japan, Ltd.)	10,809,234	2.18
The Nomura Trust and Banking Co., Ltd. (Holder in Retirement Benefit Trust for MUFG Bank, Ltd.)	10,801,500	2.18
GOLDMAN SACHS INTERNATIONAL (Standing proxies: Goldman Sachs Japan)	10,088,056	2.03
DAIDO LIFE INSURANCE COMPANY (Standing proxies: Japan Trustee Services Bank, Ltd.)	9,040,518	1.82
Japan Trustee Services Bank, Ltd. (Trust account 9)	8,741,800	1.76
Japan Trustee Services Bank, Ltd. (Trust account 5)	8,583,400	1.73

Controlling Shareholder (except for Parent Company)	—
Parent Company	None

### Supplementary Explanation

- 1) The status of major shareholders shown above is the current status as of March 31, 2019.
- 2) Percentages are calculated by deducting treasury shares 6,758,446 shares. Treasury shares do not include the Company's shares held by trust accounts related to the BIP (Board Incentive Plan) trust for compensation for Directors (1,250,538 shares).
- 3) According to a Statement of Large-Volume Holdings made accessible to the public on April 6, 2018, as of April 1, 2018, a group of shareholders comprising MUFG Bank, Ltd. and three other affiliate companies of the Mitsubishi UFJ Financial Group, Inc., held the Company's shares as shown below. However, as the Company is unable to confirm the actual number of shares held as of March 31, 2019, the number of shares owned on the registration of the shareholder name is shown in the status of major shareholders above.
  - Mitsubishi UFJ Financial Group, Inc. (group shareholding comprising four companies): 54,529,000 shares (10.85%)

- 4) According to Statements of Large-Volume Holdings made accessible to the public, the companies shown below have significant holdings of the Company's shares, however, as the Company is unable to confirm the actual number of shares held as of March 31, 2019, they have not been included in the status of major shareholders above. Additionally, the percentages shown in parentheses is based on the total number of all issued shares, including treasury shares.
- Nomura Securities Co., Ltd. (group shareholding comprising three companies): 26,585,000 shares (5.29%) held as of February 15, 2019  
(Statement of Large-Volume Holdings as of February 20, 2019)
  - Sumitomo Mitsui Trust Bank, Limited (group shareholding comprising two companies): 25,279,000 shares (5.03%) held as of December 14, 2018  
(Statement of Large-Volume Holdings as of December 20, 2018)
  - Asset Management One Co., Ltd.: 26,419,000 shares (5.26%) held as of September 14, 2018  
(Statement of Large-Volume Holdings as of September 25, 2018)
  - BlackRock Japan Co., Ltd. (group shareholding comprising eight companies): 30,922,000 shares (6.15%) held as of June 15, 2017  
(Revised Statement of Large-Volume Holdings as of June 21, 2017)

### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange, First Section
Fiscal Year-End	March
Type of Business	Electric Appliances
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Sales (consolidated) as of the End of the Previous Fiscal Year	¥1 trillion or more
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 100 to less than 300

### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

—

### 5. Other Special Circumstances which may have Material Impact on Corporate Governance

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## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with three committees (Nominating, Audit and Compensation)
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Other Director
Number of Directors	12

#### [Outside Directors]

Number of Outside Directors	5
Number of Independent Directors	5

Outside Directors' Relationship with the Company (1) Updated

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Kimikazu Noumi	From another company												
Takashi Hatchoji	From another company									△			
Taketsugu Fujiwara	From another company									△			
Chikatomo Kenneth Hodo	From another company									△			
Sakie Tachibana Fukushima	From another company												

\* Categories for "Relationship with the Company"

\* "○" when the Director presently falls or has recently fallen under the category;

"△" when the Director fell under the category in the past

\* "●" when a close relative of the Director presently falls or has recently fallen under the category;

"▲" when a close relative of the Director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive Director or Executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an Executive thereof

e. Major client or supplier of the listed company or an Executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

- h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- i. Executive of a company, between which and the Company Outside director/*kansayaku* are mutually appointed (the Director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

Outside Directors' Relationship with the Company (2) Updated

Name	Committees			Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Selection
	Nominating	Remuneration	Audit			
Kimikazu Noumi		○	○	○	<p>Executive Advisor of J-WILL CORPORATION</p> <p>There is no business relationship between J-WILL CORPORATION and the Company.</p>	<p>Reasons for selection as an Outside Director:</p> <p>The Company focuses on 1. having professional records and visions in their respective fields; 2. having no material business relations with the Company and thus a high degree of independence; and 3. ability to dedicate sufficient time to fulfill the duties of the Board of Directors and committees.</p> <p>Mr. Kimikazu Noumi was a financial services business manager at The Norin Chukin Bank and Aozora Bank Ltd., he has helped new businesses to grow through investments made by the Innovation Network Corporation of Japan, and he has been involved with assisting companies in enacting reforms from within. He has extensive experience and a broad range of knowledge as a corporate executive. The Company believes that Mr. Noumi can contribute to the maintenance and upgrading of corporate governance.</p> <p>Reasons for selection as an Independent Director: Mr. Noumi meets the standards for independence specified by the Nominating</p>

						<p>Committee. Also, as explained in the column to the left, Mr. Noumi is not a business executive or other significant person at a major supplier or customer or a major shareholder. There are no conflicts of interest with ordinary shareholders concerning his role as an Outside Director. As a result, Mr. Noumi is designated an Independent Director.</p>
Takashi Hatchoji	○	○	○	<p>Former Representative Executive Officer, Executive Vice President and Executive Officer of Hitachi, Ltd.</p> <p>Transactions between Hitachi and the Company account for less than 1% of the consolidated sales of each company.</p>	<p>Reasons for selection as an Outside Director: Same as above for 1) to 3)</p> <p>At Hitachi, Ltd., Mr. Takashi Hatchoji was involved for many years in the management of the electronics manufacturing business, including promotion of global management and business transformation. He has extensive experience and a broad range of knowledge as a corporate executive. The Company believes that Mr. Hatchoji can contribute to the maintenance and upgrading of corporate governance.</p> <p>Reason for selection as an Independent Director: Mr. Hatchoji meets the standards for independence specified by the Nominating Committee. Also, as explained in the column to the left, Mr. Hatchoji is not a business executive or other significant person at a major supplier or customer or a major shareholder. There are no conflicts of interest with ordinary shareholders concerning his role as an Outside Director. As a result, Mr. Hatchoji is designated an Independent Director.</p>	

Taketsugu Fujiwara	○	○	○	○	<p>Asahi Kasei Corporation Counsellor</p> <p>The transactions between Asahi Kasei Corporation and the Company accounted for less than 1% of the consolidated net sales of each company.</p>	<p>Reasons for selection as an Outside Director: Same as above for 1) to 3)</p> <p>Mr. Taketsugu Fujiwara has been in charge of management of a comprehensive chemicals maker for years at Asahi Kasei Corporation, which diversified from chemicals and textiles to electronic materials, pharmaceuticals, and housing. His duties at Asahi Kasei included fostering businesses through mergers and acquisitions. He has extensive experience and a broad range of knowledge as a corporate executive. Therefore, the Company believes that Mr. Fujiwara can contribute to the maintenance and upgrading of corporate governance through his activities at the Board of Directors and the committees.</p> <p>Reason for selection as an Independent Director: Mr. Fujiwara meets the standards for independence specified by the Nominating Committee. Also, as explained in the column to the left, Mr. Fujiwara is not a business executive or other significant person at a major supplier or customer or a major shareholder. There are no conflicts of interest with ordinary shareholders concerning his role as an Outside Director. As a result, Mr. Fujiwara is designated an Independent Director.</p>
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Chikatomo Kenneth Hodo	○	○	○	○	<p>Accenture Japan Ltd Senior Corporate Advisor</p> <p>The transactions between Accenture Japan Ltd and the Company accounted for less than 1% of the consolidated net sales of each company.</p>	<p>Reasons for selection as an Outside Director: Same as above for 1) to 3) Mr. Chikatomo Kenneth Hodo has been in management of a company providing business consulting and IT services for years at Accenture Japan Ltd. He has extensive experience and a broad range of knowledge as a corporate executive. Therefore, the Company believes that Mr. Hodo can contribute to the maintenance and upgrading of corporate governance through his activities at the Board of Directors and the committees. Reason for selection as an Independent Director: Mr. Hodo meets the standards for independence specified by the Nominating Committee. Also, as explained in the column to the left, Mr. Hodo is not a business executive or other significant person at a major supplier or customer or a major shareholder. There are no conflicts of interest with ordinary shareholders concerning his role as an Outside Director. As a result, Mr. Hodo is designated an Independent Director.</p>
Sakie Tachibana Fukushima	○	○	○	○	<p>G&amp;S Global Advisors Inc. President and Representative Director</p> <p>There is no business relationship between G&amp;S Global Advisors Inc. and the Company.</p>	<p>Reasons for selection as an Outside Director: Same as above for 1) to 3) Ms. Sakie Tachibana Fukushima served as Member of the Board of Korn/Ferry International (Global Headquarters) and head of its Japanese subsidiary for many years. She also served as outside director of many Japanese companies. In addition to extensive experience as a corporate executive and a broad range of experience and knowledge about the management of human resources, she has an extensive range of knowledge about corporate</p>

						<p>governance. Therefore, the Company believes that Ms. Fukushima can contribute to the maintenance and upgrading of corporate governance through her activities at the Board of Directors and the committees.</p> <p>Reason for selection as an Independent Director: Ms. Fukushima meets the standards for independence specified by the Nominating Committee. Also, as explained in the column to the left, Ms. Fukushima is not a business executive or other significant person at a major supplier or customer or a major shareholder. There are no conflicts of interest with ordinary shareholders concerning her role as an Outside Director. As a result, Ms. Fukushima is designated an Independent Director.</p>
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**[Committees]**

Committee's Composition and Attributes of Chairperson Updated

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Nominating Committee	5	1	1	4	Outside Director
Remuneration Committee	5	2	2	3	Outside Director
Audit Committee	6	2	2	4	Outside Director

**[Executive Officers (Shikkoyaku)]**

Number of Executive Officers <b>Updated</b>	24
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Status of Additional Duties <b>Updated</b>
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Name	Representative Authority	Additional Duties as Director			Additional Duties as Employee
			Nominating Committee Member	Remuneration Committee Member	
Shoei Yamana	Yes	Yes	×	×	No
Kiyotaka Fujii	No	No	×	×	No
Tsukasa Wakashima	No	No	×	×	No
Seiji Hatano	No	Yes	×	×	No
Noriyasu Kuzuhara	No	No	×	×	No
Yuji Ichimura	No	No	×	×	No
Masafumi Uchida	No	Yes	×	×	No
Toshimitsu Taiko	No	Yes	×	×	No
Ikuo Nakagawa	No	No	×	×	No
Kazuyoshi Hata	No	No	×	×	No
Ken Osuga	No	No	×	×	No
Atsuo Takemoto	No	No	×	×	No
Hajime Takei	No	No	×	×	No
Richard K. Taylor	No	No	×	×	No
Takaji Ito	No	No	×	×	No
Toshiya Eguchi	No	No	×	×	No
Koji Sugie	No	No	×	×	No
Tetsuya Matsueda	No	No	×	×	No
Kazumi Atago	No	No	×	×	No
Hitoshi Kamezawa	No	No	×	×	No
Toru Hasegawa	No	No	×	×	No
Jean-Claude Cornillet	No	No	×	×	No
Keiji Okamoto	No	No	×	×	No
Yoshihiko Hirota	No	No	×	×	No

**[Auditing Structure]**

Appointment of Directors and/or Staff to Support the Audit Committee	Appointed
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#### Matters Related to the Independence of Such Directors and/or Staff from Executive Officers (Shikkoyaku)

The Company set up the Audit Committee Office with a full-time staff to support the Audit Committee, and, besides being the secretariat of the Audit Committee, the Audit Committee Office shall perform its duties in accordance with the instructions of the Audit Committee. Furthermore, this principle is to be clearly specified in Company rules and made common knowledge. To ensure the independence of the Audit Committee Office from Executive Officers and the effectiveness of instructions received from the Audit Committee, personnel matters regarding the Audit Committee Office including appointment, personnel changes and disciplinary action, shall be approved in advance by the Audit Committee.

#### Cooperation among Audit Committee, Accounting Auditors and Internal Audit Departments

The Audit Committee holds meetings with the External Accounting Auditor many times each year. Committee members receive thorough explanations of the External Accounting Auditor its policy and plans for audits. Committee members hear explanations and receive other information to be certain that the External Accounting Auditor is performing its duties properly. In addition, members of the Audit Committee state their views, including requests to place emphasis on certain audit items, and actively exchange other information. The aim is to perform audits that are appropriate and strict. Committee members also ask questions about the auditing system and internal controls of the accounting auditor's company to confirm various items. Receiving detailed reports from the External Accounting Auditor about the audit method and results is not the only task of the Audit Committee but also Committee members receive frequent audit implementation reports and monitor progress of the External Accounting Auditor's audit. The Audit Committee compares information from the External Accounting Auditor with information obtained by Committee members to reach decisions regarding the suitability of the External Accounting Auditor's audit.

As a company with three committees, the Company has an Audit Committee. All subsidiaries in Japan are companies with *Kansayaku*. The Company has a Corporate Audit Division to perform internal audits. Furthermore, while preserving its independence as an audit organization, the Audit Committee, Corporate Audit Division and *Kansayaku* of the subsidiaries cooperate with each other to make audits even more efficient and effective.

The Corporate Audit Division prepares internal audit reports, periodic audit activity reports and monitoring reports. These reports are submitted at the same time to the President & CEO and the Audit Committee.

Rules stipulate that the Audit Committee has the right to ask the Corporate Audit Division to perform special audits.

#### [Independent Directors]

Number of Independent Directors	5
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#### Matters relating to Independent Directors

All Outside Directors who are qualified to be Independent Directors are designated Independent Directors.

In 2007, the Nominating Committee established “Independence Standards for Outside Directors”. Regarding such standards, the Nominating Committee selects Outside Director candidates for whom none of the following items are applicable.

(1) Person affiliated with Konica Minolta

- Former employee of the Konica Minolta Group
- Having a family member (spouse, child, or any blood or marital relative within the second degree) that has served as a Director, Executive Officer, Auditor or senior management in the Konica Minolta Group during the past five years

(2) Person affiliated with a major supplier/client

- Currently serving as a Managing Director, Executive Officer, or employee of a major supplier/client company/group that receives 2% or more of its consolidated sales from the Konica Minolta Group or vice versa

(3) Specialized service provider (lawyer, accountant, consultant, etc.)

- Specialized service provider that received annual compensation of 5 million yen or more from the Konica Minolta Group for the past two years

(4) Other

- A shareholder holding 10% or more of the voting rights in the Company (Executive Director, Executive Officer, or employee in the case of a corporate body)
- A Director taking part in a Director exchange
- A Director, Executive Officer, *Kansayaku* or equivalent position-holder of a company that competes with the Konica Minolta Group, or a person holding 3% or more of the shares of a competing company
- Having some other significant conflict of interest with the Konica Minolta Group

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

**[Incentives]**

Incentive Policies for Directors and/or Executive Officers (Shikkoyaku)	Performance- linked Remuneration, and others
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Supplementary Explanation Updated

Beginning in fiscal 2017, the Company has adopted stock bonus linking with medium-term performance for Executive Officers in addition to annual performance-based cash bonus.

Recipients of Stock Options	_____
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Supplementary Explanation Updated

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**[Remuneration for Directors and Executive Officers (Shikkoyaku)]**

Disclosure of Individual Directors' Remuneration	Not disclosed
Disclosure of Individual Executive Officers' (Shikkoyaku) Remuneration	Payments to individuals are disclosed only for certain Executive Officers

Supplementary Explanation Updated

Compensation for Directors and Executive Officers in fiscal 2018 was as shown below.

(1) The 4 Directors who do not concurrently hold Executive Officer posts

Base salary of 127 million yen

No performance-based cash bonuses

Stock bonus of 31 million yen

(2) The 6 Outside Directors

Base salary of 57 million yen

No performance-based cash bonuses

No stock bonuses

(3) The 24 Executive Officers

Base salary of 561 million yen

Performance-based cash bonus of 272 million yen

Stock bonus of 229 million yen

Notes

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

4. Regarding the stock bonus, the amounts which were recorded as expense in fiscal 2018 are stated, based on a calculation of future share allocations according to estimated points to be allotted to Directors (excluding Outside Directors) and Executive Officers as part of their compensation.

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

Director, President & CEO, Representative Executive Officer, Shoei Yamana – ¥135 million

(Breakdown: base salary of 65 million yen, performance-based cash bonuses of 34 million yen and stock bonus of 35 million yen)

Executive Officer, Mr. Richard K. Taylor – 181 million yen

(Breakdown: base salary of 90 million yen and performance-based cash bonus of 90 million yen)

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

Policy on Determining Remuneration Amounts and Calculation Methods <u>Updated</u>
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Established
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#### Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The Company, which has adopted the company-with-three-committees system, has established a Compensation Committee. Outside Directors account for the majority of members of the committee and the committee is chaired by an Outside Director to ensure transparency and to determine compensation in a fair and appropriate manner.

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

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.

The Company revised the existing Compensation Policy in fiscal 2017 and decided to introduce a stock bonus system linking with the Company's medium-term performance, in line with the launch of the new medium-term business plan.

Major revisions to the compensation policy and reasons:

- The Company started stock bonus linking with medium-term performance. The intent is to increase motivation to achieve the performance targets of the medium-term business plan.

- Stock bonus linking with medium-term performance is Company stock rather than cash. Owning Company stock during their time at the Company is intended to make individuals view the importance of medium- to long-term growth of corporate value from the same standpoint as shareholders.
- The structure of compensation was reexamined. This resulted in a reduction in the percentage of fixed compensation and the replacement of stock compensation-type stock options with stock bonus linking with medium-term performance. In addition, performance-linked compensation increased as a percentage of total compensation. Taking these actions made individuals even more aware of the importance of improving the Company's performance.
- Compensation includes a claw-back provision. By performing the required procedure, the Company can limit compensation or demand the return of compensation. However, this is possible only when performance indicators that are the basis for calculating performance-linked compensation differ significantly from actual performance due to a major error or fraud.

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

<Revised Current Compensation Policy>

(1) Compensation system

- Compensation packages for Directors (excluding Directors who concurrently hold Executive Officer posts) exclude a short-term performance-based cash bonus because Directors have a supervisory role, and consist of a "base salary" component in the form of a base salary and "medium-term stock bonus" that links with improvement of the shareholder value for the medium term. Outside Directors receive base salary only.
- Compensation packages for Executive Officers consist of "base salary," "annual performance-based cash bonus," which reflects the performance of the Group and the performance of the business of which they are in charge in each year, and "stock bonus linking with medium-term performance," which reflects the degree of attainment of the medium term business plan and improvement of the shareholder value for the medium term.

(2) The total amount of individual compensation entitlement and "base salary" are set at an appropriate level with each position and its value taken into account, based upon objective data, evaluation data and other data collected at regular intervals, etc.

(3) The amount of the "annual performance-based cash bonus" is determined based on the level of performance result for the fiscal year (consolidated operating income) and the degree of attainment of annual performance targets and according to progress of each Executive Officer's key operational measures. The amount based on the degree of attainment of annual performance targets is determined in the 0 % to 150 % range of the standard amount of compensation. The targets are major consolidated

performance indicators (operating income, operating income margin, ROA and others) associated with results of operations. Executive officers' key operational measures include those related to non-financial indicators, such as ESG (environmental, social and governance).

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

- In the “medium-term stock bonus” plan to Directors, the Company’s shares are distributed to Directors after the end of the medium-term business plan, according to their roles and years they are in office. The plan is aimed to enhance their motivation toward contribution to improvement of the shareholder value and promote holdings of the Company’s own shares.
- In the “medium-term stock bonus” plan to Executive Officers, the Company’s shares are distributed to Executive Officers after the end of the medium-term business plan in the 0 % to 150 % range. The plan is aimed to enhance their incentives toward attainment of the targets in the medium-term business plan and promote holdings of the Company’s shares. The medium-term targets are major consolidated performance indicators (operating income, ROE and others) associated with the medium-term management policy.
- The standard number of shares is set by the position of each Director or Executive Officer in the first year of the medium-term business plan.
- Certain portions of shares are distributed in cash.
- Shares of the Company obtained as stock bonus shall be held in principle for one (1) year after the date of retirement from the post of each Director or Executive Officer.

(5) The standard for compensation to the President & CEO is a 50:25:25 mix of “base salary,” “annual performance-based cash bonus” and “medium term performance-based stock bonus.” For the Executive Officers other than the President & CEO, the “base salary” ratio is set higher than that for the President & CEO.

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

(7) When the Board of Directors resolved a correction to financial statements after the announcement due to a material accounting error or fraud, the Compensation Committee considers corrections to performance-based bonuses and limit payment or request return of the bonuses when necessary.

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

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

(1) Annual performance-based cash bonus

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

- 1) The indicator for the level of performance results portion is the amount of Group consolidated operating profit. It was judged that operating profit is the most appropriate indicator for determining the responsibility for performance that should be taken on by Executive Officers with the aim of

realizing sustainable growth and enhanced corporate value by achieving higher levels of operating profit.

- 2) The indicators for the portion according to attainment of performance targets are the amount of operating profit, operating profit margin, and ROA. In accordance with the management policy set out in “SHINKA 2019,” the medium-term business plan, the amount of operating profit has been selected in order to strengthen earning power, operating profit margin has been selected to realize a shift to a highly profitable system, and ROA has been selected to enhance asset efficiency. These have been weighted at 50%, 25% and 25% respectively.
- 3) For the portion according to personal appraisal, factors such as progress of each Executive Officer’s key operational measures are used as indicators. Matters are evaluated from a different perspective from the level of performance results portion and the portion according to attainment of performance targets.

(b) Methods for determining the amount of compensation

- 1) The amount paid for the level of performance results portion is calculated by multiplying a value determined according to the amount of Group consolidated operating profit by a number of points set for each position. Said value is decided in accordance with a table formulated in advance.
- 2) The amount paid for the portion according to attainment of performance targets is calculated by multiplying an attainment rate of annual performance targets that has been calculated reflecting the weighting of each indicator by a set amount for each position. For Executive Officers responsible for a business department, said business department’s consolidated performance is used, while for Executive Officers responsible for head office divisions or divisions spanning the entire Company, the Group’s consolidated performance is used. Although the achievement rate can be read as being the unaltered payment rate, a lower limit of 0% and an upper limit of 150% have been set.
- 3) The amount paid for the portion according to personal appraisal is calculated by multiplying the total of the standard amounts determined for the level of performance results portion and portion according to attainment of performance targets by an appraisal value (value in the range of -30% to +30%) for each Executive Officer stipulated in a proposal drafted by the President & CEO.
- 4) The payment amounts in the three items listed above will be discussed and settled by the Compensation Committee.

(2) Stock bonus linking with medium-term performance

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

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

(b) Methods for determining the amount of compensation

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

**[Supporting System for Outside Directors]**

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

**[Status of Persons Who Have Retired from a Position Such as Representative Director and President etc.]**

Retired Representative Director and Presidents, etc., holding Advisory or Any Other Position in the Company

**Updated**

Name	Title/ Position	Responsibilities	Working Form and Conditions (Full-time/Part- time, Paid/Unpaid, etc.)	Date of Retirement from Position Such as President (Note)	Term
Yoshikatsu Ota	Honorary Advisor	External activities using the title of	Part-time/Unpaid	June 19, 2014	One year

		honorary advisor (no participation in management)			
Fumio Iwai	Honorary Advisor	External activities using the title of honorary advisor (no participation in management)	Part-time/Unpaid	June 23, 2009	One year
Hideo Tashima	Honorary Advisor	External activities using the title of honorary advisor (no participation in management)	Part-time/Unpaid	June 29, 1999	One year

Total Number of Retired Representative Director and Presidents, etc. Holding Advisory or Any Other Position in the Company <u>Updated</u>	3
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Other Matters <u>Updated</u>
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There is no senior advisor position at the Company because it was terminated in 2006.

Past presidents of the Company or the Company's predecessors (Konica Corporation and Minolta Co., Ltd.) can receive the title of Special Advisor or Honorary Advisor once an individual is no longer a Director as defined in the Companies Act. A summary of this position is as follows.

- A Special Advisor is an individual who performs external activities that are beneficial to the Company. This includes the activities of industry and economic associations that represent the Company, public service activities such as social activities and committee studies, and other types of activities. The guideline for compensation is about 30% of fixed compensation when the individual resigned as CEO. The term of office is up to age 75 or four years, whichever is shorter.
- An Honorary Advisor is given to a former president who wants to use this title for external activities and when the Company determines that these activities would be meaningful to the Company. There is no compensation. The term of office is one year and can be extended every year by mutual agreement.
- Special Advisors and Honorary Advisors have no rights involving decisions or other influences on management decisions and judgments.
- The President & CEO selects Special Advisors and Honorary Advisors and their status and submits reports to the Board of Directors.
- The Board of Directors establishes rules for this advisor system as part of the Company Rules.

As stated above, as of June 18, 2019, there are no Special Advisors who receive compensation and three Honorary Advisors who do not receive any compensation.

(Note) Date of retirement from position such as President is the day the former CEO was no longer a Director as defined in the Companies Act.

## **2. Matters on Functions of Business Execution, Auditing, Oversight, Nominating and Remuneration Decisions (Overview of Current Corporate Governance System) Updated**

### (1) Activities of the Board of Directors

#### 1) Frequency of Meetings held

In fiscal 2018, 12 meetings were held.

#### 2) Main matters for consideration

Fiscal 2018 was the second year of “SHINKA 2019,” the medium-term business plan, and the progress made on each business strategy and key measure has been supervised. A supervision was also conducted following a progress report received regarding PMI (post-merger integration) related to acquisitions that were carried out in order to realize full-scale entry into the area of precision medicine.

#### 3) Attendance of each director

At the Ordinary General Meeting of Shareholders held on June 19, 2018, two Directors stepped down and four were newly appointed. However, in fiscal 2018 all members of the Board of Directors attended all Board meetings, resulting in an attendance rate of 100%.

### (2) Business execution

#### (a) Transfer of authority to Executive Officers by the Board of Directors

The Board of Directors delegates significant authority concerning decisions about business operations to the President & CEO. The Board of Directors concentrates on fundamental items involving business operations, such as “Fundamental Policies for Management” as well as on the oversight of how business operations are managed.

#### (b) Framework for business operations

The Board of Directors appoints Executive Officers and selects from these Executive Officers the President & CEO and senior Executive Officers. In addition, the Board of Directors assigns specific duties to the Executive Officers and determines the flow of orders and instructions. The President & CEO and the other Executive Officers make decisions and conduct business operations for the business operations they have been given responsibility by a resolution of the Board of Directors.

#### (c) Management Consultation Committee

The Management Consultation Committee provides assistance to the President & CEO for making decisions and discusses important items concerning management of the Group.

### (3) Functions and roles of Outside Directors involving corporate governance

Upgrading an oversight function from the perspective of ordinary shareholders is one of the priorities of the Company. The Nominating Committee selects highly independent Outside Director candidates based

on “Independence Standards for Outside Directors” established by this committee and the standards for Independence in Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc. The primary role of Outside Directors is to use the perspective of ordinary shareholders, which is independent from the perspective of senior management team and certain stakeholders (large shareholders, suppliers and customers, related companies, and others). In particular, the Outside Directors are responsible for supervising management in order to protect ordinary shareholders and ensure the common interests of shareholders when there is a conflict of interest with senior management team. At meetings of the Board of Directors, Outside Directors make statements from the perspective of ordinary shareholders concerning proposals from Executive Officers and reports about studies involving significant issues. Furthermore, Outside Directors use their many years of corporate management experience to give appropriate advice. All of these activities contribute to upgrading management strategies and improving the efficiency of management. In addition, an Outside Director chairs the Nominating, Audit and Compensation Committees in order to heighten transparency.

The Company has contractual agreements with the Outside Directors that limit the liability of these Directors. These agreements are for the purposes of attracting highly qualified individuals as Outside Directors and enabling these Directors to perform their roles as expected.

#### (4) Nominations

(a) Please see I. 1. [Disclosure Based on the Principles of the Japan’s Corporate Governance Code] (4) Policy and procedure for selections or dismissals of Executive Officers and nominations of Director Candidates.

#### (b) Activities of Nominating Committee

##### 1) Functions and roles

- Decisions involving proposals submitted to the shareholders meeting concerning the election and termination of Directors
- Receive reports from the President & CEO concerning a plan for a successor (training and selection) at a suitable time and supervision of this plan

##### 2) Frequency of Meetings held

Seven meetings of the Nominating Committee were held in fiscal 2018.

##### 3) Main matters for consideration

In fiscal 2018, the selection of Director candidates was carried as stated in I. 1 [Disclosure Based on the Principles of the Japan’s Corporate Governance Code], **【Principle 3-1 Enhancement of Full Disclosure】**, (4) Policy and procedure for selections or dismissals of Executive Officers and nominations of Director Candidates, (b) Policy and procedure for nomination of Director Candidates, and (5) Reasons for selections and nominations of Executive Officers and Directors responsible for major duties, (b) Reasons for nominations of Director candidates. Also, the Committee received reports regarding the President & CEO’s plan for selecting a successor and continuously supervised this.

##### 4) Attendance of each member of the Committee

In fiscal 2018, all members of the Committee attended all Committee meetings, resulting in an attendance rate of 100%.

(5) Audits and supervision

(a) Auditing Structure

This information is in the previous “Auditing Structure” section.

(b) Name of Certified Public Accountant

For fiscal 2018, the Company signed an audit contract with KPMG AZSA LLC to perform Companies Act audits and Financial Instruments and Exchange Act audits. The names of the Certified Public Accountants who performed these tasks and the individuals who provided assistance are listed below.

(Certified Public Accountants who conducted the audit)

Designated Limited Liability Partner Shigeo Kobayashi

Designated Limited Liability Partner Michiaki Yamabe

Designated Limited Liability Partner Yosuke Sato

(Individuals who assisted with the audit)

22 Certified Public Accountants and 36 others, a total of 58

(c) Audit Committee

1) Functions and roles

Please see II. 1. [Auditing Structure].

2) Frequency of Meetings held

13 meetings of the Audit Committee were held in fiscal 2018.

3) Roles and activities of the Internal Audit Committee

The Company selects an Internal Director who is not concurrently an Executive Officer to serve as a full-time Audit Committee Member responsible for investigations. This individual uses regular auditing activities to collect information and submits reports to the Audit Committee, where a majority of members are Outside Audit Committee Members, in order to improve the quantity and quality of audits. Improving the effectiveness of the Audit Committee is the goal.

Internal members of the Audit Committee mainly perform the following activities.

- Attending important meetings about business operations, audit the suitability of the Board of Directors process for delegating authority to Executive Officers, audit the operation of the internal control system, and other activities
- Visiting business sites, including subsidiaries, in Japan and overseas, receive information from business site and subsidiary managers to determine the status of their business operations

- Receiving monitoring reports at a suitable frequency from the Corporate Audit Division, which performs internal audits, and *Kansayaku* of the subsidiaries; use exchanges of opinions about matters requiring attention and other items for working together to improve audit functions
- Holding meetings at a suitable frequency with the Accounting Auditor to exchange information about important matters involving accounting audits and other activities for performing appropriate and strict accounting audits

(6) Determination of compensation

(a) The policy for the determination of compensation is in II. 1. [Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods].

(b) Activities of Compensation Committee

1) Functions and roles

Decisions about compensation for individual Directors and Executive Officers.

2) Frequency of Meetings held

Six meetings of the Compensation Committee were held in fiscal 2018.

3) Main matters for consideration

In fiscal 2018, the Committee confirmed the appropriateness of compensation systems and levels ahead of the determining of compensation for each individual Director. Also, as a matter for consideration following the revision of the Compensation Policy and Director compensation schemes in fiscal 2017, the state of compensation systems for Inside Directors who do not concurrently serve as Executive Officers and for Outside Directors was discussed and settled.

4) Attendance of each member of the Committee

In fiscal 2018, all members of the Committee attended all Committee meetings, resulting in an attendance rate of 100%.

### 3. Reasons for Adoption of Current Corporate Governance System

The Company is dedicated to corporate governance that can contribute to sustained growth and medium to long-term growth in corporate value. This requires a management style that accepts a suitable amount of risk along with the establishment of a highly effective oversight function for conducting business operations. Consequently, a corporate governance framework has been assembled from the standpoint of supervision. As the structure prescribed by the Companies Act, the Company selected in 2003 the “company with committees” system (currently a “company with three committees”). Furthermore, to create a governance system that does not rely on the skills of any particular individual, the Company has constantly aimed for corporate governance with a distinctive Konica Minolta style.

The Company’s basic approach with regard to its governance system is as follows;

- Ensuring of business supervisory functions by separating the supervisory and execution functions in order to increase the corporate value.

- Election of an Independent Outside Director who can provide supervision from an ordinary shareholder perspective.
- 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 Started an executive officer system and reduced the number of directors
- FY2002 Elected two independent outside directors  
Shortened the term of directors to one year
- FY2003 Formation of Konica Minolta Holdings, Inc. due to a management integration  
Became a company with committees (now a company with three committees)  
Establishment of the Corporate Organization Basic Regulations  
Number of independent outside directors increased from two to four  
Establishment of policy for determining compensation
- FY2004 Started self-assessments (using questionnaires) of the effectiveness of the Board of Directors
- FY2005 Ended lump-sum retirement payments and started stock compensation-type stock options
- FY2006 Chairman of the Board of Directors started participating in the Nominations Committee  
Ended the senior advisor position  
First overseas field trip by outside directors (two) for a visit to a manufacturing subsidiary in China  
Established standards for the independence of outside directors
- FY2009 Revised part of the terms for performance-linked compensation in the compensation determination policy
- FY2010 Revised part of the Board of Directors rules
- FY2014 Started establishing a Fiscal Year Policy for the Board of Directors based on results of the Board of Directors effectiveness self-assessments (questionnaires)
- FY2015 Established the Basic Policy on Corporate Governance  
The Nominating Committee started overseeing the succession plan of the President & CEO
- FY2016 Started using an external organization for questionnaires and interviews to assess the effectiveness of the Board of Directors
- FY2017 The compensation determination policy was revised, replaced stock compensation-type stock options and introduced stock bonus linking with medium-term performance
- FY2018 Revised some of the Board of Directors Rules  
Increased the number of Independent Outside Directors from four to five

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

**Updated**

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Company has a policy of sending shareholder meeting convocation notices to shareholders at least three weeks before a meeting. In addition, a notice is posted on the Company website and the Tokyo Stock Exchange website prior to sending notices in order to give shareholders sufficient time to consider their votes on proposals. Notice of convocation of the 115th ordinary general meeting of shareholders (for the year ended in March 2019) were sent to shareholders on May 28 (Tuesday), which was 21 days before the meeting. In addition, before sending these notices, the Company posted the notice of convocation on its website on May 17 (Friday) (and on May 24 (Friday) for the English-language notice).
Scheduling AGMs to Avoid the Peak Day	To facilitate constructive dialogues with shareholders and share information with shareholders accurately, the Company normally holds its shareholders meeting at least one week before the time that most June shareholders meetings take place.  The 115th ordinary general meeting of shareholders (for the year ended March 2019) was held on June 18, 2019. This was nine days (seven business days) before June 27 (Thursday), the peak day when most companies with a fiscal year ends in March hold their annual shareholders meetings.
Allowing Electronic Exercise of Voting Rights	To allow shareholders to submit their votes via the Internet, the Company has established a platform that permits the use of several shareholder voting websites. <ul style="list-style-type: none"> <li>● ICJ's electronic voting platform</li> <li>● The Company designated voting site (<a href="https://evote.tr.mufg.jp/">https://evote.tr.mufg.jp/</a>)</li> </ul>
Participation in Electronic Voting Platforms and Other Measures to Enable Institutional Investors to Vote with Greater Convenience	The Company posts convocation notices and its English translation on ICJ's electronic voting platform. Japanese and overseas institutional investors who have pre-registered for the use of the platform can directly access the contents of the convocation notices for deliberation, thus enhancing their convenience.
Providing Convocation Notice in English	Due to the large percentage of overseas investors, the Company posts an English language translation of its shareholder meeting convocation notice on the Company's website and on the Tokyo Stock Exchange website for such investors prior to sending this notice to shareholders.

Other	<p>The Company holds an exhibition of the Group’s products and services around the time of the meeting in order to give shareholders a better understanding of the Group’s activities.</p> <p>In addition, the Company posts a video of items reported at the shareholders meeting on its website.</p> <p>The Company holds its shareholders meetings in an environmentally responsible manner. Notices were printed using vegetable oil ink and paper approved by the FSC. In addition, electricity used at shareholders meetings are purchased from suppliers of electricity from solar and other renewable energy sources. This helps slow global warming by offsetting CO2 emissions associated with electricity used at the meeting with the reduction in CO2 emissions resulting from the use of solar power.</p>
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## 2. IR Activities **Updated**

	Supplementary Explanations	Presentation by President & CEO
Preparation and Publication of Disclosure Policy	<p>For the purpose of ensuring prompt, accurate, and impartial disclosures of important corporate information concerning the Konica Minolta Group, the Konica Minolta Group has adopted principles relating to the disclosure of important corporate information in accordance with the “Konica Minolta Group Charter of Corporate Behavior”, which applies to the Group and all of its employees. The Konica Minolta Group has also established information disclosure controls and procedures and takes measures to ensure that all employees are thoroughly familiar with information disclosure controls and procedures.</p> <p>More information is provided on the Company’s IR website in Japanese and English.</p> <p>(Japanese)<a href="https://www.konicaminolta.com/jp-ja/investors/management/dpolicy/">https://www.konicaminolta.com/jp-ja/investors/management/dpolicy/</a></p> <p>(English)<a href="https://www.konicaminolta.com/us-en/investors/management/dpolicy/">https://www.konicaminolta.com/us-en/investors/management/dpolicy/</a></p>	
Regular Investor Briefings for Individual Investors	The Company holds information meetings led by the President & CEO or the Executive Officer in charge of investor relations in order to communicate directly with	Yes

	<p>individual investors regarding the Company's competitive edge based on its strengths and its process for enhancing corporate value through unique growth strategies.</p> <p>In fiscal 2018, two meetings were held: February 7 and March 9, 2019, both in the Marunouchi district of Tokyo.</p> <p>The March 9 information meeting could be viewed on the Company's IR website. <a href="http://magicalir.net/slideshow/4902/2019-03-09">http://magicalir.net/slideshow/4902/2019-03-09</a></p> <p>Also, the Company's investor relations staff visit securities companies and hold investor briefings for individual investors, explaining about company outline and management strategies, and others.</p> <p>In fiscal 2018, two briefings were held as follows. January 16 in Kichijoji and February 22 in Tachikawa.</p>	
<p>Regular Investor Briefings for Analysts and Institutional Investors</p>	<p>The Company holds quarterly Financial Results Briefing Session for analysts and institutional investors. The President &amp; CEO or Executive Officer responsible for Business Management, Accounting, and Finance gives an overview of recent results of operations and explains factors behind the difference in the previous fiscal year's results and the values given in external announcements, and the management goals and key measures for achieving these for the current fiscal year based on management strategies for realizing medium-to long-term sustainable growth. There are also business information meetings held by individual businesses in order to encourage understanding of the competitive edge gained by these businesses through unique measures and the Company's strengths.</p> <p>The following information meetings were held in fiscal 2018. June 12 for Business Technologies Business, June 29 for Customer Engagement Center, September 27 for management policy, October 12 for management policy, December 11 for Workplace Hub, and December 12 for ESG.</p>	<p>Yes</p>

	<p>&lt;Direct dialogue between Non-executive Directors and investors&gt;</p> <p>Governance meetings are held regularly through which the Chairman of the Board of Directors who is Non-executive Director and Independent Outside Directors hold dialogue with prominent investors and directly communicate on topics such as the Company's unique governance system and the aims and background behind it, initiatives aimed at continuously enhancing effectiveness, and the sound advice and oversight given in regard to establishing and implementing medium- to long-term growth strategies.</p> <p>Recently meetings have been held as shown below.</p> <p>June 7, 2019: Chairman of the Board Matsuzaki and Outside Director Tomono</p>	
<p>Regular Investor Briefings for Overseas Investors</p>	<p>The President &amp; CEO goes to North America once and Europe once each fiscal year to hold regularly scheduled meetings with major shareholders and new investors. This is a means of realizing direct dialogue with the aim of maintaining and strengthening relationships with medium- to long-term shareholders and building relationships with new investors, and gaining understanding and support for the Company's process for enhancing corporate value in the ultra-long term (strengths, growth strategies, intangible assets, management targets and related measures and KPI, and portfolio for realizing future income and capital and shareholder return policies for achieving this).</p> <p>In addition, the Executive Officer responsible for Business Management, Accounting, and Finance, Executive Officers in charge of each business unit, or other IR staff participate in conferences in Japan and overseas held by securities companies (including themed conferences that focus on a specific business area, such as healthcare). These conferences are an opportunity to have discussions with many institutional investors about the Company's policies, performance and outlook.</p> <p>We also visit and invite investors for regular one-on-one meetings, telephone conferences.</p>	<p>Yes</p>

	<p>In addition, English-language translations of quarterly information meeting presentations are provided and videos of fiscal year earnings announcement meetings are available to the public.</p> <p>&lt;Information meeting for the fourth quarter of FY2018&gt;  <a href="http://www.magicalir.net/4902/slideshow/2019-05-13-E.html">http://www.magicalir.net/4902/slideshow/2019-05-13-E.html</a></p>	
<p>Posting of IR Materials on Website</p>	<p>The Company's integrated report contains financial information as well as a broad range of financial and non-financial information. For example, this publication includes a message from the president that explains strategies for sustained growth, information about the people behind the Company's global business activities, a discussion of corporate governance that uses a dialogue between the Chairman of the Board of Directors and Outside Directors, and other information. For the non-financial side in particular, it introduces specific examples of efforts to improve the quality of management by placing ESG initiatives at the core of management activities, which have been underway since the management integration in 2003. In regard to external assessment, in the 2018 Nikkei Annual Report Awards of the Nihon Keizai Shimbun, the Company's report received a Special Award because of its extremely high degree of perfection, including thorough content on governance. Also, the report was nominated as one of the "excellent integrated reports selected by GPIF's asset managers entrusted with domestic equity investment" and the Company has been presented as one of 11 companies that received a high evaluation from four or more external asset managers.</p> <p>(Integrated Report URL)  <a href="https://www.konicaminolta.com/jp-ja/investors/ir_library/ar/ar2018/index.html">https://www.konicaminolta.com/jp-ja/investors/ir_library/ar/ar2018/index.html</a></p> <p>The Company's IR website has integrated reports, financial results, presentation materials, securities reports, shareholder's correspondence, annual financial data, this corporate governance report, CSR reports, intellectual property reports, IT performance reports, corporate information and other information, and the site has received</p>	

	<p>a high evaluation, including gold status and overall first prize, in the Gomez IR Site Ranking 2018 from Morningstar Japan K.K.</p> <p>&lt; IR Library URL &gt;</p> <p><a href="https://www.konicaminolta.com/jp-ja/investors/ir_library/">https://www.konicaminolta.com/jp-ja/investors/ir_library/</a></p>	
Establishment of Department and/or Manager in Charge of IR	<p>The Company has an IR Office that is supervised directly by the President &amp; CEO. The purpose is to reinforce the ability to distribute strategic IR information.</p> <p>Department in charge: IR Office (5 people)</p> <p>Executive Officer in charge: Kazuyoshi Hata, Senior Executive Officer</p>	

### 3. Measures to Ensure Due Respect for Stakeholders **Updated**

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	<p>To implement the corporate philosophy of “Creation of New Value,” the Company has established a management vision with two elements. First is to be “a global company that is vital to society.” Second is to be “an innovative company that is robust and constantly evolving.” There is also a Konica Minolta Group Charter of Corporate Behavior and a worldwide Konica Minolta Group Charter of Corporate Behavior Guidance. The provisions of these charters define how people should behave. The Konica Minolta Group Charter of Corporate Behavior also has a broad range of provisions concerning respect for all stakeholders. There are individual policies with specific guidelines for respecting the standpoint of every stakeholder. For example, Konica Minolta Quality Policy states that “customers always come first.” The group’s Charter of Corporate Behavior has been translated into ten languages and there are activities to make employees of the group worldwide aware of this code.</p>
Implementation of Environmental Activities, CSR Activities etc.	<p>The Company believes that CSR activities are an integral part of management. The Company’s CSR activities are based on the pursuit of its corporate philosophy and the practice of “Konica Minolta Group Charter of Corporate Behavior.” We want to create new value that can contribute to business and social progress. As a global enterprise, we are determined to continue growing and play a role in creating a sustainable society. To accomplish these goals, we are focused on the international social issues contained in the Sustainable Development Goals of the United Nations. Viewing these goals as business opportunities, we are working on</p>

innovative ideas to solve the associated issues as well as using these solutions to contribute to the sustainable growth of the Konica Minolta Group.

As a digital company with insight into implicit challenges, the Company is dedicated to contributing to the advancement of customers and society. The Company has a vision of how the world and society should be in the future and then goes backward from that vision to determine what needs to be done now. The goal is to create new forms of value.

To address environmental issues as a global organization, we are committed to help create a sustainable environment and society. We have a long-term vision with a CO2 emission target for 2050. We will be a source of products and services that help solve environmental problems. In addition, we will link these products and services to our business plan in order to use them for our own growth. We announced New Eco Vision 2050 at the same time that we started our new medium-term environmental plan in fiscal 2017. We have announced the even more ambitious goal of becoming “carbon negative.” By 2050, we plan to reduce CO2 emissions by more than the amount of CO2 that we produce by working with suppliers, customers, communities and other stakeholders. To solve environmental issues while continuing to grow, we have started an initiative for the growth of sales and earnings by helping solve social problems from the standpoint of the Sustainable Development Goals, in addition to targeting environmental issues. The central themes of these initiatives are global and digital. To accomplish these goals, we have a “3 Greens Campaign” consisting of green products, green factories and green marketing. We are creating an environmental plan that encompasses the entire life cycle of products and executing this plan on a global scale. This life cycle starts with the development of products and extends through procurement, production, distribution, sales and service activities. The cycle ends with the collection and recycling of end-of-life products.

Also, the Company has added its name to and is participating in international initiatives tackling environmental issues and in July 2018, we announced our support for the final recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Furthermore, in January 2019, we joined RE100, a global leadership initiative aiming to realize 100% renewable power for member’s business operations, and we are aiming to source the electricity used in the Company’s business operations from 100% renewable power by 2050.

	<p>There are many social issues today, such as the aging of Japan’s population and shortage of workers. The Company aims for solutions for such social issues in order to work on solving issues faced by people who work in offices, factories, hospitals, nursing care facilities and other locations. Services that reduce the work load for nursing care personnel are one example because these services help solve problems involving an aging population. The Company made full-scale entry into the area of precision medicine in fiscal 2017. This is contributing to the reduction of medical expenses and social security expenses by helping with drug discovery at pharmaceutical companies and providing support for the diagnosis of patients.</p> <p>The Company performs CSR activities across its entire supply chain based on the recognition of the importance of creating a sustainable society that respects human rights. For CSR procurement, the Company has established a Procurement Policy and a Supplier Code of Conduct. We work as a unified team with suppliers with regard to labor (human rights), ethics, safety and hygiene, the environment, and other aspects of operations. In addition, we have a Conflict Mineral Resource Policy that includes investigations of suppliers at the beginning of supply chains in order to prevent violations of human rights caused by conflicts.</p>
Development of Policies on Information Provision to Stakeholders	<p>In the Konica Minolta Group Charter of Corporate Behavior, the Company declares “the Company communicates with society at large and discloses corporate information in fairly and adequately”. A Corporate Information Disclosure Committee is established to ensure that important corporate information of the Group is disclosed in a timely, appropriate and impartial manner.</p>
Other	<p>[Promoting Health Management]</p> <p>At Konica Minolta, the health of employees is the foundation for all activities. Based on the Konica Minolta Group Health Declaration, we foster a corporate culture that places priority on good health. To fully utilize corporate resources and the resources of the Company’s health insurance association, we have a unified management structure (collaborative health) for planning and taking actions. This structure supports numerous initiatives for preserving and improving the health of our workforce.</p> <p>We categorize people with health risks, whether physical or mental, and establish reduction and other goals for them. Then we take actions for reaching those goals.</p>

For physical well-being, all group companies in Japan participate in a program to prevent health problems from becoming serious. Employees undergo periodic medical examinations. Individuals at risk receive individual guidance from industrial health professionals and are urged to see a physician for a thorough examination. For mental well-being, all employees undergo a stress check twice every year. Results are used for individuals to take better care of themselves. In workplaces where stress is high, there are measures to reduce the level of stress.

We have established multiple health indicators for the visualization of how healthy a person is. These indicators are used to make people aware of the need to make improvements and for various support programs that enable people to lead a healthier life. In recognition of these activities, the Company was selected as a 2019 Health and Productivity Management Stock Selection under a joint program of the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. This was the fourth time the Company was selected in the past five years.

[Promoting Diversity]

The Konica Minolta Group has sales and service systems in 150 countries. The United States, Europe, China, other Asian countries and other regions other than Japan account for approximately 80% of sales. Fully utilizing the skills of a diverse workforce will be vital to our ability to continue to create new value. Our workforce is also the source of our ability to compete and grow. We have diversity activities at all our business sites worldwide that focus on diversity in terms of the characteristics of employees (gender, nationality, sexual orientation, disabilities and other traits) as well as diversity in the ways in which people do their jobs.

In the United States, Konica Minolta has a program called Step Forward that provides support for the career advancement of women. In Europe, there is a Women's Network and a Move Forward program for the rotation of women among group companies in Europe. Also, on International Women's Day in March 2019, we created a video that promotes women's participation and advancement in the workplace by bringing together messages from female employees in various countries and sharing this video through our US office.

In Japan, the Company established an action plan based on the Act on the Promotion of Women's Participation and Advancement in the Workplace and used various measures to accomplish its goal. As of April 2019, the

	<p>proportion of female managers was 6.1% and we are making smooth progress toward our target of 7% by the end of fiscal 2019.</p> <p>In April 2017, the Company established the Diversity Promotion Office (renamed as the Turn Diversity into a Strength! Promotion Office in April 2019), a unit supervised directly by the President &amp; CEO. This office conducts activities for giving people an understanding of the true meaning of diversity and creating a corporate culture of promoting diversity. One activity was a seminar by an external diversity expert for managers. There was also a workshop for division managers and higher ranking executives along with a workshop for female employees and their supervisors. Actions include support for female employee career planning and other measures for broadening diversity initiatives. In fiscal 2018, the Company started LGBT diversity activities. In November 2016, the Company received L-Boshi Certification from the Ministry of Health, Labour and Welfare, the highest ranking for companies with a strong commitment to creating an environment that utilizes the skills of women. This ranking recognizes our activities in prior years as well as the establishment of pleasant and productive workplace environments for women. In September 2017, the Company received Platinum Kurumin Certification as a company with a strong support program for employees who are raising children.</p> <ul style="list-style-type: none"> <li>● Percentage of female managers in the total managers in past three fiscal years of the Company Fiscal 2016: 4.4% Fiscal 2017: 5.5% Fiscal 2018: 6.1%</li> <li>● Percentage of female managers in the total managers in past three fiscal years of the Group (worldwide) Fiscal 2016: 16.4% Fiscal 2017: 18.9% Fiscal 2018: 18.6%</li> </ul>
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**IV. Matters Related to the Internal Control System**

**1. Basic Views on Internal Control System and the Progress of System Development Updated**

The Board of Directors of the Company adopted resolutions on the matters prescribed by the applicable Ordinance of the Ministry of Justice as those necessary for the execution of the duties of the Audit Committee

(Article 416, Paragraph 1, Item 1 (b) of the Companies Act), and on the establishment of systems necessary to ensure that the execution of duties by Executive Officers complies with laws and regulations and the Articles of Incorporation, and other systems prescribed by the applicable Ordinance of the Ministry of Justice as systems necessary to ensure the properness of operations of group companies (Article 416, Paragraph 1, Item 1 (e) of the Companies Act). A summary of the resolutions is as follows.

(1) Requirements for the execution of duties by the Audit Committee

(a) The Company set up the Audit Committee Office with a full-time staff to support the Audit Committee, and, besides being the secretariat of the Audit Committee, the Audit Committee Office shall perform its duties in accordance with the instructions of the Audit Committee. Furthermore, this principle is to be clearly specified in Company rules and made common knowledge.

(b) To ensure the independence of the above Audit Committee Office from Executive Officers and the effectiveness of instructions received from the Audit Committee, personnel matters regarding the Audit Committee Office including appointment, personnel changes and disciplinary action, shall be approved in advance by the Audit Committee.

(c) The Company's Executive Officers in charge of the Group's internal control, including the Corporate Audit Division, Risk Management Committee and the Compliance Committee, shall report on the status of operation to the Audit Committee on a regular basis and without delay if an urgent situation that must be reported has arisen or if requested to make a report by the Audit Committee. The subsidiaries' internal audit division, risk management division, compliance division and auditors shall report on the status of operation to the Audit Committee without delay if requested to make a report by the Company's Audit Committee.

(d) The Company will secure and manage a budget that is necessary and appropriate for paying expenses arising from the execution of work duties by the Audit Committee members.

(e) The Company will provide opportunity for Audit Committee members elected by the Audit Committee to attend management council meetings and other important meetings. The Executive Officers in charge of internal control, including the Corporate Audit Division, Risk Management Committee and the Compliance Committee shall report without delay if requested to make investigations, reports, etc. by the Audit Committee members.

(2) Systems for ensuring compliance of execution of duties by Executive Officers with laws, regulations and the Articles of Incorporation and other required systems of the Group for ensuring the properness of business operations

- (a) Each Executive Officer shall manage the minutes of management council meetings and other important meetings, documents requesting formal approval and other information concerning the performance of their duties to ensure that documents are preserved in an appropriate manner and made available for inspection in accordance with the provisions of the Executive Officer document management rules and internal rules concerning the management of other documents.
- (b) The Company set up the Risk Management Committee which is in charge of managing the various risks that arise in connection with the Group's business activities, and the Executive Officer nominated by the Board of Directors shall be responsible for the development of risk management systems including the following, in accordance with the Risk Management Committee Regulations.
- With respect to management of the business risks and operational risks, each Executive Officer shall be responsible in accordance with respective assigned area. The Risk Management Committee shall provide support to each Executive Officer. Further, the Risk Management Committee shall periodically conduct selection, assessment and review of risks material to Group management, develop measures, and confirm management status.
  - The Executive Officer in charge of risk management nominated by the Board of Directors shall be responsible for establishing the contingency plans and countermeasures to minimize the damages by a crisis which is supposed to adversely affect the corporate value.
  - Provide support to the development and strengthening of risk management systems at each group company.
- (c) The Company set up a Corporate Audit Division which is in charge of the internal auditing of the Group to evaluate and improve the status of execution of business operations in all business activities from the viewpoint of legality and rationality, and which shall be responsible for establishing and operating internal auditing systems in accordance with the Internal Auditing Regulations.
- (d) The Company shall be responsible for establishing and operating a system of internal control over financial reporting in the Group and a system for evaluating the efficacy of their operation.
- (e) The Company set up the Compliance Committee which is in charge of establishing and operating the Group's compliance systems, and the Executive Officer nominated by the Board of Directors shall be responsible for establishing and operating the compliance systems including the following, in accordance with the Compliance Committee Regulations.
- Defining compliance in the Group as the observance of laws and regulations applicable to corporate activities, corporate ethics and internal regulations and policies, and making this known to every individual working for the Group.
  - Establishing the Konica Minolta Group Charter of Corporate Behavior, familiarizing this through the Group, and enacting compliance conduct guidelines, etc. based on the philosophy of the Charter of Corporate Behavior.

- Establishing and operating systems to promote compliance at each group company. Specifically, preventing fraud at each group company by establishing the function to supervise each company's president.
  - Establishing and operating a whistle blowing system that allows employees to report any compliance violations that are discovered or anticipated. Make this system clear common knowledge in Company rules to halt unfair treatment through the reporting of infractions. Specifically, preventing the concealment of fraud by taking measures like the Company's direct accepting whistle blowing reports from each group company. Furthermore, the department in charge of the whistle blowing system will regularly inform the Audit Committee of report details and status.
- (f) The Company shall be responsible for establishing a system to ensure the effectiveness of each group company's internal control, promote the awareness and understanding of internal control of the president at each group company, and support the establishment and operation of an internal control system that meets each company's characteristics.
- (g) The Company established the Corporate Organization Basic Regulations, and shall develop the corporate governance mechanisms of the Company and the Group, including the foregoing systems. The Company shall also work to establish and operate a system for ensuring the appropriateness of business operation through the management council and other meeting bodies, authority regulations and other internal regulations, and shall endeavor to ensure the legality, rationality and efficiency of business execution by reviewing as necessary systems for management and administration across all the business activities of the Group. Furthermore, based on internal rules, etc. such as Authorization Regulations, the Company will make subsidiaries regularly report and seek preapproval on matters concerning the execution of important work duties, accounting, financial execution, human resources and other important information pertaining to such subsidiaries through Management Consultation Committee and other meetings.

The Company has established the frameworks described in the preceding sections (1) and (2) and, based on the associated policies, is performing the following activities.

Executive Officers and employees at the Corporate Audit Division, Risk Management Committee, Compliance Committee and other units responsible for the Group's internal controls submit reports every month in writing or at periodic meetings to the Audit Committee concerning business operations. Furthermore, explanations are given as needed concerning important subjects and issues involving internal controls.

Members of the Audit Committee, who is responsible for performing examinations, attended all meetings of the Management Executive Meeting during the fiscal year as well as operations meetings of business units and other important meetings. Audit Committee members used these activities to confirm decision-making processes and how Executive Officers and employees are doing their jobs.

#### <Risk management>

The Risk Management Committee meets twice each year and at other times as needed. The committee identifies risks associated with business operations and determines measures to deal with these risks. In addition, committee members confirm that the risk management system is functioning effectively and evaluate this system. In fiscal 2018, the Risk Management Committee held two meetings. Amid the global protectionist trend stemming from the US-China trade frictions, the committee specified regions and countries that have large effects on the Company's businesses and monitored applicable sanctions, new laws and regulations, and other subjects.

The Company has reporting rules for the purpose of responding to a crisis in a rapid and suitable manner. Crisis reports are sent to Executive Officers, executives of subsidiaries and others. Based on these rules, the Executive Officer in charge of crisis management performs the management of all information involving a natural disaster, accident or other crisis that has occurred anywhere in the world.

#### <Initiatives to reduce quality risks and prevent fraud concerning quality>

The Company has established the Quality Headquarters as a company-wide organization for the maintenance of product quality, prevention of market outflow of defective products, and strengthening of governance in connection with quality. During fiscal 2018, it issued the "Guideline for evaluation of safety," "Guideline for product security," "Guideline for prevention of quality-related fraud," and others and made efforts for securing the quality of marketed products, strengthening security, and preventing quality-related fraud.

#### <Internal audits>

The Corporate Audit Division is responsible for internal audits for the entire Konica Minolta Group.

Overseen directly by the Representative Executive Officer, this division oversees the internal auditing function for the entire group and performs internal audits of the Company and its subsidiaries. Audits use the risk approach for efficiency from the standpoint of the reliability of financial reports, the efficiency and effectiveness of business operations, and compliance with laws and regulations. There are also follow-up audits to confirm that actions have been taken concerning items requiring improvements that were identified during audits.

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

#### <Internal control for financial reporting>

To prevent fraudulent accounting activities, an internal controls report that is based on internal evaluations that cover the entire Group of 144 consolidated companies. This report is prepared in accordance with the Financial Instruments and Exchange Act for the purpose of ensuring the reliability of financial reports. After an audit by the Accounting Auditor, the report is submitted with the Securities Report.

#### <Compliance>

The Executive Officer in charge of compliance ("the Compliance Officer"), who is appointed by the Board of Directors under the oversight of the Representative Executive Officer, determines important issues involving Group

compliance activities and oversees compliance activities. The Group Compliance Committee, which consists of Executive Officers for a variety of business corporate functions, serves as an advisory body to the Compliance Officer. In addition, there are regional compliance coordinators for Europe, North America, China and Southeast Asia, who are appointed by the Compliance Officer. This framework allows those coordinators, together with the subsidiary presidents, to perform compliance activities that match the characteristics and needs of each overseas region.

In fiscal 2018, the Group Compliance Committee held one meeting and determined important measures. At the same time, the committee implemented following initiatives; (1) in a bid to strengthen the whistle blowing system that supports compliance, the committee added the Compliance Officer of the Company as a contact for whistle blowing from subsidiaries that have designated their presidents as the contacts for internal report; and (2) the committee expanded the range of recipients of education given to the subsidiary presidents, to other management members with the aim of strengthening the function of the other management members to supervise their presidents.

#### <Whistleblowing system>

The Company has a whistleblowing system for compliance and is always seeking ways to improve this system. In Japan, Group employees can use a telephone call, e-mail, letter or other method to contact the President & CEO, Compliance Officer, general manager of the Legal Division or an external attorney about a compliance problem or for a consultation. The Group has established contacts for notification and consultation with the full regional coverage in North America, Europe, China and Southeast Asia.

In fiscal 2018, this whistleblowing system was used 23 times in Japan and 24 times overseas. No reports involved a serious violation of a law or regulation.

When a whistleblowing report is received, an investigation is performed while ensuring that there will be no negative consequences for the individual who submitted the whistleblowing report. Departments involved in this investigation determine a solution in a timely manner. The Compliance Officer submits reports to the Audit Committee about these whistleblowing on a regular basis.

#### <Administration of group companies>

In January 2019, the Company established an organization dedicated to securing the effectiveness of internal controls at its subsidiaries and has promoted support for the purpose. It also strengthened internal controls by taking measures like appointing compliance officers at U.S. subsidiaries it acquired in 2018.

## 2. Basic Views on Eliminating Anti-Social Forces and Progress of System Development

### (1) Basic views

The Group's "Konica Minolta Group Charter of Corporate Behavior" is based on the spirit of "Konica Minolta Code of Conduct," the Group's highest Code on corporate. The Konica Minolta Corporate Compliance Behavior stipulates that the Company shall not deal with anti-social forces and shall take a resolute stance against all illegal demands.

### (2) Progress of System Development

The Company is delegated the responsibility for implementation to its Corporate Legal Division. In addition to familiarizing all employees regarding the “Konica Minolta Group Charter of Corporate Behavior” against anti-social forces through the Compliance Manual, a system of cooperation is established with concerned company divisions and external expert organizations.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation

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### 2. Other Matters Concerning to Corporate Governance System **Updated**

#### (1) Resolution requirements concerning appointment of Directors

As stipulated in the Articles of Incorporation, resolutions for the appointment of Directors shall be adopted by the majority of the voting rights of those shareholders who attend the General Shareholder Meeting, where shareholders with voting rights having one-third or more of the total voting rights of shareholders shall attend. Resolutions for the appointment of directors shall not be based on cumulative votes.

#### (2) Matters regarding General Meeting of Shareholders and resolution of the Board of Directors

As stipulated by Article 37 of the Company’s Articles of Incorporation, the payment of dividends from retained earnings, etc., can be set by resolution of the Board of Directors and not by resolution of the General Shareholder Meeting provided that the report by the Accounting Auditor contains an unqualified opinion and that the Audit Committee’s Report does not contain any opinions recognizing that the method or results of the audit by the Accounting Auditor were in some way inappropriate.

The reasons for the stipulation in the Articles of Incorporation described above are as follows.

(a) In regard to what kind of policy for paying dividends from retained earnings would be preferable for each shareholder, there is a need to maximize profit for shareholders based on comprehensive consideration of tax systems, the stable payment of dividends, consolidated performance, and funding requirements to promote strategic investments in growth fields, and we think it is appropriate to entrust this kind of judgement call to the Board of Directors. Additionally, a policy is in place for resolutions on the payment of dividends from retained earnings, etc., by the Board of Directors.

(b) The term of office for the Company’s Directors who are entrusted with the judgement call outlined in (a) above is one year and as the Company is a “company with three committees,” a framework is in place in which an Audit Committee comprising a majority of Outside Directors oversees the execution

of duties by Directors (Board of Directors). Therefore, we think the risk of the Board of Directors abusing its authority is negligible.

(c) Also, the reason the Board of Directors is set as the sole decision-making organizations on payment of dividends, etc. is because policy for paying dividends from retained earnings has a significant effect on profit for shareholders, so we think it would be inappropriate for this to be a purpose of the General Shareholder Meeting to be settled through the exercise of the shareholders' right to make proposals. Additionally, the Company's Articles of Incorporation stipulate that the Company shall decide on the payment of dividends and other matters provided in items of Article 459, Paragraph 1 of the Companies Act by resolution of the Board of Directors, and not by resolution of the General Shareholder Meeting and, in the same vein, may purchase its shares from the market, etc. provided in Article 165, Paragraph 2 of the Companies Act by a resolution of the Board of Directors.

(3) Requirements for special resolution

Article 17 Paragraph 2 of the Company's Articles of Incorporation stipulates that a special resolution of the General Shareholder Meeting can be adopted by two-thirds or more of the voting rights of those shareholders who attend the General Shareholder Meeting, where shareholders with voting rights having one-third or more of the total voting rights of shareholders attend.

The reason for the stipulation in the Articles of Incorporation described above is as follows.

A special resolution comprises a proposal that is of great importance to shareholders and the Company and if a situation were to occur in which there is an absence of a quorum, a proposal would become unable to be enacted even before a resolution can be approved or rejected. Therefore, the Company has reduced said quorum to the level of one-third, which is permissible under the Companies Act, in order to reflect the opinions of shareholders with voting rights as much as possible in voting on proposals.

(4) Exemptions of Directors and Executive Officers from their Liabilities

The Company's Articles of Incorporation stipulate that the Company may, pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, and by resolution of the Board of Directors, exempt the Directors (including former Directors) and Executive Officers (including former Executive Officers) from their liabilities for payment of damages with respect to the acts mentioned in Article 423, Paragraph 1 of the Companies Act to the extent permitted by laws and regulations in order to enable Directors and Executive Officer to fully play their expected roles.

(5) Outline of the timely disclosure framework

The Company has established Information Disclosure Controls and Procedures to ensure that corporate information is made public with speed, accuracy and fairness in accordance with laws and regulations.

The Corporate Information Disclosure Committee, which is overseen directly by the President & CEO, is responsible for disclosure activities. This committee performs the centralized oversight of corporate

information disclosure based on the Information Disclosure Controls and Procedures and assists the President & CEO.

The chairperson of the Corporate Information Disclosure Committee, who is named by the President & CEO, names members of the committee from among Executive Officers for corporate strategies, risk management, CSR, legal affairs, general affairs, compliance and other activities. To serve as the secretariat for this committee, there is a secretariat consisting of managers from many departments and there is a secretariat support unit consisting of people with expertise concerning laws and regulations and compliance.

Corporate Governance Systems (including Internal Control System)

