

Compensation for Directors and Executive Officers

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's performance in line with management policies, to meet shareholder expectations and contribute to the optimization of the Group's 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, and determines the amount of individual compensation entitlement of directors and executive officers in line with this policy.

At Compensation Committee meetings held on March 24, 2020 and May 25, 2020, the members resolved to partially revise the policy for determining individual compensation for directors and executive officers, starting in fiscal 2020. The details of the revision are as follows.

Revision	Before revision	Note
<p>1. Compensation system (see diagram below)</p> <p>1) 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 <u>and stock compensation. The stock compensation consists of a medium-term stock bonus (non-performance-linked) and a long-term bonus. Only a role-specific base salary is provided to outside directors.</u></p>	<p>1. Compensation system (see diagram below)</p> <p>1) 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 <u>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.</u> Outside directors receive base salary only.</p>	Changed
<p>2) Compensation packages for executive officers consist of a base salary, an annual performance-based cash bonus, which reflects the performance of the Group, <u>as well as stock compensation. The stock compensation consists of a medium-term stock bonus (performance-linked) and a long-term stock bonus.</u></p>	<p>2) Compensation packages for executive officers consist of a base salary, an annual performance-based cash bonus, which reflects the performance of the Group <u>and the performance of the business of which the officer is in charge each year, and a stock bonus linked to medium-term performance, which reflects the degree of attainment of the Medium Term Business Plan and improvement of shareholder value in the medium term.</u></p>	Changed
<p>2. The total amount of individual compensation entitlement and base salary are set at an appropriate level, taking into account position and value of the job, by considering value based upon objective data, evaluation data and other data collected at regular intervals.</p>	<p>2. The total amount of individual compensation entitlement and base salary are set at an appropriate level, taking into account position and value of the job, by considering value based upon objective data, evaluation data and other data collected at regular intervals.</p>	No changes

<p>3. The amount of the annual performance-based cash bonus is determined based on the level of performance delivered for the fiscal year (consolidated operating income), the degree of attainment of annual performance targets, and the 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 <u>200%</u> range of the standard amount of compensation. The targets are major consolidated performance indicators (operating income, operating income margin, <u>operating cash flow, and KMCC-ROIC*</u>) associated with results of operations. Executive officers' key operational measures include those related to non-financial indicators, such as environment, society and governance (ESG) performance.</p> <p><u>*Return on invested capital is used for calculating the annual performance-based cash bonus, and the invested capital represents the assets that can be individually managed and grown by each business division.</u></p>	<p>3. The amount of the annual performance-based cash bonus is determined based on the level of performance delivered for the fiscal year (consolidated operating income), the degree of attainment of annual performance targets, and the 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 <u>150%</u> range of the standard amount of compensation. The targets are major consolidated performance indicators (operating income, operating income margin, <u>ROA and others</u>) associated with results of operations. Executive officers' key operational measures include those related to non-financial indicators, such as environment, society and governance (ESG) performance.</p>	<p>Changed</p>
<p>4. Stock bonus plan 1) In <u>the medium-term stock bonus (non-performance-linked) plan</u> for directors, the company's shares are distributed to directors upon the conclusion of the Medium Term Business Plan, according to their roles and years in office. The plan is designed to enhance directors' motivation to contribute to medium-term shareholder value improvement and to promote their ownership of the company's shares.</p>	<p>4. Stock bonus plan 1) In <u>the medium-term stock bonus plan</u> for directors, the company's shares are distributed to directors upon the conclusion of the Medium Term Business Plan, according to their roles and years in office. The plan is designed to enhance directors' motivation to contribute to improved shareholder value and to promote their ownership of the company's shares.</p>	<p>Changed</p>

Revision	Before revision	Note
<p>2) In <u>the medium-term stock bonus (performance-linked) plan</u> for executive officers, the company's shares are distributed to executive officers upon the conclusion of the Medium Term Business Plan in the 0% to <u>200%</u> range. The plan is designed to enhance their incentives for attaining the targets of the Medium Term Business Plan and promote their ownership of the company's shares. The medium-term targets are major consolidated performance indicators (operating income, <u>operating cash flow, and KMCC-ROIC</u>) associated with the medium term management policy.</p>	<p>2) In <u>the medium-term stock bonus plan</u> for executive officers, the company's shares are distributed to executive officers upon the conclusion of the Medium Term Business Plan in the 0% to <u>150%</u> range. The plan is designed to enhance their incentives for attaining the targets of the Medium Term Business Plan and promote their ownership of the company's shares. The medium-term targets are major consolidated performance indicators (operating income, <u>ROE and others</u>) associated with the medium term management policy.</p>	<p>Changed</p>

<p><u>3) The long-term stock bonus for directors (internal directors not also serving as executive officers) and executive officers is awarded in the form of Konica Minolta shares after the retirement of the officer concerned, and is based on the person's position or role and their tenure. The aim of this compensation is to enhance motivation and to contribute to long-term shareholder value improvement.</u></p>		<p>Addition</p>
<p>4) The standard number of shares is set according to the position each director or executive officer held in the first year of the Medium Term Business Plan.</p>	<p><u>3) The standard number of shares is set according to the position each director or executive officer held in the first year of the Medium Term Business Plan.</u></p>	<p>Changed</p>
<p>5) Certain portions of shares are distributed in cash on the assumption that they are exchanged for cash.</p>	<p><u>4) Certain portions of shares are distributed in cash on the assumption that they are exchanged for cash.</u></p>	<p>Changed</p>
<p>6) 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.</p>	<p><u>5) 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.</u></p>	<p>Changed</p>
<p>5. The standard for compensation of the president and chief executive officer is a 50:25:25 mix of a base salary, an annual performance-based cash bonus, <u>and a stock bonus</u>. For the other executive officers, the base salary ratio is set higher than that for the president. <u>In addition, the ratio of the medium-term stock bonus (performance-linked) and long-term bonuses within the stock compensation shall be 60:40.</u></p>	<p>5. The standard for compensation of the president and chief executive officer is a 50:25:25 mix of a base salary, an annual performance-based cash bonus, <u>and a medium term performance-based stock bonus</u>. For the other executive officers, the base salary ratio is set higher than that for the president.</p>	<p>Changed</p>
<p>6. Compensation for non-residents of Japan may be handled in different ways from the above-mentioned treatment above due to legal and other circumstances.</p>	<p>6. Compensation for non-residents of Japan may be handled in different ways from the above-mentioned treatment above due to legal and other circumstances.</p>	<p>No changes</p>
<p>7. If the Board of Directors must resolve a correction to financial statements after they are announced due to a material accounting error or fraud, the Compensation Committee shall consider corrections to performance-based bonuses and limit payment or request return of the bonuses when necessary.</p>	<p>7. If the Board of Directors must resolve a correction to financial statements after they are announced due to a material accounting error or fraud, the Compensation Committee shall consider corrections to performance-based bonuses and limit payment or request return of the bonuses when necessary.</p>	<p>No changes</p>
<p>8. The company reviews levels, composition and other elements of compensation in a timely and proper manner in accordance with changes in the management environment.</p>	<p>8. The company reviews levels, composition and other elements of compensation in a timely and proper manner in accordance with changes in the management environment.</p>	<p>No changes</p>

The previous retirement compensation, which was discontinued in June 2005, was determined by the Compensation Committee for each individual officer concerned within a range set by Konica Minolta's own standards. This will continue to be paid whenever a director and an executive officer who has been serving since before June 2005 retires.	The previous retirement compensation, which was discontinued in June 2005, was determined by the Compensation Committee for each individual officer concerned within a range set by Konica Minolta's own standards. This will continue to be paid whenever a director and an executive officer who has been serving since before June 2005 retires.	No changes
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<Compensation System Diagram>

Konica Minolta Executive compensation structure

<Directors : Inside directors (not concurrently holding executive officer posts)>

(Revision)

Base Salary	Medium-term stock bonus (Non-performance-linked)	Long-term stock bonus
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(Before revision)

Base Salary	<u>Medium-term stock bonus</u>
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<Directors : Outside directors>

(No revision)

Base Salary

<Executive Officers : President>

(Revision)

Base Salary 50%	Annual performance-based cash bonus 25%	Medium-term stock bonus (Performance-linked) 15%	Long-term stock bonus 10%
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(Before revision)

Base Salary 50%	Annual performance-based cash bonus 25%	<u>Stock bonus linking with medium-term performance</u> <u>25%</u>
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<Executive Officers : Senior Managing Executive Officers, Senior Executive Officers, Executive Officers>
(Revision)

Base Salary 51%~55%	Annual performance-based cash bonus 29%~25%	Medium-term stock bonus (Performance- linked) 12%	Lon g- ter m sto ck bo nus 8%
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(Before revision)

Base Salary 51%~55%	Annual performance-based cash bonus 29%~25%	<u>Stock bonus linking with medium-term performance</u> <u>20%</u>
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Indicators for Performance-based Bonuses, Reasons for the Selection of These Indicators, and Method for Determining the Amount of Performance-based Bonuses

As mentioned above, at meetings held on March 24, 2020 and May 25, 2020, the Compensation Committee decided to partially revise the policy for determining individual compensation for directors and executive officers. As part of this, the performance-based compensation indicators were also revised, along with the reasons for indicator selection, and the methods for determining amounts of performance-based compensation.

1. Annual performance-based cash bonus

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

<Revision>

Item	Portion according to performance level	Portion according to attainment of performance targets				Portion according to personal appraisal	
		Operating profit	Operating profit	KMCC-ROIC	KMCC-ROIC		
Assessment index and others	Operating profit	Corporate Divisions / Core Business Divisions				New Business Divisions	Reflects progress of each executive officer's key measures
		25%	25%	25%	25%		
	Linked with Group consolidated performance result level	Linked with annual performance target attainment rate				Linked with individual target attainment rate	

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

<Before revision>

Item	Portion according to performance level	Portion according to attainment of performance targets			Portion according to personal appraisal
Assessment index and others	Operating profit	Operating profit 50%	Operating profit ratio 25%	<u>ROA</u> <u>25%</u>	Reflects progress of each executive officer's key measures
	Linked with Group consolidated performance result level	Linked with annual performance target achievement rate			

(2) Indicators for performance-based bonuses, reasons for the selection of these indicators

Revision	Before revision	Note
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.	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.	No changes
2) <u>For officers in charge of corporate divisions and core business divisions, the indicators used for determining the attainment of performance targets are operating profit, operating profit margin, operating cash flow and KMCC-ROIC. These indicators are designed to promote a strong awareness of Konica Minolta's sustainable growth and corporate value improvement over the medium to long term. Operating profit was selected to help enhance the earning power of core businesses, while operating margin was chosen to promote a shift to high profitability. Likewise, operating cash flow helps to implement strategy in a timely and appropriate manner and secure dividend resources, while KMCC-ROIC is necessary to help improve invested capital efficiency. In addition, each indicator is given the same weighting (25%). In the case of new business divisions, individual targets are used as indicators, by setting targets for each business division in accordance with the business characteristics and priority measures for the year.</u>	2) The indicators for the portion according to attainment of performance targets are the amount of operating profit, operating profit margin, and ROA. <u>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.</u>	Changed

3) For the portion according to personal appraisal, factors such as progress of each executive officer's key operational measures are used as indicators. Matters are evaluated from a different perspective from the level of performance results portion and the portion according to attainment of performance targets.	3) 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.	No changes
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(3) Methods for determining the amount of compensation

Revision	Before revision	Note
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.	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.	No changes
<p>2) <u>For officers in charge of corporate divisions and core business divisions</u>, the performance attainment portion is calculated by multiplying the annual performance attainment rate (calculated using the weightings of each indicator) by the standard amount for each position. The consolidated performance of the relevant business is applied for an executive officer in charge of a core business division, while the consolidated Group performance is applied <u>for an executive officer in charge of a corporate division</u>.</p> <p><u>In addition, the amount to be paid for an executive officer in charge of a new business division is calculated by multiplying the individual performance attainment rate for the relevant business division by the standard amount for the role.</u></p> <p><u>The payment rate will vary from 0% to 200% depending on the attainment level.</u> (This increase in the upper limit (previously 150%) is designed to further enhance officer awareness of target attainment, by making the relationship between target attainment and payment more pronounced.)</p>	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, <u>while for executive officers responsible for head office divisions or divisions spanning the entire company</u> , the Group's consolidated performance is used. <u>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.</u>	Changed
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 and CEO.	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 and CEO.	No changes

4) The payment amounts in the three items listed above will be discussed and settled by the Compensation Committee.	4) The payment amounts in the three items listed above will be discussed and settled by the Compensation Committee.	No changes
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2. Medium-term stock bonus (performance-linked)

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

<Revision>

Item	Medium-term stock bonus (performance-linked)		
Assessment index	Group consolidated operating profit	<u>Group consolidated operating cash flow</u>	<u>Group consolidated ROIC</u>
	<u>(Cumulative total for 3 years from FY2020 to FY2022)</u>		<u>(3 year average from FY2020 to FY2022)</u>
	<u>40%</u>	<u>30%</u>	<u>30%</u>
	Linked with attainment rate of medium term business plan targets		

<Before revision>

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

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

Revision	Before revision	Note
<p><u>Operating profit, operating cash flow and ROIC (group-wide consolidated) are used as indicators in order to promote sustainable growth for Konica Minolta and improve corporate value over the medium to long term.</u></p> <p>Operating profit was selected as an indicator to help strengthen the earning power of the core businesses, while operating cash flow was chosen to promote timely and appropriate strategy implementation, and to secure resources for dividends. ROIC was selected to improve the efficiency of invested capital over the medium to long term.</p> <p>The weightings are 40%, 30% and 30%, respectively.</p>	<p><u>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.</u></p>	Changed

(3) Methods for determining the amount of compensation

Revision	Before revision	Note
1) Compensation is calculated by first taking the total of three values: an amount obtained by multiplying the cumulative operating profit target attainment rate for the medium-term business plan period <u>by 40%, an amount obtained by multiplying the cumulative operating cash flow target attainment rate for the same period by 30%, and an amount obtained by multiplying the average ROIC target attainment rate for the same period by 30%</u> . 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. <u>The payment rate will vary from 0% to 200% depending on the attainment level. (This increase in the upper limit (previously 150%) is designed to further enhance officer awareness of target attainment, by making the relationship between target attainment and payment more pronounced.)</u>	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 <u>by 50% with the attainment rate of average ROE targets for the same period multiplied by 50%</u> . 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. <u>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.</u>	Changed
2) Points set per position is calculated by dividing the amount of resources allocated per position by a reference stock price.	2) Points set per position is calculated by dividing the amount of resources allocated per position by a reference stock price.	No changes
3) The reference stock price is the average price paid (weighted average) 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.	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.	Changed
4) The number of shares transferred listed above will be discussed and settled by the Compensation Committee	4) The number of shares transferred listed above will be discussed and settled by the Compensation Committee	No changes

Activities of the Compensation Committee

Month	Attendance	Main agenda items ◆: Resolution adopted ◇: Deliberated ○: Reported
May 2019	All 6 attended	◆ Financial compensation linked to fiscal year performance of executive officers in FY2018 ◆ Points for individual directors / executive officers for FY2018 stock compensation
June 2019	All 5 attended	◆ Chairperson selection ◆ Compensation Committee's FY2019 policy and plan ◆ Individual compensation for directors and executive officers starting July 2019 (annual base salary)
Sept. 2019	All 5 attended	○ Listing of issues to be investigated regarding officer compensation scheme ◇ Handling of standards for calculation of compensation linked to fiscal-year financial performance
Nov. 2019	All 5 attended	○ Executive compensation survey report

Feb. 2020	All 5 attended	◇ Investigation of executive officer compensation for FY2020
Feb. 2020	All 5 attended	◇ Direction of executive compensation levels for FY2020 ◇ Investigation issues relating to the director and executive officer compensation scheme ◇ Revision of the compensation determination policy
March 2020	All 5 attended	◆ Compensation for individual executive officers in FY2020 (annual base salary) ○ Handling of standards for calculation of compensation linked to fiscal-year financial performance ◆ Partial revision of the director and executive officer compensation scheme and revision of the related compensation determination policies and regulations
May 2020	All 5 attended	○ Voluntary return of director and executive officer compensation
May 2020	All 5 attended	◆ FY2019 performance-based executive compensation ◆ Numbers of shares awarded to individual directors / executive officers as stock compensation ◆ Partial revision of the stock compensation scheme and revision of the related compensation determination policies and regulations