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## Corporate Governance Report

Last Update: December 6, 2018

**Konica Minolta, Inc.**

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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**

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 three or more Outside Directors and two Inside Directors.
- The Chairman of each committee is selected from among the Outside Directors.
- The President and 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]**

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.

#### **【Principle 4-11 Preconditions for Board of Directors and *Kansayaku* Board Effectiveness】**

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

In order to form a Board of Directors that is an appropriate size for the Company, the Company considers the most important requirements of an individual to be an overall balance of knowledge, experience, and ability, and suitability for providing supervision to tackle management issues facing the Company. Although diversity is a consideration, the Company does not consider it realistic to be obligated to select a woman or foreigner on the grounds of gender or nationality at the current time.

### **[Disclosure Based on the Principles of the Japan's Corporate Governance Code]**

#### **【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, 2018, the results of examinations into the Company's cross-shareholdings are as follows.

- 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 majority 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, six stocks that were recognized as having a diluted significance for ownership were sold in fiscal 2017.

(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 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.

The Company has set the management target for the final year of the medium-term business plan, fiscal 2019, as ¥75.0 billion or more in operating profit (operating income margin of 7%), ¥50.0 billion in profit for the period, and ROE of 9.5%.

(Exchange rate: USD/105 yen, EUR/115 yen)

[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) 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 and 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 and 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 and CEO) and a report about the proposed duties of each Executive Officer.

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) 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, irrespective of gender, based on information from Nominating Committee members, other Outside Directors and the President and 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, irrespective of gender, 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) Draft proposals for Inside Director candidates are determined by discussions between the Chairman of the Board of Directors and the President and CEO, while placing emphasis 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) Based on an adequate understanding of the importance of gender and international diversity, the Board of Directors prepares 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 in order to take into consideration the diversity of careers and skills. The purpose is to receive beneficial oversight and advice concerning management issues at the Company.

4) Outside Director candidates are not excluded from consideration on the grounds of their gender, nationality, country of birth, race, or ethnicity.

5) To select new Outside Director candidates for at the 2018 shareholders meeting, the Company confirmed with the Nominating Committee that the primary goal is to select individuals who have extensive experience and knowledge involving the bio healthcare business and Internet of Things and digital business, which are key areas of the current medium-term business plan, and provide beneficial oversight and advice.

[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 and 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 business management and main business management.

This Inside Director also serves as the Nominating Committee Member and Compensation Committee Member.

3) Inside Directors who are concurrently Executive Officers, other than the President and 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) 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 and 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 in charge of Administration, 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. Kunihiro Koshizuka (Senior Executive Officer in charge of Engineering)

He has extensive experience and accomplishment as the responsible person in charge of R&D and the strategy of technologies. In addition, he has knowledge about the development of new business and the trend of technologies outside the Company.

Mr. Toshimitsu Taiko (Senior Executive Officer in charge of Business Technologies Business)

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.

(b) 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 114th 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 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 and 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.

In its Basic Policy on Corporate Governance, the Company states that “The Chairman of the Board is selected from among Directors not concurrently serving as Executive Officers.” The Company is to select an appropriate person, who may be either an Inside Director or an Outside Director, as the Chairman of the Board of Directors.

The Company believes that having an Inside Director who does not concurrently serve as Executive Officer with this level of familiarity of the Company’s management as the Chairman of the Board of Directors will contribute to helping the Company’s governance system function effectively, thereby leading to enhanced corporate value. Therefore, the Company requested that shareholders elect for him to continue. Mr. Matsuzaki will be in charge of supervision of management, securing sufficient time to fulfill his duties as full-time Inside Director.

Mr. Shoei Yamana (President and 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 and CEO since April 2014, and has worked to enhance corporate value by promoting “TRANSFORM 2016,” the Company’s medium-term business plan.

As the Chief Executive Officer for the Group, Mr. Yamana has led the Company to ongoing profit growth by steadily implementing the medium-term business plan, “Shinka 2019,” that began in fiscal 2017. In addition to demonstrating accountability as Representative Executive Officer for supervising management on the Board of Directors, Mr. Yamana has contributed 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. Ken Shiomi

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. Ken Shiomi attends management meetings of Executive Officers as a Member of the Audit Committee. He grasps and confirms 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 works to optimize the quality and quantity of information for the audit by the Committee.

Mr. Shiomi has extensive experience and considerable expertise related to business administration from serving as Executive Officer in the Company's sensing and optics businesses.

Since 2015, as an Inside Director at the Company not concurrently serving as Executive Officer, Mr. Shiomi engages in supervising management and properly fulfills his duties at the Company's Audit and Compensation Committees. Therefore, the Company believes that Mr. Shiomi can enhance corporate value by maintaining and upgrading the corporate governance, and requested that shareholders elect for him to continue.

Mr. Toyotsugu Ito

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 Ito 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. Ito has extensive experience and considerable expertise related to business administration and internal control from serving in the Company's production technologies, business administration of subsidiaries, and serving as Senior Executive Officer in reforms of the management quality etc. The Company expects that Mr. Ito 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 Nominating, Audit and Compensation Committees as an Inside Member.

Therefore, the Company believes that Mr. Ito can enhance corporate value by maintaining and upgrading the corporate governance, and newly elected him as a Director.

Mr. Seiji Hatano (Senior Executive Officer)

As a Senior Executive Officer of the Company in charge of business administration, 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. Kunihiro Koshizuka (Senior Executive Officer)

As a Senior Executive Officer of the Company in charge of all aspects of the technology sector, Mr. Kunihiro Koshizuka has worked to enhance corporate value of the Group by promoting the medium-term business plan.

The Company believes Mr. Koshizuka 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 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 and 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, there are four or more 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 Full Disclosure] [Balance of career and skill required for Outside Director candidates and diversity].

[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 114<sup>th</sup> Ordinary General Shareholder Meeting on June 2018 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 are restricted to holding 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 December 1 <sup>st</sup> )	Position
Masatoshi Matsuzaki (Chairman of the Board of the Company)	Ichigo Inc. Nomura Research Institute, Ltd. Nippon Sheet Glass Co. Ltd.	Outside Director Outside Director Outside Director
Hiroshi Tomono (Outside Director)	Nippon Steel & Sumitomo Metal Corporation Sumitomo Chemical Company, Limited Japan Nuclear Fuel Limited	Senior Advisor 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	Asahi Kasei Corporation SHIMADZU CORPORATION	Standing Counsellor Outside Director

(Outside Director)	KOKUYO Co., Ltd. IHI Corporation	Outside Director Outside Director
Chikatomo Kenneth Hodo (Outside Director)	Accenture Japan Ltd Sumitomo Mitsui Asset Management Company, Limited Mynavi Corporation	Senior Corporate Advisor 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.

In the fiscal year that ended in March 2017, the Company outsourced interviews and questionnaires to an external organization to enhance the objectivity, conducting the evaluation of the effectiveness from the standpoint of the third party with additional points of evaluation.

In the fiscal year that ended in March 2018, the Company performed an evaluation of effectiveness with emphasis on two points. One is building a governance system that is consistent with the Company's governance objectives of sustained growth and medium and long-term growth in corporate value. The other point is confirming that this system is functioning properly.

(1) Survey schedule

The fiscal 2017 evaluation of effectiveness was performed as follows.

- April 2018: Distribution of self-evaluation questionnaires
- May 2018: Return of questionnaires and processing of results
- June 2018: Explanation of Board of Directors Operations Policy (Fiscal 2018) 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

- Governance framework, Board of Directors composition and other items
- Effectiveness and operation of the Board of Directors and the three committees
- Assessment of activities involving fiscal 2017 Board of Directors policies and issues

## (5) Results of Effectiveness Assessment of the Board of Directors

### Report of the assessment results

#### (a) Governance framework, Board of Directors composition and other items

The Company has established a corporate governance framework that contributes to sustained growth and the medium and long-term growth of corporate value. This assessment resulted in the unanimous opinion that this framework is consistent with these objectives. However, there were opinions concerning several points requiring attention. Measures will be required concerning these points with regard to the operation of the governance system.

- The Company is a company with three committees and has a small Board of Directors that includes only four Directors who are concurrently Executive Officers (following the June 2018 shareholders meeting). If the Board of Directors is positioned as a means of developing the skills of these Executive Officers, measures such as giving the Executive Officers more opportunities to participate in meetings are needed.
- The Company's previous CEO is the chairman of the Board of Directors. This allows selecting proper and accurate agenda items and holding meetings with responsive and sincere stance along with thorough discussions. The Company has a suitable framework that centralizes authority and responsibility for ideas concerning basic management policies and the operation of business activities with the current CEO. Attention is required for both the framework and its operation to prevent the current CEO from being hesitant about altering the policies of the previous CEO.
- Regarding the number of Outside Directors and their characteristics (requirements for the selection of candidates), the selection of these candidates has been appropriate chiefly with regard to diversity involving careers and skills with respect to the Company's business operations. Discussions about gender diversity have started and now the Directors should start considering the inclusion of a non-Japanese member.

#### (b) Effectiveness and operation of the Board of Directors and the three committees

The Board of Directors and the three committees are operated properly in general, but there are several areas where further improvements are needed.

- The Board of Directors is properly performing its supervisory and advisory role concerning proposals for medium-term business plan and other strategies and the corporate and business strategies that have been proposed. Another important role of the Directors is the rigorous oversight of a PDCA cycle for fiscal year business plans to follow up on ongoing medium-term business plan.
- In addition to holding discussions about business portfolio management, the Directors need to increase activities for the effective oversight of the allocation of people, equipment, capital and other resources.
- The Directors need to increase activities for the oversight of processes used for the development and commercialization of new businesses.
- For a proper level of risk exposure involving business activities, the Board of Directors is using the diversity of its members to perform supervision and advice from many perspectives. For decisions about major projects, the Directors held long discussions at spanning two or more meetings.
- The Board of Directors is conducting post-merger integration reviews of M&A deals and investment

effectiveness reviews with the proper timing. The Directors need to hold more thorough discussions in order to learn lessons from mistakes that can be used for future deals.

- For the selection and re-appointment of Executive Officers, there is a fair and transparent process and the CEO is fulfilling his responsibility to provide explanations by submitting preliminary reports to the Nominating Committee and explaining proposals to the Board of Directors. There is a need to give Outside Directors more opportunities to talk with candidates to become new Executive Officers.
- The system of internal controls is functioning properly with regard to internal audits, risk management, compliance and other items. The Board of Directors needs to continue to pay attention to the constant receipt of timely and proper internal control reports, including reports from newly acquired subsidiaries by M & A.
- The Nominating Committee is operating properly by performing its duties concerning the selection of Director candidates and oversight of the establishment of a succession plan by the CEO.
- The Audit Committee is properly auditing the performance of the Directors and Executive Officers and the internal control system.
- The Compensation Committee's revisions to fiscal 2017 compensation were done properly.

(c) Review of activities involving fiscal 2017 Board of Directors policies and issues

Some items are also included in the preceding section (b); results of evaluations of past actions and other assessments are as follows.

- For the current status and medium-term strategies of businesses, and for the medium-term strategies and policies for head office functions, the Board of Directors properly performed oversight by receiving reports about activities involving the medium-term business plan.
- For the status of post-merger integration for major M&A deals, the associated Executive Officer submitted reports to the Board of Directors. For plans to strengthen the business execution team and the succession plan, the CEO submitted reports to the Nominating Committee. As a result, the Board of Directors properly supervised these items.
- The following activities were used to improve the quality of discussions by the Board of Directors
  - 1) When notices of meetings the Board of Directors were made, Directors were told when associated materials would be distributed to supply preliminary documents based on a plan. More improvements involving this system are needed.
  - 2) To give the associated Executive Officer a thorough understanding of the objectives, the Chairman of the Board of Directors submitted to the Executive Officer questions about points that the supervising Board of Directors wanted to know about. But more improvements and other measures are needed concerning the materials used for reports.
  - 3) Training for Internal Directors was upgraded by having the Secretariat provide more information.
  - 4) There were more opportunities to supply basic information about the Company to Outside Directors, but there is still room for improving this information.

(6) Outline of Board of Directors Management Policies for Fiscal 2018

Based on this assessment of the Board of Directors' effectiveness the Chairman of the Board provided the



following explanations after establishing a management policy for the board's activities in fiscal 2018.

- Structured development of skills of Executive Officers and candidates through the Board of Directors
- Follow-up framework to be established by the CEO with Nominating Committee in order to give the Board of Directors information about candidates for new or reappointed Executive Officers (and individuals who may be candidates in the future.)
- Improvement of the quality of discussions by the Board of Directors  
Always notifying departments giving explanations of the purpose of the associated agenda item  
Always using reports in accordance with administrative and supervisory processes
- Measures of both the framework and its operation are required to ensure there is no hesitation about altering the policies of the previous CEO
- The following agenda items for fiscal 2018 have been selected and the associated Executive Officers will give explanations.  
Confirmation of progress with process used for growing businesses and the development and commercialization of new businesses (including strategy reviews)  
Status of business portfolio management  
Allocation of people, equipment and capital, including efficiency and effectiveness  
Capabilities of the organization and measures to strengthen capabilities  
Recruiting and skill development management (policies/strategies, plans, execution, results, upcoming actions)  
IR and PR activities (policies, plans, execution, results, upcoming actions)  
Corporate and organizational culture (required elements/corporate and organizational culture, status, how to make improvements, progress)  
Activities for sustainability  
Significant business risk factors
- Determination of measures for revising the Corporate Governance Code

[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 2017:

- (a) Inspection tours in Japan (factories and sales offices, including at subsidiaries)  
Two tours with the cumulative participation of two Outside Directors
- (b) Inspection tours outside Japan (factories and sales offices, including at subsidiaries)  
One tour with the participation of one Outside Director
- (c) Research activity announcement event  
Five events with the cumulative participation of 14 Outside Directors

**【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 and CEO. The Executive Officer for investor relations and the department responsible for investor relations assist the President and 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 and 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 and 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 and CEO's 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]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	45,711,100	9.22
Japan Trustee Services Bank, Ltd. (Trust account)	31,680,500	6.39
MUFG Bank, Ltd.	13,945,007	2.81
GOLDMAN SACHS INTERNATIONAL (Standing proxies: Goldman Sachs Japan)	11,917,563	2.40
SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation Pension Trust Account)	11,875,000	2.39
Japan Trustee Services Bank, Ltd. (Trust account 9)	11,826,200	2.38
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
DAIDO LIFE INSURANCE COMPANY (Standing proxies: Japan Trustee Services Bank, Ltd.)	9,040,518	1.82
Japan Trustee Services Bank, Ltd. (Trust account 5)	8,819,500	1.78

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 September 30, 2018.
- 2) Percentages are calculated by deducting treasury shares 6,833,143 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 September 30, 2018, 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 September 30, 2018, 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.
  - 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)
  - Nomura Securities Co., Ltd. (group shareholding comprising three companies): 26,082,000 shares (5.19%) held as of January 31, 2017 (Statement of Large-Volume Holdings as of February 6, 2017)
  - Sumitomo Mitsui Trust Bank, Limited (group shareholding comprising three companies): 25,378,000 shares (5.05%) held as of February 15, 2016 (Statement of Large-Volume Holdings as of February 19, 2016)

### 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**

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**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)

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

Name	Committees			Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Selection
	Nominating	Remuneration	Audit			
Hiroshi Tomono	○		○	○	Senior Advisor of Nippon Steel & Sumitomo Metal Corporation  The sales between Nippon Steel &	Reasons for selection as an Outside Director: 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

				<p>Sumitomo Metal Corporation and the Company accounted for less than 1% of the consolidated net sales of each company.</p>	<p>the duties of the Board of Directors and committees.</p> <p>Mr. Hiroshi Tomono has many years of experience at Sumitomo Metal Industries, Ltd. and Nippon Steel &amp; Sumitomo Metal Corporation in the management of the materials manufacturing sector, including having overseen activities at steelmakers ranging from technology and manufacturing to planning, administration and new business.</p> <p>He has extensive experience and a broad range of knowledge as a corporate executive.</p> <p>The Company believes that Mr. Tomono can contribute to the maintenance and upgrading of corporate governance.</p> <p>Reasons for selection as an Independent Director: Mr. Tomono meets the standards for independence specified by the Nominating Committee. Also, as explained in the column to the left, Mr. Tomono 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. Tomono is designated an Independent Director.</p>
<p>Kimikazu Noumi</p>	○	○	○	<p>Executive Advisor of J-WILL CORPORATION</p> <p>There is no business relationship</p>	<p>Reasons for selection as an Outside Director: Same as above for 1) to 3).</p> <p>Mr. 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</p>

				<p>between J-WILL CORPORATION and the Company.</p>	<p>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 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>
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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>
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Taketsugu Fujiwara	○	○	○	○	<p>Asahi Kasei Corporation</p> <p>Standing 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)</p> <p>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.</p> <p>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>
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**[Committees]**

Committee's Composition and Attributes of Chairperson

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

**[Executive Officers (Shikkoyaku)]**

Number of Executive Officers	25
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**Status of Additional Duties**

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
Kunihiro Koshizuka	No	Yes	×	×	No
Ken Osuga	No	No	×	×	No
Seiji Hatano	No	Yes	×	×	No
Shingo Asai	No	No	×	×	No
Noriyasu Kuzuhara	No	No	×	×	No
Yuji Ichimura	No	No	×	×	No
Masafumi Uchida	No	No	×	×	No
Toshimitsu Taiko	No	Yes	×	×	No
Ikuo Nakagawa	No	No	×	×	No
Kazuyoshi Hata	No	No	×	×	No
Hiroyuki Suzuki	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

**[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 and 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 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

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. The compensation-type stock option

plan was abolished with the 12th series compensation-type stock options for fiscal 2016 issued in August 2016.

Recipients of Stock Options	
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Supplementary Explanation
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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
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Compensation for Directors and Executive Officers in fiscal 2017 was as shown below.

(1) The 8 Directors received aggregate base salary of 175 million yen. There were no performance-based cash bonuses.

(Breakdown)

The 5 Outside Directors: Base salary of 48 million yen

The 3 Inside Directors: Base salary of 127 million yen

(2) The 23 Executive Officers received aggregate base salary of 529 million yen and performance-based cash bonuses of 181 million yen.

(3) The 3 Inside Directors received stock bonus totaling 23 million yen.

(4) The 23 Executive Officers received stock bonus totaling 160 million yen.

(5) The 3 Inside Directors received compensation-type stock options totaling 6 million yen.

(6) The 18 Executive Officers received compensation-type stock options totaling 24 million yen.

Notes

1. At the end of the period (March 31, 2018), the Company has four (4) Outside Directors, three (3) Inside Directors (not concurrently holding Executive Officer posts) and twenty-four (24) Executive Officers.

2. In addition to the three (3) Inside Directors shown above, the Company has another three (3) Inside Directors who concurrently hold Executive Officer posts, and the compensation to these Directors is included in compensation to Executive Officers.

3. Regarding the performance-based cash bonus, the amounts which should be recorded as expense in the period are stated.

4. Regarding the stock bonus, the amounts which were recorded as expense in the period 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.

5. Regarding the stock compensation-type stock options, which were abolished with the twelfth issue of stock compensation-type stock options for fiscal 2016, the amounts which were recorded as expense based on an estimation of the fair value of the subscription rights are stated.

The following individual received compensation of ¥100 million or more in fiscal 2017.

Director, President and CEO, Representative Executive Officer, Shoei Yamana – ¥115 million (fixed compensation of ¥65 million, performance-based cash bonuses of ¥21 million, stock bonus of ¥24 million and compensation-type stock options of ¥3 million)

Executive Officer, Mr. Richard K. Taylor – ¥173 million (fixed compensation of ¥88 million and performance-based cash bonus of ¥85 million)

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

Policy on Determining Remuneration Amounts and Calculation Methods	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 own 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 on assumption that they are exchanged for 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 and Chief Executive Officer is a 50:25:25 mix of “base salary,” “annual performance-based cash bonus” and “medium term performance-based stock bonus.” For the other Executive Officers, the “base salary” ratio is set higher than that for the President.

(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.

#### **[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

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 honorary advisor (no participation in management)	Part-time/Unpaid	June 19, 2014	One year
Fumio Iwai	Honorary Advisor	External activities using the title of honorary advisor (no participation in management)	Part-time/Unpaid	June 23, 2009	One year
Tomiji Uematsu	Honorary Advisor	External activities using the title of honorary advisor (no participation in management)	Part-time/Unpaid	June 23, 2006	One year
Osamu Kanaya	Honorary Advisor	External activities using the title of honorary advisor (no participation in management)	Part-time/Unpaid	June 28, 2001	One year
Hideo Tashima	Honorary Advisor	External activities using	Part-time/Unpaid	June 29, 1999	One year

		the title of honorary advisor (no participation in management)			
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Total Number of Retired Representative Director and Presidents, etc. Holding Advisory or Any Other Position in the Company	5
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Other Matters
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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 and 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. At this time, there are no Special Advisors who receive compensation and five 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)**

(1) 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 and 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 and 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 and 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 and CEO for making decisions and discusses important items concerning management of the Group.

(2) 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.

(3) Nominations

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

(b) 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 and CEO concerning a plan for a successor (training and selection) at a suitable time and supervision of this plan

2) Numbers of Meetings held

There were ten meetings of the Nominating Committee during fiscal 2017.

(4) Audits and supervision

(a) Auditing Structure

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

(b) Name of Certified Public Accountant

For fiscal 2017, 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 Shinji Someha

Designated Limited Liability Partner Michiaki Yamabe

(Individuals who assisted with the audit)

20 Certified Public Accountants and 40 others, a total of 60

(c) Audit Committee

1) Functions and roles

Please see II. 1. [Auditing Structure].

2) Numbers of Meetings held

There were 13 meetings of the Audit Committee during fiscal 2017.

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

(5) 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) Compensation Committee

1) Functions and roles

Decisions about compensation for individual Directors and Executive Officers.

2) Numbers of Meetings held

There were eight meetings of the Compensation Committee during fiscal 2017.

### 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;

- Reinforcement 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 and 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

	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. Notices of convocation of the 114th ordinary general meeting of shareholders (for the year ended March 2018) were sent to shareholders on May 29 (Tuesday), which was 21 days before



	<p>the meeting. In addition, before sending these notices, the Company posted the notice of convocation on its website on May 18 (Friday) (and on May 25 (Friday) for the English-language notice).</p>
Scheduling AGMs to Avoid the Peak Day	<p>To facilitate constructive dialogues with shareholders and share information with shareholders accurately, the Company normally holds its shareholders meeting at least nine days before the time that most June shareholders meetings take place. The 114th ordinary general meeting of shareholders (for the year ended March 2018) was held on June 19, 2018. This was nine days (seven business days) before June 28, the peak day when most companies with a March fiscal year hold their annual shareholders meetings.</p>
Allowing Electronic Exercise of Voting Rights	<p>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.</p> <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	<p>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.</p>
Providing Convocation Notice in English	<p>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.</p>
Other	<p>Starting with the 112th ordinary general meeting of shareholders (for the year ended March 2016), 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, including the chairman's presentation, on its website.</p> <p>The Company holds its shareholders meetings in an environmentally responsible manner. At the 114th ordinary general meeting of shareholders (for the year ended March 2018), notices were printed using vegetable oil ink and paper approved by the FSC.</p> <p>In addition, electricity used at shareholders meetings is purchased from suppliers of electricity from solar and other renewable energy sources. This helps slow global warming by offsetting CO2 emissions associated with</p>

	electricity used at the meeting with the reduction in CO2 emissions resulting from the use of solar power.
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## 2. IR Activities

	Supplementary Explanations	Presentation by President
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	<p>The Company holds information meetings led by the President and CEO or the Executive Officer in charge of investor relations.</p> <p>In fiscal 2017, two meetings were held: November 2 and February 17, both in the Marunouchi district of Tokyo.</p> <p>The February 17 information meeting could be viewed on the following Daiwa Investor Relations Co, Ltd. website through a link with the Company’s IR website.<a href="http://www1.daiwair.jp/qlviewer/e-cast/1802174902ca7rcw/index.html">http://www1.daiwair.jp/qlviewer/e-cast/1802174902ca7rcw/index.html</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 2017, two briefings were held as follows.</p>	Yes

	July 6 in Mito and November 22 in Marunouchi.	
Regular Investor Briefings for Analysts and Institutional Investors	<p>The Company holds quarterly Financial Results Briefing Session for analysts and institutional investors. The President and CEO or Executive Officer in charge of investor relations explains results of operations and strategic goals. There are also individual business information meetings and ESG information meetings. The following information meetings were held in fiscal 2017.</p> <p>June 15 for medium-term environmental plan 2019, July 6 for acquisition of Ambry Genetics, July 20 for bio-healthcare, September 26 for medium-term environmental plan 2019, October 19 for measuring instruments and January 17, 2018 for health care.</p> <p>On March 15, 2018, an investor meeting on “Corporate Governance for Sustained Growth - Including Perspectives of Outside Directors” was held by the Chairman of the Board of Directors and Outside Directors in cooperation with Citigroup Global Markets Japan Inc.</p>	Yes
Regular Investor Briefings for Overseas Investors	<p>The President and CEO goes to North America once and Europe once each fiscal year to hold regularly scheduled meetings with shareholders and other investors. The purpose is to facilitate constructive dialogues that increase the number of shareholders who vote at shareholders meetings and that contribute to growth in corporate value.</p> <p>In addition, the Executive Officer in charge of investor relations or other IR staff participate in conferences in Japan and overseas held by securities companies. These conferences are an opportunity to have discussions with many institutional investors about the Company’s policies, performance and outlook. We also visit and invite investors for regular one-on-one meetings, telephone conferences. 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 FY2016&gt;  <a href="http://magicalir.net/4902/slideshow/2018-05-14-E">http://magicalir.net/4902/slideshow/2018-05-14-E</a></p>	Yes

<p>Posting of IR Materials on Website</p>	<p>The Company's integrated report contains financial information as well as a broad range of 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 and Outside Directors, and other information. In the 2017 Nikkei Annual Report Awards of the Nihon Keizai Shimbun, the Company's report received a Second Place Award because of its extremely high degree of perfection.</p> <p>(Integrated Report URL)  <a href="https://www.konicaminolta.jp/about/investors/ir_library/ar/ar2017/index.html">https://www.konicaminolta.jp/about/investors/ir_library/ar/ar2017/index.html</a></p> <p>The IR Library on the Company's website has integrated reports, financial results, presentation materials, securities reports, shareholder's correspondence, annual financial data, CSR reports, intellectual property reports, corporate information and other information.</p> <p>&lt; IR Library URL &gt;  <a href="https://www.konicaminolta.com/jp-ja/investors/ir_library/">https://www.konicaminolta.com/jp-ja/investors/ir_library/</a></p>	
<p>Establishment of Department and/or Manager in Charge of IR</p>	<p>The Company has an IR Office that is supervised directly by the President and CEO. The purpose is to reinforce the ability to distribute strategic IR information.</p> <p>Department in charge: IR Office (5 people)  Executive Officer in charge: Kazuyoshi Hata, Senior Executive Officer</p>	

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

	Supplementary Explanations
<p>Stipulation of Internal Rules for Respecting the Position of Stakeholders</p>	<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</p>

	<p>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>
<p>Implementation of Environmental Activities, CSR Activities etc.</p>	<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 innovative ideas to solve the associated issues as well as using these solutions to contribute to the sustainable growth of the Konica Minolta Group.</p> <p>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.</p> <p>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</p>

	<p>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.</p> <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</p>

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.

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.

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 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 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 2018 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 third time the Company was selected.

[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. In Japan, the Company established an action plan based on the Act on the Promotion of Women's Participation and

	<p>Advancement in the Workplace and used various measures to accomplish its goal. As of April 2018, female managers were 5.5% of all managers, which exceeded the goal of 5%. In April 2017, the Company established the Diversity Promotion Office, a unit supervised directly by the President and 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 2015: 3.4% Fiscal 2016: 4.4% Fiscal 2017: 5.5%</li> <li>● Percentage of female managers in the total managers in past three fiscal years of the Group (worldwide) Fiscal 2015: 15.3% Fiscal 2016: 16.4% Fiscal 2017: 18.9%</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**

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.

- 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. Furthermore, the department in charge of the whistle blowing system will regularly inform the Audit Committee of report details and status.
- (f) 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 the fiscal year of 2017, the Risk Management Committee held two meetings.

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.

#### <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 132 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 corporate functions, serves as an advisory body to the Compliance Officer. In the fiscal year of 2017, this committee held one meeting.

At subsidiaries, the company presidents are responsible for compliance, including the establishment of a system for compliance activities. 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 performing compliance activities that match the characteristics and needs of each overseas region.

To reinforce awareness of the importance of compliance, all business units and subsidiaries are required to submit period reports about the status of compliance programs. The Compliance Officer uses this information to determine the status of compliance for the entire Group and submits periodic reports to the Audit Committee.

#### <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 representative Executive Officer, Compliance Officer, general manager of the Corporate Legal Division or an external attorney about a compliance problem or for a consultation. In the Americas, there is a whistleblowing system for North America. In Europe, there is a 24-hour, multi-language whistleblowing system. There is also a whistleblowing system for China and whistleblowing systems for subsidiaries in Southeast Asia.

In the fiscal year of 2017, this whistleblowing system was used 27 times in Japan and 41 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 whistleblowings on a regular basis.

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

### (1) Basic views

The Group's "Konica Minolta Code of Conduct" is based on the spirit of "Konica Minolta Group Charter of Corporate Behavior," 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 Code of Conduct" 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

#### (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) Decision-making organizations on distribution of surplus, etc.

The Company's Articles of Incorporation stipulate that unless otherwise provided in any laws or regulations, the Company shall decide on the distribution of surplus and other matters provided in Article 459, Paragraph 1 of the Companies Act by resolution of the Board of Directors, and not by resolution of the General Shareholder Meeting.

The Company's Articles of Incorporation stipulate that the Company shall decide on the distribution of surplus and other matters provided in 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 may in order to harmonize with the preceding provision repurchase 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

As stipulated in the Articles of Incorporation, in order to ensure smooth management of the General Shareholder Meeting, a special resolution provided in Article 309, Paragraph 2 of the Companies Act shall 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 shall attend.

(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.

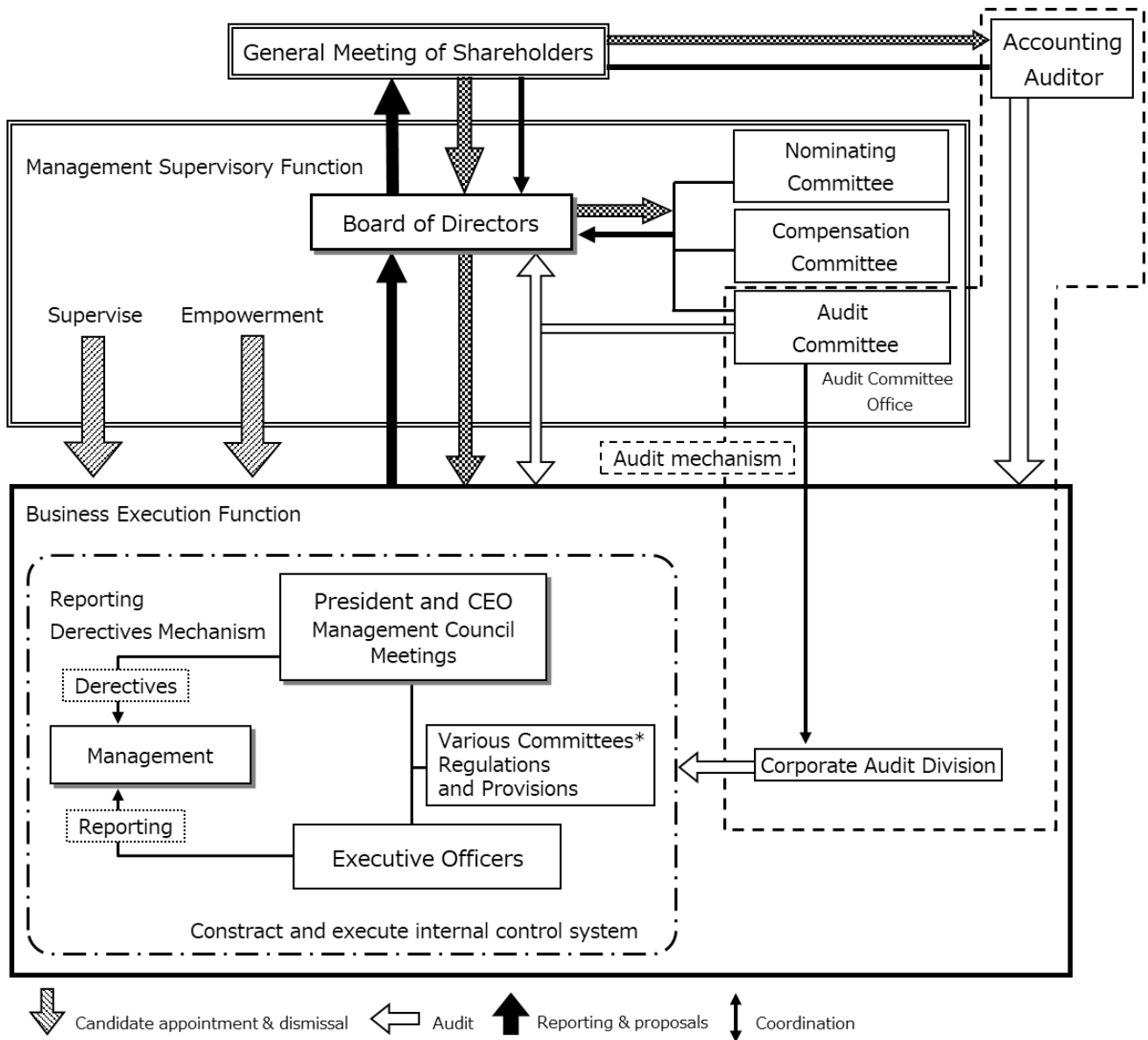
(5) Outline of the timely disclosure framework

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 and 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 and CEO.

The chairperson of the Corporate Information Disclosure Committee, who is named by the President and CEO, names members of the committee from among Executive Officers for corporate strategies, risk management, CSR, legal affairs, administrative 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



\*Committees related to internal controls

Risk Management Committee

Corporate information Disclosure committee

Investment Assessment Committee

Business Assessment Committee