

Platform Supporting Sustainability

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Discussion on Corporate Governance

The Chairman of the Board and an Outside Director

Supporting Konica Minolta's Sustained Growth through the Pursuit of More Effective Governance

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External Evaluation of Konica Minolta's Management, with Its Focus on Achieving Sustainable Growth



Masatoshi Matsuzaki

Chairman of the Board

After serving as a Director at Konica Minolta Business Technologies, Inc., as President of Konica Minolta Technology Center, Inc., and in various other roles, became a director, and then the President and CEO of Konica Minolta, Inc. Assumed the position of Chairman of the Board in April 2014.

Discussion on Corporate Governance

Supporting Konica Minolta's Sustained Growth through the Pursuit of More Effective Governance

The roots of Konica Minolta governance can be traced back to the decision to “focus on supervision.”

— **What are the characteristics of corporate governance at Konica Minolta?**

Matsuzaki: The history of our corporate governance dates back to before the integration of management between Konica and Minolta. In March 2001, Tomiji Uematsu, Representative Director and Chairman at the time after stepping down as the President of Konica, decided to commit himself solely to the supervision of management, giving up his representation rights and role as an executive officer. It was at that point in time that the corporate governance of current-day Konica Minolta took form.

The Commercial Code was about to be revised and the introduction of companies with committees was on the horizon. Taking these changes into consideration, the Company formulated the “Corporate Organization Basic Regulations,” forming the constitution for corporate governance with the cooperation of various specialists, including lawyers.

Since then, Konica Minolta's governance framework has evolved and been based on the initiatives of supervisors.

Enomoto: When the management checks-and-balances framework is developed based on the initiatives of executive officers, you cannot totally eliminate the possibility of ‘leniency.’ On the other hand, Konica Minolta's governance was built mainly by people determined to stay on the supervision side. Therefore, executive officers and supervisors are clearly separated in the system. I feel that the level of preparation has been different from that of other companies.

— **The Board of Directors includes Inside Directors who are not involved in actual operations, as well as Outside Directors. What are the roles of the Inside Directors?**

Matsuzaki: Konica Minolta's Board of Directors consists of “Outside Directors,” “Inside Directors who are not concurrently serving as Executive Officers” and “Directors serving as Executive Officers.” It is run so that these three parties keep one another in check in a good way. One of the roles of the Directors not concurrently serving as Executive Officers is my current position, the Chairman of the Board. The Corporate



Takashi Enomoto

Director (Outside Director)

After serving as Representative Director and Vice-President at NTT DATA Corporation, became an outside director at Konica Minolta, Inc. in June 2013. Appointed to the position of Chairman of the Audit Committee in 2014.

Organization Basic Regulations, which I mentioned earlier, also states that the Chairman of the Board must be a person who does not concurrently serve as an Executive Officer.

Enomoto: The fact that one of the conditions for being the Chairman is not serving as an Executive Officer speaks volumes for Konica Minolta's commitment to stronger governance.

Matsuzaki: Furthermore, Inside Directors not concurrently serving as Executive Directors also take part in our Audit Committee. There are many advantages to being a company with a "three committee system," for which we adopted. However, compared to Companies with Board of Company Auditors with full-time auditors, there is a risk of the Audit Committee becoming less functional. It is a very hard work for the Outside Auditors alone to check everything in the limited amount of time they have, so Inside Directors are there to help them.

Enomoto: I have been serving as an Audit Committee member since the first year of my tenure as a Director and as the Chairman of the Audit Committee since the second year. As the Company operates in a wide variety of areas, we have to check a tremendous amount of information. In that regard, we are delighted to have two Inside Directors with practical roles on the Audit Committee. This is very reassuring for us. Additionally, having personnel experienced in the execution of operations as a part of the Audit Committee must give some feeling of tension to the current Executive Officers. Given these points, I think the combination of Inside Directors who do not concurrently serve as Executive Officers, Outside Directors, and Directors serving as Executive Officers works very well.

Exhaustive discussions by all Directors led to the Company complying with all principles of the Governance Codes.

— How is the Company responding to the Corporate Governance Codes introduced in 2015?

Matsuzaki: As soon as the original proposal of the Corporate Governance Codes had been revealed, we began checking as to how well the Company complied with them. As a result, it was confirmed that 65 of the 73 principles in total had already been met. All the members of the Board continued exhaustive discussions at Directors' round-table conference, and in the end, we decided to make sure the Company complies with all of the principles.

Enomoto: As we had started working to strengthen the governance system early on, the only thing required was to freshly examine how to comply with the remaining eight principles; seven of which related to requiring disclosure.

Matsuzaki: For four of the 11 Governance Codes principles related to disclosure, the Company was already in compliance for disclosing relevant information. Additionally, it was decided that disclosing information for the remaining seven principles would be beneficial for corporate management. Consequently, we formulated the "Basic Policy on Corporate Governance," which was based on the previous "Corporate Organization Basic Regulations."

Enomoto: As a result, the last principle remaining for compliance was Supplementary Principle 4.1.3, which is in

regard to the planning of successors for CEO, etc.

Matsuzaki: Who is going to succeed the position of CEO is a very important issue for a company that desires to attain sustainable growth. I therefore took time in a Directors' round-table conference to introduce a policy in which the Nominations Committee will oversee the appointment of successor to the position of President and CEO. Everybody understood the concept, and we decided to work towards introducing this policy.

In general, soon after taking the position, the CEO will begin providing information about the candidates believed to be appropriate as a possible successor. The members of the Nominating Committee will express their views based on the information received from CEO and monitor the candidates.

I believe these processes will help in selecting the best successor possible.

Utilizing an open-door attitude to provide easy-to-understand explanations outside the Company too.

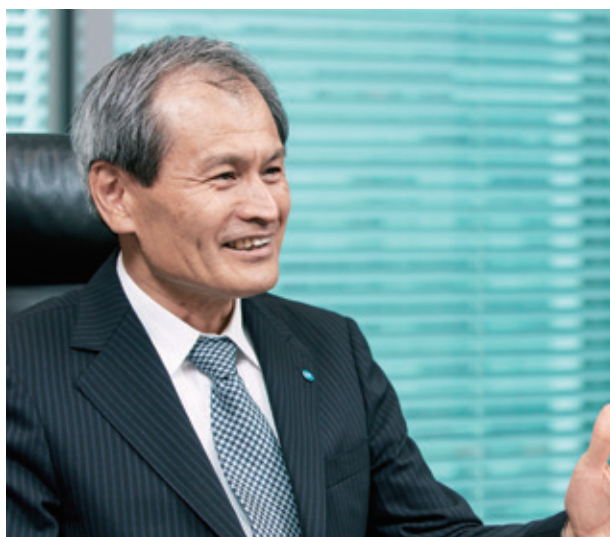
— **Mr. Enomoto, you have served as a director in a number of companies. Have you found anything different about Konica Minolta since becoming one of its Outside Directors?**

Enomoto: Rarely ever is there a time when the Konica Minolta Board of Directors gives the President a free hand to do something. Serious debate breaks out for virtually every single agenda. As a result, everybody speaks out. We are all under such pressure.

Matsuzaki: If somebody looks quieter than others, the Chairman tries to bring that person into the discussion.

Enomoto: However, it is true that it takes time for an Outside Director to understand the Company's businesses, as the areas covered are diverse. That's why we often end up asking amateurish questions.

Matsuzaki: They may also be simple questions ask from the same perspective of a general shareholder, so executive officers need to answer each question using simple explanations that



are easy to understand.

Enomoto: All executive officers are fully aware of this. So they always take the time to give enthusiastic explanations to us, the Outside Directors. I also feel that they have been making more effort to answer basic questions from shareholders using easy-to-understand wording at recent shareholders' meetings.

— **How does Konica Minolta keep Outside Directors informed of its activities?**

Enomoto: In addition to prior briefings, we are invited to the launch events for new businesses and R&D. We try to attend such events as often as possible. I also visit regional plants and overseas bases when time allows.

Matsuzaki: Mr. Enomoto has visited our overseas operations more often than any other Outside Director.

Enomoto: It is important to know how employees feel about performing their jobs, and there is no better place to learn that than onsite. I will be visiting a healthcare subsidiary in the US this fall to see how everyone is doing after the recent M&A. When I requested the visit, the Company responded eagerly. I feel I get very open and generous support.

Aiming for 'offensive' governance that proactively supports enhancing performance.

— **What measures are in place to further strengthen the Company's corporate governance?**

Enomoto: As a solid governance framework is already in place, I think what is needed in the future is to enhance the effectiveness of the governance system further through improvements in operations.

Matsuzaki: One of our initiatives towards this is the use of an annual questionnaire given in April that allows members on the Board of Directors to do self-assessments of activities. Based on the findings from the questionnaire, I propose a policy for the operations of the Board of Directors for the following fiscal year. A number of productive opinions and proposals have been made in these questionnaires every year. This year, too, we received valuable opinions from Outside Directors, such as requests to improve the quality of reports from executive officers, distribute relevant data earlier, and to provide more opportunities to meet with successor candidates.

Enomoto: For projects such as M&As, we are getting information earlier than before. By the time Executive Officers have made a proposal following investment evaluation meetings, negotiations should be at an advanced stage. Now that we are provided prior information from the examination stage, we can make requests, such as to closely check certain areas in the due diligence process.

— **How do you assess the Company's efforts to transform business through overseas M&As?**

Enomoto: In order for Konica Minolta to maintain long-term growth, it must focus on becoming a solutions company that delivers best-fit answers to issues customers face, doing so beyond the category of manufacturer. Accordingly, I believe the corporate initiatives implemented so far, that is, shifting to

services and solutions, are actions in the right direction. All of the IT service firms the Company has acquired through M&As have massive potential, and they are real ‘gold mines.’ These companies include Instrument Systems in Germany, which has already delivered performance substantially outstripping projections, but also other companies that will require time before producing results. I, myself, have been involved in various M&A projects overseas. But for me, there were more cases in which results fell short of initial expectations than instant successes.

Matsuzaki: You often point out the importance of patience during board meetings.

Enomoto: Yes, patience is essential. For example, even if a company has purchased another company that offers services within the eastern United States, it has to standardize technologies and increase investments to expand the acquired company’s business nationwide. Therefore, it is imperative that post-merger integration plans, including management initiatives after the merger, are worked out during the investigative stage of an M&A project. If Konica Minolta can enhance their efforts in this area, the business transformation process should accelerate even more.

— What do you think about ensuring the diversity of board members?

Matsuzaki: We give full consideration to the combination of Outside Directors’ capabilities and careers every year. Considering fields of specialization in their backgrounds and the balance of business sectors they have worked in, we try to avoid bias towards a specific area of specialty or industry. In addition, we also take into account areas in which we have management issues and advice or supervision is needed over the next few years. This enables us to select the best person for the job. For instance, we have invested aggressively in overseas IT service companies during the past few years in order to transform our business. For such a trend, Mr. Enomoto is an ideal person as an Outside Director because of his abundant experience in that area.

Enomoto: It is not simply diversity equals hiring women and foreign nationals. Konica Minolta selects board members to fit its management strategies and agendas, while taking into consideration the balance of specialty areas and industries.

Matsuzaki: Exactly. This time a woman was nominated during the selection stage, but after further discussions she was not selected. On the other hand, from this fiscal year, a non-Japanese member, Richard Taylor, joined our lineup of Executive Officers. In view of such considerations, I expect to see women and/or non-Japanese Directors on the Board in the near future.

Enomoto: The most important thing in the selection of Directors is rationality for the supervision of management. As the result of sticking to such basics, if we have come to the conclusion to appoint women or foreign nationals suitable for the position, it’s only natural to do so. I think that is a reasonable and steady way to promote diversity.

— Finally, what are your views on governance for achieving sustained growth at Konica Minolta?

Enomoto: The Audit Committee’s activities have a ‘defensive’ image of keeping an eye on corporate management. But I,



personally, would like to contribute more proactively to business performance. For companies, it is nothing special to comply with laws and regulations and act strictly in accordance with social commonsense. Based on that, I’m wondering if we can perform ‘offensive’ governance that contributes more proactively to business performance; for example, by pointing out losses in management that go unnoticed by internal personnel, or by deriving originality and ingenuity on the shop floor.

Matsuzaki: I totally agree. We, those who oversee management, are responsible for correcting any misdirection in management by supporting executive officers’ decisions and identifying related issues. However, our ultimate goal is to generate profits for the Company; and not just one-off profits, but continuous sustained earnings. We accept dissenting votes against director candidates at the General Stockholders’ Meetings as a message from shareholders, urging us to supervise properly. We acknowledge that it is our task to contemplate what we can do as supervisors.

Enomoto: Although Executive Officers and Supervisors are different positions with different roles, their goals are the same.

Matsuzaki: We hope we can improve the effectiveness of the governance system further, with our goal of contributing to sustained growth always in mind.

Corporate Governance

Basic Concept for Corporate Governance

Konica Minolta has established a corporate governance framework from the standpoint of supervision. This is based on the conviction that corporate governance that contributes to medium and long-term corporate value growth must encourage suitable risk-taking in business operations and have a highly effective supervisory function for business operations. In 2003, the “company with committees” (currently “company with three committees”) structure was selected as the organizational structure in accordance with the Companies Act. In addition, to maintain a governance system devoid of personal characteristics, there have been measures to operate a governance system in a distinctive Konica Minolta style.

The following is our basic concept for corporate governance:

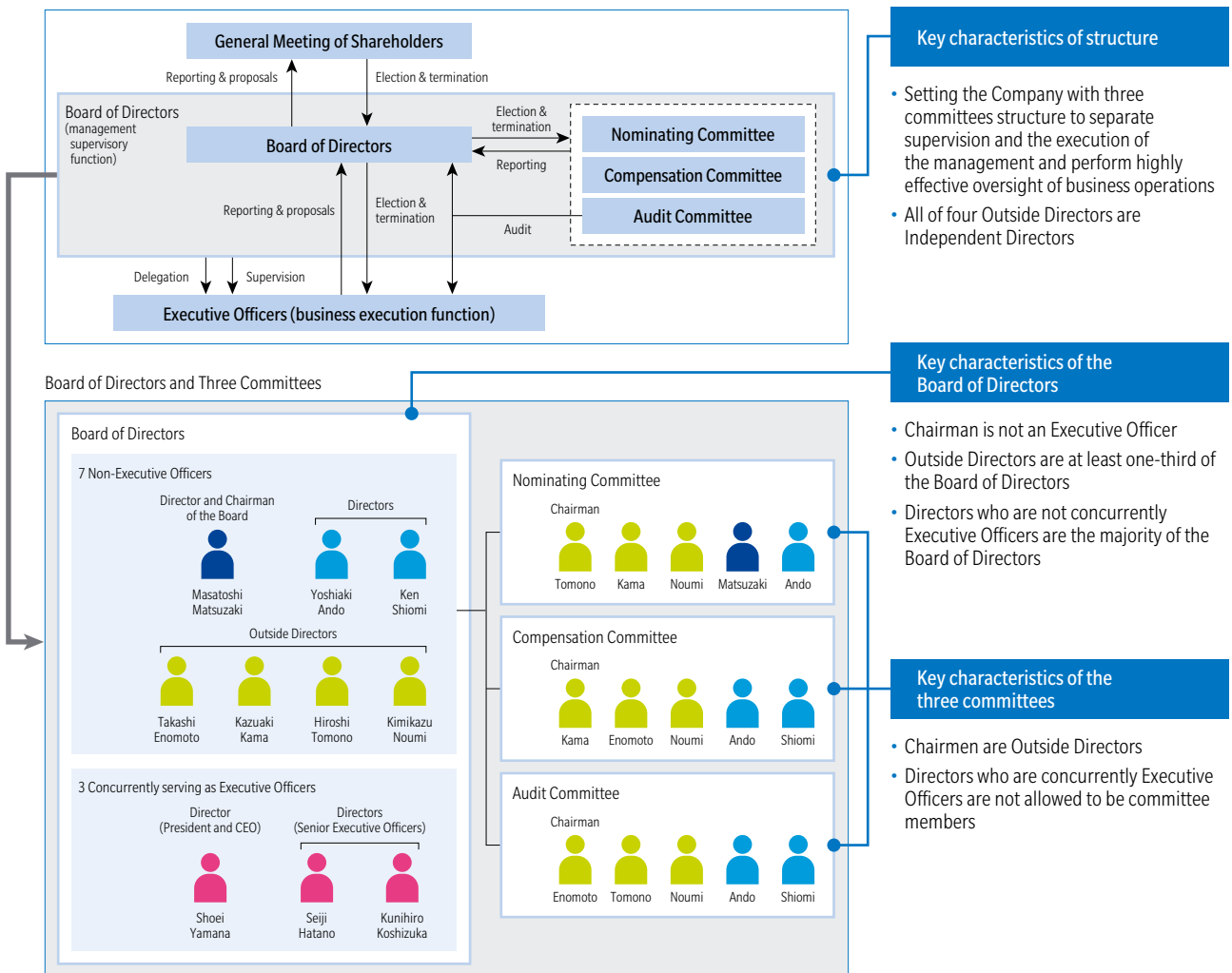
Basic concept for corporate governance

- Reinforcement of management oversight for corporate value growth by separating the roles of management oversight and operation of business activities;
- Election of independent Outside Directors who can perform supervision from the standpoint of shareholders; and
- Using these measures for improving the transparency, integrity and efficiency of management

We have formulated our basic concept for corporate governance into the *Basic Policy on Corporate Governance* and made it available on our website.

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

Structure of corporate governance systems (As of June 17, 2016)



History of efforts aimed at building a corporate governance structure and improving its effectiveness

Fiscal 2000	<ul style="list-style-type: none"> Introduced an executive officer system and reduced number of directors
Fiscal 2002	<ul style="list-style-type: none"> Appointed 2 independent outside directors Shortened director term length to 1 year
Fiscal 2003	<ul style="list-style-type: none"> Established Konica Minolta Holdings, Inc. by integrating the management of Konica and Minolta Shifted to a company with three committees Established the Corporate Organization Basic Regulations Increased the number of independent outside directors from 2 to 4 Established compensation policy
Fiscal 2004	<ul style="list-style-type: none"> Began Board of Directors self-evaluations using questionnaire format
Fiscal 2005	<ul style="list-style-type: none"> Abolished the retirement benefit system and instituted a stock compensation plan
Fiscal 2006	<ul style="list-style-type: none"> Chairman of the Board participated in Nominating Committee First overseas site visit by 2 outside directors at manufacturing subsidiary in China Established criteria on the independence of outside directors
Fiscal 2009	<ul style="list-style-type: none"> Revised sections concerning performance-based cash bonus in the compensation policy
Fiscal 2010	<ul style="list-style-type: none"> Revised sections of the Board of Directors rules
Fiscal 2015	<ul style="list-style-type: none"> Established the Basic Policy on Corporate Governance Nominating Committee began overseeing the successor plan made by the Representative Executive Officer

Compliance with the Corporate Governance Code

Konica Minolta complies with every principle of Japan's Corporate Governance Code set forth by the Tokyo Stock Exchange.

The Company was in compliance with 65 of the 73 principles of the Corporate Governance Code when the code took effect on June 2015. Since then, under the leadership of the Chairman of the Board, we have taken into account the views of the members of the Board and discussed the remaining eight principles. As a result, we decided to pursue compliance with all principles and indicated in the corporate governance report submitted in September 2015 that the Company was in compliance with all principles. Additionally, we disclosed details for all 11 general principles, principles, and supplementary principles for which the Tokyo Stock Exchange requires disclosure.

The corporate governance report is available on our website.
http://www.konicaminolta.com/about/investors/ir_library/governance/

Management and Governance Structure

Company with Three Committees

Konica Minolta has adopted the "company with three committees" framework, and has accordingly established the Nominating, Audit and Compensation Committees. Each of the three committees is composed of three outside directors and two internal directors, and the chairmen of the three committees are selected from among the outside directors.

Representative Executive Officer cannot be appointed to an Audit Committee position under the provisions of the Companies Act and will not be selected by the Company for a position on the Nominating or Compensation Committees.

Operations of Board of Directors

The Board of Directors includes four outside directors, who are highly independent and have no significant business relationship with the Konica Minolta Group. The majority of directors do not serve concurrently as executive officers.

In principle, the Board of Directors meets once a month. Outside directors receive briefings on or materials detailing agenda items in order to familiarize them with the agenda and facilitate lively discussions at meetings of the Board of Directors. In particular, explanations of important management decisions are provided by relevant executive officers.

The seating configuration changes at each Board meeting, except for the Chairman of the Board and the President, in an effort to encourage communication among board members and enliven the proceedings.

The average rate of attendance at meetings of the Board of Directors and of the three committees by Shoji Kondo, Takashi Enomoto, Kazuaki Kama, and Hiroshi Tomono — the four outside directors employed at the Company in fiscal 2015 — exceeded 95%.

The Company also conducts yearly questionnaires that include self-evaluations by Directors on the structure of the Board of Directors and the three committees, Board of Directors meeting agendas and administration, and other subjects, and analyzes and evaluates the overall effectiveness of the Board of Directors. We identify issues through these efforts and the Chairman of the Board proposes Board administration policies for the following fiscal year.

Meetings of the Board of Directors and the three committees in fiscal 2015

	Board of Directors	Nominating Committee	Audit Committee	Compensation Committee	Total
Times held	14	8	13	8	43
Participation by all directors (%)	97	95	95	95	96
Participation by outside directors (%)	94	96	95	95	95

Major Agenda Items Discussed by the Board of Directors in Fiscal 2015

- M&A in each business unit
- Reports on progress with Medium Term Business Plan execution (business units and the management divisions)
- Efforts to comply with the Corporate Governance Code and the establishment of the Basic Policy on Corporate Governance
- The formation of new sales companies in order to strengthen domestic business
- Reviews of internal control systems
- Fiscal 2016 outlines of business plan and baseline budget
- Administration policy for fiscal 2016 ordinary general meeting of shareholders

Outline of the results of analysis and assessment of the effectiveness of the Board of Directors for fiscal 2015

- The composition, number of members and other aspects of the Board of Directors and its three committees are in general appropriate.
- Regarding the diversity of the Directors, the Nominating Committee has been holding thorough discussions every year based on achieving the proper balance of experience and skills, including gender, nationality and other characteristics, needed for the suitable oversight and advice concerning corporate strategies. These activities must be continued.
- The Board of Directors is functioning adequately by holding thorough discussions and performing other activities. This Board's agenda includes important management issues, medium/long-term strategies and other subjects. All Directors aggressively and accurately make statements and ask questions in order to perform oversight and provide advice.
- In fiscal 2015, the Board of Directors improved and upgraded the contents of meeting materials and how explanations are given for the purpose of holding discussions that even more accurately focus on the core issues. But since still more improvements are needed, these actions will continue in fiscal 2016.
- The Directors are considering the use of an external evaluation in order to make the Board of Directors even more effective.

Training for Directors

Konica Minolta conducts training for and provides information to directors in accordance with the following policies.

Director Training Policies

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.

* 2 times in fiscal 2015

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.

* 10 times for 4 outside directors in fiscal 2015

Follow-ups with Outside Directors

- Provide outside director training information (organized by corporate governance-related organizations)
- Preliminary material briefing or distribution
- Compiling and distribution of the glossary

Executive Officers

The executive officers perform decision-making and business execution, as entrusted by the Board of Directors. The content of this business execution is subject to the oversight of the Board of Directors and to audits by the Audit Committee, which enhances effectiveness, validity, legality and soundness of the management.

The Board of Directors appoints the Company's executive officers and selects the Representative Executive Officer and the President, as well as other executive officers in positions of responsibility, from among these officers. The division of executive duties is also determined by the Board. The Representative Executive Officer and President and other executive officers perform decision-making on and execute the business entrusted by the Board.

Appointment of Directors

Konica Minolta has established director selection criteria and independence standards for outside directors.

Standards for Nominating and Electing Director Candidates

The Nominating Committee selects inside and outside director candidates to be put before the General Meeting of Shareholders, according to the following selection criteria.

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

For Inside Director candidates, a draft proposal is created in consultation with the Chairman of the Board and the President and CEO. The Nominating committee decides on candidates following deliberations that take into consideration the appropriate composition of members with duties on the

Board of Directors and three committees, the balance of work experience and the areas candidates would concurrently oversee as Executive Officers.

Ensuring the Diversity and Independence of Outside Directors

With regard to Directors diversity, the Nominating Committee Regulations specify “people with organizational management experience in industry, government or academia, or specialists in technology, accounting, law or some other field” and “Outside Directors who have professional records and visions in their respective fields.” The Nominating Committee conducts broad-ranging deliberations that also take diversity into account to ensure that candidates have the necessary qualifications and capabilities to augment and enhance the strategic orientation to the management issues the Board of Directors faces.

Additionally, regarding standards for the independence of Outside Directors, the Company’s Nominating Committee selects Outside Director candidates, provided that none of the following criteria apply.

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 twice removed or less) that has served as a Director, executive officer, auditor or top manager 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, auditor 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

Additionally, to address the concern that long-serving outside directors have less independence, Konica Minolta limits their re-nomination to a four-year term of office in principle.

In June 2016, Mr. Kimikazu Noumi was newly appointed as an outside director. All four outside directors have been appointed as independent directors in compliance with regulations established by the Tokyo Stock Exchange.

Outside directors

Name	Reason for electing the outside director
Takashi Enomoto*	Takashi Enomoto has many years of experience in the management of IT solutions businesses at NTT DATA Corporation. He has been elected as our outside director for his extensive experience and a broad range of knowledge as a corporate executive.
Kazuaki Kama*	Kazuaki Kama was involved for many years in the management of the heavy machinery manufacturing business at IHI Corporation, including progress of the focus of resources on strategic business activities. He has been elected as our outside director for his extensive experience and a broad range of knowledge as a corporate executive.
Hiroshi Tomono*	Hiroshi Tomono has many years of experience at Sumitomo Metal Industries, Ltd. and Nippon Steel & 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. He has been elected as our outside director for his extensive experience and a broad range of knowledge as a corporate executive.
Kimikazu Noumi*	Kimikazu Noumi has experience at The Norinchukin Bank and Aozora Bank, Ltd. in the management of the finance sector and also engaged in new business cultivation through investment activities, as well as supporting corporate transformation at Innovation Network Corporation of Japan. He has been elected as our outside director for his broad range of management experience and knowledge as a corporate executive.

* Every outside director has been designated an “independent director” as they each meets the independence standards established by the Company’s Nominating Committee, is not a business executive or other significant person at a major supplier or customer or a major shareholder of Konica Minolta, and will not represent conflicts of interest with ordinary shareholders concerning his role as an outside director.

Executive Officer Appointment

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

Outside director attendance at meetings of the Board of Directors and three committees in Fiscal 2015

Name	Board of Directors	Nominating Committee	Audit Committee	Compensation Committee
Shoji Kondo	14 of 14 meetings	8 of 8 meetings	2 of 3 meetings (while serving as committee member until June 2015)	6 of 6 meetings (after becoming committee member in June 2015)
Takashi Enomoto	13 of 14 meetings	8 of 8 meetings (after becoming committee member in June 2015)	13 of 13 meetings	2 of 2 meetings (while serving as committee member until June 2015)
Kazuaki Kama	13 of 14 meetings	—	13 of 13 meetings	8 of 8 meetings
Hiroshi Tomono	10 of 11 meetings (after becoming director in June 2015)	7 of 8 meetings (after becoming committee member in June 2015)	9 of 10 meetings (after becoming committee member in June 2015)	5 of 6 meetings (after becoming committee member in June 2015)

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.

Compensation for Directors and Executive Officers

The Compensation Committee determines the salaries and compensation system for directors and executive officers. In June 2005, the Committee abolished the conventional retirement benefit system for directors and executive officers, and revised the compensation policy (see table below) to make it a better fit for their roles in the Company.

Compensation for directors and executive officers

Outside Directors	Base salary only
Internal Directors	Base salary + stock compensation as long-term incentive
Executive Officers	Base salary + performance-based cash bonus as short-term incentive + stock compensation as long-term incentives

Konica Minolta regards it as important to clearly indicate the Company's policy on compensation for directors and executive officers, together with the ratio of incentive compensation for the achieved performance. Consequently, the compensation policy in the business report for the fiscal year ended March 2016 stipulated that the executive officers' compensation shall comprise base salary, a performance-based cash bonus as a short-term incentive, and stock compensation as a long-term incentive, with the ratio of the three being 60:25:15. The performance targets on which the performance-based cash bonus is determined are stipulated as major consolidated performance indicators, including revenue, operating profit, and ROE, associated with results of operations.

Konica Minolta participates in a survey on executive compensation for companies in Japan done by an independent party every year, and the amount of individual compensation for each position is benchmarked based upon objective data obtained from the survey.

The amount of compensation paid to directors and executive officers recorded as an expense for the year ended March 2016 is shown in the table below.

Guidelines on Officer Ownership of Konica Minolta Shares

In order to provide incentives for the boosting of earnings results and the Company's share price from the perspective of shareholders, Konica Minolta has established guidelines on ownership of Konica Minolta shares by internal directors and executive officers, along with stock options, as part of their compensation system.

Amount of compensation paid to directors and executive officers for the year ended March 2016

		Total (million yen)	Total base salary		Performance based cash bonus		Stock Compensation	
			Persons	Amount (million yen)	Persons	Amount (million yen)	Persons	Amount (million yen)
Directors	Outside	47	5	47	-	-	-	-
	Internal	156	4	127	-	-	4	29
	Total	204	9	174	-	-	4	29
Executive Officers		819	22	502	22	205	20	112

Notes 1. At the end of the period (March 31, 2016), the Company has four (4) Outside Directors, three (3) Inside Directors (not concurrently holding Executive Officer posts) and 21 Executive Officers.

2. In addition to the four (4) Inside Directors shown above, the Company has another five (5) 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 were recorded as expense in the period are stated.

4. Regarding the stock compensation-type stock options, the amounts which were recorded as expense based on an estimation of the fair value of the subscription rights issued to Directors (excluding Outside Directors) and Executive Officers (excluding non-Japan residents) as part of their compensation are stated.

5. In addition to the compensation shown in this table, the following payments were made during the fiscal year that ended in March 2016 due to a resolution by the Compensation Committee based on the retirement payment system that was terminated in June 2005.

• Director (one): ¥5 million (Retired on June 19, 2015)

Group Auditing System

Konica Minolta, Inc., which has adopted the “company with three committees” framework, has established an Audit Committee, while its subsidiaries in Japan have appointed their own respective auditors. In addition, Konica Minolta, Inc. has a Corporate Audit Division, which conducts an internal audit of the entire Group.

The members of the Audit Committee and the Corporate Audit Division, as well as auditors of the subsidiaries in Japan, share related information and strengthen coordination of audit activities across the Group. With the aim of ensuring effective audits, the same parties hold regular meetings with the accounting auditors, review auditing systems and policies, and examine whether or not the accounting auditors can fulfill their tasks properly.

Audit Committee System and Roles

The Audit Committee is comprised of five directors (who do not hold positions as executive officers), three of whom are outside directors. The chairperson of the Audit Committee is selected from among the outside directors. To ensure effective operation of the committee, it has established its own office (Audit Committee Office) with staff members who are independent of any sections committed to actual business operations.

The Audit Committee members evaluate the legality and validity of the management decisions made by directors and executive officers, monitor and validate internal control systems, and assess the adequacy of the accounting auditors. In principle, a committee meeting is held before the meeting of the Board of Directors, so that the committee members can present their opinions to the meeting of the Board of Directors, if deemed appropriate.

Corporate Audit Division System and Roles

The Corporate Audit Division of Konica Minolta, Inc., which directly reports to the president and CEO, is responsible for the Group-wide internal audit and performs internal audits of Konica Minolta and its subsidiaries, as well as major overseas affiliated companies. Using the risk approach, the division evaluates these companies in terms of the reliability of their financial statements, efficiency, and validity of their businesses and the level of their legal compliance. The division also conducts follow-up audits in which it examines improvement measures taken by respective companies in response to suggestions provided by internal auditors.

In addition, major subsidiaries have their own internal audit divisions which work closely with the Corporate Audit Division of Konica Minolta, Inc., and enhance the internal audit function of the entire Group.

Group Compliance Promotion System

Compliance is the highest priority for Konica Minolta in all of its corporate activities, and as such a compliance promotion structure has been established to supervise the Group overall.

At Konica Minolta, the Chief Compliance Officer determines important matters for the promotion of the Group's

compliance and is responsible for promoting and overseeing compliance activities such as anti-corruption measures and personal information protection. The Chief Compliance Officer reports directly to the President and CEO of Konica Minolta, Inc., who has ultimate responsibility for Group compliance. The Chief Compliance Officer convenes the Group Compliance Committee, which is composed of officers responsible for compliance from corporate departments in charge of Group-wide functions.

Moreover, the general manager of each department of Konica Minolta, Inc. and the presidents of Group companies in Japan and overseas promote compliance in their positions as the official responsible for the compliance of their organizations. They regularly report to the Chief Compliance Officer on progress and compliance events. The Chief Compliance Officer reports regularly to the Audit Committee regarding the progress of compliance activities and important compliance issues in the Group.

Risk Management System

Konica Minolta, Inc. has established a management system in which the President and CEO is responsible for risk management and crisis management.

The executive officers are responsible for managing various risks including strategic risks, financial risks, risks pertinent to environmental regulations and hazard risks. They identify and evaluate risks and develop and monitor countermeasures in their respective spheres of management. In addition, the Risk Management Committee, chaired by an executive officer appointed by the Board of Directors, is convened periodically (twice a year). The Committee examines the risks identified by each executive officer, as well as the countermeasures in place, and checks to ensure that the risk management system is functioning effectively, making revisions where necessary. The Group responds as a whole to risks judged to be particularly important, led by an executive officer appointed by the chairperson. The activities of the Risk Management Committee are periodically reported to the Audit Committee.

Konica Minolta has established a system for minimizing the business and social impact of crises that may arise from a range of risks by taking prompt and appropriate action and by releasing information. The Crisis Management Committee, chaired by the executive officer for crisis management appointed by the Board of Directors, discusses and formulates crisis countermeasures and procedures for action. Furthermore, the emergency contact system has been enhanced to enable the President and CEO, in addition to the executive officer for crisis management, to assess the situation and make decisions quickly. A system has also been established to enable the President and CEO to take leadership in critical areas in a crisis.

Directors



Front row (from left): Noumi, Kama, Yamana, Matsuzaki, Enomoto, and Tomono

Back row (from left): Hatano, Ando, Shiomi, and Koshizuka

Director
Chairman of the Board
Masatoshi Matsuzaki

After serving as a Director at Konica Minolta Business Technologies, Inc., as President of Konica Minolta Technology Center, Inc., and in various other roles, became a director, and then the President and CEO of Konica Minolta, Inc. Assumed the position of Chairman of the Board in April 2014.

Director (President and CEO)
Shoei Yamana

After serving as Senior Executive Officer (in charge of business strategy and investor relations) at Konica Minolta, Inc. and subsequently as President of Konica Minolta Business Technologies Inc., among other positions, became President and CEO of Konica Minolta, Inc. in April 2014.

Director (Outside Director)
Takashi Enomoto

After serving as Representative Director and Vice President at NTT DATA Corporation became an outside director at Konica Minolta, Inc. in June 2013.

Director (Outside Director)
Kazuaki Kama

After serving as Managing Executive Officer and subsequently as President and CEO at Ishikawajima-Harima Heavy Industries Co., Ltd., and Chairman of the Board at IHI Corporation (formerly Ishikawajima-Harima Heavy Industries Co., Ltd.), among other positions, became an outside director at Konica Minolta, Inc. in June 2014.

Director (Outside Director)
Hiroshi Tomono

After serving as President at Sumitomo Metal Industries, Ltd. and subsequently as Representative Director, President and COO, and Representative Director and Vice Chairman at Nippon Steel & Sumitomo Metal Corporation, among other positions, became an outside director at Konica Minolta, Inc. in June 2015.

Director (Outside Director)
Kimikazu Noumi

After serving as Senior Managing Executive Trustee at The Norinchukin Bank, as Representative Director and President at Norinchukin Zenkyoren Asset Management Co., Ltd., as Representative Director, Chairman and CEO at Aozora Bank, Ltd., and as Representative Director, President and CEO at Innovation Network Corporation of Japan, among other positions, became an outside director at Konica Minolta, Inc. in June 2016.

Director
Yoshiaki Ando

After serving as Director at Konica Minolta Business Solutions Japan Co., Ltd., and subsequently as Executive Officer and General Manager of the Corporate Finance Division and as Director and Senior Executive Officer at Konica Minolta, Inc., among other positions, became a Director in April 2014.

Director
Ken Shiomi

After serving as President of Konica Minolta Sensing Europe B.V., as Director and General Manager of the Business Management Division at Konica Minolta Sensing, Inc., and as Executive Officer at Konica Minolta, Inc., among other positions, became a Director in June 2015.

Director (Senior Executive Officer)
Seiji Hatano

Came to Konica Minolta, Inc. from the Bank of Tokyo-Mitsubishi UFJ, Ltd. in July 2011, and became Executive Officer and General Manager of the Business Strategy Division in April 2013, Senior Executive Officer in April 2014, and Director and Senior Executive Officer in June 2014.

Director (Senior Executive Officer)
Kunihiro Koshizuka

After serving as Director and General Manager of the Development Center at Konica Minolta Medical & Graphic, Inc., and subsequently as Executive Officer and General Manager of the Technology Strategy Division and as Senior Executive Officer and General Manager at Business Development Headquarters at Konica Minolta, Inc., among other positions, became Director and Senior Executive Officer in June 2015.

Executive Officers (Listed in Japanese alphabetical order by name at the time of appointment or promotion)

Title	Name	Current Position and Responsibilities at the Company
President and CEO, Representative Executive Officer	Shoei Yamana*	In charge of Corporate Strategy
Senior Executive Officer	Nobuyasu Ieuji	In charge of China Business
Senior Executive Officer	Jun Haraguchi	Representative Director and President, Konica Minolta Japan, Inc.
Senior Executive Officer	Tsukasa Wakashima	In charge of Human Resources and General Affairs
Senior Executive Officer	Kunihiro Koshizuka*	In charge of Engineering
Senior Executive Officer	Ken Osuga	In charge of Business Technologies Business, Business Management and Sales Operation
Senior Executive Officer	Seiji Hatano*	In charge of Management Planning, Administration, Risk Management
Senior Executive Officer	Shingo Asai	In charge of Production
Senior Executive Officer	Toyotsugu Itoh	In charge of Management Quality Improvement
Senior Executive Officer	Noriyasu Kuzuhara	General Manager, Performance Materials Business Headquarters, In charge of OLED Business
Executive Officer	Kazuyoshi Hata	In charge of Alliance
Executive Officer	Hiroyuki Suzuki	General Manager, Corporate Audit Division
Executive Officer	Kenichi Sanada	In charge of Intellectual Property, Legal, Compliance and Crisis Management
Executive Officer	Akira Tai	In charge of IT
Executive Officer	Ikuo Nakagawa	President, Konica Minolta Business Solutions Europe GmbH
Executive Officer	Yuji Ichimura	General Manager, Business Development Headquarters Deputy General Manager, Business Technologies Business, Business Planning Headquarters
Executive Officer	Toshimitsu Taiko	In charge of Business Technologies Business, Business Planning
Executive Officer	Atsuo Takemoto	In charge of Procurement
Executive Officer	Masafumi Uchida	General Manager, Environment Management and Quality Promotion Division In charge of Business Technologies Business Quality Assurance
Executive Officer	Hajime Takei	General Manager, Business Technologies Business Development Headquarters
Executive Officer	Richard K. Taylor	CEO, Konica Minolta Business Solutions U.S.A., Inc.
Executive Officer	Kiyotaka Fujii	General Manager, Healthcare Business Headquarters

* indicates the officer also holds a position as Director

CSR Management

Basic Approach

Konica Minolta aims to establish itself as a company that is innovative and constantly evolving. Practicing its management philosophy, "The Creation of New Value," Konica Minolta works to remain vital to society. This is why the Group strives to contribute to the resolution of societal challenges by creating value that improves the quality of the world through its business endeavors.

Konica Minolta's CSR activities are guided by its management philosophy and vision, which are based on its Charter of Corporate Behavior. The Konica Minolta Group Guidance for the Charter of Corporate Behavior is shared globally and illustrates desirable behavior in each of the categories included in the Charter as a basis for understanding and practicing desired behavior. The Group Guidance articulates Konica Minolta's commitment to acting in compliance with international



social norms such as the United Nations Global Compact, to which the Company is a signatory, and the Universal Declaration of Human Rights.

The United Nations Global Compact's Ten Principles

Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Konica Minolta Group Charter of Corporate Behavior

Corporations, in addition to being economic entities engaged in the pursuit of profit through fair competition, should be beneficial to society at large.

For this reason, the Konica Minolta Group shall behave in a socially responsible manner and shall have all of its directors, officers and employees clearly acknowledge the spirit of this Charter of Corporate Behavior.

Senior management shall recognize that the fulfillment of the spirit of this Charter is its own role and responsibility and shall take the initiative to ensure that all directors, officers and employees fully understand the Charter.

In addition, management shall constantly pay attention to the opinions of internal and external parties and shall promote the implementation of effective systems to secure ethical corporate behavior.

1. Beneficial and safe products

We shall strive to earn the confidence of consumers and clients through the development and provision of socially beneficial products and services with the utmost consideration for safety.

2. Fair and transparent corporate activities

We shall, in the pursuit of fair and transparent corporate activities, comply with laws and social regulations and act in accordance with international rules and the articles of incorporation.

3. Communications with society and information disclosure

We shall communicate with society at large and disclose corporate information fairly and adequately.

4. Environmental protection

We shall acknowledge the seriousness of global environmental issues and shall act voluntarily and affirmatively to protect the environment.

5. Contribution to society

We shall, with a global perspective, affirmatively make contributions to society while respecting local customs and cultures.

6. Respect for employees

We shall endeavor to make the lives of employees comfortable and fulfilling, provide a safe work environment, and respect each employee's personality and individuality.

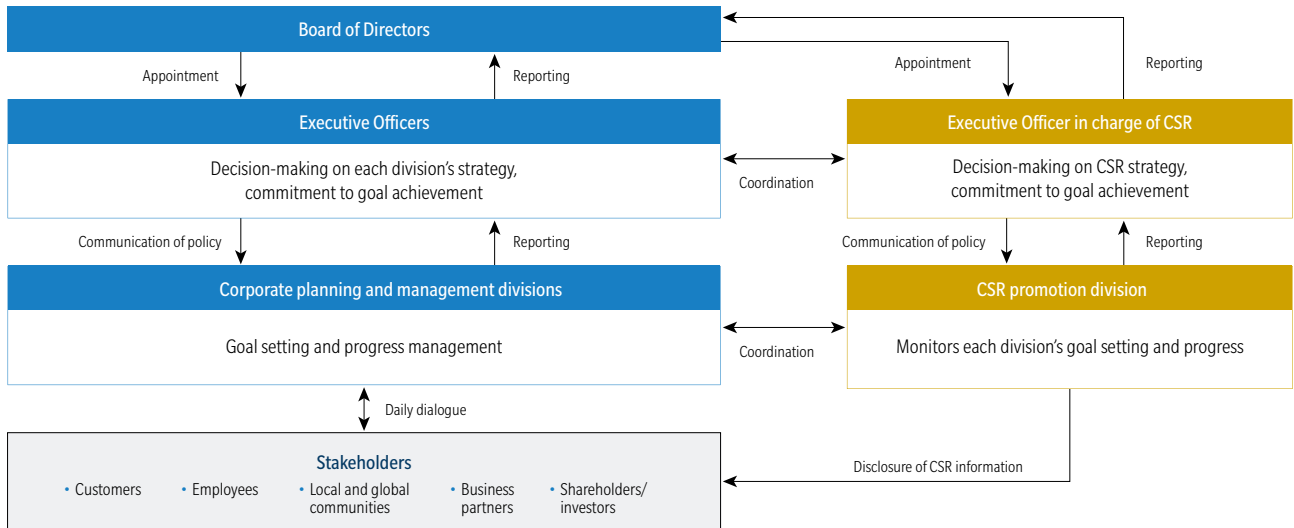
7. Responsible actions

In the event of a violation of the principles of this Charter, in order to solve the problem senior management shall investigate the cause of the violation and develop reforms to prevent its recurrence in accordance with corporate compliance procedures. Prompt public disclosure of precise information and an explanation regarding the violation shall be made and responsibility for the violation shall be clarified. Strict and fair disciplinary action shall be taken including with respect to senior management where necessary.

CSR Management System

At Konica Minolta, Inc., the executive officer responsible for CSR, who is appointed by the Board of Directors, carries the duties and authorities concerning the entire Group's CSR activities. Directly reporting to the officer is the CSR promotion

division, which sees to the implementation of CSR management for the entire Group. The division reports the progress of CSR activities to the executive officer responsible for CSR, while also reviewing measures and making proposals. Regarding matters of great importance, the executive officers meet in a timely fashion to deliberate, keeping CSR at the forefront of management decisions.



	Characteristics of Stakeholders	Tools and Opportunities for Communication
Customers	Konica Minolta does business around the world. The major customers of Konica Minolta's main business operations are corporations, government agencies, and hospitals.	<ul style="list-style-type: none"> • Providing customer service via websites and call centers • Providing product information via websites and newsletters • Conducting customer satisfaction surveys • Exchanging information via visits to customers • Exchanging information at showrooms and trade shows • Holding seminars
Employees	Konica Minolta employs 43,332 people worldwide. Of those, 28% are in Japan, 23% are in Europe, 20% are in the U.S., and 29% are in China and elsewhere in Asia, and others. (Figures are based on total regular employees of consolidated companies, as of March 31, 2016.)	<ul style="list-style-type: none"> • Interactive intranet • Group journal • Employee attitude surveys • Dialogue with labor unions • Internal help line systems • Discussion during inspection tours of production sites by senior staff • Town meetings attended by senior staff
Local and Global Communities	Konica Minolta operates in countries across the globe, and acts as a responsible member of every community where it operates.	<ul style="list-style-type: none"> • Activities that contribute to local communities • Community briefings and invitational events • Sending speakers to lectures and places of education • Industry group activities • Environmental reports and websites • Global public relations activities through international publications and websites
Business Partners	Konica Minolta procures raw materials, parts and components from many suppliers for each of the Group's businesses. The majority of these suppliers are located in Japan, China, and elsewhere in Asia.	<ul style="list-style-type: none"> • Holding suppliers' meetings • Procurement Collaboration System • Conducting CSR surveys (self-assessment questionnaires)
Shareholders and Investors	Since Konica Minolta, Inc. has relatively high ownership by institutional and foreign shareholders, the Company is expected to take part in IR initiatives proactively on a worldwide basis.	<ul style="list-style-type: none"> • Shareholders' meetings • Briefings for investors • Visits to investors • Briefings for business analysts and institutional investors • Annual reports • IR website

Reevaluating Materiality

Companies must address a great range of social issues, including human rights issues, labor issues, and environmental challenges such as climate change and resource depletion. In light of the changing social landscape and business environment, Konica Minolta reevaluated materiality to identify issues that it should address on a priority basis, with the aim of ensuring that its initiatives function with greater coordination between social issues and business objectives.

To identify materiality, first a comprehensive list of issues was made with reference to international guidelines. Those issues were given a quantitative rating for two aspects, “stakeholder interest” (materiality to stakeholders) and “impact on the Group’s business” (materiality to the Company’s business) to verify their materiality. Outside experts were asked for their opinions in order to incorporate objectivity into the decisions on the materiality of each issue, which were then validated by the newly established CSR Executive

Meeting, whose main members are executive officers. Six material issues were identified in this process.

In the future, targets and action plans will be established in accordance with these material issues, and action taken. This approach will help to ensure that Konica Minolta contributes to the resolution of social challenges, thereby enhancing its competitiveness as a company.

Overview of the CSR Executive Meeting

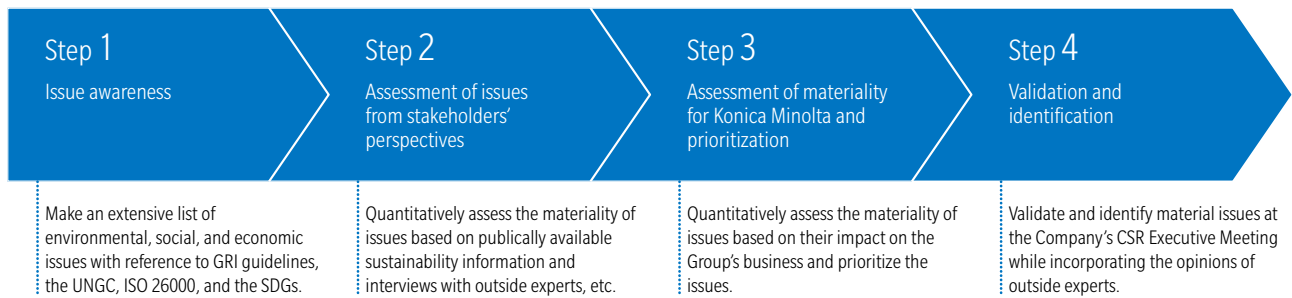
Purposes of the CSR Executive Meeting

- (1) To hold fundamental discussions on CSR issues, make policies, and decide on future course.
- (2) To review the “Planning” phase of PDCA, which until now was done separately by each organization, in a cross-cutting manner from the overall perspective of CSR, thereby increasing the sophistication of each strategy and improving measures.

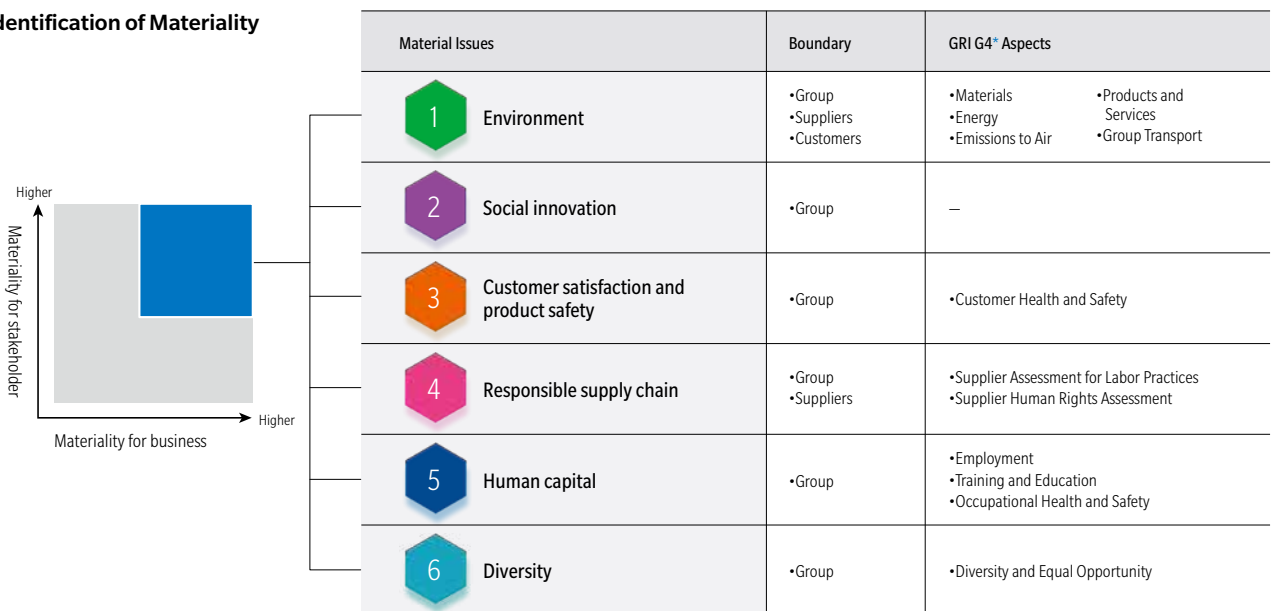
Members

Mandatory members: Executive officers in charge of areas concerned with the environment and social impact

Process for Identifying Materiality



Identification of Materiality



*G4: The 4th edition of the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines

Konica Minolta's CSR Activity System

Simultaneously creating social and corporate value



Essential requirements to fulfill CSR



Goals of the Medium-Term Environment Plan 2016 and Fiscal 2015 Targets and Results

Materiality	Key Action	Material Issue	Goals of the Medium-Term Environment Plan 2016	
			Business Value	Environmental Value
Environment	Green Products (planning and development)	(1) Creating and promoting the green products demanded by customers and society	Sales • Sales of Green Products: 640 billion yen (GP sales ratio: 60%) Cost reductions • Reduce cost of product materials	Preventing global warming • CO ₂ emissions reduction during product use: 59 thousand tons • CO ₂ emissions reduction during procurement: 105 thousand tons Supporting a recycling-oriented society • Effective resource utilization: 33 thousand tons Reducing chemical substance risks • Control emissions
		(2) Complying with government procurement standards and environmental label requirements	Sales • Eliminate lost sales opportunities	Environment overall • Reduce environmental impact by complying with standards and label requirements
		(3) Dependably complying with product-related laws and regulations	Risk avoidance • Eliminate effect on sales	Reducing chemical substance risks • Reduce hazardous chemical substance risk by conforming to laws and regulations
	Green Factory (procurement and production)	(1) Translating Green Factory operations into cost competitiveness	Cost reductions • Reduce costs of energy and materials (reduce loss)	Preventing global warming • CO ₂ emissions reduction during production: 4 thousand tons Supporting a recycling-oriented society • Effective resource utilization: 3 hundred tons Restoring and preserving biodiversity • Sustainable use of water resources
		(2) Upgrading recycling to resolve environmental challenges faced by society	Cost reductions • Reduce cost of materials	Supporting a recycling-oriented society • Effective resource utilization: Resource cycle through expanded utilization of reusable materials
		(3) Translating cooperation with suppliers into cost competitiveness	Cost reductions • Reduce costs of energy and materials (reduce loss)	Preventing global warming • CO ₂ emissions reduction at suppliers (established in agreement with each target supplier) Supporting a recycling-oriented society • Effective use of resources (established in agreement with each target supplier)
		(4) Dependably complying with production-related laws and regulations	Risk avoidance • Eliminate effect on production	Environment overall • Reduce environmental impact by complying with laws and regulations
	Green Marketing (distribution, sales and service, and collection and recycling)	(1) Resolving customers' environmental challenges	Sales • Acquire sales opportunities	Environment overall • Reduce environmental impact on customer side
		(2) Optimizing the supply chain and linking environmental initiatives	Cost reductions • Reduce cost of distribution and packaging	Preventing global warming • CO ₂ emissions reduction during distribution: 3 hundred tons Supporting a recycling-oriented society • Effective resource utilization: 4.5 hundred tons
		(3) Undertaking product 3R initiatives	Risk avoidance • Reinforce 3R initiatives	Supporting a recycling-oriented society • Use resources effectively through product 3R initiatives

Note: Some of the fiscal 2016 targets have been changed, but the binding target of a 40% reduction in lifecycle CO₂ emissions has not been changed.

Fiscal 2015 Targets		Fiscal 2015 Results	
Business Value	Environmental Value	Business Value	Environmental Value
Sales •Sales of Green Products: 590 billion yen (GP sales ratio: 54%) Cost reductions •Reduce cost of product materials	Preventing global warming •CO ₂ emissions reduction during product use: 50 thousand tons •CO ₂ emissions reduction during procurement stage: 83 thousand tons Supporting a recycling-oriented society •Effective resource utilization: 27 thousand tons Reducing chemical substance risks •Control emissions	Sales •Sales of Green Products: 590.7 billion yen (GP sales ratio: 57%) Cost reductions •Reduced cost of product materials	○ Preventing global warming •CO ₂ emissions reduction during product use: 51.5 thousand tons •CO ₂ emissions reduction during procurement stage: 93 thousand tons Supporting a recycling-oriented society •Resources used effectively: 27.7 thousand tons Reducing chemical substance risks •Controlled emissions
Sales •Eliminate lost sales opportunities	Environment overall •Reduce environmental impact by complying with standards and label requirements	Sales •Eliminated lost sales opportunities	○ Environment overall •Reduced environmental impact by complying with standards and label requirements
Risk avoidance •Eliminate effect on sales	Reducing chemical substance risks •Reduce hazardous chemical substance risk by complying with laws and regulations	Risk avoidance •Eliminated effect on sales	○ Reducing chemical substance risks •Reduced hazardous chemical substance risk by complying with laws and regulations
Cost reductions •Reduce costs of energy and materials (reduce loss)	Preventing global warming •CO ₂ emissions reduction during production: 1.7 thousand tons Supporting a recycling-oriented society •Effective resource utilization: 5.5 hundred tons Restoring and preserving biodiversity •Sustainable use of water resource	Cost reductions •Reduced costs of energy and materials (reduced loss)	○ Preventing global warming •CO ₂ emissions reduction during production: 2.85 thousand tons Supporting a recycling-oriented society •Effective resource utilization: 7.5 hundred tons Restoring and preserving biodiversity •Sustainably used water resources
Cost reductions •Reduce cost of materials	Supporting a recycling-oriented society •Effective resource utilization: Expanded use of reusable high density polyethylene in toner bottles	Cost reductions •Reduced cost of materials	○ Supporting a recycling-oriented society •Effective resource utilization: Expanded use of reusable high density polyethylene in toner bottles
Cost reductions •Reduce costs of energy and materials (reduce loss)	Preventing global warming •CO ₂ emissions reductions at suppliers: 4 hundred tons Supporting a recycling-oriented society •Effective resource utilization: 1 hundred tons	Cost reductions •Reduced costs of energy and materials (reduced loss)	○ Preventing global warming •CO ₂ emissions reductions at suppliers: 4.7 hundred tons Supporting a recycling-oriented society •Effective resource utilization: 1.3 hundred tons
Risk avoidance •Eliminate effect on production	Environment overall •Reduce environmental impact by complying with laws and regulations	Risk avoidance •Eliminated effect on production	○ Environment overall •Reduced environmental impact by complying with laws and regulations
Sales •Acquire sales opportunities	Environment overall •Reduce environmental impact on customer side	Sales •Acquired sales opportunities	○ Environment overall •Reduced environmental impact on customer side
Cost reductions •Reduce cost of distribution and packaging	Preventing global warming •CO ₂ emissions reduction during distribution: 3 hundred tons Supporting a recycling-oriented society •Effective resource utilization: 3 hundred tons	Cost reductions •Reduced cost of distribution and packaging	△ Preventing global warming •CO ₂ emissions reduction during distribution: 2.7 hundred tons Supporting a recycling-oriented society •Effective resource utilization: 2.5 hundred tons
Risk avoidance •Reinforce 3R initiatives	Supporting a recycling-oriented society •Use resources effectively through product 3R initiatives	Risk avoidance •Reinforced 3R initiatives	△ Supporting a recycling-oriented society •Use resources effectively through product 3R initiatives

Targets and Results Regarding Social Impact

Materiality	Key Action	Fiscal 2015 Targets
Customer Satisfaction and Product Safety	Assuring product safety	1) Number of serious product-related accidents*1: 0 2) Improve quality throughout the product lifecycle*2
	Increasing customer satisfaction	
Responsible Supply Chain	Promoting CSR in the supply chain	<ul style="list-style-type: none"> Request that suppliers practice CSR Conduct CSR assessments and audits Clarify support programs for suppliers Clarify incentive programs for suppliers
		<ul style="list-style-type: none"> Proper information disclosure Further improve the response rate and response accuracy for conflict mineral surveys
Human Capital	Ensuring work-life balance	<ul style="list-style-type: none"> Initiatives to reduce working hours Support for balancing work and childcare
	Developing human resources	<ul style="list-style-type: none"> Conduct a global employee attitude survey Run programs for systematically developing senior personnel in Asia Continue implementing the town hall-style meetings between employees and the president
	Managing occupational safety and health	1) Serious accidents*4: 0 2) Frequency rate of accidents causing absence from work: 0.1 or less <ul style="list-style-type: none"> Strengthen cultivation of safety culture: Involvement of top management in safety, safety management at workplace, improve individuals' safety awareness Improve global safety and health management Ensure basic safety of facilities and provide comprehensive risk assessment in safety sectors
Diversity	Supporting women's career building	1) Continue implementing the Health KM2016 medium-term health plan <ul style="list-style-type: none"> Enhance and strengthen support for Group-affiliated companies in Japan Reduce the number of high-stress workplaces by strengthening workplace improvement measures Increase the continuous usage rate of KENPOS, a health encouragement website <ul style="list-style-type: none"> Implement career development programs for female employees
	Globalizing human resources	<ul style="list-style-type: none"> Proactive hiring and utilization of global human resources

Note: Targets are not set for social innovation since this material issue has been newly specified.

*1 Serious accidents refer to those accidents that cause serious harm to the product user's life and/or body and accidents that cause serious damage to assets other than the product.

*2 Product lifecycle: All processes from product planning, development, and material procurement, to production, sales, service, and disposal.





Fiscal 2015 Results	Fiscal 2016 Targets and Plans
<p>1) Number of accidents: 0 2) Improved quality throughout the product lifecycle*2</p> <ul style="list-style-type: none"> • In addition to the original product safety education, a program to improve risk assessment was implemented • In the Business Technologies Business, NPS indicators*3 were measured globally, and measures integrating development, production and sales were implemented based on customer feedback • The CR Master Program was started in the Business Technologies Business 	<ul style="list-style-type: none"> • Number of serious product-related accidents*1: 0 • Risk assessment practice: 12 times/year <hr/> <ul style="list-style-type: none"> • Set indicators measuring customer relationship strength for each business
<ul style="list-style-type: none"> • Requested that suppliers practice CSR • CSR assessments were carried out on 16 Group manufacturing sites and 57 business partners • Improvements were made at one Group manufacturing site based on the results of the Electronic Industry Citizenship Coalition (EICC) third-party audit • A Konica Minolta CSR audit was implemented at one business partner • Education was provided on the background of CSR procurement, codes of behavior and audit standards 	<p>CSR procurement</p> <ul style="list-style-type: none"> • Request that business partners carry out CSR activities: 100% implementation • CSR assessment: Complete assessments of all 20 Group production sites and about 130 important business partners by the end of fiscal 2016 • CSR audit: Complete audits of three particularly important Group production bases and two particularly important business partners by the end of fiscal 2016
<ul style="list-style-type: none"> • Expanded CSR activities to logistics partners 	<p>CSR logistics</p> <ul style="list-style-type: none"> • CSR assessment: Assess eight logistics partners and complete improvements by the end of fiscal 2016
<ul style="list-style-type: none"> • Appropriate disclosure of information in response to customer inquiries • Improved business partners' response rate to 99% in conflict mineral surveys in the Business Technologies Business 	<p>Response to conflict mineral issues</p> <ul style="list-style-type: none"> • Response to customers' request for surveys: 100% response
<ul style="list-style-type: none"> • Prohibited overtime past 8 pm in principle (Konica Minolta, Inc.) • 67 employees took childcare leave with a 100% rate of return from childcare leave 	<ul style="list-style-type: none"> • Promotion of Work-style Reform Project • Pursued with the following four task teams <ul style="list-style-type: none"> - Improve labor productivity - Optimize workplace - Promote sharing and utilization of information - Set rules for improvements to operations
<ul style="list-style-type: none"> • Reorganized education process for global managerial staff • Implemented global employee survey • Held regional Global Executive Program (GEP) • Held town meetings hosted by president and executive officers 	<ul style="list-style-type: none"> • Develop customer-oriented, innovative personnel to win out in global competition • Clarify the ideal employee and the desired mindset, actions, capacity and skills • Accelerate the speed of human resource development • Systematically develop Group managers • Share global success stories (hold global award ceremonies, etc.)
<p>1) Serious accidents*4: 1 2) Frequency rate of accidents causing absence from work: 0.23 (in Japan), 0.44 (outside Japan)</p>	<p>Prevention of occupational accidents</p> <ul style="list-style-type: none"> • Serious accidents*4: 0 • Frequency rate of accidents causing absence from work: 0.1 or less
<ul style="list-style-type: none"> • Selected for inclusion in Health & Safety Stock Selection of Ministry of Economy, Trade and Industry of Japan for second straight year • Promoted measures to minimize number of employees with health risks • Promoted health movement to establish exercise habits and improve food habits 	<p>Promote health management</p> <ul style="list-style-type: none"> • Step in to help employees before they have to take leave of absence for illness • Take steps to reduce the number of employees with health risks
<ul style="list-style-type: none"> • Provided leadership training for female managerial candidates • Offered mentoring for female employees 	<ul style="list-style-type: none"> • Hire female managers: 5.0% ratio of female employees (fiscal 2017 target) • Active hiring of new female graduates: 30% rate of female hires • Encourage female employees to perform to potential through leadership from top managers
<ul style="list-style-type: none"> • Percentage of non-Japanese employees among new Konica Minolta, Inc. employees: 8.0% (joining April 2016) • Evaluated managers based on globally standardized evaluation criteria • Shared a global perspective through Global Strategy Council (ongoing implementation) 	<ul style="list-style-type: none"> • Proactive hiring and training of employees of foreign nationality • Evaluation of managerial staff based on globally standardized evaluation criteria (ongoing) • Sharing of global perspective developed by Global Strategy Council (expand membership) • Share measures to promote diversity on a global basis

*3 The NPS (net promoter score) indicator measures the percentage of recommendations of companies, products and services made to other people.

*4 Serious accidents refers to (1) death, illness requiring a long recuperation (or the possibility of such), injuries leaving a disability (or the possibility of such), and/or specific contagious diseases and/or (2) an accident that causes the occupational death, injury or illness of three or more workers at one time (including cases in which leave is not required).

Creating Value through Our Value Chain

To produce high added-value products and services, Konica Minolta has built a value chain supporting everything from development to procurement, production, distribution, marketing and sales, and after-sales support. Alongside leveraging this value chain to optimize costs, we are also working to improve quality, reduce environmental impact, and develop the people who make it all possible.

Value Chain	<p>R&D P.73</p> 	<p>Procurement P.74</p> 	<p>Production P.74</p> 	<p>Distribution P.74</p> 
<p>Quality Improvement Initiatives</p>	<ul style="list-style-type: none"> Utilize the four core technologies of materials, optics, nanoscale fabrication, and imaging to develop revolutionary products Develop cyber-physical systems that achieve a sophisticated combination of input technologies, which make the invisible visible; process technologies, which make acquired data intelligent; and output technologies, which allow for the creation of solution-based services 	<ul style="list-style-type: none"> Mitigate procurement quality risk through supplier diversification Work with business partners to conduct quality improvement activities called DOAZ[*] <p>[*] Defect On Arrival Zero</p>	<ul style="list-style-type: none"> Share quality issues and cross-deploy countermeasures by conducting Production Capability Assessments Pursue global quality assurance through coordination with Konica Minolta production sites and production contractors inside and outside of Japan Centrally manage and analyze test data using ICT, improving production quality by speeding up response to and preventing quality problems 	<ul style="list-style-type: none"> Improve and maintain logistics quality (improve lead times and reduce damage and losses) through KPI management in cooperation with logistics (shipping and inventory) partners (contractors) Conduct logistics network design and respond flexibly to reduce logistics risks (freight congestion caused by natural disasters, government policies, conflicts, etc.)
Quality Management (P.78)				
<p>Environmental Initiatives</p>	<ul style="list-style-type: none"> Create the green products that customers and society need Develop the environmental technologies for creating green products 	<ul style="list-style-type: none"> Work with business partners to promote the Procurement Collaboration activities for ongoing mutual improvement of business environments Work with business partners to conduct green supplier activities and reduce environmental impact and costs 	<ul style="list-style-type: none"> Conduct green factory operations that simultaneously reduce environmental impact and cut costs Conduct upgrade recycling (using upgraded recycled materials) to solve regional environmental issues 	<ul style="list-style-type: none"> Reduce CO₂ emissions through better logistics efficiency Make packaging smaller and lighter
Environmental Management (P.79)				
<p>Human Resource Initiatives</p>	<ul style="list-style-type: none"> Hold the Challenge Engineers Forum to develop young technicians Develop technology management staff (MOT education) Provide intellectual property education in China, where patent acquisition is heating up 	<ul style="list-style-type: none"> Improve skills through personnel rotation in and outside of Japan, as well as among businesses 	<ul style="list-style-type: none"> Conduct diversified human resources development activities to ensure production techniques and expertise are passed on Conduct Product Safety Education to improve awareness and technologies aimed at product safety 	<ul style="list-style-type: none"> Strengthen logistics strategy planning ability aimed at overall optimization Strengthen ability to execute when building a distribution network
Human Resource Management (P.80)				
<p>Cost Initiatives</p>	<ul style="list-style-type: none"> Acquire patents in Japan, the U.S., China, and other countries Invest at least 70 billion yen annually in R&D 	<ul style="list-style-type: none"> Work with business partners to control costs, beginning at the development stage Promote <i>Procurement Collaboration Activities</i> in order to improve business partners' productivity Conduct efficient global procurement activities that account for logistics, exchange rate volatility and other factors 	<ul style="list-style-type: none"> Achieve highly-efficient production through digital manufacturing (ICT, automation) 	<ul style="list-style-type: none"> Reduce costs by improving shipping efficiency (improving container/truck loading efficiency) Optimize inventory and improve shipping efficiency through optimal placement of distribution facilities

Sales
P.76



- Conduct face-to-face sales to understand the value customers truly need and provide solutions to customers' problems through the best mix of products and services
- Improve value to the customer through OPS and hybrid-type sales which combine equipment sales with provision of IT services
- Improve the quality of proposals for and delivery to customers through sales and project management handled by customer engagement teams

After-Sales Support
P.76



- Homogenize support operations through the launching of the Global Support Center
- Implement SLA (Service Level Agreement) to provide customers with high quality services and peace of mind

- Provide support for decreasing customers' environmental impact with OPS
- Provide support for customers' environmental management using environmental technologies and expertise

- Collect and recycle used MFPs and printers
- Carry out the Clean Planet Program for collecting toner cartridges

- Acquire expertise and human resources to strengthen ability to provide services such as OPS, MPM, and MCS

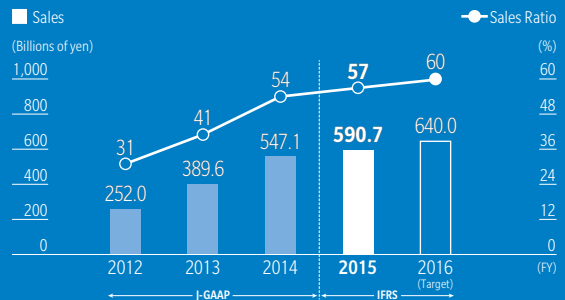
- Invest human resources in service businesses
- Strengthen ability to help customers at the call center

- Consolidate sales facilities

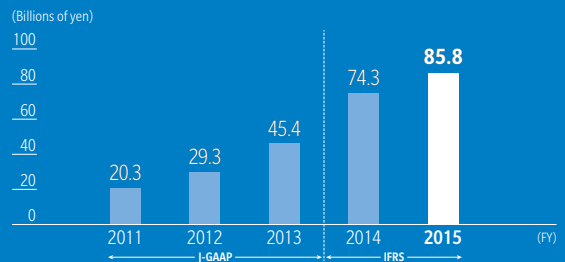
- Make support operations more efficient with the launching of the Global Support Center

Results of Contributing to Customer Value Creation

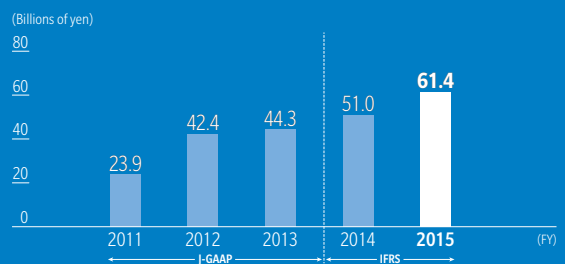
Expanded sales in green products, which reduce customers' environmental impact



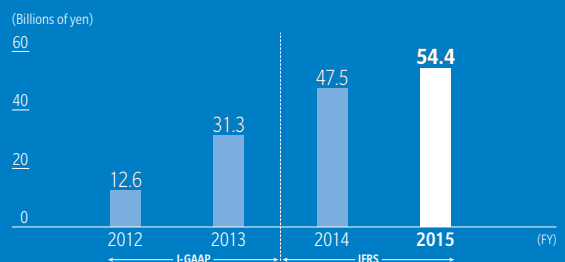
Expanded revenue of OPS, which help customers cut costs and enhance efficiency



Expanded revenue in IT service solutions, which support workflow transformation in the Office Services



Expanded revenue in MPM services, which help reduce costs and improve efficiency in customers' marketing activities



Research and Development

Conducting R&D with a two-pronged strategy involving Japan and local sites while promoting cross-organizational open innovation

Research and Development Activities

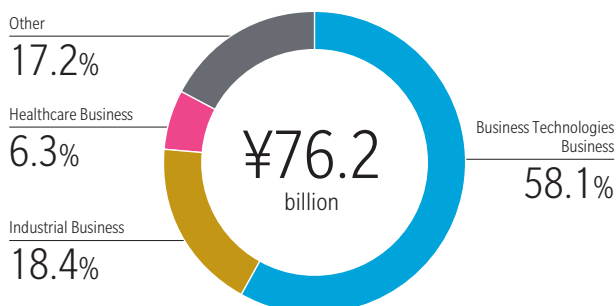
The three basic policies governing Konica Minolta's companywide technology strategies are: accelerating innovation to drive continued growth; differentiating technologies to create customer value; and nurturing first-class technical personnel while strengthening organizational development capabilities.

Under these policies, Konica Minolta is committed to R&D aimed at both growing new businesses and strengthening existing businesses, while at the same time maintaining an R&D-to-revenue ratio of 8% or below. We are also carrying out initiatives to strengthen the quality of our technical personnel, including conducting a program for selecting MOT (management of technology) managers and recruiting global personnel for R&D work.

Our development framework is a two-pronged system whereby we develop in Japan the technologies that will become a platform used around the world and develop, at development sites physically near customers, technologies which need to be customized to that individual customer. Under this system, we are quickly addressing customer needs in each region while making large-scale investment decisions throughout the Group and developing common-platform technologies.

Furthermore, in order to keep pace with the speed of recent technological innovation, we are engaged in innovation incubation activities in and outside of Japan based on our Open & Close Strategies. Konica Minolta Hachioji SKT, a R&D center that serves as a core facility for technology development in the Group, is conducting R&D that transcends the boundaries of business units while promoting open innovation inside and outside the Company. Also, our Business Innovation Centers (BICs) are collaborating with local research institutes and startups in Konica Minolta's five key regional markets to advance some 90 projects.

Percentage of R&D expenses (fiscal 2015)



Primary R&D themes of our businesses

Business Technologies Business	<ul style="list-style-type: none"> Strengthening system technologies in coordination with the cloud and mobile devices Developing inkjet printers and ink for industrial use Developing next-generation office systems
Healthcare Business	<ul style="list-style-type: none"> Developing high added-value X-ray systems Developing in vitro diagnostic technologies (serum protein detection, fluorescent nanoparticle labeling materials)
Industrial Business	<ul style="list-style-type: none"> Developing optical systems for industrial use Developing inline measurement systems

Intellectual Property Activities

Konica Minolta conducts its business activities with an awareness that intellectual property management forms one of the Company's three key overarching strategies, together with its business strategy and technology strategy.

Konica Minolta makes 81% of its revenue overseas and has sales and production sites around the world. To support our business activities with intellectual properties, we submit patent applications and secure intellectual property rights for key markets and countries producing Konica Minolta products around the world. We are proactively submitting patent applications and securing intellectual property rights in sites involved in intellectual property activities in Japan, the U.S., and China, and are achieving appreciable growth in the number of patents registered and held in these countries.

Moreover, as support for these efforts involving intellectual property, our education programs in the U.S. and China, as well as in Japan, aim at raising the level of education and training provided to overseas development personnel.

Focused Topic

Green Product development

The Green Products Certification System is Konica Minolta's proprietary system for evaluating and certifying products with superior environmental performance. The criteria that must be met are set for different businesses and product characteristics, and the product is certified at one of three levels based on its degree of achievement. In fiscal 2015 the Group created 35 new certified products, increasing the total number of certified products to 182. Revenue from green products was ¥590.7 billion, which comprises 57% of the Group's revenue.

Procurement, Production, and Distribution

Pursuing optimization throughout the supply chain while enhancing cost competitiveness and practicing environmental conservation

Procurement Optimization

To ensure cost-effective, stable procurement, Konica Minolta builds procurement ICT infrastructure and ensures optimal procurement logistics from a global perspective, while at the same time analyzing market changes such as exchange rate and raw material cost fluctuations and industry restructuring, then applying the knowledge gained to procurement activities.

Key to success here is engaging in Procurement Collaboration to mutually improve business conditions with business partners in order to build sound relations with them. Since fiscal 2014, Konica Minolta has worked with its business partners to promote Green Supplier Activities. These activities aim to reduce costs and environmental impact by providing business partners with Konica Minolta's environmental technologies and know-how.

We also address supply chain risks such as those involving labor and human rights by conducting CSR procurement and conflict mineral surveys.

An Efficient Production System

At Konica Minolta, key parts and items that use Konica Minolta's proprietary technologies such as toners are primarily manufactured in Japan. Our manufacturing contractors in Asia make the general parts and units, and China and Malaysia handle final assembly. Our production sites in China have made use of expertise developed over 20 years of operations to achieve highly-efficient production. However, to mitigate the risk of concentrating too much of our production capacity in China, we established a production site in Malaysia in May 2014 that began full operation in 2015. This site uses digital manufacturing that combines ICT with automation technologies to achieve dramatic production workflow efficiency and quality improvements.

To boost efficiency even further, it has taken advantage of production technologies to create a shared product platform and expand modularization, achieving substantial reductions in part and assembly costs.

Voice of a Business Partner | Changhong Technology Co., Ltd.

As part of the Green Supplier activities, Konica Minolta environmental manufacturing experts visited our production site, and we discussed environmental measures for molding machines and utilities use. Preparing for the actual implementation of the suggested measures, we visited a Konica Minolta production site in China, and we were able to address our situation while discussing specific ways to proceed.

The local government places great importance on energy-saving activities, and we received a monetary incentive after reporting the energy-saving initiatives we took through the Green Supplier activities. We were able to reduce our emissions by 800 tons per year, and also contributed to CO₂ emissions reduction in China.



Xu Yanping
President, Changhong
Technology Co., Ltd.



Visiting a Konica Minolta site to see environmental measures

Focused Topic 1

Green Factory operations

Konica Minolta's Green Factory operations aim to both reduce environmental burden and cut costs through environmental conservation activities in line with the production strategies of each business.

In fiscal 2015, all of the Company's production sites were certified with Level 2 status of the Green Factory Certification System. The Company will be launching the Excellent Green Factory Certification System in fiscal 2016. With an eye to fiscal 2018, standards have been set for activities that will further reduce our facilities' environmental impact and costs and that will involve collaboration with various stakeholders including customers, business partners, and local communities. Leveraging the technologies and expertise of our production sites, Konica Minolta will continue to contribute to the environment in a broad-based capacity that extends beyond individual company lines.

Fiscal 2015 reductions (compared to fiscal 2005)

Cost reduction	¥5.4 billion
CO ₂ reduction	71 ktons
Waste reduction	14 ktons

Upgrading Our Supply Chain Management

Konica Minolta is building a unique system for centrally managing inventory data from production to sales. This has facilitated inventory optimization and shortened distribution leadtimes worldwide, and allowed market demand to inform production plans. Furthermore, in recent years we have raised the level of our supply chain management by implementing the concept of Sales & Operation Planning (S&OP), which involves integrating business operation plans for procurement, production, distribution, and sales based on demand and

supply planning.

We have also optimized shipping efficiency by establishing distribution centers in five key regional markets—Europe, North America, Japan, China, and ASEAN—and consolidating routes for getting products from production sites to markets.

Furthermore, since fiscal 2015 the Company has collaborated with DHL Supply Chain, a company that comprehensively handles domestic distribution for Konica Minolta Group companies, to carry out CSR Logistics, which is a CSR activity promoted together with distribution contractors.

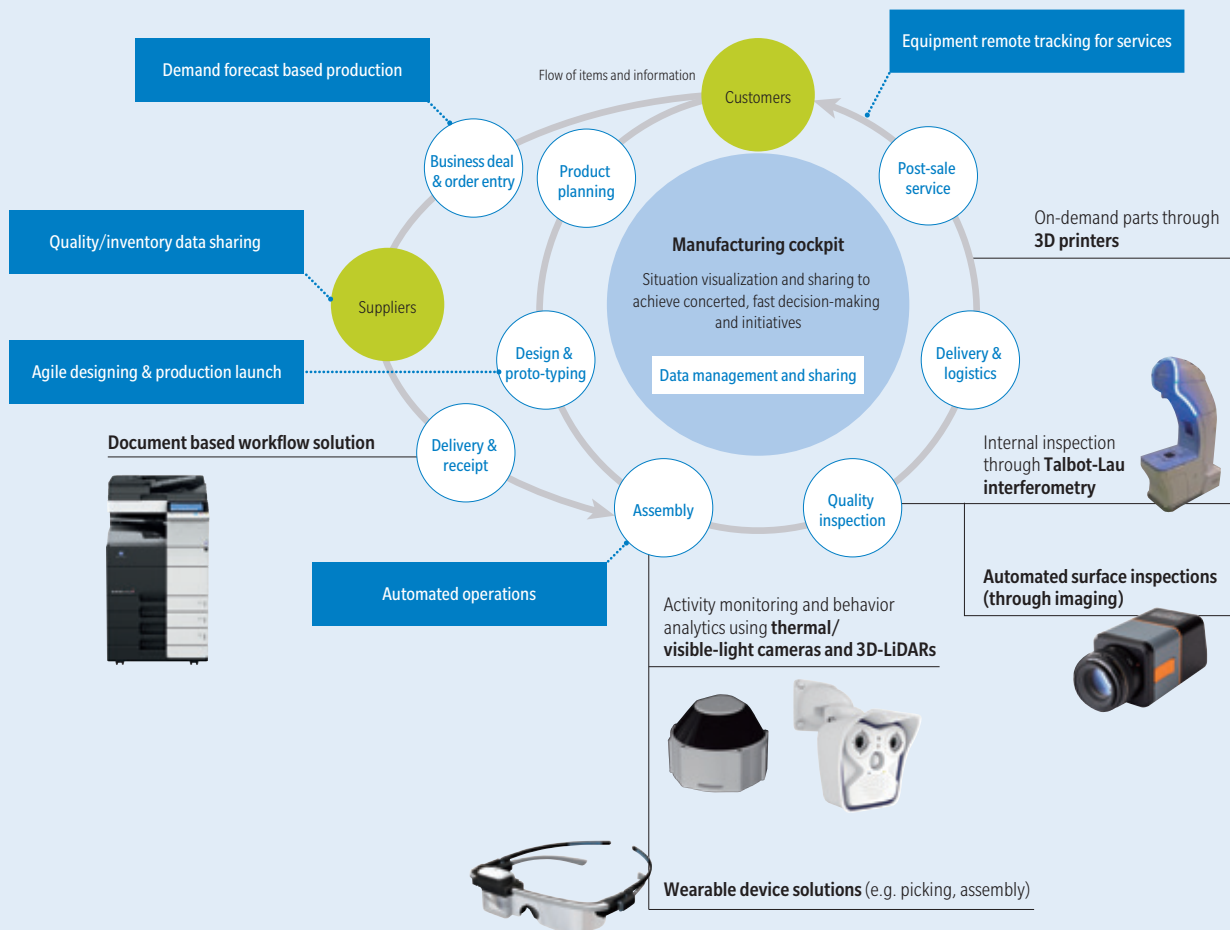
Focused Topic 2

Improving all value chain process efficiency and quality through digital manufacturing

Konica Minolta is engaged in combining ICT and automation technologies to deploy digital manufacturing as a new way of making things that avoids reliance on people, places, countries, and fluctuations. Implementing this system will improve the efficiency of work processes that formally relied on people while improving operational accuracy and quality. This effort will also involve sharing data among distant facilities and strengthening

collaboration in order to improve productivity across the board. An additional benefit will be a reduction of inventory achieved by sharing data with suppliers. Digital manufacturing is currently seeing a phased implementation at the production site in Malaysia. Leveraging expertise Konica Minolta has developed over the years for its operations, we will work to create businesses that provide solution-based services to customers.

Direction of digital manufacturing at Konica Minolta



Sales and After-Sales Support

Bolstering customer-centric sales and support systems for a swifter response to customer needs and issues

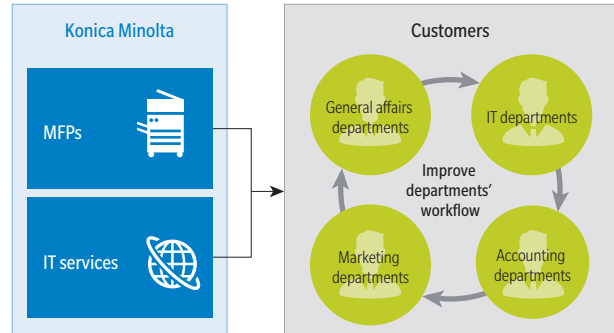
Strengthening Customer-Focused Solutions

Customer needs are growing more diversified and sophisticated as working styles and the business environment change. In order to improve customer satisfaction and develop opportunities to profit while maintaining strong connections with customers, Konica Minolta delves deep into its customers' business processes to provide solutions that combine equipment and services.

With the goal of strengthening our ability to offer service solution proposals, Konica Minolta has been engaged in M&A activities for IT service providers in the U.S. and Europe since fiscal 2010. In fiscal 2015 we acquired U.S.-based sales company Symquest, as well as Webcom, an IT services company based in the Czech Republic. By bringing together IT solutions and document solutions, which focused primarily on MFP, we have upgraded and expanded our ability to provide high added-value solutions in the office services field. In the healthcare field, we acquired Viztek, a company providing medical IT solutions in the U.S. market. This move strengthens our ability to provide solutions in the U.S., where demand is growing for better medical efficiency on the back of medical insurance system reform. We also acquired Sawae, an X-ray systems manufacturer with a sales network that spans all of Brazil. This further expands our international sales network into a market primed to see improvements made to diagnosis efficiency and sophistication.

In Japan, we restructured the Group's sales companies and sales departments, establishing Konica Minolta Japan, Inc. in April 2016. This company will leverage the technologies and expertise of the entire Konica Minolta Group and provide solutions-oriented services for our customers' different business types, from manufacturing to healthcare to commercial and industrial printing. With a focus on the various areas of our customers' business, we will continue to provide solutions that improve business workflows.

Business approaches in the Business Technologies Business



By adding services (solutions) to products, Konica Minolta is shifting towards a business model that helps solve problems — including how to improve business efficiency — that the many departments in our customers' companies are struggling with.

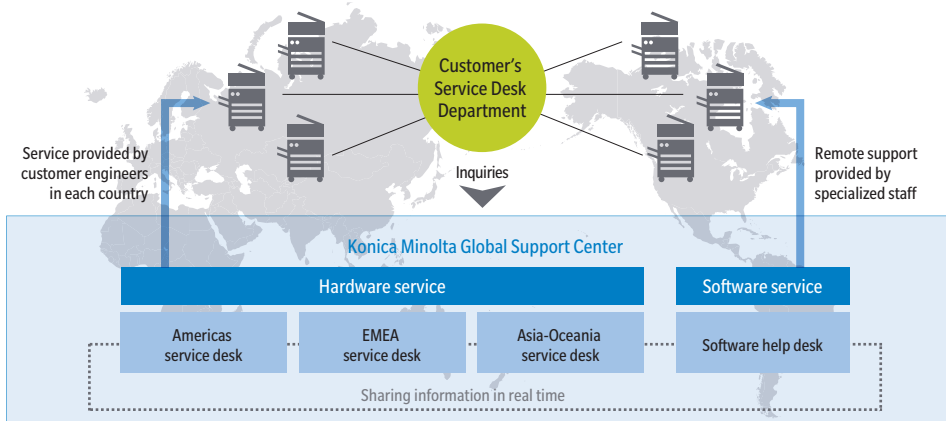
Strengthening After-Sales Support

In recent years, our efforts have been focused on strengthening our after-sales support in response to increasing opportunities to provide a range of services, as well as equipment, on a global scale.

The Business Technologies Business operates the Global Support Center (GSC) as a contact point for supporting customers that do business around the world. Concentrated management of support operations has enabled support that is globally uniform in quality while making such operations more efficient. Future efforts will focus on expanding our customer base and service domain.

In the Healthcare Business, we have implemented a Remote Maintenance system that allows for remotely operating customers' products over the Internet to quickly resolve problems. By cutting down on the number of times our engineers are dispatched, we were able to save approximately ¥70 million when converted into gasoline costs in fiscal 2015.

Global Support Center



With the Global Support Center (GSC), Konica Minolta has consolidated all support personnel at our sales companies around the world into a single point of contact for helping customers. Support requests received by GSC are shared with personnel around the world, allowing local customer engineers to be dispatched to provide hardware support and specialists to solve problems remotely as part of software support. This ensures customers always receive the best possible support when they need it. For information about the GSC, please see pg. 28 of our CSR Report 2016. <http://www.konicaminolta.com/about/csr/csr/download/2016/index.html>

Focused Topic

Green Marketing activities

Through its Green Marketing Activities, Konica Minolta provides products and services that answer the environmental needs of its customers, while at the same time using Konica Minolta environmental technologies and know-how to support customers' environmental activities. Raising the bar for environmental initiatives undertaken with customers creates considerable

environmental value that cannot be achieved by a single company alone. These activities also contribute to improved earnings, as evidenced by cases of business opportunities arising and sales improving for MFPs as a result of proposing solutions for customers' environmental problems and winning trust in the Company.

Voice of a Business Partner | JTEKT Corporation (auto parts and machine tool equipment manufacturer)

Although JTEKT had set high CO₂ emissions reduction targets for its long-term group vision, our programs stagnated since all the energy-saving measures we thought of had already been done. Top management told us that it might be a good idea to get a third-party assessment, and we turned to Konica Minolta for an energy-saving diagnosis. We received very helpful ideas including visualization measures to monitor costs and CO₂ emissions reduction effects, prioritization starting with investment recovery, and the creation of execution plans. The energy-saving diagnosis became an opportunity to revitalize energy-saving activities at our other plants. Based on joint activities by the management department and frontlines, we realized the importance of sharing a sense of accomplishment in order to achieve further improvements. We believe that companies from different industries can share their technologies and expertise to achieve an even greater environmental contribution. We will continue to value the deep relationship of trust we have built with Konica Minolta through these environmental activities.



Visiting a Konica Minolta site to see environmental measures

Kiyonori Ito

General Manager, Environmental Management Department, JTEKT Corporation

Voice of a Business Partner | Shanghai Huahui Silk Products Co., Ltd. (textile manufacturer)

Chinese environmental regulations have been getting stricter by the year. Since companies in the dyeing industry use large amounts of energy and water, the government asked us to make special efforts to save energy and water. Since our firm does not have experts in energy and environmental measures, we were wondering how to comply with the government requests.

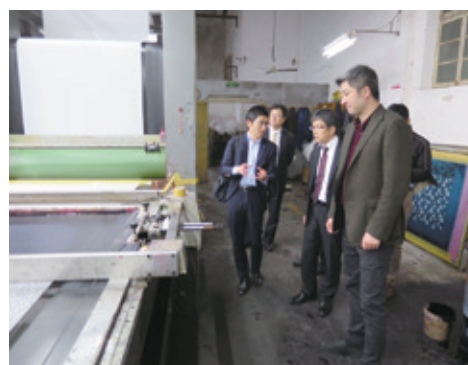
Then we were contacted by Konica Minolta, a company we knew through its inkjet textile printers. They said members of their environmental team would be visiting China from Japan, and they offered to help us. The team visited us several times and empathetically reviewed our energy and water usage situation before proposing a solution. Several

of the measures they suggested, we then implemented. In addition to providing us with inkjet textile printers, Konica Minolta gave us very useful support including related areas, and helped us deal with the environmental issues we faced. Based on the trust created, we intend to maintain a long-term relationship with Konica Minolta.



Chen Yundai

Chairman, Shanghai Huahui Silk Products Co., Ltd.



Studying potential environmental measures at a customer's plant

Quality Management

Ensuring safety and reliability for products and services while building an integrated quality assurance system Group-wide

A Quality Assurance System in Line with Our Quality Policy

Konica Minolta aspires to maximize customer satisfaction and trust by providing products and services of superior value. The Group has articulated its basic approach to accomplishing this in the Konica Minolta Quality Policy, which governs Group companies worldwide.

An issue of particular importance is ensuring safe, reliable products and services. Accordingly, Konica Minolta has established a unified quality assurance system across the Group and addresses quality assurance in terms of the entire product lifecycle. Konica Minolta is determined to help create a better world by resolving customers' problems. To do this, it seeks to build deeper relationships with customers so that it can identify and satisfy both apparent and latent needs.

Sharing Information about Quality Problems and Cross-Deploying Countermeasures

To raise awareness surrounding quality issues, improve early issue resolution and raise response levels, the Company is promoting Group-wide initiatives to share quality issues and cross-deploy countermeasures.

In fiscal 2015, mutual production capability assessments were conducted by participants at 16 production sites across business areas in and outside of Japan. By assigning scores in categories such as 5S, visualization, elimination of inefficiencies, and factory management, issues at individual sites were identified and proactive improvement was encouraged.

Additionally, outstanding practices are cross-deployed by sharing assessment results and examples of initiatives from each site on the Company intranet.



Production capability assessment

Product Safety Training

Technical employees related to design and development, production technology, procurement and quality assurance across the Konica Minolta Group receive training aimed at enhancing their knowledge and awareness of product safety.

In fiscal 2015, in addition to pre-established product safety training, the Company introduced a hands-on risk assessment program, focusing on identifying and assessing risks working with actual equipment. The goal of the program is to promote the practical use of the knowledge and skills learned through training. Participants provided feedback that was used to evaluate the program and make improvements.

Konica Minolta will continue to raise the level of product safety awareness and skills by providing ongoing training.

Focused Topic

Strengthening customer relationships in the Business Technologies Business

In the Business Technologies Business, the Customer Relations (CR) Division, which is part of the Business Planning Headquarters, deployed a unique scientific approach worldwide, adding NPS* to the customer satisfaction survey. At the annual Global Customer Relations Conference, CR managers from sales companies worldwide met with members of the development, production and marketing departments to discuss ways to improve customer relations and share experience and knowledge. They also discussed the pursuit of best practices. These activities are part of Konica Minolta's continuous efforts to strengthen customer relations.

A CR Master Program was launched in fiscal 2015. The training and certification program aims to improve the skills of CR managers and leaders at sales companies worldwide. Currently, there are approximately 100 employees from the eight principal sales companies participating in the program, and the number will increase as necessary in the future.

* NPS (Net Promoter Score): An indicator that measures the percentage of customers who recommend the company and its products and services to others

Environmental Management

Reducing environmental impact throughout a product’s lifecycle while achieving corporate growth

Eco Vision 2050

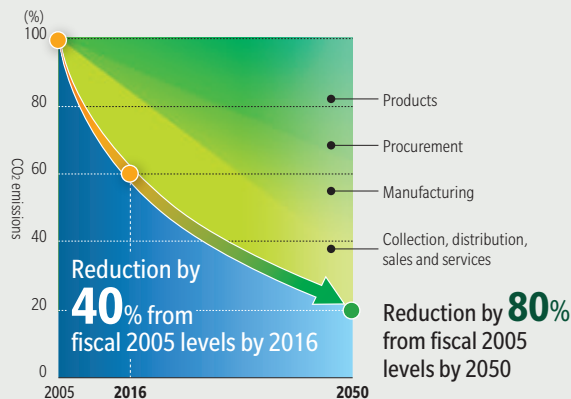
In order to grow sustainably into the future, a company must reduce its environmental impact while achieving corporate growth. Namely, it is essential to practice environmental management that creates new value for society and the economy.

Under our management philosophy “The Creation of New Value,” we put environmental management forward as a corporate growth strategy, with a determination to achieve goals expressed in Eco Vision 2050, our set of long-term environmental goals that look forward to the year 2050.

Eco Vision 2050

1. Reduce CO₂ emissions throughout the product life cycle by 80% by 2050, compared to fiscal 2005 levels
2. Promote recycling and effective use of Earth’s limited resources
3. Work to promote restoration and preservation of biodiversity

CO₂ emission reduction targets



Medium-Term Environmental Plan 2016

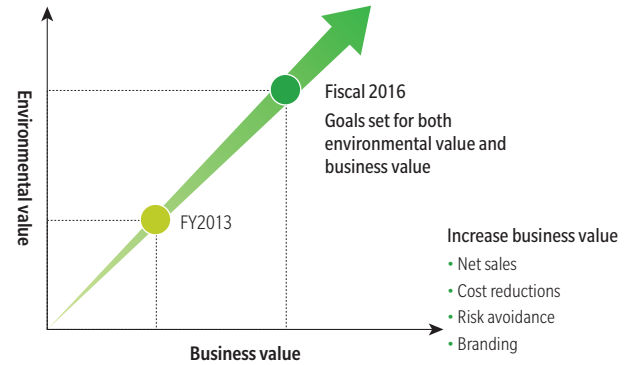
Konica Minolta has established the Medium-Term Environmental Plan 2016, which is in step with our business plans as a further measure towards achieving Eco Vision 2050. The Medium-Term Environmental Plan 2016 lays out Three Green Activities—Green Products (planning and development), Green Factories (procurement and production), and Green Marketing (distribution, sales and services, and collection and recycling) as key themes. In the process of creating this plan, we classified environmental factors concerning our business as either opportunities or risks, and identified key issues concerning the environment. The plan ultimately seeks to strengthen our business through the resolution of environmental problems.

Increase environmental value

- Preventing global warming
- Supporting a recycling-oriented society
- Reducing chemical substance risks
- Restoring and preserving biodiversity

Vision

A company that creates value for both society and itself by integrating efforts to resolve societal challenges and improve corporate competitiveness and profits



Environmental Accounting

Konica Minolta has implemented global-scale, consolidated environmental accounting in order to quantitatively assess the costs of environmental preservation in business operations and the benefits obtained from those activities.

Fiscal 2015 environmental accounting

	Breakdown (%)	
Investment ¥973 million	Pollution prevention	7
	Preventing global warming	38
	Resource circulation	19
	Administration	0
	R&D	34
	Environmental remediation	1
Expenditures ¥14,146 million	Pollution prevention	9
	Preventing global warming	5
	Resource circulation	9
	Upstream/downstream	14
	Administration	9
	R&D	51
	Social activity	1
	Environmental remediation	0
	Other	0
Economic Benefits ¥23,136 million	Preventing global warming	10
	Resource circulation	76
	Upstream/downstream	13

Note: Percentages do not necessarily total to 100 because of rounding.

Human Resource Management

Promoting the creation of workplaces where a diverse human resources can become an engine for The Creation of New Value

Dynamically Deploying Global Human Resources

Konica Minolta is building a platform consisting of a framework, tools, and concepts to train and make the most of its global human resources. Through this platform, a single human resource management system will be created to include North America, Europe, China and other regions in Asia. Globally standardized evaluation criteria will be used to assess executives and match employees with job opportunities.

Konica Minolta organizes a Global Strategy Council—collegial body composed of top managers from both in and outside of Japan—to ensure that the knowledge and perspectives of executives from Group companies outside of Japan are incorporated in the management of the Group. In fiscal 2015, Konica Minolta, Inc. management held invigorating discussions on medium- and long-term management issues with three executives from Group companies outside of Japan. In fiscal 2016, the number of participants from outside Japan was increased to six in order to encourage even more lively discussions.

Most recently, Konica Minolta, Inc. appointed one non-Japanese corporate executive in fiscal 2016 to accelerate the globalization of management.

Program to Foster Business Leaders

Konica Minolta holds the Global Executive Program (GEP) for executives working for affiliates around the world with the aim of fostering human resources with the potential to become business leaders. In this one-week training session, a global mindset is fostered and leadership is developed via dialogues with top managers and discussions with other participants.

Konica Minolta also holds a regional GEP, expanded to include managers, with the aim of training candidates for executive positions in different regions. In fiscal 2015, the second regional GEP was held in Singapore for Group companies in ASEAN regions in May. Eighteen managers from nine companies in four countries participated.



Second regional GEP held in Singapore for Group companies in the ASEAN region

Occupational Safety and Health

Konica Minolta takes various steps designed to prevent workplace accidents based on the Occupational Safety and Health Management System (OSHMS) and its occupational safety and health committee organization. These measures are practiced worldwide.

In fiscal 2015, despite ongoing efforts to reduce risks, there was one serious accident at a production site outside Japan. In June 2015, a fire caused by explosion occurred at a Group company in China. While there were no fatalities or injuries leaving residual disabilities, nine employees and three outside contractors had to take leave from work. An investigation into the cause of the accident found that it was due to a leak of flammable refrigerant gas from the air-conditioning cooling device. In response, the Company replaced the refrigerant gas with a non-flammable gas and measures were taken to prevent similar accidents from occurring in the future anywhere in the Group. This accident had minimal impact on the Company's business performance.

The frequency rate of accidents causing absence from work was 0.23 in Japan and 0.44 outside Japan in fiscal 2015.

Managing Employee Health

Under the three-year medium-term health plan, Health KM2016, measures to promote health are actively implemented to achieve the philosophy laid out in the Konica Minolta Statement on Health. In fiscal 2015, the Company pursued a range of measures related to improving physical and mental health, seeking to minimize the number of employees with health risks. Health indicators were set and steps were taken to establish physically active habits and improve eating habits to promote better health.

Focused Topic

Chosen for the Health and Productivity Stock Selection for second straight year

In January 2016, Japan's Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange chose Konica Minolta for inclusion in the Health and Productivity Stock Selection for the second straight year on the basis of its health management philosophy and initiatives. The Health and Productivity Stock Selection recognizes companies that focus on employee health from a management perspective and take strategic initiatives accordingly.



External Evaluation of Konica Minolta's Management, with Its Focus on Achieving Sustainable Growth

Konica Minolta, Inc. is included in major international socially responsible investment (SRI) indexes. The Company has been included in the World category (since 2012) and Asia Pacific category (since 2009) of the Dow Jones Sustainability Index (DJSI) issued by U.S.-based S&P Dow Jones Indices and Swiss-based RobecoSAM. The Company has also been included in the FTSE4Good Global Index (since 2003).

Konica Minolta has received high marks from various other SRI research institutes, such as the Silver Class rating from RobecoSAM and the Prime Status in the corporate ratings for CSR from oekom research AG.

Additionally, Konica Minolta was included in the Japan 500 Climate Disclosure Leadership Index (CDLI) 2015 of CDP, an international NGO working to build a sustainable economy. (As of March 31, 2016)

Inclusion in prominent Japanese/foreign indices

Maintained inclusion in the Dow Jones Sustainability World Index

Maintained inclusion in the FTSE4Good Global Index

Maintained inclusion in the JPX-Nikkei Index 400

Maintained inclusion in the Morningstar Socially Responsible Investment Index (MS-SRI)



Evaluations by International CSR Rating Agencies

Ranked Silver Class 2016 by RobecoSAM, an investment specialist group focused on sustainability investing

Selected for CDP's Japan 500 Climate Disclosure Leadership Index 2015 (CDLI)

Selected for Prime Status in the corporate ratings for CSR by oekom research AG, one of the leading rating agencies worldwide in the field of sustainable investment



Corporate Evaluation in Japan

Ranked first place for the second straight year in the overall manufacturing sector in the 19th Environmental Management Survey conducted by Nikkei Inc.

Chosen for the second straight year for inclusion in the Health and Productivity Stock Selection, a joint project of Japan's Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange

Recognized as the company with the best long-term goal at the 2016 Low-Carbon Cup



Konica Minolta Chosen as a 2016 Competitive IT Strategy Company Stock Selection in Recognition of Its IT Strategies

The Competitive IT Strategy Company Stock selection is a joint initiative by the Ministry of Economy, Trade and Industry and Tokyo Stock Exchange that selects and publicizes companies that have a strategic approach to IT utilization. In the second year for the initiative, 2016 saw 26 companies selected from among companies listed on the TSE. Konica Minolta is focused on transforming itself into a "problem-solving digital company," making conservative investments in ICT while at the same time making competitive investments aimed at achieving business growth. Digital manufacturing and the Global Support Center (GSC) are a part of how the Company is implementing systems that leverage ICT to provide customers with high added-value service solutions backed up by data.

