# KONICA MINOLTA
## CSR REPORT 2018

KONICA MINOLTA

Giving Shape to Ideas

# New Value
# for a Sustainable World

Konica Minolta's mission is "The Creation of New Value."
The company exists for this very purpose: to use creative ideas to deliver tangible new value
in order to resolve the challenges faced by customers and the broader society.

In order for companies to be sustainable in the times ahead, they will have to contribute to
the resolution of social challenges while continuing to grow. In other words, they will be required
to create value for both the company and society.

In cooperation with its stakeholders around the globe, Konica Minolta aims to establish itself as
a company that is vital to society by continuing to create new value that brings innovation
to the world.

## Contents

## Editorial Policy

The Konica Minolta CSR Report is published to inform all stakeholders about the Group's corporate social responsibility initiatives. Konica Minolta has identified the priority issues which have social significance and substantial impact on its business. The company sets targets for these issues and reports on specific initiatives and progress.

This report has been prepared in accordance with the Global Reporting Initiative Standards: Core Option. To facilitate communication with stakeholders around the world, the report is published in five languages: Japanese, English, Chinese, German, and French.

# Konica Minolta Philosophy

## The Creation of New Value

**Brand Proposition**
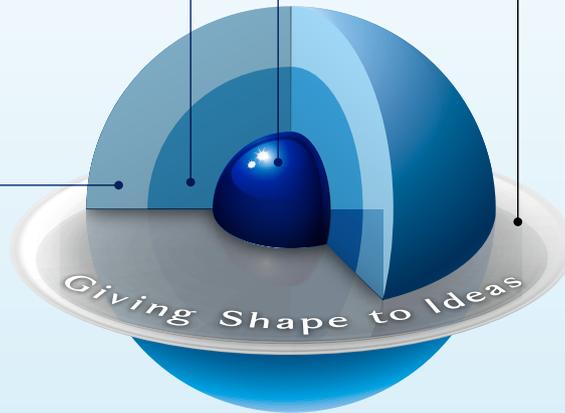
## Giving Shape to Ideas

**6 Values**

**Open and honest**
**Customer-centric**
**Innovative**
**Passionate**
**Inclusive and collaborative**
**Accountable**

**Our Vision**

**A global company
that is vital to society**

**An innovative company
that is robust and
constantly evolving**

*Giving Shape to Ideas*

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### Report Boundary

This report covers Konica Minolta, Inc. and its consolidated subsidiaries.
When data is given on a specific subset of companies, the boundary is separately indicated.
Note: In this report, "Konica Minolta" refers to the Konica Minolta Group.

### Reporting Period

In principle, the report covers activities from April 1, 2017 to March 31, 2018. Some sections may include information on earlier initiatives or more recent activities. In this report, "fiscal 2017" refers to the fiscal year that started April 1, 2017 and ended March 31, 2018.

### Publication Date

August 2018
(Next report: scheduled for August 2019; previous report: August 2017)

### Disclaimer

In addition to facts about past or present circumstances, this report contains descriptions of the Group's current plans and projections for the future. These descriptions are based on information that is currently available and have been deemed reasonable based on the Group's current status. The Group's actual performance could differ from its predictions due to future changes in the business environment.

Note: Indicators that have been assured by KPMG AZSA Sustainability Co., Ltd. are marked with ★.

### Communication Tools

**CSR Information**

**CSR Report
(this publication)**
Reporting on targets and specific initiatives for priority issues

**Environmental Report**
Compiling information on environmental activities from the website in booklet format in PDF

**CSR (social/environmental activities) website**
https://www.konicaminolta.com/about/csr
Reporting comprehensive information on Konica Minolta's CSR activities

**IR Information**　　**Shareholder Newsletter**　　**Integrated Report**　　**Securities Report**
(in Japanese)

**The documents below are available for download at:**

**https://www.konicaminolta.com/us-en/corporate/document-download.html**

- Company Brochure
- Environmental Report
- Intellectual Property Report
- CSR Report
- Integrated Report

The CSR report, which consists of the printed pamphlet and the web-based information, is prepared in accordance with the Global Reporting Initiative Standards: Core Option.

GRI / ISO26000 / United Nations Global Compact Content Indices

# Sustainably Growing Corporate Value through Innovation That Delivers Both Social and Economic Value

## Presenting a Vision of the Future to Create New Value

At Konica Minolta, everything we do is guided by our philosophy, "The Creation of New Value." Pursuing this overarching goal, Konica Minolta has grown along with society by providing the new value that each successive decade required.

The world today faces challenging issues including environmental problems, aging populations, and a shortage of human resources. Expectations for companies to take the initiative on sustainability are higher than ever. Witness the announcement of the United Nations Sustainable Development Goals (SDGs) and the growing prevalence of ESG investment with its focus on environmental, social and governance factors. Unprecedented transformations are also taking place in the business world, thanks to the latest digital technologies such as AI, robotics and IoT.

These circumstances have fueled our drive to generate innovation that can help solve social issues in countries around the world. In our Medium Term Business Plan, "SHINKA 2019," in action since 2017, we have set our sights on making Konica Minolta "a digital company with insight into implicit challenges." We are determined to tackle the problems facing the world. Our goal is to anticipate not only the obvious problems, but also the latent issues, so that we can propose the solutions our customers need and support their business transformation. Our basic approach to management is all about contributing to the abundant human societies of the future. In order to realize this future, we are incorporating backcasting into our thinking. First, we envision the kind of future we want to promote for the planet and humanity by 2030 and 2050. Then, we work backwards from those objectives to determine what needs to be done. As a company, Konica Minolta is working to create new value by first clarifying what we should and can do now.

### Solutions to social problems for 2030 and 2050

- Global environmental protection
- Secure environment and safety
- Quality of life
- Aging society and human resource shortage

**Backcasting**

**What we should and can do now**

## Generating Innovation That Helps Solve Social Problems and Protects the Global Environment

In my view, social issues are not the only place to start if we want to foster an awareness of the major problems across society as a whole. By helping to solve the problems faced by workers on the frontlines at offices, factories, hospitals, nursing care facilities, and more, we are making real progress toward solving social issues. In other words, even if the ultimate objective is to solve social problems, the initial objective can be helping customers to solve the problems they face. Here's just one example: we are helping to solve nursing care issues in an aging society by providing services that reduce workload for nursing care staff. Konica Minolta is also contributing to the reduction of the overall social cost of medical care by providing drug discovery support for pharmaceutical companies as well as diagnostic support for individual patients through its new precision medicine business, which began in earnest in fiscal 2017.

We want to do more than our part in solving global environmental issues, and we have set the goal of achieving "Carbon Minus" status in our long-term environmental vision, Eco Vision 2050. In addition to reducing Konica Minolta's own carbon emissions throughout the product lifecycle by 80% compared to fiscal 2005 levels by 2050, we intend to deliver an additional $CO_2$ emissions reduction effect larger than the $CO_2$ emissions reduction in Konica Minolta's business activities—by providing our accumulated environmental technologies and expertise to business partners and client companies.

Innovation is more than just technological advancement; it is the creation of value for customers. Konica Minolta emphasizes design thinking when practicing this kind of value creation. We are creating innovation to help solve social and global environmental problems by visiting the frontlines, providing even sharper insights, and revealing implicit challenges. This process enables us to create plans for issue resolution and put them into practice.

## Building Organizations That Continually Produce New Ideas by Bringing Together Human Resources with Diverse Experiences

Human resources are everything when it comes to creating innovation that helps solve social issues. While making the most of the abilities of its people, Konica Minolta emphasizes the value created by diversity. While continuing to value our heritage, we are transforming our organizations to foster a continual stream of new ideas. We do this by allowing employees with diverse experiences and backgrounds to interact with one another and foster mutual understanding and encouragement.

This is one reason why Konica Minolta has been acquiring skilled and expert human resources in corporate acquisitions. We are also promoting interaction among human resources with diverse perspectives and accelerating open innovation through collaboration with customers, universities, start-ups and others.

We have established a Corporate Diversity Office which reports directly to me, and I am personally leading a variety of organizational and corporate culture reforms.

If every one of our over 40,000 employees worldwide enhances their capacity to do the right thing for customers and society, Konica Minolta will become a powerful force for change. I think it is my role as the chief executive to help generate that force.

## Enhancing Systems to Address ESG Issues and Sustainably Enhance Corporate Value

Our approach under the Medium Term Business Plan, "SHINKA 2019," is far from a passive effort that merely seeks to minimize ESG risks. Instead, we are planning proactive efforts to become a top-tier company worldwide in the areas of environmental, social and governance performance. I am confident that enhancing our corporate culture from an ESG perspective will lead to an increase in corporate value over the medium to long term.

As part of these changes, we are also working to strengthen our corporate governance. In fiscal 2017, we revised the directors' compensation system to promote management from a medium- to long-term perspective and introduced a medium-term performance-linked stock compensation system. In addition, we have also included non-financial indicators such as ESG criteria in the performance evaluation of executive officers, and the Board of Directors directly monitors these indicators. In fiscal 2018, we integrated our environmental and CSR divisions to establish the Corporate Sustainability Division. Going forward, this division will take the lead in planning a sustainability strategy integrated with the Medium Term Business Plan. As a signatory to the United Nations Global Compact, Konica Minolta aims to be a company that is supported by and essential to the global community. We intend to do this by contributing to the achievement of the SDGs by 2030 while strengthening our management foundation from an ESG perspective.

I invite you to expect even more from Konica Minolta.

Shoei Yamana
President and CEO
Konica Minolta, Inc.

Corporate Social Responsibility at Konica Minolta

# Konica Minolta will continue to create new value that helps business and society evolve while contributing to the achievement of the SDGs.

Under its Medium Term Business Plan, "SHINKA 2019," Konica Minolta is aiming to become a digital company with insight into implicit challenges. By utilizing strengths developed in its business over the decades, the company is providing high value-added products and services to help different types of customers in various industries solve the problems they face. By doing so, Konica Minolta is pursuing sustainable growth while contributing to the advancement of client businesses and social progress.

As part of its efforts to support sustainable growth, Konica Minolta integrates corporate social responsibility into its management, focusing on six material issues: (1) the environment, (2) social innovation, (3) customer satisfaction and product safety, (4) responsible supply chain, (5) human capital, and (6) diversity.

By promoting global initiatives in line with these material issues, the entire Group is helping to solve global environmental issues and improve quality of life. The Group also intends to contribute to the achievement of the UN Sustainable Development Goals (SDGs) by 2030.

**Providing high value-added services to different types of customers in various industries**

Nursing care

Prediction and forecasting support

Creativity improvement

Medical

Manufacturing

**Business Domains**

Industrial Business

Office Business

**Our Philosophy**
## The Creation of New Value

Healthcare Business

Professional Print Business
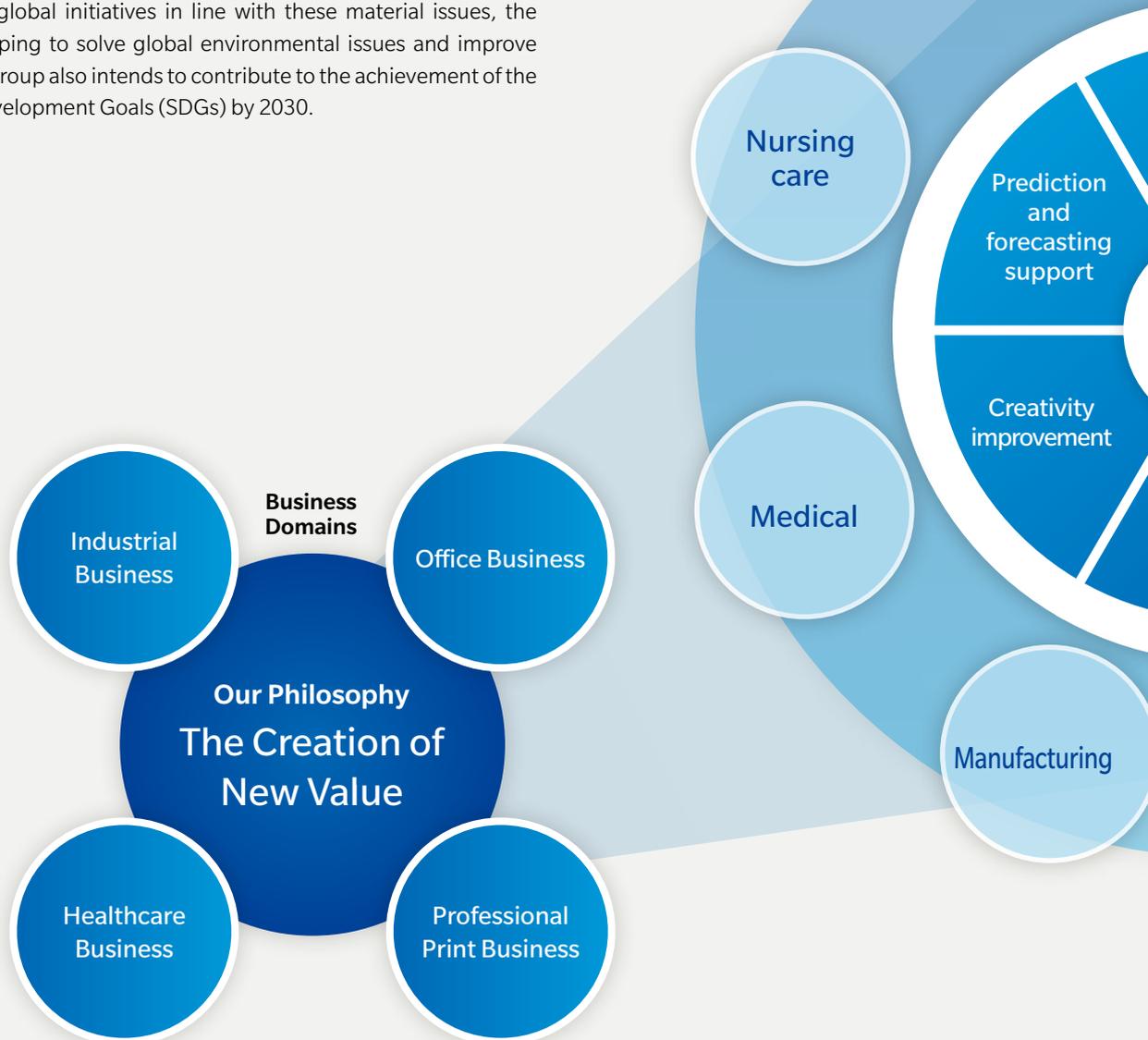
A company
that continues to create
new value to **SHINKA (evolve)**
business and society

Contribute to achieving the SDGs

**SUSTAINABLE DEVELOPMENT G⊙ALS**
**17 GOALS TO TRANSFORM OUR WORLD**

Commercial
and
industrial
printing

**Value provision**

Productivity
improvement

Operation
efficiency
enhancement

**One
Konica
Minolta**

Decision-
making
support

Optimization

Mobile
object

Office

Retail and
distribution

Corporate Social Responsibility at Konica Minolta

# CSR Management

## Basic Approach

Konica Minolta aims to establish itself as an innovative company that is constantly evolving. Under 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 global challenges by creating value that improves the quality of society 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 respect for international social norms such as the United Nations Global Compact, to which Konica Minolta, Inc. is a signatory, and its commitment to acting in compliance with those ideals.

**WE SUPPORT**
UN GLOBAL COMPACT

### CSR-Related Principles, Charters, and Norms That Konica Minolta Observes
- Universal Declaration of Human Rights
- Sustainable Development Goals (SDGs)
- United Nations Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises
- ISO 26000
- Japan Business Federation "Charter of Corporate Behavior"

### CSR-Related Organizations in Which Konica Minolta Participates or Is a Signatory
- United Nations Global Compact
- Responsible Business Alliance (RBA)
- Responsible Minerals Initiative (RMI)
- Japan Electronics and Information Technology Industries Association (JEITA), Responsible Minerals Trade Working Group, Conflict-Free Sourcing Working Group

### 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 out 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. On a weekly basis, the division reports the progress of CSR activities to the executive officer in charge, while also reviewing measures and making proposals. Furthermore, the division consults the executive officers on important matters as appropriate.

In fiscal 2015, Konica Minolta established the CSR Executive Meeting, with executive officers as core members, to facilitate detailed discussion of CSR issues. At the same time, the company is improving measures and policies by reviewing each issue from a cross-sectional perspective. Since fiscal 2017, CSR activities have been implemented as an integral part of business management, and executive officers are now also being evaluated using non-financial performance indicators such as criteria related to the environment, society, and governance (ESG).

**Board of Directors**

Appointment → | ↑ Reports | Appointment | Reports

**Executive Officers**
Decision-making on each division's strategy, commitment to goal achievement

Coordination ↔ **Executive Officer Responsible for CSR**
Decision-making on CSR strategy, commitment to goal achievement

Communication of policy ↓ | ↑ Reports | Communication of policy ↓ | ↑ Reports

**Corporate Planning and Management Divisions**
Goal setting and progress management

Coordination ↔ **CSR Promotion Division**
Monitors each division's goal setting and progress

↕ Daily dialogue

**Stakeholders**
● Customers ● Employees ● Local and global communities
● Business partners ● Shareholders/investors

← Disclosure of CSR information

| | 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. | ● Providing customer service via websites and call centers<br>● Providing product information via websites and newsletters<br>● Conducting customer satisfaction surveys<br>● Exchanging information via visits to customers<br>● Exchanging information at showrooms and trade shows<br>● Holding seminars |
| Employees | Konica Minolta employs 43,299 people worldwide. Of those, 26% are in Japan, 25% are in Europe, 21% are in the U.S., and 28% are in China and elsewhere in Asia and other locations. (Figures are based on total regular employees of consolidated companies, as of March 31, 2018.) | ● Interactive intranet<br>● Group journal<br>● Employee engagement survey<br>● Dialogue with labor unions<br>● Internal help line systems<br>● Discussion during inspection tours of production sites by senior staff<br>● Video messages from the CEO |
| Local and global communities | Throughout its global operations, Konica Minolta acts as a responsible member of every community where it operates. | ● Activities that contribute to local communities<br>● Community briefings and invitational events<br>● Sending speakers to lectures and places of education<br>● Industry group activities<br>● Environmental reports and websites<br>● 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. | ● Holding suppliers' meetings<br>● Procurement Collaboration System<br>● Conducting CSR surveys (self-assessment questionnaires)<br>● Visiting suppliers to exchange information |
| Shareholders and investors | Since Konica Minolta, Inc. has relatively high ownership by institutional and foreign shareholders, the company is expected to proactively take part in IR initiatives on a global basis. | ● Shareholders' meetings<br>● Briefings for investors<br>● Visits to investors<br>● Briefings for business analysts and institutional investors<br>● Integrated reports<br>● IR website |

# Corporate Social Responsibility at Konica Minolta

## Process for Identifying Material Issues

The companies of today must address a wide range of social issues, including human rights, labor ethics, and environmental challenges such as climate change and resource depletion. In light of the changing social landscape and business environment, Konica Minolta identifies material issues to address with priority, with the aim of ensuring that its initiatives function with a balance between social issues and business objectives.

To identify material issues, first a comprehensive list of issues was created with reference to international guidelines. These issues were given a quantitative rating for two aspects, "stakeholder interest" (materiality to stakeholders)
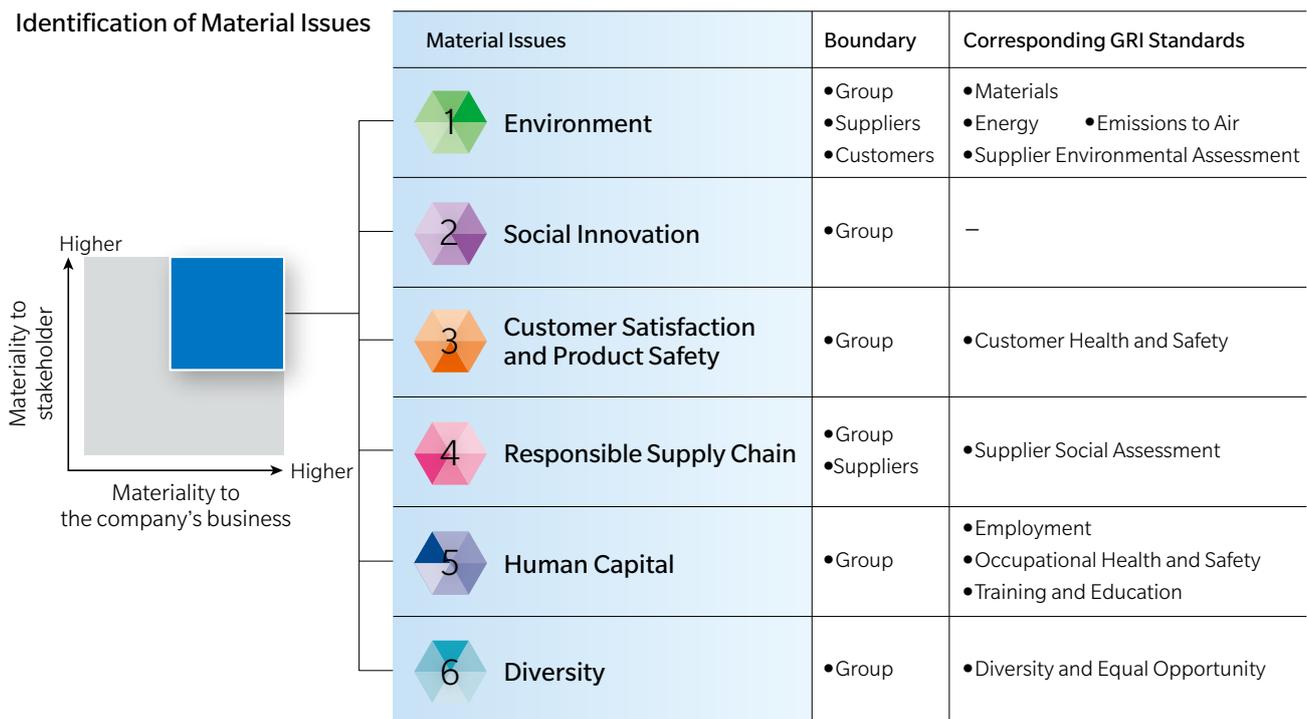
and "impact on the Group's business" (materiality to the company's business), to verify their materiality. Outside experts were asked for their opinions in order to incorporate objectivity into the decisions on the materiality of each issue, which were validated by the CSR Executive Meeting, thereby completing the process for identifying material issues.

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

### Process for Identifying Material Issues

| Step 1 Issue awareness | Step 2 Assessment of issues from stakeholders' perspectives | Step 3 Assessment of materiality for Konica Minolta and prioritization | Step 4 Validation and identification |
|---|---|---|---|
| Make an extensive list of environmental, social, and economic issues with reference to GRI guidelines, the UNGC, ISO 26000, and the SDGs | Quantitatively assess the materiality of issues based on publicly available sustainability information and interviews with outside experts, etc. | Quantitatively assess the materiality of issues based on their impact on the Group's business and prioritize the issues | Validate and identify material issues at the company's CSR Executive Meeting while incorporating the opinions of outside experts |

### Identification of Material Issues

Materiality to stakeholder — Higher

Materiality to the company's business — Higher

| Material Issues | Boundary | Corresponding GRI Standards |
|---|---|---|
| 1 Environment | • Group <br> • Suppliers <br> • Customers | • Materials <br> • Energy   • Emissions to Air <br> • Supplier Environmental Assessment |
| 2 Social Innovation | • Group | — |
| 3 Customer Satisfaction and Product Safety | • Group | • Customer Health and Safety |
| 4 Responsible Supply Chain | • Group <br> • Suppliers | • Supplier Social Assessment |
| 5 Human Capital | • Group | • Employment <br> • Occupational Health and Safety <br> • Training and Education |
| 6 Diversity | • Group | • Diversity and Equal Opportunity |

## Stakeholder Engagement

When promoting CSR activities, Konica Minolta emphasizes dialogue with diverse stakeholders including customers, employees, the local and global communities, business partners, shareholders and investors. Therefore, the company not only conducts daily dialogue with each division in charge, but also proactively creates opportunities for communication, including at the executive level, while leveraging communication tools to help people understand Konica Minolta's approach.

The opinions acquired from feedback received and in dialogues with stakeholders are reviewed and urgent concerns are reported to management, facilitating improvements in management, products and services.

### ■ Medium-Term Environmental Plan Briefing for Investors

In recent years, ESG investment, which considers corporate approaches to the environment, society, and governance in addition to financial performance, has been rapidly growing. Konica Minolta proactively disseminates information in response to the interests of such investors.

In 2017, investor briefings on the Medium-Term Environmental Plan 2019 were held in June and September. They were attended by 23 securities analysts and 23 institutional investors. Konica Minolta will continue to share this kind of information in the future.

Medium-Term Environmental Plan briefing in 2017

## ESG Evaluation by External Parties

Konica Minolta has earned high praise internationally.

### Inclusion in Prominent Investment Indices

| | |
|---|---|
| March 2018 | Inclusion in the Morningstar Socially Responsible Investment Index (MS-SRI) |
| September 2017 | Maintained inclusion in the Dow Jones Sustainability World Index for six consecutive years, and selected as the only industry group leader from Japan |
| July 2017 | Maintained inclusion in the MSCI ESG Leaders Indexes (formerly MSCI Global SRI Indexes) for eight consecutive years |
| July 2017 | Maintained inclusion in the FTSE4Good Index for 14 consecutive years |
| July 2017 | Selected for inclusion in all three investment indicators adopted by the Government Pension Investment Fund (GPIF), Japan: FTSE Blossom Japan Index, MSCI Japan ESG Select Leaders Index, and MSCI Japan Empowering Women Index |

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM

FTSE4Good

### Evaluations by International ESG Rating Agencies

| | |
|---|---|
| March 2018 | Certified "Prime" for the eighth consecutive year, as a leading company in the global electronics industry in ESG ratings, by oekom research AG. |
| February 2018 | Ranked Gold Class ESG by RobecoSAM, a world-leading research and rating company in the ESG field |
| October 2017 | Selected as a Climate A List company, the highest rating, by CDP |

ROBECOSAM
Sustainability Award
Gold Class 2018

CDP
A LIST
2017
CLIMATE

### Recognition in Japan

| | |
|---|---|
| February 2018 | Received second place prize at the 20th NIKKEI Annual Report Awards |
| January 2018 | Received the Grand Prize in NIKKEI Smart Work Awards 2018 |

NIKKEI
Smart Work
大賞

# CSR Targets and Results

Medium-Term Environmental Plan 2019, fiscal 2017 targets and results and fiscal 2018 targets

| Material Issue | Key Action | Priority Issue | Medium-Term Environmental Plan 2019 | | Fiscal 2017 Targets |
| --- | --- | --- | --- | --- | --- |
| | | | Business value | Environmental value | Business value |
| Environment | Green Products (planning and development) | (1) Creation of Sustainable Green Products (SGPs) sought by customers and society | **Sales**<br>● Sustainable Green Products sales: 770 billion yen (sales ratio: 70%)<br>**Cost reductions**<br>● Resource-saving cost reduction | ● $CO_2$ emissions reduction during product use: 17.2 thousand tons<br>● $CO_2$ emissions reduction in the procurement stage: 45.9 thousand tons<br>● Effective resource utilization: 11.3 thousand tons<br>● Control emissions<br>**+ Social issue solutions based on SDGs** | **Sales**<br>● Sustainable Green Products sales: 640 billion yen (sales ratio: 65%)<br>**Cost reductions**<br>● Resource-saving cost reduction |
| | | (2) Complying with government procurement standards and environmental label requirements | **Sales**<br>● Eliminate lost sales opportunities | ● Reduce environmental impact through compliance with standards | **Sales**<br>● Eliminate lost sales opportunities |
| | | (3) Dependably complying with product-related laws and regulations | **Risk avoidance**<br>● Eliminate effect on sales | ● Reduce hazardous chemical substance risk by conforming to laws and regulations | **Risk avoidance**<br>● Eliminate effect on sales |
| | Green Factory (procurement and production) | (1) Excellent Green Factory activities | **Cost reductions**<br>● Energy and resource cost reduction | ● $CO_2$ emissions reduction in production activities: 19 thousand tons<br>● Effective resource utilization: 2.8 thousand tons<br>● Water consumption reduction: 220 thousand $m^3$ | **Cost reductions**<br>● Energy and resource cost reduction |
| | | (2) Expansion of Green Supplier activities | **Cost reductions**<br>● Supplier cost reductions<br>**Sales**<br>● Measures and expertise database creation, and knowledge commercialization | ● $CO_2$ emissions reduction at suppliers: 5 thousand tons<br>● Effective resource utilization at suppliers: 0.25 thousand tons<br>**+ Social issue solutions based on SDGs** | **Cost reductions**<br>● Supplier cost reductions |
| | | (3) Expanded adoption of renewable energy | **Sales**<br>● Eliminate lost sales opportunities | ● Renewable energy ratio: 1%<br>**+ Social issue solutions based on SDGs** | **Sales**<br>● Eliminate lost sales opportunities |
| | | (4) Supply chain risk response | **Risk avoidance**<br>● Eliminate environmental impact from procurement, production, and sales | ● Environmental impact reduction through standards compliance | **Risk avoidance**<br>● Eliminate environmental impact from procurement, production, and sales |
| | Green Marketing (distribution, sales and service, and collection and recycling) | (1) Strengthening relationships with customers globally | **Sales**<br>● Acquire sales opportunities | ● Reduce customer's environmental impact<br>**+ Social issue solutions based on SDGs** | **Sales**<br>● Acquire sales opportunities |
| | | (2) Optimizing the supply chain and linking environmental initiatives | **Cost reductions**<br>● Reduce cost of distribution and packaging | ● $CO_2$ emissions reduction in distribution: 0.3 thousand tons<br>● Effective resource utilization: 0.04 thousand tons | **Cost reductions**<br>● Reduce cost of distribution and packaging |
| | | (3) Complying with laws on collection and recycling of used products | **Risk avoidance**<br>● Eliminate effect on sales | ● Resource recycling through collection and recycling of used products | **Risk avoidance**<br>● Eliminate effect on sales |

| | Fiscal 2017 Results | | | | Fiscal 2018 Targets | | |
|---|---|---|---|---|---|---|---|
| | Environmental value | Business value | | Environmental value | | Business value | Environmental value |
| | ● $CO_2$ emissions reduction during product use: 11.2 thousand tons<br>● $CO_2$ emissions reduction in the procurement stage: 36.9 thousand tons<br>● Effective resource utilization: 9.3 thousand tons | **Sales**<br>● Sustainable Green Products sales: 657.6 billion yen (sales ratio: 64%)<br>**Cost reductions**<br>● Resource-saving cost reduction | ○ | ● $CO_2$ emissions reduction during product use: 10.9 thousand tons<br>● $CO_2$ emissions reduction in the procurement stage: 37.1 thousand tons<br>● Effective resource utilization: 10.3 thousand tons | ○ | **Sales**<br>● Sustainable Green Products sales: 700 billion yen (sales ratio: 65%)<br>**Cost reductions**<br>● Resource-saving cost reduction | ● $CO_2$ emissions reduction during product use: 13.2 thousand tons<br>● $CO_2$ emissions reduction in the procurement stage: 39.8 thousand tons<br>● Effective resource utilization: 10.4 thousand tons |
| | ● Reduce environmental impact through compliance with standards | **Sales**<br>● Eliminate lost sales opportunities | ○ | ● Reduce environmental impact through compliance with standards | ○ | **Sales**<br>● Eliminate lost sales opportunities | ● Reduce environmental impact through compliance with standards |
| | ● Reduce hazardous chemical substance risk by conforming to laws and regulations | **Risk avoidance**<br>● Eliminate effect on sales | ○ | ● Reduce hazardous chemical substance risk by conforming to laws and regulations | ○ | **Risk avoidance**<br>● Eliminate effect on sales | ● Reduce hazardous chemical substance risk by conforming to laws and regulations |
| | ● $CO_2$ emissions reduction in production activities: 17.4 thousand tons<br>● Effective resource utilization: 1.9 thousand tons<br>● Water consumption reduction: 150 thousand $m^3$ | **Cost reductions**<br>● Energy and resource cost reduction | ○ | ● $CO_2$ emissions reduction in production activities: 25.6 thousand tons<br>● Effective resource utilization: 4.0 thousand tons<br>● Water consumption reduction: 259 thousand $m^3$ | ○ | **Cost reductions**<br>● Energy and resource cost reduction | ● $CO_2$ emissions reduction in production activities: 23.4 thousand tons<br>● Effective resource utilization: 4.8 thousand tons<br>● Water consumption reduction: 213 thousand $m^3$ |
| | ● $CO_2$ emissions reduction at suppliers: 3 thousand tons<br>● Effective resource utilization at suppliers: 0.15 thousand tons | **Cost reductions**<br>● Supplier cost reductions | ○ | ● $CO_2$ emissions reduction at suppliers: 3.4 thousand tons<br>● Effective resource utilization at suppliers: 0.26 thousand tons | ○ | **Cost reductions**<br>● Supplier cost reductions | ● $CO_2$ emissions reduction at suppliers: 5.4 thousand tons<br>● Effective resource utilization at suppliers: 0.35 thousand tons |
| | ● Renewable energy ratio: 0.2% | **Sales**<br>● Eliminate lost sales opportunities | ○ | ● Renewable energy ratio: 0.4% | ○ | **Sales**<br>● Eliminate lost sales opportunities | ● Renewable energy ratio: 0.6% |
| | ● Environmental impact reduction through standards compliance | **Risk avoidance**<br>● Eliminate environmental impact from procurement, production, and sales | ○ | ● Environmental impact reduction through standards compliance | ○ | **Risk avoidance**<br>● Eliminate environmental impact from procurement, production, and sales | ● Environmental impact reduction through standards compliance |
| | ● Reduce customer's environmental impact | **Sales**<br>● Acquire sales opportunities | ○ | ● Reduce customer's environmental impact | ○ | **Sales**<br>● Acquire sales opportunities | ● Reduce customer's environmental impact |
| | ● $CO_2$ emissions reduction in distribution: 0.3 thousand tons<br>● Effective resource utilization: 0.005 thousand tons | **Cost reductions**<br>● Reduce cost of distribution and packaging | ○ | ● $CO_2$ emissions reduction in distribution: 0.5 thousand tons<br>● Effective resource utilization: 0.007 thousand tons | ○ | **Cost reductions**<br>● Reduce cost of distribution and packaging | ● $CO_2$ emissions reduction in distribution: 0.4 thousand tons<br>● Effective resource utilization: 0.02 thousand tons |
| | ● Resource recycling through collection and recycling of used products | **Risk avoidance**<br>● Eliminate effect on sales | ○ | ● Resource recycling through collection and recycling of used products | ○ | **Risk avoidance**<br>● Eliminate effect on sales | ● Resource recycling through collection and recycling of used products |

# Corporate Social Responsibility at Konica Minolta

## Targets and Results Regarding Social Impact

| Material Issue | Key Action | Fiscal 2017 Targets |
|---|---|---|
| Social Innovation | Business development that contributes solutions to social issues | • Promote new business development through core technologies and open innovation<br>• Promote business development at the company's five Business Innovation Centers (BICs)<br>• Establish KPIs for the social outcomes of new businesses |
| Customer Satisfaction and Product Safety | Achieving top-tier quality and reliability | • Number of serious product-related accidents[*1]: 0<br>• Risk assessment practices: 12 times/year |
| | Creating new quality value | • Continue conducting satisfaction surveys, set targets, and make improvements |
| Responsible Supply Chain | Promoting CSR in the supply chain | **CSR procurement**<br>• Request that suppliers carry out CSR activities: 100% implementation<br>• CSR assessment: Complete assessments of all Group production sites and about 120 important suppliers by the end of fiscal 2019<br>• CSR audit: Complete audits of two important Group production sites and two important suppliers by the end of fiscal 2019<br><br>**Response to conflict mineral issues**<br>• Supplier response rate to conflict mineral surveys: Maintaining 95% or higher<br>• Respond to customers' requests for surveys: 100% response |
| Human Capital | Work-style reform | • Define actions and work methods required for each business portfolio and implement disruptive innovation in work-style reforms based on business process reforms and use of robotics and AI<br>• Improve productivity per unit of time, promote collaboration, and promote diversity |
| | Developing human capital | • Continue implementing human resource development program (Global e-Juku) for global group managers<br>• Define ideal human resources, required abilities and skills to achieve new medium-term business plan<br>• Accelerate human capital development for young employees<br>• Create business producers who create new businesses from the customer's perspective |
| | Occupational safety and health | • Serious accidents[*4]: 0<br>• Frequency rate of accidents causing absence from work[*5]: 0.1 or less<br>• Improve global health and safety management by senior management<br>• Implement comprehensive risk management to comprehensively reduce equipment, material, work, and work environment risks<br>• Strengthen cultivation of safety culture: Involve top management in safety, manage safety in the workplace, and improve individuals' safety awareness |
| | Improving employee health | • Curb the number of absences due to illness<br>  Number of absences due to illnesses: 38 (as of April 1, 2018)<br>• Reduce the number of employees with health risks<br>(1) Rate of reduction of people with risk of requiring ongoing hospital treatment for blood pressure, blood sugar, lipids: Down 21.3% from FY2016<br>(2) Rate of reduction of people with specific health guidance: Down 14.9% from FY2016 |
| Diversity | Supporting women's career advancement | • Foster awareness and a culture supportive of diversity, with a focus on promoting participation by women<br>• Consider ways of supporting life events affecting both men and women, such as childbirth, child-rearing and care-taking, and consider work styles tailored to these life events<br>• Appoint female managers: Women hold 5% of all management positions<br>• Raise the percentage of women among new graduate hires |
| | Utilizing employee experiences gained outside the company and abroad | • Proactively hire and train non-Japanese employees in Japan |

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

[*2] **Serious security incidents** refer to those product-security incidents that cause serious and significant harm to the product user's business.

[*3] **RPA (Robotic Process Automation)**: Automating routine business processes on a personal computer

| Fiscal 2017 Results | Fiscal 2018 Targets and Plans |
|---|---|
| • Four BIC projects brought a product to market<br>• BIC Japan released "Kunkun body" body odor detector, a product that makes body odor visible<br>• Conducted surveys of nursing care staff about their satisfaction with Care Support Solutions® | • Promote new business development through core technologies and open innovation<br>• Promote business development at the company's five Business Innovation Centers (BICs)<br>• Continue to survey nursing care staff about satisfaction with Care Support Solutions® and implement improvements for any issues identified |
| • Number of serious product-related accidents*1: 0<br>• Risk assessment practices: 12 times/year | • Number of serious product-related accidents*1: 0<br>• Number of serious security incidents*2 in the service business area: 0 |
| • Customer satisfaction surveys conducted according to the characteristics of each business area<br>• Identified issues for each business area and made improvements | • Continue conducting satisfaction surveys and implement improvements based on the results<br>• Construct verification processes for customer value creation using design thinking |
| **CSR procurement**<br>• Requested that suppliers carry out CSR activities: 100% implementation<br>• CSR assessment: Completed assessment of three Group production sites and 50 important suppliers<br>• CSR audit: Completed audit of two important Group production sites and one important supplier | **CSR procurement (FY2017 to FY2019)**<br>• Request that suppliers carry out CSR activities: 100% implementation<br>• CSR assessment: Complete assessments of all Group production sites and approximately 120 important suppliers<br>• CSR audit: Complete audits of two important Group production sites and two important suppliers |
| **Response to conflict mineral issues**<br>• Supplier response rate to conflict mineral surveys: 99%<br>• Response to customers' requests for surveys: 100% | **Response to conflict mineral issues (FY2017 to FY2019)**<br>• Supplier response rate to conflict mineral surveys: Maintaining 95% or higher<br>• Respond to customers' requests for surveys: 100% |
| • Full-scale implementation of a remote work system<br>• Allowed employees to take a second job or work concurrently to promote innovation<br>• Introduced a job return system<br>• Utilized RPA*3 to enhance the efficiency of 45 operations, saving 4,200 hours | • Prepare operational and workplace environments<br>• Reform operational processes<br>• Make the most of diverse human resources<br>• Expand systems<br>• Clarify roles and authorities<br>• Enhance efficiency using RPA*3: Save approximately 19,000 hours |
| • Implemented Global e-Juku (34 people from 13 countries participated)<br>• Expanded educational programs based on a clear picture of the ideal human resources and the necessary skills and abilities<br>• Launched an overseas training program for young employees in Japan (total of 24 people sent overseas)<br>• Implemented a program for employees to learn about digital innovation creation through new business proposals | • Accelerate the development of high-potential human resources, and foster global human resources development for executives<br>• Promote an overseas training program for young employees in Japan<br>• Develop entrepreneurs who can create new businesses based on customer needs<br>• Develop human resources who can establish IoT business models |
| • Serious accidents*4: 0<br>• Frequency rate of accidents causing absence from work*5: Japan, 0.22; Overseas, 0.20<br>• According to Konica Minolta's original safety management indicator Unsafety Marks*6, a 20% reduction was achieved over the past three years | • Serious accidents*4: 0<br>• Frequency rate of accidents causing absence from work*5 (FY2017 to FY2019): 0.1 or less<br>• Improve health and safety management capability using Konica Minolta's original indicator Unsafety Marks*6<br>• Advance comprehensive risk management that broadly minimizes equipment, materials, operation and work environment risks<br>• Enhance the safety culture: Top management involvement in safety promotion, workplace safety management, and individual safety awareness improvement |
| • Curb the number of absences due to illness<br>Number of absences due to illnesses: 26 (as of April 1, 2018)<br>• Reduce the number of employees with health risks<br>(1) Rate of reduction of people with risk of requiring ongoing hospital visits for blood pressure, blood sugar, lipids: Down 4.3% from FY2016<br>(2) Rate of reduction of people with specific health guidance: Down 3.3% from FY2016 | • Curb the number of absences due to illness<br>• Reduce the number of employees with health risks |
| • Established a Corporate Diversity Office directly under the president<br>• Held workshops for key personnel groups (Top management, general managers, managers, and all women employees)<br>• Conducted a survey to ascertain the actual situation for employees with home care responsibilities, and distributed information to relieve concerns<br>• Appointed female managers: Women held 5.5% of all management positions<br>• Actively recruited women graduates: Percentage of women among new graduate hires: 33% | • Foster awareness and a culture supportive of diversity, with a focus on promoting participation by women<br>• Consider ways of supporting life events affecting both men and women, such as childbirth, child-rearing and caretaking, and consider work styles tailored to these life events<br>• Appoint female managers (target for fiscal 2019: Women hold 7% of all management positions)<br>• Raise the percentage of women among new graduate hires (30% or more) |
| • Percentage of non-Japanese nationals among new employees hired by Konica Minolta, Inc.: 14% (April 2018) | • Active recruitment of mid career human resources and personnel from outside of Japan<br>• Provide opportunities to gain experience and knowledge outside of the company<br>• Promote exchanges among employees globally and provide venues for innovation creation where diverse employees can inspire and learn from each other |

*4 **Serious accidents**: (1) Death, disease requiring a long recovery period (or the possibility thereof), an injury resulting in a disability (or the possibility thereof), or a specific contagious disease; (2) an accident resulting in the death or injury of three or more workers during work at one point or the contraction of a disease (including accidents not accompanied by lost worktime)

*5 **Frequency rate of accidents causing absence from work**: The number of persons absent from work per one million total actual working hours for current employees

*6 **Unsafety Marks**: Numerical values obtained by assigning points based on the number, type and severity of accidents that occur in a workplace

# Environment

By reducing the environmental impact of all its business processes, Konica Minolta is pursuing both environmental initiatives and corporate growth to create new social and economic value.

**Related SDGs**

| 6 CLEAN WATER AND SANITATION | 7 AFFORDABLE AND CLEAN ENERGY | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE |
| 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION | 15 LIFE ON LAND | 17 PARTNERSHIPS FOR THE GOALS |

## Our Vision

**"Carbon Minus" by 2050: The Evolution of the Long-Term Environmental Target Eco Vision 2050**

Given the urgency of global environmental issues, global businesses have a great responsibility to help build a more sustainable society by reducing environmental impact.

With Eco Vision 2050, Konica Minolta exemplifies its determination to fulfill its long-term environmental responsibilities. The company has taken a series of actions under the Medium-Term Environmental Plan 2016, which set fiscal 2016 as a target year.

In order to further strengthen environmental action in fiscal 2017, the company added a more ambitious goal, to Eco Vision 2050, the "Carbon Minus" concept. With Eco Vision 2050, Konica Minolta aims to reduce the $CO_2$ emissions from its products throughout their entire life cycle by 80% compared to fiscal 2005 levels by 2050. The addition of "Carbon Minus" is a new commitment to achieve a $CO_2$ emissions reduction effect that exceeds the $CO_2$ emissions produced by Konica Minolta's business activities through cooperation with stakeholders such as business partners, customers and local communities.

If the company can reduce its $CO_2$ emissions by 80% by 2050, the remaining 20% will be approximately 400,000 tons. By helping stakeholders utilize Konica Minolta's technologies and expertise to reduce their own $CO_2$ emissions by 400,000 tons or more, the net outcome will be that society's overall $CO_2$ emissions resulting from Konica Minolta's activities will be negative. This is the "Carbon Minus" status that Konica Minolta is pursuing.

### New Eco Vision 2050

1. Reduce $CO_2$ emissions throughout the product lifecycle by 80% by 2050, compared to fiscal 2005 levels. Also through cooperation with stakeholders, achieve $CO_2$ emission reductions are greater than product lifecycle emissions, and realize Carbon Minus status.

2. Promote recycling and effective use of Earth's limited resources.

3. Work to promote restoration and preservation of biodiversity.

### $CO_2$ Emissions Reduction and Carbon Minus Targets



2,067 thousand tons

- Procurement
- Production
- Distribution
- Sales and service
- Product use
- Business activities
- $CO_2$ emissions throughout product lifecycle

| 2005 | 2016 | 2019 | 2030 | 2050 |
| --- | --- | --- | --- | --- |
| | Medium-Term Environmental Plan 2016 | Medium-Term Environmental Plan 2019 | Science Based Targets (SBT) | Eco Vision 2050 |
| | 40% reduction achieved | 50% reduction | 60% reduction | 80% reduction |

$CO_2$ emissions reduction by customers, suppliers, and society

■ CO$_2$ Reduction Target Approved by the SBT Initiative

When formulating the Medium-Term Environmental Plan 2019, Konica Minolta backcasted from Eco Vision 2050 to set a medium-term goal for the year 2030, to reduce CO$_2$ emissions by 60% from fiscal 2005 levels. The goal was approved by the international SBT Initiative* as a target with a scientific basis.

\* **SBT Initiative:** Jointly established in 2015 by the Carbon Disclosure Project (CDP), the United Nations Global Compact, the World Resource Institute (WRI), and the World Wide Fund for Nature (WWF). The SBT Initiative's aim is to promote the achievement of science-based targets (SBTs) for greenhouse gas emissions reduction, in order to keep the increase in global average temperature to well below 2℃ above pre-industrial levels.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

## Medium-Term Environmental Plan 2019

### Greater Business Contribution by Helping Solve Environmental Issues

Under its management vision, Konica Minolta aims to be a global company that is vital to society. To realize this vision, it is necessary to identify social challenges as business opportunities and generate innovative solutions, which in turn will drive Konica Minolta's own sustainable growth.

The Medium-Term Environmental Plan 2019 was launched in fiscal 2017. Under this plan, Konica Minolta will continue to pursue both business growth and environmental action, a concept initiated with the Medium-Term Environmental Plan 2016. The aim is to grow the business, including sales and profits, by helping solve environmental issues.

Medium-Term Environmental Plan 2019 Concept

**Environmental value**
Solving environmental issues

2021
Business creation

**2019**
**Business growth**
**(sales and profit)**

2016
Combining environmental issue solutions and business contribution

**Business value**
Direct contribution to sales and profit (cost reduction)
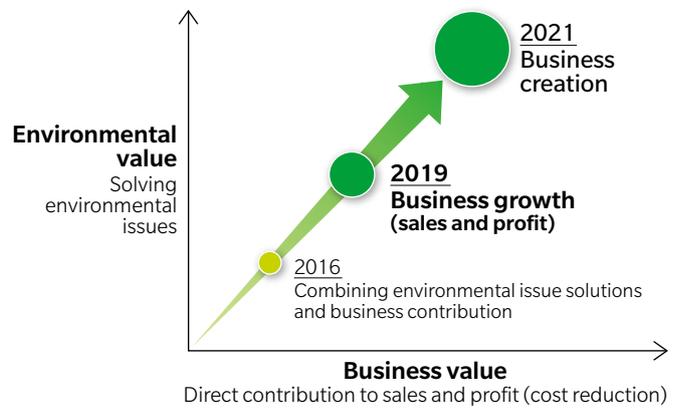
### Creation of Shared Value with Stakeholders to Realize "Carbon Minus" Status

When working to overcome environmental challenges on a global scale, there is a limit to what can be achieved by just one company. This is why it is essential to expand the impact of environmental efforts by working with stakeholders such as suppliers, customers, and local communities.

Under its Medium-Term Environmental Plan 2019, the company is working toward the Carbon Minus goal indicated in Eco Vision 2050. The aim is to reduce the environmental impact of society as a whole by collaborating with a wide range of stakeholders.

For example, by creating a database of energy-saving methods used internally and sharing it with business partners, Konica Minolta can help suppliers to devise and implement their own energy-saving measures. By sharing these activities with customers and expanding the circle of cooperation globally, Konica Minolta believes that it can make a dramatic contribution to solving global environmental problems.

Past activities
**One-on-one activities**

Konica Minolta

Providing and sharing measures based on onsite diagnosis by experts

Business partners    Business partners

**Tool database creation**

Vision for the future
**Establishing ecosystem**

Konica Minolta

Providing and sharing optimal solutions using databases

Business partners    Business partners    Business partners    Business partners

**Product commercialization**

Future
**Providing the ecosystem**

Customers

Providing and sharing with customers

Environment
Social Innovation
Customer Satisfaction and Product Safety
Responsible Supply Chain
Human Capital
Diversity

# Environment

## Measures to Achieve "Carbon Minus" Status

**1** Solutions for customer environmental challenges: Customer $CO_2$ emissions reduction, resource saving, and sales contribution

**2** Environmental support for suppliers: Supplier $CO_2$ emissions reduction, resource saving, and cost reduction

**3** Circular economy (recycled materials): $CO_2$ emissions reduction for society, waste problem solutions, and creation of new businesses and employment

**1 Customers (France)**
- Sharing CSR activity expertise through the Konica Minolta sales company and factory
- Promoting symbiosis with nature

**1 Customers (China)**
- Sharing measures and expertise of Konica Minolta factories
- Solving environmental problems in China
- Collaboration with the government

**2 Business partners (China)**
- Database of measures and expertise
- Energy-saving diagnostics digitalization
- Collaboration with Digital Manufacturing

**1 Customers (Japan)**
- Digital workflow proposals utilizing Konica Minolta's environmental database

**3 Circular economy (Malaysia)**
- Expanding recycled materials globally
- Creating small businesses for resource recycling

**3 Circular economy (Mexico)**
- Expanding recycled materials globally
- Creating small businesses for resource recycling

**2 Business partners (ASEAN)**
- Database of measures and expertise
- Energy-saving diagnostics digitalization
- Collaboration with Digital Manufacturing

## Identifying Material Issues from Both Risks and Opportunities

When formulating the medium-term environmental plan, Konica Minolta identified various environmental factors related to its business in terms of both risks and opportunities. Based on these findings, material issues were selected where solutions can lead to business growth. The company reviews each material issue annually to ensure the issues selected and related plans are appropriate.

Through this process, goals for reinforcing the business are matched with environmental targets. The plan then becomes a commitment for both top management and the entire organization, resulting in effective environmental management.
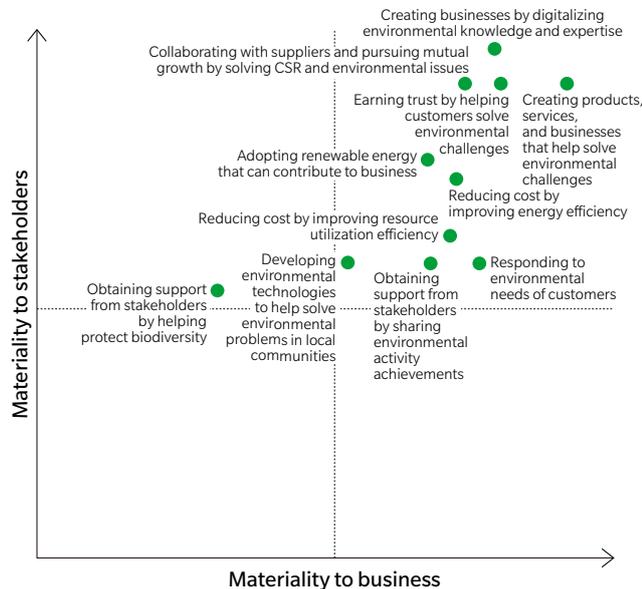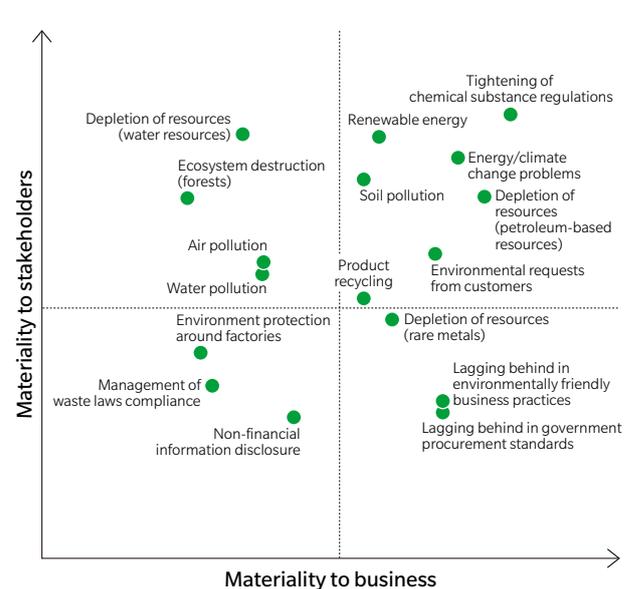
### Materiality Analysis (Opportunities)

Materiality to stakeholders (vertical axis) / Materiality to business (horizontal axis)

- Creating businesses by digitalizing environmental knowledge and expertise
- Collaborating with suppliers and pursuing mutual growth by solving CSR and environmental issues
- Earning trust by helping customers solve environmental challenges
- Creating products, services, and businesses that help solve environmental challenges
- Adopting renewable energy that can contribute to business
- Reducing cost by improving resource utilization efficiency
- Reducing cost by improving energy efficiency
- Developing environmental technologies to help solve environmental problems in local communities
- Obtaining support from stakeholders by sharing environmental activity achievements
- Responding to environmental needs of customers
- Obtaining support from stakeholders by helping protect biodiversity

### Materiality Analysis (Risks)

Materiality to stakeholders (vertical axis) / Materiality to business (horizontal axis)

- Tightening of chemical substance regulations
- Depletion of resources (water resources)
- Renewable energy
- Ecosystem destruction (forests)
- Energy/climate change problems
- Soil pollution
- Depletion of resources (petroleum-based resources)
- Air pollution
- Product recycling
- Environmental requests from customers
- Water pollution
- Environment protection around factories
- Depletion of resources (rare metals)
- Management of waste laws compliance
- Lagging behind in environmentally friendly business practices
- Non-financial information disclosure
- Lagging behind in government procurement standards

**Key Action 1** # Green Products

## Background and Issues

Given the widespread awareness of environmental and social challenges faced by our world today, the value that people seek is shifting from material wealth to value that contributes to the quality of society. By understanding the evolving values of society and contributing solutions, Konica Minolta is able to continue to develop competitive products which enhance its profitability.

## Vision

While working to develop products that help reduce the environmental impact of customers and society, Konica Minolta also aims to encourage the widespread adoption of these products by broadly promoting their value. Through initiatives like these, while helping to realize the Sustainable Development Goals (SDGs), Konica Minolta strives to help build a sustainable society, earn social confidence, and achieve sustainable growth alongside the broader society as a company of choice.

## Key Measures and KPIs

**Creating Sustainable Green Products sought by customers and society**
- Sustainable Green Products sales: ¥770.0 billion (sales ratio: 70%)
- $CO_2$ emissions reduction during product use: 17.2 thousand tons
- Effective resource utilization: 11.3 thousand tons

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## Fiscal 2017 Activity Results

### Sustainable Green Products Certification System

Konica Minolta introduced its original Green Products Certification System to drive the creation of environmental value that matches business and product characteristics. The goal is to reduce the environmental impact of customers and society, while also raising profitability. The company has developed many Green Products since the program's launch.
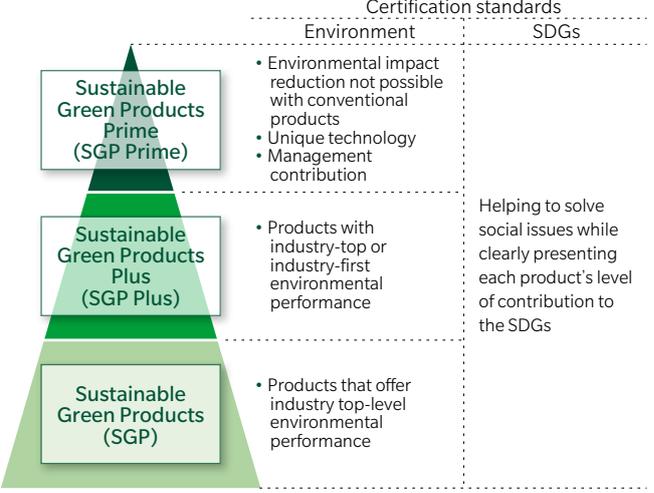
Under the Medium-Term Environmental Plan 2019, launched in fiscal 2017, Konica Minolta is combining optical, image processing, measurement, and other technologies with its strengths in digital technology to create products and services that can help provide solutions to environmental and social challenges based on the SDGs.

In order to accelerate these efforts, Konica Minolta has launched a Sustainable Green Products Certification System, by expanding its original Green Products Certification System to include standards for resolving social issues. The company aims to increase sales of Sustainable Green Products to 770 billion yen (70% of product sales) by fiscal 2019.
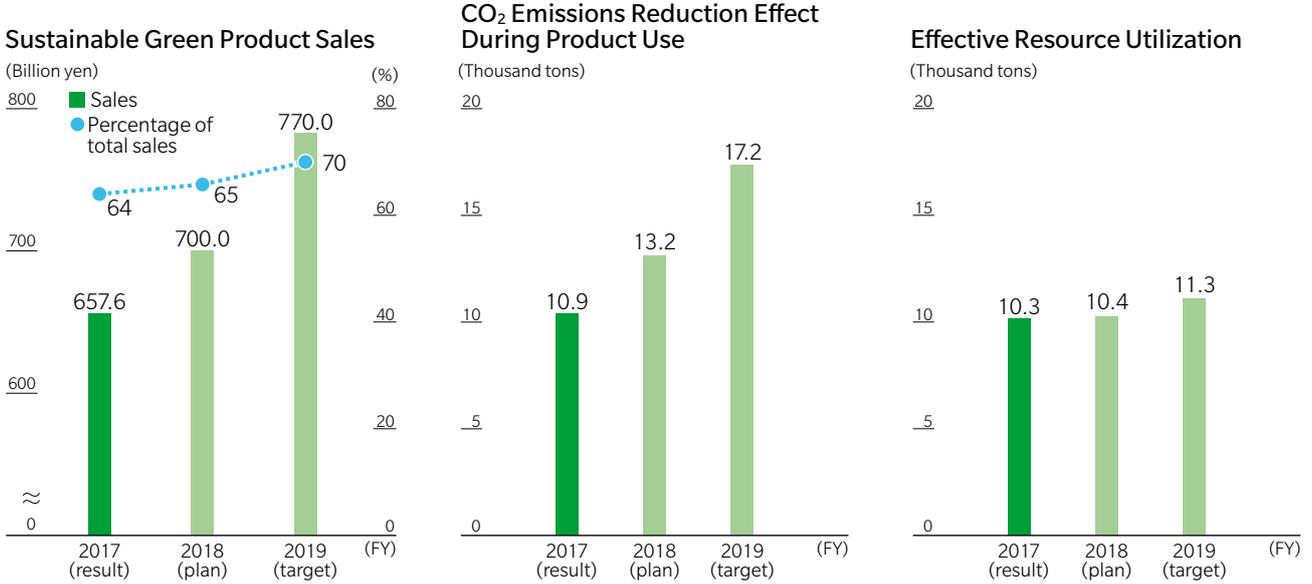
In fiscal 2017, Konica Minolta placed 32 new models of certified Sustainable Green Products on the market, bringing the total to 236. Sales of Sustainable Green Products in fiscal 2017 came to 657.6 billion yen, or 64% of the Group's total sales. Due to improved environmental performance, these

Sustainable Green Products also had a $CO_2$ emissions reduction effect during product use of 10.9 thousand tons and represented 10.3 thousand tons in effectively used resources.

### Sustainable Green Products Certification System



Certification standards

| | Environment | SDGs |
|---|---|---|
| Sustainable Green Products Prime (SGP Prime) | • Environmental impact reduction not possible with conventional products<br>• Unique technology<br>• Management contribution | Helping to solve social issues while clearly presenting each product's level of contribution to the SDGs |
| Sustainable Green Products Plus (SGP Plus) | • Products with industry-top or industry-first environmental performance | |
| Sustainable Green Products (SGP) | • Products that offer industry top-level environmental performance | |

## Sustainable Green Product Sales

(Billion yen)

- Sales
- Percentage of total sales

770.0

700.0

657.6

64  65  70

(%)
800 — 80
700 — 60
600 — 40
     — 20
  0 — 0

2017 (result) | 2018 (plan) | 2019 (target) (FY)

## $CO_2$ Emissions Reduction Effect During Product Use

(Thousand tons)

20

17.2

15

13.2

10.9

10

5

0

2017 (result) | 2018 (plan) | 2019 (target) (FY)

## Effective Resource Utilization

(Thousand tons)

20

15

11.3

10.3  10.4

10

5

0

2017 (result) | 2018 (plan) | 2019 (target) (FY)

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## 🔍 Close Up

# Example of a Certified Sustainable Green Product

### SONIMAGE MX1

**Environmental and social benefits**

Related SDGs

- Resource savings thanks to a product size and weight reduction of 40% (weight ratio) compared to a conventional product
- Echo inspection possible in various places due to the product being lightweight and compact
- Dramatic improvement in diagnostic efficiency thanks to a simple user interface and customization according to the individual's diagnosis workflow

### CA-410 Display Color Analyzer

**Environmental and social benefits**

Related SDGs

- Improvement of measurement efficiency (measurement time reduced by 30%) in production lines for next-generation energy-saving products such as OLED* lighting and OLEDs for smartphones, and contribution to efficient production and popularization
- Realization of specifications that are easy to incorporate into automated processes in the digital manufacturing era

* Organic light-emitting diode

## Key Action 2 Green Factory Activities

### Background and Issues

Today's increasingly urgent environmental challenges require society to use energy and resources more efficiently. There is a limit to the degree of environmental impact reduction that can be achieved solely by one company. Leading global companies should increase their positive contribution to global environmental preservation by expanding the focus of their activities to suppliers of parts and materials, throughout the entire supply chain.

### Vision

Konica Minolta engages in Green Factory activities to reduce both environmental impact and operating costs. This includes improving efficiency in its production processes, and the development and enhancement of production technology. The company also promotes Green Supplier activities to further reduce environmental impact. The aim is to make an immense environmental contribution across the company's supply chain as the company shares its own environmental technologies and expertise and works closely with suppliers.

### Key Measures and KPIs

#### Green Factory activities
- Achieve Excellent Green Factory Certification at major production sites worldwide by fiscal 2019
- $CO_2$ emissions reduction in production activities: 19 thousand tons
- Effective resource utilization: 2.8 thousand tons

#### Green Supplier activities
- $CO_2$ emissions reduction at suppliers: 5 thousand tons
- Effective resource utilization at suppliers: 0.25 thousand tons

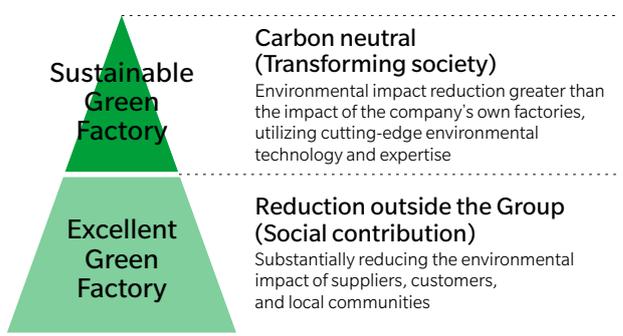## Fiscal 2017 Green Factory Activity Results

### Excellent Green Factory Certification

Konica Minolta's Green Factory Certification System aims to reduce both environmental impact and operating costs. All production sites had achieved the highest standard (Level 2) by fiscal 2015. Moving forward, the company launched its Excellent Green Factory Certification System in fiscal 2016. The aim of the system is for Konica Minolta to reduce $CO_2$ emissions and achieve Excellent Green Factory Certification standards at all of its major production sites worldwide by fiscal 2019.

In addition to complying with the previous certification standards for reducing environmental impacts from internal sources, the new system is designed to meet the standards for reducing $CO_2$ emissions from external sources by working in unison with suppliers, customers and communities. Konica Minolta is also working to meet its own standards for Sustainable Green Factory Certification by sharing its environmental technologies and expertise
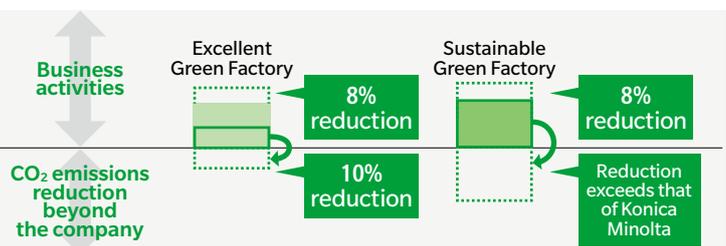
with external stakeholders with the aim of reducing $CO_2$ emissions from external sources by an amount exceeding the $CO_2$ emissions reductions in its own business activities.

#### Excellent Green Factory Certification System



Sustainable Green Factory

**Carbon neutral (Transforming society)**
Environmental impact reduction greater than the impact of the company's own factories, utilizing cutting-edge environmental technology and expertise

Excellent Green Factory

**Reduction outside the Group (Social contribution)**
Substantially reducing the environmental impact of suppliers, customers, and local communities

#### Excellent Green Factory Certification Standards

- $CO_2$ emissions ⋯ 8% reduction on a performance basis
- External discharge volume ⋯ 8% reduction on a performance basis
- Water usage ⋯ 8% reduction on a performance basis

- Reducing the $CO_2$ emissions of customers, suppliers, and the broader society by an amount equivalent to 10% of the $CO_2$ emissions of Konica Minolta's own factories
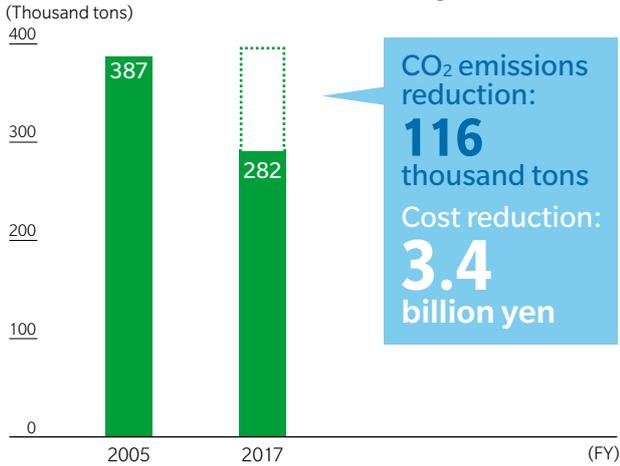


**Business activities**

Excellent Green Factory — 8% reduction

Sustainable Green Factory — 8% reduction

**$CO_2$ emissions reduction beyond the company**

10% reduction

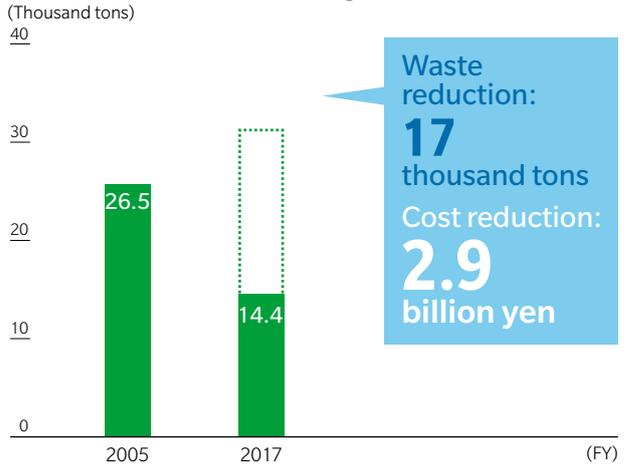Reduction exceeds that of Konica Minolta

In fiscal 2017, as a result of these environmental impact reduction efforts in the production stage, compared to fiscal 2005, 116 thousand tons of $CO_2$ emissions and 17 thousand tons of waste were eliminated, and a total cost reduction of 6.3 billion yen was achieved.

**$CO_2$ Emissions Reduction Effect during Production**

(Thousand tons)

```
400
    387
300     282
200
100
  0
   2005   2017            (FY)
```

$CO_2$ emissions reduction:
**116**
thousand tons
Cost reduction:
**3.4**
billion yen

**Waste Reduction Effect during Production**

(Thousand tons)

```
40
    26.5
30
20
10          14.4
 0
   2005   2017            (FY)
```

Waste reduction:
**17**
thousand tons
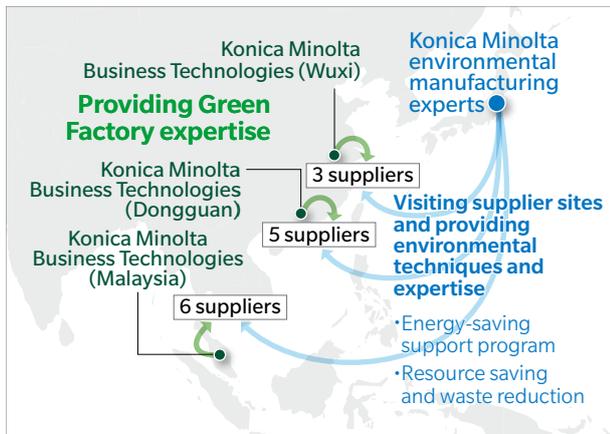Cost reduction:
**2.9**
billion yen

## Fiscal 2017 Green Supplier Activity Results

### Green Supplier Activities

Konica Minolta conducts Green Supplier activities to reduce both environmental impact and operating costs by providing suppliers with environmental technologies and expertise that it has developed via its Green Factory activities. Konica Minolta's environmental experts visit supplier production sites and propose suggestions for improvement, outlining cost reduction benefits, investment rationale, and other information. They then cooperate with suppliers as they take action to reduce their environmental impact.

Konica Minolta Business Technologies (Wuxi)
**Providing Green Factory expertise**
Konica Minolta Business Technologies (Dongguan)
Konica Minolta Business Technologies (Malaysia)
Konica Minolta environmental manufacturing experts
3 suppliers
5 suppliers
6 suppliers
**Visiting supplier sites and providing environmental techniques and expertise**
· Energy-saving support program
· Resource saving and waste reduction

**Green Supplier Activity Targets**

| Issue | Management Index | Target (2.5 years after activity launch) |
|---|---|---|
| Prevention of global warming | $CO_2$ emissions | 5% reduction (compared to the last year before activity launch) |
| | Energy costs | 5% reduction (compared to the last year before activity launch) |
| Waste reduction | External discharge quantity | 12.5% reduction (compared to the last year before activity launch) |
| | Material / waste costs | Cost reduction greater than waste expenses |
| | Final disposal rate | 0.5% or less |
| Reduction of chemical risk | Reduction of chemical risk | Compliance with chemical substance guidelines |

## More Business Partners Implementing Green Supplier Activities

In fiscal 2017, activities were initiated with five new companies, meaning that Konica Minolta is now working with a total of 14 companies. By the end of fiscal 2017, three of these companies had achieved their Green Supplier Activity Targets, which are equivalent to the level of the Green Factory Certification Standards, for a total of six certified companies.

### Companies That Achieved Green Supplier Activity Targets

| Achievement Date | Company | Activity Launch |
|---|---|---|
| Mar. 2016 | Shenzhen Changhong Technology Co., Ltd. | FY2014 |
| Mar. 2017 | Toyo Communication Technology (Shenzhen) Co., Ltd. | FY2014 |
| Mar. 2017 | Allied Technologies (Saigon) Co., Ltd. | FY2015 |
| Aug. 2017 | Szepak Precision (Wuxi) Co., Ltd. | FY2015 |
| Aug. 2017 | Catthai Manufacturing & Trading Co., Ltd. (CATHACO., Ltd.) | FY2016 |
| Mar. 2018 | Well King Plastic Manufacturing Co., Ltd. | FY2015 |



Catthai Manufacturing & Trading Co., Ltd. (CATHACO., Ltd.) achieved its Green Supplier activity targets

## Working to Continue the Expansion of Green Supplier Activities

Under the Medium-Term Environmental Plan 2019, Konica Minolta is continuing the expansion of its Green Supplier activities. Until now, Konica Minolta has been promoting its efforts by sending environmental experts to visit suppliers. With this approach, however, the number of improvement cases was limited. To increase impact, the company has digitalized its energy-saving diagnosis method, has created a database of resources to share its expertise, and is promoting its utilization. As a result, suppliers can now identify their own areas for improvement and take action to improve their practices and cost-effectiveness. This database is expected to have a broad impact and result in an even greater contribution to environmental sustainability.

## 💬 Voice of a Supplier

Through the Green Supplier activities, we received a wealth of advice on things such as energy conservation, resource reduction measures, and calculation methods. Thanks to Konica Minolta, we were able to take the first steps toward environmental contribution. For environmental measures requiring investment, we received proposals from a management perspective, including measures sorted into short-, medium-, and long-term investments, as well as by depreciation period. The government also has several requirements for environmental conservation measures, and we were able to work even more positively on them by pursuing the Green Supplier activities. In the future, we would like to develop self-diagnosis mechanisms while applying diagnostic tools from Konica Minolta.



Yushi Ueda
Director / General Manager
Szepak Precision (Wuxi) Co., Ltd.



Masafumi Uchida, Senior Executive Officer Responsible for the Environment, Konica Minolta, Inc. (second from the right) listens to an explanation of production process measures.



Szepak Precision (Wuxi) Co., Ltd. achieved its Green Supplier activity targets

Environment

Social Innovation

Customer Satisfaction and Product Safety

Responsible Supply Chain

Human Capital

Diversity

## Key Action 3 — Green Marketing

### Background and Issues

Environmental issues such as global warming and resource depletion cannot be solved by the efforts of just one company. All companies need to raise their level of contribution to global environment preservation throughout the value chain. This can be achieved by going beyond the company's immediate range of activities, and creating shared value with customers and other stakeholders.

### Vision

Konica Minolta seeks to make a substantial contribution to the entire value chain by sharing its expertise and experience with customers to help resolve their environmental challenges. The goal is to strengthen relationships with customers and continually create shared value, building on the foundation of trust they have with Konica Minolta.

### Key Measures and KPIs

Strengthening relationships and helping customers solve their environmental challenges
- Reduce customers' environmental impact
- Generate sales opportunities

## Fiscal 2017 Activity Results

### Green Marketing Activities

The solutions provided by Konica Minolta include not only products and services, but also environmental expertise that is useful to customers. Through Green Marketing activities that provide the proven environmental expertise the company already possesses, Konica Minolta seeks to build corporate relationships by helping solve environmental issues and by enhancing appreciation of its environmental management. The aim of these efforts is to become the business partner of choice for companies around the world. In fiscal 2017, Konica Minolta provided environmental seminars, lectures and factory tours in Japan to a total of 1,453 people from 163 companies. At EcoPro 2017 held in December in Tokyo, visitors were introduced to Konica Minolta's environmental management approaches to help solve environmental issues linked with a business plan, and the response was very favorable. The company's environmental consultation corner offered advice to visitors from 145 companies. Along with providing the environmental expertise practiced by Konica Minolta over the years, Konica Minolta representatives also visited some of the consultation recipients after the event to talk about environmental performance.

In China, where environmental laws and regulations have been substantially tightened, Konica Minolta held 22 environmental management exchanges and factory tours at 14 locations. A total of 630 people from 399 companies experienced the frontline expertise developed at Konica Minolta production sites in China. In some cases, expertise was mutually shared concerning a wide range of fields in addition to environmental performance, such as quality, production technology, and human resources development. There are also ongoing exchanges now being carried out between Konica Minolta sites and other factories. In addition, Konica Minolta is promoting public-private partnerships in China. This includes holding environmental management seminars and factory tours in cooperation with the Environmental Protection branch of Shilong and other regional Chinese government agencies.


Konica Minolta booth at EcoPro 2017 in Tokyo


Environmental management seminar and factory tour in cooperation with the Environmental Protection branch of Shilong

Environment

Social Innovation

Customer Satisfaction and Product Safety

Responsible Supply Chain

Human Capital

Diversity

## Launching Green Marketing Activities in Europe

In France, a country where environmental awareness is especially high among European countries, Konica Minolta held environmental seminars as well as environmental management exchange meetings and factory tours, and many customers participated. At the Konica Minolta plant in France, employees promoted energy-saving activities and toner recycling to achieve reductions in both environmental impact and costs. Activities to promote biodiversity, such as vegetable gardening and endangered species protection, were also carried out. In recent years, the toner filling line has become fully automated, and the site has implemented computerized monitoring of line operation status, as well as bottle molding using recycled materials. This has further improved the level of environmental activities. During factory tours, visitors were particularly impressed with the complete automation of processes from toner filling to packaging and shipping.


Tour of the bottle molding line


Environmental management exchange meeting

## 🔍 Close Up

# Environmental Initiatives Presented by the Sales Division at EcoPro 2017

At EcoPro 2017, an environmental talk was given by a Konica Minolta employee. He introduced practical examples of environmental management activities, such as how the Sales Division came to realize that environmental activities, which were once thought of as an extra, are actually inseparable from the business. This turning point came when the Sales Division understood that environmental activities are not independent from the business, and that environmental issues represent one of the key challenges facing all companies. In other words, helping to resolve environmental issues is a way to strengthen the business. The audience was especially impressed by his explanation of how this realization came about.

The listeners also reacted favorably to the fact that approaches and expertise gained through environmental activities were applied to daily sales activities. These approaches have been used not only to reduce energy waste, but also to clarify important issues and make more valuable proposals to customers.


Environmental talk at EcoPro 2017

## 💬 Voice of a Customer

At our company, I had always heard the comment that environmental activities involve a significant cost. When I attended the Konica Minolta lecture however, I realized that environmental activities can actually lead to cost reductions. So, we used Konica Minolta's "bizLibrary" environmental management support tools as a reference and first set up monitoring of energy usage at our main factory. Looking at the results, we decided to focus on gas consumption, which accounted for a large proportion of our energy usage. We optimized the manufacturing process and took measures to reduce heat loss, while verifying the influence on product quality. This enabled us to reduce both $CO_2$ emissions and costs. As people at the site saw the cost reduction effect, everyone grew in their environmental awareness, and since then many employees have come up with their own ideas for energy conservation. This success case is now being expanded to other plants.

Gen Ohhara
Factory Unification General Manager
Paloma Co., Ltd.



Environmental measures are designed on site

# Social Innovation

Konica Minolta continues to create new value for society by providing innovative solutions and products with a focus on social and environmental sustainability.

**Related SDGs**

3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH

11 SUSTAINABLE CITIES AND COMMUNITIES
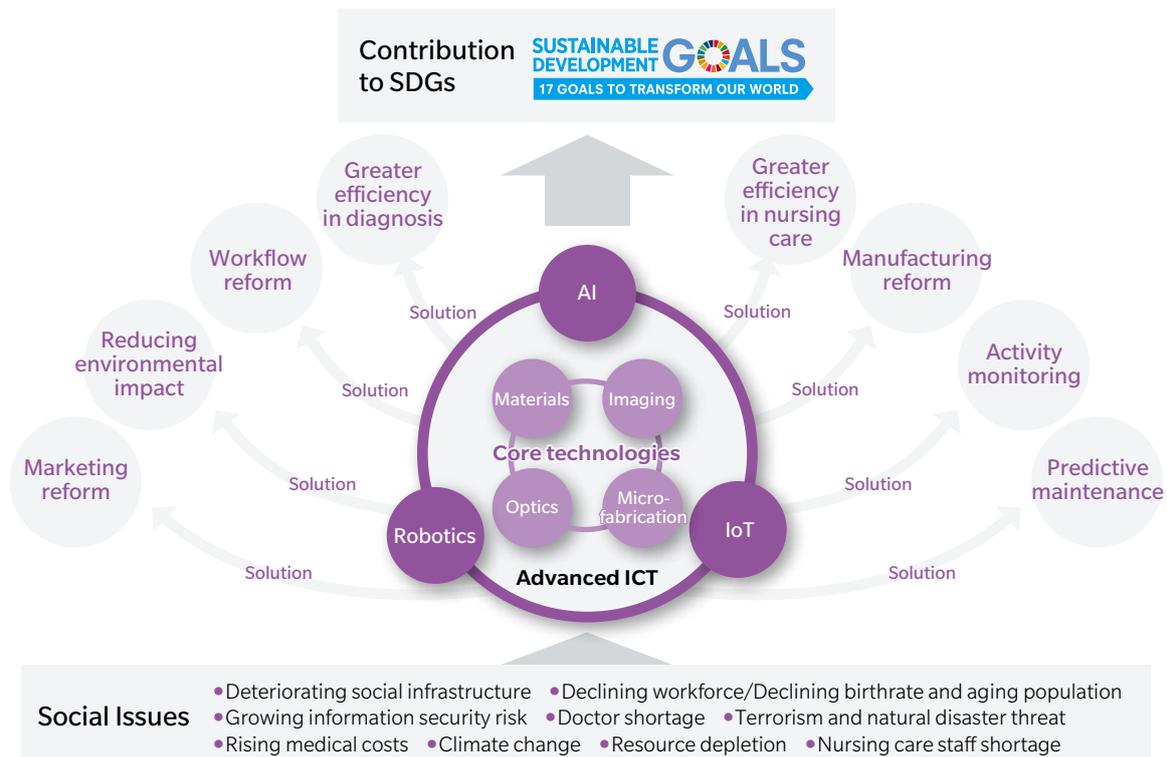
## Our Concept

### Focusing on Social Issues and Creating New Value

Social concerns such as climate change, resource depletion, and population decline have emerged in recent years. Against this backdrop, the Sustainable Development Goals (SDGs) were adopted at the United Nations Sustainable Development Summit in September 2015. Corporations are expected to play a role in achieving these goals, and positive corporate action has become more important than ever.

Konica Minolta is proactively addressing this need by incorporating state-of-the-art digital technologies, such as the Internet of Things (IoT), artificial intelligence (AI), and robotics into its core technologies. The company is working to transform its business to focus on providing solutions to pressing global issues.

This transformation seeks to contribute not only to the achievement of the SDGs, but to enriching people's lives.

Contribution to SDGs

**SUSTAINABLE DEVELOPMENT GOALS**
**17 GOALS TO TRANSFORM OUR WORLD**

- Greater efficiency in diagnosis
- Workflow reform
- Reducing environmental impact
- Marketing reform
- Greater efficiency in nursing care
- Manufacturing reform
- Activity monitoring
- Predictive maintenance

**Core technologies**

- AI
- Materials
- Imaging
- Optics
- Micro-fabrication
- Robotics
- IoT

**Advanced ICT**

Solution

**Social Issues**
- Deteriorating social infrastructure
- Declining workforce/Declining birthrate and aging population
- Growing information security risk
- Doctor shortage
- Terrorism and natural disaster threat
- Rising medical costs
- Climate change
- Resource depletion
- Nursing care staff shortage

**Key Action**

# Business Development That Contributes Solutions to Social Issues

### Background and Issues

To remain a company that is valued by society, Konica Minolta must continue to develop innovative technologies that contribute solutions to social issues. Based on this concept, the company is focusing on increasing its capacity to contribute solutions to social issues when developing new businesses.

### Vision

Konica Minolta believes that reforming the workflow used by people who work in offices, medicine and industry leads to solutions for various social issues. The company seeks to leverage its technologies, human resources and networks to create a wide range of businesses that help to solve the issues faced by its customers and society.

### Key Measures

- Promoting new business development through core technologies and open innovation
- Promoting business development at the company's five Business Innovation Centers (BICs)

## Major Initiatives

### Worldwide, Five Business Innovation Centers (BICs) with about 100 Projects

Konica Minolta operates BICs in the five major regions of the world—Japan, Asia Pacific, China, Europe, and North America—with the goal of generating new thinking and creating innovative businesses.

Experienced professionals from other companies and organizations have been appointed as directors of operations at each center. The BICs are incorporating diverse, new perspectives by collaborating with universities and venture companies. They are currently moving forward with about 100 projects focused on market characteristics and changes in the business environment in each region.

In fiscal 2017, solid results were obtained: four projects brought a product to market. BIC Japan developed the world's first* body odor detector, "Kunkun body," a device that makes odor visible, and began selling it in fiscal 2017. For the product development, BIC Japan brought the product to market in just two and a half years from the planning stage. This was achieved by effectively incorporating external technologies, such as the results of collaborative research with the Osaka Institute of Technology to analyze the problem of odor.

Another BIC project is helping solve the social issue of traffic infrastructure deterioration. Called the Non-destructive Inspection Solution Using AI and Magnetic Sensing for Visualization of Steel Fractures Inside Concrete Bridges, the project was selected as a finalist at the 5th IoT Lab Selection held by Japan's Ministry of Economy, Trade and Industry. This initiative has been well received for effectively addressing this social issue.

\* Source: Study to verify that "Kunkun body" is a world first (as of January 12, 2018): ESP Research Institute, Inc. survey (December 2017 to January 2018)


Kunkun body


Non-destructive inspection to visualize fractures in steel materials inside a bridge

Related SDGs

Environment

Social Innovation

Customer Satisfaction and Product Safety

Responsible Supply Chain

Human Capital

Diversity

## Close Up 1

# Using Information and Communication Technology to Find Nursing Care Solutions for Problems Faced by a Super-Aged Society

Related SDGs

**3** GOOD HEALTH AND WELL-BEING

**8** DECENT WORK AND ECONOMIC GROWTH

### Social Issue

#### Increasing nursing care workload is intensifying physical and mental stress for staff

The number of people needing nursing care in Japan has continued to grow in recent years. Due to a shortage of care workers, workloads have increased for individual caregivers in nursing care facilities. As these caregivers also need to be constantly on alert for unexpected incidents, the increase in their mental stress has become a major concern.

### Konica Minolta's Innovation

#### Care Support Solution contributes to improving nursing care workflow

Konica Minolta offers the Care Support Solution, which transforms nursing care workflows, in order to free nursing care staff from heavy workloads resulting in physical and mental stress.

This system detects certain resident behaviors using near infrared cameras installed on the ceiling along with sensors that detect movement, and then notifies nursing care staff through their smartphones. Since the system makes it possible to know when residents have awoken, gotten out of bed, fallen or

### Main Functions of the Care Support Solution

**01** Resident video check, **offering assistance on-site**

**02** **Safety confirmation** notifies in cases of abnormal breathing

**03** Documents **evidence** in cases of falling or toppling

**04** Creates on-the-spot **care records**

Voice

**05** Instant and reliable **information sharing**

**06** **Remote microphone** encourages resident independence

"Ms. XXX, your blankets are tangled. Please take care when getting out of bed."

### Social Issues

- Japan has become a super-aged society, with one in four people over the age of 65 and a growing number of elderly needing care.
- Approximately 2.49 million care workers will be required by 2025, but it is a challenge to secure nursing care personnel.
- The number of patients per care worker has increased, the labor environment has become difficult, and it has in turn become difficult to secure nursing care quality.

### Workflow Transformation

- Room visiting flow
- Fall response flow
- Night round flow
- Record inputting flow
- Information sharing flow

**Operation efficiency**

**Creation of extra time**

**Improving satisfaction level of care recipients**
- Improving nursing care service quality
- Improving sense of security

**Improving nursing care staff satisfaction**
- Reducing overtime hours
- Securing break time
- Reducing physical and mental stress

**Improving the satisfaction of nursing care facility administrators**
- Differentiation from other facilities
- Reducing nursing care staff turnover

Environment

Social Innovation

Customer Satisfaction
and Product Safety

Responsible Supply Chain

Human Capital

Diversity

activated the nurse call button, it helps the staff to determine the best response method after understanding the situation. Since smartphones are used to keep nursing care records and share information among staff in real time, the system reduces the amount of walking required in a large facility, thereby greatly improving the efficiency of work. Additionally, since the system makes it possible to extract and record what happened before, during, and after a fall accident involving a resident, the causes and proper response measures can be investigated at an early stage, while also providing a sense of security for nursing staff and the resident's family members.

The facility where this solution was introduced reported an average efficiency improvement of 30% for nursing care staff. The extra time that the system saves nursing staff can now be used to enhance resident self-sufficiency, such as rehabilitation assistance. It can also be used for education and training for nursing staff and for general administrative work. This has improved the satisfaction of residents and staff.

In addition to workflow transformation in nursing care facilities, Konica Minolta is focusing on home care. Going forward, the company will analyze behavior data involving elderly individuals and home nursing caregivers. By linking home medical support and lifestyle support with optimum timing, Konica Minolta will be able to help realize more efficient home nursing care. This will help create a society where the elderly can feel secure about the nursing care they receive.

### KPIs for the Care Support Solution
(in a nursing care facility where it was implemented)

| | |
|---|---|
| Time spent by nursing care staff on walking and record keeping | 30% improvement in work efficiency |
| Satisfaction level among nursing care staff | 100% (as of June 2018) |

## 💬 Voice of a Customer

### "It changed our nursing care staff to be more engaged in their jobs."

Until recently, we did not emphasize efficiency because we thought that would get in the way of our commitment to put resident care first. However, since we introduced the Care Support Solution, we now hear our nursing care staff happily using terms such as "operation efficiency" and "operation improvement." The staff are able to use their smartphones to receive nurse calls from residents, to easily share information with each other, and for record keeping. Since the system also captures video of incidents such as injuries and falls, they can retrieve accurate information. This helps the staff to provide detailed explanations to residents' family members, and the information also ensures they can take the right steps to prevent recurrence. We have also seen a change in the satisfaction level among nursing care staff due to the resulting work efficiency and improvements. In the future, we would like to continue being a facility that our nursing care staff would want to recommend to their own parents.

Tatehiko Hashimoto
Facility Director

Mari Komazaki
Nursing care staff
Care Home
Nishi-Gotanda

### More time for staff education and to support other facilities

Since we can look at the monitor and determine the urgency of the incident, wasted movement has been drastically reduced. As a result of the new system, we can now have two people looking after three floors at night, instead of needing a person for each floor. That enabled us to add an additional person during the daytime. Previously, we also had to open the room doors to check on the residents during the night, but now that is no longer necessary and residents are able to sleep better. As a result of introducing this system, the facility was able to reduce the working hours per month by about 600, which is almost equivalent to the hours worked by four employees. Going forward, we would like to use that surplus time for external training, onsite education, and support for other facilities.

Eri Yamanaka
Facility Director
Anshin Seikatsu
Uchiyama, Meglus Inc.

## Close Up 2

# Initiatives for Precision Medicine that Contribute Solutions to Social Issues in the Healthcare Field

Related SDGs

**3** GOOD HEALTH AND WELL-BEING

**8** DECENT WORK AND ECONOMIC GROWTH

### Social Issue

#### Improving patient quality of life while reducing healthcare costs has become a major social issue

Treatments for cancer mainly consist of surgical treatment, anticancer medicine treatment, and radiation therapy. Among these, the benefits and side effects of anticancer medicine therapy vary greatly depending on the patient. Some medicines are costly and have risk of side effects, but still are not delivering the desired response rate. If the physiological characteristics of patients at the molecular level, such as genes and proteins, can be determined, and patients can be accurately grouped by these characteristics, the treatment, medication prescribed, and prevention can be made more accurate and efficient, thereby dramatically improving quality of life for patients.

### Konica Minolta's Innovation

#### Supporting drug discovery as well as accurate and efficient cancer diagnosis utilizing technology developed for photographic film
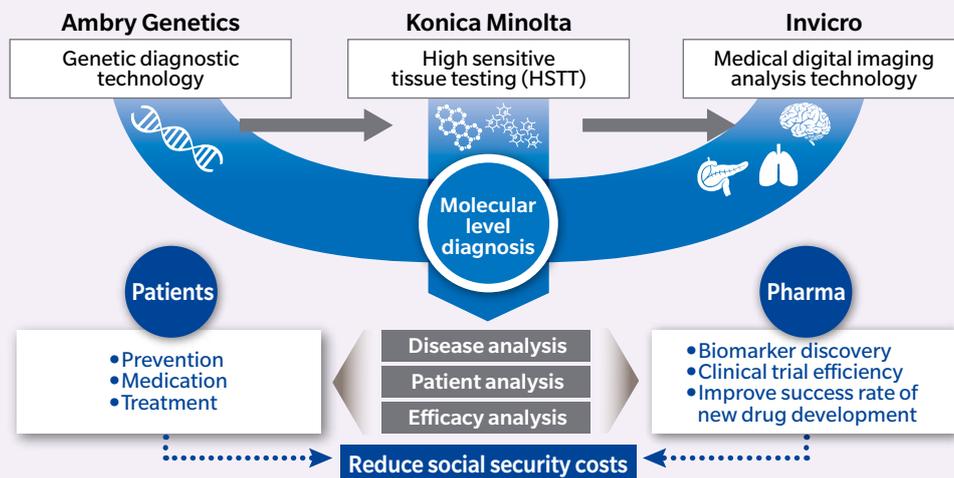
Pharmaceutical companies are developing molecularly targeted drugs for precision medicine. The medicines are expected to be more effective and have fewer side effects because they attack only specific cancer cells. Konica Minolta has material and image processing technologies which it originally developed in photographic film.

By using fluorescent nanoimaging technology based on these technologies, certain proteins and cellular tissues can be made to emit bright light. The number and position of these proteins and cell area can then be determined through automatic analysis, thereby making accurate and efficient cancer diagnosis a reality. Pharmaceutical companies and medical institutions already have great expectations for this new technique, welcoming it as a revolutionary technology that can be broadly applied in areas such as medicine development, clinical trials, and pathology diagnosis. In addition to these innovative technologies developed in-house, Konica Minolta has also obtained expertise through corporate acquisitions. It is now in the process of integrating its own technologies with world-class genetic analysis technology from Ambry Genetics Corporation, along with biomarker* search technology and techniques for numerical analysis of complicated biological information from Invicro LLC.

Moreover, pharmaceutical companies are working to shorten the R&D time for molecularly targeted medicines and cancer therapy medicines. There is a new movement to reduce the cost and time required for clinical trials by clearly identifying subjects for which certain medicines will be effective. Shortening of R&D time is expected to lower the price of new medicines and help control healthcare expenses.

* Indicators of body condition such as genes and proteins contained in blood, urine, etc.

### Konica Minolta's Vision for Precision Medicine



**Ambry Genetics** — Genetic diagnostic technology

**Konica Minolta** — High sensitive tissue testing (HSTT)

**Invicro** — Medical digital imaging analysis technology

Molecular level diagnosis

Patients
- Prevention
- Medication
- Treatment

Disease analysis
Patient analysis
Efficacy analysis

Pharma
- Biomarker discovery
- Clinical trial efficiency
- Improve success rate of new drug development

Reduce social security costs

Environment

Social Innovation

Customer Satisfaction and Product Safety

Responsible Supply Chain

Human Capital

Diversity

## 🔍 Close Up 3

Related SDGs

![8 DECENT WORK AND ECONOMIC GROWTH]

# Workplace Hub Transforming Workflow at Business Sites

### Social Issue

#### Many countries are working to increase productivity and improve work environments

Improving productivity and work environments is one of the key themes for the sustainable development of society. In Japan in particular, where the labor force is shrinking due to a declining birthrate and an aging population, work-style reform is being promoted to improve labor productivity while offering flexible work options.

### Konica Minolta's Innovation

#### Promoting work-style reform with Workplace Hub and other solutions

Today's workplaces must deal with large quantities of electronic data, as well as printed information such as meeting documents and invoices. They also must consider the conversations, physical movements, and health conditions of the people working there. By digitizing all this information, bringing it together, and analyzing it with the latest technologies such as artificial intelligence, invisible issues in the office can be identified. Konica Minolta's Workplace Hub (WPH) is a platform that supports customers' business transformation and work-style innovation by offering solutions to problems that customers themselves are not yet aware of. By providing solutions that address issues in offices as well as specific industries such as manufacturing and hospitals, Konica Minolta is contributing to the productivity of working people.

## 🔍 Close Up 4

Related SDGs

![3 GOOD HEALTH AND WELL-BEING]

# Addressing the Challenge of Doctor Shortages in Emerging Countries—Remote Healthcare Using Portable Medical Devices and AI

In Bangladesh, lifestyle-related diseases are skyrocketing, and quickly responding to patient needs is a critical issue in the healthcare field. In rural areas, where nearly 70% of the population lives, there is a shortage of medical facilities, equipment, and doctors. In order to receive medical treatment, patients must travel considerable distances to urban areas.

To address this challenge, Konica Minolta proposed a system whereby a rural clinic can take patient X-rays using portable equipment. The imaging data is then uploaded to the cloud, allowing urban doctors to view the X-rays and make the appropriate diagnoses. A diagnostic pilot project was launched in January 2017, providing the first full-scale medical examination service for that region.

Furthermore, in order to realize an even more cost effective medical examination service, Konica Minolta is currently collecting data to enable the incorporation of AI and analytical technologies into the system in order to screen out suspected abnormal X-ray images and to automate the primary screening.

This project was adopted by the Japan International Cooperation Agency (JICA) for its fiscal 2017 survey of businesses (SDG businesses) to help solve issues in developing countries. Konica Minolta will continue to develop activities that introduce and expand health examinations in Bangladesh.

X-ray exam using mobile imaging equipment

# Customer Satisfaction and Product Safety

Konica Minolta takes a customer-centric approach to building trusting, long-term relationships with customers and aims to co-create new value with them.

**Related SDGs**

![12 RESPONSIBLE CONSUMPTION AND PRODUCTION]

## Our Concept

### Aiming to Become No. 1 in Customer Satisfaction Based on the Medium-Term Quality Plan 2017–2019

One of the goals of Konica Minolta's Medium Term Business Plan "SHINKA 2019" is to help solve social issues by becoming a digital company that provides solutions with insight into implicit challenges facing society. Based on the belief that developing solutions to challenges faced by professionals in the workplace ultimately benefits society by helping to resolve social issues, it is also necessary to bring a revolution to the "form" of quality assurance delivered to customers by providing quality-guaranteed products and services. This has made it important for the company to transform its actions by taking the customer's perspective.

To guide this new approach, Konica Minolta has recently implemented its Medium-Term Quality Plan 2017–2019 based on the concept of shifting focus from quality from the manufacturer's perspective to quality from the customer's perspective. Under this plan, Konica

Minolta is striving to provide customers with "safety and security" by achieving quality with a high degree of reliability. By creating new quality value, the company is aiming to become No. 1 in customer quality satisfaction by improving customer engagement.

In order to realize highly reliable quality, the company is working to transition from quality assurance for products to include quality assurance for services while continuously enhancing quality assurance and endeavoring to reduce quality risk in all service business areas.

Meanwhile, in order to create new quality value, Konica Minolta is promoting initiatives that start on the customer's frontline. By analyzing customer feedback, identifying latent challenges, and then helping to solve them, Konica Minolta is striving to achieve a new level of engagement above and beyond customer expectations.



| Customer | Safety | Security | Trust | Engagement | Becoming No. 1 in customer satisfaction |
| Konica Minolta | Achieving top-tier quality and reliability | + | Creating new quality value | | |

**Key Action 1**
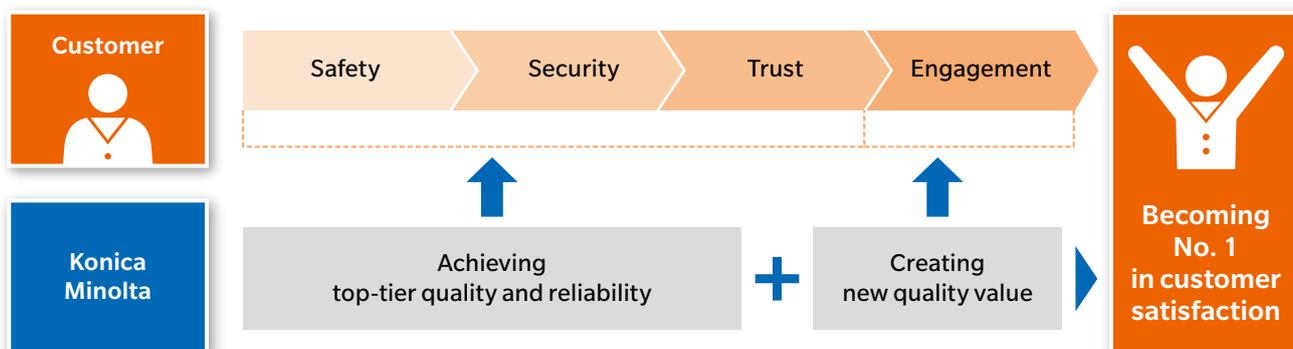
# Achieving Top-Tier Quality and Reliability

## Background and Issues

Konica Minolta believes that ensuring product safety and security is essential for achieving highly consistent quality. With the advent of the IoT era, this is true not only for hardware but also for guaranteeing the quality of solution services. Based on this new approach, the entire Konica Minolta Group believes that this commitment to quality and safety is the key to sustainable growth.

## Vision

To deliver value to customers, Konica Minolta continually seeks to enhance its products, incorporating cutting-edge technologies. Simultaneously, the Group is raising awareness among employees about addressing quality from the customer's perspective, while continuously enhancing quality management activities. The aim is to provide customers with products and services that offer even greater convenience, safety and peace of mind.

## Key Measures and KPIs

- Enhancing product risk assessments and improving quality awareness: Number of serious product-related accidents[1] in fiscal 2017–2019: 0
- Reducing quality risk in the service business area: Number of serious security incidents[2]: 0

[1] **Serious product-related accidents** refer to those accidents that cause serious harm to the product user's life and/or body and accidents that cause serious damage to assets other than the product.
[2] **Serious security incidents** refer to product-security incidents that cause serious and significant harm to the product user's business.

## Main Initiatives in Fiscal 2017

### Risk Assessment and Education to Ensure Product Safety

In order to deliver safe products to customers, the Konica Minolta Group carries out risk assessment in the product commercialization stage, then follows with a safety design based on these results and detailed safety checks.

At the development stage in particular, the Group closely evaluates each product part to thoroughly reduce risk and ensure product safety.

Product safety training including lectures and risk assessment exercises are provided group-wide to engineers who are engaged in design and development, production technology, procurement, and quality assurance. The Group is working to realize product safety by enhancing safety-oriented mindsets and skills.

Number of serious product-related accidents in fiscal 2017

**0**

### Enhancing Secure Product Development and Operation

In a society where an increasing number of devices are connected to the Internet using IoT technology, security incidents that involve exploitation of product vulnerabilities, such as unauthorized intrusion, unauthorized operation, and data tampering, are new threats that can cause serious damage to customer operations. In its Medium Term Business Plan, Konica Minolta has positioned its Edge IoT platform strategies, such as Workplace Hub, as a major growth driver among its new businesses. The company recognizes that the risk of IoT security incidents will increase in this area compared to its conventional foundational business.

Information regarding the vulnerability of products is being centrally managed group-wide. Along with promoting the necessary measures, the company has launched KM-PSIRT* as a group-wide organization to collaborate with external public organizations, and it has begun relevant activities. Additionally, Konica Minolta has established security guidelines spanning the entire product lifecycle from product planning and development to product use. The company is also constructing mechanisms to ensure that secure products are provided to the market, and to respond and report promptly when incidents occur.

*ature**KM-PSIRT**: Konica Minolta's Product Security Incident Response Team, a product vulnerability response organization

Environment

Social Innovation

Customer Satisfaction and Product Safety

Responsible Supply Chain

Human Capital

Diversity

### Creating a Quality Assurance System in Service Business Areas in the IoT Era

In service business areas, the company believes it must shift from product quality assurance to service quality assurance and establish the most innovative processes. Services are different from manufactured products as they lack physical form, their quality cannot be checked in advance, and they highlight the importance of process in addition to results. Consequently, it is a challenge to predict and manage highly reliable quality.

Based on this shift in business, the company is promoting the construction of a service commercialization process, and human resource development for process management as a way to create a mechanism for quality assurance in the upstream stage of the service business.

When developing a new service business, Konica Minolta utilizes the agile development method. It quickly ascertains the quality required by customers and uses this knowledge to enhance quality assurance. This method is performed not only in Japan, but also globally at locations in customers' vicinities, to ensure strong quality assurance worldwide.

Furthermore, a company-wide working group has been established based on several key terms: cloud-based services, product security, and agile development, which are the core elements of a service business. Konica Minolta is working on the formulation of quality standards and usage guidelines, along with actions to put them into practice.

**Quality Issues and Steps to Grow Service Business Areas**

| Product business (marketing products) | → | Service business (marketing services) |
| --- | --- | --- |

**A change in the approach to quality is necessary**

**Step 1**

**Create mechanisms that can guarantee service quality**

- Build a service commercialization process
- Develop human resources skilled in managing processes

**Step 2**

**Enhance quality assurance in the service business**

- Have working groups formulate guidelines

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## Close Up

# Promoting Service Development Using Design Thinking

Led by the Human Experience Design Center, and with cooperation from the business divisions, Konica Minolta is introducing design thinking and developing value-added services based on a customer-centric perspective, rather than a manufacturer's perspective.

Design thinking is a mindset and a method for discovering the value that customers need. It helps create ways to realize that value by applying rapid cycles of observation, empathy, issue definition, idea generation, prototyping, and verification.

Through the incorporation of design thinking, Konica Minolta is promoting service development from the customer's perspective in its B2C business areas like planetariums and in its B2B business areas such as healthcare and factory equipment maintenance. For example, the company's factory equipment maintenance service involves visiting the customer site and meeting with various stakeholders, and accompanying staff on actual equipment inspection patrols. This allows Konica Minolta to experience the customer's workflow, gain a deeper understanding of the customer's processes, and uncover latent frontline issues at the site. A process of repeated value hypothesis creation and verification is then carried out by both parties. Next, a clear scenario for improvements is shared with the customer addressing the ideal equipment maintenance situation that can be achieved. At the same time, a new solution is created with the customer, for instance, for making gas and heat usage visible. This, in turn, leads to the realization of service development.

Konica Minolta will continue to pursue the creation of value that customers are truly seeking, in various business areas. It will also produce innovation that contributes to the identification and solution of challenges for society and local environments.


A team works to develop services using design thinking

Environment

Social Innovation

Customer Satisfaction and Product Safety

Responsible Supply Chain

Human Capital

Diversity

**Key Action 2** # Creating New Quality Value

## Background and Issues

Long-term customer relationships are essential to the success of Konica Minolta's businesses in office equipment, medical devices, measuring instruments, and other products. In order to remain irreplaceable to customers in an era when needs are becoming more sophisticated and diverse, the ability to anticipate potential challenges is required. Consequently, Konica Minolta understands the importance of visiting customer sites in order to build trusting relationships, foster collaboration, and provide solutions to problems.

## Vision

Konica Minolta uses customer feedback to improve its products and services. The company strives to strengthen its relationships by helping customers achieve their unique goals. Konica Minolta aims to continually improve customer satisfaction and form strong relationships that result in a positive reputation and new customer referrals. Furthermore, it will continue to create value for customers and contribute to the identification and solution of social issues.

## Key Measures

- Continue conducting satisfaction surveys and implementation of improvements based on these results
- Constructing verification processes for customer value creation using design thinking

## Main Initiatives in Fiscal 2017

### Strengthening Customer Relationships

Konica Minolta strives to continuously improve customer satisfaction at all Group companies worldwide, and continues to see the positive effects of using customer satisfaction surveys in each business domain. Furthermore, the company is focusing on NPS* as an indicator of the level of customer engagement. The company has globally developed its own scientific approach that adds NPS to worldwide customer satisfaction surveys and uses the results to improve product and service quality.

The results of NPS surveys in the mainstay Business Technologies Business have improved every year since the full-scale global survey in fiscal 2014. In fiscal 2017, Konica Minolta received a score that was 9 points higher than in fiscal 2014.

Starting in fiscal 2017, in addition to the annual survey, Konica Minolta introduced a transaction survey system that ascertains the satisfaction level and NPS score whenever contact with customers is made, such as during telephone inquiries and repair service calls. By ascertaining customer feedback and satisfaction levels in real time, the company aims to make improvements even more quickly.

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

### Developing Quality Improvement Activities from the Customer's Perspective

The staff of Konica Minolta's sales companies are in daily contact with customers. As part of the company's effort to improve quality from the customer's perspective, sales company staff participate in sales company joint evaluations and take part in evaluating quality in the development stage. In fiscal 2017, in order to advance this initiative and obtain the candid opinions of customers regarding quality, C-PIUZ* activities were introduced. These activities allow staff from the quality assurance and development departments to visit customers together with sales company staff. Through this activity, employees gauge customer feedback and make use of this information to improve products and services. Additionally, Konica Minolta uses design thinking to uncover the value that customers are truly seeking. It works to establish processes and methods for hypothesis verification in the development stage, and to determine whether the value is actually recognized by the customer once the product is on the market.

* **C-PIUZ:** Customer-Problem In Using to Zero, a unique Konica Minolta initiative to reduce quality problems that occur when customers are using the product.

# Responsible Supply Chain

Konica Minolta will continue to pursue socially responsible procurement in cooperation with its suppliers, recognizing them as key business partners that help the Group fulfill its responsibilities to society.

**Related SDGs**

## Our Concept

### Solving Social Issues with Suppliers through Business Activities

Konica Minolta promotes CSR procurement throughout its supply chain, helping to create sustainable societies.

The company believes that corporations are not only responsible for their products, but also socially responsible to improve conditions of labor (human rights), ethics, the environment, safety and health, throughout the supply chain that delivers products to customers. Konica Minolta practices CSR procurement in order to realize these improvements at its manufacturing sites and works closely with the suppliers who supply raw materials and parts for its products.

To further facilitate these efforts, Konica Minolta has joined the Responsible Business Alliance (RBA, formerly EICC),[1] which conducts activities according to

internationally recognized standards such as the Universal Declaration of Human Rights[2] and ILO International Labour Standards[3] and works in cooperation with member companies under the RBA framework.

[1] **Responsible Business Alliance (RBA):** Organization that promotes CSR in the supply chain
[2] **Universal Declaration of Human Rights:** Basic human rights to be recognized by all people and countries, adopted in 1948 by the United Nations General Assembly
[3] **ILO International Labour Standards:** Standards on human rights and labor adopted by the general assembly of the International Labour Organization (ILO)

**Responsible Business Alliance**
Formerly the Electronic Industry Citizenship Coalition
Advancing Sustainability Globally

### Konica Minolta's Approach to CSR Procurement in the Supply Chain

**Customers**
Improvement of customer satisfaction
▮ Purchasing of products made with a commitment to CSR

**Creation of shared value**

**Konica Minolta**
Improvement of corporate value
▮ Expansion of sales opportunities
▮ Enhancement of brand power
▮ Improvement of employee satisfaction

**Suppliers**
Improvement of corporate value
▮ Expansion of sales opportunities
▮ Enhancement of brand power
▮ Improvement of employee satisfaction

Sustainable society

Environment

Social Innovation

Customer Satisfaction and Product Safety

Responsible Supply Chain

Human Capital

Diversity

**Key Action**

# Promoting CSR in the Supply Chain

## Background and Issues

The Konica Minolta Group recognizes that, around the world, many people are forced to work with no respect for their rights or in deplorable conditions, and that children and foreign/migrant workers are particularly vulnerable to this. The Group also understands that companies must fulfill their social responsibilities, including making improvements in the areas of labor issues (human rights), ethics, the environment, and health and safety, not only related to their own products, but also throughout the entire supply chain for the products delivered to customers.

## Vision

Konica Minolta addresses social issues, seeking to build sustainable societies that respect human rights. To achieve this, Konica Minolta is working to solve social challenges through its business activities, including procurement, production, and logistics, while cooperating with its suppliers. These initiatives are expected to raise Konica Minolta's corporate value as well as the value of its entire supply chain. Supplying products that customers can purchase with peace of mind is a sure way to ensure success in "Creating Shared Value."

## Key Measures and KPIs

**CSR procurement (FY2017 to FY2019)**
- Request that suppliers carry out CSR activities: 100% implementation
- CSR assessment: Complete assessments of all Group production sites and approximately 120 important suppliers
- CSR audit: Complete audits of two important Group production sites and two important suppliers

**Response to conflict mineral issues (FY2017 to FY2019)**
- Supplier response rate to conflict mineral surveys: Maintaining 95% or higher
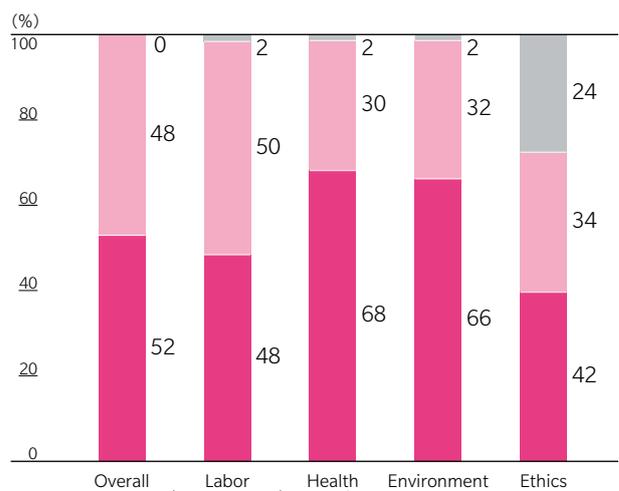- Response to customers' requests for surveys: 100%

## Main Initiatives in Fiscal 2017: CSR Procurement

### Requests for CSR Activities and CSR Assessment

Konica Minolta leverages its Procurement Policy and Supplier Code of Conduct to request suppliers to participate in CSR activities. With explicit targets and standards set in areas such as labor (human rights), ethics, the environment, and health and safety, these activities aim to promote improvements at suppliers. In order to ascertain the level of CSR activity implementation, Konica Minolta conducts CSR assessments using Self-Assessment Questionnaires (RBA SAQ) based on RBA standards, which are completed by its important suppliers and its production sites. Konica Minolta classifies the results of the self-assessment questionnaire from rank A to C. The targets for overall scores are rank A for all Group production sites and rank B or higher for all suppliers.

In fiscal 2017, Konica Minolta conducted assessments at three Group production sites and 50 suppliers. All production sites achieved an overall rank of A, and all suppliers achieved an overall rank of B or higher. Still, Konica Minolta has been asking suppliers whose overall assessment results met the targets but had specific component scores that revealed weaknesses to make further voluntary improvements. The Group will continue to conduct periodic checks and provide support.

### Suppliers' CSR Assessment Results (Percentage Ranking)

| | Rank C | Rank B | Rank A |
|---|---|---|---|
| Overall | 0 | 48 | 52 |
| Labor (human rights) | 2 | 50 | 48 |
| Health and safety | 2 | 30 | 68 |
| Environment | 2 | 32 | 66 |
| Ethics | 24 | 34 | 42 |

- **Rank A (100% - 85%):** Almost completely satisfies social demands
- **Rank B (85% - 65%):** Some issues necessary to be improved
- **Rank C (65% - 0%):** Significant issues necessary to be improved

## CSR Audits at Group Production Sites

Since an RBA third-party audit (VAP audit)[1] was conducted in fiscal 2014 at the Group's main production site, the plant has been making improvements in response to the issues identified. Based on the knowledge obtained through the audit, the Group developed the Konica Minolta CSR Audit[2] for its companies that manufacture MFPs and printers.

To date, the audits have uncovered issues such as the management of total working hours, provision of education concerning labor and ethics, and establishment of internal audit systems. In response to these issues, the audited companies prepared and enhanced their improvement plans. Follow-up audits have confirmed that the improvements have been completed.

Using its own internal audit system, Konica Minolta Business Technologies (Wuxi) has performed self-assessment and improvements in areas such as labor, health and safety. It will continue to make improvements using this internal audit system.

In addition, two MFP and printer manufacturers, Konica Minolta Business Technologies (Dongguan) Co., Ltd. in China, and Konica Minolta Business Technologies (Malaysia) Sdn. Bhd., received Konica Minolta CSR Audits. In order to take corrective actions on issues identified through these audits, the two companies established internal audit systems and trained their internal auditors. This led to the establishment of systems that enable continuous improvement. The two sites are also continuing to work on improvements concerning some of their labor issues.

In fiscal 2017, the scope of the Konica Minolta CSR Audits was expanded from the main MFP and printer manufacturers to manufacturers of consumables for MFPs, such as materials and toner cartridges.

After implementing the Konica Minolta CSR Audit for the first time, Konica Minolta Supplies Manufacturing Co., Ltd. and Konica Minolta Supplies Manufacturing France S.A.S. both recognized that they needed to establish their own internal audit systems. However, no practices against RBA standards relating to migrant workers or child labor were found. In fiscal 2018, follow-up audits will be performed to confirm the status of improvements at these two sites.

[1] **RBA third-party audit:** Using RBA standards, audits are performed by a third-party institution certified by RBA [Validated Audit Program (VAP) audits]
[2] **Konica Minolta CSR Audit:** Using RBA standards, audits are performed by Konica Minolta auditors who have RBA qualifications


CSR Audit at Konica Minolta Supplies Manufacturing France S.A.S.


CSR audit at Konica Minolta Supplies Manufacturing Co., Ltd.

## CSR Audits and Supporting Improvements for Suppliers

Konica Minolta wants suppliers to pursue their own independent CSR activities and provides information and support based on its knowledge to assist them.

This assistance includes providing information on legal requirements and the expectations of customers and society regarding CSR procurement. Konica Minolta also provides suppliers with specific education on the RBA audit standards they must know to conduct their independent CSR audits. Konica Minolta conducts its CSR Audits and then provides support for improvement activities based on the results.

In fiscal 2017 activities, after implementing a Konica Minolta CSR Audit in fiscal 2016, Chinese manufacturer Dongguan Konka Mould Plastic Co., Ltd. was given support to conduct its own internal audit the following year, which included education for internal auditors. This support is helping the company to establish a framework for continuous improvement.

Environment

Social Innovation

Customer Satisfaction
and Product Safety

Responsible Supply Chain

Human Capital

Diversity

## Main Initiatives in Fiscal 2017: Addressing Conflict Mineral Issues

### Ongoing Implementation of Conflict Minerals Surveys

It has been proven that certain minerals mined in the Democratic Republic of Congo and adjoining countries have become a source of funding for warring forces who are violating human rights. Konica Minolta carries out initiatives addressing conflict minerals in line with the OECD's Five-Step Framework.[1]

In fiscal 2017, Konica Minolta continued conflict minerals surveys and obtained responses from 99% of suppliers in scope. When carrying out the survey, suppliers were requested to take any steps needed to ensure transparency in the supply chain by reducing the number of unknown smelters, and to ensure their products are conflict-free.

The survey confirmed that 313 smelters and refiners in the supply chain are recognized by RMI.[2] Of these, 252 were certified as conflict-free. This was an increase of eight from the fiscal 2015 result. Also, 56 countries were thought to be country of origin of conflict minerals in the supply chain (as of March 31, 2018).

[1] **OECD's Five-Step Framework:** "Five-Step Framework for Due Diligence based on Risk in the Mineral Supply Chain" in Annex I of "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas" issued by the Organization for Economic Co-operation and Development

[2] **Responsible Minerals Initiative (RMI):** An organization with the participation of more than 300 companies and organizations worldwide that is leading efforts to eliminate human rights violations funded by conflict minerals.

### Number of Smelters/Refiners Confirmed in the Conflict Mineral Survey
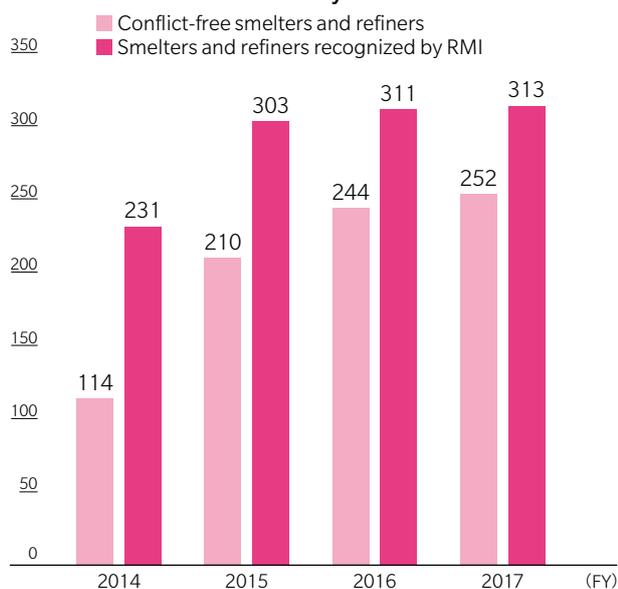


### Initiatives under the OECD's Five-Step Framework

**Step 1**
Establish strong company management systems
- The company established the Konica Minolta Conflict Minerals Policy Statement, requiring suppliers to be familiar with the policies. The policies are also incorporated into contracts with suppliers.
- Konica Minolta's conflict mineral programs are incorporated into its environmental management system led by an executive officer. In addition, a mechanism for implementing conflict mineral surveys, including production sites in Japan and overseas, has been prepared to identify the smelters and refiners in the supply chain.
- The management and staff in the procurement divisions in charge of procurement are given training regarding conflict mineral issues.

**Step 2**
Identify and assess risk in the supply chain
- Using the Conflict Minerals Reporting Template (CMRT) issued by RMI, Konica Minolta implements conflict mineral surveys.
- Based on the results of the survey and information from the identified smelters and refiners, Konica Minolta assesses the risk to the supply chain, by each supplier, and by each product. These results are reported to the executive officer in charge.

**Step 3**
Design and implement a strategy to respond to identified risks
- Based on the results of the risk assessment, Konica Minolta requests suppliers to take any needed steps related to conflict mineral issues. Activities such as building awareness about the issue of conflict minerals are also implemented.

**Step 4**
Carry out independent third-party due diligence audits for smelters/refiners
- Encourage smelters/refiners to participate in audit program through RMI and JEITA* activities.

**Step 5**
Report annually on supply chain due diligence
- Conflict mineral initiatives are posted every year on the company's website.

* **Japan Electronics and Information Technology Industries Association (JEITA):** An association with about 400 corporate and organization members mainly in Japan's IT and electronics fields

# Human Capital

Konica Minolta believes in its employees' potential to create new value, because they are the force that develops the company's solutions to the problems faced by customers and society. The company is building workplace environments that enable all employees to reach their full potential.
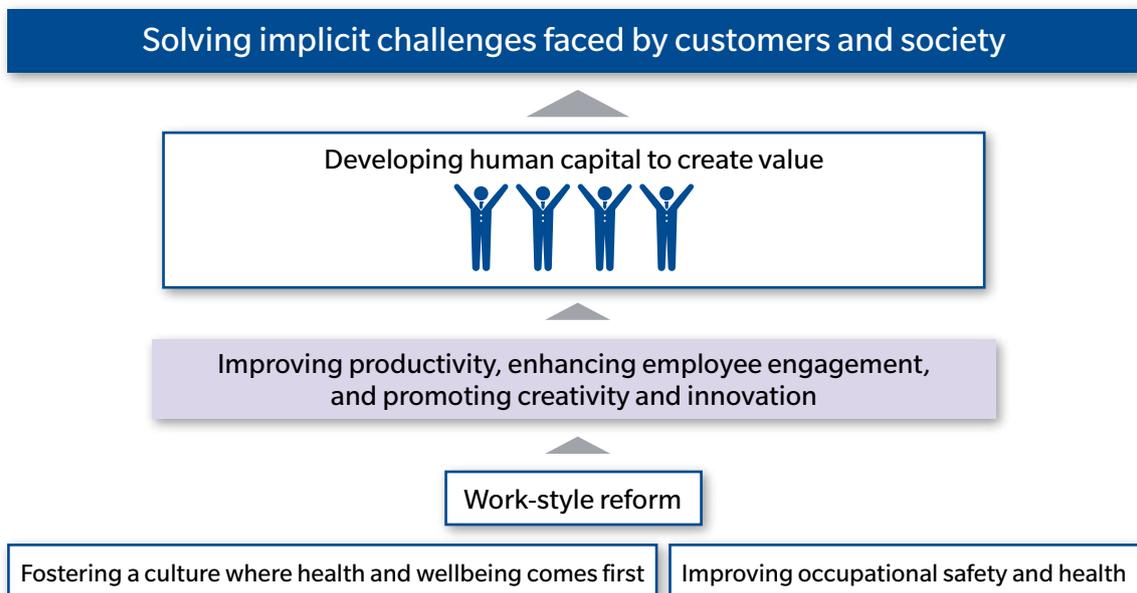
## Related SDGs

3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH

## Our Concept

### Raising the Value of Human Capital

Konica Minolta is working diligently to identify and solve implicit challenges faced by customers and society, recognizing that this is the key to achieving sustainable growth. In today's world, Konica Minolta's customers and society as a whole are faced with increasingly complex and unpredictable challenges. This means that innovative, flexible employees who take bold action are the key to Konica Minolta's success in achieving its growth strategy. Accordingly, Konica Minolta seeks to foster the independent development of all employees by hiring talented individuals and devoting ample resources to their development, while also providing an environment that allows every person to take the initiative to grow.

### Building Workplaces Where Employees Can Maximize Their Potential

Creating an environment where every employee can stay highly motivated while maintaining both physical and mental health is essential to ensure that they can maximize their potential. While fostering a corporate culture focused on health and improving occupational safety, Konica Minolta is working to reform employee work styles to make the most of individuals' abilities. By rolling out these initiatives globally, the Group is seeking to maximize the potential of all of its human capital and to enhance its employees' capacity to create value.

**Solving implicit challenges faced by customers and society**

**Developing human capital to create value**

**Improving productivity, enhancing employee engagement, and promoting creativity and innovation**

**Work-style reform**

**Fostering a culture where health and wellbeing comes first**

**Improving occupational safety and health**

**Key Action 1**

# Work-Style Reform

### Background and Issues

Konica Minolta recognizes that it must utilize the full potential of its employees to transform itself into a digital company with insight into implicit challenges, a goal laid out in the Medium Term Business Plan. Konica Minolta understands the need for work-style reform that allows all employees to demonstrate their full potential.

### Vision

Konica Minolta is moving forward with work-style reforms in many areas, including operational processes, human capital utilization, roles and authority, systems, and environmental measures. In so doing, the company is seeking to improve the job satisfaction of every employee as well as overall productivity. In a business environment where unprecedented changes continue to occur, Konica Minolta will continue to promote the creativity and innovation that is the source of competitiveness.

### Key Measures

- Preparing operational and workplace environments
- Reforming operational processes
- Making the most of diverse human resources
- Expanding systems
- Clarifying roles and authorities

## Main Initiatives in Fiscal 2017

### Permitting Employees to Pursue a Second Job or Work Concurrently, and the Introduction of a Job Return System

In December 2017, Konica Minolta, Inc. implemented a program that permits employees to take on a second job or work concurrently to promote innovation. At the same time, the company also introduced a Job Return System to increase employee diversity. The first measure helps to meet the needs of employees who want to start their own businesses while still working at Konica Minolta, and those who want to enhance their skills in areas such as IT and programming. This program is expected to become a starting point for creating innovation, by making full use of employee knowledge and skills that can be gained through work experience outside the company.

The Job Return System provides opportunities for reinstatement to employees who have left the company due to personal circumstances such as child rearing or nursing care of a family member, or those who leave in order to study abroad or change occupations with the goal of career advancement. In addition to utilizing the knowledge and experience cultivated by such employees before leaving the company, Konica Minolta expects to also make full use of the knowledge, personal contacts and experience gained by such employees during their time away.

### Remote Work System

Konica Minolta, Inc. is working diligently to reform work styles. One key element of this effort is enabling employees to work without being tied to a single location. In April 2017, the company launched a remote work system for all employees. The system allows employees to work at home and other places away from the office, enabling them to shorten their commute and other travel time and to work in a variety of different ways.

Since remote work does not tie employees to a particular workplace, it can help them be more systematic about their work and concentrate on output. This work style generally raises hourly productivity. Additionally, moving across workplaces and environments exposes employees to diverse ideas, creates time to concentrate, and helps to spur creativity. By improving the efficiency of operations through the introduction of RPA,* and by improving operational processes, the company is contributing to the promotion of remote work through greater computerization of operations.

*RPA (Robotic Process Automation): Automating routine business process on a personal computer

## Supporting Work-Life Balance

Konica Minolta, Inc. is working to build an environment where employees with young children can continue to confidently work and build their careers, even while caring for an infant. Moving forward, the company will further enhance programs that support employee work-life balance. This includes encouraging men to participate in childcare and providing more opportunities to work from home.

### ■ Payment of a "Next-Generation Fostering Allowance"

Konica Minolta established a "next-generation fostering allowance" in fiscal 2012, which provides monetary benefits to employees raising children under the age of 18. In fiscal 2008, the company also expanded the eligibility for using accumulated paid leave to include reasons such as infant care, or staying home with a child when school is canceled.

### ■ Support for Women Balancing Childcare and Career Goals

The childcare leave system has steadily taken root since its introduction in fiscal 1992, and the leave acquisition rate is now 100%. The rate of employees returning to work after childcare leave is also steady at 100%. In response to the concern of daycare waiting lists, employees with infants are able to take childcare leave until the child reaches the age of 2 years and 3 months, so that even babies born in February or March have two opportunities to get into daycare in the usual registration month of April. Moreover, the company provides salary assistance during a childcare leave period that exceeds the term of childcare leave benefit payment.

After returning to work from childcare leave and until the child graduates from elementary school, employees can choose from a variety of work options including shortened working hours, working from home, and remote work. This allows them to continue building their career according to their family circumstances.

### ■ Efforts to Promote Childcare Participation by Men

In addition to childcare leave, men who are expecting a child can take a total of five days of paternity leave within one month before or after the baby's due date. In order to promote the utilization of these leave systems, the company has set a goal of 13% of eligible men taking childcare leave by 2020. It is currently seeking to raise awareness by, for instance, sending email guidance on childcare leave to men with new babies and their bosses.

In recognition of its activities, Konica Minolta received Platinum Kurumin certification from Japan's Ministry of Health, Labour and Welfare in August 2017. The recognition identifies Konica Minolta as a top-tier company in the provision of child-rearing support. The Platinum Kurumin certification system was established with the revised Act on Advancement of Measures to Support Raising Next-Generation Children that came into effect in 2015. The system certifies companies that have already received Kurumin certification from the Minister of Health, Labour and Welfare as "child-rearing support companies" and that have also completed higher-level initiatives.

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## 🔍 Close Up

# Nikkei Smart Work Grand Prize

Konica Minolta, Inc. received the Grand Prize in the Nikkei Smart Work Awards 2018 conducted by the Nihon Keizai Shimbun (Nikkei Inc.).

According to Nikkei, Smart Work Management is defined as a management strategy for making optimal use of human resources by introducing diverse and flexible workstyles, encouraging innovation, and creating a virtuous cycle of continuously developing new markets, thereby maximizing the productivity and other performance parameters within the organization.

Using the results of the 1st Nikkei Smart Work Management Survey covering all listed Japanese companies and leading unlisted companies in 2017, an external judging committee performed a comprehensive review and selected the Smart Work Award recipients. By awarding the Grand Prize to Konica Minolta, the judges have formally recognized the achievements of the company's initiatives to utilize diverse human resources and to create innovation.

Environment

Social Innovation

Customer Satisfaction
and Product Safety

Responsible Supply Chain

Human Capital

Diversity

**Key Action 2** # Developing Human Capital

## Background and Issues

The transformation of human resources is the key to Konica Minolta becoming a digital company with insight into implicit challenges.

The company recognizes that it must first accurately ascertain the needs of customers and society. Then based on those needs, it must systematically and continuously develop human resources that can create and provide innovative value that is uniquely Konica Minolta.

## Vision

At Konica Minolta, the aim is for human resources to be "business athletes" who can compete globally. In other words, the vision is to develop human resources who drive reform, feel a strong sense of ownership and complete projects to the full. They also must demonstrate ingenuity, involving partners, and creating customer value. Konica Minolta believes that the transformation of human resources can be realized by having each employee work toward these goals.

## Key Measures

- Accelerating the development of high-potential human resources, and fostering global human resources development for executives
- Promoting an overseas training program for young employees in Japan
- Developing entrepreneurs who can create new businesses based on customer needs
- Developing human resources who can establish IoT business models

## Main Initiatives in Fiscal 2017

### Executive Development Program

At Konica Minolta, the aim is to foster "true management executives" who can promote creative destruction and succeed globally. This is why, in cooperation with a business school, a Global e-Juku business leader education program is implemented for executive candidates, including those from Group companies globally.

In the 2016–2017 program, there were 34 participants from 15 companies in 13 countries.

Through conversations with leading executives within and outside of the company, the participants gained an appreciation for the knowledge required to become a true management executive. They also expanded their outlook through discussions with management executives, tried forecasting the highly unpredictable future business environment, and worked on project proposals for Konica Minolta's transformation to become a digital company with insight into implicit challenges.

### Overseas Training Program for Young Japanese Employees

Konica Minolta, Inc. has a short-term overseas training program that allows young Japanese employees to go abroad to learn on the business frontlines and at world-class business schools. By practicing leadership and engaging in cross-cultural exchanges for exposure to diverse values, this program aims to improve and expand employee outlooks, to help them to succeed on the global stage. In fiscal 2017, 24 employees participated in the program.

Group companies outside of Japan also have programs that allow their employees to experience operations in Japan for several months up to two or three years. This helps to develop employees who can serve as bridges between Japan and the countries.



Overseas training program participant (center) and host-country employees

## Key Action 3 — Occupational Safety and Health

### Background and Issues

Workplace accidents put employee safety at risk. They can also affect the neighboring environment, and if serious enough, they can threaten business continuity. Konica Minolta recognizes that preventing workplace accidents and creating workplaces where employees can work safely and confidently is a critical management issue.

### Vision

Konica Minolta believes that the foundation of corporate management lies in the maintenance and promotion of workplace safety and health for every employee. The company strives to ensure a healthy, safe and supportive workplace environment by implementing occupational safety and health initiatives that emphasize daily preventive actions.

### Key Measures and KPIs

**Preventing occupational accidents**
- Serious accidents[*1]: 0
- Frequency rate of accidents causing absence from work[*2]: 0.1 or less (FY2017–2019)

*1 **Serious accidents:** (1) Death, disease requiring a long recovery period (or the possibility thereof), an injury resulting in a disability (or the possibility thereof), or a specific contagious disease; (2) an accident resulting in the death or injury of three or more workers during work at one point or the contraction of a disease (including accidents not accompanied by lost worktime)

*2 **Frequency rate of accidents causing absence from work:** The number of persons absent from work per one million total actual working hours for current employees

## Main Initiatives in Fiscal 2017

### Occupational Safety and Health at Production Sites

Konica Minolta has been implementing various measures to prevent occupational accidents worldwide, under the company's Occupational Safety and Health Management System (OSHMS) and with the direct supervision of senior management. The officers of business divisions and the heads of Konica Minolta Group safety and health management committees at business sites work together to build the management structure.
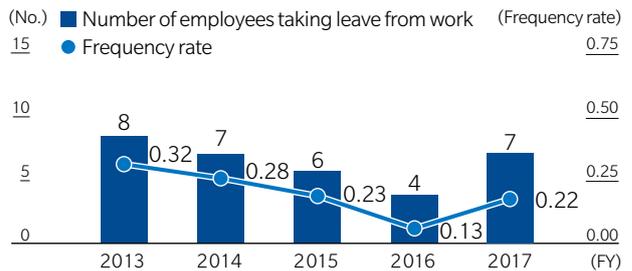
In fiscal 2017, as ways of strengthening safety management for hazardous equipment and operations that could cause serious accidents, the company implemented comprehensive risk management for new equipment, enhancement of standards for safety measures against explosions and fires, and safety training using an e-Learning module and including on-site patrols. As measures to prevent accidents due to unsafe behavior, which account for about 60% of accidents resulting in absence from work, Konica Minolta implemented training to raise safety awareness for all Group employees in Japan using e-Learning and information about black spots around each site.

For further enhancement of the safety management system, in fiscal 2017, group companies in Japan and China, and main manufacturing sites in Asia introduced "Unsafety Marks" as a new safety management indicator. The indicator represents the safety level based on the type and severity of accidents that occurred at each company, business unit or site. The lower the score, the higher the safety level. Based on the company, business unit and site issues made visible through this quantified indicator, safety staff visit the place concerned in order to identify and analyze the causes, and implement effective safety measures. This helps prevents accidents from occurring or reoccurring.

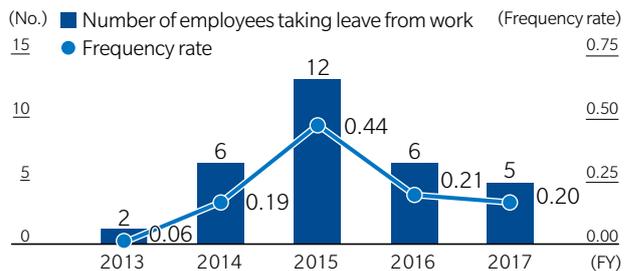In fiscal 2017, there were zero serious accidents, while the frequency rate of accidents causing absence from work was 0.22 in Japan, and 0.20 elsewhere. The introduction of Unsafety Marks enabled Konica Minolta to achieve its target of a 20% reduction compared to a benchmark average annual mark for accidents in the Konica Minolta Group from 2014 to 2016. The Group was also able to reduce the number of accidents not causing absence from work and commuting accidents.

### Accidents Causing Absence from Work at Sites in Japan

(No.) ■ Number of employees taking leave from work (Frequency rate)
● Frequency rate

| FY | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|
| Number of employees | 8 | 7 | 6 | 4 | 7 |
| Frequency rate | 0.32 | 0.28 | 0.23 | 0.13 | 0.22 |

**Note:** Figures are employees of Konica Minolta Group Japan, including those dispatched from an agency

### Accidents Causing Absence from Work at Sites outside Japan

(No.) ■ Number of employees taking leave from work (Frequency rate)
● Frequency rate

| FY | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|
| Number of employees | 2 | 6 | 12 | 6 | 5 |
| Frequency rate | 0.06 | 0.19 | 0.44 | 0.21 | 0.20 |

**Note:** Figures are for employees of major manufacturing companies in China and Malaysia, including those dispatched from an agency, through fiscal 2014. Employees of Group companies in China and manufacturing companies in Malaysia, including those dispatched from an agency, since fiscal 2015.

Environment

Social Innovation

Customer Satisfaction and Product Safety

Responsible Supply Chain

Human Capital

Diversity

## Key Action 4 — Improving Employee Health

### Background and Issues

Today's society is witnessing the rising risk of lifestyle diseases and an increase in the number of people taking leaves of absence from work due to mental health problems. Konica Minolta management gives high priority to supporting employees' efforts to lead physically and mentally healthy lives.

### Vision

Konica Minolta aims to create workplaces where all employees enjoy good physical and mental health and can continue to work with vitality. It does this by fostering a "health-first" culture.

### Key Measures

**Promoting health management**
- Minimizing the number of individuals with health risks: Reducing the number of people absent for mental health reasons by 40%
- Promoting the health movement: Being in the top 10% of major companies in Japan for health management

## Main Initiatives in Fiscal 2017

### Reducing the Number of Employees with Health Risks

Konica Minolta categorizes those with health risks by physical and mental health risks, sets targets for reducing the number of employees in both categories, and takes measures to achieve the targets.

For physical health management, Konica Minolta is implementing measures to prevent the development of serious illness for all Group employees in Japan. As a result of guidance from occupational health staff and stronger recommendations for check-ups, in fiscal 2017 there was an 11% decrease in the number of employees with the highest health risks, compared to the previous year.

As part of mental health management, stress checks are conducted twice a year for all employees. While allowing employees to utilize their results for self-care, the company also analyzes the results for each workplace and shares the information with organizational heads. Improvement measures are then devised and implemented for workplaces with high stress levels. In order to strengthen the line care function, mental health e-Learning modules are also provided to managers across the Group, with the aim of early detection and prompt response for individuals with mental illness. The completion rate for these modules remains around 95%.

As a result, the number of Group employees in Japan absent for mental health reasons in April 2018 decreased by 24% from the same period last year.

### Working to Promote Wellbeing by Visualizing Employee Health Statistics

Konica Minolta practices the centralized management of employee health information. The company is working to improve employee lifestyle habits by estimating future disease risks from the latest medical examination results

and making the information visible. The risk evaluation is done by comparing the average incidence of cardiovascular disease, stroke, and ischemic heart disease within 10 years for each same-age group. This system can be used not only for employees but also for their spouses who are health insurance dependents.

The company also actively holds health improvement events such as those where employees can measure their body fat, blood vessel age, lung age, or other health indicators. Walking rallies, smoking cessation seminars and other activities are also offered to employees. As a result of these activities, in fiscal 2017 the smoking rate for the Konica Minolta Group in Japan fell to 27%, a decrease of 2.2% compared to fiscal 2014.

### Close Up

#### Recognition as an Outstanding Health & Productivity Stock

As part of the 2018 Health & Productivity Stock Selection program promoted jointly by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, Konica Minolta, Inc. was selected for the first time in two years (and for the third time so far) as an outstanding company in the electrical equipment industry. In addition, 12 Konica Minolta Group companies in Japan were chosen for the 2018 Certified Health & Productivity Management Outstanding Organizations Recognition Program, also organized by the Ministry of Economy, Trade and Industry. Three companies were selected for the Health & Productivity Management 500 Organizations (large corporation division), while nine companies were recognized in the small- and medium-sized organization division.

# Diversity

Konica Minolta aims to build an environment where employees with diverse backgrounds can demonstrate their full potential.

**Related SDGs**

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES
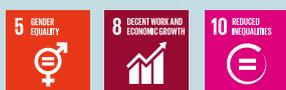
## Our Concept

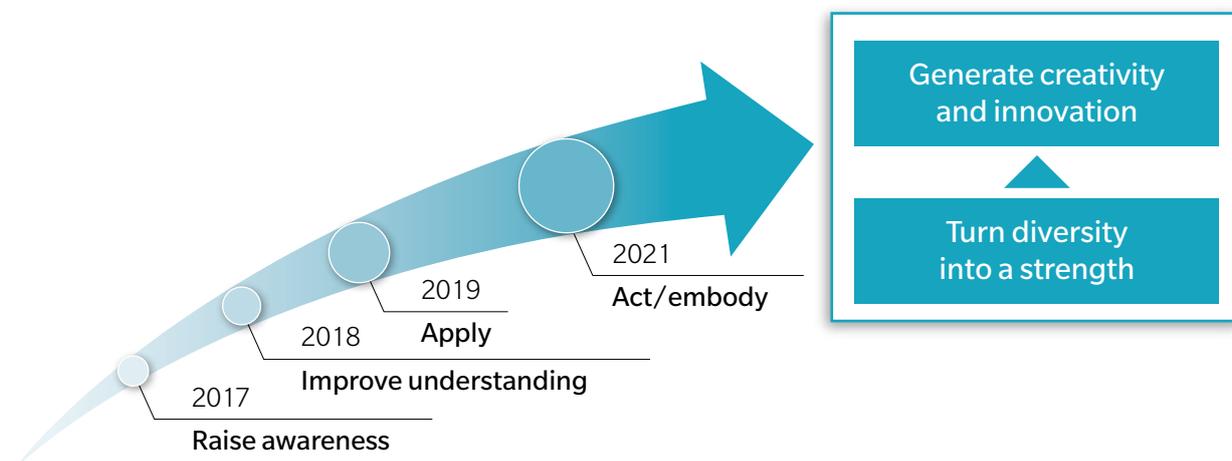### Making the Most of Employee Diversity to Create New Value

One of Konica Minolta's strengths as a global company is that employees of different national origins, races, beliefs, cultures, languages, genders, ages and expertise work together in regions all over the world. It is this diversity that leads to innovative thinking and original ideas, thus generating new value that helps provide solutions for customers and society.

This kind of value creation embodies the concept of "Inclusive and Collaborative," one of the six values that makes up the Konica Minolta Philosophy. This value refers to the power and collaboration generated by embracing our workforce's diverse backgrounds and ideas.

In April 2017, Konica Minolta, Inc. established a Corporate Diversity Office under the direct control of the president. The role of the new organization is to promote a respect for diversity and a focus on inclusion within the

company. The Konica Minolta Group's goal is to pursue these principles and create new value for customers and society while driving the company's own advancement.

The Corporate Diversity Office is striving to ensure a deep understanding of diversity and inclusion among employees, and since fiscal 2016, it has been working to support the success of Konica Minolta's female employees. The office is also working with various departments to promote the participation of international employees and people with disabilities by creating an organizational culture that respects not only diversity in attributes, such as gender and nationality, but also diversity in values and views of life. This will enable each employee to show their inherent capabilities and generate innovation through the interaction of diverse perspectives.

2017
Raise awareness

2018
Improve understanding

2019
Apply

2021
Act/embody

Generate creativity and innovation

Turn diversity into a strength

## Key Action 1

# Supporting Women's Career Advancement

### Background and Issues

Gender equality is an important topic in today's global community. Companies are expected to create workplaces where employees with high potential can perform to the best of their abilities, regardless of gender. In Japan, women's participation in the workplace is still generally inadequate in the industry overall. Konica Minolta recognizes that proactive measures are essential and is taking steps to address this.

### Vision

Konica Minolta believes that employee diversity is a source of growth. The company takes measures to create an environment where women can perform to their full potential. In order to support its female employees, Konica Minolta does not limit itself to simply ensuring that they can continue working through various life events, but also aims to expand their access to any career path they want to pursue.

### Key Measures and KPIs

- Fostering awareness and a culture supportive of diversity, with a focus on promoting participation by women
- Consider ways of supporting life events affecting both men and women, such as childbirth, child-rearing and caretaking, and consider work styles tailored to these life events
- Appointing female managers (target for fiscal 2019: Women hold 7% of all management positions)
- Raising the percentage of women among new graduate hires (target for fiscal 2018: 30% or more)

## Main Initiatives in Fiscal 2017

### Support for the Advancement of Women

Konica Minolta, Inc. runs a wide range of programs to support the performance of female employees.
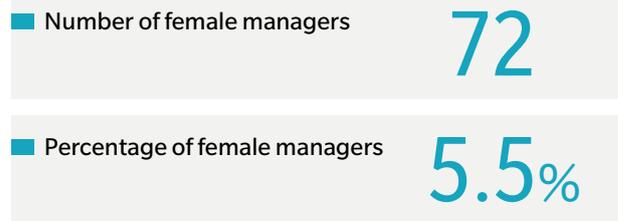
In fiscal 2016, Konica Minolta formulated a two-year action plan based on Japan's Act on Promotion of Women's Participation and Advancement in the Workplace and implemented initiatives to reach the targets concerned. The company achieved a female manager rate of 5.5%, surpassing the target of 5%. In April 2018, a new action plan with higher targets was prepared and corresponding initiatives are currently being implemented.

As a result of its ongoing efforts and targets achieved so far under this Japanese law, Konica Minolta received Eruboshi status, the highest level of related certification from the Ministry of Health, Labour and Welfare.

Eruboshi certification mark
(obtained in 2016)

### Number and Percentage of Female Managers at Konica Minolta, Inc. (as of April 2018)

| ■ Number of female managers | 72 |
|---|---|
| ■ Percentage of female managers | 5.5% |

### Action Plan

| Plan duration | April 1, 2018 – March 31, 2020 |
|---|---|
| Numerical targets | 7% of management positions held by women |
| Description of initiatives | • Selective training of manager candidates in Performance Grade 3<br>• Selection of targets in spring evaluation and rolling<br>• Establishment of training plan (support for each division and staff)<br>• Off-JT programs offered (career plan training) |
| Timing of initiatives | Implemented as needed from 2018 spring evaluation |

Environment

Social Innovation

Customer Satisfaction and Product Safety

Responsible Supply Chain

Human Capital

Diversity

## Programs to Promote Awareness and a Corporate Culture of Diversity

Konica Minolta, Inc. promotes the advancement of women and also holds lectures and workshops to help each employee recognize the importance of diversity and inclusion.

### ■ Lecture for Senior Management

In order to promote a deep understanding of diversity and inclusion from the perspective of executive management, an outside expert was invited to deliver a lecture, which was shared with nine major Konica Minolta sites in Japan using video conferencing technology. All executive officers and more than 90% of senior managers participated. After the event, the lecture content was made available to all employees on the company's intranet.

### ■ Diversity Workshop for Senior Managers

Workshops were held for those in general manager positions and above, allowing them to deepen their understanding of the importance of diversity and preparing them to further develop employees in their own organizations. More than 200 managers participated in a total of 10 sessions. At the end of each workshop, the participants declared their determination to promote diversity in their own departments.

### ■ Workshops for Female Staff and Managers

A career planning workshop was held to encourage individual women to better appreciate their own value and strengths in action, to acquire skills and abilities for developing their own career plans, and to find a path toward ongoing personal growth. A management workshop was also held for the immediate supervisors of these female staff. The purpose was to enhance the ability of these managers to provide career support to their subordinates based on an understanding of the need for diversity in human resource development.

These two workshops were jointly planned, and by having women and their direct supervisors attend workshops around the same time, both groups were able to share an approach for career formation and an understanding of the issues, while enhancing their commitment. The company plans to hold these workshops for women and their direct supervisors over the next three years. In this introductory year, at least 120 employees and managers participated.

## ⊙ Close Up

# The Group's First International Women's Day Program

In March 2018, Konica Minolta, Inc. held its first program to mark International Women's Day,* and more than 300 Konica Minolta women participated. Under a theme of "Connections," the program's aim was for women to develop comradery with diverse colleagues in the company through networking, to learn about their differences, and to find opportunities for new development and progress.

The day began with a speech from Shoei Yamana, President and CEO of Konica Minolta, Inc., which was shared with four company sites in Japan via video conferencing. After that, a lecture was given by a special guest along with a workshop. The workshop allowed participants to experience the benefits of diversity that can be achieved by utilizing the strengths of each individual as part of a team. By using IT to bring together four sites in different regions and create one virtual event, the participants were all able to share the same experience, while engaging in a joint initiative with a joint sense of accomplishment.

* International Women's Day (March 8) was created by the United Nations in 1975, marking the date of a mass demonstration for a woman's right to vote that took place in New York on March 8, 1904.


Shoei Yamana, President and CEO of Konica Minolta, Inc. delivers remarks


Event participants

Environment

Social Innovation

Customer Satisfaction
and Product Safety

Responsible Supply Chain

Human Capital

Diversity

**Key Action 2**

# Utilizing Employee Experiences Gained Outside the Company and Abroad

## Background and Issues

In order to connect the promotion of diversity to the creation of innovation, it is important to build a team of employees with diversity in nationality, race, gender, age, and expertise, while also having individual employees with diverse experiences and perspectives. Konica Minolta believes in generating innovation by ensuring that diverse employees share ideas based on different perspectives.

## Vision

Konica Minolta actively hires people in mid-career and people from outside of Japan. In addition, employees are encouraged to gain broad experience and knowledge outside the company and venues are provided for diverse human resources to share ideas. By generating innovation with these measures, the company aims to meet the needs of global customers and to create new value that goes beyond existing concepts.

## Key Measures

- Actively recruiting mid-career human resources and personnel from outside of Japan
- Providing opportunities to gain experience and knowledge outside of the company
- Promoting exchanges among employees globally and providing venues for innovation creation where diverse employees can inspire and learn from each other

## Main Initiatives in Fiscal 2017

### Assignment of Non-Japanese Human Resources and Mid-Career Hires in Japan

Although most companies in Japan recruit only Japanese university graduates all at once, Konica Minolta, Inc. actively hires mid-career employees to help create innovation. The company is striving to secure the diversity of its human resources by also recruiting new university graduates who are not Japanese, as well as Japanese graduates with experience living abroad.

■ Percentage of non-Japanese nationals among new hires
(who joined the company in April 2018)

**14%**

■ Percentage of mid-career hires among total recruitment
(FY2017)

**45%**

### Assignment of Employees with Experience and Knowledge from Outside of the Company

In fiscal 2017, Konica Minolta, Inc. began encouraging employees to engage in outside projects, while also introducing a Job Return System, and launching an overseas dispatch program for young employees. Through these initiatives, the company seeks to further enhance its diversity, by strengthening individual diversity and increasing the number of human resources with diverse experience and knowledge.

### Provision of Innovation Creation Places

Konica Minolta, Inc. aims to encourage interaction between employees across the company's internal organizational boundaries, and to provide places for innovation creation where employees can inspire and learn from each other. Accordingly, since April 2017, employees have been allowed to use company facilities, such as cafeterias, as venues for human resource exchanges.

In addition, in order to encourage employee-led personnel exchange events, assistance is provided to cover expenses, based on proposals submitted to the Human Resources Department.



Human resource exchange event organized by employees

# Essential Requirements to Fulfill CSR

## Corporate Governance

### Corporate Governance System

Konica Minolta, Inc. 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" structure (currently "company with three committees") was selected as the organizational structure in accordance with Japan's Companies Act. In addition, the company has taken steps to ensure its governance system is objective and not overly influenced by personalities, while still operating the system in a distinctive Konica Minolta style.

The company's basic views with regard to its governance system are as follows.

- Ensuring 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
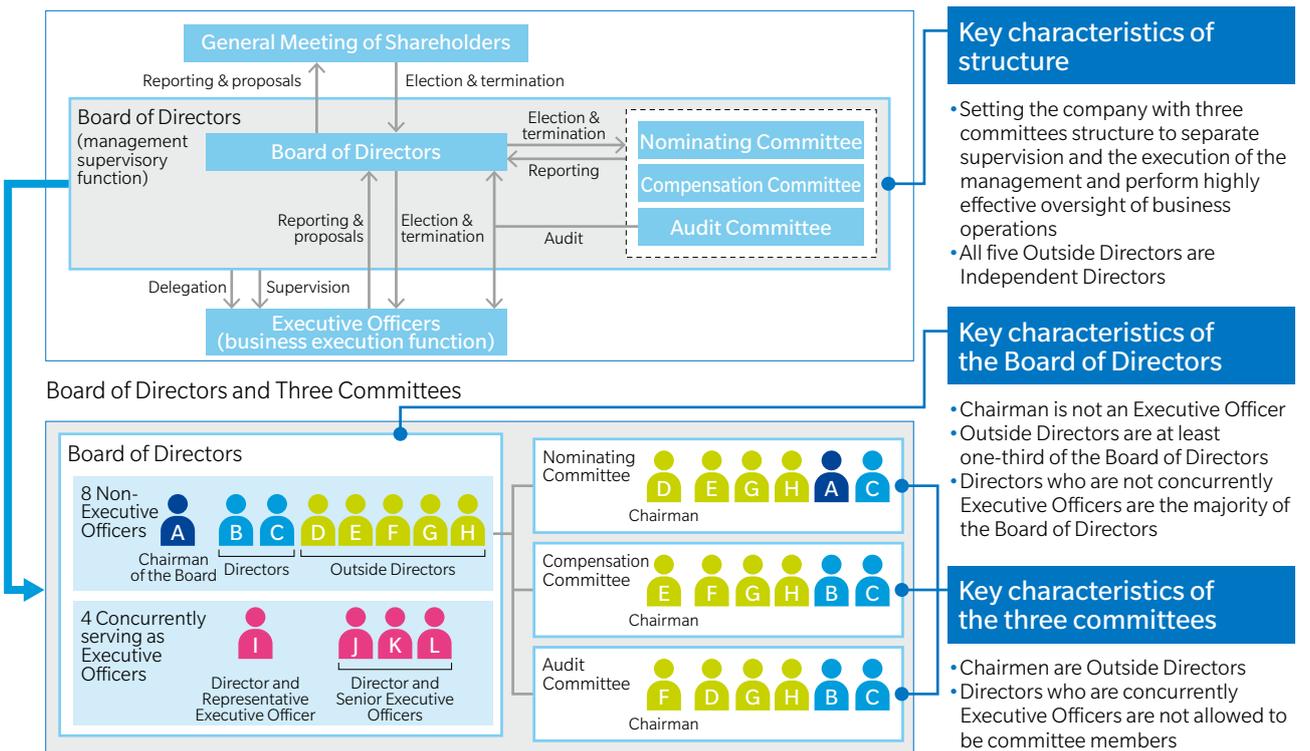- Using these measures for improving the transparency, integrity and efficiency of management

Specifically, the Board of Directors and the three committees are structured as shown in the figure below.

### Building a Risk Management System

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. 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.

### Structure of Corporate Governance Systems (As of June 19, 2018)



**Key characteristics of structure**
- Setting the company with three committees structure to separate supervision and the execution of the management and perform highly effective oversight of business operations
- All five Outside Directors are Independent Directors

**Key characteristics of the Board of Directors**
- Chairman is not an Executive Officer
- Outside Directors are at least one-third of the Board of Directors
- Directors who are not concurrently Executive Officers are the majority of the Board of Directors

**Key characteristics of the three committees**
- Chairmen are Outside Directors
- Directors who are concurrently Executive Officers are not allowed to be committee members

# Compliance

## Compliance Promotion System

At Konica Minolta, compliance with corporate ethics and internal corporate rules, as well as laws within and outside of Japan, is considered the highest priority among corporate activities and is pursued based on the spirit of Konica Minolta Group Charter of Corporate Behavior.

The Chief Compliance Officer, who is appointed by the Board of Directors, is responsible for promoting and overseeing compliance throughout the Group. The Chief Compliance Officer appoints regional compliance coordinators and works together with them to ensure compliance promotion activities are carried out worldwide, in accordance with actual conditions in regions outside of Japan.

Moreover, Internal Hotline Systems (Helpline) have been set up both in and outside of Japan so that employees can report and consult about compliance violations.

## Compliance with Antitrust Laws and Anti-Corruption Initiatives

The Konica Minolta Group Guidance for the Charter of Corporate Behavior, a guide for implementing the Charter of Corporate Behavior, provides specific expectations for behavior regarding compliance with antitrust laws, the prohibition of extortion gifts and entertainment, the prohibition of soliciting or accepting bribes, and a ban on any contact with organized criminal elements.

Every year, the Konica Minolta Group prioritizes compliance with antitrust laws and preventing corruption in its annually renewed compliance promotion plan, considering the expectations of society, the degree of impact on the company and society and the possibility of occurrence. Accordingly, the Group's compliance support office, which assists the Chief Compliance Officer, and the regional compliance coordinators have continued to provide education on these issues in line with the laws, business environment, and customary practice in their regions. Reports on progress of education and issues related to anti-trust laws, corruption and bribery are regularly submitted to the Chief Compliance Officer.

There were no incidents of anti-trust law violations, bribery or corruption in fiscal 2017.

# Information Security

## Information Security Management

The utilization of information and IT is essential for corporate activities. Konica Minolta understands that information security is one of the most important issues in utilizing all types of information effectively.

Konica Minolta has established an IT security management system at Group companies worldwide and continuously improves IT security levels under the leadership of the President and CEO of Konica Minolta, Inc. and the chief IT security officer, an officer responsible for IT planning and administrative organization at Konica Minolta, Inc.

Senior management at Konica Minolta recognizes the growing threat of cyberattacks today and understands the importance of displaying leadership on the issue, as highlighted by the Cybersecurity Management Guidelines from the Ministry of Economy, Trade and Industry of Japan. Konica Minolta has implemented global IT security measures such as the establishment of a Computer Security Incident Response Team (CSIRT).

## Protecting Personal Information of Customers

Konica Minolta takes full precautions to protect the personal information of customers. Konica Minolta has established a privacy policy and rules for the protection of personal information that address the EU's General Data Protection Regulation (GDPR). In accordance with this policy and rules, the Group has established a worldwide system for protecting personal information and properly manages the personal information in its possession. In addition to internal team training on compliance, the Group uses e-learning to keep employees informed of the privacy policy and rules for the protection of personal information.

In the event that a leakage of information, including personal information held by Konica Minolta, is confirmed or liable to have occurred, an event/incident report would be made under the information security management system. The Group would immediately check the facts and degree of impact and submit a report to the Personal Information Protection Commission in Japan and other appropriate authorities in each country.

In fiscal 2017, there were no problems with leaks, thefts or losses of personal information.

# Human Rights

## Basic Concepts

Human rights are universally valued rights that all people are born with. In today's world, there is a growing awareness that businesses can have a great impact on human rights. In order for a company to remain vital to society, it must recognize the diverse expectations of society and provide solutions through its business activities.

As a company with a globally growing business, Konica Minolta views respect for human rights as one of the basic conditions for its business activities. This aligns with the company's goal of contributing to a sustainable society in which human rights are respected.

In line with social expectations, Konica Minolta has for years been working diligently to address various human rights issues related to its business activities, including human rights respect in the supply chain, employee-related initiatives such as prohibition of discrimination and harassment, and the protection of customers' and employees' personal information. In 2011, the UN Human Rights Council endorsed the UN Guiding Principles on Business and Human Rights, calling on companies to do more to address human rights issues. In response, Konica Minolta identified potential adverse human rights impacts thought to be relevant to its business activities, including its existing human rights-related initiatives.

Looking ahead, Konica Minolta will expand its current human rights-related initiatives by ensuring that they continue to meet social expectations. It also plans to give greater shape to its programs by improving its efforts as needed through stakeholder engagement, including the broader participation of relevant persons within the company.

### Potential adverse human rights impacts

- Group employees' human rights:
  Working hours, wages and benefits, harassment, discrimination, health and safety, protection of privacy
- Human rights in the supply chain:
  Forced labor, child labor, wages and benefits, harassment, discrimination, freedom of association, health and safety
- Customers' human rights:
  Protection of personal information

## Human Rights Initiatives in the Supply Chain

Konica Minolta aims to help build a more sustainable world, where all people are respected. Toward that end, the Group works at CSR procurement (responsible procurement in the supply chain), in order to facilitate appropriate improvements in labor (human rights) as well as ethics, health, safety, and the environment. These efforts are undertaken not only at the Group's production sites but also at the suppliers from which the Group sources raw materials, parts, and other materials, and to which it contracts production and distribution services.

## Human Rights Initiatives Related to Group Employees

Konica Minolta is promoting human rights-related initiatives such as the prohibition of any kind of discrimination and harassment based on race, nationality, gender, gender identity/sexual orientation, religion, belief, or physical disability. In addition, Konica Minolta, Inc. and group companies in Japan implement the PDCA cycle regarding their employees, according to a process of annual risk assessment and appropriate corrective actions based on compliance with laws and regulations related to labor (human rights). Going forward, Konica Minolta will consider establishing a risk assessment and corrective action system for Group employees outside Japan as well.

### ■ A Konica Minolta Sales Company Receives Anti-Slavery Australia Freedom Award

In November 2017, Konica Minolta Business Solutions Australia Pty. Ltd. received an Anti-Slavery Australia Freedom Award in recognition of its commitment to eliminate exploitation of workers by practicing procurement based on CSR and corporate ethics.



Award plaque

**Konica Minolta Basic Policy on Social Contribution Activities**

As a responsible, global corporate citizen, Konica Minolta makes group-wide efforts to address social issues that it can contribute to through its businesses in order to be an entity that is essential to society.

It is also committed to contributing to the creation of a sustainable society by continually engaging in activities that meet local challenges in the various countries where it operates.

Konica Minolta aims to ensure open communication with the local communities where it operates around the world and strives to earn their trust. With this aspiration, the Group aims to contribute to the achievement of SDGs and the creation of a sustainable society, working together with a wide range of stakeholders, particularly in the three fields of environment, healthcare and sports, and academics, research and education, which are set out in the Konica Minolta Basic Policy on Social Contribution Activities.

## Main Initiatives in Fiscal 2017

**Protecting the Natural Environment**

### Supporting Environmental Conservation Activities in Australia

Related SDGs

Over the years, Konica Minolta Business Solutions Australia Pyt. Ltd. has been raising funds and sending employee volunteers to support organizations which work to protect the environment.

Most recently, for Landcare Week in fiscal 2017, 25 employees took part in weed removal and native tree planting in a bushland area.

Employees participating in an environmental conservation activity

**Promoting Community Health and Well-being**

### Global Activities to Support the Early Detection of Breast Cancer

Related SDGs

Konica Minolta supplies digital mammography units that are effective for early detection of breast cancer. It is said that there is a high incidence of breast cancer for female office workers aged 35 and over. In fiscal 2017, as part of the Breast Cancer Early Diagnosis Project in China, about 430 female office workers aged 35 and over in Shanghai, Beijing and Guangzhou received breast cancer checkups.

**Supporting Scholarships, Research, and Education**

### Collaboration in Science Education by Providing Guest Lectures

Related SDGs

Since fiscal 2012, Konica Minolta, Inc. has been sending newly hired employees to serve as guest lecturers at schools. As of December 2017, the company had offered guest lectures at 42 different schools, reaching a total of 3,540 students. In fiscal 2017, newly hired employees served as guest lecturers for 637 students at seven junior high and high schools in Tokyo, Aichi, and Osaka Prefectures in Japan.

Konica Minolta, Inc. won the Platinum Award of the Education Support Grand Prix 2017 for this initiative.

Learning about copier functions using a manual copier

**Supporting Scholarships, Research, and Education**
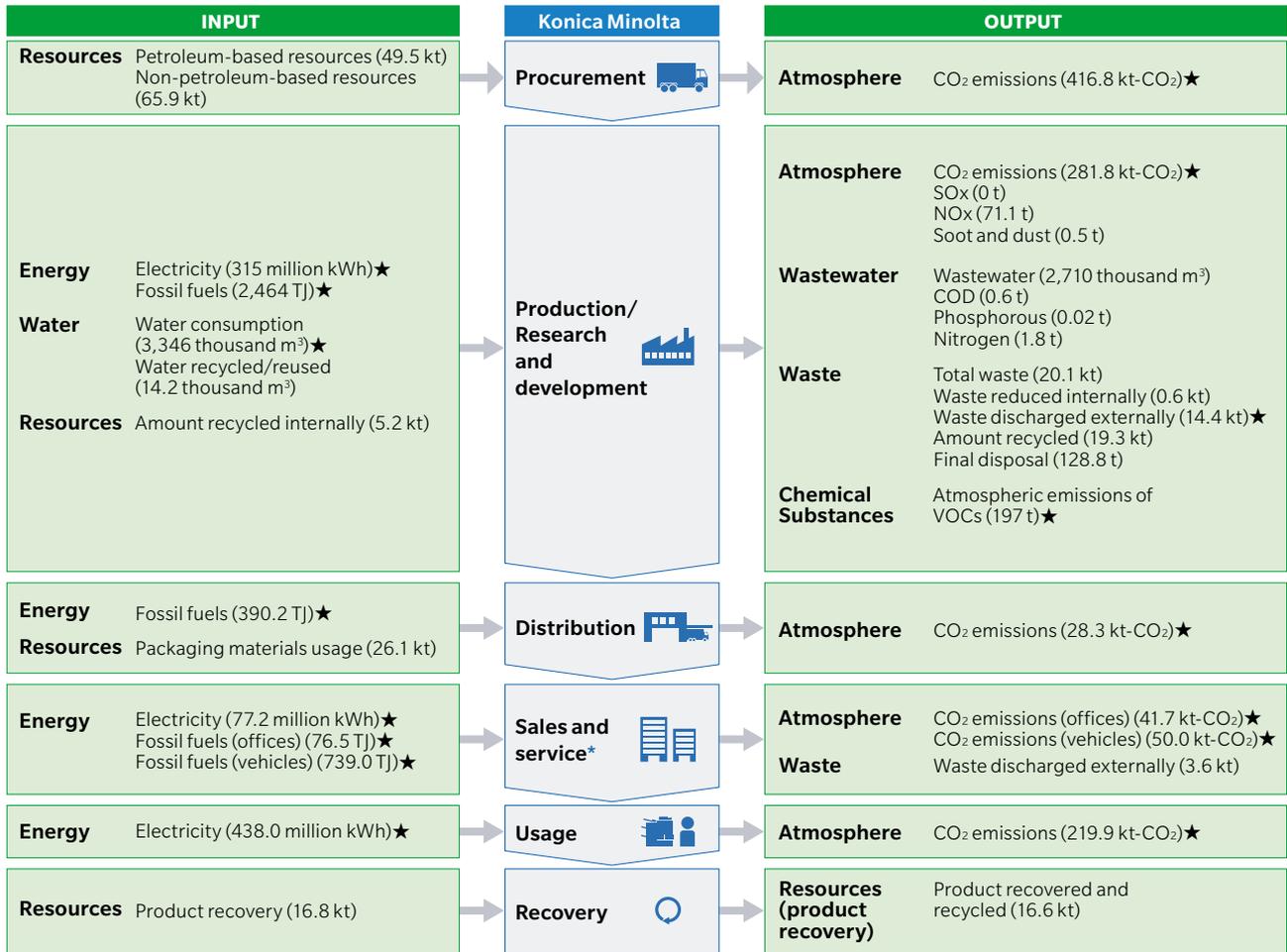
### Supporting Careers for Women in the IT Industry

Related SDGs

Konica Minolta supports an NGO undertaking projects to promote women's career development in the IT industry in the Czech Republic and Germany. More than 50 workshops and lectures were held in fiscal 2017 in the two countries, and more than 1,000 women participated.
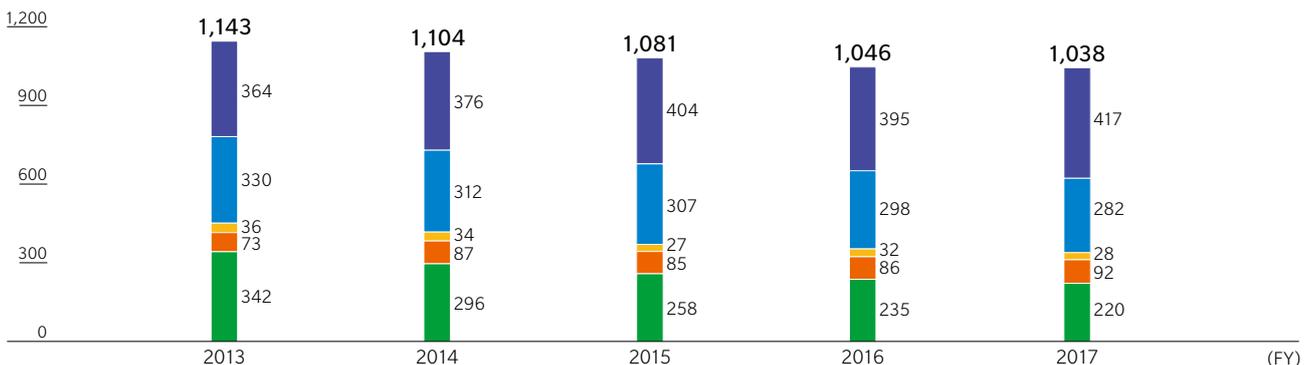
# Environmental Data Summary

## Overall View of Environmental Impacts Resulting from Business Activities

| INPUT | Konica Minolta | OUTPUT |
|---|---|---|
| **Resources** Petroleum-based resources (49.5 kt) Non-petroleum-based resources (65.9 kt) | **Procurement** | **Atmosphere** $CO_2$ emissions (416.8 kt-$CO_2$)★ |
| **Energy** Electricity (315 million kWh)★ Fossil fuels (2,464 TJ)★ **Water** Water consumption (3,346 thousand m³)★ Water recycled/reused (14.2 thousand m³) **Resources** Amount recycled internally (5.2 kt) | **Production/ Research and development** | **Atmosphere** $CO_2$ emissions (281.8 kt-$CO_2$)★ SOx (0 t) NOx (71.1 t) Soot and dust (0.5 t) **Wastewater** Wastewater (2,710 thousand m³) COD (0.6 t) Phosphorous (0.02 t) Nitrogen (1.8 t) **Waste** Total waste (20.1 kt) Waste reduced internally (0.6 kt) Waste discharged externally (14.4 kt)★ Amount recycled (19.3 kt) Final disposal (128.8 t) **Chemical Substances** Atmospheric emissions of VOCs (197 t)★ |
| **Energy** Fossil fuels (390.2 TJ)★ **Resources** Packaging materials usage (26.1 kt) | **Distribution** | **Atmosphere** $CO_2$ emissions (28.3 kt-$CO_2$)★ |
| **Energy** Electricity (77.2 million kWh)★ Fossil fuels (offices) (76.5 TJ)★ Fossil fuels (vehicles) (739.0 TJ)★ | **Sales and service*** | **Atmosphere** $CO_2$ emissions (offices) (41.7 kt-$CO_2$)★ $CO_2$ emissions (vehicles) (50.0 kt-$CO_2$)★ **Waste** Waste discharged externally (3.6 kt) |
| **Energy** Electricity (438.0 million kWh)★ | **Usage** | **Atmosphere** $CO_2$ emissions (219.9 kt-$CO_2$)★ |
| **Resources** Product recovery (16.8 kt) | **Recovery** | **Resources (product recovery)** Product recovered and recycled (16.6 kt) |

\* Boundary: All consolidated sales companies worldwide

## Product Lifecycle $CO_2$ Emissions★

■ Product use  ■ Sales and service (offices and vehicles)  ■ Distribution  ■ Production  ■ Procurement
(kt-$CO_2$)

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|
| **Total** | 1,143 | 1,104 | 1,081 | 1,046 | 1,038 |
| Procurement | 364 | 376 | 404 | 395 | 417 |
| Production | 330 | 312 | 307 | 298 | 282 |
| Distribution | 36 | 34 | 27 | 32 | 28 |
| Sales and service | 73 | 87 | 85 | 86 | 92 |
| Product use | 342 | 296 | 258 | 235 | 220 |

(FY)

Notes: 1. The method used to calculate $CO_2$ emissions at the procurement stage for business technology products was revised to raise the accuracy of data, starting in fiscal 2015. The effect of this change in the method was an increase of 19.8 thousand tons in $CO_2$ emissions at the procurement stage in fiscal 2015.
2. Figures do not necessarily add precisely to the total due to rounding.

★: Indicators assured by KPMG AZSA Sustainability Co., Ltd.

## Calculating $CO_2$ Emissions across the Entire Supply Chain
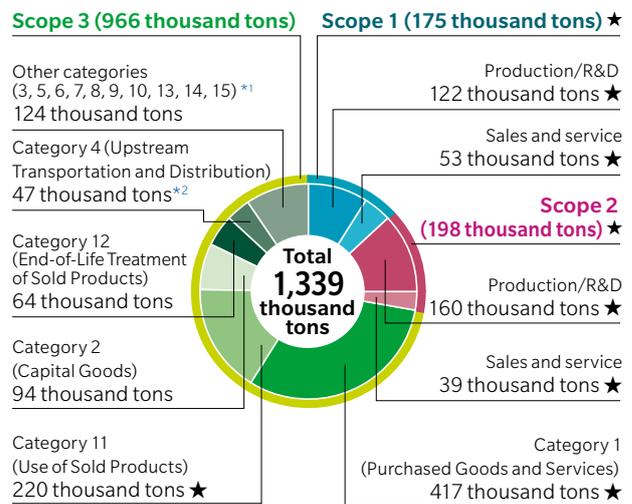
Konica Minolta has calculated the $CO_2$ emissions associated with the Group's activities across its entire supply chain, from the upstream to the downstream aspects of its operations, based generally on the standards of the GHG Protocol,* the international standard. In fiscal 2017, the calculation showed that $CO_2$ emissions throughout the supply chain were approximately 1.34 million tons, which represents a decrease of approximately 0.2% from fiscal 2016. Emissions from the Group's activities including direct emissions from fuel use (Scope 1) plus indirect emissions from the consumption of purchased electricity, heat or steam (Scope 2) totaled approximately 0.37 million tons, or approximately 28% of all emissions. Other indirect emissions (Scope 3) associated with the Group's activities totaled approximately 0.97 million tons, accounting for approximately 72% of all emissions.

$CO_2$ emissions for "purchased goods and services," accounted for 31.1% of emissions across the entire supply chain. The Group is continuing its work to reduce emissions by setting targets in cooperation with suppliers. It is providing technical assistance and making suggestions for the improvement of suppliers' production processes in an effort to reduce material and energy use. In product development, the company is working to develop recycled plastics and design smaller and lighter products, which reduces the input of resources. In terms of the "use of sold products," which accounts for 16.4% of emissions, the Group is working to develop features that encourage customers to save energy, in addition to reducing the power consumption of the products themselves. Konica Minolta will share information with relevant stakeholders in the future based on the results of these calculations and move forward with $CO_2$ emissions management and reduction activities throughout the supply chain.

*GHG Protocol: Initiatives for developing an international standard for addressing greenhouse gas (GHG) emissions and climate change

### Overall View of $CO_2$ Emissions Across the Entire Supply Chain of Konica Minolta

Scope 3 (966 thousand tons)   Scope 1 (175 thousand tons) ★

Other categories (3, 5, 6, 7, 8, 9, 10, 13, 14, 15) [1]
124 thousand tons

Category 4 (Upstream Transportation and Distribution)
47 thousand tons [2]

Category 12 (End-of-Life Treatment of Sold Products)
64 thousand tons

Category 2 (Capital Goods)
94 thousand tons

Category 11 (Use of Sold Products)
220 thousand tons ★

Production/R&D
122 thousand tons ★

Sales and service
53 thousand tons ★

Scope 2 (198 thousand tons) ★

Production/R&D
160 thousand tons ★

Sales and service
39 thousand tons ★

Category 1 (Purchased Goods and Services)
417 thousand tons ★

Total
1,339
thousand
tons

[1] Categories 3 (Fuel- and energy-related activities), 5 (Waste generated in operations), 6 (Business travel), 7 (Employee commuting), 8 (Upstream leased assets), 9 (Downstream transportation and distribution), 10 (Processing of sold products), 13 (Downstream leased assets), 14 (Franchises) and 15 (Investments)
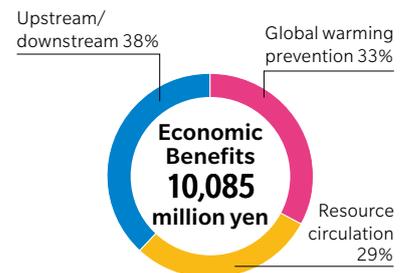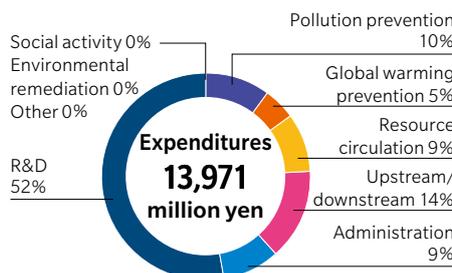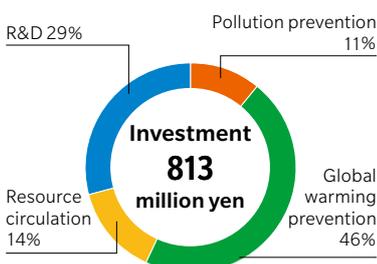[2] $CO_2$ emissions attributed to product distribution: 28 thousand tons ★
Note: Figures do not necessarily add precisely to the total due to rounding.

## 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.

Expenditures in fiscal 2017 were approximately 14.0 billion yen, almost the same as in fiscal 2016. Investments decreased from the previous fiscal year to 0.8 billion yen. Investment in fiscal 2017 consisted of regular equipment renewal only, and there was no large-scale investment. Economic benefits decreased mainly because the calculation range of the economic benefits was changed in fiscal 2017.

R&D 29%
Pollution prevention 11%
Investment 813 million yen
Global warming prevention 46%
Resource circulation 14%

Social activity 0%
Environmental remediation 0%
Other 0%
R&D 52%
Expenditures 13,971 million yen
Pollution prevention 10%
Global warming prevention 5%
Resource circulation 9%
Upstream/downstream 14%
Administration 9%

Upstream/downstream 38%
Economic Benefits 10,085 million yen
Global warming prevention 33%
Resource circulation 29%

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

# Human Resources Data Summary

## Employee Composition by Employment Status

(As of March 31, 2018)

| | Regular employees[1]★ | Non-regular employees[2] | Total |
|---|---|---|---|
| Konica Minolta, Inc. | 5,282 | 1,874 | 7,156 |
| Group companies in Japan | 6,009 | 1,023 | 7,032 |
| Group companies outside Japan | 32,008 | 2,424 | 34,432 |
| Konica Minolta Group (worldwide) | 43,299 | 5,321 | 48,620 |

[1] **Regular employees:** Includes employees seconded from other companies; excludes employees seconded to other companies
[2] **Non-regular employees:** Includes temporary employees, employees dispatched from an agency, and staff contracted from other companies

## Number of Employees, by Gender

(As of March 31, 2018)

| | Regular employees★ | | |
|---|---|---|---|
| | Men | Women | Gender not reported* |
| Konica Minolta Group (worldwide) | 30,551 | 12,548 | 200 |

*Some offices do not count men and women separately.

## Number of Newly Hired Employees

(As of March 31, 2018)

| | Regular employees | | |
|---|---|---|---|
| | Men | Women | Gender not reported |
| Konica Minolta, Inc. | 128 | 48 | — |

## Percentage of Management Positions Held by Women

| | Fiscal 2015 | Fiscal 2016 | Fiscal 2017 |
|---|---|---|---|
| Konica Minolta, Inc.[1] | 3.4% | 4.4% | 5.5% |
| Konica Minolta Group (worldwide)[2] | 15.3% | 16.4% | 18.9% |

[1] Includes employees seconded to Group companies. Figures are as of April 1, the day after the end of each fiscal year.
[2] Konica Minolta Inc. and consolidated subsidiaries representing at least 89% of the total workforce of the Group through fiscal 2015, and at least 93% in fiscal 2016 and 2017. Figures are as of March 31 of each fiscal year.

## Percentage of Employees with Disabilities

| | June 1, 2016 | June 1, 2017 | June 1, 2018 |
|---|---|---|---|
| Employment rate | 2.03% | 2.19% | 2.27% |

Boundary: Konica Minolta, Inc., Konica Minolta With You, Inc., Konica Minolta Japan, Inc., Kinko's Japan Co., Ltd. and Konica Minolta Mechatronics Co., Ltd.

## Percentage of Local Hires at Subsidiaries outside Japan

(As of March 31 of each fiscal year)

| | Fiscal 2015 | Fiscal 2016 | Fiscal 2017 |
|---|---|---|---|
| President | 61% | 60% | 63% |
| Senior staff | 53% | 55% | 55% |

## Percentage of Unionization

(As of March 31 of each fiscal year)

| | Fiscal 2015 | Fiscal 2016 | Fiscal 2017 |
|---|---|---|---|
| Konica Minolta Group (worldwide) | 86% | 85% | 85% |

Note: Figures are for non-managerial regular employees.

## Retention Status of Employees

| | Fiscal 2015 | Fiscal 2016 | Fiscal 2017 |
|---|---|---|---|
| Turnover rate | 0.7% | 0.9% | 1.1% |
| Percentage of new employees leaving within three years | 6.3% | 8.8% | 11.6% |

Note: Figures are for regular employees of Konica Minolta, Inc. The percentage of new employees leaving within three years is defined as the percentage of employees who leave their job within three years of joining the company (as of April 1, the day after the end of each fiscal year).

## Indicators Related to Work-Life Balance

|  | Fiscal 2015 | Fiscal 2016 | Fiscal 2017 |
|---|---|---|---|
| Percentage of paid leave taken | 57.5% | 60.5% | 60.9% |
| Annual overtime hours worked per employee | 58 hours | 52 hours | 45 hours |
| Annual total hours worked per employee | 1,787 hours | 1,763 hours | 1,756 hours |

Note: Figures are for regular employees of Konica Minolta, Inc.

## Work-Life Balance Support Program Use

(persons)

|  | Fiscal 2015 | | Fiscal 2016 | | Fiscal 2017 | |
|---|---|---|---|---|---|---|
|  | Women | Men | Women | Men | Women | Men |
| Maternal health management leave | 4 | | 2 | | 6 | |
| Maternity leave | 32 | | 19 | | 31 | |
| Spousal maternity leave | | 144 | | 108 | | 122 |
| Parental leave | 53 | 14 | 42 | 14 | 46 | 27 |
| Shorter working hours for childcare | 158 | 3 | 132 | 2 | 117 | 3 |
| Work-at-home during child-rearing | 20 | 3 | 27 | 4 | 30 | 4 |
| Nursing care leave | 0 | 1 | 0 | 2 | 0 | 1 |
| Shorter working hours for nursing care | 0 | 0 | 1 | 0 | 2 | 0 |

Note: Figures are for regular employees of Konica Minolta, Inc.

## Percentage of Employees Who Return to Work after Childcare Leave

|  | Fiscal 2015 | Fiscal 2016 | Fiscal 2017 |
|---|---|---|---|
| Work resumption rate | 100% | 100% | 100% |

Note: Figures are for regular employees of Konica Minolta, Inc.

## Accidents Causing Absence from Work at Sites in Japan

(As of March 31 of each fiscal year)

|  | Fiscal 2015 | Fiscal 2016 | Fiscal 2017 |
|---|---|---|---|
| Number of employees taking leave from work | 6 | 4 | 7 |
| Accident frequency rate[*1] | 0.23 | 0.13 | 0.22 |
| Number of days of absence | 14 | 44 | 237 |
| Severity rate of accidents causing absence from work[*2] | 0.0004 | 0.0012 | 0.0062 |

Note: Figures are employees of Konica Minolta Group Japan, including those dispatched from an agency
*1 **Accident frequency rate:** The number of persons absent from work per one million total actual working hours for current employees
*2 **Severity rate of accidents causing absence from work:** The total number of days absent from work per 1,000 total actual working hours for current employees

## Accidents Causing Absence from Work at Sites outside Japan

(As of March 31 of each fiscal year)

|  | Fiscal 2015 | Fiscal 2016 | Fiscal 2017 |
|---|---|---|---|
| Number of employees taking leave from work | 12 | 6 | 5 |
| Accident frequency rate | 0.44 | 0.21 | 0.20 |
| Number of days of absence | 340 | 52 | 98 |
| Severity rate of accidents causing absence from work | 0.0103 | 0.0015 | 0.0032 |

Note: Figures are for employees of Group companies in China and manufacturing companies in Malaysia, including those dispatched from an agency.

★: Indicators assured by KPMG AZSA Sustainability Co., Ltd.

# Expert Opinion of Konica Minolta's CSR Report

We asked Yoshinao Kozuma, Emeritus Professor of Sophia University, to give us feedback on this report.
His comments are presented below. We will use this feedback to improve our future CSR activities and our 2019 CSR Report.

**Yoshinao Kozuma**

Emeritus Professor,
Sophia University

## 1. Strengthening the Corporate Governance System

Establishing a sound corporate governance system is essential for individual companies to maintain appropriate and consistent decision-making during the long-term transition to a sustainable society. Konica Minolta has adopted a company-with-committees structure, which makes it more effective to secure organizational separation of supervisory and executive functions, as required under Japan's Companies Act.

Moreover, the company has independently taken measures to strengthen its governance system, such as ensuring that non-executive officers account for two-thirds of the Board of Directors, and preventing the Chairman of the Board of Directors from also serving as an executive officer.

While these measures alone can be considered excellent, in fiscal 2017 the company also introduced a medium-term performance-linked stock compensation system for directors. It also added environmental, social and governance (ESG) factors to the evaluation criteria for its executive officers, thereby further enhancing the supervisory function of the Board of Directors. This demonstrates that Konica Minolta sees strategic support for the creation of a sustainable society as a decisive factor for corporate growth. Based on the earnestness that Konica Minolta has shown about the promotion of measures like these, I highly commend the company.

## 2. Evolving Organizations and Initiatives

The reorganization related to sustainability and the results of various initiatives are also major points for commendation this fiscal year. On the organizational front, Konica Minolta integrated its environmental and CSR departments to establish the Corporate Sustainability Division, and developed a system to promote ESG management. The company has also established the Corporate Diversity Office, which reports directly to the president, and it is also working on reforming work styles by allowing employees to take outside jobs and by introducing a Job Return System. In fact, as a result of its work-style initiatives, Konica Minolta won the Grand Prize at the Nikkei Smart Work Awards 2018. This external recognition was reinforced by the 2018 Health & Productivity Stock Selection and the 2018 Certified Health & Productivity Management Outstanding Organizations Recognition Program.

## 3. Issues Identified from Data

On the other hand, some issues can be seen in the company's environmental data. For example, take the $CO_2$ emissions data for entire product life cycles. While emissions are decreasing overall, notably in the production and product usage stages, a trend toward higher emissions can be seen upstream, in the procurement stage of the value chain. This is difficult to understand considering the company's ongoing efforts to strengthen supply chain measures through its Green Supplier activities and CSR procurement. Turning to the occupational accident data, targets have not been reached for the frequency rate of accidents in and outside of Japan, and the severity rates have increased over the years. This may not be a grave matter if these figures are within an appropriate range, but I am concerned all the same. Finally, with respect to the employee turnover rates, I noticed increases in the rates for both new hires employed for less than three years, and also for employees who have worked many years. No explanation has been provided for this, leaving me at a loss to interpret it.

# External Assurance

Konica Minolta engaged KPMG AZSA Sustainability Co., Ltd. to provide assurance on whether its $CO_2$ emissions from procurement, production/research and development, product distribution, sales and service, and product usage; energy use; waste discharged externally from manufacturing; atmospheric emissions of volatile organic compounds (VOCs); water consumption; and the number of regular employees (by gender) have been measured, gathered and disclosed in accordance with the criteria set by the Group. Indicators that have been assured by KPMG AZSA Sustainability Co., Ltd. are marked with ★.

**KPMG**

### Independent Assurance Report

To the President and CEO of Konica Minolta, Inc.

We were engaged by Konica Minolta, Inc. (the "Company") to undertake a limited assurance engagement of the environmental and social performance indicators marked with ★ for the period from April 1, 2017 to March 31, 2018 included in its CSR Report 2018 (the "Report") for the fiscal year ended March 31, 2018.

**The Company's Responsibility**
The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Report, which are derived, among others, from the Environmental Reporting Guidelines (2012) of Japan's Ministry of the Environment, the Act on the Rational Use of Energy, the Act on Promotion of Global Warming Countermeasures, the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) by World Resources Institute and World Business Council for Sustainable Development.

**Our Responsibility**
Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' and the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:
- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and recalculating the Indicators.
- Visiting one of the Company's domestic factories selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.

**Conclusion**
Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

**Our Independence and Quality Control**
We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

*KPMG AZSA Sustainability Co., Ltd.*

KPMG AZSA Sustainability Co., Ltd.
Tokyo, Japan
August 28, 2018

Period: March to June 2018
On-site audit of the Mizuho Site of Konica Minolta, Inc.



## Comment from the Assurance Provider

Chie Uchiyama, KPMG AZSA Sustainability Co., Ltd.

This report on Konica Minolta's CSR activities outlines the kind of value the company can offer as a digital company with insight into implicit challenges. In so doing, it identifies the six elements of "Value Provision" as cross-cutting drivers of the creation of high added value. I believe the company's business activities and products are explained in a clear way, along with the value being provided through activities such as productivity improvement, and prediction / forecasting support.

This year's report again illustrates that Konica Minolta intends to contribute to the achievement of the United Nations Sustainable Development Goals (SDGs) while strengthening its management foundation. The report clearly explains the company's commitment to describing the contributions of its business activities and products from the viewpoint of the SDGs, and the relevant SDGs are also cited. As you may already recognize, the SDGs encourage companies to identify priority issues, set their own targets, and incorporate them into their management activities. Through the management process of implementing relevant activities and reporting on the results, a company can contribute solutions to social issues while also enhancing its corporate value. In order to show that its efforts to help achieve the SDGs are reliably producing positive effects, I think that it is important for Konica Minolta to explain in more detail the issues it is focusing on based on specific targets and global indicators in the framework, and how it intends to tackle them going forward.

As an ESG leader, Konica Minolta has indicated that it will enhance its systems for better ESG performance starting in 2017. It has also stated that non-financial indicators such as ESG criteria will be included in the performance evaluations of its executive officers, and that it will formulate a sustainability strategy that is integrated into the company's Medium Term Business Plan. In order to remain an ESG leader, Konica Minolta should continually set new targets and actively implement new initiatives accordingly. I believe the company needs to continue providing clear descriptions of its efforts as an ESG leader.

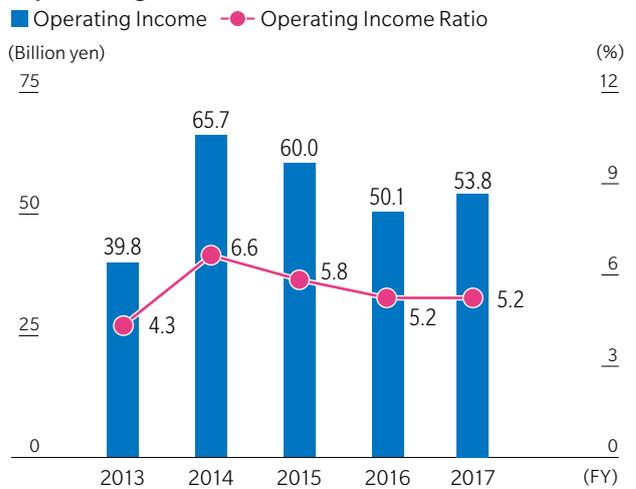# Overview of the Konica Minolta Group

## Corporate Data

| | | | |
|---|---|---|---|
| **Company name** | Konica Minolta, Inc. | **Capital** | 37,519 million yen (as of March 31, 2018) |
| **Head office** | 2-7-2 Marunouchi, Chiyoda-ku, Tokyo, Japan | **Fiscal year-end** | March 31 |
| **President and CEO** | Shoei Yamana | **Number of employees** | Non-consolidated: 5,282 (as of March 31, 2018) |
| **Established** | December 22, 1936 | | Consolidated: 43,299 (as of March 31, 2018) |

### Consolidated Net Sales

(Billion yen)

- 2013: 935.2
- 2014: 1,002.7
- 2015: 1,031.7
- 2016: 962.5
- 2017: 1,031.2

(FY)
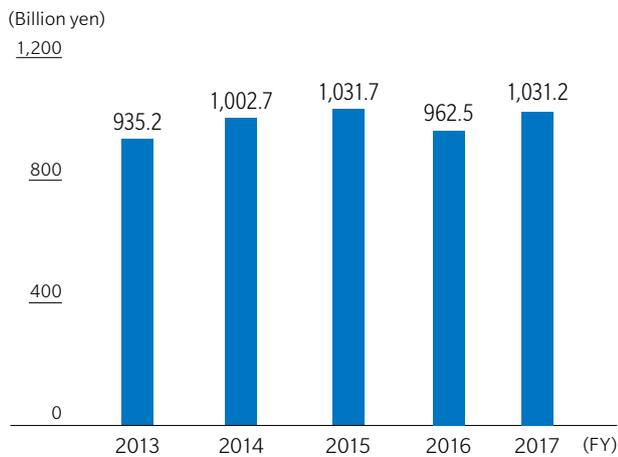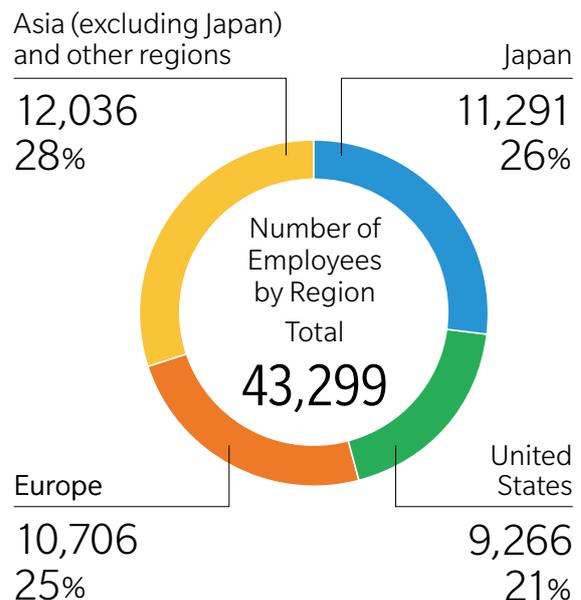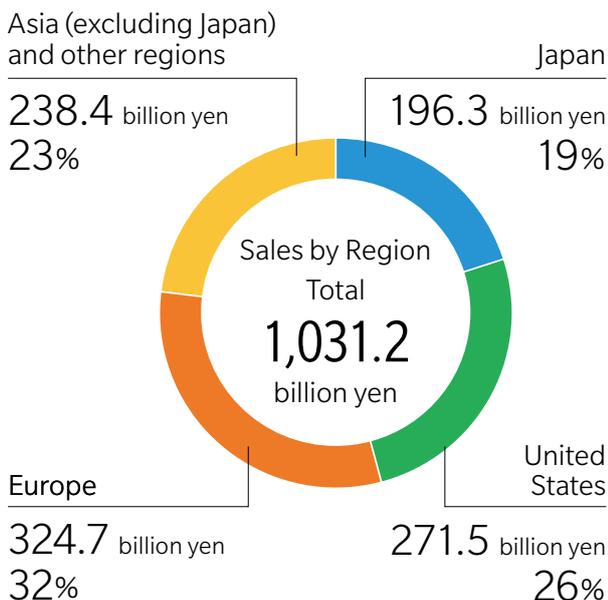
Note: The company uses International Financial Reporting Standards (IFRS).

### Consolidated Operating Income / Operating Income Ratio

■ Operating Income　-●- Operating Income Ratio

(Billion yen)　(%)

- 2013: 39.8 / 4.3
- 2014: 65.7 / 6.6
- 2015: 60.0 / 5.8
- 2016: 50.1 / 5.2
- 2017: 53.8 / 5.2

(FY)

## Global Network

Asia (excluding Japan) and other regions
238.4 billion yen
23%

Japan
196.3 billion yen
19%

Sales by Region
Total
1,031.2
billion yen

Europe
324.7 billion yen
32%

United States
271.5 billion yen
26%

Asia (excluding Japan) and other regions
12,036
28%

Japan
11,291
26%

Number of Employees by Region
Total
43,299

Europe
10,706
25%

United States
9,266
21%

## Business Domains
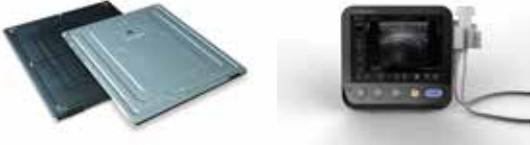
| Business Segments | Business Content |
|---|---|
| **Office Business**<br><br>56.6% of sales | Development, manufacturing and sale of multifunctional peripherals and related supplies, and provision of related solution services<br><br> |
| **Professional Print Business**<br><br>20.8% of sales | Development, manufacturing, and sale of digital printing systems and related supplies, and provision of various printing service and solution services<br><br> |
| **Healthcare Business**<br><br>9.4% of sales | Development, manufacturing, and sale of medical diagnostic imaging systems (such as X-ray photography and ultrasonic diagnostic imaging systems), provision of services related to those systems and other solution services for digitizing and networking medical treatment<br><br> |
| **Industrial Business**<br><br>11.5% of sales | **Materials and Components**<br>Development, manufacturing and sale of TAC film used for liquid crystal displays, OLED lighting, ink jet heads for industrial use and lenses for industrial and professional uses, and other products<br><br>**Optical Systems for Industrial Use**<br>Development, manufacturing and sale of measuring equipment, and other products<br><br> |