



KONICA MINOLTA

KONICA MINOLTA
CSR REPORT
2014



Giving Shape to Ideas

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Editorial Policy

The Konica Minolta CSR Report is published to inform all stakeholders about the Group's corporate social responsibility initiatives. The report focuses on issues identified as being very important to society and having a substantial impact on the Group's business. It describes, in sections arranged by type of stakeholder, the progress made and specific initiatives taken on priority goals that have been set. To facilitate communication with stakeholders around the world, the report is published in five languages: Japanese, English, Chinese, German, and French.

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. "Konica Minolta, Inc." refers to Konica Minolta, Inc., alone.

Reporting Period

In principle, the report covers activities from April 1, 2013 to March 31, 2014. Some sections may include information on earlier initiatives or more recent activities.

In this report, "fiscal 2013" refers to the fiscal year starting April 1, 2013 and ending March 31, 2014.

Publication Date

August 2014 (Next report: scheduled for August 2015; previous report: September 2013)

For Further Information

More detailed information on the Group's CSR activities is available at:

<http://www.konicaminolta.com/about/csr>



Page on the website



Relevant information available on the website

The documents below are available for download at:

http://www.konicaminolta.com/about/corporate/document_download.html

- Company Brochure
- CSR Report
- Environmental Report
- Annual Report

Reference Guidelines

The 3rd edition (G3) of the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines



GRI/ISO26000/United Nations Global Compact Content Indices

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.



Giving Shape to Ideas

Creating 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.

The days when all a company had to do to survive was manufacture and sell a product are gone. In an age of diversifying values, Konica Minolta is convinced that a sustainable company is one that creates value for both society and itself by integrating its efforts to resolve social issues and improve corporate competitiveness and profits. Konica Minolta is determined to remain a company that is vital to society by continuing to create new value that brings about innovation.

Contributing to Social Quality by Continuing to Create New Value for Customers and the Broader Society

Pursuing Growth through Customer-driven Transformation of Our Businesses

At Konica Minolta, we have established a solid presence in our primary markets by carrying out a “genre-top strategy”—concentrating our efforts and investment in fields where we can leverage the advantages we have built over many years of implementing the Konica Minolta management philosophy, “The Creation of New Value.”

Meanwhile, today’s society is undergoing dramatic changes, and at an unprecedented pace. While many people lead affluent lives surrounded by an abundance of possessions, we are all also faced with difficult global-scale challenges. The days when all a company had to do to survive was manufacture and sell a product are gone. The only companies that will be able to maintain sustainable growth from here on are those that work together with customers to resolve challenges—those which make a positive contribution to society and the environment.

We formulated our new medium-term business plan, which starts in fiscal 2014, based on this conviction. The plan name, “Transform 2016,” reflects our determination to transform the Group’s businesses by focusing thoroughly on customer-oriented ideas and actions. The plan calls for Konica Minolta to create value that contributes to the quality of society by enhancing its ability to propose solutions and services that help customers and the broader society resolve challenges. Through this shift in our business model, which we call “Transformation,” we aim to add even more added value

Basic Policy of the Medium-term Business Plan



**Realize sustainable profit growth
Transform into a customer-centric company
Establish a strong corporate structure**

to Konica Minolta’s businesses, refine our manufacturing processes, strengthen our human resources, and achieve further growth as a company.

Raising the Bar on CSR Management

In order to achieve further growth as a global company, Konica Minolta must intensify its focus on fulfilling its responsibilities to society and gain trust from the international community, while transforming its business based on the medium-term business plan.

Konica Minolta participates in the UN Global Compact and seeks to fulfill its diverse social responsibilities in the areas of human rights, labor, the environment, and corruption prevention. These efforts have earned the company a positive reputation in the international community, for instance inclusion in SRI indexes in and outside Japan. With the start of the new medium-term business plan, I would like to continue these initiatives while also raising the bar so that we rise to the next level.

Konica Minolta Philosophy

Our Philosophy

The Creation of New Value

6 Values

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

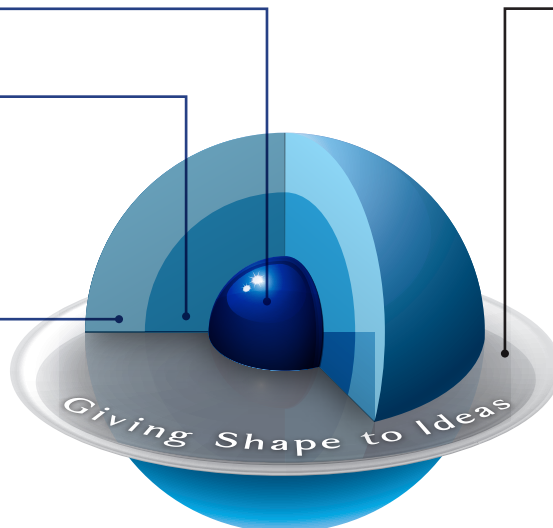
Our Vision

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

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

Brand Proposition

Giving Shape to Ideas



Our slogan to realize the Konica Minolta Philosophy
simply BOLD

On the environmental front, for example, we have kicked off a medium-term environmental plan based on the concept of pursuing both the resolution of environmental challenges and enhancing corporate competitiveness. We are working to achieve specific targets in terms of both corporate growth and environmental impact reduction, focusing on our Green Products, Green Factories, and Green Marketing initiatives. With respect to human rights, in 2014 we established a conflict minerals compliance policy to help prevent human rights violations and will continue to bolster our efforts in this area.

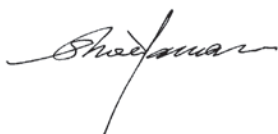
Going forward, we are committed to proactively fulfilling our responsibilities as a global company and responding to the diverse challenges faced by the international community.

Increasing the Ability of Each and Every Employee to Deliver Results

Everything—including the outcome of the medium-term business plan and our efforts to raise the bar on CSR management—depends on the ability of our 40,000+ employees around the world to deliver results. That is why we have articulated the Konica Minolta Philosophy as the cornerstone to ensure each and every employee shares the same values while making decisions and taking actions with agility and a proactive mindset. Ensuring we all move forward in the same direction, it shows how the “The Creation of New Value” is at the core of the six values that express Konica Minolta’s strengths and heritage, which in turn underlie our vision for the company.

We will also work at reforming our HR policies, focusing on appointing the right people for the right jobs, deploying personnel with a global mindset, supporting female employees, and selecting young employees for challenging roles. In all of these efforts, the goal is to create an environment where we can identify and promote human resources who demonstrate the ability to deliver results.

I am confident that these strategies will enable us to achieve our vision of becoming a robust company that is capable of strong growth and vital to society. I invite you to look forward to what Konica Minolta will achieve in the future.



Shoei Yamana
President and CEO
Konica Minolta, Inc.



Theme 1 Effective Utilization of Recyclable Resources

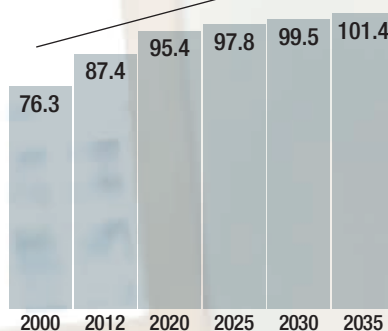
Initiatives of the Business Technologies Business

Social Issue

Limited Natural Resources and Utilization of Recycled PET

Forecast of global oil demand
(million barrels/day)

33% increase
in 35 years →



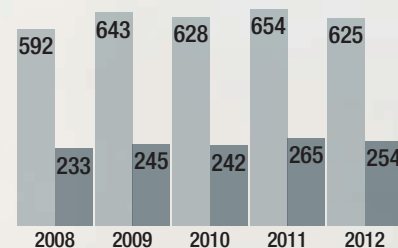
Source: World Energy Outlook 2013, IEA.

Recovery of used PET bottles and
volume recycled in Japan (thousands of tons)

Recovered Recycled in Japan

Volume recycled in Japan:

less than **50%** of volume
recovered



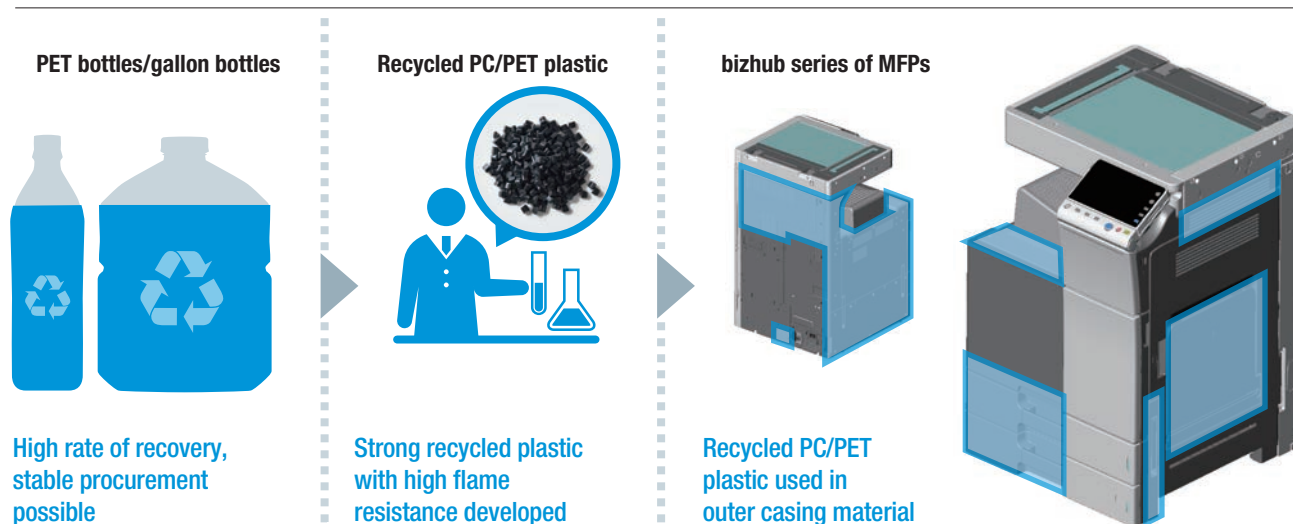
Source: Annual Report on PET Bottle Recycling,
Council for PET Bottle Recycling.

With demand for oil expected to keep increasing despite the threats of resource depletion and climate change, virtually every industrial sector is attempting to use less and recycle more plastic and other petroleum-based resources. One item with a high profile is PET bottles. PET is available in a relatively stable supply and has well-established recycling infrastructure. At present, however, the volume recycled in Japan is growing more slowly than the volume collected; more than half of collected PET is shipped outside the country at low prices. In order to become a recycling-oriented society in the truest sense of the term, Japan needs to find more added-value applications for using PET bottles as a recyclable resource.



Using Recycled PET Bottles in the Outer Casing Material of MFPs

For some years now, Konica Minolta has been conducting R&D on ways to use recycled plastic, looking to help build a recycling-oriented society. The company created new technology for recycling PET plastic and succeeded in using it in the outer casing of its MFPs, which had previously been difficult to achieve, thus increasing the value of the recycled material.



Each MFP uses recycled PC/PET plastic equivalent to about sixteen 500 ml PET bottles and two 5 gallon PC bottles.*

* bizhub C554e series of color MFPs

The biggest challenge when recycling recovered PET bottles as recycled PET (polyethylene terephthalate) plastic is the deterioration in performance compared to virgin material. That is why applications for recycled PET plastic were limited until now to products with low performance requirements, such as sheets and textiles.

Konica Minolta's research into using recycled PET plastic in the outer casing material of MFPs faced hurdles at first in terms of performance. The challenges included making it processable enough for injection molding, as well as meeting strength and flame-resistance requirements. The company applied polymer alloy technology to obtain better performance by blending different resins. By mixing it with polycarbonate (PC), the researchers were able to improve the strength, flame resistance, and processability of the recycled PET plastic.

PC is used to make gallon bottles for water coolers. Like PET bottles, it is a plastic with a high rate of recycling. By combining recycled PC and PET into a composite material, Konica Minolta developed recycled PC/PET plastic, a material good enough to use for the outer casing of its bizhub series of color MFPs. The usage rate of recycled PC/PET and other recycled materials continues to increase with every new model. Recycled materials make up more than 40% of the total plastic surface area in the bodies of bizhub C554e series machines, the main new models launched in 2013.

This adoption of recycled plastic in the outer casing of an MFP was an industry first, worldwide. Building on this achievement, Konica Minolta will strive to improve the quality and expand the applications of recycled plastic material in the future.

Theme2 Contributing to the Advance of Medical Diagnostics

Initiatives in the Healthcare Business

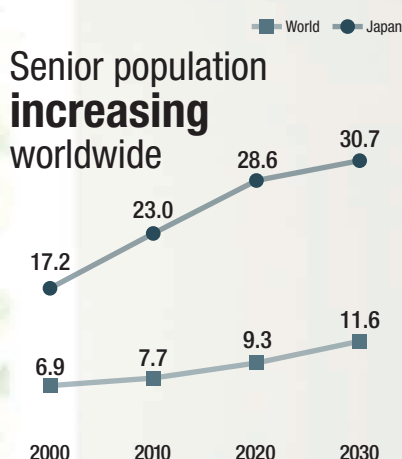
Social Issue

Aging Societies with Rising Home Care Needs

Societies around the world are experiencing faster and faster demographic aging, while the total global population is also growing dramatically. In Japan today, people 65 years and older account for 25% of the entire population, making Japan one of the quickest-aging countries in the world. The health care situation facing seniors has created various challenges. Too many patients have difficulty making it to see the doctor, there are too few doctors, and medical and nursing costs are increasing for society as a whole.

Given this context, there is a great need to supplement the traditional outpatient and inpatient care systems with a third form, home health care. With home care expected to become more common in the future, observers expect an expansion in the number and type of medical services that can be performed in the home.

Percentage of seniors (65 and older) in the population (%)

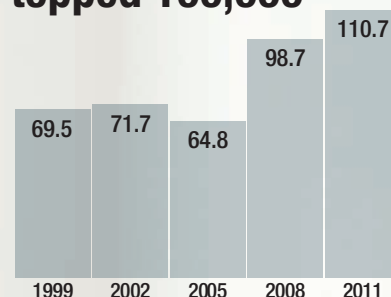


Source: World Population Prospects: The 2012 Revision, United Nations.

Senior population increasing worldwide

Patients who have received home care in Japan (thousands)

The number of home care patients in Japan has topped 100,000

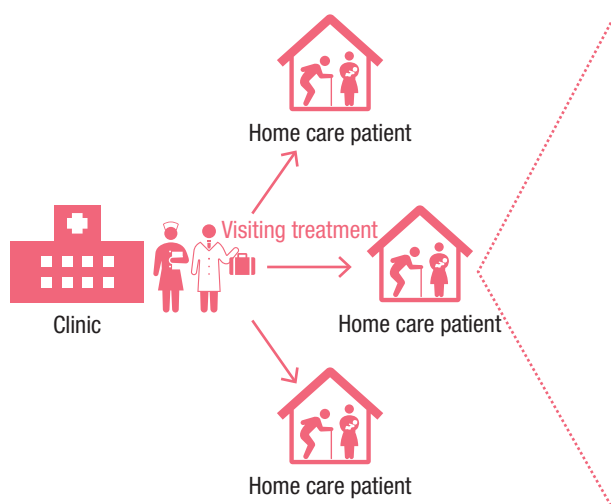


Source: Patient survey conducted by the Ministry of Health, Labour and Welfare.



Making High-precision Diagnostic Imaging Devices Usable in the Home Care Setting

Diagnostic imaging devices that use X-rays and ultrasound enable healthcare providers to see inside the body, shedding more light on conditions that cannot be assessed just from outward appearance. Until recently, patients who needed imaging services were required to visit a medical facility, since the imaging devices were not mobile. Konica Minolta has now developed portable devices that make diagnostic imaging in the home possible.



AeroDR, a cassette-type digital radiography system



SONIMAGE P3, a portable ultrasound diagnostic imaging system

Making X-ray and ultrasound diagnostics available to home care patients

As a pioneer of X-ray film in Japan, Konica Minolta has developed diverse medical diagnostic imaging devices by leveraging its core imaging technologies. In recent years, it has driven the digitalization and networking of diagnostic imaging and contributed to the expansion of its scope of use by making devices more and more user friendly.

The digital radiography system AeroDR, for example, features improved operability during image capture, which had been a challenge until now, taking advantage of painstaking weight reduction efforts and wireless technology. The AeroDR makes it possible to take images not only in the X-ray room but also at the hospital bedside, in the emergency room, or other locations. The diagnostic ultrasound system SONIMAGE P3 is proving useful not only in hospitals but also in home care and disaster settings, since its ultra-lightweight, compact design make

it easy for doctors to bring with them wherever they go.

Seeking to take advantage of the AeroDR's excellent portability to make it usable at home care and disaster sites, in 2013 Konica Minolta developed a mobile package that includes a tablet PC for image diagnostics and a wireless communications unit. This package was used for demonstration testing of a health promotion car, conducted by Aomori Prefecture in three municipalities as a health care measure in thinly populated areas. This initiative, which conducts treatment visits, house calls, and health checkups using portable medical devices packed into a compact car, confirmed AeroDR's usefulness in home care.

Going forward, Konica Minolta will continue to make these advanced diagnostic imaging devices even more user-friendly to contribute to the advance of home care.

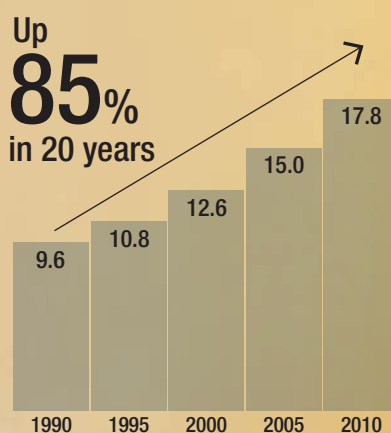
Theme 3 Contributing to Energy Savings Throughout Society

Initiatives in the Industrial Business

Social Issue

Continually Rising Electricity Consumption and the Demand for Low-power Lighting

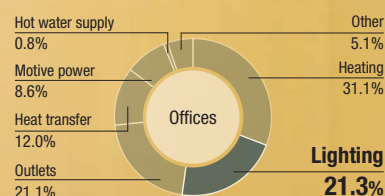
World Electricity Consumption
(trillions kWh)



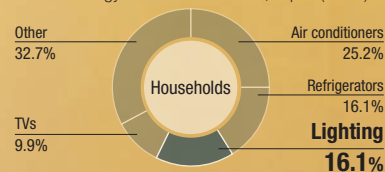
Source: Energy Balances of OECD Countries, Energy Statistics and Balances of non-OECD Countries, IEA.

Breakdown of Energy Consumption
in Offices and Households

Lighting accounts for a high percentage



Source: Energy Conservation in Office Buildings, Energy Conservation Center, Japan (ECCJ).



Source: Dictionary of Energy Conservation for Households, ECCJ.

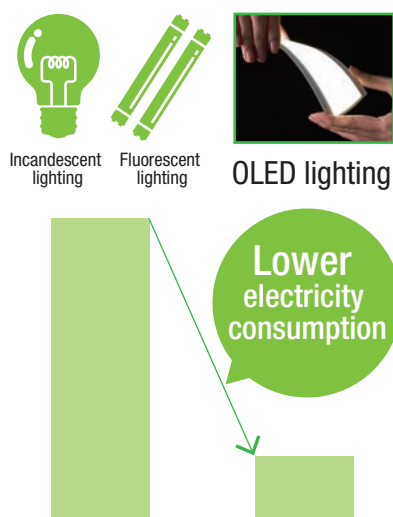
The need for greater energy savings is in the news worldwide amid growing concerns over climate change and resource depletion, yet electricity consumption keeps going up. Lighting equipment accounts for the second highest percentage of electricity use, following heating and cooling, including air conditioning. Saving more energy on lighting, which is an indispensable part of modern life, would help conserve energy throughout society, including at residences and offices. This potential is driving demand for the development and popularization of next-generation lighting equipment that has better energy efficiency than conventional fluorescent and incandescent lights.



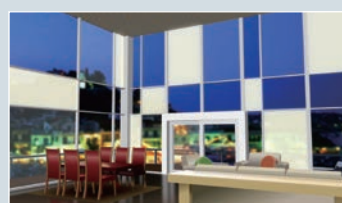
Finding Diverse Applications for Cutting-edge Organic Light Emitting Diode (OLED) Lighting

Konica Minolta is working hard to meet the rising demand for next-generation lighting with lower electricity consumption than fluorescent and incandescent lighting. The company is applying its proprietary film-making and optics technology to R&D into organic light emitting diode (OLED) lighting, aiming to create new products which help save energy throughout society. Seeking to identify many promising applications, Konica Minolta is working to improve functionality and luminous efficiency and is already building an efficient mass production system.

Conventional lighting Next-generation lighting



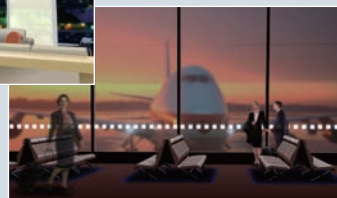
OLED lighting is thin, lightweight, and flexible, and has many potential applications.



Building materials



In-car lighting



Interior décor

OLEDs use an organic material that emits light when stimulated by an electric current. They do not use mercury like fluorescent lights and are highly energy efficient, giving them great promise as a next-generation lighting source with low environmental impact. OLED lighting also boasts unique features unavailable in conventional lighting: they are thin, lightweight, and flexible, and they provide a light source surface that evenly lights a wide area. These characteristics create the potential for novel ways to use lighting. It is anticipated that they will be used in diverse situations, ranging from homes to offices and car interiors to outdoor settings.

From early on, Konica Minolta has leveraged its proprietary technical capabilities, including optics technology and design and synthesis techniques for organic materials, to conduct R&D into putting OLEDs into practical use. Since 2010, the company has also been involved in a project called Fundamental Technology Development of

Next-generation High-efficiency and High-quality Lighting implemented by Japan's New Energy and Industrial Technology Development Organization (NEDO).

In March 2014, it succeeded in increasing the luminous efficiency, which had been a challenge for achieving broader application of the technology, to 131 lm/W, which is better than general LED lighting and is the world's highest luminous efficiency for an OLED.^{*1}

The company has already started building a mass production plant at its Kofu site in Yamanashi prefecture in preparation for full-scale commercialization in the future. It has adopted roll-to-roll processing,^{*2} which provides excellent productivity, and plans to start production in the fall of 2014.

^{*1} As of March 1, 2014. Among white OLED lighting panels with a luminance area of 15 cm² or greater. Based on a Konica Minolta investigation.

^{*2} **Roll-to-roll processing:** a method of processing electronic devices on a roll as it is being rolled up. Compared to the processing of devices cut out individually, there is no need for time and effort spent on installation and conveyance.

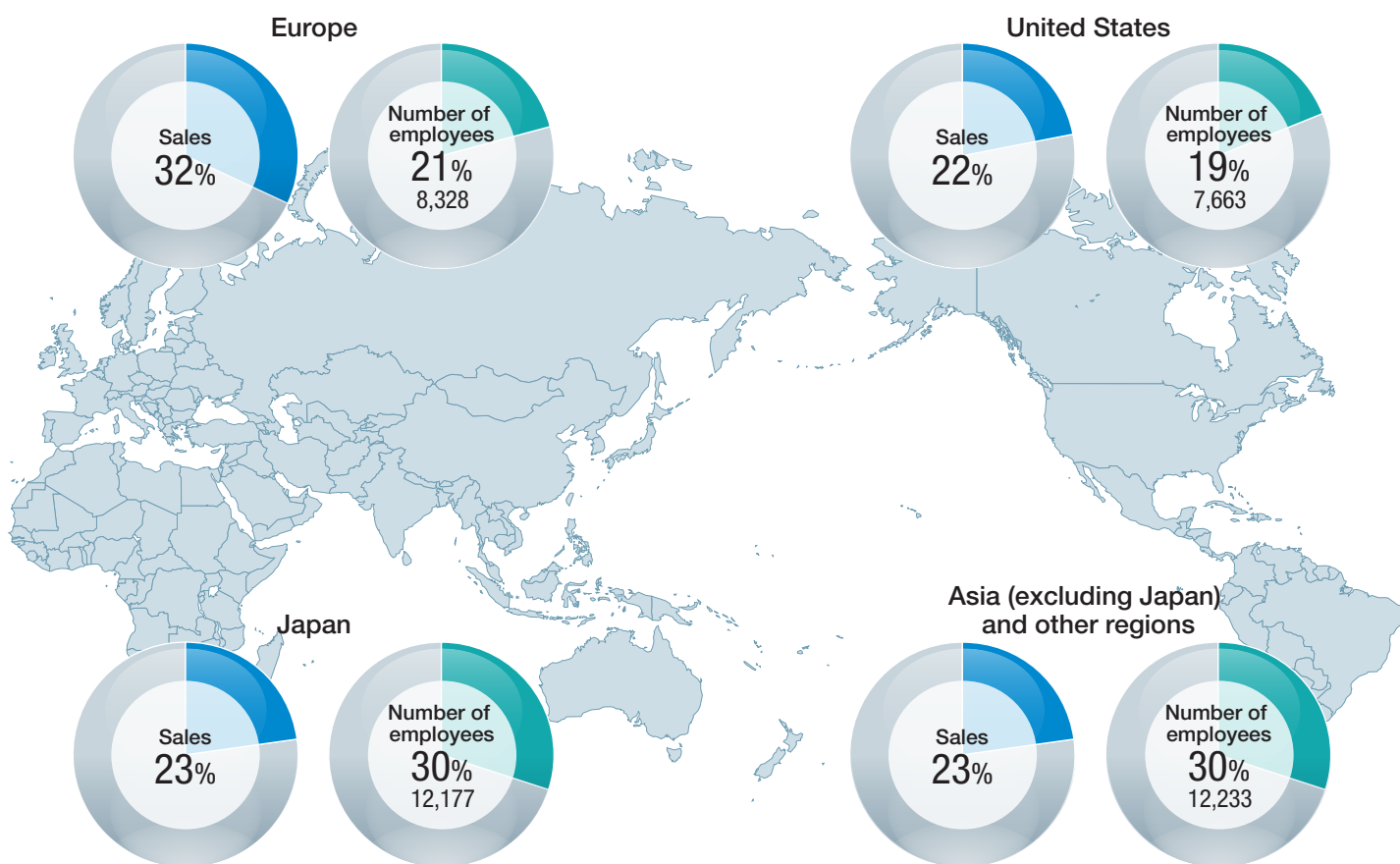
Business Domains

Konica Minolta leverages its advantages in the field of Business Technologies—its flagship business—as well as its Industrial and Healthcare businesses, to create new value that helps solve social issues.

Business Segment	Principal Products	Applications
Business Technologies Business	Office Services <ul style="list-style-type: none"> • MFPs (Multi-functional peripherals) • Laser printers • Filing devices • Facsimile machines • Software and peripheral devices • Cloud services 	• Offices
	Commercial and Industrial Printing <ul style="list-style-type: none"> • Digital color printing systems • Digital monochrome printing systems • Digital color-proofing systems • CTP (Computer to Plate) • Prepress production systems • Inkjet printheads • Inkjet textile printers • Inkjet print units • Inkjet inks 	<ul style="list-style-type: none"> • Printing companies • Corporate printing departments • Digital printing • Textile dyeing • Printed electronics
Industrial Business	Functional Materials <ul style="list-style-type: none"> • TAC film for LCD polarizers • VA-TAC film for increasing viewing angle • High-precision photo plates • Barrier film • Functional film for windows • Organic light emitting diode   	<ul style="list-style-type: none"> • Electronics industries • Auto industries • Research institutes • Hospitals / Nursing homes
	Optical Systems for Industrial Use <ul style="list-style-type: none"> • Lens units • Pickup lenses for optical disks • Spectrophotometers, colorimeters • Illuminance meters, chroma meters • Spectroradiometers • Spectrometers • Pulse oximeters • Solar cell measurement and calibration equipment    	
Healthcare Business	<ul style="list-style-type: none"> • Digital X-ray diagnostic imaging systems (CR, DR) • Digital mammography • Diagnostic ultrasound systems • Medical imaging filing systems • All-in-one medical imaging information workstations • Medical management ICT services • Diagnosis medicine 	<ul style="list-style-type: none"> • Hospitals • Clinics

Global Reach

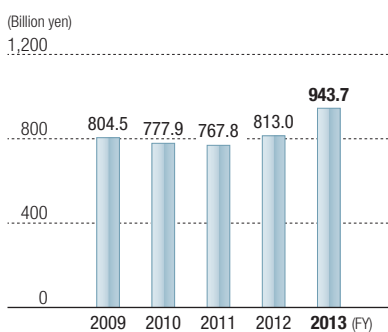
Konica Minolta has subsidiaries in 45 countries as of March 31, 2014.



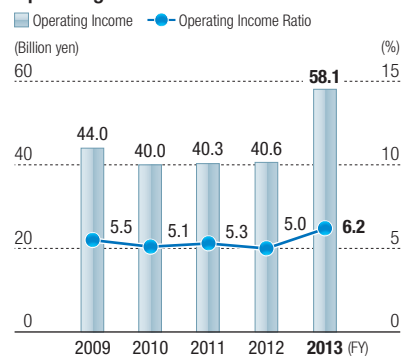
Corporate Data

Company Name Konica Minolta, Inc.
Head office 2-7-2 Marunouchi, Chiyoda-ku, Tokyo, Japan
President and CEO Shoei Yamana
Established December 22, 1936
Paid-in capital 37,519 million yen (as of March 31, 2014)
Fiscal year-end March 31
Number of employees
 Non-consolidated: approximately 6,300 (as of March 31, 2014)
 Consolidated: approximately 40,400 (as of March 31, 2014)

Consolidated Net Sales



Consolidated Operating Income/Operating Income Ratio



Konica Minolta aims to establish itself as an innovative company that is constantly evolving and is vital to society by putting into practice its management philosophy, "The Creation of New Value." This is why the Group strives to contribute to the resolution of societal challenges by creating value that improves the quality of society through its business endeavors. Konica Minolta's CSR activities are guided by this management philosophy and vision, and are based on its Charter of Corporate Behavior. The Konica Minolta Group Guidance for the Charter of Corporate Behavior, which is shared globally, illustrates desirable behavior in each of the categories included in the Charter of Corporate Behavior as a basis for understanding and putting the Charter into practice. The Group Guidance articulates Konica Minolta's commitment to acting in compliance with international social norms such as the Universal Declaration of Human



Rights and the United Nations Global Compact, in which the company participates.

The Global Compact's Ten Principles

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

Management Philosophy The Creation of New Value

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.

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.

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, the 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.

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 Implementation System

At Konica Minolta, the executive officer responsible for CSR, who is appointed by the Board of Directors, carries the duties and authorities concerning the entire Group's CSR. Directly reporting to him is the CSR, Corporate Communications and Branding Division, which sees to the implementation of CSR management for the entire Group. This division also coordinates with corporate planning and management divisions within the Group to establish and monitor the progress of priority goals for CSR activities and to oversee the disclosure of information to the public.

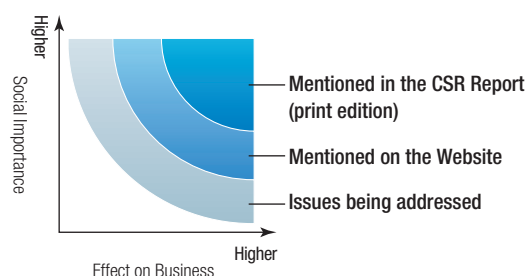
Corporate Social Responsibility Operations, an organization under the direction of the executive officer responsible for environmental management, safety, and quality control, oversees these important themes across CSR activities.

It holds meetings of management committees in each of these three areas to create Group policies, construct systems, and manage progress. It also provides information and supports policy measures in close coordination with other divisions. Every week, the head of the CSR, Corporate Communications and Branding Division submits a report on the progress of CSR activities to the executive officer responsible for CSR, in which policy measures are reviewed and proposals made. The Management Council and other bodies also meet in a timely fashion to discuss matters of importance and keep CSR front and center in management.

Establishing Priority Goals for CSR Activities

In establishing its priority goals for CSR activities, Konica Minolta endeavored to understand the issues that are most important to stakeholders by analyzing feedback obtained by communicating with them in a variety of ways. It also considered international guidelines related to CSR, including the UN Global Compact and ISO26000. Further, it summarized and organized risks and opportunities considered when formulating business plans in each business field. Based on the results, the Group selected the issues that are very important to society and have a great impact on its business and established them as its priority goals.

The CSR Report (print edition) outlines the specific measures being taken and the progress on the goals that are considered most important to stakeholders.



Konica Minolta's Inclusion in Socially Responsible Investment Indexes

Konica Minolta was included in both the World and Asia Pacific categories of the Dow Jones Sustainability Index (DJSI) 2013 issued by U.S.-based Dow Jones and Swiss-based RobecoSAM. The company has also been included in the FTSE4Good Global index, one of the world's best-known SRI indexes, for 11 years straight.

Konica Minolta has received high marks from various other SRI research companies, such as inclusion in the Morningstar Socially Responsible Investment Index (MS-SRI), the Silver Class rating in the RobecoSAM Sustainability Yearbook 2014, the Prime rating for CSR by oekom research AG, and Forum Ethibel's Ethibel Pioneer and Ethibel Excellence investment universe (as of March 31, 2014).

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM



The Relationship between Konica Minolta and Stakeholders			Targets and Results
Stakeholders		Tools and Opportunities for Communication	Important Theme
Customers ▶ P29	Konica Minolta does business around the world. The major customers of Konica Minolta's main business operations are corporations, government agencies, and hospitals.	<ul style="list-style-type: none"> Providing customer service via websites and call centers Providing product information via websites and newsletters Conducting customer satisfaction surveys Exchanging information via visits to customers Exchanging information at showrooms and trade shows Holding seminars 	Assuring product safety and preventing quality-related problems
			Increasing customer satisfaction
Business Partners ▶ P33	Konica Minolta procures raw materials, parts and components from different companies depending on the type of business. Over 90% of these suppliers are located in Japan, China, and elsewhere in Asia.	<ul style="list-style-type: none"> Holding suppliers' meetings Procurement Collaboration System Conducting CSR surveys (self-assessment questionnaires) 	Promoting CSR across the supply chain
Shareholders and Investors ▶ WEB	Konica Minolta has 26,191 shareholders. The breakdown highlights relatively high ownership by institutional and foreign shareholders; foreign shareholders own a combined stake of 45%, while Japanese financial institutions own 37% (as of March 31, 2014).	<ul style="list-style-type: none"> Shareholders' meetings Briefings for investors Visits to investors Briefings for business analysts and institutional investors Annual reports IR website 	Enhancing communication with shareholders and investors
Employees ▶ P35	Konica Minolta employs 40,401 people worldwide. Of those, 30% are in Japan, 21% are in Europe, 19% are in North America, and 30% are in China and elsewhere in Asia, and others (Figures are based on total regular employees of consolidated companies, as of March 31, 2014).	<ul style="list-style-type: none"> Interactive intranet Group journal Employee attitude surveys Dialogue with labor unions Offering internal help line systems Exchanging opinions during inspection tours of production sites by senior staff 	Leveraging and developing diverse human resources
			Promoting occupational health and safety
Local and Global Communities ▶ P39	Konica Minolta operates in some 45 countries across the globe, and acts as a responsible member of every community where it operates.	<ul style="list-style-type: none"> Activities that contribute to local communities Community briefings and invitational events Sending speakers to lectures and places of education Industry group activities Environmental reports and websites 	Implementing social contribution activities around the world
Global Environment ▶ P17	As a manufacturer, Konica Minolta engages in various operations that impact the environment, for instance generating CO ₂ emissions, which contribute to climate change, using materials derived from petroleum, which is a dwindling natural resource, and affecting ecosystems in various ways.	<ul style="list-style-type: none"> CSR reports, environmental reports, and websites Community briefings and explanatory meetings Collaboration with research institutions 	Green products
			Green factories
			Green marketing

*1 **Serious product-related accidents:** Accidents in which products put the lives of product users at risk or cause serious bodily injury and those in which property other than the products is damaged seriously

*2 **Quality problem index:** An index created by Konica Minolta based on the costs related to quality problems that arise in the process of creating products or those involving products on the market

	Fiscal 2013 Targets	Fiscal 2013 Results	Fiscal 2014 Targets
	1. Number of serious product-related accidents ^{*1} : 0 2. Quality problem index ^{*2} : 80% reduction compared to fiscal 2008 ● Complete product safety education for all target personnel ● Visualize quality risk management throughout the product lifecycle ● Achieve management indicators for strengthening customer relationship management established for each business (e.g., loyalty measurements)	1. Number of accidents: 0 2. Quality problem index: 77% reduction ● Completed education for all target personnel ● Shared quality problems that occurred anywhere in the Group and cross-deployed countermeasures ● Established KPI (depending on business characteristics, e.g. satisfaction, willingness to continue purchasing, advisability to others, call center's rate of issue resolution) for all businesses and achieved target for willingness to continue purchasing, which is an important item	1. Number of serious product-related accidents ^{*1} : 0 2. Improve the quality of products, sales and service throughout the product lifecycle ^{*3}
	● Incorporate CSR procurement into supplier evaluations within ISO 9001 quality management system and start operating it ● Continue training examiners in all business divisions ● Establish management system for compliance with conflict minerals regulations	● Finished incorporating CSR procurement into supplier evaluations within ISO 9001 quality management system in all business divisions and started operating it ● Provided CSR procurement education to 143 persons, including education to examiners ● Continued examining suppliers and completed examinations of 36 suppliers ● Joined the EICC to step up CSR procurement activities ● Established management system for compliance with conflict minerals regulations ● In the Business Technologies Business, conducted a conflict minerals survey in conjunction with briefing sessions held for suppliers	● Audit Group production sites and suppliers ● Support suppliers' independent initiatives ● Clarify incentives for suppliers ● Establish and promote a conflict minerals compliance policy ● Expand scope of initiatives
	● Enhance website for individual investors ● Hold briefings for individual investors	● Renewed website for individual investors ● Released three-minute corporate introductory video ● Won gold prize in the Gomez IR website ranking ● Won a Daiwa Internet IR Excellence Award ● Held briefings 12 times at branches of securities companies ● Exhibited at the Tokyo Stock Exchange IR Festa 2014 and held briefings in the booth and in the hall. Directly explained the Group's business, strategies, and shareholder return policy to about 500 people.	● Actively disseminate information and encourage understanding of Transform 2016, the new medium-term management plan (both institutional and individual investors) ● Expand effective contents and practice PR to encourage individual investors to purchase Konica Minolta stock ● Feed individual investors' opinions back and disseminate information that helps make Konica Minolta a more attractive investment choice
	● Roll out Group-wide platform for human resources development and deployment ● Expand business leader development program to manager-level personnel and offer program in different regions	● Started regional business leader development program in China ● Established the Global Strategy Council, an organization to make use of the knowledge and views of senior personnel at affiliated companies in group management ● Established Konica Minolta With You, Inc., a subsidiary that supports the independence of persons with disabilities by employing them	● Promote globally shared HR policies based on a platform for human resources development and deployment ● Instill principles and promote the development of a system for carrying out worldwide human resources development and deployment
	1. Number of serious accidents ^{*4} : 0 2. Frequency rate of accidents causing absence from work: 0.1 or less ● Reduce risk of accidents during working hours and prevent recurrences of similar accidents ● Continue making fundamental facility improvements	1. Number of serious accidents: 0 2. Frequency rate of accidents causing absence from work: In Japan: 0.32, Outside Japan: 0.06 ● Evolution of risk assessment: Expand persons subject to education and enhance identification of and countermeasures to non-regular work risk ● Introduced examples of internal accidents and examples from other companies, and enhanced prevention of recurrence of similar accidents through 4M5E method-based analysis of the causes of accidents causing absence from work	1. Number of serious accidents: 0 2. Frequency rate of accidents causing absence from work: 0.1 or less ● Enhance cultivation of a culture of safety: involvement of senior management in safety, safety management in the workplace, and raising the safety awareness of individuals ● Improve global health and safety management ● Enhance intrinsic safety of equipment (risk reduction)
	▶P.40 Typical examples of fiscal 2013		
	▶P27		

^{*3} Product lifecycle: All process from product planning through procurement and production to sales and service

^{*4} Serious accidents: 1. Death, diseases that require or may require long-term care, injuries that cause or may cause disabilities, and specific communicable diseases

2. Accidents that cause three or more employees at one time to suffer on-the-job death, injuries or diseases (including accidents that do not cause absence from work)

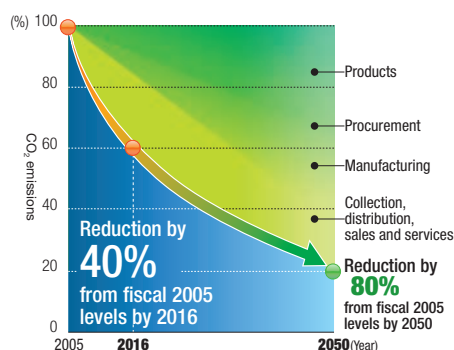
Exercising Responsibility for the Global Environment

Konica Minolta's Eco Vision 2050 is a set of long-term goals that looks all the way out to the year 2050, focusing on the three aims of preventing global warming, promoting resource recycling, and preserving biodiversity. The Group's Medium-Term Environmental Plan 2016, with the target year of fiscal 2016, is the action plan governing its current efforts to make progress towards Eco Vision 2050. Konica Minolta has committed itself to the "Three Green Activities" to help it reach the goals of the medium-term plan. The company is determined to create environmental innovation at each stage in its business processes, from product development to procurement, production, distribution, sales and service, and collection and recycling. This effort is designed to help reduce environmental impact and increase corporate value.

Eco Vision 2050

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

Vision for Reducing CO₂ Emissions



Medium-Term Environmental Plan 2016

Konica Minolta has established a medium-term environmental plan based on the idea that a company that creates value for both society and itself by integrating efforts to resolve social issues and improve corporate competitiveness and profits—that is, a company that practices CSV (creating shared value)—is a sustainable company that can meet the

Increase environmental value

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

Vision

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



Medium-Term Environmental Plan 2016

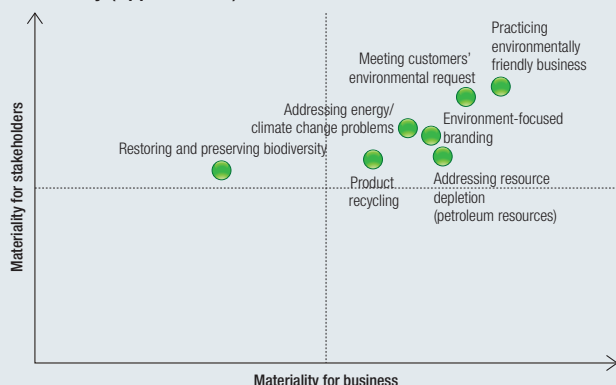
Important Theme	Important issues	Fiscal 2016 goals	
		Corporate value	Environmental value
Important Theme 1 Green Products (planning and development)	(1) Creating and providing the green products demanded by customers and society	Sales ● Sales of Green Products: 640 billion yen (Share of sales: 58%) Cost reductions ● Reduce cost of product materials Branding ● Increase society's and customers' brand recognition	Preventing global warming ● CO ₂ reduction during product use: 97 thousand tons ● CO ₂ reduction at suppliers: 100 thousand tons Supporting a recycling-oriented society ● Resources used effectively: 42 thousand tons Reducing chemical substance risks ● Control emissions
	(2) Conforming with government procurement standards and environmental label requirements	Sales ● Zero lost sales opportunities	Environment overall ● Reduce environmental impact by conforming with standards and label requirements
	(3) Dependably complying with product-related laws and regulations	Risk avoidance ● Zero effect on sales	Reducing chemical substance risks ● Reduce hazardous chemical substance risk by conforming with laws and regulations
Important Theme 2 Green Factories (procurement and production)	(1) Green Factory operations that translate into cost competitiveness	Cost reductions ● Reduce costs of energy and materials (reduce loss)	Preventing global warming ● CO ₂ reduction during production: 20 thousand tons Supporting a recycling-oriented society ● Resources used effectively: 4 hundred tons Restoring and preserving biodiversity ● Sustainable use of water resources
	(2) Cooperation with suppliers that translates into cost competitiveness	Cost reductions ● Reduce costs of energy and materials (reduce loss)	Preventing global warming ● CO ₂ reduction on supplier side: 2 thousand tons Supporting a recycling-oriented society ● Resources used effectively: 6 hundred tons
	(3) Dependably complying with production-related laws and regulations	Risk avoidance ● Zero effect on production	Environment overall ● Reduce environmental impact by conforming with laws and regulations
Important Theme 3 Green Marketing (distribution, sales and service, and collection and recycling)	(1) Customer-focused response to environmental requests	Sales ● Seize sales opportunities; zero lost sales opportunities Branding ● Increase society's and customers' brand recognition	Environment overall ● Reduce environmental impact by responding to customer requests
	(2) Sales promotion of ICT services and reduction of environmental impact	Sales ● Promote sales of ICT services, which reduce customers' environmental impact	Preventing global warming ● CO ₂ reduction on customer side: 42 thousand tons Supporting a recycling-oriented society ● Resources used effectively on customer side: 2 thousand tons
	(3) Supply chain optimization and linked environmental initiatives	Cost reductions ● Reduce cost of distribution and packaging	Preventing global warming ● CO ₂ reduction during distribution: 4 thousand tons Supporting a recycling-oriented society ● Resources used effectively: 7 hundred tons
	(4) 3R initiatives for products	Risk avoidance ● Reinforce 3R initiatives	Supporting a recycling-oriented society ● Use resources effectively through product 3R initiatives

requirements of society in the 21st century. The medium-term environmental plan sets out goals for both the reduction of environmental impact and corporate growth.

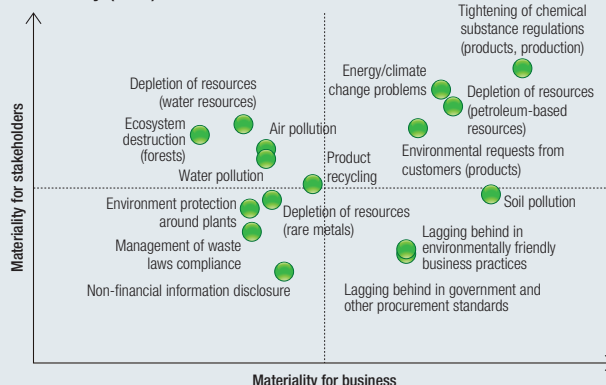
When defining these goals, a materiality analysis was conducted to identify important issues that affect both the environment and the company, and the identified material risks and opportunities were incorporated into important

themes and important issues. The important themes are the “Three Green Activities”: Green Products (planning and development), Green Factories (procurement and production), and Green Marketing (distribution, sales and service, and collection and recycling). Important issues were established around these themes, with goals set for corporate value and environmental value, respectively.

Materiality (Opportunities)



Materiality (Risk)



Important Theme 1

Green Products

Background and Issues

As environmental issues like climate change and various other social issues loom larger and larger, the times are changing. The world is moving from an age when the primary demand was for material affluence to an age that finds value in products and services that help to improve the "quality of society."

Seizing the chance provided by this change in overall social values, Konica Minolta is focusing on creating products and services that contribute to the resolution of social issues. The Group takes environmental issues especially seriously and is striving to develop highly competitive products that help customers and the broader society to reduce environmental impact while simultaneously earning the Group higher profits.

Key Measures

Konica Minolta has introduced a Green Products Certification System for evaluating and certifying products with superior environmental performance. The Group has set numerical targets for increasing the share of total sales accounted for by Green Products and has been promoting environmentally friendly products based on its plan.

Konica Minolta believes this initiative will drive its creation of environmental value suited to different businesses and product characteristics, thus fulfilling its aim of helping customers and the broader society to reduce environmental impact.

Green Products Certification System

In operation since 2011, Konica Minolta's Green Products Certification System is an original system for evaluating and certifying products with superior environmental performance. The system aims to create environmental value suited to different businesses and product characteristics in order to help customers and society at large to reduce environmental impact.

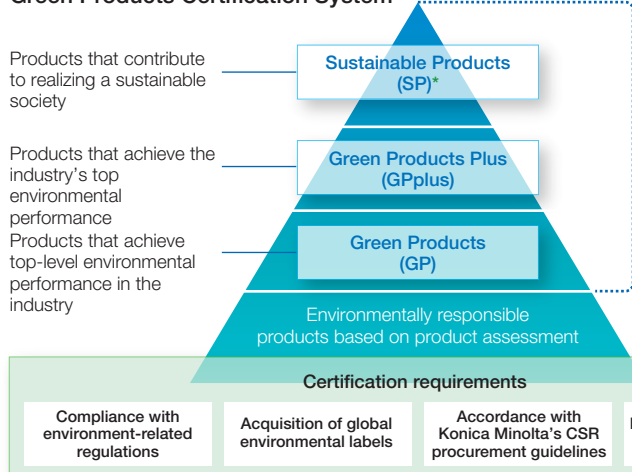
To be certified as a Konica Minolta Green Product, a product must pass criteria established for different businesses and product characteristics with respect to certification standards tailored to environmental issues. The goals that must be met are set at the product planning stage, and the product is certified at one of three levels according to the degree of goal achievement.

The Medium-Term Environmental Plan sets specific targets for increasing certified Green Products' share of total sales. Working to achieve these targets, Konica Minolta is developing highly competitive products that help customers and society to reduce environmental impact while also earning higher profits. At the same time, the Group is disclosing the environmental performance of certified products in various media, including product catalogues and websites in an effort to ensure that the public knows about these efforts.



green products

Green Products Certification System



Certification criteria (excerpts)

Preventing global warming

- Reduce CO₂ emissions from product usage
- Reduce CO₂ emissions throughout product life cycle

Supporting a recycling-oriented society

- Reduce petroleum-based resource usage
- Make products smaller and lighter
- Increase the operating life of products
- Promote the use of re-used and recycled materials
- Promote the use of plant-based materials
- Reduce rare metals usage

Reducing the risks from chemical substances

- Restrict the use of hazardous chemical substances

Restoring and preserving biodiversity

- Use biological resources in a sustainable manner

Manufacturing process innovation

* Sustainable Products (SP) certification standards require that the product not only embody superior environmental performance not typically achieved by earlier products, but also incorporate original technology. While seeking to reduce the environmental impact of all of its products, by setting a very challenging certification level, Konica Minolta aims to promote innovation and contribute more proactively to sustainability.

Fiscal 2013 Performance

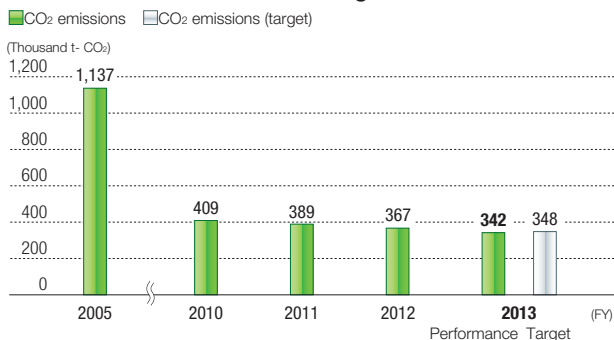
Expansion of Certified Green Products

In fiscal 2013, Konica Minolta placed 39 new models of certified products on the market, bringing the total up to 114 models. Meanwhile, the share of sales accounted for by products certified as Green Products Plus—products which achieve the industry's top environmental performance—reached 37%. The creation and promotion of Green Products also led to the achievement of the Group's fiscal 2013 targets for the reduction of CO₂ emissions from product usage, the reduction of petroleum-based resource usage, and chemical substance management, which are all product-related environmental goals.

Target Sales Share for Green Products

	Fiscal 2013 Target	Fiscal 2013 Results	Fiscal 2016 Target
Green Products (GP)	30%	41%	58%

CO₂ Emissions from Product Usage



Initiatives in Each Business

The Business Technologies Business is working on initiatives in areas such as saving energy, using recycled materials, and reducing the size and weight of MFPs and digital printers. In terms of energy savings, it has significantly reduced TEC^{*1} and equips machines with features that encourage customers to save energy, such as the unique ECO Dashboard which shows how much energy is being saved in real time. It also makes use of three types of sustainable plastics; recycled PC/PET, recycled PC/ABS, and bioplastic. Recycled PC/PET in particular, which was developed using state-of-the-art technology, features increased flame resistance and a wider scope of application. ▶ P5

The Industrial Business has reduced environmental impact and enhanced product competitiveness by creating thinner products, such as an ultra-thin TAC film, in the field of display materials. Meanwhile, in the automotive thermal insulation films market, it developed a functional window film featuring the top level of thermal insulation efficiency^{*2} in its class, which is helping to reduce energy consumption associated with air conditioning use.

By creating an ultra-light design for the AeroDR Series of digital X-ray machines, the Healthcare Business increased the products' portability in medical settings and reduced environmental impact. It also improved user friendliness and energy savings by substantially reducing battery-charging time through the use of a lithium ion capacitor and energy-saving design technology.

^{*1} TEC: Typical Energy Consumption, a measure of energy consumption established by the International Energy Star Program.

^{*2} Based on a study by Konica Minolta. Compared to product lines with the same level of brightness (visible light transmittance).

Examples of Green Products Certified in Fiscal 2013

bizhub C654e/754e Color MFPs

- Class-top^{*1} compact size (installation space savings)
- Uses industry-top^{*1} flame resistant recycled PC/PET plastic technology



AeroDR 10X12HQ Digital X-ray Machine

- World's lightest weight^{*2} with wireless DR
- Approximately 22% reduction in power consumption during image reading (compared to previous model)
- Approximately 77% reduction in foamed plastic usage for packaging material (compared to previous model)



bizhub 224e/284e/364e/454e/554e monochrome MFPs

- Class-top^{*3} low power consumption (TEC) (bizhub 224e)
- Use of industry-top flame resistant recycled PC/PET plastic technology



TAC film for LCD polarizers

- Industry-top^{*4} thinness achieved through optimization of deposition parameters



^{*1} As of launch in July 2013 ^{*2} As of launch in July 2013, as a 10 × 12 inch size ^{*3} As of launch in September 2013 ^{*4} As of launch in June 2013

Important Theme 2

Green Factories

Background and Issues

The environmental problems of global warming and resource depletion are becoming ever more serious, and soaring energy prices and crude oil prices are having an increasing impact on corporate management.

In response, Konica Minolta is pursuing greater efficiency in production processes at its manufacturing sites around the world. Among other things, the Group is working hard to minimize the input of energy and resources and to reduce waste in manufacturing steps. In addition, it is also focusing on developing production technologies which hold down energy and materials costs and which curb emissions of CO₂, waste, and chemical substances.

Key Measures

Konica Minolta's Green Factory Certification System facilitates comprehensive evaluation of environmental activities at its production sites, with the goal of simultaneously pursuing cost reductions and environmental impact reductions at production sites.

The system brings costs down and reduces environmental impact by fostering activities in line with the production strategy of each business and manufacturing site, thereby creating value for both society and the company.

Green Factory Certification System

Konica Minolta has operated its original Green Factory Certification System for comprehensive evaluation of the environmental activities at its production sites since 2010. The system aims to reduce both costs and environmental impact by providing a framework for activities that make the most of each business's production strategy. The system's certification requirements include not only the attainment of targets under the environmental themes of preventing global warming, supporting a recycling-oriented society, reducing the risk of chemical substances, and restoring and preserving biodiversity, but also the degree of attainment for some 250 specifications related to the implementation process that crystallizes Konica Minolta's knowhow, so that it helps to improve the quality of environmental activities.

All business units achieved Level 1 certification by fiscal

2011 and eight units achieved the higher Level 2 by fiscal 2013. Going forward, actions focused on each site's challenges will be taken with the aim of all business units achieving Level 2 certification.



green factory

Note: A single business unit is an organization engaged in the same production activities even across different locations. A single location may include several business units.

Green Factory Certification Standards

Objectives Management	indicators		Level 1	Level 2
Preventing global warming	CO ₂ emissions (per unit of production ^{*1})		12% reduction ^{*2}	20% reduction ^{*2}
Supporting a recycling-oriented society	Zero waste activities	Waste discharged externally (per unit of sales)	30% reduction ^{*2}	50% reduction ^{*2}
		Final disposal rate of total waste	0.5% or less	0.5% or less
	Petroleum-based resource waste (per unit of sales)		30% reduction ^{*2}	50% reduction ^{*2}
Reducing the risks of chemical substances	Atmospheric emissions of volatile organic compounds (VOCs)		Achievement of fiscal 2011 targets for each site in accordance with Medium-Term Environmental Plan 2015	Achievement of fiscal 2015 targets for each site in accordance with Medium-Term Environmental Plan 2015
	Guidelines for managing soil contamination risk		-	Consistent with guidelines
Restoring and preserving biodiversity	Guidelines for biodiversity preservation (consideration of water resources and wastewater, and proper management of greenery at factories)		-	Consistent with guidelines
Guideline-based activities	Achievement rate of implemented items		70% or more	90% or more

^{*1} Per unit of production: Environmental impact in terms of production output or production volume.

^{*2} The base year is fiscal 2005. Based on this (base year) figure, standards tailored to factory characteristics are established.

Fiscal 2013 Performance

Expansion of Sites with Level 2 Certification

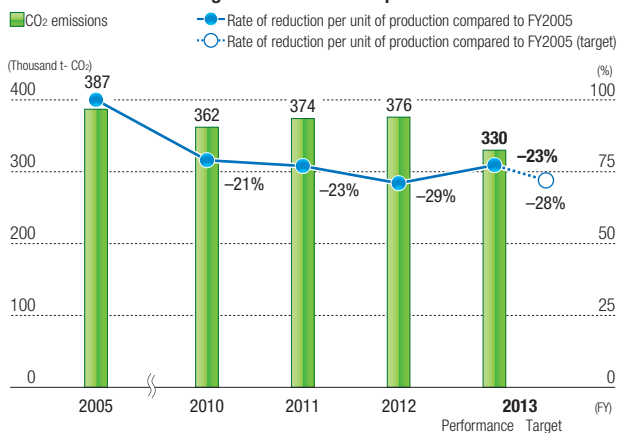
Konica Minolta has set the goal of having all business units around the world achieve Level 2 Green Factory certification by fiscal 2015. In fiscal 2013, three more units (two in Japan and one in China) achieved Level 2 certification, bringing the total up to eight units (five in Japan and three in China).

Reducing CO₂ Emissions Associated with Production Operations

Konica Minolta is striving to reduce CO₂ emissions resulting from production operations, working to do its part in the fight against global warming.

In fiscal 2013, the Group moved forward systematically with energy-saving measures designed to minimize the effect of soaring energy prices. Despite these efforts, the target per unit of sales for fiscal 2013 was not attained due to the Group's withdrawal from the hard disk business and the reduction of production efficiency caused by the lower volume of display materials produced. Still, reductions per unit of production attributable to the Green Factory Certification System generated a CO₂ emissions reduction effect of about 57,000 tons compared to the fiscal 2005 baseline.

CO₂ Emissions Resulting from Production Operations



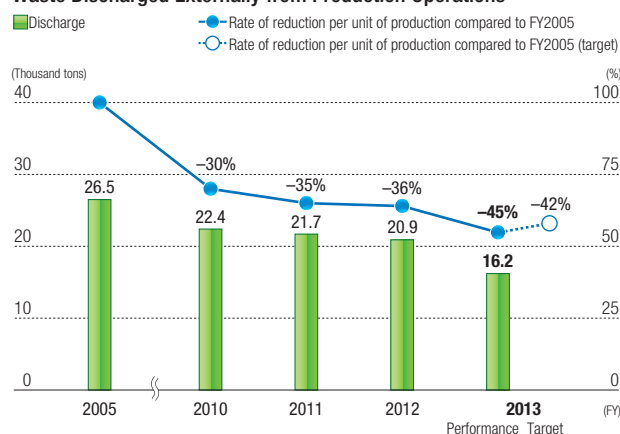
Reducing Waste Discharged Externally from Production Operations

Konica Minolta is striving to reduce waste discharged externally from production operations, in order to help build a recycling-oriented society.

In fiscal 2013, the Group carried out "Zero Waste" activities such as improving production efficiency, expanding recycling of waste material, and expanding the reuse of packaging materials. A production site in Malaysia was closed, which helped to achieve the targets for fiscal 2013. The reductions per unit of production attributable to the Green Factory Certification System generated a total

reduction in externally discharged waste of about 10,000 tons compared to the fiscal 2005 baseline.

Waste Discharged Externally from Production Operations

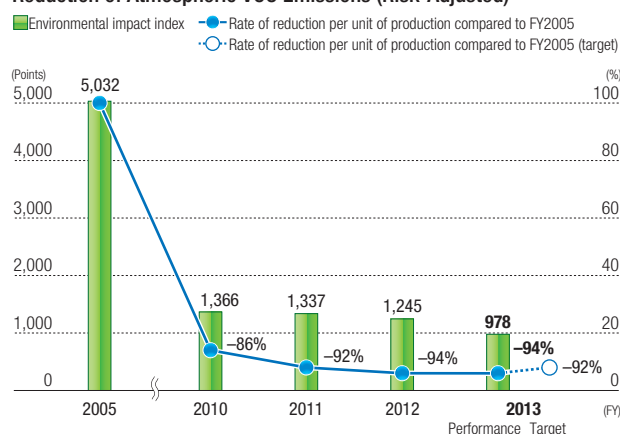


Reducing Atmospheric Emissions of VOCs

Since 1993, Konica Minolta has been working to reduce the emissions of volatile organic compounds (VOCs) from its production sites around the world, focusing on those kinds of VOCs that it identified as higher risk in terms of hazard and volume of use, aiming to reduce overall chemical substances risk. The Group established its own environmental impact index, which multiplies VOC emission volume by impact on human health and environmental impact as well as a location factor, and uses it to manage these efforts.

In fiscal 2013, the reduction per unit of production compared to the base year of fiscal 2005 stayed at the same level as the previous fiscal year, meeting the target for fiscal 2013.

Reduction of Atmospheric VOC Emissions (Risk-Adjusted)



Exercising Responsibility for the Global Environment

Restoring and Preserving Biodiversity

Focusing on its production sites, Konica Minolta has been taking a variety of steps to restore and preserve biodiversity. The Group has made meeting the standards of its Guidelines for Biodiversity Preservation a requirement for attaining Level 2 certification under the Green Factory Certification System, which specifically requires consideration of water resources, consideration of wastewater, and proper management of greenery at factories.

In fiscal 2013, the Group conducted a comprehensive risk assessment on usage of water resources at production sites and R&D sites throughout the Group. Results of an analysis conducted using the World Resources Institute's (WRI) Aqueduct* showed that the Group has no sites with an extremely high risk. Some production sites in China that were identified as having a comparatively high water risk have now set and are working toward targets for reducing water usage.

* **Aqueduct:** World maps and information showing the latest water risks published by the WRI. Produced based on 12 key water risk indicators such as physical water stress and regulatory risk related to water resources.

Reducing CO₂ Emissions by Cooperating with Suppliers

About 26% of Konica Minolta's CO₂ emissions across the supply chain are related to the procurement of parts. By working with suppliers to improve production processes, Konica Minolta is making progress in reducing both costs and environmental impact. Improved quality and productivity and reduced cost are the primary objectives of these efforts, but they also translate into reduced environmental impact by saving on materials and energy used.

Under the program, Konica Minolta engineers visit suppliers' plants and propose improvements that help reduce the usage of raw material plastic and shorten lead times. They work side by side with supplier employees to make these improvements. Reduced plastic usage not only saves on material itself, but also means that less CO₂ is emitted during material manufacturing. Shorter lead times reduce energy consumption and translate into reduced CO₂ emissions by improving production efficiency. In fiscal 2013, these initiatives resulted in a total of nearly 1,800 tons of CO₂ reductions for the year.

The Medium-term Environmental Plan 2016 sets CO₂ reduction targets related to procurement in addition to CO₂ reduction targets for Group production sites. The Group continues to expand its cooperation with suppliers with the aim of achieving these targets.

Success Story: How a Site Achieved Level 2 Green Factory Certification

Wuxi Factory Becomes First Business Technologies Production Site to Achieve Level 2

Konica Minolta Business Technologies (Wuxi) Co., Ltd., in Jiangsu, China, adopted Industrial Engineering (IE) Work Analysis in 2012 as a new method for reducing environmental impact by improving productivity.

This method is based on knowhow accumulated in Japan by Konica Minolta and cross-deployed globally. By thoroughly reconsidering the workability and flow of production lines, the factory reduced production space, shortened production times, and cut energy consumption, including for air conditioning and lighting.

The factory also raised production floor capabilities while encouraging changes in awareness by promoting all-hands initiatives. Improvement contests and other unique campaigns energized the creative originality of the local employees.

As a result of these initiatives, in March 2014 the Wuxi factory became the first production site for business technologies products to achieve Level 2 Green Factory certification.



Konica Minolta Business Technologies (Wuxi)

Important
Theme
3

Green Marketing

Background and Issues

The environmental needs of customers around the world are growing with increasing social concern over environmental problems. Given this situation, Konica Minolta regards the provision of value that helps customers to reduce environmental impact as a vital part of its social responsibility and a driver of its own growth.

This is why Konica Minolta actively proposes and strives to popularize products that help to reduce environmental impact. In addition, the Group pursues greater efficiency in the transport, sales and service activities that deliver those products to customers, which also translates into lower costs and less environmental impact.

Key Measures

Konica Minolta carries out green marketing activities as its way of practicing environmentally friendly sales and services. By providing products and services that meet customers' environmental needs, such as certified Green Products and Optimized Print Services solutions, Konica Minolta helps customers and the broader society to reduce environmental impact. The Group also strives to assist customers' activities to resolve their environmental issues. It is also working on challenges it set for each region, such as efficiency-improvement measures in distribution, packaging, sales, and service and the establishment of a system to recover and recycle used products.

Performance in Fiscal 2013

Helping Customers Reduce Their Environmental Impact

Konica Minolta is practicing Green Marketing at its principal sales companies worldwide, in order to more actively promote products and solutions that help customers and society at large to reduce environmental impact.

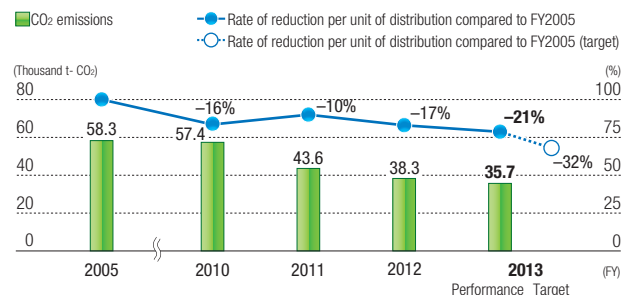
As part of that initiative, in fiscal 2013 the Group held a Global Environmental Conference attended by each sales company to share best practices and success stories. More Group companies also started using the environmental knowhow cultivated by Konica Minolta Inc. in an effort to contribute to the resolution of their customers' environmental challenges. Going forward, the Group will continue to enhance its initiatives to support customers' environmental activities.

Reducing Environmental Impact in Packaging and Distribution

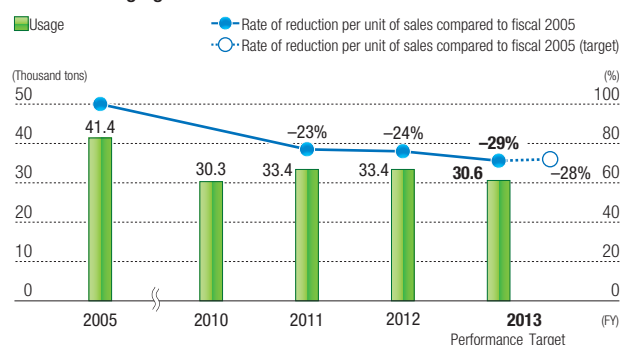
Konica Minolta is working hard to reduce CO₂ from distribution and to use fewer packaging materials, in order to reduce environmental impact when delivering products and services to customers.

The Group managed to reduce CO₂ from distribution by about 1,300 tons from the previous fiscal year through supply chain management measures such as optimization of supply control. However, it did not achieve its per-unit target for fiscal 2013 due to the unexpected need for shipment by air caused by production delays.

The Group achieved its fiscal 2013 target for packaging materials by reducing the packaging of after-sales parts such as film developing units and waste toner boxes.

CO₂ Emissions from Distribution

Use of Packaging Materials



Close Up

Konica Minolta's Environmental Activities Widely Recognized

Acquiring Eco-Labels

26 MFP Models Registered as Gold Products in EPEAT, an Environmental Assessment System in the U.S.

Konica Minolta pursues the acquisition of eco-labels around the world, in order to popularize products that reduce environmental impact for customers and the broader society.

In July 2013, 14 MFP models were registered as Gold Products, the highest ranking, in the field of imaging devices by EPEAT,^{*1} an environmental assessment system in the U.S. As of March 31, 2014, 26 products have been registered as Gold, nine as Silver, and three as Bronze, for a total of 38 products.

EPEAT is certified as a procurement requirement in the U.S., mainly for government agencies. Initially it was started for PCs and computer monitors. Beginning in fiscal 2013, it started to be applied to imaging equipment, including MFPs.

In this product field there are 33 mandatory standards and 26 optional standards related to aspects such as energy savings, reduction of hazardous substances, and reduction of waste. Products that meet all of the mandatory standards are registered as Bronze,

those that meet all of the mandatory standards plus 50% of the optional standards are registered as Silver, and those that meet all of the mandatory standards plus 75% or more of the optional standards are registered as Gold.

In the MFP category, Konica Minolta has the highest number of registered Gold products in the industry.^{*2}

^{*1} **Electronic Product Environment Assessment Tool:** An assessment system that judges the effects on the environment of electronic products.

^{*2} As of March 31, 2014.



bizhub C554e Series of Color MFPs the First in the World to Receive a Blue Angel Mark Under Newly Revised Criteria

Konica Minolta's bizhub C554e series of color MFPs were the first in the world using the electrophotographic method in the field of Office Equipment to acquire Germany's environmental protection Blue Angel Mark, which adopted tougher criteria in January 2013.

The Blue Angel Mark was one of the world's first eco-labels when introduced in 1978, and its purpose is to encourage the development and sale of environmentally sound products. The screening criteria differ for each product category. In the field of Office Equipment, the criteria were tightened significantly in January 2013, raising the bar for earning the mark even higher.

Ever since being the first in the world to receive a Blue Angel Mark in the field of MFPs in January 1992, Konica Minolta has responded in a timely fashion to criteria revisions. With the bizhub C554e series, it strove to decrease environmental impact even further in consideration of the tightening of criteria, beginning in the planning stage.

Konica Minolta plans to keep acquiring the Blue

Angel Mark under new criteria for models that it develops in the future.



Commendations from Environment-related Organizations

Green Factory Certification System Wins Japan Environment Minister's Award for Global Warming Prevention Activity

Since 2010, Konica Minolta has been operating its Green Factory Certification System for comprehensively evaluating the environmental activities of production sites. It is one of the Group's three Green Activities designed to help realize the Konica Minolta Eco Vision 2050. ▶P21

In December 2013, Konica Minolta won an Environment Minister's Award for Global Warming Prevention Activity (Implementation of Countermeasures) in recognition of its group-wide initiatives to prevent global warming based on this system.

As part of its efforts for promoting countermeasures to global warming the Ministry of Environment gives the Environment Minister's Award for Global Warming

Prevention Activity annually in December, designated as Global Warming Prevention Month, to honor individuals or groups that have made significant contributions toward preventing global warming.



Award ceremony

Konica Minolta's Initiative in Recycling Rare Earth Resource Wins Incentive Award in the Awards for 3R-Oriented Sustainable Technology

Konica Minolta uses cerium oxide, a rare earth element used as polishing material for glass, in its production processes. Before, the cerium oxide was discarded after use, but Konica Minolta developed a recycling technology with a view to reducing waste and making effective use of resources. Making full use of its proprietary materials technology, the company was able to find a way to recycle cerium oxide to the same quality as a new batch without large-scale capital investment or running costs.

In October 2013, Konica Minolta won an Incentive Award in the Awards for 3R-Oriented Sustainable Technology in recognition of this method of promoting resource recycling with high productivity at low cost.

With the support of Japan's Ministry of Economy,

Trade and Industry, the Japan Environmental Management Association for Industry gives these awards to advanced businesses and initiatives that contribute to reducing, reusing and recycling, with the objective of encouraging and popularizing their use. The Incentive Awards, one of which Konica Minolta won, are given to businesses or initiatives that have exhibited outstanding originality and growth potential in terms of new business creation.



Award ceremony

Konica Minolta Named to Both CPLI and CDLI in CDP Japan 500

In the CDP Japan 500 published in November 2013, Konica Minolta achieved a position in both the Climate Performance Leadership Index (CPLI) and the Climate Disclosure Leadership Index (CDLI).

The CDP is a project in which institutional investors cooperate to call on companies to reveal their measures to mitigate climate change and information related to their greenhouse gas emissions. It conducts a survey requesting the disclosure of information related to climate change and publishes its assessment results based on the content of companies' replies.

In the 2013 survey on Japan's 500 largest companies, eight companies including Konica Minolta were named both to CPLI and CDLI, with Konica Minolta being the only one in the precision equipment industry.



Environmental Data Summary

2013 Targets and Results

Self-assessment ☆☆☆: Achievement more than 100% ☆☆☆: Achievement more than 80% and less than 100% ☆☆☆: Achievement less than 80%

Objectives	Medium-Term Environmental Plan 2015 (Base Year: Fiscal 2005)		Fiscal 2013 Targets (Base Year: Fiscal 2005)	Fiscal 2013 Results	Achievement
Preventing global warming	CO2 emissions throughout product life cycle	−20%	−51%	−54.5%	☆☆☆
	CO2 emissions from product usage	−60%	−69%	−69.9%	☆☆☆
	CO2 emissions from manufacturing (per unit of production)	−10%	−28%	−22.7%	☆☆
	CO2 emissions from distribution (per unit of distribution)	−30%	−32%	−21.3%	☆☆
	CO2 emissions from sales and service (per unit of sales)	−50%	−47%	−48.1%	☆☆☆
Supporting a recycling-oriented society	Petroleum-based resource usage (per unit)	−20%	−27%	−31.0%	☆☆☆
	Packaging materials usage (per unit of sales)	−25%	−28%	−28.8%	☆☆☆
	Waste discharged externally from manufacturing (per unit of production)	−50%	−42%	−45.2%	☆☆☆
	Product recycling: Build product recycling systems in each region and aim for a recycling rate of 90% or more		● Materialization of next-period scenarios for re-manufactured MFPs ● Implementation of packaging reduction measures	● Investigated materialization of next-period scenarios for re-manufactured MFPs but did not roll out ● Finished implementing 22 measures to reduce packaging for after-sales parts	☆☆
Reducing the risk of chemical substances	Chemical substance management: Maintain strict management of chemical substances, including the entire supply chain		● Development and application of a system for hazardous substances reduction management ● Development of a system for complying with the revised RoHS Directive	● Developed and started applying internal standards for hazardous substances reduction management, including compliance with voluntary standards ● Established a plan for complying with RoHS Directive revisions and phthalate regulations ● Finished developing a system for complying with RoHS2	☆☆☆
	Atmospheric emissions of volatile organic compounds (VOCs) (in terms of environmental impact index; per unit of production)	−75%	−92%	−94.0%	☆☆☆
Restoring and preserving biodiversity	Help restore and preserve biodiversity		Pursue compliance with the Green Factory Biodiversity Guidelines	Complied with the Biodiversity Guidelines at the three units that achieved Level 2 Green Factory certification	☆☆☆

Note: As of fiscal 2013, the Group has achieved more than half of the fiscal 2015 targets set out in the Medium-Term Environmental Plan 2015 and anticipates achieving the remaining targets. The Medium-Term Environmental Plan 2016 calls for the continued pursuit of the fiscal 2015 targets and also establishes more rigorous fiscal 2016 targets.

Environmental Accounting

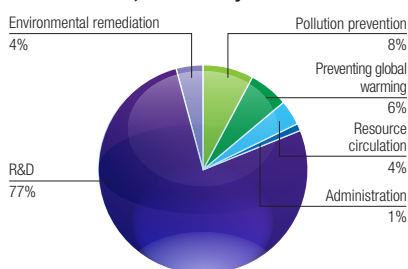
Konica Minolta has implemented global-scale, consolidated environmental accounting in order to quantitatively assess the costs of environmental preservation in business operations and the benefits obtained from those activities.

Investments in fiscal 2013 totaled approximately 2.1 billion yen, a 12% decrease year on year. Investment was mainly for the new R&D building at the Hachioji site in Tokyo,

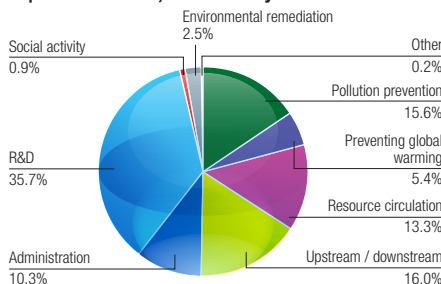
which has various environmental features such as a skylighted atrium and solar panels, aiming to create an eco- and employee-friendly facility, as well as for the construction of a new plant at the Kofu site for the world's first mass production of plastic-substrate flexible OLED lighting panels.

Expenditures totaled approximately 12.5 billion yen, virtually unchanged from the previous year.

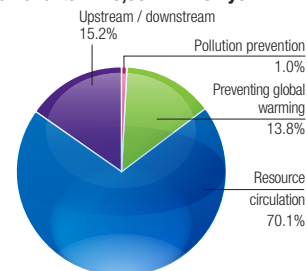
Investment 2,143 million yen



Expenditures 12,577 million yen



Economic Benefits 23,397 million yen



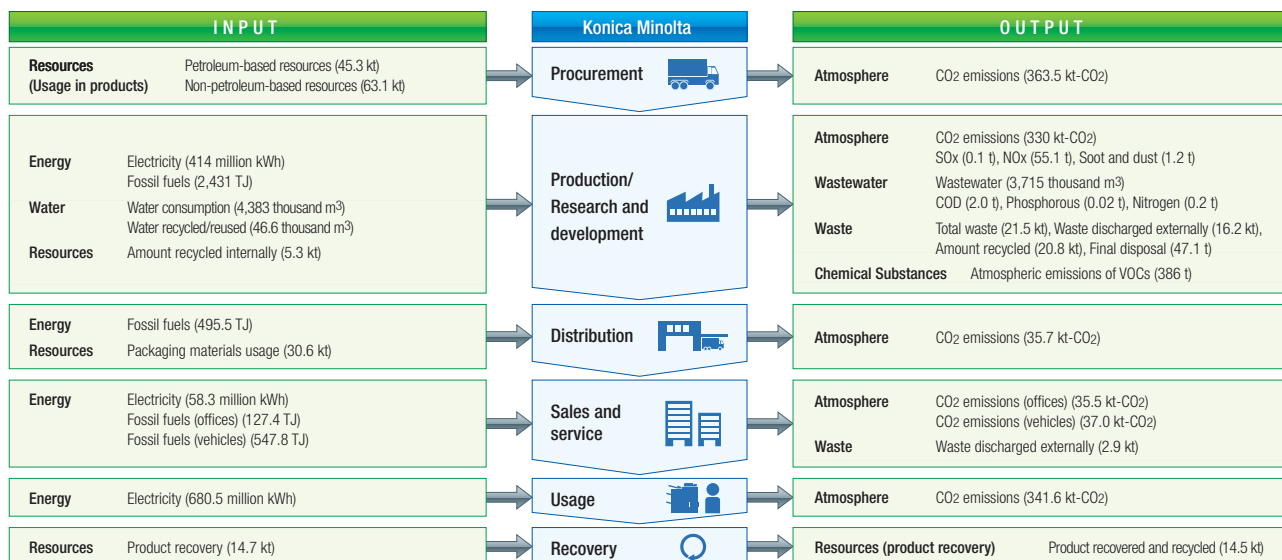
Note: Percentages do not necessarily total to 100 because of rounding.

Overall Picture of Environmental Impacts Resulting from Business Activities



Calculating Environmental Data

Overall Picture of Environmental Impact

Calculating CO₂ Emissions Across the Entire Supply ChainCalculating CO₂ Emissions Across the Entire Supply Chain

Konica Minolta has calculated the entire CO₂ emissions associated with the Group's activities across its entire supply chain, from upstream to downstream its operations, based generally on the standards of the GHG Protocol,* the international standard. The calculation showed that CO₂ emissions throughout the supply chain were approximately 1.4 million tons, which represents a decrease of 6.8% from fiscal 2012.

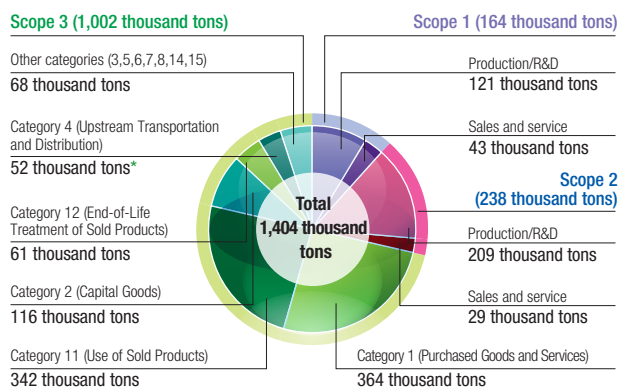
Emissions from the Group's activities—that is, direct emissions from fuel use (Scope 1) plus indirect emissions from consumption of purchased electricity, heat or steam (Scope 2)—total approximately 402 thousand tons, or about 29% of all emissions. Other indirect emissions (Scope 3) associated with the Group's activities totaled approximately one million tons, accounting for about 71%.

The Group has established new targets for CO₂ emissions reduction in cooperation with suppliers for “purchased goods and services,” which account for 25.9% of emissions across the entire supply chain. It is providing technical assistance and making suggestions for improvement of suppliers' production processes in an effort to reduce material and energy use. In product development, it 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 24.3% 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 CO₂ emissions management and reduction activities throughout the supply chain.

* GHG Protocol: Guidelines for calculating and reporting greenhouse gas (GHG) emissions

Overall Picture of CO₂ Emissions Across the Entire Supply Chain of Konica Minolta

* CO₂ emissions attributed to product distribution: 36 thousand tons

Note: Figures do not necessarily match total because of rounding.



Earning the Confidence of Customers

Konica Minolta aspires to maximize customer satisfaction and trust by providing products and services of superior value. The Group has articulated its basic approach to accomplishing this in the Konica Minolta Quality Policy, which governs Group companies worldwide. An issue of particular importance is ensuring safe, reliable products and services. Accordingly, Konica Minolta has established a unified quality assurance system across the Group and addresses quality assurance in terms of the entire product lifecycle. Konica Minolta is determined to help create a better world by solving customers' challenges, and to do this it seeks to build deeper relationships with customers so that it can identify and satisfy both latent needs and specific requests.

	~Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013
Important Theme 1 Assuring Product Safety and Preventing Quality-Related Problems	Fiscal 2005: Started operating a critical accident report database				
		Fiscal 2010: Started full-fledged product safety education for Group's technicians			
		Fiscal 2010: Expanded operation of a Risk Map for safety assessment and increased the assessment levels			
		Fiscal 2010: Started top management diagnoses by the president and CEO			
Important Theme 2 Increasing Customer Satisfaction			Fiscal 2011: Organized a Double Quality Assurance System		
			Fiscal 2011: Started efforts to improve customer relationship management		
				Fiscal 2012: Established Customer Relationship Management Improvement and Promotion Managers' Committee	
				Fiscal 2012: Established indicators for customer relationship management	



Important
Theme

1

Assuring Product Safety and Preventing Quality-Related Problems

Background and Issues

Customers and society at large have been taking a stricter look at quality in recent years. Across every industry, criticism has been leveled against companies that do not fulfill their social responsibility to maintain quality. Quality problems erode confidence in a company, tarnish its brand image, and can cause virtually immeasurable losses. Konica Minolta has established even more rigorous product safety standards in an effort to prevent accidents. When quality problems occur, the company shares information and strives to respond in an accurate and timely manner.

Key Measures

Prevent Major Product Accidents

- Conduct risk management practice during product safety education

Prevent Quality Problems

- Facilitate visualization of quality risks throughout the product lifecycle
- Share information on quality problems and cross-deploy countermeasures

Main Initiatives in Fiscal 2013

Adding Risk Assessment Practice to Product Safety Education

Since fiscal 2010, Konica Minolta has conducted full-fledged, Group-wide product safety education for technicians involved in design and development, manufacturing technology, procurement, and quality assurance. The courses are designed to increase technicians' knowledge of product safety issues and increase their awareness of potential problems.

In fiscal 2013, the Group enhanced the curriculum based on case studies of accidents at other companies and law-related matters. As risk management is an important

theme, the Group also added risk management learning material that uses familiar dangers such as bicycle accidents, in an effort to improve risk assessment and risk identification skills.

All personnel targeted for product safety training completed the courses in fiscal 2013, as planned. Some personnel who were not required to do so voluntarily took the courses while many employees requested that the courses continue, showing that product safety education has been firmly established.

Going forward, Konica Minolta will continue deepening employees' safety awareness by offering continuing education.

Sharing Information on Quality Problems and Cross-deploying Countermeasures within the Group

In fiscal 2013, Konica Minolta launched a Group-wide effort to share information on quality problems and cross-deploy countermeasures as "One Konica Minolta." The goal is to increase sensitivity to quality problems, resolve problems early on, and ensure better responses.

Each month, this initiative identifies high-risk problems requiring recall and repair among any quality problems reported. The series of actions, from customer notification to implementation of countermeasures to preventing recurrence, are shared with quality assurance departments from each business in a cross-deployment effort.

Specifically, in the Industrial Inkjet Business, inter-business cooperation is accelerating, including the establishment of a quality assurance system for new products in collaboration with the Business Technologies Business.



Product safety education

Important Theme 2

Increasing Customer Satisfaction

Background and Issues

Continuous after-sales service is necessary for products such as IT devices, medical devices, and measurement devices handled by Konica Minolta. The company is determined to increase the confidence and trust of its customers through this kind of long-term relationship and hopes to establish rapport that will lead to customers recommending Konica Minolta to other potential customers. That is why the company actively gathers feedback from customers, has established a system for using it to improve products and services, and is attempting to enhance customer relationship management Group-wide.

Key Measures

Improving customer relationship management

- Quantitatively ascertain the level of customer satisfaction and continually improve products and services based on that understanding
- Improve the ability to respond to customer inquiries received by the Healthcare Products Call Center

Main Initiatives in Fiscal 2013

Improving Customer Service at the Call Center in the Healthcare Business

Since products provided by the Healthcare Business are used in life-threatening medical settings, there is a need for especially rapid responses to product failures and problems. That is why Konica Minolta is striving to improve response time by its call center, in order to minimize diagnostic downtime due to product malfunction and faulty operation.

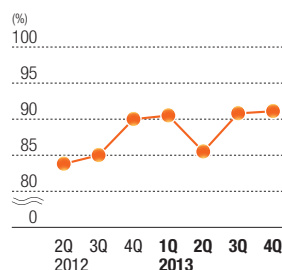
The call center responds to inquiries from hospitals and clinics across Japan 24 hours a day, 365 days a year. Inquiries have been growing steadily as the number of models handled and the number of devices installed has increased in recent years, creating a need to improve skills.

Accordingly, in the second half of fiscal 2012, the company established three indicators on the themes of reducing customer waiting time on the phone, improving the call center's ability to resolve problems on its own, and improving customer satisfaction. Targets were set for each indicator and the company is pursuing continual improvement.



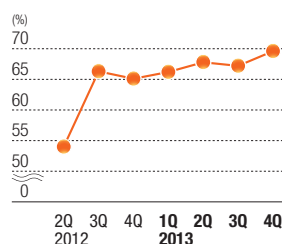
Call center

Indicator 1: Rate of Callbacks Within 10 Minutes



The call center has implemented system changes and work streamlining so that callback times do not exceed 10 minutes when a technician is not available to take a customer's call. Efforts are ongoing, with the aim of ultimately achieving 100% for this indicator.

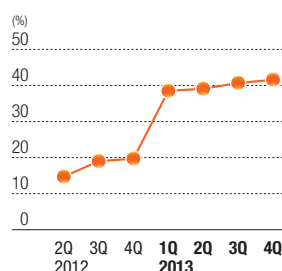
Indicator 2: Rate of Issues Resolved by the Call Center



Note: Rate of issue resolution for Aero DR by call center

Technical education and equipment maintenance focused on new products were implemented to increase the rate of customer issues that the call center resolves completely on its own. The rate of issues resolved by the call center improved for each product and the time needed to resolve each issue was shortened.

Indicator 3: Rate of "Thank You" Calls



The call center measures the rate of calls in which customers say "Thank you," to quantify customer satisfaction. Sharing successful examples has led to an overall increase, and the call center will continue making improvements, with the aim of topping 50%.

Initiatives to Improve Customer Satisfaction in the Business Technologies Business

In fiscal 2011, the Business Technologies Business launched a cross-sectional project team including departments ranging from sales to development, seeking to strengthen coordination for improving customer satisfaction. It established NPS* as an important indicator and started its own methods of increasing customer satisfaction. In April 2012, it created a Customer Relations Department to spread improvement efforts based on that method companywide. Meetings are regularly held for management to discuss issues from the customer point of view to facilitate swift decision-making.

The company also shares knowledge and awareness that lead to increased customer satisfaction and builds awareness through the publication of a newsletter, customer satisfaction survey results briefings, and the dissemination of information via its intranet.

Further, in fiscal 2013 it launched initiatives in cooperation with sales bases throughout the world, including holding a new global conference.



Customer interaction in a showroom

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

Voice

Aiming for the Highest Customer Satisfaction across the Business Technologies Business

What are the strengths of Konica Minolta's products? Do customers recognize those strengths? In order to answer those kinds of questions, it is important for all employees to have a shared awareness of Konica Minolta's uniqueness and strengths, to have clear goals, and for each department to fulfill its role. With that idea in mind, we formed a task force team including top managers from each department and have been steadily working toward achieving the highest customer satisfaction.



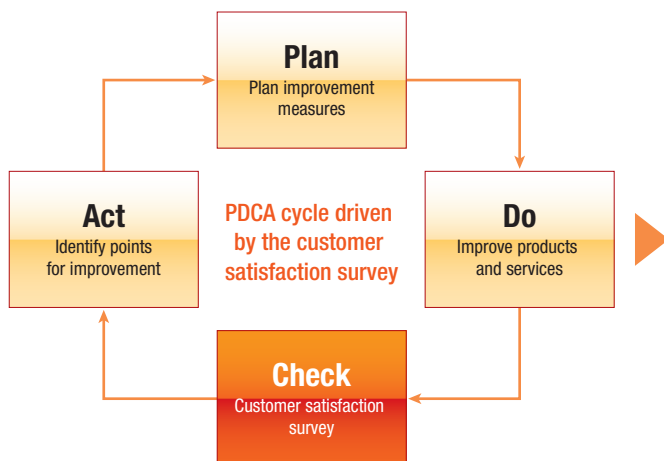
Makoto Takeda,
General Manager
Quality Assurance
Operations,
Konica Minolta, Inc.

Highlight

Global Customer Satisfaction Survey Conducted to Bring Better Products and Services to Customers Everywhere

In fiscal 2013, Konica Minolta conducted a customer satisfaction survey in Japan, the U.S., and Europe and identified the common product issues worldwide. The results of considering these issues at a meeting of manufacturing departments such as development, quality assurance, and

production, have already been reflected in some models currently being sold as well as in models slated for future development. The result of these improvements will be verified in the next customer satisfaction survey as part of an effort to make continual improvements using the PDCA cycle.

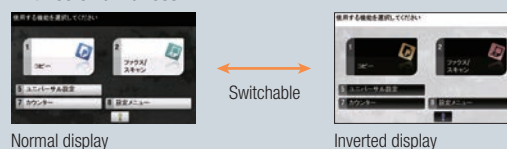


Selected improvements in fiscal 2013

- Improved so that the user can zoom by pinching the screen



- Display color inversion: consideration for seniors and persons with color blindness





Cooperating with Business Partners

Konica Minolta has established a Procurement Policy and a Supplier Code of Conduct, and uses self-assessment questionnaires to assess group production sites and suppliers. These efforts are aimed to ensure that the company's CSR initiatives extend throughout the supply chain. The company has also drafted a basic approach to the issue of conflict minerals^{*1} based on its Procurement Policy and has taken the appropriate steps, mainly in its Business Technologies Business. In October 2013, Konica Minolta joined the EICC.^{*2} As a member of the EICC, the Group will make use of the EICC's systems and tools to further improve the overall quality and transparency of its CSR initiatives.

^{*1} **Issue of conflict minerals:** It has been pointed out that mineral resources such as tungsten, tantalum, gold and tin mined in the Democratic Republic of Congo and adjoining countries can be used to fund armed conflict and human rights violations in the region.

^{*2} **Electronic Industry Citizenship Coalition:** An organization promoting CSR in the electronics industry

	FY2008	FY2009-FY2013	FY2014 forward
Pursuing CSR Procurement	Preparatory work for establishing a procurement policy and taking initiatives	FY2009: Dissemination of Supplier Code of Conduct throughout supply chain	
		FY2009: Assessments using self-assessment questionnaires	
		FY2009: Checking of suppliers' sites	FY2014: Auditing of group production sites and suppliers
Addressing the Issue of Conflict Minerals			FY2014: Provision of assistance to suppliers
			FY2014: Clarification of incentives for suppliers
		FY2011: Establishment of basic approach to issue of conflict minerals	FY2014: Establishment and promotion of Conflict Minerals Compliance Policy
		FY2012: Measures start with the Business Technologies Business	FY2014: Expansion of the scope of initiatives



Important Theme

Promoting CSR Throughout the Supply Chain

Background and Issues

Companies today are expected not only to provide society with excellent products, but also to conduct CSR initiatives, addressing topics such as human rights, safety and health, and the environment, throughout the supply chain involved in the creation of products. In the past few years in particular, initiatives dealing with CSR procurement, which extends CSR to the suppliers of raw materials, and conflict minerals regulations, which prevent human rights violations caused by conflicts, have grown in importance.

In order to improve these initiatives continuously, Konica Minolta plans to establish a management system, educate relevant persons, and support the voluntary CSR initiatives of its suppliers.

Key Measures

Promoting CSR procurement

- Dissemination of the Supplier Code of Conduct throughout the supply chain
- Assessments and audits of group production sites and suppliers
- Support for suppliers' independent initiatives
- Clarification of suppliers' incentives

Addressing the issue of conflict minerals

- Establishment of Conflict Minerals Compliance Policy and implementation of measures
- Proper disclosure of information to stakeholders

Main Initiatives in Fiscal 2013 and Efforts in Fiscal 2014

Joining EICC and Strengthening CSR Procurement

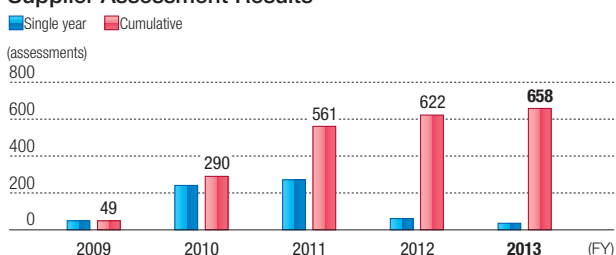
Konica Minolta practices CSR procurement using a Procurement Policy, Supplier Code of Conduct, and self-assessment questionnaires based on the EICC framework.

In fiscal 2013, the Group reassessed 14 suppliers that had been assessed previously while also assessing 22 new suppliers. It requested appropriate improvements in light of the assessment results and made sure that goals were ultimately achieved.

The Group also provided education on CSR procurement to 143 relevant persons, including training for examiners who conduct assessments of group product sites and suppliers.

In October 2013, Konica Minolta joined EICC in an effort to improve the overall quality and transparency of its CSR initiatives throughout the supply chain. As an EICC member, in fiscal 2014 and beyond Konica Minolta plans to audit group production sites and suppliers, support suppliers' CSR initiatives, and clarify incentives in addition to continuing past initiatives.

Supplier Assessment Results



Improving Compliance with Conflict Minerals Regulations

Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which was passed in 2010 in the United States, requires companies listed on the U.S. stock exchanges to disclose whether metals connected to conflict minerals are included in their products.

Konica Minolta is working to comply with this regulation, seeing it as part of the social responsibilities of a global company. In fiscal 2013, it incorporated compliance with conflict minerals regulations into its system for promoting CSR procurement. The Business Technologies Business, which receives numerous inquiries from customers, held briefing sessions for suppliers and conducted a conflict mineral survey. In fiscal 2014, Konica Minolta will establish a Conflict Minerals Compliance Policy and continue to enhance its initiatives.



Supplier briefing session in China



Growing Together with Our Employees

With business operations in 45 countries around the world, Konica Minolta employs people of many different nationalities, languages, and backgrounds. The source of the Group's competitiveness lies in how this diverse team shares values and cooperates closely. This is why Konica Minolta respects diversity in ways of thinking and expertise and seeks to train personal to make the most of their skills from a global perspective, always aiming to create new value for society.

Konica Minolta focuses on improving workplace health and safety Group-wide, seeking to create a workplace environment in which each and every employee can succeed while enjoying physical and mental wellbeing.

	FY2009	FY2010	FY2011	FY2012	FY2013
Important Theme 1 Leveraging and Developing Diverse Human Resources	FY2008: Implementation of human resources exchange program between Group companies in and outside Japan				
	FY2009: Establishment of a common global HR database				
	FY2010: Holding of Global Executive Program for management executives				
	FY2010: Provision of career development programs for female employees (e.g. leadership training, mentor system)				
Important Theme 2 Promoting Occupational Health and Safety	FY2009: Implementation of measures focused on important sites				
	FY2010: Initiative on fundamental facility improvements for safety				
	FY2010: Implementation of Medium Term Health Management Plan				
	FY2013: Implementation of measures to foster a culture of safety				



Important
Theme
1

Leveraging and Developing Diverse Human Resources

Background and Issues

In order to grow sustainably as a corporation, companies must respond to the intensification of global competition as well as market changes such as the increasing sophistication and diversification of customer needs.

Human resources who can pursue the overall optimum on a global scale from the customer's perspective are the key to success in this endeavor.

To develop this kind of human resources it is important to attract and continue to foster personnel with diverse values. It is also vital to build an environment in which their respective talents can be exerted and used to the full. This is why Konica Minolta puts so much energy into human resources management for its global workforce of over 40,000 employees.

Key Measures

Strengthen global workforce (human resources development and utilization on a global scale)

- Establish Group-wide evaluation standards, develop business leaders, choose the right persons for the right posts, and visualize human resources

Reform corporate culture

- Instill the management philosophy system, promote diversity, improve productivity, and create an environment with high employee satisfaction

Main Initiatives in Fiscal 2013

Enhancing the Platform for Human Resources Development and Deployment

Konica Minolta has created a Group-wide platform (system, tools, and mindset definition) for training personnel and making the most of their skills in an effort to boost the collective strengths of its employees.

While making roles at the global, regional, and individual company levels clear, the Group is pursuing global personnel training and deployment as "One Konica Minolta."

In fiscal 2013, the Group moved the global HR database adopted in fiscal 2009 over to a new online HR database. From here on the scope of the database will be expanded and its functions enhanced.

Regional Implementation of Business Leader Development Program

Since fiscal 2010, the Group has run a Global Executive Program (GEP) for executives at affiliated companies around the world, looking to develop business leaders. As of the end of fiscal 2013, the program had been held 8 times with 132 people from 60 companies participating.

The goals of GEP are to raise participants' awareness as business leaders within the Konica Minolta Group and to enable participants to forge a global network of personal contacts among themselves. During the program, which lasts about one week, participants embrace a global mindset and develop their leadership skills via face-to-face discussions with top managers and debates on key issues among themselves.

In fiscal 2013, the first Regional GEP brought together manager-level personnel with the aim of developing potential future executives, was held in China. The Group plans to hold Regional GEPs in Asia, Europe, North America, and other locations in the future.



Regional GEP held in China

Highlight

Establishment of Special Subsidiary "Konica Minolta With You, Inc.," to Promote Employment of Persons with Disabilities

Konica Minolta established the special subsidiary Konica Minolta With You, Inc., in September 2013 with the purpose of supporting the independence of persons with disabilities by offering them meaningful employment.

The phrase "With You" in the company name is meant to convey the hope that persons with disabilities can live together "with" everyone else, not that something be done "for" them. As of the end of fiscal 2013, nine persons with mental challenges are engaged in work such as digital printing and contingent tasks, on-premise maintenance, landscaping, and company history management.

Important
Theme
2

Promoting Occupational Health and Safety

Background and Issues

Konica Minolta has maintained a low level of occupational accidents at its production sites through many years of occupational health and safety initiatives. Based on a commitment to “safety first for employees,” the Group has focused on fostering a culture of safety by involving senior management in safety, reinforcing safety management in the workplace, and taking steps to enhance the safety awareness of every individual.

Furthermore, in recent years the risk of employee health problems has been increasing in all workplaces, including offices, due to the diversification of lifestyle habits and work content. The Group is focusing on countermeasures in this respect, as well.

Key Measures

Preventing occupational accidents at production sites

- Evolution of risk assessment
- Prevention of similar accidents
- Promotion by senior management of health and safety management
- Provision of occupational health and safety education

Preventing health problems

- Prevention of health problems from overwork
- Promotion of mental health (mental health care)
- Prevention of lifestyle-related diseases

Main Initiatives in Fiscal 2013

Strengthening Risk Reduction Efforts to Prevent Occupational Accidents

Konica Minolta has implemented various measures to prevent accidents during working hours with the goals of zero serious accidents and a frequency rate of accidents causing absence from work^{*1} of 0.1. In fiscal 2013, it worked at strengthening risk reduction efforts in terms of both risk assessment and the prevention of similar accidents.

With respect to risk assessment, education was

provided for workers in addition to supervisors in order to expand the number of implementers and raise the level of assessments. Risk assessments emphasizing non-regular tasks were implemented, with potential risks identified and their countermeasures shared Group-wide.

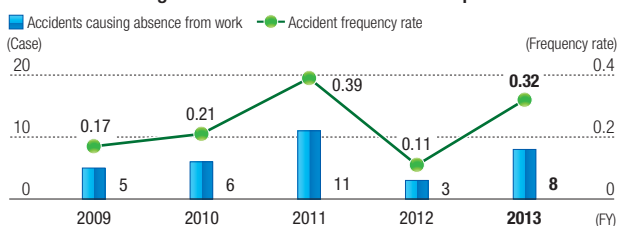
Looking to prevent common accidents, a series of articles on examples of accidents at group companies was published on the Japanese intranet in order to disseminate specific preventive measures. Moreover, the causes of accidents leading to missing work were analyzed using the 4M5E method,^{*2} and countermeasures were cross-deployed Group-wide.

As a result of these efforts, the company reported zero serious accidents in fiscal 2013. The frequency rate of accidents causing absence from work was 0.32 in Japan and 0.06 outside Japan. In fiscal 2014 and thereafter, the Group will continue to focus on preventing accidents causing absence from work.

^{*1} **Accident frequency rate:** Number of people injured or killed due to occupational accidents per one million labor hours

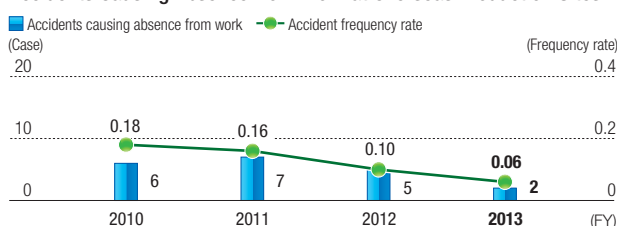
^{*2} **4M5E method:** A method of analyzing the causes of failure by the “Four Ms”—man, machine, media, and management—and devising countermeasures using the “Five Es”—education, engineering, enforcement, example, and environment

Accidents Causing Absence from Work at Sites in Japan



Note: Boundary: Regular and temporary employees of Konica Minolta, Inc. and Group companies in Japan

Accidents Causing Absence from Work at Overseas Production Sites



Note: Boundary: Regular and temporary employees at major production companies in China and Malaysia

Enhancing Mental Health Care Measures for Employees

Konica Minolta, Inc., has developed a rank-based educational system to enhance mental health care, in order to help its employees maintain good mental health. It has also identified and taken countermeasures for workplaces and occupations that have a relatively high mental health risk.

Human Resources Data Summary

Employee Composition by Employment Status

(as of March 31, 2014)

	Regular employees	Non-regular employees*	Total
Konica Minolta, Inc.	6,342	1,937	8,279
Group companies in Japan	5,835	1,504	7,339
Group companies outside Japan	28,224	3,683	31,907

Note : Non-regular employees : Contract or temporary employees

Employee Gender Ratio

(Women : Men)

	Fiscal 2011	Fiscal 2012	Fiscal 2013
Konica Minolta, Inc.	16:84	16:84	16:84

Note : Includes employees seconded to Group companies

Percentage of Women in Management Positions

	Fiscal 2011	Fiscal 2012	Fiscal 2013
Konica Minolta, Inc.	1.6%	1.8%	2.1%

Note : Includes employees seconded to Group companies

Percentages of Locally Hired and Women Presidents of Subsidiaries Outside Japan

	Fiscal 2011	Fiscal 2012	Fiscal 2013
Locally hired	48.6%	56.5%	56.6%
Women	2.7%	2.4%	1.9%

Percentage of Employees with Disabilities

	Fiscal 2011	Fiscal 2012	Fiscal 2013
Konica Minolta, Inc.	1.37%	2.01%	1.84%

Work-Life Balance Support Program Use

	Fiscal 2011		Fiscal 2012		Fiscal 2013	
	Women	Men	Women	Men	Women	Men
Maternal health management leave	2		3		1	
Maternity leave	26		37		30	
Spousal maternity leave		129		137		129
Parental leave	61	5	51	9	61	2
Shorter working hours for childcare	191	1	166	3	156	3
Work-at-home during child-rearing	13	5	13	5	16	2
Nursing care leave	1	0	3	2	1	0
Shorter working hours for nursing care	0	0	2	0	0	0

Note : Scope : Regular employees of Konica Minolta, Inc.



Hand-in-Hand with Society

As a company that operates globally, Konica Minolta aims to earn the confidence and trust of society and to be a good corporate citizen in the local communities around the world where it runs its businesses. Accordingly, it strives to cooperate with diverse stakeholders in order to contribute to the development of local society while respecting each region's culture, history, and customs. Focusing on issues faced by local communities, the Group actively helps resolve issues where it can make a unique and highly effective contribution through its business and technologies. Moreover, in order to give these initiatives a stronger push forward, the Group is committed to developing human resources who can work harmoniously in diverse cultures while maintaining a global outlook. It also supports employees' self-motivated social participation.

Main Social Contribution Activities



- Supported the production of leaflets for children with visual impairments (Poland) **▶ P40**
- Established La Fondation d'entreprise Konica Minolta, a foundation that supports persons with disabilities (France) **▶ P40**
- Provided a showroom for an event by young artists and supported the production of postcard books (Ukraine)



- Supported the transfer of information for persons with visual impairments through Braille reproduced by 3D copying system (Japan)
- Sponsored a space event for elementary and junior high school students (Japan) **▶ P40**



- Participated in the Wish Project, a campaign supporting the education children (China)
- Held a painting contest to support children with disabilities (China) **▶ P40**



- Established the Konica Minolta Colorful Tomorrow Foundation and conducted various social contributions (USA) **▶ P40**
- Supported the efforts of a breast cancer foundation through employee donations (USA) **▶ P40**
- Participated in a charity that calls for early detection of breast cancer (Canada)



Important Theme

Implementing Social Contribution Activities around the World

Main Initiatives in Fiscal 2013

Supporting Persons with Disabilities (France)

In April 2011, Konica Minolta Business Solutions France established La Fondation d'entreprise Konica Minolta. The foundation carries out initiatives to enhance access to leisure activities, sports, culture, education, and employment for persons with disabilities.

In fiscal 2013, it conducted initiatives ranging from maintaining and improving leisure facilities, purchasing paragliding equipment for persons with disabilities, improving entranceways for leisure boats, and purchasing and training service dogs.



Supporting the training of service dogs

Supporting Disadvantaged Children (USA)

The Konica Minolta Colorful Tomorrow Foundation (CTF) is a nonprofit organization supported by Konica Minolta Business Solutions U.S.A. Since its establishment in 2007, it has pursued community-based social contributions in fields such as education, healthcare, the environment, and disaster relief. In fiscal 2013, CTF ran the Back to School program to provide school supplies to help disadvantaged children as well as the Food for Thought program to provide groceries to families in need and the Books 2 Better program to provide books. In addition to these constant programs it started an effort to repair and renovate housing for low-income earners.



Providing groceries to families in need

Supporting the Efforts of a Breast Cancer Foundation with Fund Raising (USA)

Konica Minolta provides breast X-ray equipment for digital mammography, which is effective for the early detection of breast cancer. As one aspect of this business, group companies around the world support Pink Ribbon

campaigns, which seek to raise awareness of the importance of detecting breast cancer in its early stages.

In October 2013, which is Breast Cancer Awareness Month, Konica Minolta Medical Imaging U.S.A. donated \$2,500, raised from employees with a matching gift from the company, to the Susan G. Komen Breast Cancer Foundation.



Donation to the Susan G. Komen Breast Cancer Foundation

Sponsoring an Event that Connects Children with Space (Japan)

Konica Minolta sponsored the YAC Tenku Future Class 2014, an event held in January 2014 by the Young Astronauts Club – Japan with the cooperation of the Japan Aerospace Exploration Agency (JAXA). Venues in seven cities around Japan, including the Konica Minolta Planetarium "Tenku" in TOKYO SKYTREE TOWN®, a planetarium run directly by Konica Minolta, were connected with the International Space Station (ISS), giving elementary and junior high school students gathered in each venue the chance to talk with JAXA astronaut Koichi Wakata. It was an exciting opportunity for the children who participated to gain an interest in stars, space, and science in general.



YAC Tenku Future Class 2014

Supporting Children with Disabilities (China)

Konica Minolta Business Solutions (China) has been supporting six schools in Shanghai and Beijing for children with special needs since fiscal 2007. The company has presented the schools with color textbooks printed on Konica Minolta high-speed MFPs, donated stationary, and employees volunteer at the schools.

The company has also conducted a painting contest at the schools with the theme of "Dream in Green and Draw the Future in Color" since fiscal 2011. In fiscal 2013, the third year of the contest, there were 109 submissions, and 20 paintings were selected as winners of awards for excellence, with the top three paintings selected by the general public in an online ballot. The 20 award-winning children were given scholarships.



Compliance

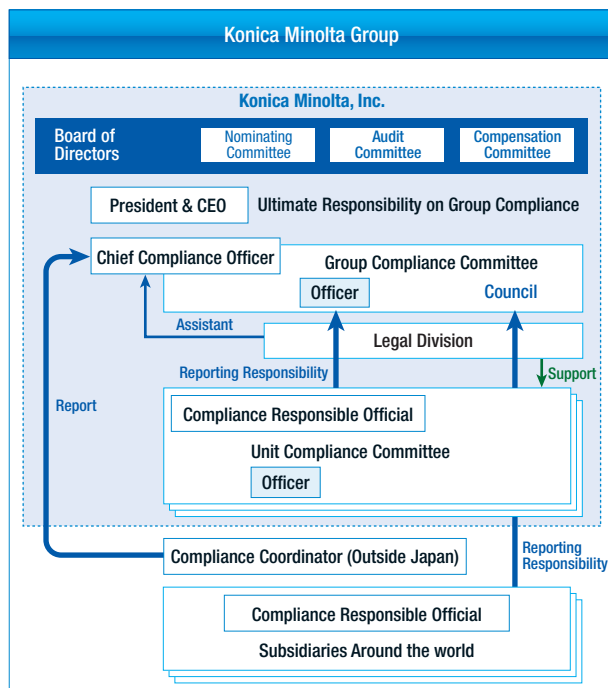
At Konica Minolta, the Chief Compliance Officer decides important matters for promoting group compliance and has the responsibility to promote and oversee compliance under the President and CEO of Konica Minolta, Inc., who has ultimate responsibility for Group compliance. To fulfill that responsibility, the Chief Compliance Officer appoints persons responsible for compliance at various business departments who also serve as members of the Group Compliance Committee, which is a consultative body for deciding important matters related to compliance.

The Legal Department of Konica Minolta, Inc., helps the Chief Compliance Officer with important matters in promoting Group compliance and with planning promotion measures. It also directly and indirectly supports the compliance activities of group companies and supports crosscutting information management across the Group.

The Chief Compliance Officer has appointed regional compliance coordinators (for Europe, North America and China), further strengthening the compliance system outside Japan.

At subsidiaries under Konica Minolta, Inc., the president of each company heads a compliance promotion system as the person responsible for compliance.

Group Compliance Promotion System



Global Compliance Network

Konica Minolta has been working on its Medium-term Compliance Plan since fiscal 2011 as one of the strategies under its Medium Term Business Plan "G PLAN 2013." The priority measures taken under the Medium-term Compliance Plan were: (1) global implementation of compliance programs, (2) responding to the diversification of social requirements and international trends, and (3) continual implementation of promotion efforts.

In fiscal 2013, the final year of the medium-term plan, compliance coordinators in North America, Europe, and China led the full-fledged start of local compliance activities carried out by each company to suit local circumstances while Group-wide policies and measures were rolled out under a Global Compliance Network.

Anti-Corruption Initiatives

In April 2011, Konica Minolta published the Konica Minolta Group Guidance for the Charter of Corporate Behavior, which is shared globally and illustrates expected behavior in detail. The Guidance includes specific anti-corruption rules, including prohibition of extortion of gifts, benefits or business entertainment, prohibition of bribery, and a resolute stand against any contact with organized criminal elements.

Moreover, an anti-corruption training program has been released on the company intranet and made available to Group sales companies worldwide. Group companies are also asked to share best practices and to produce programs that comply with the laws of their respective countries and regions.

Group companies in China, for example, established their own compliance manual, which includes specific guidance on gifts, benefits or business entertainment. Additionally, in response to foreign companies in China being accused of anti-bribery law violations, education on commercial bribery was provided in May 2013 to the persons responsible for compliance at all 15 Group companies in China.

In North America, the compliance coordinator revised the online teaching materials related to the Code of Business Ethics in October 2013, strengthening the content on bribery prevention, in order to comply with the stricter application of the Foreign Corrupt Practices Act (FCPA).

Expert Opinion of Konica Minolta's CSR Report

We asked Yoshinao Kozuma, Professor of Economics at Sophia University, to give us some feedback on this report. His comments are presented below. We will use this feedback to improve our future CSR activities and the CSR report next year.



Yoshinao Kozuma

Professor, Faculty of Economics,
Sophia University

1. Further Evolution of CSR Management

The Konica Minolta Group is advocating the creation of shared value as the direction for its CSR management, which it is integrating more tightly into its business strategy in pursuit of further evolution in its CSR management. Points deserving recognition this year are the policy of switching to a business model based on the transition to a sustainable society and a business strategy oriented toward environmental-friendliness. These points were clearly presented in the new medium-term business plan Transform 2016 and in the Medium-term Environmental Plan 2016, which were established in tandem and launched in fiscal 2014.

Deserving particular notice is the rational decision-making and implementation process introduced in the Medium-term Environmental Plan. The plan identifies important issues related to risks and opportunities in business operations through materiality analyses and systematically and comprehensively addresses them across each field of activity from product planning and development to procurement, production, distribution, and sales, in conjunction with specific medium-term targets on a sales basis. It presents an ideal picture of a sustainable business and I believe it deserves praise in that it indicates concrete ways of building on the company's management philosophy, "The Creation of New Value," to realize sustainable profit growth.

2. External Evaluation of Sustainability

The fact that the company's products have earned international environmental labels such as EPEAT and the Blue Angel Mark means that the global market holds the company's environmentally friendly manufacturing in high esteem. The Konica Minolta Group is also characterized by the various high commendations it has received from rating agencies related to sustainability.

DJSI, CDP, and FTSE4Good Index in particular are the rating valuations with the highest recognition among sustainable business experts today. Only a very few companies in the world make it into all of these. Konica Minolta has been included in both the DJSI's World and Asia Pacific lists at a time when Japanese companies selected for the World index have been in sharp decline in recent years and now number only about 20. The fact that the Konica Minolta Group has maintained a spot on this index for years shows that its sustainable business is in the top class internationally as well as domestically within Japan. Extension of CSR management to the value chain and a sound governance organization at a global standard deserve special mention.

3. Issues in Information Disclosure

This year's report is excellent in terms of information disclosure, but I would like to mention a few ways the report could be improved in the future. One is the scope of labor-related indexes. Attempts have been made to improve this in recent years, but considering that Konica Minolta the non-consolidated company currently accounts for only about 16% of the Group's global workforce, it is time that basic labor-related indexes, including the gender composition of the workforce, be gathered and disclosed on a group-wide basis.

Organizing the information to be disclosed and exercising creativity in the disclosure method is another effective way of making improvements to clearly show the actual condition of environmental management. Take targets for the next fiscal year, for example. Since this is important information for increasing the transparency of target and performance management, I would like to see the Group consider showing those targets next to performance evaluations from the previous fiscal year. I would also like to see a slightly detailed explanation of the relation between the Eco Vision 2050 and the Medium-Term Environmental Plan, as the two make up the Group's basic policy for fighting global warming.

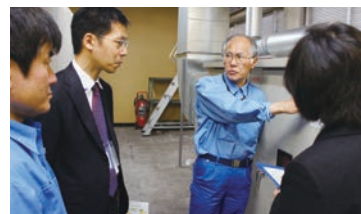
External Assurance

Konica Minolta engaged KPMG AZSA Sustainability Co., Ltd. to provide assurance on whether its CO₂ 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); and water consumption have been measured, gathered and disclosed in accordance with the criteria set by the Group.



Period: March to June 2014

On-site audit of Konica Minolta Mizuho Site



Comments on the Assurance Process

Naomi Sugo, KPMG AZSA Sustainability Co., Ltd.

Konica Minolta conducted a materiality analysis in the field of the environment when formulating its medium-term environmental plan. It identified material risks and opportunities from two perspectives: materiality from the standpoint of stakeholders and materiality from the standpoint of business. After deriving important themes and important issues from the identified material risks and opportunities, it established targets in terms of both corporate value and environmental value. I believe that this has made it easier for information users to understand material environmental risks and opportunities for the Konica Minolta Group and led to the Group's clear indication that it intends to create value for both society and the company.

Meanwhile, although the report explains the Group's process for establishing priority targets in fields besides the environment, it does not specify material risks and opportunities identified as a result of that process. The GRI guidelines, revised in May 2013, now require organizations that wish to publish reports compliant with the 4th edition of the GRI Guidelines to disclose not only the process for determining report content but also the material aspects identified. I hope that the Group will further increase transparency regarding material aspects in reporting on fields besides the environment.



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