

November 24, 2015

Masatoshi Matsuzaki

Chairman of the Board of Konica Minolta, Inc.

Our response to Principle 1.4

Introduction: Our corporate governance system

- We have continued the operation of a corporate governance system in which the execution and supervision of the management are separated since our business integration in 2003.
 - Before our business integration, the Representative Chairman of the Board in the former Konica was aware of the problem that “it was necessary to have a system in which checking functions work without relying on the personal moral values and innate disposition of the management,” and so he decided to devote himself to the supervision of management and set about building a system. The system that was developed was established as the “Corporate Organization Basic Regulations.”
 - To introduce an outsider’s perspective, we adopted a Company with a committee (currently Company with (Three) Committees) as our system of separating execution and supervision.
 - The highest ranking person on the execution side is the President and CEO. A chairman does not serve as an executive officer.
 - The Chairman of the Board is selected from non-executive directors.
 - All the head of committees are outside directors. Directors who are acting concurrently as representative executive officers do not serve on the nominating or compensation committees. (Under the Companies Act, directors who are acting concurrently as executive officers cannot serve on audit committees.)
- The Chairman of the Board is devoted to supervision and plays a role in relation to the organization of board meetings, and at the time, he also plays a role in leading the way towards more effective corporate governance.
 - Appraisal of the Board of Directors is conducted every year. The results are shared among the board members. The Chairman of the Board will declare the operating policy of the board for the following year based on the appraisal results at the Board of Directors’ Meeting held after the General Meeting of Shareholders.
- Our response to the Corporate Governance Code this time was also led by the Chairman of the Board based on discussion among members of the Board of Directors.

Our response to Principle 1.4:

- We consulted the board members and confirmed that we have complied.
 - To ensure accountability to our investors, we should formulate and disclose a ① policy

concerning cross-shareholdings, and ②the standards concerning the exercising of voting rights in relation to cross-shareholdings.

- Reports from the execution side concerning “the rationale and future outlook of major cross-shareholdings based on the results of verification” should be set as an item of supervision of the board of directors.
- The execution side formulated a ①policy concerning cross-shareholdings, and ②the standards concerning the exercising of voting rights in relation to cross-shareholdings, and made reports at board meetings. The board approved the reports. Our policy and standards were disclosed in the governance report. (June 2015)
 - Policy concerning cross-shareholdings:

With the basic stance that corporate partnership and business synergy with issuing companies can be expected, we will strive to improve our corporate value through maintaining, strengthening and ensuring smooth running of business relations with issuing companies.
 - Standards for exercising voting rights in relation to cross-shareholdings:

In principle, we will vote in favor, but we will evaluate and make judgment appropriately in relation to proposals that are considered to go against the policy concerning cross-shareholdings stated above.
- When the board gave approval for the report, it was confirmed that the point of judgment was based on the fact that “a contribution was made to the improvement of corporate value.”
 - Later, the executive department in charge reported in a regular report that cross-shareholdings were dissolved in relation to the shares of two companies by the end of September.

Future response:

- Reports from the execution side concerning “the rationale and future outlook of major cross-shareholdings based on the results of verification” which has been set as an item of supervision will be placed on the agenda of the board every year, and the board will supervise the appropriateness of decisions made by the execution side (whether decisions are made on the basis of “making a contribution to improving corporate value”).
- In terms of book value, our company’s cross-shareholdings make up 3.25% of our net assets (cash that can be procured in the market) as of end of March 2015. From the perspective of our target investors (mid to long-term operating investors), our company’s response to Principle 1.4 is probably not a high priority.
 - In actual fact, in dialogues with our target investors, we have never been asked about cross-shareholdings.
- If we are asked, we will fulfill our accountability obligation.