

## Value Chain Research and Development

# Developing valuable products and services with a two-pronged strategy involving Japan and local sites

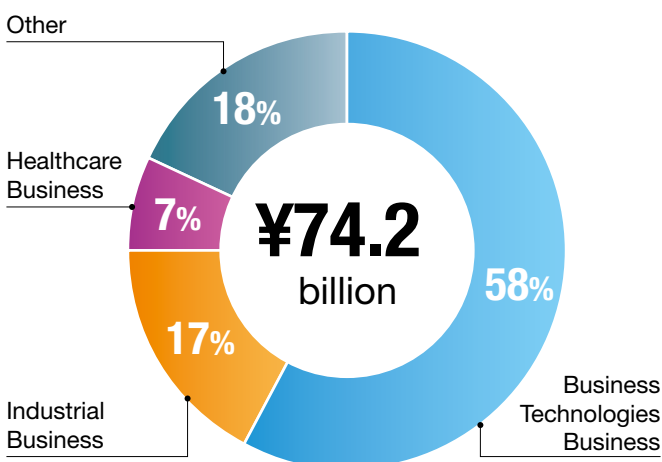
### Research and development activities

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

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

Our development framework is two-pronged system whereby we develop in Japan the technologies that will become a platform used around the world and develop, at development sites physically near customers, technologies which need to be customized to that individual customer. Under this system, we are quickly addressing customer needs in each region while making large-scale investment decisions throughout the Group and developing common-platform technologies. In April 2014, we established Konica Minolta Hachioji SKT, a core center for technology development and one of the Group's largest R&D facilities. The facility conducts R&D that transcends the boundaries of business units, while promoting open innovation inside and outside the Company.

### Percentage of R&D expenses (FY2014)



### Primary R&D themes of our businesses

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

### Intellectual property activities

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

Konica Minolta makes 70% of its net sales overseas and has sales and production sites around the world. To support our business activities with intellectual properties, we submit patent applications and secure intellectual property rights for key markets and countries producing Konica Minolta products around the world. We are proactively submitting patent applications and securing intellectual property rights in sites involved in intellectual property activities in Japan, the U.S., and China, and are achieving appreciable growth in the number of patents registered and held in these countries.

Moreover, as support for these efforts involving intellectual property, we are educating and training overseas development personnel. One such initiative is an education program that teaches the basic principles of intellectual property to local development personnel in China.

### Focused Topic

#### Green Product development

The Green Products Certification System is Konica Minolta's proprietary system for evaluating and certifying products with superior environmental performance. The criteria that must be met are set for different businesses and product characteristics, and the product is certified at one of three levels based on its degree of achievement. In fiscal 2014 the Group created 33 new certified products, increasing the total number of certified products to 147.

Net sales from green products was ¥547.1 billion\*, which comprises 54%\* of the Group's net sales.

\*J-GAAP