Corporate Governance

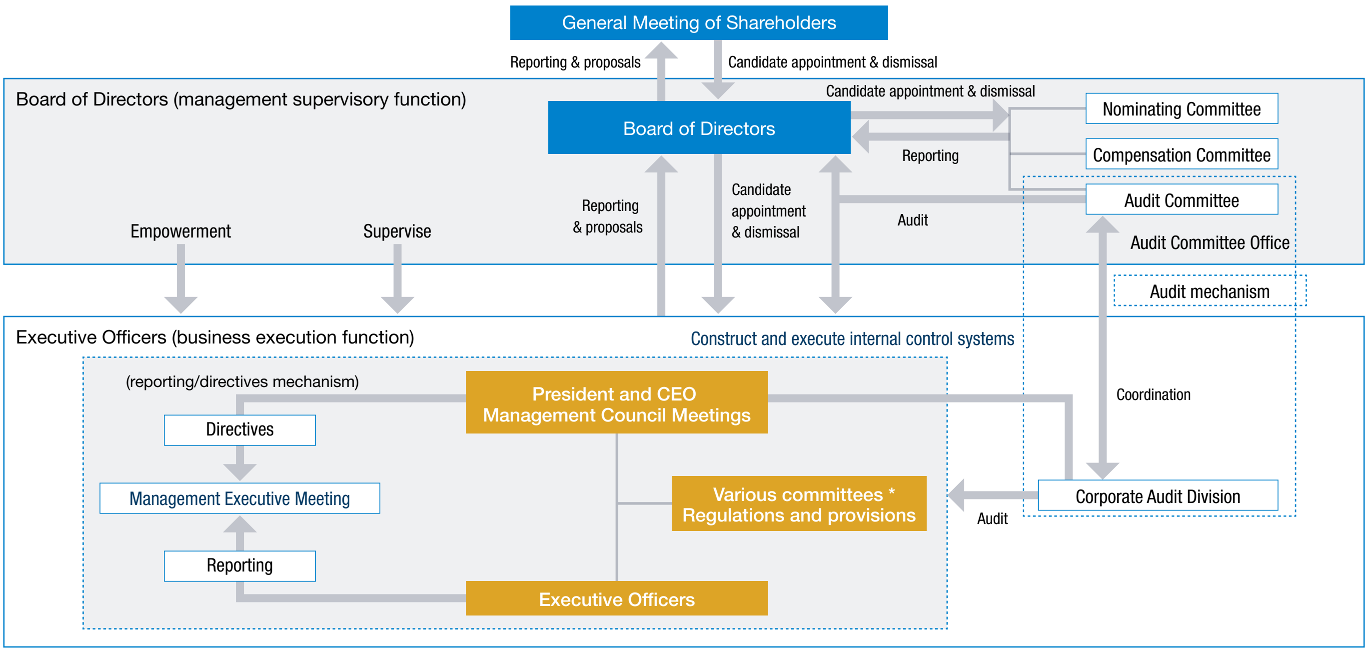
Management and Governance Structure

Konica Minolta has adopted a company with committees system, enabling the management supervisory function of the directors to be separated from the business execution function of the executive officers.

• Company with Three Committees

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

Corporate Governance Systems



*Committees related to internal controls
Risk Management Committee, Compliance Committee, Corporate Information Disclosure Committee, Investment Assessment Committee, Business Assessment Committee

Board of Directors and three Committees (as of June 19, 2015)

● Chairman (orange)

Board of Directors (11 members)		Nominating Committee	Audit Committee	Compensation Committee
7 Non-Executive Officers	Director (Chairman of the Board)	●		
	Outside Director	● (Chairman)		●
	Outside Director	●	● (Chairman)	
	Outside Director		●	● (Chairman)
	Outside Director	●	●	●
	Director	●	●	●
	Director		●	●
4 Concurrently serving as Executive Officers	Director (President and CEO)	Directors concurrently acting as executive officers do not serve on any of the three committees.		
	Director (senior executive officer)			
	Director (senior executive officer)			
	Director (senior executive officer)			

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

• Operations of Board of Directors

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

In principle, the Board of Directors meets once a month. Outside directors receive advance briefings on agenda items in order to facilitate lively discussions at meetings of the Board of Directors. In particular, explanations of important management decisions are provided by relevant executive officers. The seating configuration changes at each Board meeting, except for the Chairman of the Board and the President, in an effort to encourage communication among board members and enliven the proceedings.

In fiscal 2014, the overall attendance by outside directors at meetings of the Board of Directors and of its three committees exceeded 90%. Every year, each board member provides an evaluation of the Board of Directors, which serves as a general review of the composition and administration of the Board and its three committees, as well as other matters. The evaluation by each board member is summarized and discussed by the outside directors, chairman, president, and other directors in an effort to enhance corporate governance.

• Executive Officers

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

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

Appointment of Directors

• Nominating of Director Candidates

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

For the selection of internal director candidates, the Nominating Committee can obtain the opinion of a president who is thoroughly familiar with the careers and track records of the candidates.

1. Good physical and mental health
2. A person that is well liked, dignified, and ethical
3. Completely law-abiding
4. In addition to having objective decision-making abilities for management, the person must have good foresight and insight
5. Someone with no possible conflict of interest or outside business relations that may affect management decisions in the Company's main business areas, and who has organizational management experience in the business, academic, or governmental sectors. Otherwise, someone with specialized knowledge in technology, accounting, law, or other fields
6. For outside directors, a candidate with a history of performance and insight in that person's field, someone with sufficient time to fulfill the duties of a director, and who has the ability to execute required duties as a member of the three relevant committees
7. The Nominating Committee has separately set forth points for consideration in the re-election of Directors and requirements concerning the number of terms of office, age and other factors. Especially, in principle, existing terms of office for Outside Directors are up to four years
8. In addition, the candidate must have the abilities necessary for a director running and building a public corporation that is transparent, sound, and efficient

• Ensuring the Independence of Outside Directors

In selecting outside directors, the highest priority is placed on their independence, as well as on their experience in corporate management (or in similar management positions at public/academic institutions), which will enhance the supervisory functions of the Board of Directors. There are written criteria on the independence of outside directors, stipulating, among other things, that eligible candidates shall have no significant business relations with the Group or personal relationships with its executive officers. At the same time, it is preferable that outside directors have experience in corporate management, since their role on the Board of Directors includes decision-making regarding management issues, as well as the supervision of corporate management.

In order to ensure the independence of outside directors, during the selection stage for new outside directors, recommendations are taken from the outside directors currently serving. To address the concern that long-serving outside directors have less independence, Konica Minolta limits their re-nomination to a four-year term of office in principle.

In June 2015, Mr. Hiroshi Tomono was appointed as a new outside director. All four outside directors have been appointed as independent executives in compliance with regulations established by the Tokyo Stock Exchange.

Corporate Governance

Outside Directors

Name	Reason for electing the outside director
Shoji Kondo*	Shoji Kondo has many years of experience at Toyota Motor Corporation and Hino Motors, Ltd. involving primarily in production and purchase activities, which are the main components of manufacturing. He has been elected as our outside director for his extensive experience and a broad range of knowledge as a corporate executive.
Takashi Enomoto*	Takashi Enomoto has many years of experience in the management of IT solutions businesses at NTT DATA Corporation. He has been elected as our outside director for his extensive experience and a broad range of knowledge as a corporate executive.
Kazuaki Kama*	Kazuaki Kama was involved for many years in the management of the heavy machinery manufacturing business at IHI Corporation, including progress of the focus of resources on strategic business activities. He has been elected as our outside director for his extensive experience and a broad range of knowledge as a corporate executive.
Hiroshi Tomono*	Hiroshi Tomono has many years of experience at Sumitomo Metal Industries, Ltd. and Nippon Steel & Sumitomo Metal Corporation in the management of the materials manufacturing sector, including having overseen activities at steelmakers ranging from technology and manufacturing to planning, administration and new business. He has been elected as our outside director for his extensive experience and a broad range of knowledge as a corporate executive.

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

• Executive Officer Appointment

The president makes the initial proposals for the appointment of executive officers by the Board of Directors.

The president then determines the executive officer candidates through a candidate evaluation meeting, based on executive officer selection standards. The Nominating Committee receives information on the executive officer candidates ahead of the Board of Directors and supervises the validity of the selection process.

Compensation for Directors and Executive Officers

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

Compensation for directors and executive officers

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

Konica Minolta regards it as important to clearly indicate the Company's policy on compensation for directors and executive officers, together with the ratio of incentive compensation for the achieved performance. Consequently, the compensation policy in the business report for the fiscal year ended March 2015 stipulated that the executive officers' compensation shall comprise base salary, a performance-based cash bonus as a short-term incentive, and stock compensation as a long-term incentive, with the ratio of the three being 60:25:15. The performance targets on which the performance-based cash bonus is determined are stipulated as major consolidated performance indicators, including sales, operating profit, and ROE, associated with results of operations.

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

The amount of compensation paid to directors and executive officers recorded as an expense for the year ended March 2015 is shown in the table below.

Amount of compensation paid to directors and executive officers for the year ended March 2015

		Directors			Executive Officers
		Outside	Internal	Total	
Total		45	182	227	801
Total base salary	Persons	5	5	10	19
	Amount (million yen)	45	143	188	448
Performance-based cash bonus	Persons	-	-	-	19
	Amount (million yen)	-	-	-	233
Stock Compensation	Persons	-	5	5	18
	Amount (million yen)	-	39	39	119

Note 1. As of March 31, 2015, there are 4 outside directors, 3 internal directors (excluding those who are also executive officers), and 19 executive officers.

Note 2. In addition to the 5 internal directors shown above, the Company has another 4 internal directors who concurrently hold executive officer posts, and the compensation of these directors is included in the compensation for executive officers.

Note 3. Regarding the performance-based cash bonus, the amounts that should be recorded as an expense for the period are stated.

Note 4. Regarding the compensation-type stock options, the amounts that should be recorded as an expense based on an estimation of the fair value of the stock acquisition rights issued to directors (excluding outside directors) and executive officers (excluding non-residents in Japan) as part of their compensation are stated.

Note 5. In addition to the compensation shown above, the conventional retirement benefit abolished in June 2005 was paid, as indicated below, during the current business year, based on a resolution of the Compensation Committee:
- 35 million yen for 2 directors who retired on June 19, 2014.
- 21 million yen for 2 executive officers who retired on March 31, 2014.

• Guidelines on Officer Ownership of Konica Minolta Shares

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

Group Auditing System

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

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

• Audit Committee System and Roles

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

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

• Corporate Audit Division System and Roles

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

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

Group Compliance Promotion System

At Konica Minolta, the Chief Compliance Officer appointed by the Board of Directors determines matters important for promoting Group compliance and is responsible for promoting and overseeing 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 convenes the Group Compliance Committee, which is composed of officers responsible for compliance from corporate departments in charge of Group-wide functions.

To promote compliance in each department at Konica Minolta, Inc., the General Manager of each department serves as the official responsible for compliance; at subsidiaries inside and outside Japan, the president of each subsidiary serves as the official responsible for promoting compliance at each company.

Risk Management System

Konica Minolta, Inc. has established a management system in which the President and CEO is responsible for risk management and crisis management. Executive officers are responsible for managing strategic risks, operational risks, financial risks, and so on. They identify and evaluate risks and develop and monitor countermeasures in their respective spheres of management.

In addition, the Risk Management Committee, chaired by an executive officer appointed by the Board of Directors, examines the risks identified by each executive officer, as well as the countermeasures in place, and checks to ensure that the risk management system is functioning effectively, making revisions where necessary. Risks deemed particularly important are addressed by the Group under the leadership of executive officers appointed by the Committee Chairperson.

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