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Representative: Shoei Yamana, President and CEO

Stock Exchange Listing: Tokyo (First Section)

Local Securities Code Number: 4902

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Notice Concerning the Continuation and Partial Revision of the Stock Compensation System

Konica Minolta, Inc. (hereinafter referred to as “the Company”) passed a resolution at the meeting of its Compensation Committee held on May 25, 2020 and a decision was made by the President and Representative Executive Officer on June 11, 2020, to continue and revise a portion of the stock compensation system (hereinafter referred to as “System”) that covers executive officers, non-executive Inside Directors, Group Executives and Technology Fellows (hereinafter referred to as “Executive Officers, etc.”).

The Company decided, based on the resolution at the meeting of its Compensation Committee held today and the decision by the President and Representative Executive Officer today, the details of the Trust agreement relevant to the System which covers Executive Officers, etc., including the total amount of shares to be acquired, and will notify you as follows.

1. Continuation of the System

(1) The Company introduced the System from FY2017, and resolved to continue the System from FY2020 onward. This aims to serve as motivation to achieve medium-term performance targets, and reflect the results of these targets in objective and fair compensation, and increase motivation toward the medium- to long-term improvement of shareholder value.

(2) Under the System, the Company has adopted a structure called a Board Incentive Plan trust (hereinafter referred to as “BIP Trust”). Upon continuation of the System, the Company will revise a portion of the System, and extend the Trust period of the BIP Trust, which has already been created.

(3) According to respective job positions of these Executive Officers, etc., and the extent to which performance targets have been fulfilled, the Company will execute the granting or payment (hereinafter referred to as “Granting, etc.”) of Company shares acquired by the BIP Trust and cash in the amount equivalent to the conversion value of Company shares (hereinafter referred to as “Company shares, etc.”) to these Executive Officers, etc.

(4) The resolution on the continuation of the System was passed today at the meeting of the Compensation Committee, in which outside directors constitute the majority of members and an outside director serves as chairperson. Of note, the Compensation Committee conducts a fair evaluation of the appropriateness of the performance targets, the target fulfillment status, etc. and ensures transparency and objectivity in the decision-making process and outcome with respect to the executive compensation system.

2. Partial Revision of the System

Upon continuation of the System, a portion of the System will be revised as follows:

(1) Stock compensation structure

The name of “medium-term performance-linked stock compensation” in which the Company executes the Granting, etc. of Company shares, etc. to executive officers, Group Executives and Technology Fellows according to their respective job positions and the extent to which performance targets of the Medium Term Business Plan have been fulfilled, will be changed to “medium-term stock compensation (performance-linked),” and the name of “medium-term stock compensation” in which the Company executes the Granting, etc. of Company shares, etc. to non-executive Inside Directors according to their respective roles and terms of office, will be changed to “medium-term stock compensation (non-performance-linked).” In addition, the Company will newly establish “long-term stock compensation” for the Granting, etc. of Company shares, etc. according to job position or role and term of office, which covers Executive Officers, etc.

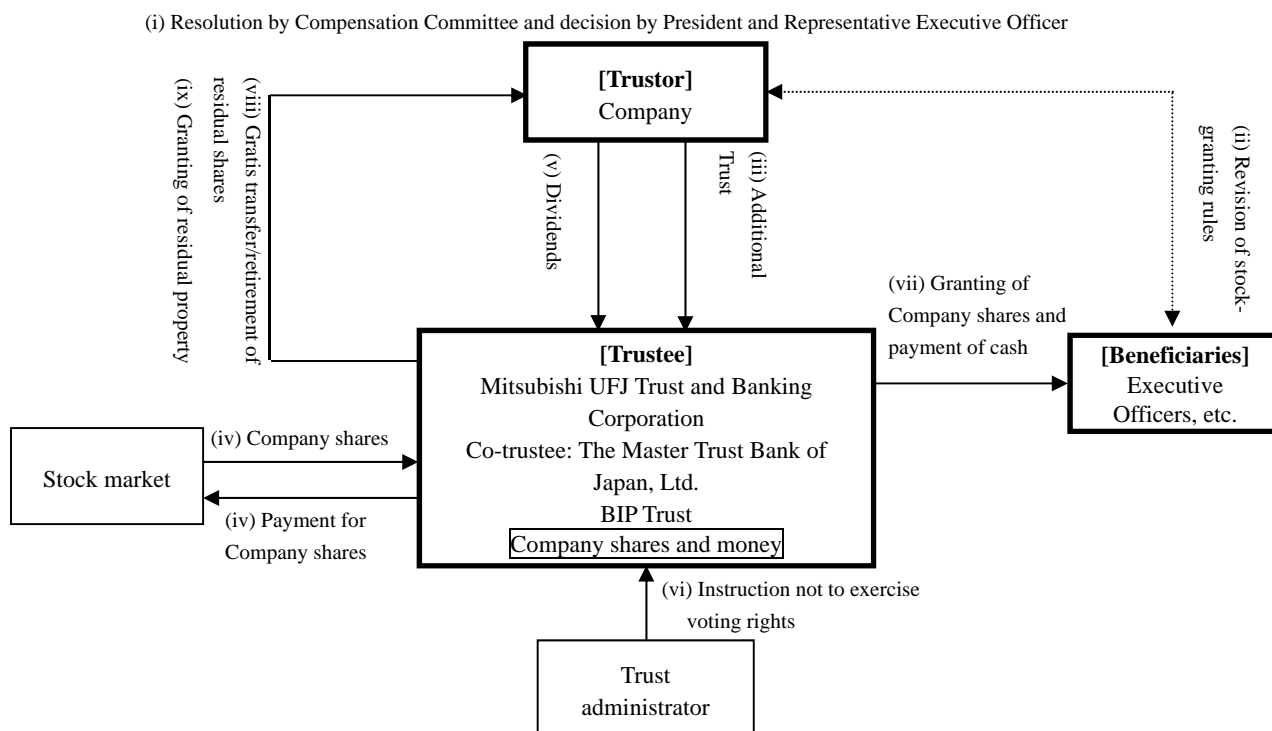
(2) Timing of the Granting, etc. of Company shares, etc. to Executive Officers, etc.

The timing of the Granting, etc. of Company shares, etc. in “medium-term stock compensation (performance-linked)” and “medium-term stock compensation (non-performance-linked)” remains unchanged from after expiry of the Covered Period (as stated in 4. (1) below). Furthermore, the timing of the Granting, etc. of Company shares, etc. to Executive Officers, etc. in the above “long-term stock compensation” shall be after the retirement of the Executive Officers, etc.

(3) Indicators for evaluation used for “medium-term stock compensation (performance-linked)”

The indicators for evaluation shall be consolidated operating profit amount (cumulative amount), consolidated operating cash flows (cumulative amount) and consolidated ROIC (averaged number) at a ratio of 40%, 30% and 30%, respectively. Furthermore, the compensation according to the extent to which medium-term performance targets have been fulfilled shall vary within the range of 0% to 200%.

3. Structure of BIP Trust



- (i) The Company will have a resolution at the meeting of its Compensation Committee and a decision made by the President and Representative Executive Officer on the compensation of Executive Officers, etc., in relation to the continuation of the System.
- (ii) Upon continuation of the System, the Company will revise stock-granting rules concerning the System at the meeting of the Compensation Committee.
- (iii) The Company will contribute cash to the Trustee to the extent approved based on a resolution at the meeting of the Compensation Committee and a decision by the President and Representative Executive Officer in (i), and extend the Trust period of the BIP Trust in which beneficiaries are Executive Officers, etc., who meet the beneficiary requirements (hereinafter referred to as “Trust”), and entrust additional money to the Trustee.
- (iv) The Trust will acquire Company shares from the stock market by using the cash contributed in (iii) and money currently remaining in the Trust as the source of financing, in accordance with the Trust administrator’s instructions.
- (v) Dividends of Company shares in the Trust will be paid in the same manner as other Company shares.
- (vi) Voting rights for Company shares in the Trust shall not be exercised throughout the Trust period.
- (vii) During the Trust period, points will be awarded to Executive Officers, etc. in accordance with the stock-granting rules depending on such factors as their respective job positions and the extent to which medium-term performance targets have been fulfilled. If Executive Officers, etc. have met the beneficiary requirements, the Trust will execute the Granting, etc. of Company shares, etc. proportionate to the number of such points.
- (viii) In cases where any residual shares have arisen upon the expiry of the Trust period due to the failure to fulfill the performance targets during the Trust period or for other such reasons, the Company plans to either: continue to use the Trust in the form of the System or the same type of incentive plan as the System by amending the Trust agreement and making additional contributions to the Trust; or not continue the use of the Trust, in which

case such residual shares will be transferred from the Trust to the Company without charge and the Company will retire such shares by resolution of the Board of Directors.

(ix) Property remaining at the time of the termination of the Trust is slated to be vested in the Company up to the amount of the Trust money after deducting the amount of stock acquisition funds.

(Note) The Trustor may entrust additional cash to the Trust as funds for acquiring Company shares up to the amount of funds for acquiring Company shares approved based on a resolution at the meeting of its Compensation Committee and a decision by the President and Representative Executive Officer.

4. Details of the System (after revision)

(1) Overview of the System

This System is a stock-based compensation system covering the three fiscal years from the fiscal year ending March 31, 2021, to the fiscal year ending March 31, 2023 (hereinafter referred to as “Covered Period”), by which the Company executes the Granting, etc. of Company shares, etc. according to the position of the Executive Officers, etc., and the extent to which medium-term performance targets are fulfilled, or according to job position or roles and term of office.

In the event that the Trust is continued as provided for in (3) (ii), below, respective fiscal years corresponding to the subsequent Medium-Term Business Plan will be set as the Covered Period.

(2) Eligibility for the Trust (beneficiary requirements)

Executive Officers, etc., will be granted Company shares, etc., by the Trust in the number corresponding to their points (as stated in (4) below), provided that they meet the beneficiary requirements as follows:

(i) Medium-term stock compensation (performance-linked) and medium-term stock compensation (non-performance-linked)

- The beneficiary assumes the position of an Executive Officer, etc., during the Covered Period.
- The beneficiary has not resigned for personal reasons, been dismissed, etc. or engaged in certain wrongdoing conduct while in office.
- The beneficiary meets any other requirements deemed necessary to fulfill the purpose of the System as a stock-based compensation system.

(ii) Long-term stock compensation

- The beneficiary assumes the position of an Executive Officer, etc., during the Covered Period.
- The beneficiary has resigned from the position of an Executive Officer, etc.
- The beneficiary has not resigned for personal reasons, been dismissed, etc. or engaged in certain wrongdoing conduct while in office.
- The beneficiary meets any other requirements deemed necessary to fulfill the purpose of the System as a stock-based compensation system.

(3) Trust period

(i) Trust period after extension

The trust period after extension shall be from September 1, 2020 to August 31, 2023 (planned).

(ii) Continuation of the Trust

The Company may continue the Trust, upon the expiry of the trust period, as the same type of stock-based compensation plan as this System by amending the trust agreement and making additional contributions to the Trust; provided, however, that, upon such continuation of the Trust, the details of such stock-based compensation plan will be deliberated and decided again, with the management policies and the Medium-Term Business Plan at that point in time taken into consideration, at the meeting of its Compensation Committee.

(iii) Treatment of the ending of the Trust (extension of the trust period unaccompanied by additional contributions)

In the event of the Trust ending, if any Executive Officers, etc. who may satisfy the beneficiary requirements upon the expiry of the trust period (if the Trust is continued as stated in (ii) above, the trust period after the

extension) hold office, the trust period of the Trust will be in principle extended until the time all persons who may satisfy the beneficiary requirements become beneficiaries or the time it is certain that all persons who may satisfy the beneficiary requirements lose their qualifications for beneficiaries. However, in this case, new points will not be awarded to these Executive Officers, etc.

(4) Company shares, etc., subject to the Granting, etc., to Executive Officers, etc.

Company shares, etc., subject to the Granting, etc., to Executive Officers, etc., shall be determined as one share of the Company per point according to the number of points calculated pursuant to the following calculation formula. If, however, the number of Company shares held under the Trust increases or decreases due to a stock split, allotment of shares without contribution or reverse stock split, etc., the Company will adjust the number of Company shares subject to the Granting, etc., per point according to the percentage of such increase or decrease of Company shares.

(Point calculation formula)

(i) Medium-term stock compensation (performance-linked)

Performance-linked points are calculated by multiplying the Standard Points per Position by the payment ratio based on the extent to which performance targets have been fulfilled up to each fiscal year in the Covered Period. Executive officers who hold office as of the date of the first Ordinary General Meeting of Shareholders after the end of each fiscal year (*1) are covered.

Group Executives and Technology Fellows who hold office as of the end of each fiscal year during the Covered Period (*2) are covered.

(ii) Medium-term stock compensation (non-performance-linked)

Medium-term stock compensation (non-performance-linked) is calculated by multiplying Standard Points per Position by 1 for non-executive Inside Directors who hold office as of the date of the first Ordinary General Meeting of Shareholders after the end of each fiscal year during the Covered Period (*1).

(iii) Long-term stock compensation

Long-term stock compensation is calculated by multiplying Standard Points per Position by 1 for executive officers and non-executive Inside Directors who hold office as of the date of the first Ordinary General Meeting of Shareholders after the end of each fiscal year during the Covered Period (*1).

Group Executives and Technology Fellows who hold office as of the end of each fiscal year (*2) are covered.

Standard Points per Position are the amount of resources allocated per position as stipulated by job position or role divided by stock price at the time of acquisition of Company shares by the Trust at the beginning of the Covered Period.

Furthermore, the ratio of the amount of resources allocated per position for medium-term stock compensation (performance-linked) to long-term stock compensation, or medium-term stock compensation (non-performance-linked) to long-term stock compensation shall be 60:40 as a guideline.

*1

If an executive officer or non-executive Inside Director, retires before, or takes office after, the date of the first Ordinary General Meeting of Shareholders after the end of each fiscal year during the Covered Period, necessary adjustment shall be made according to his/her term of office.

*2

If a Group Executive or Technology Fellow retires before, or takes office after, the end of each fiscal year during the Covered Period, necessary adjustment shall be made according to his/her term of office.

(5) Method and timing of the Granting, etc., of Company shares, etc., to Executive Officers, etc. Executive Officers, etc., who meet the beneficiary requirements shall receive the Granting, etc., of Company shares, etc., based on the cumulative number of points calculated according to the item (4) above (hereinafter referred to as "Points Granted"). (*3)

(i) Medium-term stock compensation (performance-linked) and medium-term stock compensation (non-performance-linked)

The timing for receiving the Granting, etc. of Company shares, etc. shall be after the end of the Covered Period in principle.

(ii) Long-term stock compensation

The timing for receiving the Granting, etc. of Company shares, etc. shall be after the retirement of the Executive Officer, etc. in principle.

*3

In this case, such Executive Officers, etc., shall receive the Granting, etc., of Company shares, etc., corresponding to 50% of the Points Granted (shares less than share unit to be rounded off) and the money equivalent to the disposal value of Company shares corresponding to the remaining Points Granted that are converted into cash under the Trust. Such Executive Officers, etc., who receive Company shares shall continue to hold those shares at least one year after their retirement.

If an Executive Officer, etc., retires due to passing away, a legal heir of such Executive Officer, etc., shall receive the money equivalent to the disposal value of Company shares corresponding to the Points Granted at that point in time after such shares are converted into cash under the Trust.

Furthermore, if an Executive Officer, etc., does not have a securities brokerage account that handles Japanese shares, such Executive Officer, etc., shall receive the money equivalent to the disposal value of Company shares corresponding to the Points Granted at that point in time after such shares are converted into cash under the Trust.

(6) Additional trust money to be entrusted to the Trust and maximum number of additional Company shares to be acquired by the Trust

(i) Amount of additional trust money to be entrusted to the Trust

733,097,000 yen

(ii) Maximum number of additional Company shares to be acquired by the Trust

The number of shares calculated by dividing the amount additionally entrusted and the money remaining in the Trust by the stock price at the time the Trust acquires Company shares (any fraction to be rounded down).

(7) Method for the Trust to acquire Company shares

The Trust shall acquire Company shares from the stock market to the extent of the amount of stock acquisition funds.

(8) Exercise of voting rights related to Company shares held under the Trust

To ensure the neutrality of the Company's management, the voting rights of Company shares held under the Trust shall not be exercised during the trust period.

(9) Treatment of dividends related to Company shares held under the Trust

The dividends of Company shares held under the Trust will be received by the Trust and applied to trust fees and trust expenses. If residual money remains upon the closing of the Trust after dividends are applied to trust fees and expenses, such money will be donated to organizations which have no conflict of interest with the Company.

If the Company continuously uses the Trust, such residual money will be used as the stock acquisition funds.

(10) Treatment of residual shares at the expiry of the trust period

If residual shares remain in the Trust at the expiry of the trust period due to underachievement of middle-term performance targets or other factors, the Trust may be continued as the same type of stock-based compensation plan as the System by amending the trust agreement and making additional contributions to the Trust. Furthermore, in the event the Trust is terminated at the expiry of the trust period, the Trust will transfer such residual shares to the Company without compensation, which the Company will retire by a resolution of the Board of Directors.

(For reference)

[Details of trust agreement]

(i) Trust type	Money held in trust other than individually-managed money in trust (third party benefit trust)
(ii) Purpose of trust	Giving incentives to Executive Officers, etc.
(iii) Trustor	Company
(iv) Trustee	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
(v) Beneficiaries	Executive Officers, etc., who meet the beneficiary requirements
(vi) Trust administrator	A third party who has no conflict of interest with the Company (certified public accountant)
(vii) Date of trust agreement	August 7, 2017
(viii) Trust period	August 7, 2017 to August 31, 2020 (to be extended to August 31, 2023 due to the changes to the trust agreement on August 21, 2020)
(ix) Commencement date of the System	September 1, 2020
(x) Exercise of voting rights	No voting rights to be exercised
(xi) Type of stocks to be acquired	Common stock of the Company
(xii) Amount of trust money	733,097,000 yen (including trust fees and trust expenses)
(xiii) Time period for acquiring shares	December 10, 2020 (planned) to January 22, 2021 (planned) (excluding the last five business days of each accounting period (including interim and quarterly accounting periods))
(xiv) Method of stock acquisition	To be acquired from stock market
(xv) Rights holder	Company
(xvi) Residual property	The residual property the Company may receive as the rights holder shall be limited to the extent of the reserve for trust expenses, etc., which is calculated by deducting stock acquisition funds from trust money.

(Note) The aforementioned planned date may be changed to another appropriate date in accordance with applicable laws and regulations, etc.