

We draw out the potential of human capital and the organization to the greatest extent possible and drive the business selection and concentration.



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Review of DX2022

With the previous Medium-term Business Plan DX2022, we promoted a human capital strategy in which the highest priority issue was how to draw out the individuality—that is, the individual capabilities—that each employee possesses in order to compete globally in a DX era.

In particular, as a mechanism to make human capital visible so that the next generation of leaders can be systematically trained, we introduced the CEO Talent Review Process, in which the leaders of businesses and functional divisions and the CEO hold one-on-one discussions on the state of the training of successors for important positions in the divisions. In fiscal 2022, a list of about 150 candidates from a short- and medium-term perspective was developed, and we are running through the PDCA cycle to reinforce the pipeline of the next generation of managers through fast tracking and provision of education opportunities.

We also constructed a unique scheme to select and train DX business leaders in collaboration with Switzerland-based IMD, a world-class business school, in order to leverage the strengths of our more than 40,000 employees throughout the world, one of our competitive advantages. First, for the office business, our core business, we selected about 500 candidate employees from throughout the world, and then through repeated assessments, we narrowed down the number to about thirty for training. We formulate training plans tailored to each employee, provide them with challenging assignments to implement those plans, and make strategic training rotations not limited to the organization or country they are assigned to, and these efforts are driven by the head office.

On the other hand, we feel that strengthening management, particularly in Japan, is a major challenge for improving employee engagement. As human capital grows more diverse, it is not possible to draw out the potential of our human capital or the full capabilities of the organization with our traditional mid-level management positions. Therefore, Konica Minolta (the Company) and Konica Minolta Japan Inc., our distributor in Japan, reviewed the related system last year. We eliminated those traditional,

uniform mid-level management positions and introduced a double-track human capital system that consists of “empowerment leaders,” who energize human capital, draw out their potential, and increase the organization’s capabilities, and “experts” with advanced specialization, who contribute to the Company. We are now expanding training through this system and will continue to increase its effectiveness. Furthermore, from the perspective of promoting diversity, we consider the active participation of women, non-Japanese, and LGBT people an issue.

Basic human capital strategy in the Medium-term Business Plan

In the new Medium-term Business Plan, the highest priority issues are restoring business profitability through business selection and concentration and strengthening our financial foundation through structural reforms. In order to secure and train the human capital to drive business selection and concentration and generate sustainable growth, it is necessary to further strengthen the active participation of diverse human capital through the CEO Talent Review Process, Global Leader Training Scheme, and double-track human capital system, all of which are systems we have created over the years.

The human capital strategy to achieve this is based on the three priority initiatives of “training leaders and shifting human capital to accelerate business selection and concentration,” “promoting female advancement and DE&I,” and “improving employee engagement,” and we will implement measures to transform the Company into a group of professionals.*

* Human capital who possess superior knowledge, expertise, and unique skills and can act to solve problems based on own independent critical thinking.

Shifting, securing, and leveraging human capital who accelerate business selection and concentration

To accelerate business selection and concentration, we must shift and reskill human capital within the Company and capture outside human capital to compensate for the diversity we lack.

Human Capital Strategy

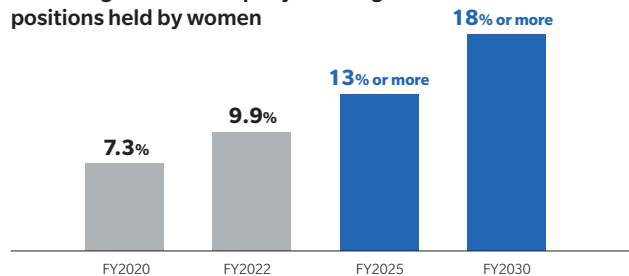
With an eye toward an effective shift of human resources to businesses to be reinforced, we are moving forward with building a talent management system to ascertain whether individual employees can adapt to changing assignments not limited to a particular job or business field, to select candidates that match business needs and human capital requirements, and to make overall optimal human resource assignments possible while taking into consideration the career desires of individuals.

Moreover, we are promoting training and education to secure one thousand specialists with advanced IT skills (imaging-IoT specialists), such as data scientists, during the current fiscal year and have succeeded in attracting more than 800 to date. On the other hand, simply having specialist human capital is not enough to promote the DX business and in-house DX. And it is necessary to have leaders who are decisionmakers, including management, be aware of the effectiveness of DX and understand how to leverage that for management decisions. It is also necessary to build an environment in which non-specialist employees become IT literate and can participate in discussions from the same perspective. To achieve that, we will promote learning and training programs to raise the level of employees throughout the Company after conducting assessments, and these efforts will be driven by the head office.

Promoting DE&I

The environment in which the Company operates has grown so dynamic and complex that it is no longer comparable to the environment in olden days. Under these conditions, it is necessary to make quick and quality decisions, not to be bound by precedent. Therefore, what is important is for diverse human capital to participate in management, and management to make

Percentage of the Company's management positions held by women



* Date compiled: as of April 1 of each fiscal year

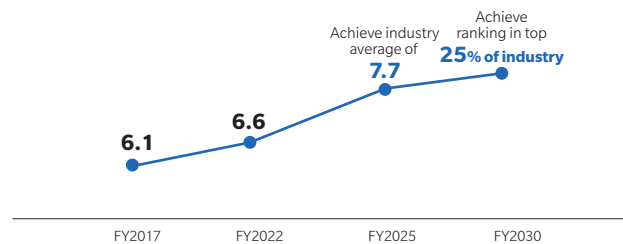
decisions based on the various options that come to light from multi-faceted perspectives and ideas.

First of all, we are focused on promoting female advancement, a common issue throughout the world, and are making long-term efforts having set the ratio of women at the management level as a KPI. In particular, considering that Japan is lagging behind in its initiatives related to female advancement, we established a dedicated body in 2016, and since then, have moved forward with various activities, including fostering an organizational climate in which women can advance, reinforcing the recruitment of women, and strengthening training of female employees who possess strong potential, with the CEO playing a leading role as this is an important management issue. Through these efforts, the ratio of female managers, which was 3% when efforts were launched, rose to about 10% in fiscal 2022, one of the top levels in the industry. Not satisfied with the current state, we have set our sights on overseas and other industries and further raised the target for this KPI, aiming for at least 13% by the beginning of fiscal 2026 and 18% or greater in fiscal 2030, and the Company has united to tackle this priority issue.

Improving engagement

In addition to fortifying human capital, improving engagement is indispensable for reinforcing the ability of the organization to implement the strategy. With the global employee survey “Your Voice,” we do not simply gather information on scores but have created a system that makes it possible to listen to the opinion of each employee and improve the workplace through an understanding of strengths and issues. In particular, we make it possible for two-way dialogue in which superiors can respond whenever there are comments obtained from employees through the survey, and tie this to greater engagement via our own system

Employee engagement score



that extracts priority issues for each workplace using AI and makes it possible to immediately confirm issues on the dashboard.

For the fiscal 2022 survey, 35,000 employees (85% of the total) from throughout the world completed the survey, which brought up various organizational issues. We have set the target of raising the engagement score obtained from this survey to the industry average during the period of the Medium-term Business Plan and then ranking in the top 25% by fiscal 2030. In addition, we have included the engagement score in the compensation scheme for Directors and Executive Officers, and the whole Group has united to achieve this as one of the key management indicators.

We are aware that “employee’s health is the key to everything.” The medium-term health plan is based on the Konica Minolta Group Health Declaration, which lays forth the principle of promoting health and productivity. Under this plan, by fostering a “health-first” climate, we have broadened the scope of initiatives from undertaking traditional risk management to improving the productivity and vitality of the organization and the brilliance of individuals and introduced health promotion measures with the goal of increasing the well-being of individuals and maximizing performance for individuals and organization.

Conclusion

So that employees will independently make decisions and act to solve problems as professionals, we have set “six values,” a code of conduct for all employees that can also be called our DNA, and work to incorporate these into employee evaluations. We believe that drawing out the potential of human capital who possesses this DNA and the organization will accelerate business selection and concentration and our sustainable growth. Therefore, I will take the lead on activities related to the active participation of diverse human capital.

6 values

