

Human Capital Strategy

Message from the Lead Officer



Shinichiro Oka
Executive Vice President and
Executive Officer

Our human capital strategy is centered on transforming ourselves into a group of professionals. The core of this strategy is the ability to think and act independently. In this era of rapid change, if you rely on the same values and conventional methods inherited from somebody else, you will not be able to keep up. We must think about what changes are occurring in society, take the initiative in acquiring the knowledge and skills required in such changes, and make proposals to those around us. In other words, we want to become human capital who can deliver value in any environment, and who can be active not only in our Company but also in other companies and industries. In such a society, diversity is a strength. The participation of diverse professionals with different ways of thinking in management will lead to sustainable enhancement of corporate value.

In promoting business selection and concentration in the Medium-term Business Plan, it is important not only to transfer human capital to the businesses and departments to be focused on, but also to clarify what skills and experience are needed and to move human capital around while reskilling and upskilling. And we made much progress on this in fiscal 2023. The concept is the same in our global structural reforms, and we are aiming to improve productivity at the same time as we transform ourselves into a collective of human capital that match our management strategy.

In addition, it is important to create an environment in which employees can maximize their potential. To this end, we place emphasis on improving employee engagement and strengthening dialogue with employees, aiming to create a win-win relationship where employee growth is directly linked to company growth and where both can enhance value.

Human Capital Vision of Konica Minolta

In recent years, the macro environment surrounding Konica Minolta has been undergoing drastic changes, such as the global declining birthrate and aging population, declining working populations in developed countries, the ongoing digital and AI revolutions, and the shift in workstyles and lifestyles following the COVID-19 pandemic. In order to respond to these changes, Konica Minolta has formulated a new growth strategy and business transformation policy in its Medium-term Business Plan under our vision “Imaging to the People.” We have defined the human capital required to realize these strategies as “human capital who possess unique skills backed by superior knowledge, expertise, and experience, and can act to solve problems based on their own independent critical thinking,” or “professional human capital,” and we aim to focus our efforts on developing such human capital.

Konica Minolta is also committed to maximizing the power of each individual, based on our code of conduct 6 Values and health & productivity management* that regards the physical and mental health of employees as a source of growth, as well as supporting autonomous growth through self-development support and extensive in-house training programs, fostering a culture of challenge by introducing in-house open recruitment, and realizing diverse workstyles by lifting the ban on side jobs ahead of other companies. At the same time, we are focusing on building an organization that maximizes the power of individuals and fostering management human capital who can realize strong teamwork.

Human Capital Vision of Konica Minolta



* Health & Productivity Management is a registered trademark of the NPO Kenkoikeiei

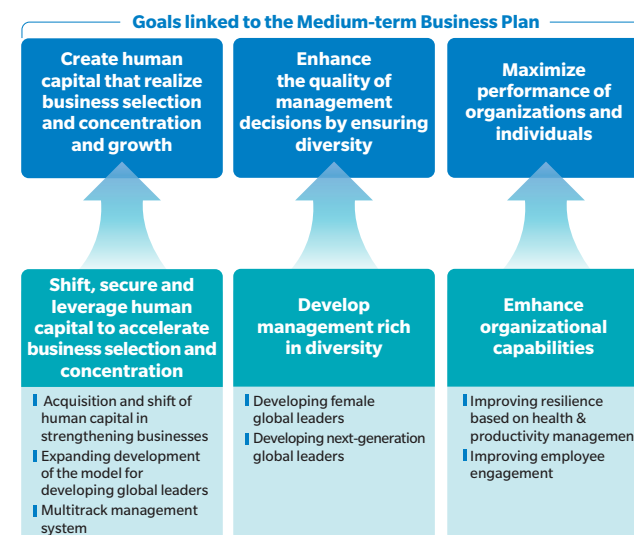
Through these efforts, we will organically connect diverse professional human capital to generate innovation, and at the same time, improve our execution capabilities by strengthening engagement and resilience, leading to our sustainable growth.

Three pillars of human capital strategy linked to Medium-term Business Plan

In our Medium-term Business Plan through fiscal 2025, our top priorities are to strengthen our business profitability through business selection and concentration and to reinforce our financial foundation through structural reforms. To realize this goal, we need to draw out and utilize the potential of Konica Minolta’s diverse human capital based on the human capital visualization frame and various systems we have developed to date.

Based on this recognition, we have established three priority measures to enhance our human capital in conjunction with our management strategy. The first is the generation of human capital to realize business selection and concentration and growth, including the development of global leaders and the shift of human capital to strengthening businesses; the second is the improvement of the quality of management decisions by ensuring diversity, such as the development of overseas leaders

Three Pillars of Human Capital Enhancement Measures



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and women leaders in Japan and abroad; and the third is maximizing organizational and individual performance by improving employee engagement and productivity using DX and AI. By optimizing human capital through these measures and increasing business profitability, we will not only achieve the goals of our Medium-term Business Plan, but also build a foundation to return to a growth trajectory in and after 2025.

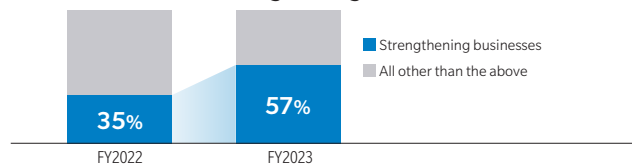
Creating Human Capital that Realize Business Selection and Concentration and Growth

Shift, secure and leverage human capital to accelerate business selection and concentration

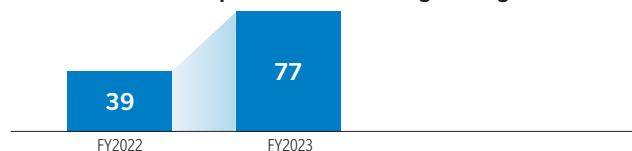
In order for Konica Minolta to achieve sustainable growth, it is of paramount importance to concentrate our human capital on strengthening businesses such as the Industry Business and Healthcare Business. In these areas, high-end human capital with advanced expertise are indispensable. For example, they are in demand in the Industry Business to promote business development by connecting cutting-edge technologies and customers across the industrial value chain beyond business organizations, and in the Healthcare Business to support value co-creation in clinical settings with Key Opinion Leaders (KOLs) in cutting-edge fields such as image analysis and AI. Securing such human capital will determine the growth potential of our businesses.

We are therefore shifting our human capital portfolio in line with changes in our business structure, and are working to secure

Recruitment ratio of strengthening businesses*



Number of human capital shifted to strengthening businesses*



* Professional Print Business, Industry Business and healthcare unit

resources for areas that cannot be filled with existing human capital in the strengthening businesses by shifting human capital from other businesses and career recruitment from outside the Company. In particular, in the area of career recruitment, as competition for high-end human capital becomes more intense, we are implementing a recruitment process that integrates the recruitment team and business divisions, involving executive officers in interviews with candidates, and changing the mindset of interviewers so that interviews are no longer a place for assessing but rather for motivating candidates. We have enhanced our recruitment capability with these measures and raised the percentage of employees hired into strengthening businesses to 60% of the entire Company's new hires.

At the same time, in order to realize efficient business operations with a small number of elite employees, we are managing personnel commensurate with the growth of each business domain by controlling company-wide personnel increases while taking into account personnel reductions due to retirement and other factors.

A multi-track system that attracts human capital with advanced expertise

Konica Minolta has changed its management system from a single-track to a double-track system, and clarified the missions of the required management positions, starting in fiscal 2022. Specifically, we have divided managers into two categories:



“experts” who contribute to the business through their expertise, and “empowerment leaders” who draw out the strengths of diverse human capital and energize the organization to enhance execution capabilities. The requirements for each of these categories have been substantially revised. In line with these changes, the name “manager,” which has traditionally been associated with management, has been changed to “exempt.”

Experts can choose the career path that best suits their values by pursuing specific, highly specialized skills to contribute to the Company. The compensation design for experts has also been reformed so that highly successful experts can be compensated at the Executive Officer level, contributing greatly to the recruitment of high-end human capital from outside the Company, where competition for high-end human capital is fierce.

Meanwhile, we are expanding skill development opportunities for empowerment leaders. Through systematic and ongoing programs to strengthen management skills, such as coaching, team building, and communication skills, we are increasing our contribution to improving organizational and execution capabilities.

In addition, both experts and empowerment leaders are checked semiannually in a multifaceted assessment to see if they are practicing the required behaviors. This enables independent updates and encourages continuous growth, leading to further enhancement of human capital.

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Developing global leaders across borders and organizations

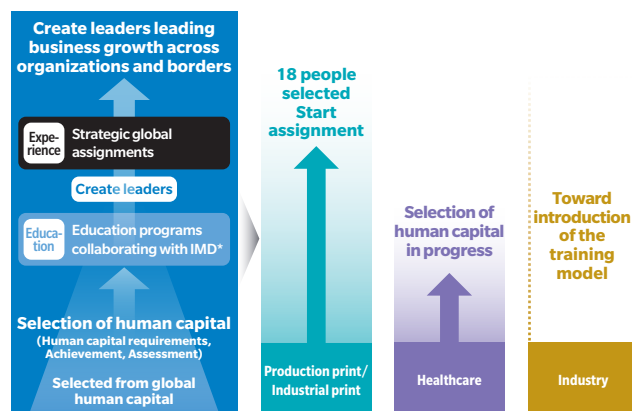
The key to Konica Minolta's business growth is how to accelerate the utilization of our global human capital, which account for three-fourths of our total. To this end, we are promoting the development of global leaders in collaboration with IMD*1, a Swiss business school with a world-class track record in the DX area. Specifically, we visualize and select outstanding human capital all over the globe, provide training programs and coaching by top management, and formulate training plans tailored to each employee. Based on these plans, we promote assignments that transcend national borders and organizational affiliations.

When the Medium-term Business Plan starting from fiscal 2023 was formulated, leaders from European sales subsidiaries were invited to the head office in Japan through this program. As members, they were active in coordinating the status and requests of the regional sales subsidiaries and ensuring consistency with worldwide policies. In addition, the program has also produced results such as the strategic rotation of human capital between Group companies in the U.S. and Australia.

Initially introduced first in the office unit, this program is now being expanded to other strengthening businesses such as production print and healthcare, and will be extended to other strengthening businesses as well.

*1 IMD: Abbreviation for International Institute for Management Development, one of the world's leading business schools based in Switzerland

Global Leader Development Model



Voice



Vasco Falcão
 Managing Director for Konica Minolta
 Business Solutions Spain & Portugal
 Head of DW-DX Europe

I participated in the Global Leader Program because I saw it as an excellent opportunity to take charge of the transformation of our Group. Daring to step out of my comfort zone, I aimed to not only be changed by the program myself, but also to be a positive influence on those around me.

By actually participating in the program and learning in an unfamiliar environment with colleagues from diverse backgrounds that I had only seen in pictures, I was able to expand my knowledge and network of contacts, as well as gain many insights necessary to lead change.

In particular, I gained a great deal from my role in formulating a global strategy for the DW-DX unit and designing a development plan for each region in line with the selection and concentration of businesses in the Medium-term Business Plan. It made me realize the importance of considering not only strategies in each region, but also our common direction on a global scale. At the same time, I reaffirmed the importance of understanding and proactively incorporating the values and methods of diverse cultures and societies that differ from region to region.

I am currently the Managing Director of sales subsidiaries in Spain and Portugal and the European head of the DW-DX business, and I will use these insights to bring more value to my region and to the Group as a whole, with a broad perspective.



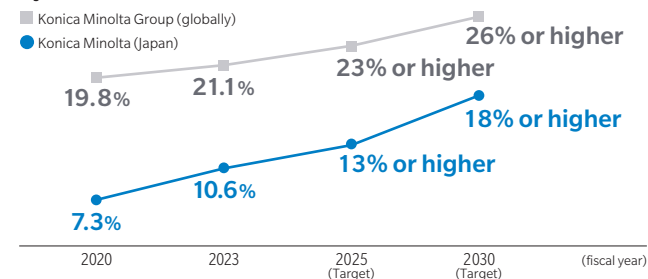
Enhancing the Quality of Management Decisions by Ensuring Diversity

Konica Minolta's management rich in diversity

Konica Minolta employs about 40,000 people globally, of which about three-quarters work outside of Japan. Women make up 30% of all employees, and the percentage of management positions held by women is over 21% globally (11% on a non-consolidated basis), and the percentage of management positions held by women in the development sector, where it is difficult to secure female human capital, is 8% on a non-consolidated basis, maintaining one of the highest ratios in the industry. The diversity of our human capital is one of Konica Minolta's strengths, and by organically linking this human capital, we will transform our differences into strength and enhance the quality of our management.

With particular emphasis on the promotion of women's activities, in order to strategically increase the ratio of women in management positions globally and in Japan on a non-consolidated basis, we have set targets of 23% or more in fiscal 2025 and 26% or more in fiscal 2030, in line with overseas and other industries. To achieve this goal, we are implementing a variety of measures, while assessing the current situation and identifying issues each year. For example, on a non-consolidated basis, we have been providing medium- to long-term career development support for female employees who will become the next managers since fiscal 2020, and from fiscal 2023, we are accelerating efforts to promote the growth of female employees who will become next-generation leaders. In addition, we are also strengthening recruitment to augment our pipeline, with the ratio of new female graduates hired in fiscal 2023 at 37%, and we intend to maintain this ratio at 30% or higher in the future.

Percentage of Konica Minolta's management positions held by women



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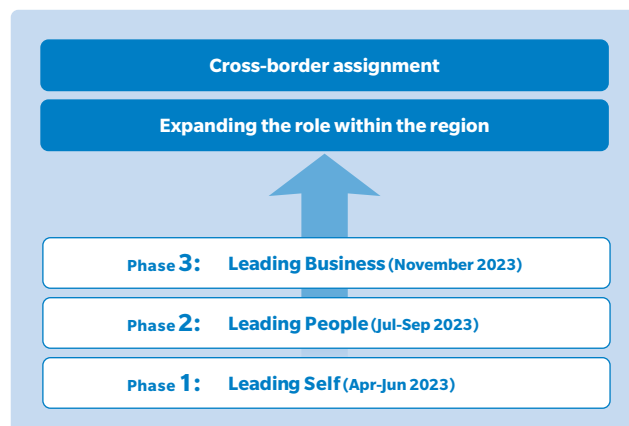
Women 2 Lead, a program to cultivate management-level employees based on “global × women”

Konica Minolta promotes the development of diverse management with the aim of further ensuring diversity and strengthening fairness in the decision-making process. As a first step, we are working on a global scale to develop female leadership human capital and promote their success.

Since fiscal 2023, we have been developing a program called ‘Women 2 Lead’ to select and nurture next-generation leaders from our globally active female employees. As with the Global Leader Training Scheme, this program is conducted in collaboration with IMD. Through assessments using IMD’s methods, 12 candidates are selected as the first cohort from a variety of fields, including sales, finance, marketing, and HR. After assessing each candidate’s strengths and weaknesses and encouraging self-awareness, we conducted an eight-month training program focused on themes such as career path development and essential knowledge and attitudes for leaders.

Going forward, in order to ensure that the graduates of the program will be able to move up the ladder, we will promote the expansion of roles and assignments based on training plans tailored to each employee, with the commitment of not only their immediate superiors but also the top management of the business companies to which they belong, as well as the support of the HR department at the head office.

“Women 2 Lead” Program steps



GLOW, a next-gen leadership development program that empowers young employees around the world to seize opportunities and overcome barriers

To strategically strengthen our future management talent pipeline, Konica Minolta has been implementing an overseas assignment program for young employees. Previously, only Japanese employees were eligible for this program, but since fiscal 2022, the entire program has been renewed under the name “GLOW” and is now available to employees of overseas Group companies and can be dispatched from overseas to overseas, thereby promoting the development of diverse management talent across the globe.

The unique aspect of this program is that it is not company-led. Instead, employees self-nominate, negotiate their acceptance with the host company, and create and execute their own local missions and dispatch plans. By seizing opportunities to take on challenges independently, and by taking on goals with local cooperation, the program is designed to help participants polish the skills they have cultivated into ones that can be used overseas, while developing them into true global human capital capable of competing on the world stage. In addition, by bringing together diverse human capital from around the world, different values and opinions are exchanged, providing an opportunity to truly understand the diversity within the destination organization.

The first period of the program began in May 2023 with the dispatch of 11 participants, and the recipients have given high marks for the contributions they have made to their organizations. Results have been achieved in both business problem solving and human capital development. In the second period in 2024, we plan to dispatch 10 participants.

“GLOW” as global expansion of overseas training program for young employees



Voice



Kano Ozone

Digital Workplace Business Headquarters
Sales Management Division

Since joining the Company, I had been working in the sales promotion department at the head office, communicating with sales subsidiaries. However, I felt the need to gain a more multifaceted perspective by gaining experience at an overseas sales subsidiary, and took on the challenge of GLOW. As a specific plan for my dispatch, I decided to launch “One Rate^{*1},” our Company’s original subscription-based billing model that I was in charge of at the head office, at sales subsidiaries in Portugal and Spain, where there were no employees stationed from the head office, and proposed it and negotiating with local company. In the local market, I promoted the project by involving stakeholders in the process, from the development of an implementation plan to the formation of an agreement with marketing and sales company management. The new sales model One Rate was established and led to improved profitability in Europe.

It was a big challenge for me to tackle something new in an environment where I was a minority, but I gained a lot of confidence in my ability to act without fear of failure and to produce results through GLOW. Also, the experience of building trusting relationships with local members is a great asset. In the future, I will continue to lead the formation of an organization that can create new value for society while placing importance on dialogue with our customers.

^{*1} One Rate: Our unique model of charging a fixed amount, rather than the traditional method of billing that varies each month

The marketing department where I belonged received an award at the in-house awards event of Portuguese sales subsidiary.



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Maximizing Performance of Organizations and Individuals

Strengthening human capital and improving productivity through global structural reforms

In order to strengthen human capital and productivity through global structural reforms and transform Konica Minolta into an organization with high productivity per capita, we will automate not only routine operations but also some tasks that require judgment, and actively invest in human capital so that they can shift to high value-added tasks that only people can perform. We will also continue to invest in the allocation of the right people in the right positions and in human capital development.

DX through the use of AI and digital tools is indispensable for improving productivity, and we have introduced company-wide generative AI this fiscal year and are making progress in using it at each workplace. The future impact of AI and digital tools hinges on human capital. Effective on-site business process reforms can only be achieved when specialized technical talent with DX skills, talent leading DX, and talent working on-site come together as a cohesive team.” To strengthen these human capital, we have been conducting DX assessments for all employees since fiscal 2023 and providing push learning programs according to the results.

Voice



Yohei Shinohara

Digital Workplace Business Headquarters
Production Engineering Center, Production and Procurement Management Division
Digital Manufacturing Promotion Department

Although automation and labor-saving operations have been progressing in the area of manufacturing, most of the more advanced decisions are still made by people, and skilled engineers are still using their five senses and experience to determine the optimum manufacturing conditions that ensure high quality.

Such high-level decisions are based on a variety of information, i.e. data, and we are working to make operational decisions faster, more accurate, and automated through complex analysis of on-site data. For example, we optimize manufacturing conditions to maximize the percentage of good products, forecast the quantity of parts inventory by factor and recommend methods

Enhance employee engagement based on dialogue

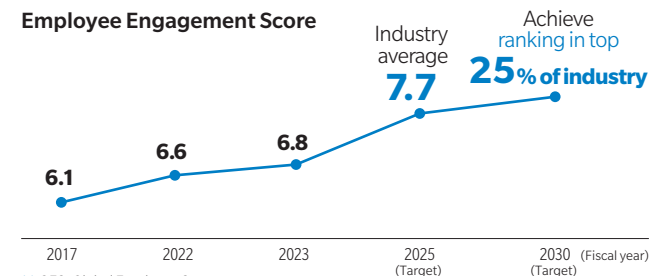
Konica Minolta is focusing on improving employee engagement and conduct an annual GES^{*1} called “Your Voice”. The engagement score^{*2} is incorporated into the compensation determination scheme for executive officers, and is one of the key management indicators that the Group is working on as a whole. We are focusing on building an organization based on dialogue, with the goal of raising our score to the industry^{*3} average level by fiscal 2025 and to be in the top 25% of the industry by fiscal 2030.

The President personally visits each of our sites in Japan and overseas to engage in direct dialogue with employees and actively engage in interactive communication. The Corporate Planning Division at the head office also visits major global locations and, through dialogues with employees, ensures that the Medium-term Business Plan is well understood and ingrained. Each business division, each company, and each workplace continues to implement a cycle of improvement actions based on the survey results and dialogue, and the score for fiscal 2023 improved by 0.2 points from the previous year. We understand that “compensation,” “recognition of results by those around,” and “career path” are factors that contribute significantly to improving engagement, and we will continue to work toward further improvement.

to reduce it, and automate the optimal treatment decision-making process for internal assets. We have promoted the resolution of more than 150 issues in the field of manufacturing operations over a 5-year cumulative period, including procurement, production management, inventory, processing, assembly, logistics, and quality control. The “White Paper on Manufacturing Industries” jointly produced by the Ministry of Economy, Trade and Industry, the Ministry of Health, Labour and Welfare, and the Ministry of Education, Culture, Sports, Science and Technology has also featured us as a good example of the transformation of production processes using data science.

This is largely because we have overcome the challenge of using data merely as a tool, and instead, we have initiated a behavioral change throughout the entire organization. This change began with addressing on-the-ground issues and treating them as our own problems to solve. In the future, we intend to spread our efforts to support high-level decision-making through the use of data to various areas of the Company other than production in order to refine our competitiveness.

Employee Engagement Score



*1 GES: Global Employee Survey

*2 Adopted Workday's research infrastructure. Average score for questions on “engagement” in the global employee awareness survey (answers on a scale of 0 to 10)

*3 Industry: Technology companies in general, not only in Japan but globally

Konica Minolta's health & productivity management

Recognizing that the health of our employees is the foundation of everything, Konica Minolta aims to improve the wellbeing of our employees and enable them to maximize their individual and organizational capabilities by fostering a “health-first” culture.

From fiscal 2023, we have adopted “Well-being 2025” as a new Medium-term Plan for health & productivity management, and are working to quantify and promote improvements for “enhancement of organizational health”, “presenteeism^{*4} reduction”, and “absenteeism^{*5} reduction”.

Based on the idea that change starts from the top, a 16-month-long “Resilience Program” was implemented for the President and other executives and executive candidates, proposed by our occupational health physicians. This program is based on medical, psychological, and brain science, and involves learning about and practicing the four areas of health: body, emotion, mind, and intelligence. In addition to exercise, nutrition, and sleep, the program is designed to enhance humanity through the sharing of case studies of failure and case study sessions in which participants think in the first person. Through the program, not only individuals but also the organization as a whole have shown positive effects, such as revitalizing discussions at management meetings and promoting collaboration across the organization. In this fiscal year, the program is being expanded to include general managers and Group company management.

*4 A condition in which an employee is present at work, but their performance is declining due to some physical disorder

*5 Condition of not being able to come to work due to illness or poor health

For more details: **Konica Minolta Health & Productivity Management**
<https://www.konicaminolta.com/about/csr/social/human-capital/health-improvement.html>