



KONICA MINOLTA CSR REPORT 2006



KONICA MINOLTA

The essentials of imaging

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Notes to readers

This CSR Report describes the Konica Minolta Group's corporate social responsibility efforts and the results of such efforts to date.

Period Covered by the Report: Fiscal 2005 (April 1, 2005–March 31, 2006)
Some information on items occurring prior and subsequent to fiscal 2005 is also included.

Scope of the Report: The entire Konica Minolta Group worldwide (Konica Minolta Holdings, Inc. business companies, common function companies, and affiliated companies)

Detailed Information: Additional information not included in this report is available at the following websites.

CSR Information <http://konicaminolta.com/about/csr>

IR Information <http://konicaminolta.com/investors>

Environmental Information <http://konicaminolta.com/environment>



Selection and Concentration

Konica Minolta is working to strengthen its corporate group and improve corporate value in a fast-changing market through selection and concentration, that is, the selection of key fields and concentration of resources in those fields. Specifically, we will concentrate on the core field of business technologies and such strategic fields as optics and display devices.

Shifting from Things to Value

Today's customers are demanding products that are appealing and offer value rather than increased functionality. In line with its management philosophy—"The creation of new value"—the Konica Minolta Group intends to continue offering customers fresh and groundbreaking new value.

Seeking to Become a Corporate Group Essential for Society



Our Corporate Message

The Konica Minolta Group's corporate message, "The essentials of imaging," represents our determination to develop the Konica Minolta Group into an essential corporate group in the field of imaging. The message also implies our aspiration to develop Konica Minolta into a corporate group that is essential for society. Since this aspiration has a common basis with the ideal of corporate social responsibility (CSR¹⁾), under the same message we are striving to fulfill our CSR as well.

CSR: Essence of Our Management

Since the founding of our Group in August 2003 through the integration of former Konica Corporation and Minolta Co., Ltd., we have been concentrating our efforts on promoting fair and transparent management, management that can win the trust of our stakeholders² worldwide. To this end, we have declared our management philosophy and established the Konica Minolta Group Charter of Corporate Behavior, which provides guidelines to be followed by all our Group's employees in various parts of the world.

Today, securing "social utility" has become an essential component of corporate management, since social utility, along with stakeholders' support and trust, is crucial for enhancing corporate value. To continue meeting stakeholders' expectations for many years to come, an enterprise must seek business growth. In quest of business growth, however, an enterprise must fulfill its corporate responsibility in economic, social, environmental and various other areas. I truly believe that only by fulfilling our corporate social responsibility can our Group ensure sustained business growth, and thereby ultimately enhance our corporate value. In short, CSR is the essence of our management.

Fulfilling CSR: Basic Policy of Our Group's Management

To ensure that our business management embodies the philosophy I have explained, and to create an ideal environment for fulfilling our CSR, in fiscal 2006 the Konica Minolta Group launched its medium-term plan, incorporating a global vision of CSR as the Group's basic management policy. The medium-term plan asserts our firm determination to fulfill CSR as an essential management policy and



as a requirement for ensuring continued business growth. It is my sincere hope that all our stakeholders will understand and support our commitment to CSR activities.

CSR Report 2006

During fiscal 2005, Konica Minolta had to make a painful decision to discontinue the photo business, which had been one of our mainstay businesses since the founding of the Group's forerunners. In this regard, I would like to express my heartfelt gratitude to all the customers who long cherished our photo-products. At the same time, I would appreciate your generous understanding of our decision to concentrate our resources in growing businesses. We will do our utmost to ensure the sustainable business growth of our Group.

Despite our decision to discontinue photo products, I deem it nevertheless even more essential that we maintain close contact with former customers of our photo products, as well as other stakeholders. In this context, I expect that this CSR Report will play a greater role than ever before in maintaining communication with our customers and stakeholders. I truly believe that we must further strengthen the relationship of trust we enjoy with our stakeholders, so that we can contribute to them and to society through our business activities, that we may develop our



business while increasing our stakeholders' support.

In conclusion, it is my sincere hope that CSR Report 2006 will play an important role in building our relationship of trust with all stakeholders.

June 2006

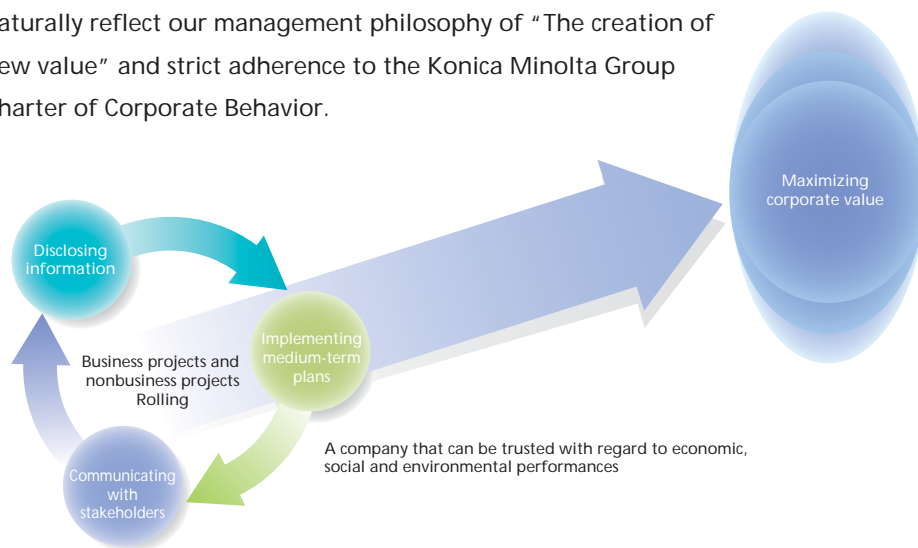
Yoshikatsu Ota
President and CEO
Konica Minolta Holdings, Inc.

¹ CSR (Corporate Social Responsibility): Whereas corporate governance and information disclosure are generally regarded as major components of CSR activities, Konica Minolta believes that CSR activities should include all initiatives taken to increase society's trust in our Company.

² Stakeholders: Shareholders, customers, suppliers, employees, members of local communities where our Group carries out its business activities and all other parties concerned

CSR at the Konica Minolta Group

CSR is the essence of our management, and our CSR activities naturally reflect our management philosophy of “The creation of new value” and strict adherence to the Konica Minolta Group Charter of Corporate Behavior.



Implementing World-Class CSR Management

In fiscal 2006, Konica Minolta's fourth year of operations since management integration, the Company began a new medium-term management plan aimed at business growth and corporate development. Putting in place “world-class CSR management” is key to our fundamental management strategy.

Our principal goal is to be “a trusted company that strengthens its global development with regard to economic, social, and environmental performances, and thereby achieves a sustained rise in corporate value.” Thus, the new fundamental management strategy emphasizes three objectives: (1) strengthening stakeholder engagement* measures, (2) reinforcing both quality management and environmental management, and (3) realizing continuous improvement in Group governance.

In accordance with its responsibilities as a global company, Konica Minolta published the first *Konica Minolta CSR Report* in fiscal 2005. This report communicates how the Group's “proactive efforts to fulfill its responsibilities to society are an effective means of realizing sustained growth in its corporate value.” Digest editions of the report were distributed in five languages—Japanese, English, German, French, and Chinese. In the report, we explain how our CSR activities are an integral part of Group management because they are rooted in our corporate philosophy and strict adherence to the Konica Minolta Group Charter of Corporate

Behavior. In addition, in the report covers the Group's diverse CSR activities, including social and environmental activities as well as a number of issues to be addressed in the future. As a global corporate citizen with operations expanding worldwide, the Konica Minolta Group believes promoting world-class CSR management to be important. I am confident that such activities will help reinforce the confidence of all our stakeholders and promote the Group's development.

Konica Minolta's strategy for its CSR programs requires cooperation throughout the Group. Under this strategy, we are working to strengthen our CSR activities related to economic, social and environmental performances while paying attention to and respecting cultural and other differences among Japan, the United States, and countries and regions in Europe, Asia, and elsewhere. Moreover, we are making it possible for every Group unit and employee to engage in CSR activities to help further enhance the trust and confidence that we enjoy worldwide.

*Stakeholder engagement: Listening to stakeholders' opinions and considering those opinions in management decision-making and corporate business activities

Officer responsible for CSR
Hiroshi Ishiko,
Senior Executive Officer



■ Management Philosophy

The creation of new value

■ Management Visions

An innovative corporation that continues to create inspiring products and services in the field of imaging

A global corporation that leads the market by advanced technologies and reliability

■ Corporate Message

The essentials of imaging

*The message represents our wish to be acknowledged as an essential company, by offering essential products, services and solutions to our customers in the world of imaging.



KONICA MINOLTA

Our symbol mark, "Globe Mark" resembling a globe, represents the limitless expansion of Konica Minolta and the new values it offers to customers around the world.

Konica Minolta Group Charter of Corporate Behavior

Corporations, in addition to being economic entities engaged in the pursuit of profit through fair competition, should be beneficial to society at large. For this reason, the Konica Minolta Group shall behave in a socially responsible manner and shall have all of its directors, officers, and employees clearly acknowledge the spirit of this Charter of Corporate Behavior. Senior management shall recognize that the fulfillment of the spirit of this Charter is its own role and responsibility, and shall take the initiative to ensure that all directors, officers and employees fully understand the Charter. In addition, management shall constantly pay attention to the opinions of internal and external parties and shall promote the implementation of effective systems to secure ethical corporate behavior.

1. Beneficial and safe products
2. Fair and transparent corporate activities
3. Communications with society and information disclosure
4. Environmental protection
5. Contribution to society
6. Respect for employees
7. Responsible actions

Corporate Governance

The Konica Minolta Group comprises Konica Minolta Holdings, Inc., which formulates and promotes the implementation of Group management strategies and supervises Group management activities, and business companies, which provide products and services directly to customers (please refer to page 38). Each business company strives for management efficiency and has the authority to establish and implement needed strategies.

In 2003, Konica Minolta Holdings, Inc. became one of the first Japanese companies to adopt the "Board with Committees" model. This model aims to ensure the highest levels of management fairness and transparency and requires that a company set up three committees within its board of directors (auditing, compensation, and nominating committees) that hold authority for management supervision and other tasks. Outside directors account for a majority of the members of each of these committees, and each committee is chaired by an outside director. Moreover, the CEO is not a member of any of these committees.

Compliance*

Konica Minolta maintains strict compliance not only with the laws and regulations of Japan and countries worldwide but with its own rigorous corporate ethics standards and internal policies and regulations. The Konica Minolta Group Compliance Conduct Guidelines constitute the foundation of the Group's high level of governance, and compliance is given the highest priority in every aspect of our corporate activities.

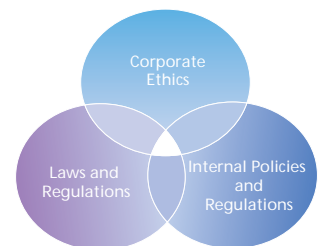
Compliance education and training courses in the countries where Konica Minolta has a presence ensure a strong awareness of the importance of compliance among employees of each Group company throughout the world. The Konica Minolta Group Charter of Corporate Behavior has been printed in nine languages (Japanese, English, Chinese, German, French, Spanish, Portuguese, Italian, and Russian) and is distributed to all Group employees. In addition, we have distributed Japanese- and Chinese-language compliance manuals that explain the compliance guidelines in practical terms and address country-specific laws and regulations. In North America and Europe, employees are given a *Code of Conduct* manual that offers concrete explanations of the behavioral standards with which employees are expected to comply and includes the aforementioned compliance conduct guidelines.



Roles of the committees:

- Nominating Committee**
Nominates board member candidates for election by the general shareholders' meetings
- Compensation Committee**
Determines the compensation of directors and executive officers
- Auditing Committee**
Performs management audits in place of the previous corporate auditors

*Compliance: Konica Minolta's concept of compliance refers to rigorous conformance with all relevant laws and regulations, the maintenance of strict corporate ethics, and adherence to internal regulations.



Scope of Compliance at the Konica Minolta Group

Special Feature: New Manufacturing Site in China

From Wuxi to the World: An Important New Manufacturing Site

The bizhub C450 color multi-functional peripheral (MFP)* is playing a leading role in expanding the scale of Konica Minolta's business technology operations. Konica Minolta Business Technologies (Wuxi) Co., Ltd. (BMWX) is the primary manufacturer of this product and began operating its newly constructed factory in September 2005. BMWX will make China the world's most important manufacturing site for Konica Minolta's business technology operations. Here, we present an overview of BMWX's development.

*An MFP is a unit capable of performing multiple functions that can include those of copiers, fax machines, printers, and other peripherals.



The bizhub C450 MFP



Positioned as the Group's Main Color MFP Manufacturing Site

Lying roughly in the center of the Yangtze triangle region, the city of Wuxi is situated in China's Jiangsu Province, about 130 kilometers from Shanghai. Records indicate that Wuxi has a long history extending back more than 3,000 years, and factors that include the city's position adjacent to Taihu Lake—China's fourth largest lake—have helped make it a popular tourist attraction. In recent years, Wuxi has proactively worked to attract Japanese and other foreign companies, and these efforts have enabled the city to become a prominent symbol of China's rapid economic development.

To augment its MFP manufacturing capabilities and meet global demand, in December 2004 Konica Minolta established BMWX to serve as its principal production site. Within one year of its founding, the new company began manufacturing and shipping bizhub C450 models. This achievement was not easy, it was the result of extraordinary effort.

Efficiently Executing the Factory Construction Project

Konica Minolta's business strategy required that BMWX begin operations within a limited time frame. Accordingly, all work from preliminary surveys and construction to manufacturing start-up had to be quick and efficient.

BMWX's general manager, Shinichiro Kuroiwa recalls that "the deciding factor in choosing Wuxi was the enthusiastic efforts of the municipal government to attract us. One of the largest factors was the government's provision of services finely tailored to our requirements."

The groundbreaking ceremony was held amid the frigid winds of February 2005, and the framework of the building was completed just four months later. Preparations for the start of manufacturing operations began in September 2005, and the first MFP came off the production line to general acclaim in October.

Looking back, Deputy General Manager Toyotsugu Ito notes, "Our ability to achieve the production start-up in such a remarkably short period reflects the local government's powerful support and the wholehearted cooperation of local construction companies, which moved steadily ahead with construction despite the daunting challenges presented by the tight schedule—the tireless efforts of our staff will definitely not be forgotten."

Fulfilling Responsibilities as a Corporate Citizen

Even before construction started, emphasis was placed on creating outstanding quality assurance and CSR programs and thorough site studies and environmental assessments were performed. Since manufacturing start-up, BMWX has ensured rigorous compliance with Wuxi's environmental protection regulations and waste sorting and other pro-



Ceremony to celebrate the completion of the factory's structural framework



Scene during the factory's construction



Signing ceremony with officials of the Wuxi municipal government

grams make the factory a zero waste disposal facility.

Because the Wuxi facility is so new, it incorporates a comprehensive array of the latest and most sophisticated manufacturing know-how and features many innovations, including the use of electric power as its primary energy source, which keeps NOx and SOx emissions at minimal levels; ozone layer-friendly fluoron-free air conditioning equipment that helps prevent global warming; and energy-conserving cooling units instead of cooling water in injection-molding processes. Moreover, the factory boasts the latest in IT equipment so that it may communicate with Group units worldwide.

Further to providing high-quality and safe products, BMWX promotes environmental protection initiatives. As a result, it was able to simultaneously obtain ISO9001 certification for its quality management systems and ISO14001 certification for its environmental management systems in December 2005, shortly after beginning manufacturing operations.

To promote good relations and dialogue with surrounding communities, BMWX proactively encourages government officials to inspect the factory while disseminating considerable information about it and plans to supplement these efforts by distributing pamphlets and posting information on its website.

Personnel Development— a Key to Future Success

Human resources are among the most important assets of any company. Hiroshi Oya, general manager of BMWX's General Affairs Department explains the company's hiring practices, saying, "As BMWX was a new company, we mainly aimed to hire staff who would be able to immediately begin making contributions, and we followed standard hiring practices using the Internet and other media. Naturally, when selecting successful applicants, we did not discriminate with respect to such characteristics as age or gender—we made hiring decisions based exclusively on applicants' abilities and experience." Working to support the surrounding community, BMWX proactively hired local people. As a result, 320, or 90%, of the company's full-time employees are from Wuxi and the surrounding region. Because none of the employees had previous experience in MFP production, specialized technicians are posted on the factory floor to provide guidance and thus supplement the company's training courses. In this and other ways, the company is energetically working to ensure that technical expertise is gained and passed along.

Emphasizing the importance of personnel development, Ito stated, "Developing human resources is the most important thing. In view of this and also in line with our goals of further increasing the quality of our operations and provid-



Technical training



Assembly processes



Cheering on the BMWX soccer team

ing guidance to local component makers, we must move ahead with efforts to promote locally hired employees in management positions as quickly as possible.”

BMW X also obtained support from the Wuxi government for the expeditious organization of a labor union, which was established in March 2006. The company is working in cooperation with the union to enhance worker welfare systems as well as to obtain worker feedback. These efforts reflect the company’s emphasis on creating a workplace distinguished by a high level of respect for employees as people.

Thanks to the efforts and enthusiasm of many parties concerned—the Wuxi government units that did their utmost to facilitate the start of BMW X’s operations, the local construction companies that sometimes had to engage in fierce debates to resolve conceptual conflicts, the employees that have worked relentlessly to familiarize themselves with MFPs, and many others—BMW X has gotten off to an excellent start that augurs very well for its future operations.



Ceremony to celebrate the first MFP coming off the production line



Staff meeting



Konica Minolta Business Technologies (Wuxi) Co., Ltd.
Established: December 2004
Number of employees: 918 (as of March 2006)
Area of factory site: 132,000m²



Building Bridges of Trust with Customers



Beneficial and Safe Products

We shall strive to earn the confidence of consumers and clients through the development and provision of socially beneficial products and services with the utmost consideration for safety.

COMMITMENT

Konica Minolta believes that as a manufacturer, we must earn the trust and confidence of society by conscientiously fulfilling customers' expectations with respect to product quality and safety. Accordingly, we have made it our overriding goal to fulfill customers' expectations by consistently giving top priority to quality and customer satisfaction and by providing products and services with distinctively high levels of value.

APPROACH

We provide high-quality products and services—anytime, anywhere—that are guaranteed to offer outstanding levels of safety and environment friendliness.

We apply quality-engineering methods in product development to realize dependable product quality and high productivity while striving to comprehensively enhance the CSR aspects of Group manufacturing operations.

We comprehensively assess product life cycles from raw material procurement through product disposal with an eye to providing products and services that help society overcome environmental protection challenges.



4 2006 TARGETS

1. We will proactively plan and design products that are easier to use by adopting universal design^{*1} methods for hardware design and more useful user interface^{*2} methods for software design.
2. We will reinforce our responsiveness to the needs of the current networking era by strengthening capabilities for developing information security technologies and expediting the introduction of information security functions.
3. We will further improve our energy-saving designs and further promote a decrease in products' environmental impact while rigorously complying with the RoHS directives^{*3} and other environmental regulations.

^{*1} Universal design: Methods used to design products, buildings, and spaces with an eye to ensuring that they can easily be enjoyed by diverse people regardless of such individual characteristics as those involving physical ability, age, gender, nationality, and race


^{*2} User interface: The electronic operating environment users inhabit when operating computers—a product feature that plays a large role in determining computers' ease of use

^{*3} RoHS directives: Hazardous materials regulations introduced by the EU on July 1, 2006, these regulations prohibit the inclusion of six specified types of harmful substances in electronics products



With the goal of contributing to society through our products, we closely examine how each type of product is used and draw on our powerful development capabilities and sophisticated technologies to provide diverse products and services tailored to society's needs.

"bizhub" MFPs – Boosting Office Productivity

In addition to copier functions, multi-function peripherals (MFPs) can perform the functions of copiers, fax machines, printers, and other computer peripherals. Konica Minolta's bizhub MFPs are popular because they facilitate information sharing. Moreover, bizhubs increase work efficiency, thereby boosting office productivity. 


The current "networking era" entails diverse network risks in such areas as unauthorized computer access, electronic viruses, and information leaks. To counter these risks, bizhubs employ user authentication, automatic data erasure, and various other security functions, and a growing number of bizhub models have obtained ISO15408 certification for their information security capabilities. Moreover, in response to worldwide concerns, we are working to enhance the environment-friendliness of bizhub models through accelerated design initiatives for reducing energy consumption, discontinuing the use of harmful substances, and other improvements.

Society is seeking to enhance public welfare by promoting the employment of older and physically handicapped workers. Konica Minolta is addressing needs by proactively employing universal design methods that systematically consider the challenges individuals face so that a wider range of people can use its products with greater ease. To this end, we work with handicapped and elderly people in our universal design programs to identify design issues and evaluate solutions. Examples of our continuous

efforts to improve our products' ease of use include the addition of panel display magnification functions and the creation of easy-to-view control panels incorporating high-contrast colors.

Micro Camera Units – Further Increasing Compactness and Performance

Konica Minolta's micro camera units and micro camera-use lens units are employed in a growing range of applications, including mobile phones with cameras, car cameras, and web cameras. We are seeking to augment the utility of such optical units by steadily increasing their compactness and performance.

Regarding mobile phones with cameras, for example, Konica Minolta is constantly improving photographic image quality by boosting pixel counts and introducing sophisticated autofocus systems. Portability requires compactness and lightness, and our latest micro camera units are only half the thickness of previous models. 

In the future, mobile phones with cameras are expected to become ever more compact and high performance while offering even better image quality. In light of these trends, we expect that our capabilities in compact camera units and lens units will draw increasing demand.

PCM System – Digital Mammography—Helping Give Women Healthy Futures

Dietary and lifestyle changes are causing a steady rise in the incidence of breast cancer, and it is cur-

2005
Performance

4,268


This figure is the number of Konica Minolta's laid-open patent publications in Japan during calendar 2005. The number of U.S. patents registered during calendar 2005 was 316 and we ranked 56th among all companies in terms of U.S. patent registrations.



Konica Minolta won the End User Platinum Award in the 2005 BERTL* Color Productivity award program. With a field of candidates consisting of the products of 32 manufacturers, BERTL awards are bestowed based on the votes of several thousand equipment procurement managers from 56 countries.



rently estimated that one in 30 Japanese women will eventually develop breast cancer. If discovered early and quickly treated, breast cancer can be cured. Greatly facilitating early discovery are mammography systems. These units must offer extremely good image quality to enable precise diagnosis.


Aiming to contribute to the early detection of breast cancer, Konica Minolta has developed PCM System digital mammography that incorporate phase-contrast technology to realize extremely high-quality images. Since its launch in Japan in 2005, this system has earned the high regard of users. 

The PCM System has attracted considerable attention at exhibitions in Europe, the United States, China, and Australia, and preparations are now being made for marketing it in these regions.

VIVID Series Noncontact 3D Digitizers—Generating Vivid 3D Images


Non-contact 3D digitizers use laser beams to scan objects without physically touching or harming them and then create 3D digital images. They are used to create computer graphic video images and 3D designs, among numerous other applications. They are also finding important applications related to the preservation and restoration of historical cultural items.


For example, to prevent further damage to the prehistoric paintings they contain, Spain's Altamira caves are closed to the general public; however, a full-sized replica can now be visited instead. The


creation of the replica entailed the use of a Konica Minolta 3D digitizer to scan approximately 2,600m² of cave wall surface.  Our digitizers are also invaluable for use in restoring cultural artifacts and artworks and for creating custom-tailored urethane foam packing materials for such items.

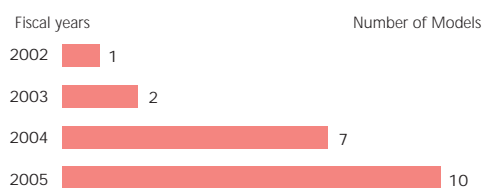
* ISO15408: An international security evaluation standard that attests that materials associated with the development, manufacture, and operation of products and systems have been inspected and are not problematic.

 A bizhub MFP for office use

 A micro camera unit smaller than a matchstick

 A PCM System recently introduced in Japan

 3D digitizers being employed in the Altamira caves



The above graph illustrates the cumulative total number of Konica Minolta MFP models that have received ISO15408 certification. All models launched since October 2004 are certified.

125

This figure is the number of oral and poster-based presentations made at the 2005 Konica Minolta Quality Engineering Symposium. Held annually, this symposium is features numerous innovative presentations and lively discussions.

In addition to enabling product performance enhancements, Konica Minolta's powerful technological capabilities are generating a growing variety of benefits regarding the amelioration of environmental and other societal problems.

*BERTL: An international and independent evaluation institution that evaluates digital imaging equipment products from the end user's perspective.



Working concertedly to develop highly ethical corporate operations throughout the world

Fair and Transparent Corporate Activities

We shall, in the pursuit of fair and transparent corporate activities, comply with laws and social regulations and act in accordance with international rules and the articles of incorporation.

COMMITMENT

Any activity that Konica Minolta undertakes should be ethical and proper. Every one of our employees and business partners is aware of their responsibility to adhere to the strictest corporate ethics standards in all their actions. In addition to rigorously complying with all relevant laws and regulations, they must ensure transactions are fair, treat all types of sensitive information properly, and prevent corruption. At the corporate level, we constantly work to increase transparency and strive to guard against impropriety through systems designed to discover and correct any transgression.

APPROACH

We have created Konica Minolta Group compliance^{*1} education programs for individual countries and regions that give due consideration to local legal, regulatory, and cultural situations. These programs are designed to be very clear-cut and to provided guidance.

We have established systems to ensure that all affected stakeholders^{*2} will quickly be furnished with accurate information in the event a problem or accident should occur.

We have placed special emphasis on IT information security and are continuously working to further improve our IT information security systems from the aspects of hardware and software.



Strengthening Partnerships with Suppliers in China


To efficiently provide customers with highly useful and safe products, Konica Minolta places great importance on building solid frameworks for collaboration with companies that supply it with materials and components. Ever since shifting Konica Minolta Business Technologies Inc.'s manufacturing operations to China, we have been working to create strong, fair, and transparent partnerships with Chinese suppliers and to ensure that we and our partners share the same goals. 

Konica Minolta is confirming the RoHS compliance of all procured materials and components by a green procurement system and strengthened its ability to audit this compliance in fiscal 2005. In fiscal 2006, the Group plans to create systems that enable both Konica Minolta and its suppliers to monitor compliance.

Personal Information Leakage and Countermeasures

Konica Minolta has been working to protect personal information since fiscal 2004, well before Japan's Act on the Protection of Personal Information went into full effect in April 2005. We have drafted policies, created systems, prepared manuals, organized explanation meetings, and introduced other measures to ensure full employee awareness of the importance of personal information protection and how it works.

Despite these efforts, however, three instances of personal information mishandling occurred during 2005: the loss of a personal computer containing customer information in June, the mistaken


transmission of customers' email addresses in July, and the theft of a briefcase containing customer information in November. In each of these cases, the authorities were notified, customers were furnished with the facts of the case along with apologies, and relevant information was immediately posted on the Group's website. As all of these incidents were caused by human error, we are striving to ensure that every employee understands the need for renewed vigilance and additional efforts to thoroughly comply with related rules; studying and improving related administrative situations; and augmenting educational and auditing programs. 


Export Control for International Peace and Security

Because of contemporary global concern regarding the proliferation of weapons of mass destruction and terrorism, when exporting products, components, or technologies, even easily obtained general-use items, we are required to check the authenticity of the recipient or end user and to confirm that the exported items will be used as intended, not for the development or manufacture of any weapons of mass destruction.

In light of this situation, Konica Minolta has established a Groupwide administrative system and created the Compliance Program on Security Export Control (CP). In accordance with the CP, export control procedures, such as the classification of the items, transaction screening, education and internal audits, are continuously implemented to ensure that the Group is never involved in any transactions which that threatens international peace and security.

We shall not act in violation of this Guideline. Pursuit of profit, service for the company, orders from superiors, precedent, prior cases in other companies, and industry or national practices provide no justification for any violation.

 An explanation meeting for Chinese suppliers

 An illustration from the Group's IT security manual

2006 TARGETS

1. We will continue to maintain and improve our IT information security through plan-do-check-action (PDCA)^{*3} activities based on the "Konica Minolta IT Security Code of Practice," internal regulations governing fundamental IT security. We are considering the possibility of having our information security management systems (ISMS)^{*4} certified by an outside agency.
2. We will rigorously comply with the RoHS directives and other environmental protection regulations while introducing a "green partner system" in our procurement.

*1 Compliance: Konica Minolta's concept of compliance refers to rigorous conformance with all relevant laws and regulations, the maintenance of strict corporate ethics, and adherence to internal regulations.

*2 Stakeholders: Shareholders, customers, suppliers, employees, members of local communities where our Group carries out its business activities and all other parties concerned

*3 PDCA: A sustained program entailing the continuous repetition of the plan, do, check, and action stages

*4 ISMS Certification: A third-party certification that confirms the proper maintenance of information security management system organizations

3

Each Employee Providing Society with Useful Information



COMMITMENT

Konica Minolta believes that two-way communications enable diverse people to pool their wisdom and constructively collaborate. Therefore, we engage in dialogue with diverse counterparts, including our customers, shareholders, and investors as well as government units, local communities, and other companies. To ensure widespread understanding of and confidence in the Konica Minolta Group, we strongly emphasize not only the timely and proper disclosure of financial information but also the timely and proper disclosure of such nonfinancial information as that related to our social and environmental activities.

APPROACH

We proactively post information on the Internet—including, as quickly as possible, English-language information—to ensure that the quantity and quality of available information on Konica Minolta is consistent worldwide. We now aim to further broaden the scope of our information dissemination by providing corporate information in a number of other languages.

We believe it important that each of our employees communicates well with society at large, therefore, we organize communication-related education programs for all employees. Moreover, wide-ranging information that is deemed to be appropriate for disclosure to those outside the Group is uniformly disseminated among employees.

Communications with Society and Information Disclosure

We shall communicate with society at large and disclose corporate information fairly and adequately.

We constantly work to augment the financial information we disclose and proactively disclose and explain nonfinancial information in order to increase the number of people who understand and support our CSR activities.

2006 TARGETS

1. We will promote a better understanding of the Konica Minolta Group's activities among stakeholders around the world by further enhancing the usability of the Group's websites and the clarity of information posted on those websites by better reflecting diverse perspectives.
2. We will establish information disclosure control systems and perform audits to confirm the appropriateness of information disclosure as well as the timing of such disclosure.



Through proactive communication, the Konica Minolta Group aims to inspire trust and become a Group that is welcomed around the world. To promote greater understanding and trust, we do our utmost to appropriately disclose information on all our activities.

Establishment of the Corporate Information Disclosure Committee

To promote communication, Konica Minolta has drafted its Communication Policy and, in November 2005, strengthened corporate governance by establishing the Corporate Information Disclosure Committee. This committee is responsible for drafting rules for the Group's timely, appropriate, and fair disclosure of important corporate information as well as ensuring that rules are followed. In fiscal 2005, the committee began operations with the launch of our Information Disclosure Control/Procedures, which clearly explain in detail the processes of information gathering, analysis, evaluation, and announcement for each type of corporate publication and disclosure.

Undertaking IR Activities Designed to Ensure Simultaneous Disclosure Worldwide

The Konica Minolta Group works to maximize its corporate value in line with the expectations of its shareholders and investors. The "no news is bad news" approach we take to ensure the timely and fair disclosure of corporate information as articulated in the Konica Minolta Group Charter of Corporate Behavior, helps us achieve this goal and promote the better understanding of our operations. We are proactively implementing IR¹ programs designed to further increase the number of information disclosure opportunities.

In fiscal 2005, the Group made timely IR information disclosure at performance explanation

meetings for shareholders, investors, and rating institutions held after each quarterly settling of accounts. Overseas investors could participate in telephone conferences on the evening of each meeting and access explanation meeting materials in Japanese and English posted on the day of each meeting. In these and other ways, we are undertaking IR programs with a global perspective while working to eliminate disparities in information release, timing, and quality.

Helping Deepen Understanding through Communication between Plants and Local Communities

Factories exert a large influence on the environment as well as on the economies of nearby communities, and they are, in turn, influenced by those communities. We believe that community outreach communications that deepen mutual understanding help ensure that these relationships are harmonious. Konica Minolta factories organize facility tours and other events that promote direct contact and conversations with people from their local communities.

Konica Minolta Supplies Manufacturing U.S.A., Inc., our toner manufacturer in the United States, has been holding discussions with and acting on the concerns of the local community since opening its factory. These concerns include the factory's potential environmental impact, and, as a result of this communication, the environmental quality of nearby wetlands that are home to geese, deer and

2005 Performance

More than **400** companies

Konica Minolta representatives attended investors' meetings at more than 400 (investment-related) companies worldwide during fiscal 2005. Top executives are active participants in such meetings.



Number of downloads of each version

The *Konica Minolta CSR Report 2005* was posted on our website in Japanese and English, and digest versions of the report were posted in five languages. The graph above shows the number of downloads of each version.



other wildlife has been maintained. This company has also deepened its ties with the local community by providing support for such local events as marathons as well as to a museum and by furnishing a conference room for the use of the local Chamber of Commerce and Industry. 🌿

In Japan, Konica Minolta holds Community Environmental Briefings that are open to the general public and provide a venue for discussions with representatives of local communities. The highly meaningful discussions at these briefings often help to identify additional initiatives that the Group should take. To date, we have introduced numerous such initiatives—such as those to reduce water consumption and reinforce truck traffic safety—and subsequently reported on their effectiveness. In fiscal 2005, Community Environment Briefings were held at four factories, compared with two in fiscal 2004. 🌿

Every Employee Is a Spokes Person

Konica Minolta views each of its employees as a Group representative, and it encourages them to communicate with various parties on the Group's behalf. 🌿 At the same time, the Group is promoting greater internal communication and information sharing designed to ensure all employees have access to the information that should be communicated externally.

The marketing staff has frequent contact with people outside the Group, and we have distributed educational brochures on how staff members can

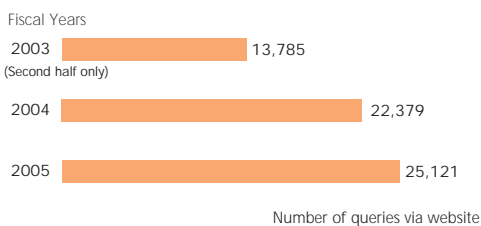
help augment the power of the Konica Minolta brand. By helping employees understand their roles as brand representatives, we are enabling them to promote greater confidence and trust in the Konica Minolta name.

To increase internal communications and information sharing, the Group has designated 106 employees as Intra Group information transceivers responsible for building information coordination systems. We are also working to bolster the internal communication and information sharing infrastructure and tools, particularly the Group newsletter, *Konica Minolta*, and the Konica Minolta Online intranet² system. In fact, the newsletter received a comprehensive award by the "2005 Keidanren internal corporate newsletter competition".

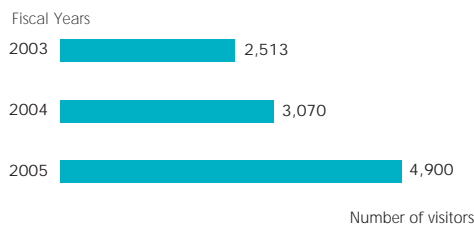
¹ Investor Relations (IR): Corporate disclosure of financial, performance, and other information to shareholders and investors.

² Intranet: Internal information networks created within organizations to more tightly interlink the members and units of that organization.

- 🌿 The Investor Relations section of Konica Minolta's website
- 🌿 Local people visiting a Konica Minolta plant in the United States
- 🌿 Participants in a "Community Environmental Briefing" inspect a factory in Japan
- 🌿 An illustration from the Group newsletter captioned "Use your heart to understand customers"



The graph above shows the number of queries about corporate activities and products Konica Minolta received via its global website and Japanese website.



The graph above shows the number of visitors to the Konica Minolta booth at the Eco-Products Exhibition held annually at Tokyo Big Sight. This exhibition provides the Group with excellent opportunities to directly interface with diverse people.

As public companies have an obligation to explain their operations to the public, Konica Minolta believes it important to disclose diverse information about its products and activities. We also keep our ears open to inquiries and suggestions from those outside the Group, and we often take action based on those inquiries and suggestions.

4

Doing What We Can to Preserve the Beauty of Nature Forever

Environmental Protection

We shall acknowledge the seriousness of global environmental issues and shall act voluntarily and affirmatively to protect the environment.

COMMITMENT

Konica Minolta strives to minimize its environmental footprint. Under its environmental management policy, the Group aims not only to provide customers with products and services that are useful, but to minimize environmental impact and maximize economic value. Moreover, we comprehensively define the minimizing of environmental impact as including the global impact of all product life-cycle stages—from the selection of raw materials and components through development, manufacturing, distribution, usage, servicing, and disposal.

APPROACH

We believe that the first step in effectively controlling complex situations is to apply “Management Based on Facts”. By obtaining dependable data on environmental situations and quantitatively measuring and analyzing these situations, we are steadily solving environmental problems.

We believe that eliminating the production of waste can help ensure environmental protection and yield economic benefits. Accordingly, we are working to identify and eradicate diverse kinds of waste—including materials, energy, activity, and time—and thereby augment operating efficiency.



2006 TARGETS

1. We will continue to implement optimal global warming countermeasures (CO₂ emission reduction measures) for manufacturing operations based on the thorough analysis of such countermeasures and their effects.
2. We will respond to the RoHS directives regarding harmful substances while accelerating the development and marketing of energy-saving products, thereby moving forward with the reduction of CO₂ emissions and power consumption associated with customers' use of products.
3. We will put in place zero waste disposal and comprehensive materials safety administration planning programs at our manufacturing facilities in order to reduce the volume of materials disposed of as waste and the volume of hazardous substances released into the atmosphere.



Now that Groupwide environmental management programs encompassing affiliated companies are well established at Konica Minolta, we have supplemented the key themes of these programs—"global environmental impact reductions" and "environmental impact reductions at each product life-cycle stage"—with an additional theme—"reducing overall exhaust volume regardless of increases in production volume."

Promoting Global Environmental Management

To quickly and efficiently promote greater environmental consideration at each product life cycle stage—from the selection of raw materials and components through the development, manufacturing, distribution, usage, servicing, and disposal—Konica Minolta has obtained ISO14001 certification for all 39 Group companies in Japan. The certification covers 241 sites at which 20,600 employees work.

In addition, because many of the Konica Minolta Group's manufacturing and marketing operations are located overseas and the Group has adopted a holding company structure, the Group has designed environmental management programs that are comprehensive, global, and Groupwide. The Group is also striving to increase the thoroughness of environmental management systems for operations in China, the United States, and Europe.

Reducing CO₂ Emissions and Contributing to the Prevention of Global Warming

As CO₂ emissions are believed to play a key role in global warming, reducing such emissions is as an important environmental protection objective worldwide. Konica Minolta has set the goal of reducing the total volume of CO₂ emissions associated with its business operations and the use of its products to 20% below the fiscal 2000 level by 2010.

To attain this goal, Konica Minolta is working to reduce the power consumption of Konica

Minolta Business Technologies Inc.'s products. For example, the induction heating technology of the image-fixing units of bizhub 750/600 MFP models use highly efficient electromagnetic induction technology to generate heat, greatly lowering the products' power consumption.

In addition, we are improving the energy efficiency of manufacturing operations by striving to raise the energy yield of fuel while reducing the energy demand of manufacturing processes.

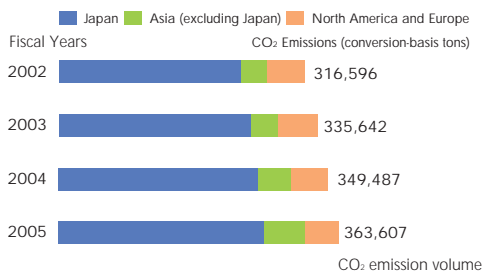
Because CO₂ emissions will rise along with the expansion of business operations if no countermeasures are taken, we are simultaneously implementing a diverse range of countermeasures.

Recycling Used Products

To promote the more-effective utilization of resources, Konica Minolta is pursuing programs for the recycling of its used products. Such programs have already been initiated in 20 European countries, Japan, and the United States, and plans call for expanding the scope of a system in which used printer toner cartridges are recovered and recycled free of charge to include four additional countries—Poland, Hungary, the Czech Republic, and Slovakia—in the near future.

Regarding MFPs, Konica Minolta recovers exterior plastic body panels in order to recycle and reuse the plastic they contain in molding new exterior panels for new MFPs. To this end, the Group has installed specialized plastic pulverizing machines at its recycling bases and strengthened its systems for

2005 Performance



The graph above shows the Konica Minolta Group's total global CO₂ emission volume at the manufacturing sites.



Authorization has been obtained to use the German "Blue Angel" eco-mark with respect to many Konica Minolta products. The share of Konica Minolta MFP products carrying the Blue Angel mark is extremely high, and the Group has long been a market leader in this regard.



excluding foreign objects, thereby upgrading its capability for producing recycled plastic materials of high quality.

Zero Waste Disposal That Yields Economic Benefits

Konica Minolta sites are making steady progress in their zero waste disposal, which aim to increase resource recycling and minimize the volume of materials disposed of as waste. On a global basis, the Group's recycling rate—or the ratio of recycled waste to total waste—has been maintained at 95%.

The Group is placing particularly strong emphasis on internal recycling programs—such as those involving the collection of raw material scrap and other waste by-products of manufacturing, including solvents, and other materials—and the recovery and reuse of those materials within the sites in which they were collected. This method enables the simultaneous reduction of global resource usage, waste volume, and costs.

Management of Hazardous Substances and Disclosure of Related Information





With the dual objectives of promoting greater environmental protection and worker safety, Konica Minolta comprehensively manages the chemicals it employs. To prevent the careless use of hazardous chemicals in products and manufacturing processes, the Group employs its Safety Confirmation System. When it is impossible to avoid using hazardous chemicals at manufacturing facilities, we work to minimize the amounts used and released into the

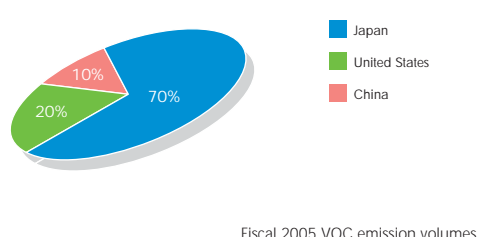
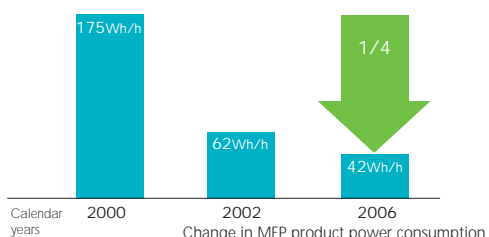
atmosphere. The total volume of hazardous chemicals released by the Group into the atmosphere in fiscal 2005 was approximately 75% lower than in fiscal 2000. Regarding products, we are compliant with the RoHS directives.

If Konica Minolta discovers an instance or risk of hazardous chemical pollution, it immediately investigates and quickly implements countermeasures while reporting the incident to local communities and government authorities. In 2005, the Group discovered pieces of glass containing thorium oxide were stored in one of its warehouses. Upon discovery, the Group scrupulously carried out procedures stipulated by its chemicals management system, implementing a thorough investigation, which found that the radioactivity levels of the items in question were not high enough to pose a danger to employees or people in nearby communities. This situation was immediately reported to Japan's Ministry of Education, Culture, Sports, Science and Technology as well as to people in nearby communities, and the report was posted on the Group's website.

Regarding soil and groundwater pollution, Konica Minolta's proactive investigations have resulted in the finding of such pollution at nine sites. Specialized teams were formed to manage these sites, where the Group is continuing to undertake remediation and periodic monitoring as well as other countermeasures. Detailed information on each of these sites has been disclosed on our website.

For more-detailed information on Konica Minolta's environmental protection efforts, please visit the Group's website at <http://konicaminolta.com/pr/eco>

-  An Eco-ice air conditioning system that uses ice to store thermal energy (Japan)
-  Japanese cranes (also known as red-crested white cranes) that Konica Minolta helps protect
-  A solvent recovery facility (Japan)
-  Geese gathered at a wetland location near a Group factory (U.S.)



Konica Minolta is among the top companies with respect to the energy efficiency of its MFP products. The bizhub 420 MFP launched in 2006 is four times as energy efficient as the Sitios 7045 launched six years previously.

The graph above shows the volume of volatile organic compounds released into the atmosphere by Konica Minolta Group manufacturing sites. As most of the volume is in Japan, the Group is placing particular emphasis on emission reduction measures in Japan.

We apply "Management Based on Facts" when implementing our environmental policy. This means, based on the analysis of data, we move steadily ahead with the identification, prioritization, and implementation of environmental protection programs.

5

Contributing to Society through the Global Implementation of Local Programs

Contribution to Society

We shall, with a global perspective, affirmatively make contributions to society while respecting local customs and cultures.

COMMITMENT

Konica Minolta aims to be an excellent corporate citizen everywhere it operates and works to gain a solid understanding of regional values and to ensure its activities are in harmony with those values. Through its operations, the Group seeks to show respect for regional cultures, histories, and customs while helping to overcome regional problems.

APPROACH

We contribute to society in a manner that earns society's trust and understanding. We work to maximize our contribution to society by methodically selecting and tightening our focus on the most successful of the diverse programs we pursue within three categories defined by their geographic scope. We promote social contribution programs that are designed to enable participating employees to enjoy their participation and achieve a sense of concrete accomplishment.



2006 TARGETS

We divide our social contribution programs into three categories—global, regional, and local—and work to select the best programs in each category for emphasis and expansion.

Global Programs—These include Groupwide programs with themes common to all humankind.

Regional Programs—Focusing on such individual regions as North America, Europe, Asia, and Japan, social contributions are carried out in conjunction with business activities.

Local Programs—Individual Group companies and sites throughout the world exercise their own initiative and imagination in devising programs that help them build strong relationships based on mutual trust with local societies.



The Konica Minolta Group engages in continuous social contribution activities that are widely welcomed by society and receive wide empathy from communities, and is an enterprise that engages in the imaging business globally.

(From the Konica Minolta Group Policy on Social Contribution Activities)

Global Programs

Responding to Large-Scale Disasters

In August 2005, Konica Minolta established decision-making standards and procedures for defining and responding to various types of disasters in response to the high number of major disasters due to earthquakes and unusual weather in recent years. That same month, southern U.S. states were devastated by hurricane Katrina, and, in November 2005, a major earthquake hit a portion of Pakistan. Thanks to the standards and procedures laid out in August, Group companies throughout the world were able to quickly launch programs to gather financial and product contributions and otherwise respond to the disasters.

A fundraising scheme proposed by employees of Konica Minolta Medical Imaging U.S.A., Inc., was particularly successful, and a certificate of thanks was received from the U.S. Red Cross in honor of that program.

Fighting Breast Cancer and the Pink Ribbon Campaign

Throughout the world, Konica Minolta is participating in campaigns to eliminate the great suffering cause by breast cancer. In the United States and Lithuania, for example, the Group makes financial contributions to anti-breast cancer campaigns and encourages its employees to participate in volunteer activities. In Japan, the Group supports the Pink Ribbon Campaign, which seeks to increase consciousness of the importance of early breast cancer

detection. In 2005, we were a special sponsor of the Pink Ribbon Symposium event held in Japan.

Regional Programs

Elementary School Construction (China)

Regardless of the country or region, Konica Minolta believes that promoting better education for children is the responsibility of adults and demonstrates good corporate citizenship. Accordingly, the Group participates in Xiwang Gongcheng (Hope Process), a program that aims to help children overcome economic disadvantages that make it difficult or impossible for them to attend school. In March 2006, Konica Minolta (China) contributed the entire cost of constructing an elementary school in a location 140 kilometers northeast of Dalian that is scheduled to begin operating in September 2006. Plans call for expanding the geographic scope of such initiatives.

Next-Generation Education (Japan)

Konica Minolta is seeking to help further the education of the next generation, which, along with demographic graying, is a social challenge Japan is now facing.

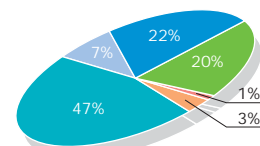
Running Classrooms: Konica Minolta Track & Field Club, which is active in All-Japan Corporate Workers Road Relay Race events, organizes classes for children in various regions of Japan. In these classes, they receive instruction on running and physical fitness. In 2005, classes were held in Hokkaido, Tokyo, Akita Prefecture, and six other locations.

2005 Performance



Total Group spending on social contribution programs

Konica Minolta has conducted surveys of Groupwide spending on social contribution programs for the past three years. In fiscal 2005, the number of such programs implemented by Group companies increased to approximately 700.



Breakdown of total Group spending on social contribution programs

The chart above shows a breakdown of total Group spending on social contribution programs in fiscal 2005. The highest share of spending is on culture and education, followed by next-generation education and health and medical care.



Mobile Planetariums: Using mobile planetariums manufactured by Konica Minolta, astronomy events are organized in various locations in Japan. In fiscal 2005, approximately 10,000 children attended these events.

"Express Your Dreams! What Is a Designer?" Program: Participants in this program—organized by the Japan Industrial Designers Association—commented on what they learned in this program, saying "I think it's important not to give up your dreams" and "I now really want to become a professional designer when I grow up." These comments came from participating children after they viewed the works of leading industrial designers and learned to express their dreams by creating original designs themselves. This workshop, held in Osaka as part of the program, was the first such event in which Konica Minolta designers participated.

Local Programs





Youth Orchestra (Dalian, China)
Ever since the founding of the Zhongshan Youth Orchestra in Dalian City, Konica Minolta Opto (DALIAN) Co., Ltd., has continuously supported the group by contributing instruments, sponsoring concerts, and dispatching employees to give guidance on performance techniques. In December 2005, Konica Minolta was the main sponsor of the 11th Dalian International Music Club Concert, which was attended by approximately 3,000 people.

Torino Olympic Gold and Bronze Medals (Norway)

Having won three medals—a gold and two bronze—for ski jumping events at the Torino Winter Olympic Games, Lars Bystoel said, "Please express my thanks to everyone at Konica Minolta." Bystoel works as an employee of Konica Minolta Business Solutions Norway AS, which has been a sponsor of Norway's national ski jumping team since May 2005. As part of its sponsorship, the company hired two athletes and provided support for their training.

Regional Cleanup Campaigns (Japan)

Many Konica Minolta sites throughout Japan maintain ongoing organized local outdoor cleanup campaigns in which their employees participate. In fiscal 2005, Konica Minolta Business Solutions Co., Ltd., organized such campaigns at 128 of its sites, and approximately 50 staff from its Tokyo head office worked for 30 minutes to tidy up and clean up the area lying between the office and the nearest train station. Similar campaigns in other parts of Japan have earned the appreciation of local residents.

-  A certificate of thanks received from the U.S. Red Cross for contributions gathered for Hurricane Katrina relief programs (United States)
-  Groundbreaking ceremony for the construction of an elementary school funded through the Hope Process program (China)
-  Children creating designs in an "Express Your Dreams! What Is a Designer?" Program workshop (Japan)
-  Torino Olympic Medalist Lars Bystoel (Norway)



Number of Group employees contributing blood

Employees at Konica Minolta sites worldwide are encouraged to give blood. Considering this to be an important means of supporting medical care, the Group intends to sustain this program. The graph shows the number of employees giving blood via the Group's program but excludes other employee blood donation initiatives.



Time spent by Group employees on local clean-up campaigns

The graph shows the amount of time spent by Konica Minolta Group employees participating in local clean-up campaigns throughout Japan. In fiscal 2005, approximately 10,000 employees participated in such programs. Many Group sites implement such cleanups periodically on an ongoing basis.

To respond to the general public's growing expectations regarding companies' social contributions, Konica Minolta is further increasing its emphasis on social contribution programs.

6

Taking Pride in the Smiles of Employees and Their Families



COMMITMENT

Konica Minolta constantly strives to ensure that all Group employees everywhere enjoy dynamically supportive work environments that help them make the most of their abilities and develop their potentials.

APPROACH

We uphold fundamental personnel policies that emphasize respect for employees' human rights and privacy; abhor all types of discrimination, including that related to gender or nationality; and ensure all employees receive fair and equitable opportunities to use and develop their abilities.

We respect diversity, be it related to cultural values or other personal characteristics, and believe that the diversity of our workforce increases our competitive power.

We focus on ability and performance in our personnel policies and encourage employees to take up new challenges.

Respect for Employees

We shall endeavor to make the lives of employees comfortable and fulfilling, provide a safe work environment, and respect each employee's personality and individuality.



We offer numerous educational and training programs to help employees develop.

We strongly advocate measures to ensure the safety and health of employees throughout the world.

2006 TARGETS

1. We will maintain performance-based personnel systems, including fair performance evaluation methods, while moving ahead with personnel rotation systems that facilitate the development of diverse employee potential.
2. We will continue to encourage employees to engage in their work with a confident and low-stress attitude while taking full advantage of opportunities to improve their work skills.
3. We will respond to Japan's rapid demographic graying, taking greater initiative in hiring and employing excellent workers regardless of their age.



People working at Konica Minolta enjoy innumerable opportunities. The Group does its utmost to meet the needs of employees seeking additional challenges and opportunities to increase their business contributions.

Konica Minolta's Most Important Asset Is Its Human Resources

Recognizing that its employees constitute its most important asset while being the main factor with the potential for increasing its corporate value, Konica Minolta places strong emphasis on personnel development programs. The Group's fundamental personnel policy states its objective of encouraging its employees to "always strive for continuous innovation with a customer-oriented approach, adhering neither to past successes nor established customs." The Group particularly values to ambitious employees who work hard to attain business targets. These are the kind of employees that have enabled the Konica Minolta Group to realize its current level of achievement, and they are expected to be a key means of propelling the Group's future evolution and development.

Respect for Individuality Is Key to Helping Employees Realize Their Dreams

Konica Minolta encourages employees to identify their dreams and then strive to realize them without fear of failure. We ask employees to "develop a passionate ambition and then change that within you that impedes the surmounting of challenges." Rather than being concerned with gender, race, or age, we focus on increasing the number of ambitious employees as this will increase Group vitality.

Reflecting this approach, Konica Minolta's personnel systems are designed to "increase employees' capabilities and motivation and respect and foster employees' continuous personal growth."

Accordingly, all Group employees' abilities and contributions are fairly assessed and then used as criteria for decisions regarding promotion. In short, we strive to give employees opportunities to realize their ambitions and judge them on the basis of their efforts and results. All this is designed to increase employee motivation and Group dynamism.

Expanding and Developing the Workforce in China

As the majority of Konica Minolta Business Technologies Inc.'s products is now manufactured in China, the Group has begun introducing a variety of initiatives at Chinese manufacturing sites with the goal of creating better workplaces, upgrading the capabilities of individual workers, and retaining and fully utilizing the potentials of top-notch personnel.

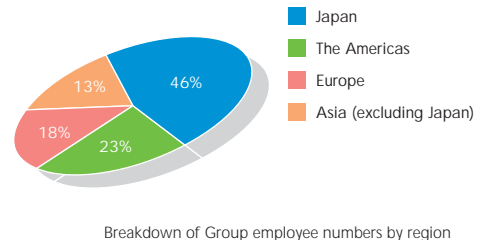
At Konica Minolta Business Technologies Manufacturing (H.K.) Ltd., we have increased local hiring and worked to attract superior staff through measures that include the allocation of greater managerial authority. We have also stepped up efforts regarding the approximately 5,000 workers at the Shelong Factory in China's Guangdong Province, which has been a Group partner for many years. In 2005, we augmented this factory's cultural and physical education programs as well as leisure-time educational programs, took additional measures to ensure rigorous compliance, introduced a worker counseling program, and otherwise strove to further enhance communications with workers.

In addition, the Group undertook numerous

2005 Performance



As of March 31, 2006, the Konica Minolta Group had 31,685 employees. The above figures are all as of March 31 of the relevant year, except for the 2002 figure, which represents the level as of September 30, 2003.



The graph above shows the proportion of Group employees in each geographic region of the world as of March 31, 2006. By country, the Group has the largest numbers of employees in Japan, followed by the United States, China, Germany, and France, in that order.



initiatives regarding newly established Konica Minolta Business Technologies (Wuxi) (see pages 7-10).

Creating Safe and Pleasant Workplaces

Konica Minolta works conscientiously to create safe and pleasant workplaces, which it manages under a global occupational health and safety administration system. The Group has established uniform global administration standards and has combined these with additional standards based on the characteristics of individual sites to build systems for consistently managing occupational health and safety. In Japan, we are seeking to operate occupational health and safety administration systems based on the OHSAS 18001¹ standards and are continuing to supplement our Group standards and prepare for the start of audits to confirm compliance with all relevant standards. In China, the United States, and Europe, Konica Minolta gives business companies the task of progressively integrating the occupational health and safety administration systems of affiliated companies in their region into the Group's global system. To enable the monitoring of occupational health and safety conditions at diverse sites, Konica Minolta has developed and introduced a site self-assessment system, and the data from this system is used to draft future medium-term worker health and safety plans for the Group.

Making Facilities and Processes Inherently Safe

To further increase the operational safety of each Konica Minolta manufacturing site, the Group uti-

lizes a thorough risk assessment and response system. This system entails the evaluation of all conceivable risks from diverse perspectives and the formulation of facility countermeasures and operational administration measures to prevent accidents and injuries should a potential risk become manifest. This system is now being implemented in Japan, and plans call for its introduction worldwide as a part of the Group's global occupational health and safety administration system.

In addition, although the safety equipment at our large-scale facilities and plants has always been subject to regular functional checks, in fiscal 2005 the strictness of such checks associated with fire and explosion hazards was increased and countermeasures augmented.

Responding to Asbestos² Issues in Japan


In summer 2005, Japanese society considerably increased its attention to asbestos materials' potential impact on human health and Konica Minolta responded by conducting a detailed study of past and current situations related to potential worker health impairment and facilities and structures containing asbestos materials. The study found that there was no asbestos-caused health impairment or asbestos-related work processes currently or in the past. While the presence of asbestos in certain portions of the Group's buildings and facilities was confirmed, measurements found no problematic level of asbestos particles in the air. We plan to continue considering additional asbestos countermeasures in the future.


¹ OHSAS 18001: These occupational health and safety management systems guidelines are the only internationally recognized labor standards.

² Asbestos: A fibrous material with outstanding fireproofing and heat insulation characteristics and such other useful characteristics as durability, friction tolerance, and electrical insulating properties

 Germany—Konica Minolta Business Solutions Europe GmbH

 China—Konica Minolta Business Technologies (Wuxi) Co., Ltd.

 United States—Konica Minolta Business Solutions U.S.A., Inc.

 Japan—Konica Minolta Business Expert, Inc.



The Group has employees engaged in development, manufacturing, marketing, servicing, and other activities in approximately 40 countries.

Konica Minolta seeks to create a work environment in which workers are encouraged to express their dreams and innovative ideas and enthusiastically strive to realize those dreams and innovations. The Group believes this approach will support a high level of vitality in its corporate culture.

7

Responsible Actions

In the event of a violation of the principles of our Charter of Corporate Behavior, in order to solve the problem senior management shall investigate the cause of the violation and develop reforms to prevent its recurrence in accordance with corporate compliance procedures. Prompt public disclosure of precise information and an explanation regarding the violation shall be made and responsibility for the violation shall be clarified. Strict and fair disciplinary action shall be taken including with respect to senior management where necessary.

Risk Management Committee

If a management crisis arises, the Group's top managers will voluntarily deal with that situation. Previously, crisis countermeasures were handled by the Crisis Management Committee, but Konica Minolta has further increased the capabilities of this unit, which was reorganized as the Risk Management Committee in October 2005. The new system appropriately measures the risks associated with each company in the Group from a global perspective and provides for top managers to reconfirm whether appropriate countermeasures have been taken with respect to each type of risk. In fiscal 2005, risk assessments were performed by each business company in the Group.

Audit Committee Performance

In fiscal 2005, the Audit Committee performed an evaluation study of the Group's current internal control systems and presented the Board of Directors with a report recommending the creation of a risk management system and a corporate information disclosure system. After the board passed a resolution for the creation of these systems, the Group established the Risk Management Committee (left) and the Corporate Information Disclosure Committee (See page 19).



Protecting Those Who Report on Noncompliance

If a Konica Minolta employee discovers a case of noncompliance, the employee can submit a report without fear of repercussions. The Group has established a help-line infrastructure in Japan that enables noncompliance reporting by telephone, e-mail, ordinary mail, and other media. Reports may be addressed to the compliance committees of individual Group companies, and employees may also report or consult directly with top executives or a compliance officer. In fiscal 2005, more than ten noncompliance reports were made, and the investigations and remediation measures taken in response to the reports were implemented with due attention to ensuring that the reporters suffered no repercussions.

Responsible Action with Regard to Products

As a manufacturer, Konica Minolta must pay particularly great attention to product safety-related information. If an accident related to a Konica Minolta product occurs anywhere in the world, the Group will place relevant information in its Emergency Accident Database within 24 hours of the initial report. Accident information that relates to product quality control issues is considered particularly important, and this information is expeditiously sent to the quality assurance departments and other managers, including top executives. Reflecting the Group's emphasis on responsible action, top executives will themselves quickly devise means of resolving the problem.

Giving Feedback to Konica Minolta

People that have various types of relationships with Konica Minolta have been kind enough to tell us about their perceptions and opinions about the Company.



Itaru Yasui, Ph.D.,
Vice-Rector of United Nations University
and Professor Emeritus of Tokyo University

Being engaged in research related to the effect of chemical substances on the natural environment, I am particularly interested in how Japanese companies are responding to environmental issues.

Because of this, when Konica Minolta decided to promote better understanding of its environmental protection activities among people in local communities by Community Environmental Briefings, I was invited to make the keynote speech at the first such briefing and was able to observe its progress from the back of the auditorium. Since then, the briefing has been an annual event, and I was honored to participate in the third annual session.

Many manufacturers who handle various chemicals that could potentially affect local environments have an interest in communicating with local communities, but, so far as I know, Konica Minolta



is the first company to take the initiative of holding meetings expressly for this purpose. I am very impressed with this initiative, particularly regarding the holding of meetings for sites that use large quantities of dichloromethane. I think the meetings will greatly deepen the trust and confidence local communities feel toward Konica Minolta, and I am looking forward to seeing the next steps the Company will take to further reinforce this trust and confidence. I expect that the Company will experiment with various means of fostering steady growth in its dialog with local communities, and I am expecting positive results from those efforts.

Konica Minolta can be expected to undertake truly global CSR activities in the future, and I hope that the Company will shift to global CSR programs that build on the solid foundation of its highly successful CSR activities focused on relations with local communities and that give due consideration to the questions of how to contribute to people in local communities, what kind of initiatives should be taken with respect to employees, and, ultimately, what kind of responsibility do companies have with respect to the global environment.

I recognize that maximizing the benefits of CSR as an effective management tool is not easy, but I am looking forward to seeing Konica Minolta set itself increasingly ambitious CSR goals.



Mariko Kawaguchi
Senior Analyst, Management Strategy
Research Department
Daiwa Institute of Research Ltd.

Ten years ago, I was working as an analyst covering both Konica and Minolta, and I happened to get the same impression of both companies—earnest and honest. All the employees I met were in work environments that looked both peaceful and efficient. But the companies' frankness and honesty was also a weakness as it seemed to hold them back somewhat from engaging in the kind of proactive positioning and aggressive self-promotion that might have given them more appeal. They had technologically superior products but they weren't telling people about them forcefully enough. I think the same kind of thing can be said with regard to CSR. I think that, although Konica Minolta has set itself the goal of making "world-class CSR management" part of its fundamental management strategy, the Company really needs to more-forcefully explain this and other items in its CSR reports.

On the other hand, I find this CSR report is filled with highly interesting information, particularly the section that deals one by one with items in the Konica Minolta Group Charter of Corporate Behavior and the section about the construction of a factory in China. I can see that a lot of creative work went into the report. The creation of the factory in China is an excellent illustration of how the Company is implementing its global strategy. Some things that impressed me about the factory in China are the emphasis on people as an important asset, the local hiring of 90% of the workforce, the contribution to work opportunities in the region, and the early creation of a labor union. If I were to criticize anything, I suppose it could be said that the special feature section on the factory could have given more and earlier emphasis to the social contribution aspects of the factory rather than the fac-

tory's rapid construction and start-up. That would be a tighter and clearer focus on the factory's CSR aspects.

If Konica Minolta continues proactively showing outsiders appealing aspects of its inner workings and also acts in accord with its ethical code by frankly disclosing negative information, then I expect that the Company's CSR programs will effectively increase the number of Konica Minolta fans.



Dr. Endo

I have used mammography to diagnose breast cancer for many years. To enable doctors to obtain clear information from mammographs, it is extremely important to have clear-cut levels of image density. When we were studying methods of photocopying mammographs for educational purposes about eight years ago, Konica Minolta proposed we use its digital copying technology, which offered much sharper levels of image density than the films available at that time. At the frequent times when we were photocopying mammographs late at night, the Company would help us make good-quality copies. I am very grateful for this assistance,



Dr. Morita

In the United States and Europe, over 80% of women recommended to do so undergo mammography testing for cancer, but the percentage of women in Japan who are screened remains very low. There are many reasons for this disparity, such as social customs and a low awareness of the need for tests on the part of women themselves. In view of this, I am grateful that Konica Minolta provides considerable support for the Pink Ribbon

which I believe has made a significant contribution to promoting the early discovery of breast cancer and reflects the Company's commitment to making this kind of social contribution.

More recently, Konica Minolta researchers have concerted and fruitfully worked to develop epochal new digital mammography technologies and films offering higher image densities. I think this work reflects the entire Company's eagerness to find ways of making additional contributions to society at large.

I think that manufacturers, in their eagerness to increase sales, have a tendency to emphasize the convenience of their products rather than real value. Since Konica Minolta's operations center on imaging technologies, I am hoping the Company will continue helping save lives by considering and responding to needs related to what people involved with medical therapy are looking at as well as what they would like to be able to see.

Campaign, which promotes the early discovery, diagnosis, and treatment of breast cancer.

However, I think that Konica Minolta should also conduct internal campaigns to increase the mammography testing awareness of its female employees and more proactively work to create an environment that promotes early diagnosis. Progressively broadening the scope of this environment in society will eventually enable a sharp rise in the percentage of women in Japan who have mammographs.

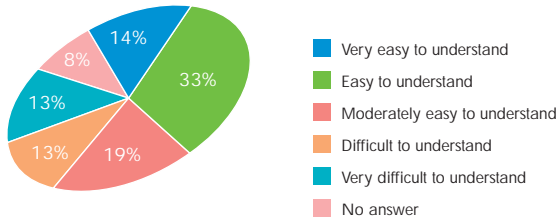


Tokiko Endo, M.D.
Director of the Department of Radiology
Nagoya Medical Center and Chairman of
the Education & Training Subcommittee of
the Central Committee on Quality Control
of Mammographic Screening

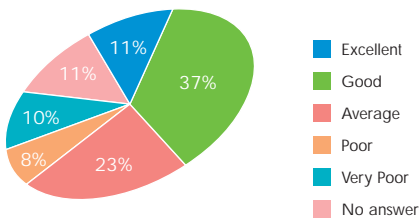


Takako Morita, M.D.
Mammary Gland Department,
Chunichi Hospital of the Chunichi Shinbun
Health Insurance Union

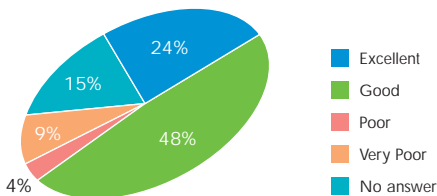
Comprehensibility of the Report



Impressions on the Content



Assessment of Konica Minolta CSR Activities



Approving Comments

It is a good report that responds to people's positive expectations.

The kind of corporate activities described in this report ... can be said to be very effective.

I was very happy to learn that you are broadly engaged in social contribution activities in many countries. As this report is sent to several tens of thousands of shareholders, I'm very impressed with your mailing method*. Considered from an environmental perspective, there is no need for envelopes. I think this is a good idea.

* Method: The CSR report was sent to shareholders without envelopes using a method called "ecomail." Ecomail entails gluing address labels directly to the reports' covers and placing a piece of tape on the right side of the report to prevent it from opening while in transit.

I am concerned with social contribution. The ways people perceive companies are changing. Thanks.

It is fabulous that you have undertaken so many environmental protection activities.

Seeing that your management activities are extremely thorough and comprehensive has contributed to my peace of mind.

I feel newly enthused about the Company.

Suggested Improvements

There are too many foreign words and expressions simply translated or transliterated into Japanese.

The expression is too stiff, and the typeface is too small.

More attention should be given to making writing style and illustrations enjoyable to read and look at.

The content is about the same as that of other companies' reports, so the distinctive aspects of Konica Minolta are not shown.

To ask people to pay for the return postage for this questionnaire is lacking in common sense. It is impolite to not provide an envelope for the questionnaire.

The report seems written with too much consciousness of government authorities and not enough consideration of readers.

Other Comments

If you are emphasizing stakeholders, then wouldn't it be good to write a bit about your business performance prospects?

How much can this CSR be expected to increase business performance?

From the Editors:

To communicate with more stakeholders about Konica Minolta's CSR programs, we began sending CSR reports to individual stockholders beginning in fiscal 2005, providing for that year a digest version of the *CSR Report 2005*. While most readers told us that they had a good impression of the report, there were some suggestions for improvement. Based on the feedback from readers, the *CSR Report 2006* has been prepared with an eye to explaining Konica Minolta's CSR programs in a form that is easier to read and understand. To do this, we have adopted three new editorial policies. First, descriptions of activities and data are posted in greater detail than in this report on the Group's website. Instead, the report focuses on the Group's fundamental CSR policies, record of compliance with the Konica Minolta Group Charter of Corporate Behavior, commitments, visions, and plans. Second, we included a special feature article about the inauguration of manufacturing operations by a new Group company in China—Konica Minolta Business Technologies (Wuxi) Co., Ltd.—which was achieved in a short period of time due to the cooperation of innumerable stakeholders. Third, we strove to use simple expressions and append explanatory notes to specialized expressions. This report is still far from perfect, however, and we will continue doing our utmost to respond to readers' comments and thereby make the report easier to read and understand as well as friendlies in tone.

The Konica Minolta CSR Report Editorial Committee

Konica Minolta Group

Group Outline

Holding Company

Responsible for the planning and promotion of management strategies for the Konica Minolta Group and for the auditing and administration of the Group's management

Konica Minolta Holdings, Inc.

Business Companies

We have spun off each and every business into a separate company and delegated the authority required for executing operations to each business company. This has enabled us to build a framework characterized by flexible and speedy operational execution and business promotion.

Konica Minolta Business Technologies, Inc.

Manufacturing, sale, and related services for office equipment (copiers, digital MFPs, printers, facsimile machines, micrographics systems, etc.) and related supplies.

Konica Minolta Opto, Inc.

Manufacturing and sale of optical products (optical pickup lenses, microcamera units, etc.), related products and electronic materials (such as TAC films).

Konica Minolta Photo Imaging, Inc.

Manufacturing, sale, and related services for consumer & commercial photographic materials, inkjet media and related equipment

Konica Minolta Medical & Graphic, Inc.

Manufacturing, sale, and related services for film and processing equipment for medical & graphic imaging purposes

Konica Minolta Sensing, Inc.

Manufacturing and sale of measuring instruments for industrial, photographic and medical purposes

Common Function Companies

We have consolidated Groupwide functions (such as technological development functions and common service functions) into two common function companies. This has enabled us to promote businesses more efficiently.

Konica Minolta Technology Center, Inc.

Konica Minolta Business Expert, Inc.

Group Profile

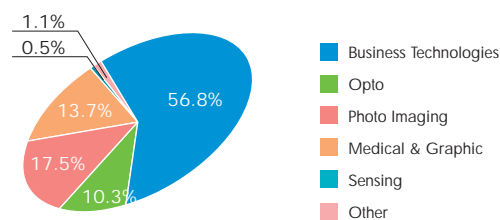
Company name:	Konica Minolta Holdings, Inc.
Head office:	Marunouchi Center Building, 1-6-1 Marunouchi, Chiyoda-ku, Tokyo, Japan
Kansai office:	Nishi-honmachi Intes, 2-3-10, Nishi-honmachi, Nishi-ku, Osaka-shi, Osaka, Japan
President and CEO:	Yoshikatsu Ota
Establishment:	December 22, 1936 (Management integrated on August 5, 2003)
Capital:	¥37,519 million
Fiscal year-end:	March 31
Number of employees:	90 (31,685 Group employees) (As of March 31, 2006)

Net Sales (million ¥)

2004/3	1,123,591
2005/3	1,067,447
2006/3	1,068,390

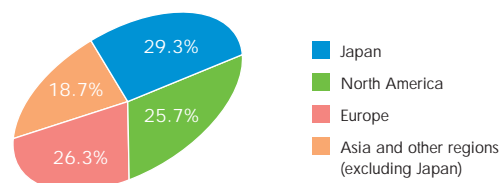
Sales by Business Segment

Fiscal 2005



Sales by Region

Fiscal 2005



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E-mail: csr-support@konicaminolta.jp



KONICA MINOLTA

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