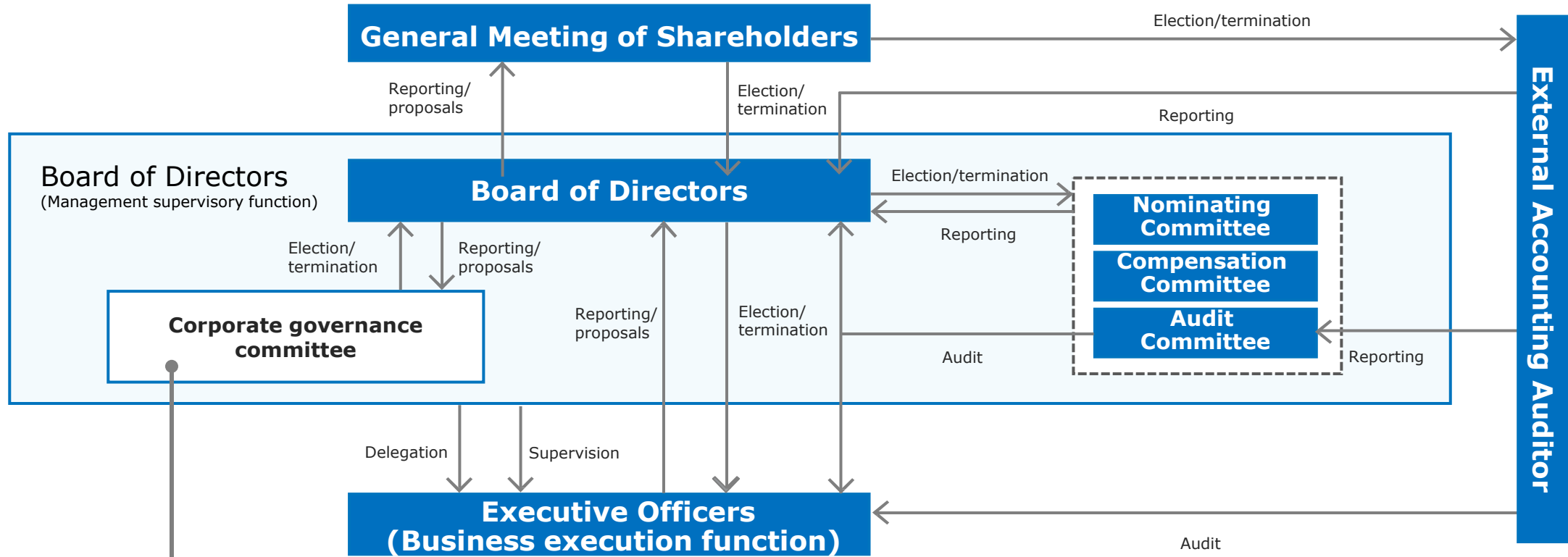


**Outside Directors
Panel Discussion
Reference Materials**



Comprehensive and cross-cutting discussions on topics related to design and operation of corporate governance



Composition of the Corporate Governance Committee
 Chairperson : Soichiro Sakuma*
 Members: Chikatomo Hodo*, Akira Ichikawa*, Hiroyuki Suzuki, Toshimitsu Taiko

- Comprised of about five members
- Majority of Outside Directors
- Chairperson is selected from among Outside Directors

* Outside Director

Director Skills Matrix



Toshimitsu Taiko Chikatomo Hodo Soichiro Sakuma Akira Ichikawa Mazumi Minegishi Takuko sawada (newly appointed) Hiroyuki Suzuki Noriyasu Kuzuhara (newly appointed) Yoshihiro Hirai (newly appointed)

	Toshimitsu Taiko	Chikatomo Hodo	Soichiro Sakuma	Akira Ichikawa	Mazumi Minegishi	Takuko sawada (newly appointed)	Hiroyuki Suzuki	Noriyasu Kuzuhara (newly appointed)	Yoshihiro Hirai (newly appointed)
Corporate executive experience in listed company	●			●	●				
Global executive management experience*	●	●	●	●	●	●			●
R&D and Manufacturing						●		●	
Sales and marketing	●			●	●	●	●	●	●
Finance and accounting, and understanding of investor perspective		●							●
HR management			●		●				
Governance, internal control, legal affairs			●				●		
Business transformations and new business development (DX)	●	●	●		●	●		●	

* "Global executive management experience" includes both actual experience at a global business and experience relating to overseas business operation.

Review of Directors and Executive Officers Compensation System

~ Promoting strategic priority measures and motivating Directors and Executive Officers to achieve the Medium-term Business Plan targets~



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YEARS

Composition rate of Base salary : Annual performance-based cash bonus : Stock bonus

1 Composition of Directors and Executive Officers compensation

- Shift the compensation composition ratio from "fixed compensation" to "annual performance-linked monetary compensation" by 5%

	Before revision	After revision
President	50:25:25	45:30:25
Miscellaneous Executive Officer	55:25:20	50:30:20

2 Evaluation index of annual performance-linked monetary compensation

Assessment index and others	Portion according to performance level	Portion according to attainment of performance targets			Portion according to personal appraisal
	Operating profit	Profit for the period 40%	Total asset turnover ratio 30%	KMCC-ROIC* 30%	
Linked with Group consolidated performance result level	Linked with annual performance achievement rate				

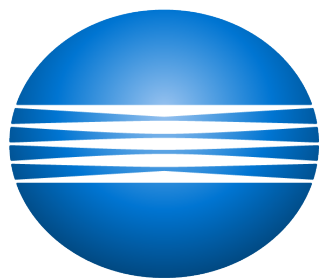
- Introduced "Profit for the period" and "total asset turnover ratio" to achieve ROE 5% at an early stage

3 Evaluation index for medium-term stock compensation (performance-linked)

Assessment index**	Financial indicator (Consolidated)	Non-financial indicator	
	ROE	CO ₂ emission reduction rate	Employee engagement score
80%	10%	10%	
Linked to the target achievement rate in the final year of Medium-term Business Plan			

- Introduced ROE, which is our most important financial target, with a weight of 80%
- Introduced non-financial targets of CO₂ emission reduction rate and employee engagement score

* KMCC-ROIC is ROIC for calculating the current annual performance-linked cash bonus, and invested capital consists of assets capable of individual management and improvement by each business division.
 ** All items on a consolidated basis.



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