

# Expert Opinion of Konica Minolta's CSR Report

We asked Yoshinao Kozuma, Professor of Economics at Sophia University, to give us some feedback on this report. His comments are presented below. We will use this feedback to improve our future CSR activities and the CSR report next year.



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## 1. Further Evolution of CSR Management

The Konica Minolta Group is advocating the creation of shared value as the direction for its CSR management, which it is integrating more tightly into its business strategy in pursuit of further evolution in its CSR management. Points deserving recognition this year are the policy of switching to a business model based on the transition to a sustainable society and a business strategy oriented toward environmental-friendliness. These points were clearly presented in the new medium-term business plan TRANSFORM 2016 and in the Medium-term Environmental Plan 2016, which were established in tandem and launched in fiscal 2014.

Deserving particular notice is the rational decision-making and implementation process introduced in the Medium-term Environmental Plan. The plan identifies important issues related to risks and opportunities in business operations through materiality analyses and systematically and comprehensively addresses them across each field of activity from product planning and development to procurement, production, distribution, and sales, in conjunction with specific medium-term targets on a sales basis. It presents an ideal picture of a sustainable business and I believe it deserves praise in that it indicates concrete ways of building on the company's management philosophy, "The Creation of New Value," to realize sustainable profit growth.

## 2. External Evaluation of Sustainability

The fact that the company's products have earned international environmental labels such as EPEAT and the Blue Angel Mark means that the global market holds the company's environmentally friendly manufacturing in high esteem. The Konica Minolta Group is also characterized by the various high commendations it has received from rating agencies related to sustainability.

DJSI, CDP, and FTSE4Good Index in particular are the rating valuations with the highest recognition among sustainable business experts today. Only a very few companies in the world make it into all of these. Konica Minolta has been included in both the DJSI's World and Asia Pacific lists at a time when Japanese companies selected for the World index have been in sharp decline in recent years and now number only about 20. The fact that the Konica Minolta Group has maintained a spot on this index for years shows that its sustainable business is in the top class internationally as well as domestically within Japan. Extension of CSR management to the value chain and a sound governance organization at a global standard deserve special mention.

## 3. Issues in Information Disclosure

This year's report is excellent in terms of information disclosure, but I would like to mention a few ways the report could be improved in the future. One is the scope of labor-related indexes. Attempts have been made to improve this in recent years, but considering that Konica Minolta the non-consolidated company currently accounts for only about 16% of the Group's global workforce, it is time that basic labor-related indexes, including the gender composition of the workforce, be gathered and disclosed on a group-wide basis.

Organizing the information to be disclosed and exercising creativity in the disclosure method is another effective way of making improvements to clearly show the actual condition of environmental management. Take targets for the next fiscal year, for example. Since this is important information for increasing the transparency of target and performance management, I would like to see the Group consider showing those targets next to performance evaluations from the previous fiscal year. I would also like to see a slightly detailed explanation of the relation between the Eco Vision 2050 and the Medium-Term Environmental Plan, as the two make up the Group's basic policy for fighting global warming.

# External Assurance

Konica Minolta engaged KPMG AZSA Sustainability Co., Ltd. to provide assurance on whether its CO<sub>2</sub> emissions from procurement, production/research and development, product distribution, sales and service, and product usage; energy use; waste discharged externally from manufacturing; atmospheric emissions of volatile organic compounds (VOCs); and water consumption have been measured, gathered and disclosed in accordance with the criteria set by the Group.



Period: March to June 2014

On-site audit of Konica Minolta Mizuho Site



## Comments on the Assurance Process

Naomi Sugo, KPMG AZSA Sustainability Co., Ltd.

Konica Minolta conducted a materiality analysis in the field of the environment when formulating its medium-term environmental plan. It identified material risks and opportunities from two perspectives: materiality from the standpoint of stakeholders and materiality from the standpoint of business. After deriving important themes and important issues from the identified material risks and opportunities, it established targets in terms of both corporate value and environmental value. I believe that this has made it easier for information users to understand material environmental risks and opportunities for the Konica Minolta Group and led to the Group's clear indication that it intends to create value for both society and the company.

Meanwhile, although the report explains the Group's process for establishing priority targets in fields besides the environment, it does not specify material risks and opportunities identified as a result of that process. The GRI guidelines, revised in May 2013, now require organizations that wish to publish reports compliant with the 4th edition of the GRI Guidelines to disclose not only the process for determining report content but also the material aspects identified. I hope that the Group will further increase transparency regarding material aspects in reporting on fields besides the environment.