

# **ESG Briefing**

**Contributing to  
Ricoh's Future  
Finances through  
ESG Management**

**RICOH**  
imagine. change.

**Mikako Suzuki**

**Corporate Officer  
ESG Strategy Division  
Ricoh Company, Ltd.**

**November 19, 2021**

**ESG Highlights**

**ESG as Part of Management Strategies**

**Initiatives for a Zero-carbon Society**

**Challenges in Generating Future Finances**

# External ESG Assessments

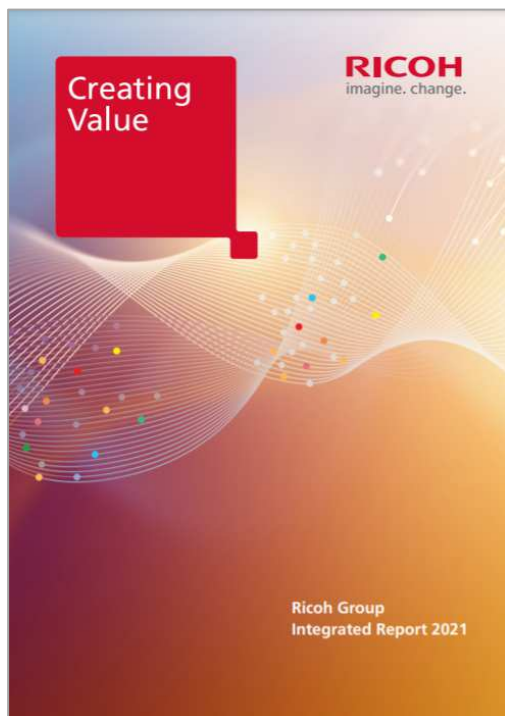
Developments since previous  
ESG briefing in November 2020

- 
- December 2020**      **Included in CDP climate change A List 2020**
  - February 2021**      **Earns A score for the Climate Change 2020 Program, placing on CDP2020 Supplier Engagement Leaderboard**
  - March 2021**      **Receives Silver Class recognition in S&P Global’s 2021 Sustainability Yearbook**
  - July 2021**      **Receives second prize in 2021 J-Win Diversity Award**  
**Receives Gold Rating in EcoVadis supplier survey**
  - November 2021**      **Included for second straight year in Dow Jones Sustainability Index, earning the top score in its industry**  
**Receives top-ranking five stars for three consecutive years in Nikkei SDGs Management Survey**

# Reinforcing ESG Disclosure

Simultaneously published Integrated Report, ESG Data Book and TCFD Report  
Debut TCFD Report overviewed our decarbonization activities

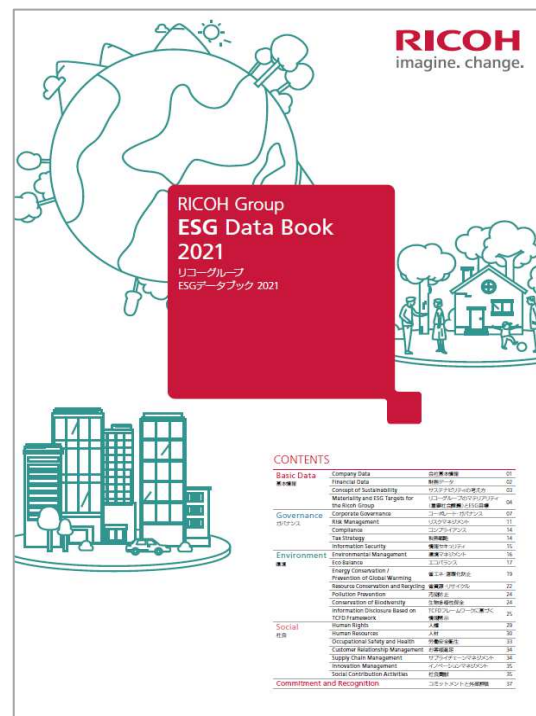
## Integrated Report



### Revamped Value Creation Process

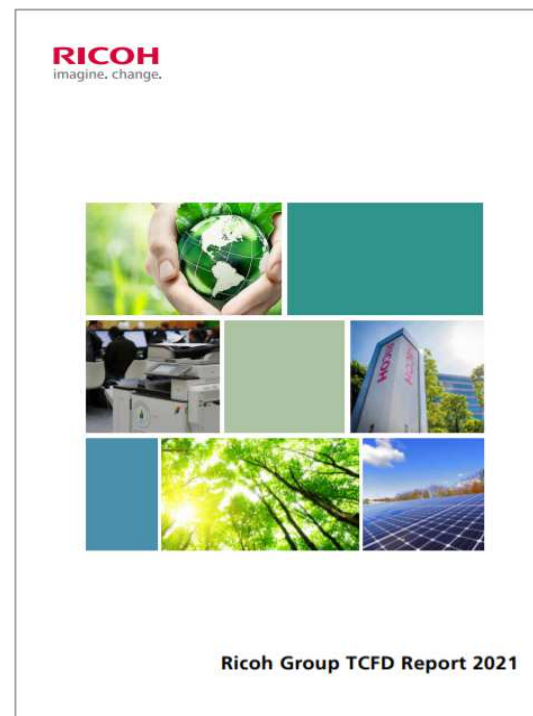
Government Pension Investment Fund of Japan's external asset managers listed as an excellent integrated report

## ESG Data Book



### Enhanced data in third edition

## TCFD Report



### Published for first time in October 2021

## ESG Website



### Placed fourth overall in Gomez ESG Site Ranking 2021

Was first overall in 2020

**Enhanced**

- **Medium- to long-term value creation process (management level discussions)**
- **Disclosure of integrated report approval process**
- **Presentation of dual ESG and business activity management**

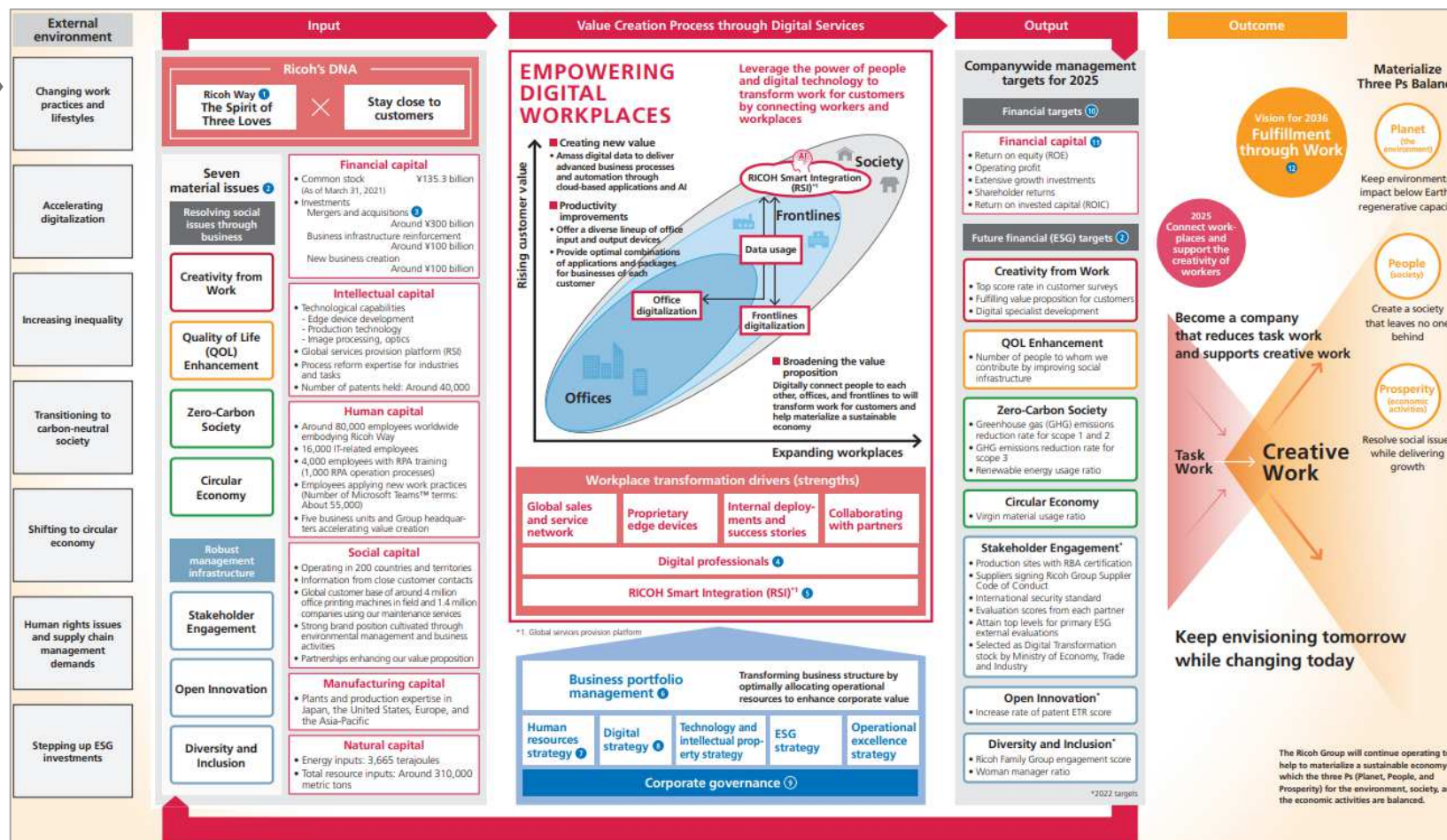
**Maintained**

- **Addressing questions and disclosure requirements of investors and ESG assessors**
- **Updating information as needed even after publication**

# Revamped Value Creation Process

Creating value through digital services by formulating social vision and pursuing financial and future financial (ESG) targets

From Ricoh Group Integrated Report 2021



# Stepping Up Efforts to Tackle Human Rights Issues

Launched initiatives around 30 years ago; updating approach to match international standards. Will integrate human rights in companywide risk management framework and undertake human rights due diligence

## Ricoh Group's Efforts

- April 2021 Formulates Ricoh Group Human Rights Policy
- May 2021 Participates in human rights project of Ministry of Justice of Japan
- From April 2021 Ricoh Digital Equipment obtain certification from Responsible Business Alliance following audits
- July 2021 Survey human rights risks at all Ricoh Group production sites
- October 2021 Educate Ricoh Group's 33,000 employees in Japan about human rights basics (more than 95% participated)



Human rights declarations of Ricoh CEO Jake Yamashita (left) and Ricoh Japan President Tomohiro Sakanushi



Human rights education intranet page

## Supply Chain Initiatives

- July 2020 Revises Supplier Code of Conduct to conform with Responsible Business Alliance Code of Conduct and publishes Japanese, English, and Chinese versions)
- From June 2021 Asks 226 key suppliers to sign Supplier Code of Conduct and conduct CSR assessments, with 86% thus far completing this process

## About Japan Climate Leaders' Partnership.



This corporate entity was established in 2009 based on the recognition that industry must act swiftly to materialize a decarbonized society. It focuses on shaping policies, decarbonizing companies, providing decarbonization solutions, communicating with society, and collaborating with global networks. **Ricoh was a founding member of this group, which has more than 200 members.**

**Excerpts from Japan Climate Leaders' Partnership October 1 press release (in Japanese only)**

<https://japan-clp.jp/archives/9238>

**Yoshinori Yamashita, President and CEO of Ricoh, and Masanori Imai, Chairman of Toda Corporation, Appointed Cochairs of the Japan Climate Leaders' Partnership**

**200-member Japan Climate Leaders' Partnership paving way to decarbonizing society**

**Ricoh is pursuing in-house decarbonization while helping lead Japan's efforts in this respect**



# Other ESG-Related Highlights

Since last year's  
ESG briefing

**RICOH**  
imagine. change.

January 2021	Ricoh Japan launches Technology Development and Demonstration Project
March 2021	Lifts fiscal 2030 target for renewable energy usage rate to 50%
March 2021	Participates in WIPO Green, an international framework for exchanging environment-related technologies
May 2021	Begins supplying RICOH EH DSSC Series of solid-state dye-sensitized solar cell modules delivering 20% more power than previous model
June 2021	Japan International Cooperation Agency selects Ricoh's proposal for 3D-pico hydro generator system for its agency's Small and Medium Enterprises and SDGs Business Support Project
June 2021	Joins with Godo Sangyo to initiate micro-hydropower generation with water supply facilities
June 2021	Concludes Mizuho Eco Finance loan deal with Mizuho Bank
August 2021	Begins providing samples of bendable environmental power generation devices to contribute to a recharging-free future
September 2021	Ricoh and Ricoh Japan join with nonprofit organization Sodateage Net to Digital Support Program for Young People
September 2021	Launches RICOH EH Environment Sensor D201/202 environmental sensing devices, which do not need battery replacements or wired connections
October 2021	Deploys on-site power purchase agreement model at four production and sales affiliate sites in Japan and abroad to accelerate use of renewable energy

Areas in red detailed later in this presentation



# ESG as Part of Management Strategies

- Ricoh Way and Sustainability
- 20th Mid-Term Management Plan and ESG Targets
- Implementation Structure and Compensation System



Value Proposition  
Delivery

Digital services company

Value  
Proposition

**EMPOWERING DIGITAL WORKPLACES**

Value  
Proposition  
Goal

2036 vision

**Fulfillment through Work**

Corporate  
Philosophy

**Ricoh Way**

- The Spirit of Three Loves
- **Mission**
- Vision
- Values

**We are committed to providing excellence to improve the quality of life and drive sustainability**

**Materialize sustainable society (3Ps Balance)\***

**Sustainably enhance corporate value**



**Contribute to SDGs and Paris Agreement**

\* The Ricoh Group initiated the 3Ps Balance in 2002 to help materialize a sustainable society in which Prosperity (economic activities), People (society), and the Planet (the environment) are in balance.

## Key ESG Activity Themes And Disclosure Items

### Environment

- Climate change
- Circular economy
- Chemical substance management
- Biodiversity preservation

### Social

- Human rights protection
- Diversity and inclusion
- Customer satisfaction enhancement
- Supply chain management
- Social and regional contributions

### Governance

- Corporate governance
- Risk management
- Compliance
- Information security

**Companywide Management Targets**

**Financial  
targets**

**ESG targets  
||  
Future finances**

Become digital services company that innovates workplace productivity.

FY22 **ROE > 9%**

**Driven by** business growth and capital profitability improvements

## Financial Targets

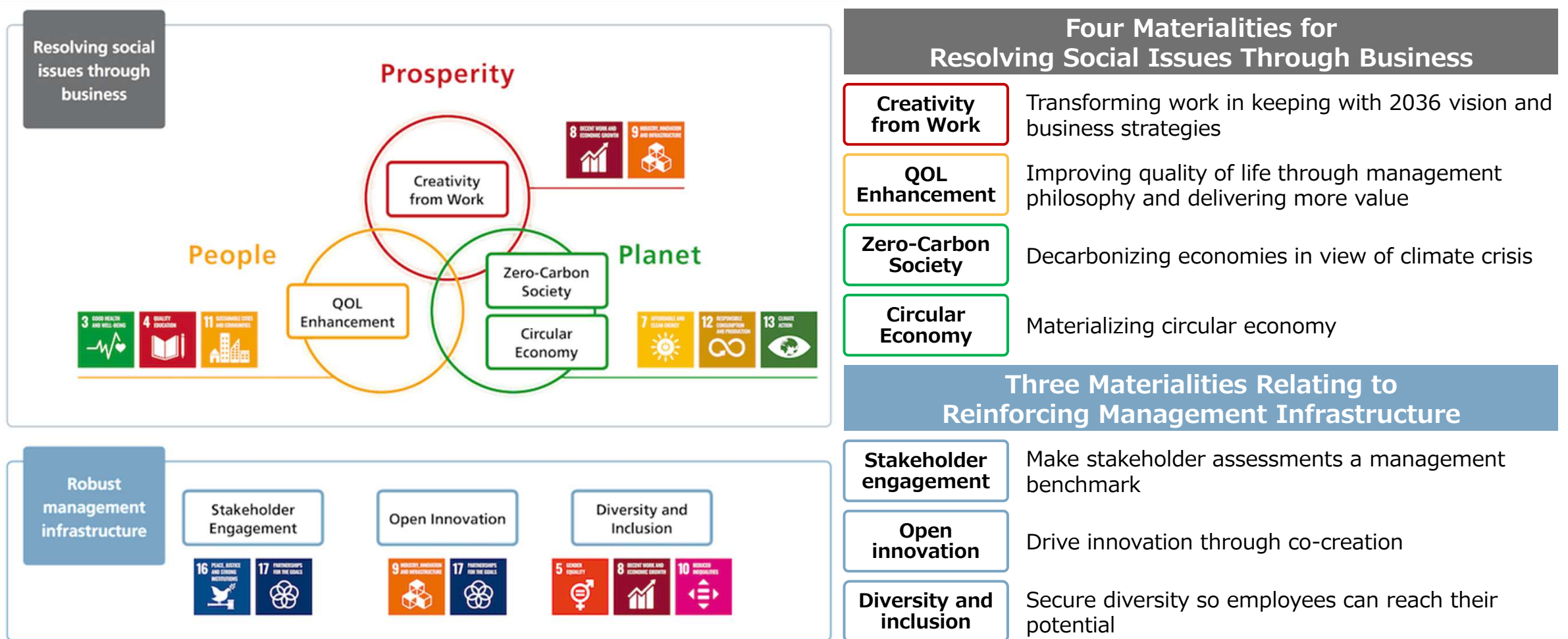
Financial Indicators	FY2022
Operating profit/margin	¥100 billion/5%
Sales	¥2,000 billion
ROIC	More than 6.5%
Office Services business operating profit*	8%

\* Based on previous segments

## Future Financial Targets

Targets by stakeholder (from 17 ESG targets)	FY2022
<b>Customers:</b> Top score from customers	30%
<b>Society:</b> GHG Scope 1 and 2 (from FY15) GHG Scope 3 (from FY15) Electricity from renewable energy sources New resource content in products	30% 20% 30% <85%
<b>Employees:</b> Employee Engagement Score	50 <sup>th</sup> percentile in each region
<b>Partners:</b> Rating score from each partner	Set by partner
<b>Shareholders:</b> ROE	9%

## Identified materialities and set 17 ESG targets in light of management philosophy, business strategies, and stakeholder demands



# Initial Disclosure of Progress with ESG Targets

**Set to reach fiscal 2022 targets; will bolster environmental strengths and reinforce position in such social aspects as diversity and inclusion, supply chain management**

7 Material Issues		Key Performance Indicators	FY2020	FY2022 Targets	FY25 Targets
Resolve Social Issues Through Business	<b>Creativity from Work</b> (Economy)	Top score in customer surveys Fulfilling value proposition for customers Digital specialist development	Japan: 28%; Americas: 28%; Europe: 24%; APAC: 40% 10% Disclosing from next fiscal year	30% or more  20%*1 IPA ITSS L3 1.5 times*2	30% or more To be decided Level 5 in METI's Digital Transformation Promotion Indices*3
	<b>QOL Enhancement</b> (Society)	Number of people to whom we have contributed by improving social infrastructure	1.6 million	10 million	15-20 million
	<b>Zero-Carbon Society</b> (Environment)	GHG emissions reduction rate for scope 1 and 2 (vs. fiscal 2015) GHG emissions reduction rate for scope 3 (vs. fiscal 2015) Renewable energy usage ratio	36.5% 31.7% 17.6%	30% 20% 30%	40% or more 25% 35% or more
	<b>Circular Economy</b> (Environment)	Virgin material usage ratio	90.7%	85% or less	80% or less
Reinforce Business Foundations	<b>Stakeholder Engagement</b>	Production sites with Responsible Business Alliance certification Percentage of suppliers signing Ricoh Group Supplier Code of Conduct International security standard Evaluation scores from each partner Primary ESG external evaluations Selection as Digital Transformation stock by Ministry of Economy, Trade and Industry (METI)	3 86% signed  Not disclosed Not disclosed Included in Dow Jones World Indices and CDP climate change A List 2020 Selected as DX Certified Business Operator	6 100% signing Reinforce and complete based on ISO/IEC NIST Establish by partner Top-level acquisition and adoption Selection as digital transformation stock	<b>Setting for each mid-term management plan in light of ESG issues</b>
	<b>Open Innovation</b>	Patent ETR score increase rate (vs. fiscal 2020)*4	Disclosing from next fiscal year	20% increase	
	<b>Diversity and Inclusion</b>	Ricoh Family Group engagement scores (regional percentiles) Female manager ratio	Japan: 48 <sup>th</sup> percentile Americas: 35 <sup>th</sup> percentile Europe: 21 <sup>st</sup> percentile APAC: 31 <sup>st</sup> percentile Global: 15.1% (Japan: 5.8%)	50 <sup>th</sup> percentile  16.5%	

\*1: Domestic Scrum Package customer ratio.

\*2: IPA: Information-technology Promotion Agency. ITSS: IT Skill Standard set by IPA (levels 0 to 6).

\*3: DX Promotion Index: Self-assessed benchmark of digital transformation progress. Ricoh aims to reach maturity level of 5 in developing and retaining human resources.

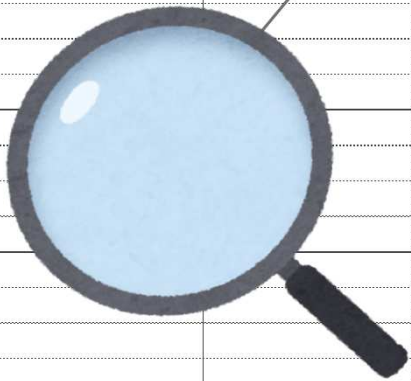
\*4: ETR (External Technology Relevance) score indicates number of patents cited by other companies.



# Business Unit Activities by ESG Target

Business Units	ESG Targets		7 Material Issues						
	ESG Indicators	FY2021 Targets	Creativity from Work	QOL Enhancement	Zero-Carbon Society	Circular Economy	Stakeholder Engagement	Open Innovation	Diversity and Inclusion
RDS	XXX		●						
	XXX						●		
	XXX								
	XXX		●						
RDP	XXX		●						
	XXX		●						
	XXX					●			
	XXX						●		
	XXX						●		
RGC	XXX				●				
	XXX								
	XXX					●			
	XXX								
RIS	XXX				●				
	XXX					●			
	XXX			●					

Cutting production process CO<sub>2</sub> emissions by xxxx metric tons  
Obtained Responsible Business Alliance certification at xx sites



# Group Companies also Initiating ESG Targets

	Material Issues	Ricoh Group ESG Indicators	FY2022 Targets
Resolve Social Issues Through Business	Creativity from Work	Top score in customer surveys	30% or more
		Fulfilling value proposition for customers (percentage of customers deploying Scrum packages)	20%
		Digital specialist development (number of people with at least IPA ITSS L3, compared with FY2020)	1.5-fold
	QOL Enhancement	Number of people to whom we have contributed by improving social infrastructure	10 million
	Zero-Carbon Society	GHG emissions reduction rate for scope 1 and 2 (vs. fiscal 2015)	30%
		GHG emissions reduction rate for scope 3 (vs. fiscal 2015)	20%
		Renewable energy usage ratio	30%
Circular Economy	Virgin material usage ratio	85% or less	

	Material Issues	Ricoh Group ESG Indicators	FY2022 Targets
Reinforce Business Foundations	Stakeholder Engagement	Production sites with Responsible Business Alliance certification	6
		Percentage of suppliers signing Ricoh Group Supplier Code of Conduct	100%
		International security standard	Reinforce & complete based on ISO/IEC NIST
		Evaluation scores from each partner	Establish by partner
		Primary ESG external evaluations	Top-level acquisition
		METI selection as Digital Transformation stock	Yes
	Open Innovation	Patent ETR score increase rate (vs. fiscal 2020)	20%
	Diversity and Inclusion	Ricoh Family Group engagement scores	50 <sup>th</sup> percentile
		Female manager ratio	16.5%

**Ricoh Japan also setting ESG targets in view of company-wide ESG goals**

Ricoh Japan ESG Indicators	FY2021 Targets
Top score in customer surveys	30%
Fulfilling value proposition for customers	
<ul style="list-style-type: none"> <li>Percentage of customers deploying Scrum packages</li> <li>Annual hours saved from deploying these packages</li> </ul>	15% 64.8 million
Annual increase in number of employees qualifying under Ricoh Japan proprietary professional certification program	5%
Number of people to whom we have contributed by improving social infrastructure	2 million
Company's decarbonization efforts	Vs. FY2015
<ul style="list-style-type: none"> <li>CO<sub>2</sub> reduction rate (CO<sub>2</sub> reduction amount)</li> <li>Support for customer decarbonizations</li> <li>CO<sub>2</sub> reductions from launching key MFPs and planting mangrove trees</li> <li>CO<sub>2</sub> reductions from environmental solutions</li> </ul>	-25.7% (23,500t)  1,312t 3965.1 t
–	–
–	–

Ricoh Japan ESG Indicators	FY2021 Targets
–	–
–	–
–	–
Top score in dealer assessments	30%
–	–
METI Digital Transformation certification	Acquired
–	–
Engagement score	36.5
Female manager ratio	7.5% or more by FY2025

**Group companies other than Ricoh Japan also looking to set ESG targets**

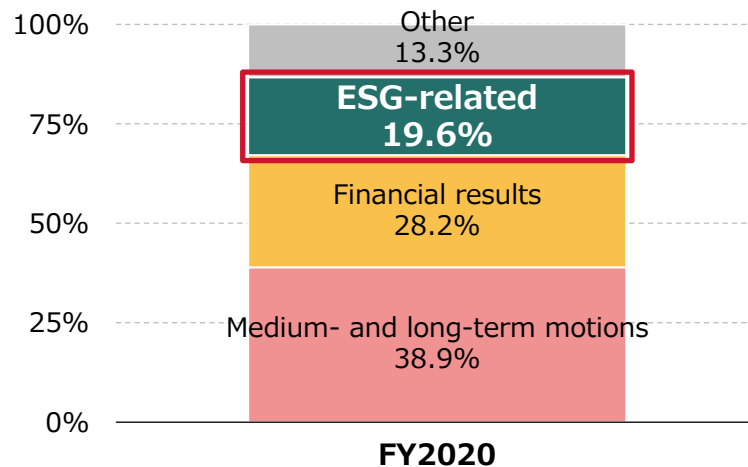
## ESG Committee Overview and Role

- Chaired by president and CEO and comprising Group Management Committee\* members, Audit and Supervisory Board members, and executive officer overseeing ESG
- Deliberation and decision-making centers on ESG issues
- Established in 2018 and meets quarterly

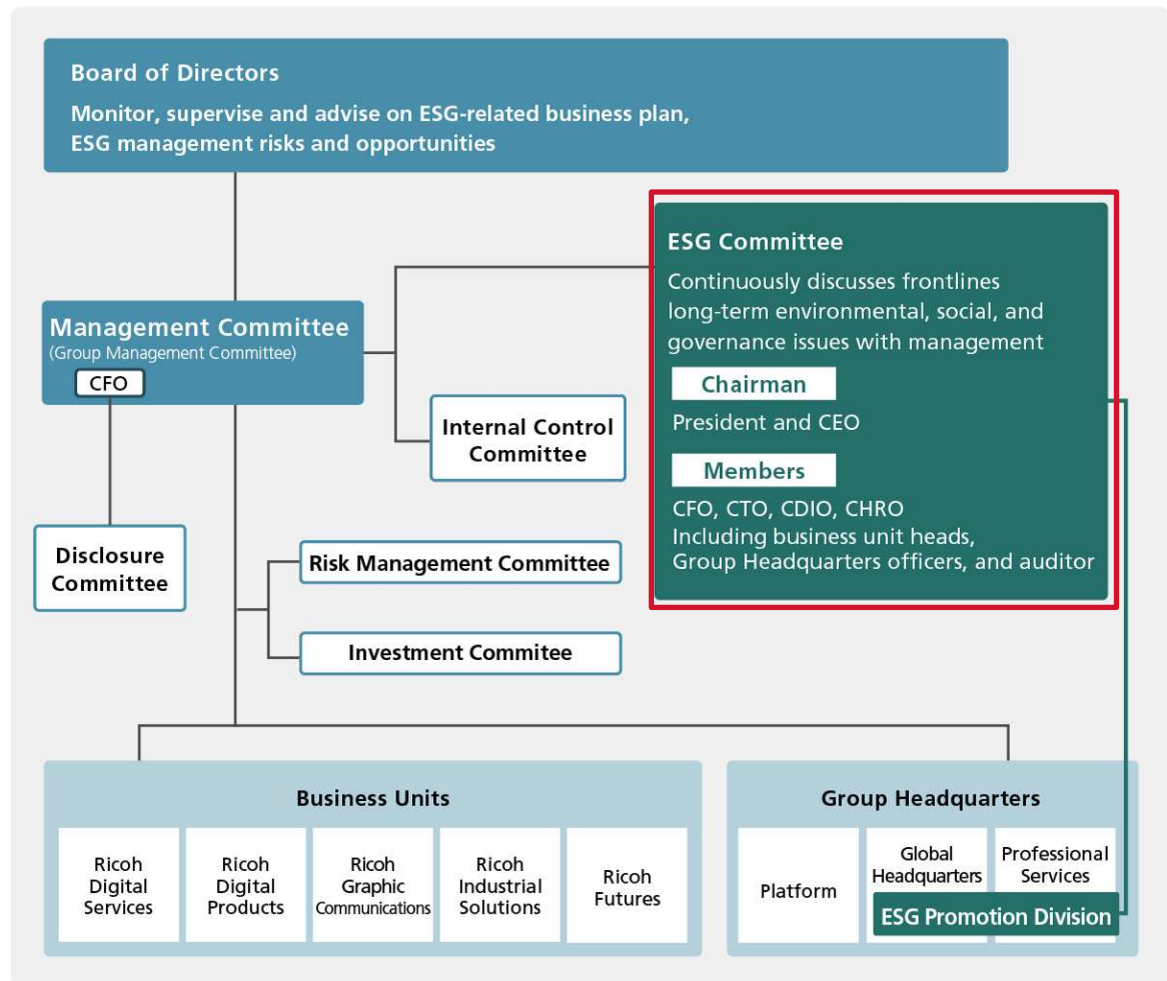
## Main Agenda Items in Fiscal 2020

- TCFD compliance and decarbonization Policy
- Integrated Report
- Revision of ESG and environmental goals
- Formulation of Ricoh Group Human Rights Policy

## Board of Directors Time Allocation by Agenda Item

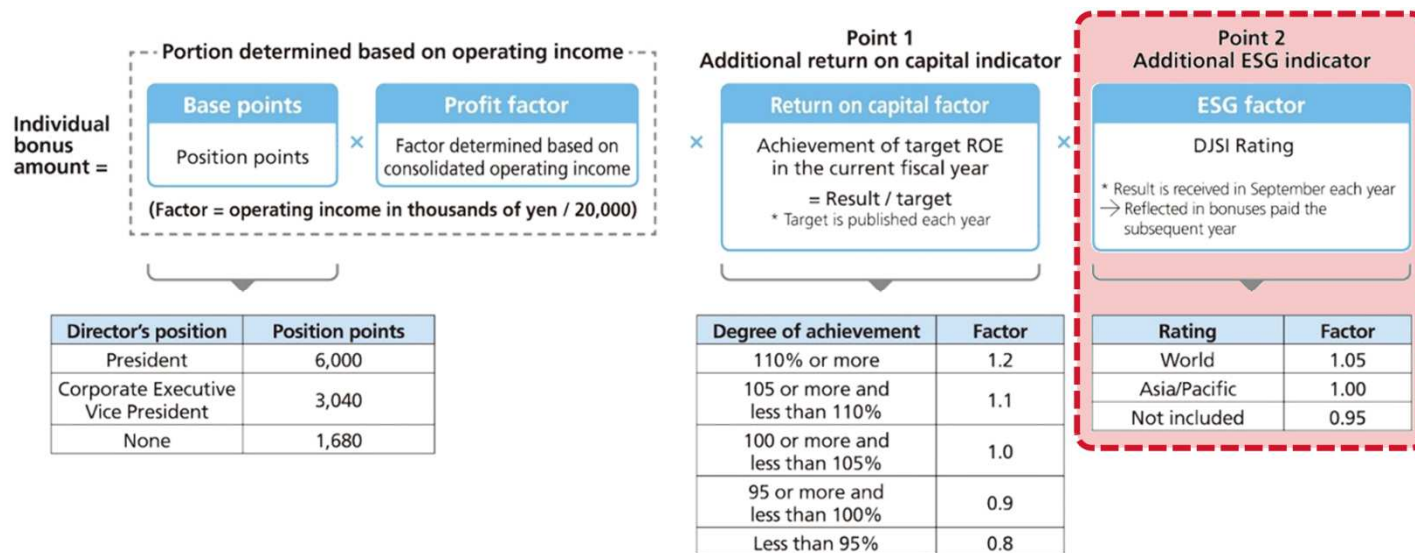


## ESG Promotion System



\* The Board of Directors delegated authority to this decision-making body, which comprises executive officers meeting certain requirements.

## Formula for Calculating Director Bonuses from 2020



## Key CEO Assessment Items

### Financial perspectives

Mid-Term Management Plan and business plan progress, return on capital, and other key performance indicators

### Shareholder and capital market perspectives

Such stock-related indicators as Total Shareholder Return (TSR) and evaluations

### Non-financial (ESG) perspectives

Including ESG measures, customer and employee satisfaction, and safety and product quality

① Establish a performance indicator using ROE results for each fiscal year, as an incentive to enhance return on capital

② Establish the annual DJSI\* Rating, which the Company as a whole is pursuing, as a performance indicator, as an incentive to enhance ESG indicators

\* Indicators related to return on capital and ESG will also be added to the formula for Executive Officers.

**For executive officers, progress toward departmental ESG targets is also linked to assessments and compensation**



# Initiatives for a Zero-carbon Society

- Greenhouse Gas Reductions and Renewable Energy Adoption Progress and Outlook
- TCFD Risks and Opportunities
- Forest Conservation Activity Achievements



**Lifted Scope 3 and renewable energy targets in March**

**Steadily reduced greenhouse gas emissions through fiscal 2020 with respect to 1.5°C Science Based Targets Initiative goals**

**Aiming to derive 30% of electricity from renewable energy by fiscal 2022**

**Procured renewable energy domestically and internationally through various means**

**Updated TCFD disclosure**

**Continued to conserve forests**

**We will keep contributing to international efforts to limit the rise in global temperature to 1.5°C above pre-industrial levels, use more renewable energy, and conserve forests**

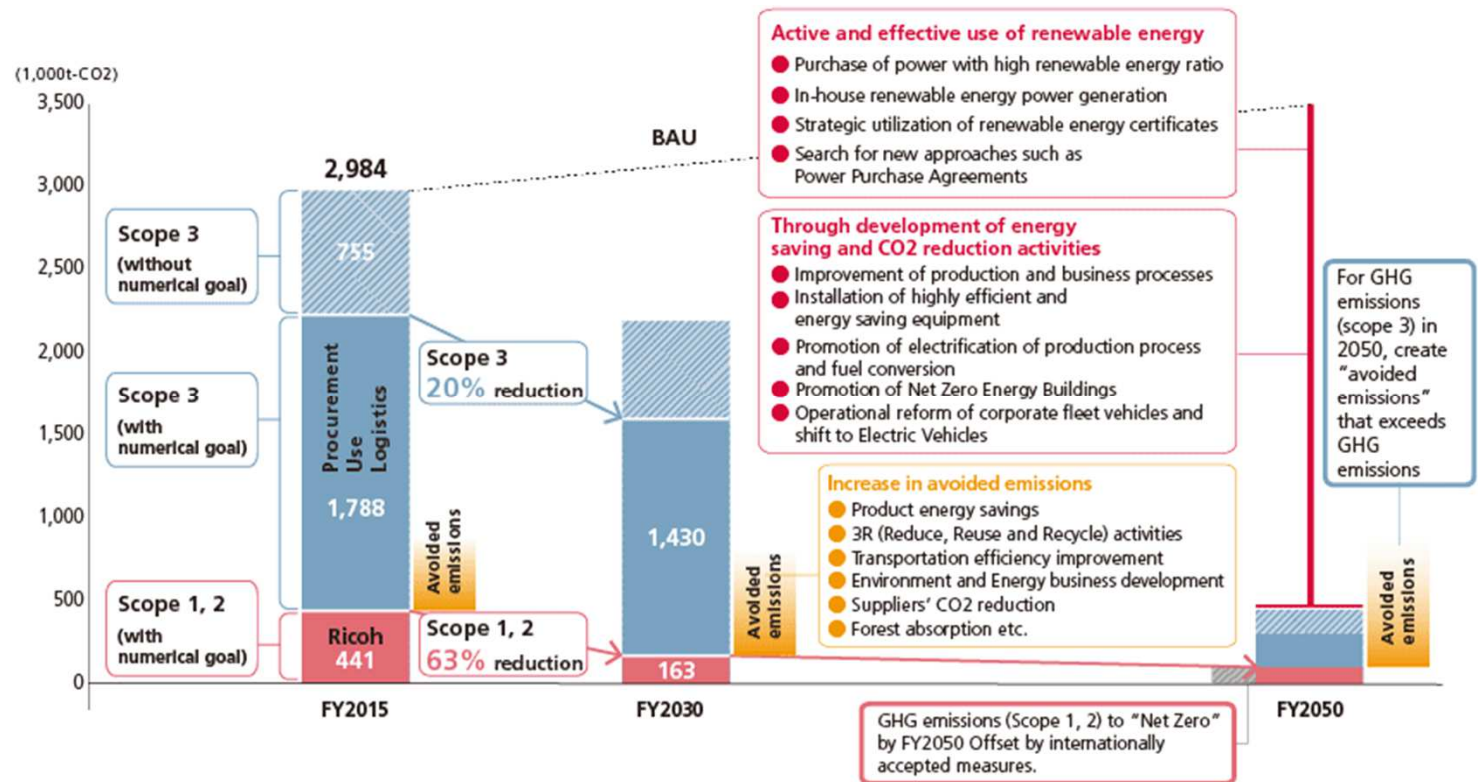
# Global Standards and Scenarios to Fulfill Them

- Global targets: Obtained Science Based Targets approval for goals aligned with 1.5°C criteria; increased Scope 3 reduction and renewable energy targets in March 2020
- Setting clear milestones: Augmented targets for 2030 and 2050 by formulating and announcing goals for the current and next mid-term management plans
- To reach above targets, **formulated specific reduction scenarios through 2030** that accelerate renewable energy deployments and extensive energy conservation

## Decarbonization-related Targets

Item	FY2022	FY2025	FY2030	FY2050
Scope 1 and 2 reduction rates (vs. FY2015)	30%	40%	63%	Zero greenhouse gas emissions from entire value chain
Scope 3 reduction rates in procurement, use, and logistics categories (vs. FY2015)	20%	25%	40%	
Renewables ratio	30%	35%	50%	

Ricoh announced targets in red in March 2021

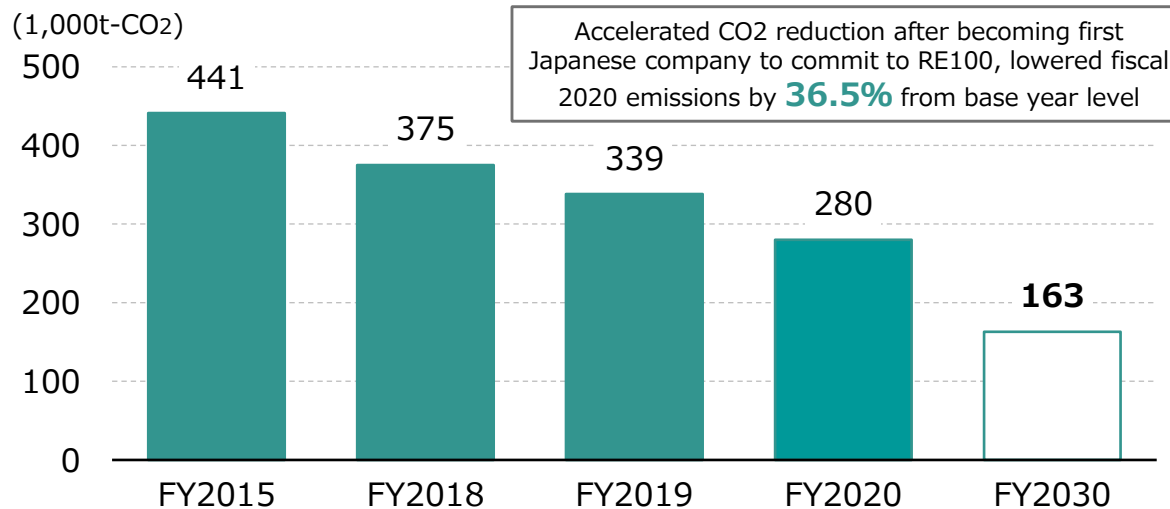


# Greenhouse Gas Reductions Progress (Scope 1 and 2)

	Units	FY2017	FY2018	FY2019	FY2020
Scope1	1,000t-CO2	142.7	141.9	131.6	113.4
Scope2	1,000t-CO2	266.6	232.9	207.7	167.0
<b>Total greenhouse gas emissions</b>	1,000t-CO2	409.3	374.8	339.3	280.4
<b>SBT 1.5°C achievement line</b> Annual reductions of 4.2% since FY2015	1,000t-CO2	404.3	385.7	367.2	348.7
Emissions intensity to sales	t-CO2/¥100million	19.8	18.6	16.9	16.7

Meeting 1.5°C commitments since FY2018

## Greenhouse Gas Emissions (Scope 1 and 2)



- Comfortably clearing **Science Based Targets Initiative goal of limiting global temperature rise to 1.5°C above pre-industrial levels**
- Meeting preferential interest rate terms of Sustainability Linked Loans
- Significantly reducing Scope 2 emissions through renewable energy deployments
- Steadily lowering emissions per unit of sales
- Formulated roadmap for reductions by 2030; will continue to reduce greenhouse gas emissions by conserving energy and the deploying renewables in drive for green recovery

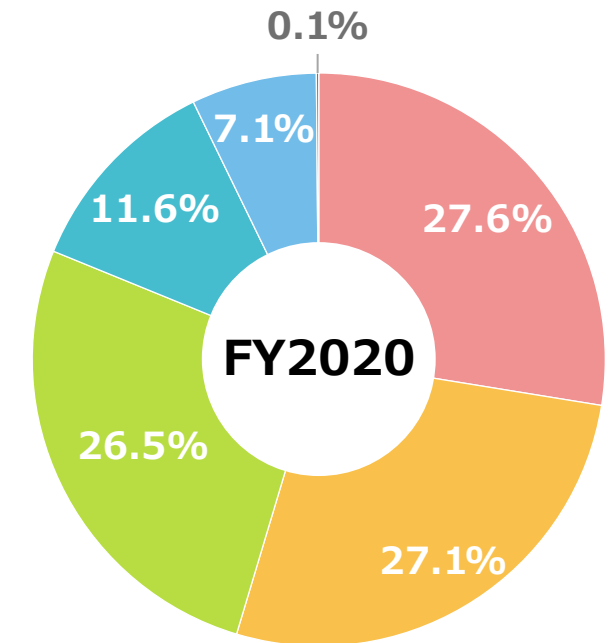


# Regional and Business Unit Greenhouse Gas Emissions

## Regional Emissions

Region	FY2015 Base Year (1,000t-CO <sub>2</sub> )	FY2020 (1,000t-CO <sub>2</sub> )	Percentage of Emissions	Year-on- Year Reduction	Reduction from Base Year
Japan	225.2	165.4	59.0%	12.9%	26.5%
Americas	72.7	42.9	15.3%	22.8%	41.0%
Europe	62.8	28.4	10.1%	28.6%	54.8%
China	56.0	28.2	10.1%	23.2%	49.7%
Asia-Pacific	24.6	15.5	5.5%	10.0%	37.0%
<b>Total</b>	<b>441.3</b>	<b>280.4</b>	<b>100%</b>	<b>17.4%</b>	<b>36.5%</b>

## Business Unit Emissions



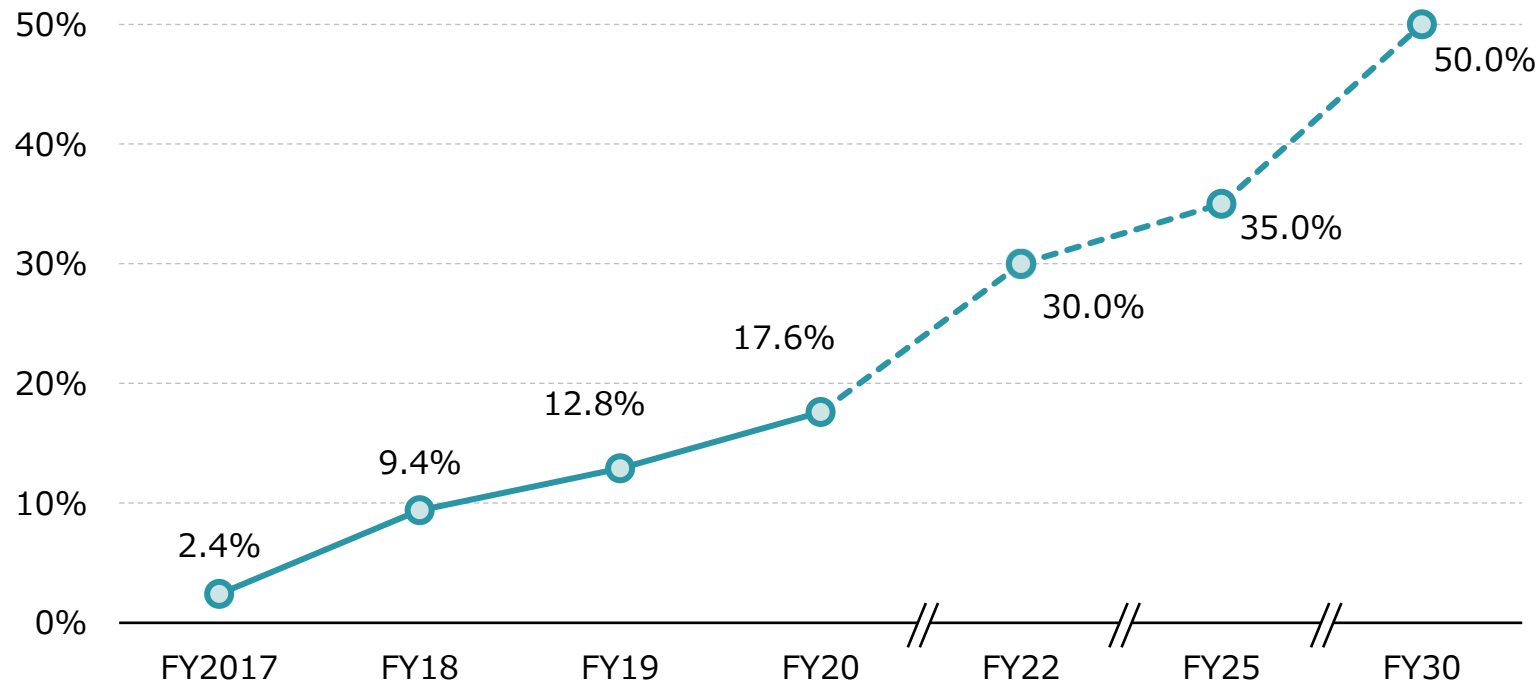
- Carefully managed regional and business unit emissions and developed reduction scenarios
- Japan accounts for 60% of regional total. RICOH Industrial Solutions, RICOH Digital Products, and RICOH Digital Services collectively account for 80% of business unit emissions
- In Europe, increased in renewable energy usage rate and cut fuel consumption of commercial vehicle fleet owing to lockdowns, resulting in significant reductions

- Ricoh Industrial Solutions
- Ricoh Digital Products
- Ricoh Digital Services
- Headquarters and other
- Ricoh Graphic Communications
- Ricoh Futures

# Usage and Outlook for Renewables-Derived Electricity

	Units	FY2017	FY2018	FY2019	FY2020
Total power consumption	MWh	576,138	555,629	519,964	461,165
Renewables-derived electricity	MWh	13,827	52,229	66,758	80,941
Renewable energy ratio		2.4%	9.4%	12.8%	17.6%

## Renewable Energy Usage Ratio

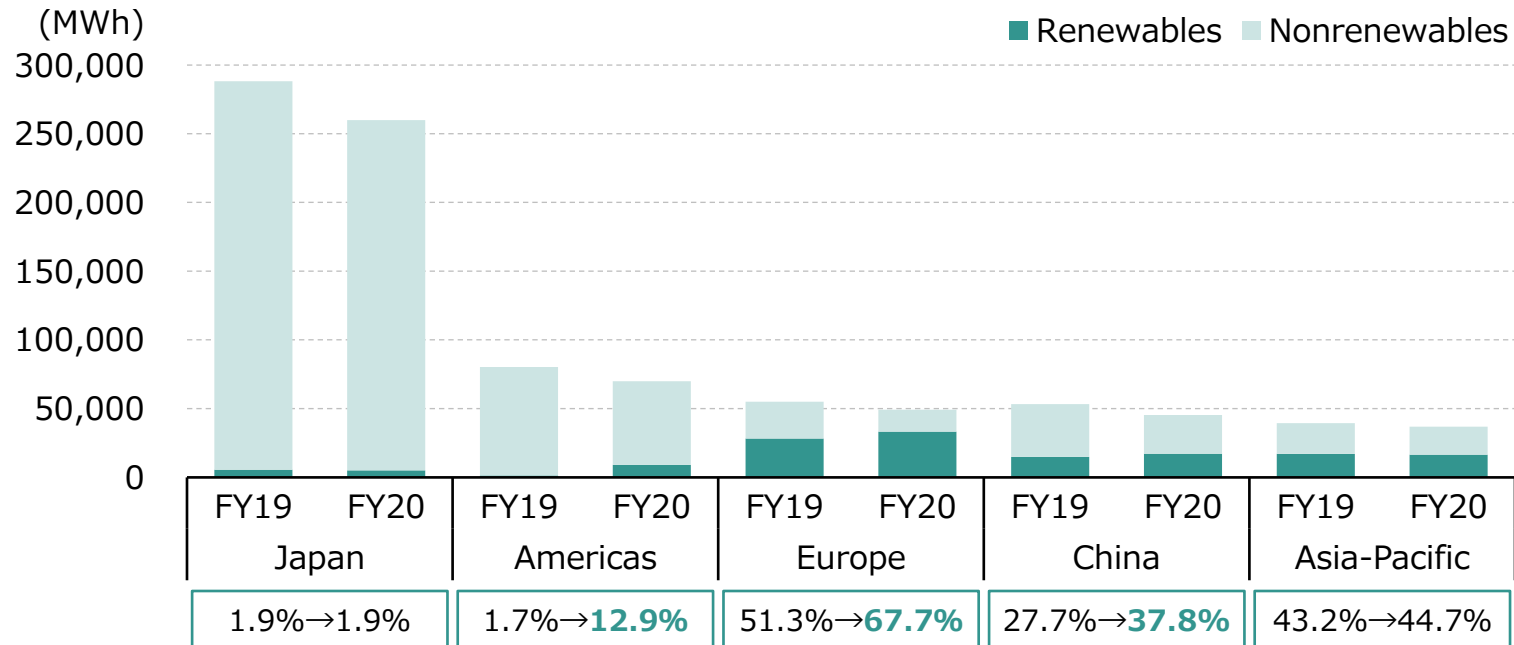


- Completed implementation of measures to reach mid-term renewable energy rate target of 30% by fiscal 2022, and are progressing as planned
- Lowered total power consumption by 20% from fiscal 2017 level
- Will lift renewable energy ratio by 5% to 6% annually over next two years to reach fiscal 2022 target of 30%

# Renewable Energy Rates by Region and Business Unit

## By Region

31 Group companies and 182 sites worldwide fulfilled RE100 commitment



## By Business Unit

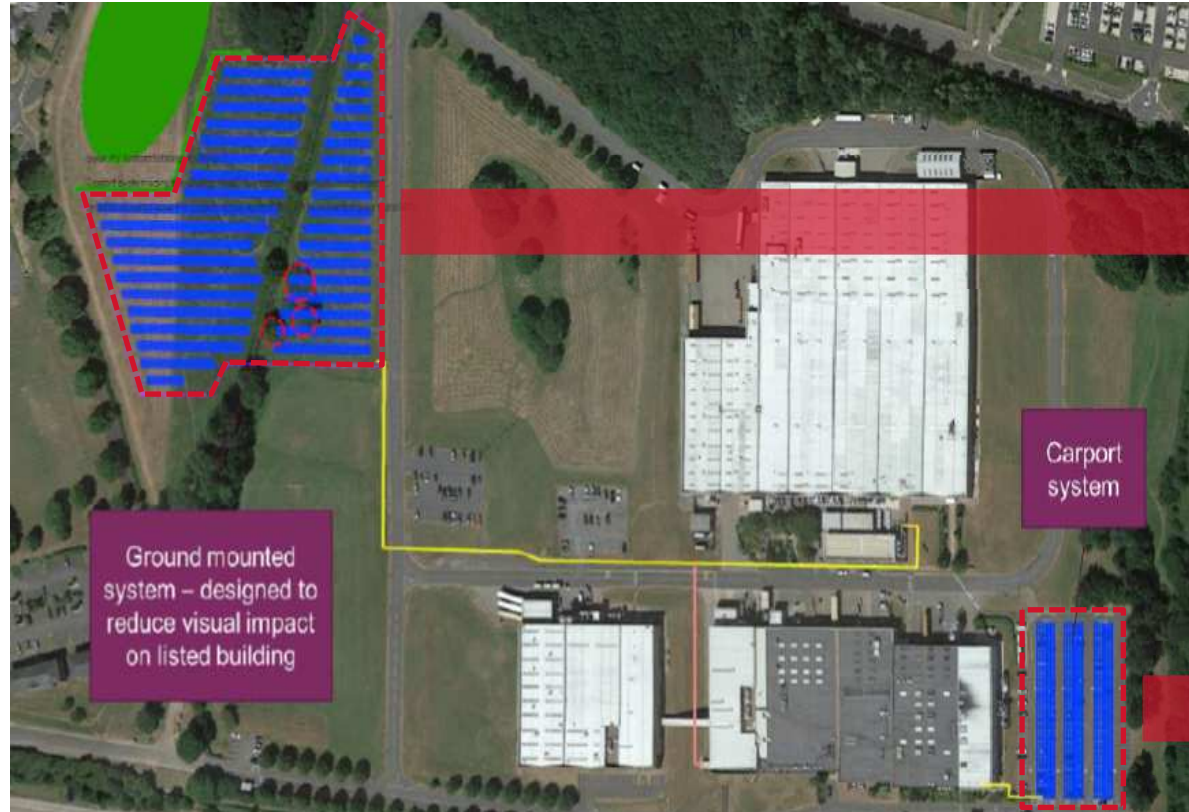
Entity	FY2020 Renewables Rates
RDS	30.4%
RDP	23.9%
<b>RIS</b>	12.2%
Headquarters and other	3.3%
RGC	0.0%
RFS	0.0%

- Achieved steady growth in regions other than Japan, particularly in Europe, the Americas, and China; Implementing and exploring measures to increase renewable energy rates in Japan
- Developed measures in line with regional procurement situations and endeavored to switch to lower-cost procurement approaches even at sites that have fulfilled RE100 commitment
- Renewables usage for **thermal and toner-related plants** an issue for business units

# Fulfilling RE100 Commitment—1

## Production subsidiary Ricoh UK Products installed additional in-house generating equipment even after attaining RE100 target, and is pushing ahead with cost reductions

- Telford plant switched to 100% renewable energy in October 2019
- Looks to install in-house facilities to lower costs
- Solar facilities with a total capacity of 1.6 GWh has been operational since 2021 on parking lot roofs and vacant space on property, and can cover around 20% of the plant's annual power needs
- Savings over 10 years should total around 120 million yen



# Fulfilling RE100 Commitment—2

## Deployed on-site power purchase agreement model\* introduced at four domestic and overseas facilities

- Ricoh (Thailand), Ricoh Manufacturing (Thailand), Ricoh Elemex, and Ricoh Industry now employ this model
- Their combined renewable electricity capacity 5.47 GWh annually, equivalent to cutting annual carbon dioxide emissions by around 2,869 metric tons, or 1.2% of Ricoh Group's electricity consumption
- Savings at Ricoh Manufacturing (Thailand) should be around 180 million yen over 12 years
- In October 2021, Ricoh Elemex became first Ricoh Group company in Japan to adopt model, while Ricoh Industry's carport employs such a model



**Rooftop of Ricoh Manufacturing (Thailand)**



**Ricoh Elemex Ena Plant Rooftop**

\* A power purchase agreement is a contract between a power producer and electricity consumer in which the producer installs generating facilities on the consumer's rooftops, premises, and other spaces, with the consumer purchasing renewables-based power without owning the generating equipment.

# Fulfilling RE100 Commitment—3

## Leveraged comprehensive renewable energy evaluation system to complete switch to 100% renewable-based electricity for headquarters

- Deployed comprehensive renewable energy evaluation system and assessed power suppliers and offerings from economic, social, and environmental perspectives while also assessing renewable energy quality
- From April 2021, began reviewing power contracts based on above setup, with annual electricity consumption of 4.3 GWh, reducing carbon dioxide emissions by 1,940 metric tons



Nomado solar power plant in Fukushima Prefecture



100%-owned by local company

Minehama wind farm in Akita Prefecture



60%-owned by local company

Katagami wind farm in Akita Prefecture



51%-owned by local company

Supporting power producers by identifying and purchasing renewable electricity from above facilities

# Overview of Domestic Comprehensive Assessment System for Renewable Electricity

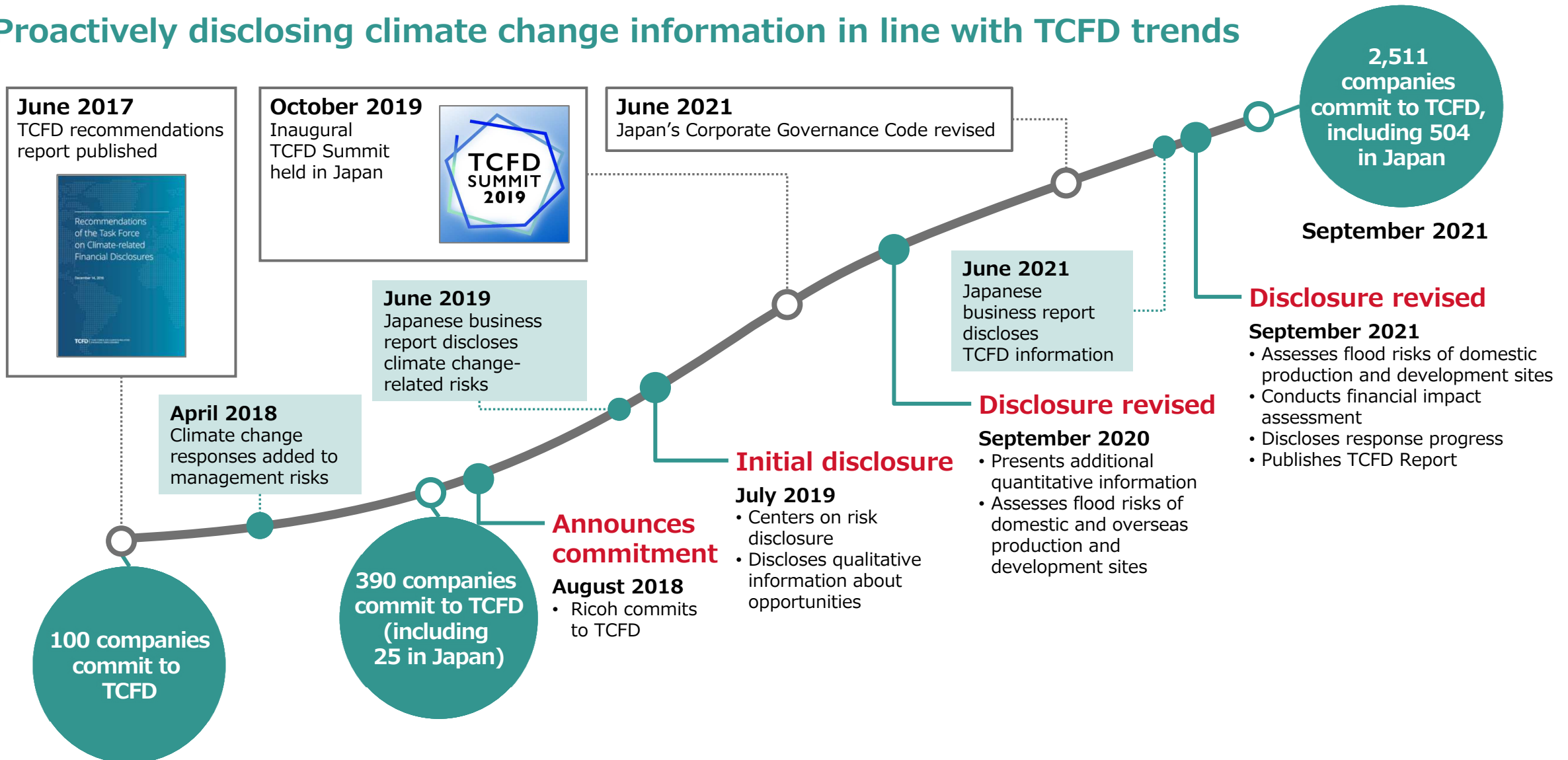
## Selecting locations to adopt renewables and compare renewable energy sources

- Embodying Ricoh Group vision of sustainable society through Three Ps Balance, in which Prosperity (economic activities), People (society), and the Planet (the environment) are in balance
- For renewable electricity purchases, decided to comprehensively assess and choose sources from Three Ps perspectives; table below presents assessment items

Prime Objectives		Draft Assessment Items		Information Category
<b>Prosperity</b>	Economic Sustainability	Pricing	High score for low pricing (price points)	Retail electricity information
<b>Planet</b>	Environmental Sustainability	Additionality	High score for few years of operation	Power plant information
		Renewable energy	High score for low environmental impact	Power plant information
		Proximity	High score if power plant and purchasing site are close	Power plant information
		Power mix	High score if electricity is also renewables-based	Retail electricity information
		Retail electricity supplier assessments	Score when the most recent CDP climate change score is at least A- or higher	Retail electricity information
		Power producer ratings	Score when most recent CDP climate change score is at least A-	Power plant information
<b>People</b>	Social Sustainability	Local investment ratios	High score for high ratio	Power plant information
		Other local contributions	Qualitative assessment of contributions to communities, job creation, and other areas	Power plant information

# Ricoh's Disclosure Under TCFD Framework

## Proactively disclosing climate change information in line with TCFD trends

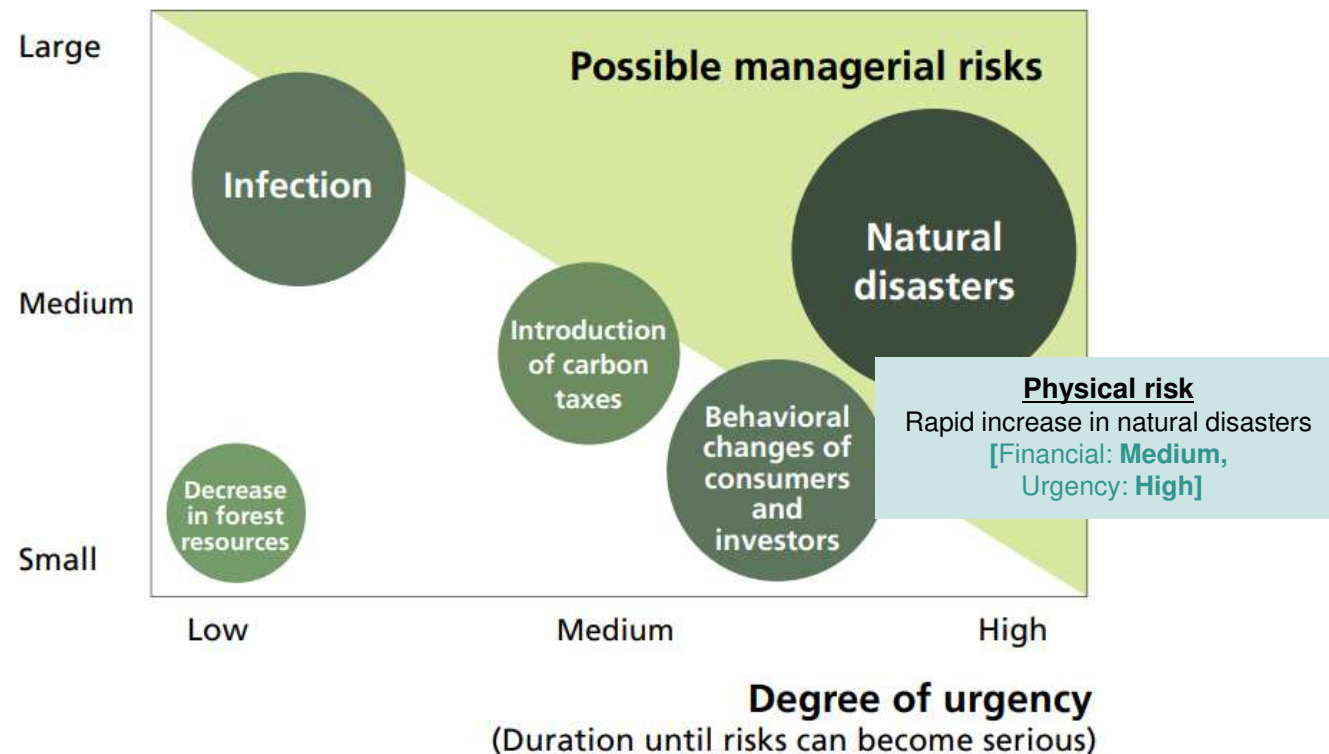




- Bolstered risk disclosure in fiscal 2021
- Under three-year plan starting this year, initiating required work in cooperation with relevant local governments, including to construct breakwaters

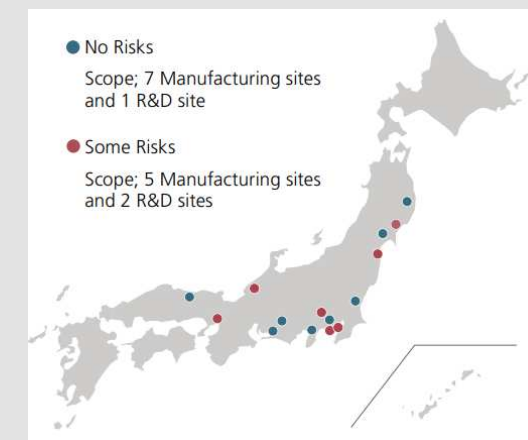
Financial impacts: Large (more than 50 billion yen), Medium (1–50 billion yen), and Small (several hundred million yen)  
 Urgency: High (within 1 year), Medium (within 5 years), and Low (more than 5 years)

## Degree of financial impact



## Natural disaster risk countermeasures

Assessed flood risks at domestic business sites based on municipal hazard maps



- Consulted with relevant local governments and river bureaus of Ministry of Land, Infrastructure, Transport and Tourism
- Management approved policy to prepare for once-in-a-century flooding
- Determined measures for four exceptionally high-risk locations

## Expanding sales of solutions for infections

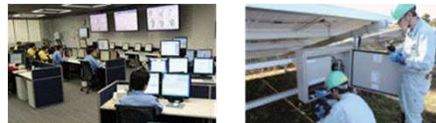
- Providing remote medical treatments, education, interviews, and workstyle reform solutions that reduce infection risks



(Financial impact in fiscal 2020)  
Sales of solution packages for infectious disease reduction and decarbonization  
**70 billion yen**

## Expanding energy creation and energy-saving businesses

- Solar power operations and maintenance and electric vehicle charger installation and maintenance



- Lighting/air conditioning control system



- Electricity sales with low CO2 emission coefficient (including RE100 menu)

(Financial impact in fiscal 2020)  
Product and parts recycling business sales  
**20 billion yen**

## Expanding products and parts recycling business

Expanding recycled product sales worldwide



Looking to expand sales of recycled systems by drawing on 3R-related technologies and global recovery structure amassed since 1994

(Financial impact in fiscal 2020)  
Product and parts recycling business sales  
**30 billion yen**

## New environmental technologies (Alternative Plastic Materials)

- Foamed polylactic acid (PLA), a biodegradable plant-based resin



We will start shipping samples of foamed PLA in 2020 as a substitute for plastic containers and packaging. We aim to expand this material globally by selling materials to a wide range of industries including Ricoh products, providing manufacturing solutions, and licensing production.

### 3Rs based on Comet Circle-unique concept to materialize circular economy

- New resource inputs **cut 25%** over past 10 years
- **80% to 90%** reused parts content in recycled products
- Maintaining recycling rate of **at least 96%** or higher for collected products

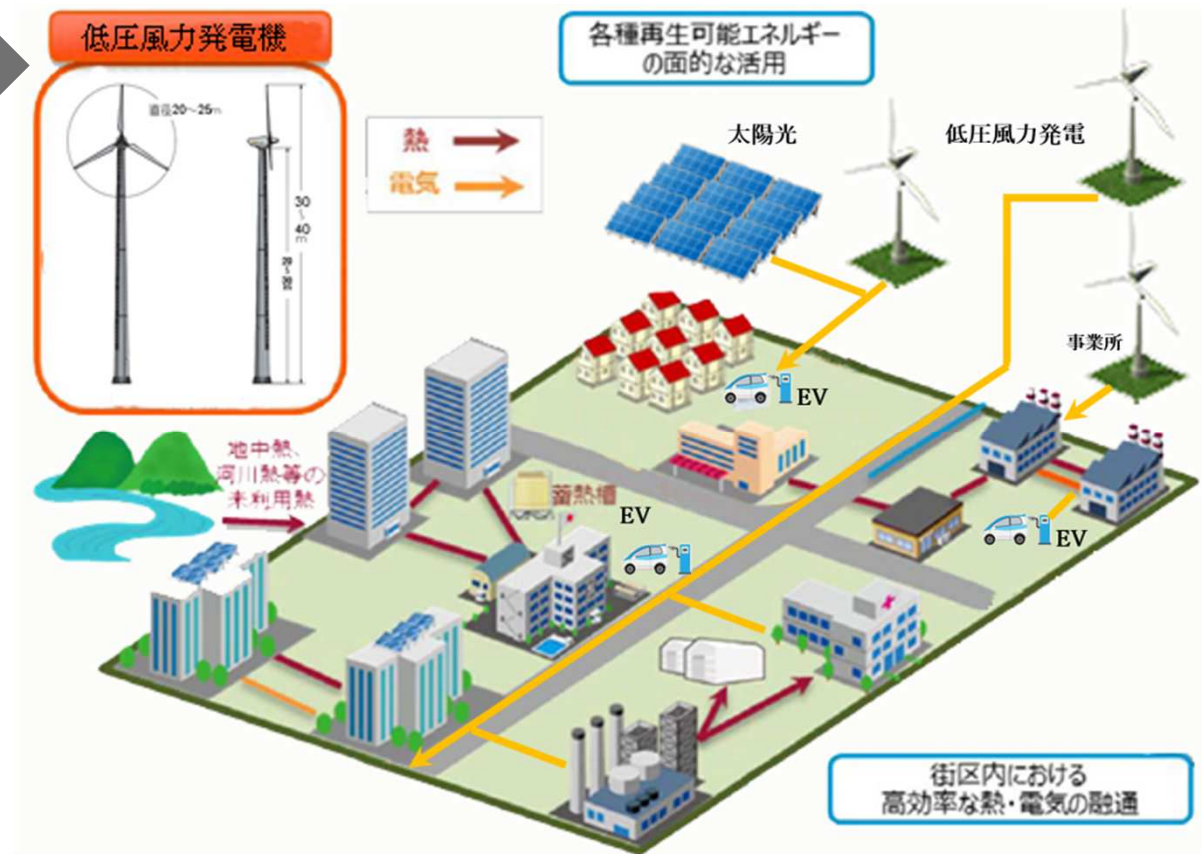
# Technology Development and Demonstration Project for Low-Voltage Wind Turbine Generators

## Leveraging digital technology in drive to help creation infrastructure for a zero-carbon society

- Participated in Ministry of the Environment fiscal 2020 project to develop and demonstrate technologies for enhanced carbon dioxide emissions reduction measures
- Three companies below developing and endeavoring to commercialize very socially acceptable wind turbine generator with rated output of 50 kilowatts
- Ricoh Japan overseeing development of AI-based remote diagnostic and other maintenance support tools

### Envisaged energy system for local production and consumption

Participants	Main Roles
Zephyr Corporation	<ul style="list-style-type: none"> <li>• Overall wind turbine engineering</li> <li>• Blade engineering</li> <li>• Automotive parts conversions</li> <li>• Field testing</li> <li>• Computing wind turbine control algorithms</li> </ul>
Ricoh Japan	<ul style="list-style-type: none"> <li>• <b>Developing AI-based maintenance support tools</b></li> </ul>
Silpheed	<ul style="list-style-type: none"> <li>• Blade production</li> </ul>



## One Million Trees Project

Forest conservation is important, not just to protect biodiversity, but also to prevent global warming and ensure sustainable community development. We are endeavoring to conserve forests and increasing tree numbers

### Goal

Plant **1 million** trees  
between fiscal 2020 and fiscal 2030  
(**260,000** had already been planted through fiscal 2019)

### Fiscal 2020

**92,000** planted

#### 1 Forest conservation projects (1999~)

We conserve vital forests from global perspectives. We do not simply plant trees. Our goal is to establish a sustainable forest management framework, focusing on safeguarding indigenous species habitats and local communities.

We have participated in conservation activities at 14 site in 10 countries, including in Brazil, Malaysia, and Mexico, and established a sustainable forest management system.



#### 2 Forest conservation with stakeholders (2017~)

We develop forests with communities, government bodies, schools, customers, and other stakeholders.

Ricoh Elemex manages the Ena Forest Projects program, while Ricoh Japan's Okinawa, Saga, Yamanashi, Fukui, Gifu, and other branches also undertake initiatives.



#### 3 Forest conservation with customers (2020~)

We pursue SDGs with customers.

Ricoh Japan is planting trees in Indonesia and the Philippines in proportion to unit sales of energy-saving MFPs.



#### 4 Planting trees in association with events

We help safeguard the environment through events or on other bases.

For Ricoh Cup golf tournament, we plant trees based on player scores. At the Gotemba Plant, we plant trees according to visitor numbers.





# Challenges in Generating Future Finances

- Capitalizing on global business opportunities by combining quality, cost, and delivery with ESG
- Creating business opportunities by supplying knowhow to domestic customers
- Reinforcing ties with customers through key SDG people
- Fostering employee uptake of SDGs



## Social criteria added to Germany's Blue Angel environmental label

Blue Angel criteria encompass conflict materials policies and require Responsible Business Alliance certification. Outside Germany, other European countries also benchmark using Blue Angel, so **insufficient compliance affects business negotiations across the continent**

## Nations everywhere have formulated human rights legislation

Germany imposes fines of **up to 800,000 euros (around 100 million yen)** on companies violating human rights due diligence. Cumulative penalties exceeding 175,000 euros **disqualifies companies from bidding for public contracts for up to three years**

## In fiscal 2020, headquarters supported global deals with ESG requirements and helped obtain deals worth 10 billion yen

European public institutions and multinationals increasingly make **ESG commitments a prerequisite alongside quality, cost, and delivery in selecting suppliers**

**Global regulatory trends suggest that ESG requirements will become increasingly important in negotiating business deals**

**CSR is equivalent to economic value in bidding for Spanish public contracts.**

## Spain's basic public procurement framework

- Scoring for all public tenders is out of 100 points, which companies scoring higher receiving orders
- Spain's public procurement laws mandate a minimum order qualification score of 50 points
  - Points components include pricing, responsiveness, installation and training plans, service, and **CSR certification**



### First example of tender in which Ricoh participated

### Supplier selection factors

<b>Points</b> Perfect score would be 100 points	55 points	Pricing	
	40 points	Technologies	Relating to providing services
	5 points	<b>CSR</b>	Ricoh obtained this score for such efforts as participating in international initiatives and complying with guidelines

**Ricoh España estimates that obtaining 5 points would enable the company to charge 12% more than others without such a score**

## Second example of tender in which Ricoh participated

### Deal negotiation overview

- Joint bidding for several public educational institutions
- Replacing MFPs for existing customer
- Deal revenues of worth around 600 million yen annually



### Supplier selection factors

<b>Points</b> Perfect score would be 100 points	50 points	Pricing
	38.5 points	Including for product specifications, service, and operator education
	11.5 points	<b>CSR</b> Encompassing environmental labels, energy-saving performance, donating traded-in machines to nongovernment organizations, and recycled toner cartridges

**Score allocations for CSR exceed 10 points in some cases**

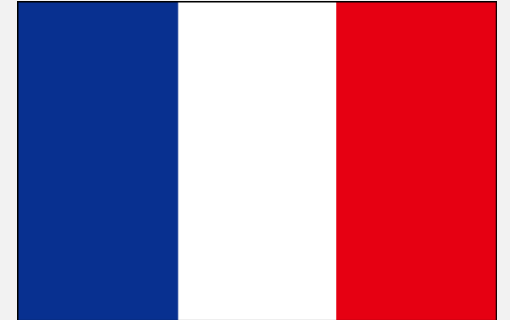


## French Company

**A major business deal in which we prevailed over a rival, with the company seeking to include ESG compliance in the contract just before the signing**

### Contractual requirements

- Participation in Supplier Ethical Data Exchange, or Sedex, a platform for sharing ethical supply chain data in which daily necessities, food, and other companies are involved and which aims to help enhance working conditions
- The right to audit Ricoh plants



### Ricoh's response

- Although asked to comply with Sedex requirements, Ricoh explained its effort levels based on responses to and scores from EcoVadis and Dow Jones Sustainability Index
- Since on-site audits with multiple audit systems would increase site workloads, Ricoh suggested as an alternative the Responsible Business Alliance, the world's largest industry coalition for corporate social responsibility in global supply chains
- Although ESG was a last minute contractual requirement, the customer accepted Ricoh's suggestion

**We won a multi-billion-yen replacement deal covering deliveries to about 30 countries**

# Existing Customer Requests to Comply with ESG Procurement Policies

**Customers have required written declarations and compliance declarations with respect to their procurement policies, not for business negotiations and bidding**

## Example 1 American Multinational in March 2020

**Refused to pay suppliers failing to fulfill social and environmental responsibilities**

Requests for declaring compliance encompassed:

- Management compliance with Responsible Business Alliance Code of Conduct
- Formulating and announcing environmental targets, educating employees about environment, and conducting environmental activities (conserving energy and resources and reducing carbon dioxide emissions)
- Ensuring that Ricoh suppliers thoroughly implement above steps
- American company reserved right to assess Ricoh's progress in above respects

## Example 2 British Multinational in August 2020

**Would not buy new products from suppliers refusing to agree with its responsible purchasing policy**

Asked Ricoh to submit declaration on company's purchasing procurement statement with regard to:

- Abolition of forced and child labor
- Reasonable working hours, guaranteed wages, freedom of association
- Ensuring safety
- Environmental protection

# Domestic Customer ESG Initiative Expansions and What They Seek from Ricoh

## Interest in ESG and SDGs expanding from big corporations to mid-tier companies

Mid-tier companies have begun responding to the revision of the Corporate Governance Code and the rising importance of supply chain management by exploring decarbonization and human rights initiatives and reflecting them in their management strategies

## Receiving many benchmarking requests from Ricoh Group customers

Ricoh has received more and more requests to outline its ESG and SDGs initiatives, including in terms of approaches, and offer examples of initiatives

## Ricoh Japan responding to customer requests, including through key Customer Innovation Support service and SDGs people

The Customer Innovation Support service (detailed on the next page) has helped identify business opportunities by evaluating customer requests and forwarding them to the right departments and having key SDGs people from Ricoh operations nationwide communicate with customers

\* See next page for details

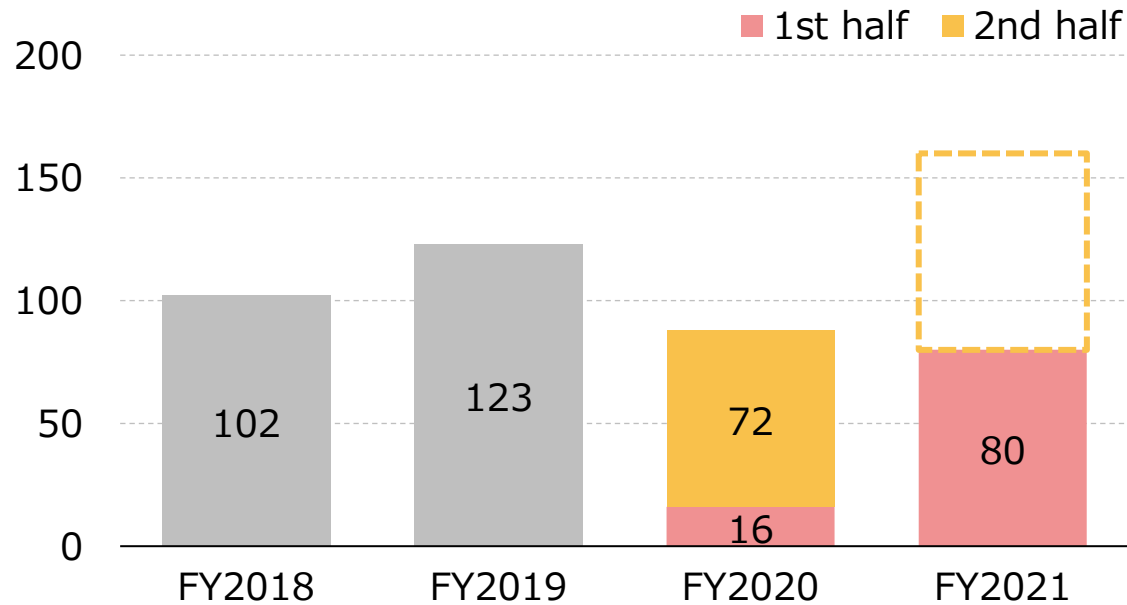
**We have reinforced customer relationships  
by sharing expertise about ESG/SDGs**

# Reinforcing Customer Relationships in Japan by Sharing SDGs and ESG Case Studies

Companies increasingly seek explanations and advice from Ricoh, which is strengthening relationships with them by accommodating their requests

## Number of Requests for SDGs and ESG Benchmarks and Lectures

Total for Ricoh and Ricoh Japan, including for non-Customer Innovation Support service work



Request numbers declined in fiscal 2020 owing to the pandemic's impact but reached the level the entire previous year in the first half of fiscal 2021

## About the Customer Innovation Support service

- Shares Ricoh Group's internal practices with customers to build trust and expand business
- Empowers Ricoh Group business units to respond swiftly to requests from customers and sales sites
- Increasingly receiving and addressing requests from customers for advice on SDGs and ESGs and strengthening relationships with them

## Internal focuses for Customer Innovation Support service



# Examples of Deals Resulting from Customer Innovation Support Service Efforts

## Participated in Company A's in-house customer management seminar

After seminar, senior management of Company A instructed purchasing section to choose Ricoh models when replacing printers

## Explained TCFD disclosure and internal uptake measures to Company B

Session led to proposal for auditing plant energy conservation and thereby to several orders, including for conference systems

## Explained plastic elimination and resource conservation measures to Company C

This provided an opportunity to introduce PLAiR, Ricoh's plant-derived polylactic acid sheet, to the customer's production site people

**Sharing Ricoh's experience with customers helps to boost business**

As of October 2021, we had **414** such key people at branches and business units nationwide, to support and contribute to customer SDG initiatives



## Goals and roles

Ensure SDG uptake within regional and business unit organizations, identify customer and regional issues, explore value Ricoh can offer, and share and deploy within business units

**Improved  
Corporate Brand  
Value**

Internal and external

### **Driving business and SDGs together**

- Produce and support SDG contribution success stories (incorporate SDG perspectives in proposals to customers)
- Collect, disseminate, and deploy best practices
- Educate and engage employees
- Present Ricoh's activities through seminars, benchmarking, and customer visits

**Results  
Contributions**

Direct and indirect

# Prime Activities and Achievements of Key SDG Persons in First Half of Fiscal 2021

## Prime Activities

- Participated in **more than 100 seminars**
- Created and contributed to **more than 57 business deals\*<sup>1</sup>** through their activities

\*1: Number that these people identified and reported and not including all business efforts involving SDGs and ESG

## Examples of SDG Efforts That Shaped Business Deals

- **Received order** for equipment and network services **after exchanging views with customer management**
- **Secured order without having to compete** by taking part in customer's internal seminar
- **Immediately** after an internal seminar, **customer accepted Ricoh's MFP proposal**
- Ricoh responded to question about benefits of deploying products from a company embracing SDGs and **beat a lower-priced rival in receiving an order**
- In a six-company competition, Ricoh **overcame price differences in receiving order** based on SDG efforts

**Our business has progressed from key SDG people taking part in seminars and advising executives, earning acclaim for their efforts and enabling us to secure orders without having to compete or avoid having to discount in negotiating deals**





- During this month-long event, more than 2,400 groups within Ricoh Japan register activity themes and contribute to SDGs
- Sales departments register proposals to customers contributing to SDGs

## Goals

- Build awareness of connections between SDGs and employees' jobs
- Have all employees undertake SDG initiatives and accelerate their contributions

## Overview of Action Month Program for June 2021

- Entities selected themes and registered them in the database  
<Example themes>
  - ◆ Helping customers reform work practices by developing paperless teleworking environments
  - ◆ Using renewable power proposals to help customers decarbonize
  - ◆ Undertaking in-house measures to save electricity and making proposals to customers
- Implemented activity themes during month (including to offer solutions for contributing to customer SDGs and implementing internal initiatives)
- Posted results and best practices on database
- Reported on and shared best practices in-house

## SDGs Action Months to Date

Five since October 2018

## In 2021, have shared best practices in interviews



## Proposing tools and solutions for presenting SDGs to customers Sharing tools and other knowhow for action month through intranet

### 月間に活用できるツール



お客様とともにSDGsに貢献する



SDGsを伝えよう!

In 2019, we initiated Ricoh Global SDGs Action, held every June, to reinforce and build awareness of ESG and SDG activities and foster unity among Group employees everywhere



## Fiscal 2021

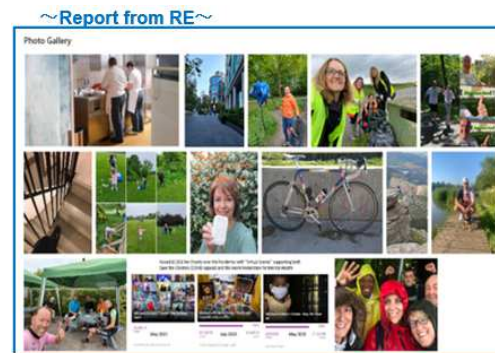
- **SDGs World Tour**  
Presents Group company SDG activities through videos
- **SDG Action Starts with What You Can Do**  
All business unit employees take actions related to SDGs
- **Smile for SDGs Action**  
Recognizes significant employee SDG action contributions

## Fiscal 2020

- Videos presented company and business unit SDGs initiatives
- Events covered social issues learning and action
- Sustainability Photo Contest
- Seminar on worker issues
- Seminar presenting sites engaging in recycling



SDGs World Tour page



Group company SDGs Action examples



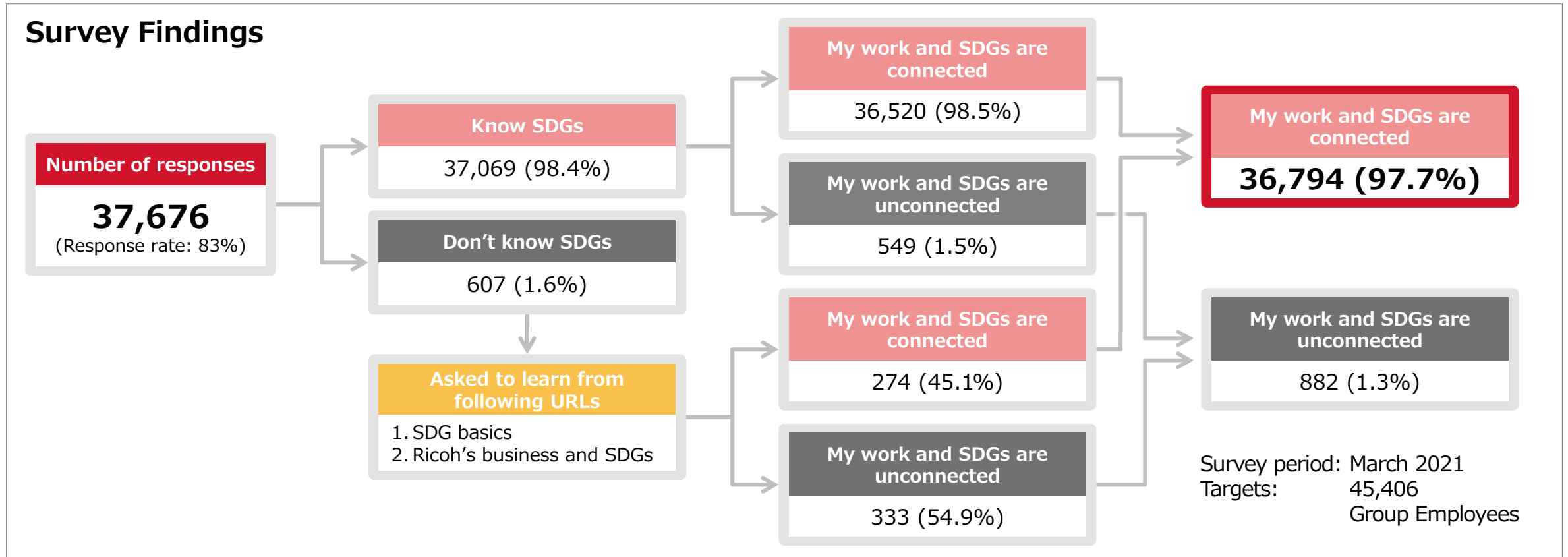
Grand Prize-winning entries in social issues learning and action event



Photo contest Grand Prize winner

## Employees steadily embracing SDG- and ESG-oriented policies and strategies

- We asked all employees to explain how SDGs relate to their work
- 97.7% of respondents noted such connections
- This compared with 90% of employees in year's survey stating such a relationship



**ESG-related initiatives should contribute financially over the next five or 10 years. Failing to focus on current efforts could damage our future financial and corporate value**

**We will draw on years of expertise and our organizational culture to identify connections between ESG and business growth and build support from stakeholders so we can enhance corporate value**

**RICOH**

imagine. change.