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ESG Briefing

Human Capital Strategy and Progress

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Global Talent Strategy

- It is a great pleasure to be with you today to outline Ricoh's global human capital strategy and progress.

- We presented this slide in the briefing for our 21st Mid-Team Management Strategy. On the right are our fiscal 2025 targets for four main key performance indicators. The fourth is to increase profitability per employee by 70%. That's a particular focus on people. They play a vital role in supporting and implementing our 21st Mid-Term Management Strategy.

- We developed our human capital strategy based on our challenges in attaining our targets. The next slide shows those challenges.

Nine Strategic Theme Challenges for 21st Mid-Term Management Strategy

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Challenge = Bridge gaps

People
- **Subject matter experts and business specialists** for digital services
- **Business Leaders** with digital service creation capabilities
- Individuals who can **adapt to change and co-create**

Systems
- Platform that optimizes human capital **worldwide**
- **High internal and external human capital mobility** and related programs

Corporate culture
- **Self-direction** and **supportive environment**
- **People constantly redesigning their work** and enhancing productivity
- **Diverse and inclusive environment** fostering creativity

*Process digitalization: Redesigning work and processes with digital technology

Strengthen Engagement

Business strategy execution

Ongoing Change

Capabilities

Growth
- Digital services delivery capabilities
- Leadership pipeline

Productivity
- Process digitalization* and high productivity
- Manager capability enhancement
- Individual and team performance maximization

Ricoh Culture

Mindsets
- Self motivation
- Diversity, equity, and inclusion (DEI)
- Global Ricoh
- Digital mindsets

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- The challenges are on the left. We have to bridge gaps between where we are and where we want to be to reach our fiscal 2025 goals.

- We accordingly identified several major gaps in terms of our people, systems, and corporate culture.

- On the people front, for example, we don't have enough expertise or personnel who can leverage their skills to generate businesses as we ramp up digital services. We also need more individuals with digital business creation experience in our management pipeline to support our growth and expand our business with digital technology.

- In terms of systems, we have to work out how we will roll out our digital service contents across borders as a global company. We have to determine the frameworks we need to create flows of people, knowledge, and expertise for that purpose. Gaps are emerging in those respects.

- Regarding our corporate culture, as we transition away from manufacturing to digital services, we must decide how to take the initiative to tackle risks and resolve issues. This is a tremendous challenge, and we see gaps in that respect as well.

- Having identified several major gaps, we have carved out the nine strategic themes on the right of the slide. Five of the themes relate to capabilities in executing strategies. The other four cover mindsets. These capabilities and mindsets complement and reinforce each other to create the corporate culture undergirding our organization. As we transform into a digital services company, we will also revamp that culture to encompass these capabilities and mindsets.

- With these attributes in place, we will greatly enhance our ability to execute our business strategies.

- As success begets success little by little, employees will engage more with Ricoh, building confidence, executing better, and growing personally. When employees then take on new challenges, they will drive ongoing change. This cycle is essentially our strategic backbone.

- We derived these nine strategic themes from gaps that we identified when formulating our 21st Mid-Term Management Strategy. We will update our strategic themes as implementation progresses. I would like you to note that while the model for our cycle will remain unchanged we will evolve our strategic themes from time to time.

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Fulfillment through Work

The three pillars of our approach to human capital

① Encourage employees to fulfill their potential	② Align personal and business growth	③ Enable employees to experience Fulfillment through Work
Self-disciplined mindsets and **self-directed work approaches maximize performances** of individual workers	**Unleash employee creativity** and foster business growth **by leveraging digital skills**	Create a corporate culture that embraces Fulfillment through Work **by globally offering the same employee experiences**

Nine strategic themes

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- In considering these nine strategic themes, it is also important to explore our mission and vision and align it with those themes.

- Our mission and vision is to deliver Fulfillment through Work. We use digital technology to automate workflows so we can unleash the creativity of people and ultimately seek to provide Fulfillment through Work internally and to our customers.

- There are three pillars to our human capital approach in pursuing Fulfillment through Work.

- The first is to encourage—not force—employees to fulfill their potential through self discipline and self direction.

- The second is to align personal and business growth. While we are focusing on digital skills, we provide more than this to customers. First up, we aim to lift the digital skills of all our employees.

- The third pillar is to enable employees to experience Fulfillment through Work. Employees accumulate experience every time something changes, leading to that fulfillment and greater engagement.

- We prize these three pillars. It was vital to us in formulating our strategy to align the nine strategic themes that we identified from gaps and the vectors of these three pillars.

Strategic Overview

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Three pillars	① Encourage employees to fulfill their potential	②Align personal and business growth	③Enable employees to experience Fulfillment through Work
Strategic elements	Self motivation Individual and team performance maximization Manager capability enhancement	Process digitalization and high productivity Digital mindsets / Digital services delivery capabilities Leadership pipeline	Diversity, equity, and inclusion (DEI) Global Ricoh Strengthen engagement
Employee experiences	Learning and growth and career development Manager training / Hybrid work policy	Design thinking/ Agility / Process digitalization Basic digital skills / Global leadership program	Co-creation culture / Ricoh Way DEI activities / Engagement surveys
FY2025 key performance indicators	Career development Internal job reassignment rate based on Individual Development Plan **More than 60%**	Digital training* completion rate **100%**	Female-held managerial position ratio Global: 20% Japan: 10% Employee engagement score **3.91** (Using Gallup scores)

* Digital training: Generic term for training programs encompassing Ricoh Agile and process digitalization and digital basics
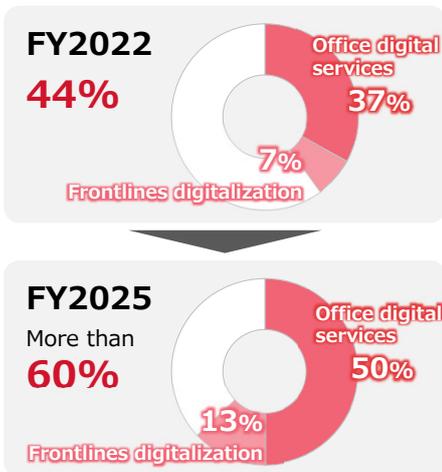
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- The three pillars cover our nine strategic themes, which will become strategic elements in specific human resources measures that employees experience.

- Building the foundations of the employee experience will drive our transformation.

- The key performance indicators at the bottom of the slide measure our efforts to execute that transformation. For example, the first pillar in which we encourage employees to fulfill their potential links to self motivation in careers. The second and third pillars have similar connections.

- I believe that when we align everything overall in this way we will firmly embed the nine strategic capabilities and mindset themes in our organization and make them part of our culture.

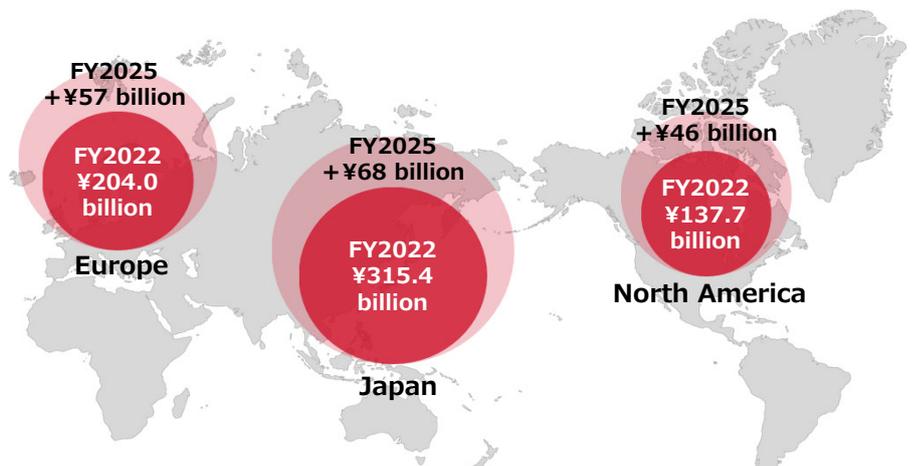# Strengthening Our Digital Capabilities

The Need for Digital Professionals

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- Intensify efforts to bolster, train, and redeploy talent to expand Office Services business

Changes in digital services sales
(excluding Other businesses)

FY2022
44%

Office digital services **37%**

7%
Frontlines digitalization

FY2025
More than
60%

Office digital services **50%**

13%
Frontlines digitalization

* Excluding the Other segment

Office Services sales targets
for Japan, Europe, and North America

Europe
FY2025 +¥57 billion
FY2022 ¥204.0 billion

Japan
FY2025 +¥68 billion
FY2022 ¥315.4 billion

North America
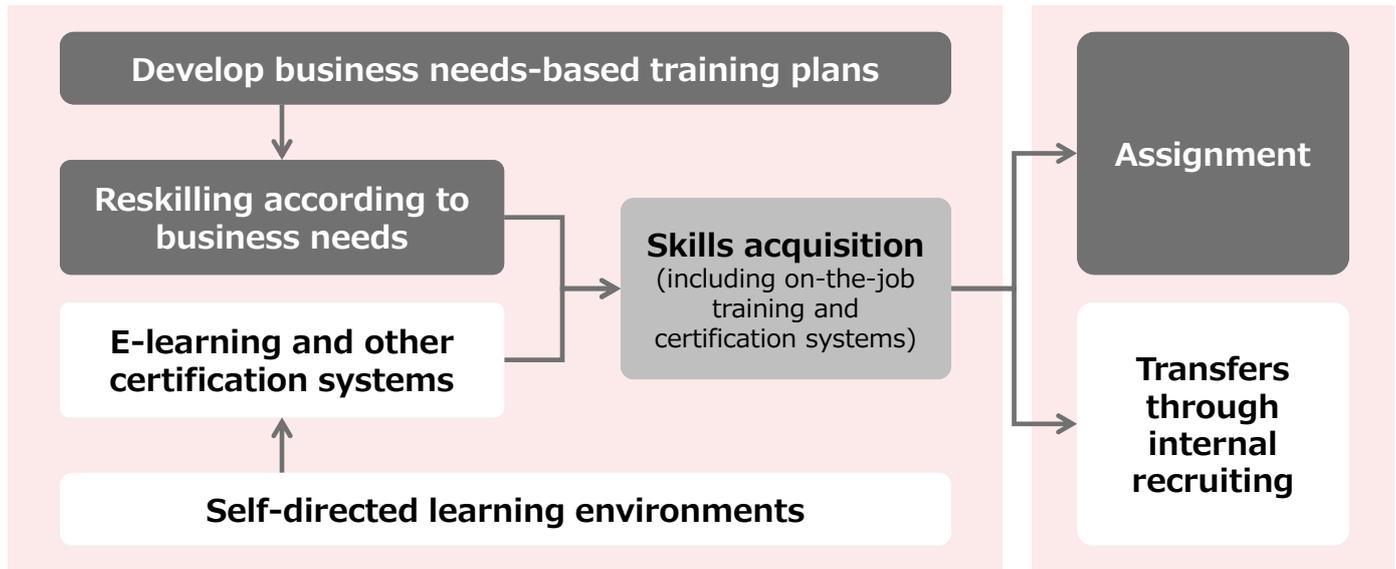FY2025 +¥46 billion
FY2022 ¥137.7 billion

* FY2022 figures are from the full-year financial results announced on May 8, 2023, before recategorizing the PFU business and some common expenses
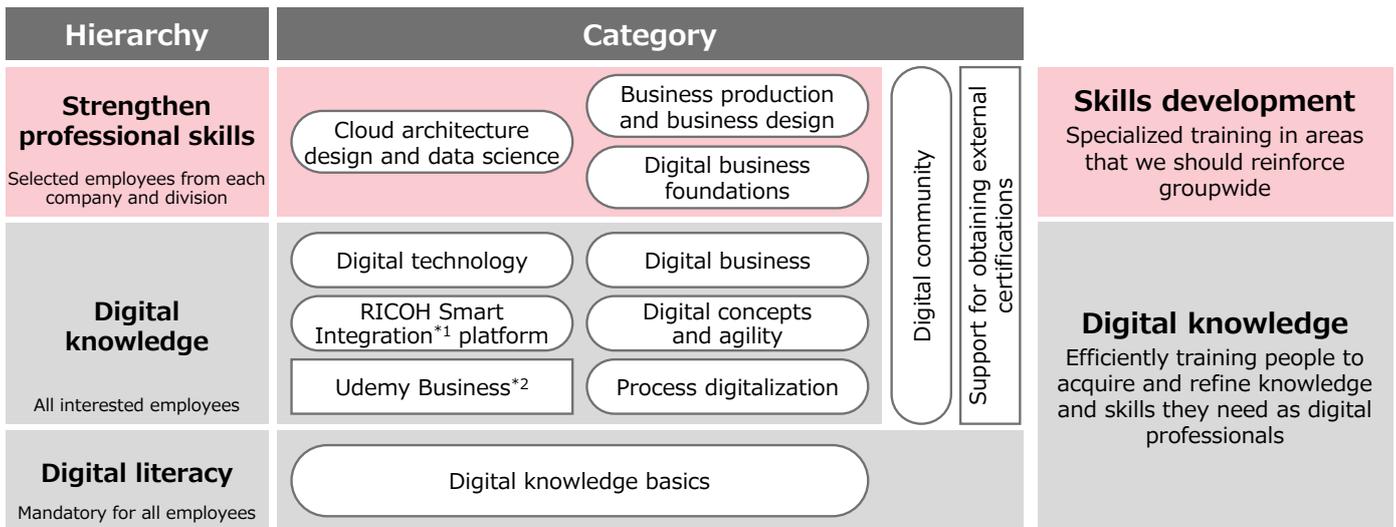
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- I will now go through specifics. I will start by discussing the most important of our nine strategic themes, which is how we can secure the professionals we need to support our digital business.

- This slide, which we also explained in the 21st Mid-term Business Strategy briefing, shows that we look to lift Office Digital Services sales from 44% in fiscal 2022 to more than 60% by fiscal 2025.

- We will have to deliver such growth in the large Japanese, European, and North American markets. We will naturally need professionals to support this growth.

- In considering how to secure these people, it will be strategically important to secure external talent, including through the acquisitions that we are undertaking particularly extensively in North America and Europe.

- It will be equally important to develop and redeploy skilled individuals within our organization.

- In view of the differing market and customer needs of our sites, I will take you through what we value when undertaking global policies companywide.

Developing and Redeploying Digital Professionals

- Take top-down and bottom-up approaches worldwide
- Regionally customize training and redeployment platforms

Develop business needs-based training plans

Reskilling according to business needs

E-learning and other certification systems

Self-directed learning environments

Skills acquisition (including on-the-job training and certification systems)

Assignment

Transfers through internal recruiting

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- We will tailor specific measures to meet local unit needs according to regional requirements. Our central stance and fundamental framework will nonetheless remain the same.

- We will also globally standardize the framework for cultivating and redeploying digital professionals. The framework entails two talent development vectors.

- One is to train and deploy required digital professionals according to the number we need, determining this from business needs-based workforce planning. For workforce planning, we organize skills training in line with priority points based on skill levels and ultimately determine the final number of people we require. This essentially top-down approach enables us to execute strategies very effectively and fast.

- Still, employees need to take self-disciplined steps for our approach to endure in the corporate culture. The arrow at the bottom of the chart shows how we can achieve this by creating self-directed learning environments and offer mobility within our organization, such as by transfers through internal recruiting.

- We believe that having top-down and bottom-up talent development vectors will ensure prompt training and reassignments.
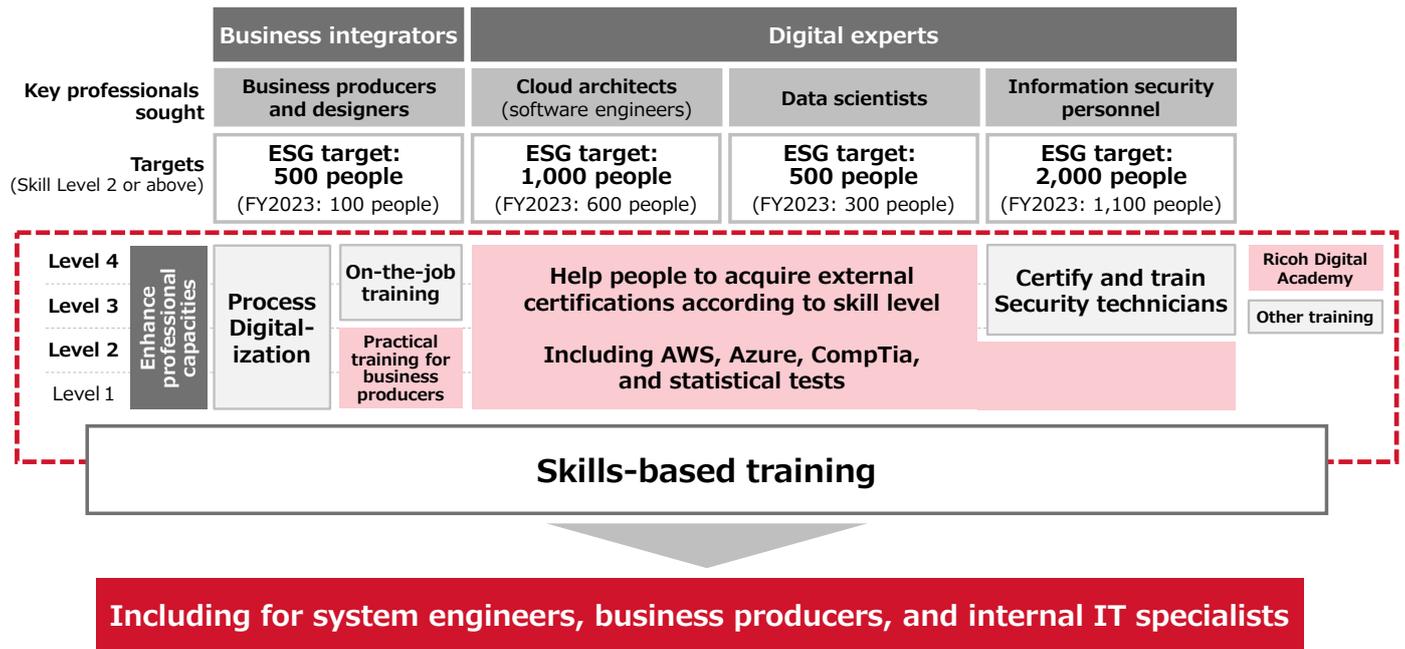
Ricoh Digital Academy in Japan

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- Maintain two-tiered structure to develop professional skills and enhance digital knowledge of all employees

Hierarchy	Category				
Strengthen professional skills Selected employees from each company and division	Cloud architecture design and data science	Business production and business design Digital business foundations	Digital community	Support for obtaining external certifications	**Skills development** Specialized training in areas that we should reinforce groupwide
Digital knowledge All interested employees	Digital technology RICOH Smart Integration*1 platform Udemy Business*2	Digital business Digital concepts and agility Process digitalization			**Digital knowledge** Efficiently training people to acquire and refine knowledge and skills they need as digital professionals
Digital literacy Mandatory for all employees	Digital knowledge basics				

*1 Ricoh Smart Integration: Ricoh Group common platform
*2 Udemy Business: An employee online learning platform of Udemy, Inc., of the United States

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- I will now detail what the Ricoh Group has done domestically. Last year, we launched the Ricoh Digital Academy. Its curriculum includes internally developed programs and excellent ones from outside Ricoh. Our in-house programs deliver meticulous care. At the same time, we harness external certification programs offering broader recognition and certifications.

- For the Strengthen professional skills areas at the top of the hierarchy in red, we have rolled out programs to reinforce and increase skills, prioritizing such areas as cloud computing, data science, and security.

- For Digital knowledge in the middle of the hierarchy, we focus less on enhancing skills and more on cross-skilling and reskilling programs to broaden skill bases. Process digitalization in the bottom right of the Digital knowledge area is a program that we have started rolling out for all employees in Japan. It involves them redesigning their work with digital tools. That approach should enhance employee productivity significantly.

- Earlier, I spoke about aligning employee development with corporate growth. At the bottom of the hierarchy is Digital literacy, which we are reinforcing because employees should naturally be proficient in digital knowledge if using digital tools.

- We offer essential programs from the Ricoh Digital Academy to each of our employees and direct them to complete them.

- At least 13,000 of our more than 30,000 employees in Japan have taken Ricoh Digital Academy course, with 96% of them completing Digital literacy training.

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Business integrators	Digital experts		
Business producers and designers	**Cloud architects** (software engineers)	**Data scientists**	**Information security personnel**

Key professionals sought

Targets
(Skill Level 2 or above)

ESG target: **500 people** (FY2023: 100 people)	ESG target: **1,000 people** (FY2023: 600 people)	ESG target: **500 people** (FY2023: 300 people)	ESG target: **2,000 people** (FY2023: 1,100 people)

Level 4	Enhance professional capacities	**Process Digital-ization**	On-the-job training	**Help people to acquire external certifications according to skill level**	**Certify and train Security technicians**
Level 3					
Level 2			Practical training for business producers	**Including AWS, Azure, CompTia, and statistical tests**	
Level 1					

Ricoh Digital Academy

Other training

Skills-based training

Including for system engineers, business producers, and internal IT specialists

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- There are four focus areas for the Ricoh Digital Academy.

- The focus areas are cloud architects, data scientists, information security personnel, and business integrators who draw on those digital experts on the right to build our businesses. We target a total of 4,000 business integrators and digital experts. Thus far, 2,100 employees have attained the skills we seek. We will train the other 1,900, who should graduate within the next two years.

- Placement options include internal systems engineers and business producers. Specific deployment locations also encompass business units. We will additionally circular individuals among internal IT units.

- Professional certifications across all positions by job types and roles

Defining different skills for each customer target

Sales	Account SA	AA-SA	LA-SA	MA-SA	GE-SA						
	Channel SA	BP-SA	OR-SA	AP-SA							
	Inside SA	Field and inside	PASS	DMC	Digital marketing						
	ICT-SA	Finance	Non-finance								
	Product SA	IT infra-structure	Applications	COM	Workplaces	Imaging	PP	Industrial	Smart & Energy	Imaging	MDS	Multi-role support
SE*	Customer engineer	DSE	H-DSE	ICTE	H-ICTE	MAE	DPE	**CEX**			
Technology	Sales engineer	Systems architect	Project manager	Software development	Applications SE	Managed services SE	Platform SE	Document specialist	Product specialist	Strategist	
	Consultant	Consultant									
	Producer	Producer									
	IT facilities engineer	Design	Construction management								
	Technical support engineer	Regional DS/SW	Headquarters DS/SW	ICT	PP/information	S&E					
Support	Sales and service support	Process support	ASC	MDS services (site operations)	MDS services (SDM)	MDS services (IT-BPO)					
	Operations	Site operations	Shared services								
	Staff	Planning and strategy	Corporate	Sales promotion	Product service planning	Digital marketing	Internal SE *SE professional certification	Call *communicator			

*Sales engineering

Legend

(pink)	**Requirements according to duties and details**
(green dotted)	**Common staff role requirements**
(orange dotted)	**Product service planning job requirements**
(gray)	**Currently reviewing or preparing jobs and role definitions**

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- I will now discuss Ricoh Japan. That domestic sales company has established quite detailed skill requirements for sales, technical, and support roles.

- Here, you see our Professional Certification System framework. You will note that in the section highlighted in red at the top we established skills requirements that we tailored to customer targets. That ensures that we equip our employees well to deliver the exact services that customers need, making them immediate assets to the Ricoh Japan team.

Ricoh Japan's Professional Certification System

- Aligning external and internal certification levels job grades and compensation

Ricoh Japan's System Engineer Professional Certification Levels

3Rings*1 assessment (ITSS*2 Career Level)	Ricoh Japan professional certification levels		
Level 6	8	Corporate changer	● Top-tier expertise in Japan ● Influential in industry and regional circles
Level 5	7	Business changer	● High-end player in-house ● Highly influential in-house and with partners
	6	Value creator	● Top-tier players in-house ● Well-known throughout company
Level 4	5	Agent of change	● Outstanding skills and results in region (bloc) ● Well-known and influential across region
	4	Performance driver	● Contributes to branch and business unit progress
Level 3	3	Cornerstone	● Contributes to business unit progress
Level 2	2	Fully capable	● Can leverage basic skills in independently handling tasks ● Achieving consistent results
Level 1	1	Handling tasks independently	● Meets minimum skills requirements

*1 3Rings: Ricoh Group's domestic online skills visualization platform
*2 ITSS: Japan's Ministry of Economy, Trade and Industry published the Skill Standards for IT Professionals (ITSS) indices to identify IT skills

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- We do more than just establish skill requirements and seek to acquire them. We tie everything to jobs and treatment.

- We conduct level certification based on the Skill Standards for IT Professionals, which Japan's Ministry of Economy, Trade and Industry published. We link these indices to job levels, which in turn are tied to roles and compensation.

- So, this enables top-down reassignments, as I mentioned earlier. By the same token, employees can also understand our requirements and the jobs they can try. That means that we link to a system that encourages employees to take the initiative in building their careers.

Ricoh Europe's Reskilling and Upskilling Programs

- Continue to train and shift highly experienced workforce to support growing Office Services
- Program graduates deploying and integrating services of acquired firms

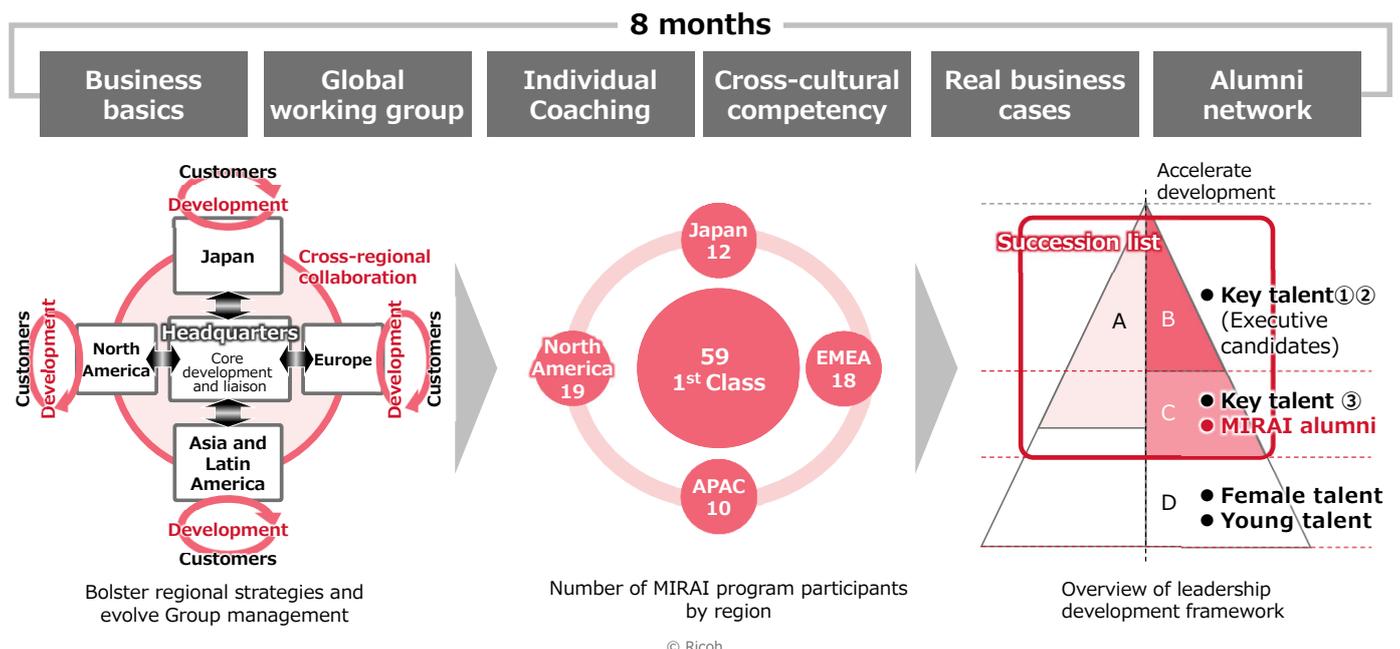**RICOH Europe's Digital talent development Initiative**

Digital Academy	Technical Academy	Sales Academy
• **Digital Talent Programme**	• **Cross-Skilling Programme**	• **Selling Value Programme/partner portal**
– Develop digital skills to meet with future business demand	– Cross-skill all field engineers to provide support across Office Services business	– Enable sales and partners to sell value with whole integrated portfolio
Trained Talent *as of H1 FY2023*	**Trained Talent** *as of H1 FY2023*	**Trained Talent** *as of H1 FY2023*
470 employees	**1,000 engineers**	**+3,000 sales** **870** activated Partners
Shift upskilled talent to growing areas	**Enhance engineers' capabilities**	**Drive value-added sales via all channels**

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- I will now explain our efforts in Europe, where we have our own training programs.

- The Digital Academy in Europe offers a curriculum corresponding to top-tier courses at the Ricoh Digital Academy. It provides training to sharpen skills. Just under 500 employees have undertaken highly specialized training, thereafter redeploying to other areas.

- The Technical Academy in the center of the slide maintains a cross-skilling programme. Customer engineers who maintain and repair multifunctional printers acquire digital skills to extend their capabilities to maintaining and supporting edge devices and systems for digital services. The Digital Academy and the Technical Academy have together trained around 1,500 people.

- Finally, the Sales Academy offers unique educations to sellers and distributors. It aims to enhance the value of our services by equipment participants to be more effective at selling our service packages.

- To illustrate, we acquired a firm called DocuWare. Through the programs on the left and center of the slide, we are strategically reallocating personnel to broaden sales of DocuWare software across various regions and settings. We embarked on that endeavor in fiscal 2019, accelerating efforts in fiscal 2020 and 2021.

Strengthen Leadership Pipeline

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- Develop leaders through MIRAI leadership program

8 months

| Business basics | Global working group | Individual Coaching | Cross-cultural competency | Real business cases | Alumni network |

Bolster regional strategies and evolve Group management

Number of MIRAI program participants by region

Overview of leadership development framework

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- I will explain how we are connecting all this to leadership.

- As you see in the left of the slide, the approach for businesses centered around manufacturing entailed design at headquarters, devising marketing strategies, and distributing from there to sales companies. As a digital services company, however, we focus on creating content and providing services locally. We then streamline and standardize content from local production for deployment to other regions. Headquarters serves as a bridge by facilitating a cycle that creates global synergies.

- As I mentioned when explaining the gap early in this presentation, we lacked a mechanism to upscale and roll things out worldwide. We are using the globalization aspect in our nine strategic themes to develop talent.

- We launched the MIRAI program to strengthen our leadership pipeline. This year has seen the first cohort of 60 students graduate from this program, which has two prime goals.

- The first is to find ways to globally expand initiatives from regions with headquarters involvement. This will be through a leadership development program and interpersonal exchanges.

- Second, many of these 60 individuals actually gained experience in the digital business. So, we are creating a mechanism to gather expertise, particularly in the digital business, and deploy it across networking and other projects and create actual businesses.

- The MIRAI program will continue, and when participants graduate they will generally become part of the talent pool for the next generation of executives. We are endeavoring to swiftly expand this pipeline, focusing on employees, particularly those in their 40s.

- With respect to digital initiatives, we are pushing ahead with measures to expand our pipeline for future management talent, collaborating with those currently working on the frontlines.

Enhancing the Work Culture

Bolstering Self-Direction and Engagement Worldwide

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- Taking shared and differing approaches

	Work style	Career	Education		Culture	DE&I
Japan	Our Normal—Ricoh's new hybrid work approach	Ricoh-style job-based personnel system	Creating self-learning plans to compile and visualize skills and experience	Manager training—from supervision to support	RICOH Way Values Award[*2] Ricoh Way	Japan Council
		Job postings				Global Council
Overseas	Hybrid work and virtual employees	Career support measures using LMS[*1]			New business	Employee Resource Group

Key Performance Indicators	Career self-direction	Employee engagement score	Female-held managerial position ratio

*1 LMS: Online learning management system
*2 The Ricoh Way Values Award: Award system that recognizes global initiatives that embody our values

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- Next, I will outline our corporate culture, as many of our nine strategic themes relate to it.

- Basically, we have globally unified our framework and direction. The work style, career, education, culture, and diversity, equity and inclusion elements are all the same worldwide. Some of the measures within each of those elements are the same everywhere. Others change according to local circumstances.

- In terms of working style, for example, we have no set requirement in Japan for the number of days individuals or teams should come to the office under the Our Normal policy. Those decisions are at their discretions. Overseas, we have exactly the same policy as a hybrid work approach. Also overseas, we offer three-day workweeks and the Virtual Employee, a more advanced remote work setup in which individuals provide services in one country and reside in another.

- On the career development front, we maintain a globally standardized internal job posting program. On top of that, in Japan we deployed the Ricoh-style job-based personnel system last year, which greatly simplified transfers.

- Regarding education, as I mentioned earlier, we tailor regional training program to local requirements.
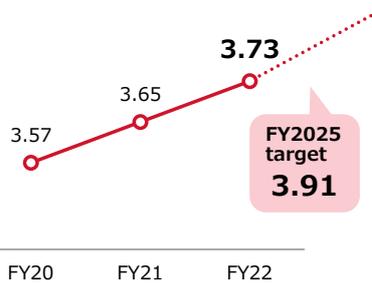
Key Performance Indicator Progress

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- Finally, I will provide specific progress updates, focusing on key performance indicators.

- I will begin with career self-direction.

- This is a particular focus in Japan this year. We ultimately aim to have 60% of personnel transfers in line with their own career goals. As a first step in that direction, we deployed a new career sheet tool in Japan to empower employees to take stock of their own careers.

- Thus far, 85% of employees have updated and used their career sheets, with 70% of them also updating their Individual Development Plan goals. We believe that 60% of transfers will be based on individuals' goals and plans, which seems feasible.

- Next is the employee engagement score. We have used Gallup's tools worldwide since 2020. While the company has struggled performance-wise, our engagement scores have grown quite steadily.

- In North America and Europe, where competition for talent and turnover are concerns, we have experienced considerable growth. The turnover rate has thus gradually decreased. Notwithstanding performance challenges, employee engagement seems to be increasing.

- On the right of the slide is a key performance indicator for diversity. We target a female-held managerial position ratio of 20% worldwide by fiscal 2025. The figure is just under 16% now, but we are seeing growth.

- We have found progress particularly challenging in Japan, but we have seen the emergence of female branch managers and branch managers in sales. Women have taken up managerial positions at overseas production sites. Also, all eligible male employees have taken maternity leave, and this has been a focus of considerable attention recently.

- I hope you understand that we are achieving growth and are progressing steadily with our key indicators.

- That completes my explanation of Ricoh's global human capital strategy and progress.