

Corporate Governance Structure

The Ricoh Group, through its corporate activity as a whole, including activities by management, is working to enhance its governance system to strengthen competitiveness in line with stakeholder expectations while ensuring management transparency based on corporate ethics and legal compliance. By doing so, the Ricoh Group aims to achieve sustainable growth and improve shareholder and corporate value.

The Company has introduced a corporate audit system. In addition, it is making efforts to enhance oversight of

executive management by the Board of Directors and enhance execution of operations by the executive officer system. Furthermore, by appointing Outside Directors, the Company is making efforts toward further improvement of corporate governance by decision-making and oversight of executive management through discussion from their independent perspectives. The nomination and compensation of Directors and Executive Officers are deliberated by the Nomination Committee and the Compensation Committee, advisory bodies comprising a majority of Independent Outside Directors. The recommendations of each committee are reported to the Board of Directors.

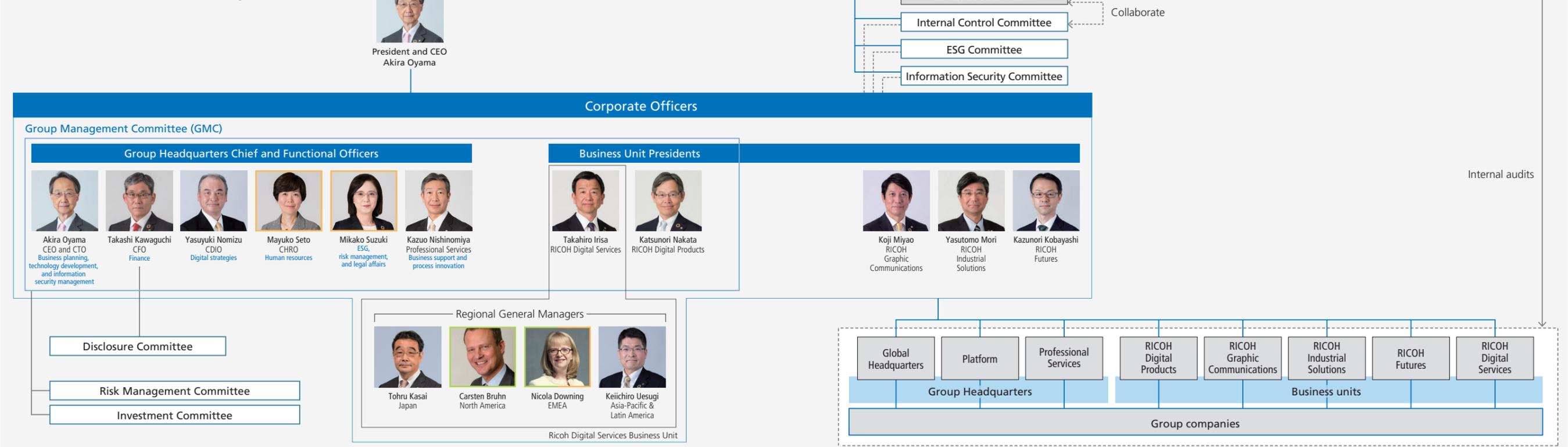
Governance structure to enhance supervisory structure for transformation into a digital services company and to facilitate agile decision-making

□ : Foreign national □ : Female

Corporate governance structure



Business Execution and Control System



As of November 15, 2023

The Board of Directors

The Board of Directors is responsible for management oversight and important decision-making for Group management. By appointing highly independent Outside Directors, the Group ensures greater transparency in its management and fair decision-making.

By leveraging the expertise and experience of each non-executive Director, including Independent Outside Directors and Executive Directors, in serious discussions on important issues, the Company encourages initiatives in new areas of growth, creating a structure that enables management oversight from the viewpoints of various stakeholders, including shareholders. As a rule, we require all Directors to attend at least 80% of meetings of the Board of Directors and to provide an effective oversight function for corporate management.

An Independent Outside Director chairs Board of Directors meetings, and the Independent Outside Directors on the Board of Directors constitute a majority. In fiscal 2023, five of the eight Directors are Independent Outside Directors. In addition, the Company appoints a Lead Independent Director to enable Outside Directors to better fulfill their roles and functions on the Board of Directors. In conjunction with the Chairperson of the Board of Directors, the Lead Independent Director is responsible for improving and enhancing governance and serves as the leader of Independent Outside Directors at the Company.

The appointment of the Lead Independent Director is as necessary based on the judgment of the Board of Directors in

light of the Company's management situation and the appointment of the Chairperson of the Board of Directors and the Directors. Appropriate collaboration and division of roles by the Chairperson of the Board of Directors and the Lead Independent Director ensure the smooth operation of the Board of Directors and the fulfillment of its functions.

Furthermore, the Company appointed a Chairperson in April 2023. In appointing the Chairperson, the Board and the Nomination Committee have carefully considered the role of the Chairperson so that the relationship of their authority and responsibility to that of the CEO is well defined. As a result, the role of the Chairperson in the Company has been defined as an Internal Director who primarily supervises management, does not concurrently serve as an Executive Officer, and is not involved in the day-to-day execution of the Company's business. The definition has been clearly stated in the internal rules and regulations. Based on the above roles, the delegation of the Chairperson's duties is based on the perspectives of strengthening the supervisory function, providing support to the business execution, and external activities. By granting the Chairperson representative authority, we have further strengthened the Chairperson's support for business execution and external activities and clarified their responsibilities in enhancing corporate value. The Chairperson's position and duties are reviewed regularly based on the business environment and the execution status.

The Ricoh Board culture

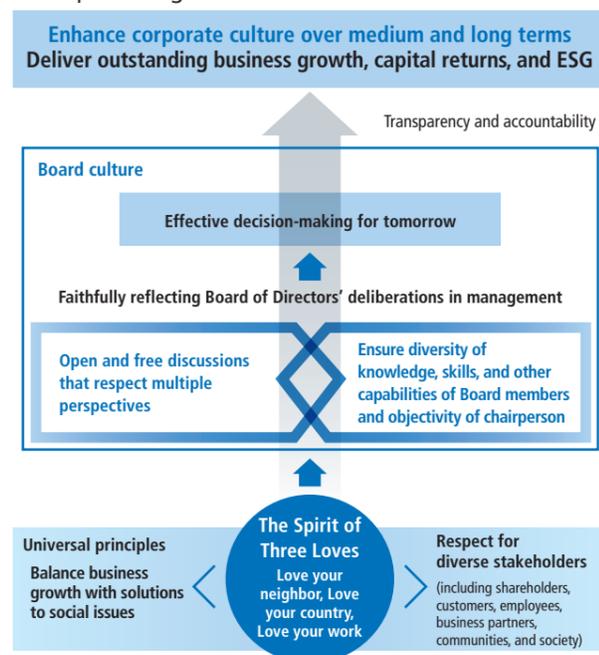
The Board of Directors reflected on Ricoh's founding spirit to discuss the ideas and principles that underpin that body's deliberations, decisions, and actions to help enhance corporate value. It accordingly established the following values for Board culture in fiscal 2022.

The Board of Directors shall:

- Honor the **Spirit of Three Loves**, engaging with and **respecting the interests** of shareholders, customers, employees, partner companies, communities and society, and other **stakeholders** while overseeing management strategies and plans that help **resolve social issues**.
- The **chairperson** shall **objectively** lead **diverse and highly independent** Board members to engage in constructive deliberations that value a **diversity of open and free viewpoints**. **Management shall faithfully reflect** the results of these deliberations.
- Board members shall understand their social responsibilities, make **robust decisions for the future**, and oversee management's implementation of decisions, so that the Ricoh Group can **enhance medium- and long-term corporate value** by delivering exceptional **business growth, capital profitability, and ESG goals**.

As the business climate and management structure change, the Board of Directors will constantly refer to the above culture in deliberating, making decisions, choosing Directors, and engaging with shareholders and other stakeholders.

Conceptual diagram of Ricoh Board culture



Skills matrix

The compositions of the Board of Directors and the Audit and Supervisory Board and the expertise of directors and Audit and Supervisory Board members are as follows. The table below represents the skills of Directors and Audit and Supervisory Board members that are deemed exemplary, and does not represent all of their knowledge and experience.

Positioning of major skills and notable fields of expertise

- The Company lists major skills that more than one Director or Audit and Supervisory Board member should ideally cover in light of the business environment and strategies. Based on their positions and roles on the Board of Directors and committees, a maximum of three major skills each individual possesses are marked with a "●."
- In addition, we consider it necessary for individual Directors and Audit and Supervisory Board members to demonstrate outstanding knowledge and skills in their respective fields of expertise in order to address increasingly sophisticated and diverse management issues, and have listed these as notable fields of expertise.

Reasons for selecting major skills

- Corporate management:** To understand business opportunities and risks in consideration of the management environment, and ensure appropriate decision-making and oversight to enhance corporate value.
- Governance and risk management:** To achieve a higher level of governance that is trusted by diverse stakeholders and to appropriately address increasingly complex and sophisticated business risks, such as geopolitical risk and economic security through global information gathering and analysis.
- Finance and accounting:** To achieve sustainable enhancement of shareholder value and corporate value through capital policy and communication with the capital market, as a company listed on the Prime Market.
- Sustainability:** To promote solutions to social issues through ESG initiatives, which Ricoh considers essential for sustainable enhancement of shareholder value and corporate value, in order to realize Ricoh's goal of a society in which the balance among the three Ps*1 is maintained (Three Ps Balance).
- Technology and digital processes:** To accelerate the transformation into a digital services company by utilizing edge devices*2 that are unique to Ricoh and providing digital services such as platforms and software that leverage these strengths.

*1 Three Ps: Prosperity, People, and Planet

*2 Edge device: A networked device with data processing functions, such as a multifunctional printer or a camera that serves as an entry and exit point for various data, including text, photographs, audio, and video

Directors

| | Years of service | Nomination Committee | Compensation Committee | Key skills | | | | Notable fields of expertise |
|---------------------|------------------|------------------------|------------------------|----------------------|--------------------------------|------------------------|----------------|---|
| | | | | Corporate management | Governance and risk management | Finance and accounting | Sustainability | |
| Yoshinori Yamashita | Male | Non-executive officer* | 11 years | ● | ● | ● | ● | Supply chain management and marketing |
| Akira Oyama | Male | | 2 years | ● | | ● | ● | Global marketing |
| Takashi Kawaguchi | Male | | — | | ● | ● | | Accounting and finance and investment management |
| Keisuke Yokoo | Male | Outside Independent | 3 years | ● | ● | ● | | Finance and investment management |
| Sadafumi Tani | Male | Outside Independent | 2 years | ● | Chairperson | ● | | Information analysis and distribution and communication |
| Kazuhiro Ishimura | Male | Outside Independent | 1 year | ● | Chairperson | ● | ● | Technology management and ESG management |
| Shigenao Ishiguro | Male | Outside Independent | — | ● | ● | | ● | Global business and manufacturing management |
| Yoko Takeda | Female | Outside Independent | — | ● | ● | ● | ● | Economic and financial analysis |

* An internal Director who does not concurrently serve as an Executive Officer of the Company and is not involved in the day-to-day execution of its business

Audit and Supervisory Board Members

| | Years of Board service | Nomination Committee | Compensation Committee | Key skills | | | | Notable fields of expertise |
|-------------------|------------------------|----------------------|------------------------|----------------------|--------------------------------|------------------------|----------------|---|
| | | | | Corporate management | Governance and risk management | Finance and accounting | Sustainability | |
| Kazuhiro Tsuji | Male | | 3 years | | ● | | ● | Human resources and personnel development |
| Shinji Sato | Male | | 2 years | | ● | ● | | Finance and accounting |
| Yo Ota | Male | Outside Independent | 6 years | | Observer | ● | | Corporate legal affairs |
| Shoji Kobayashi | Male | Outside Independent | 3 years | ● | | | ● | Technology and R&D |
| Yasunobu Furukawa | Male | Outside Independent | 3 years | Observer | | ● | | Accounting audits |

Approach to electing Directors

● Election criteria for Directors

Management capabilities

Superior insight and judgment necessary for management functions

1. Broad knowledge about businesses and functions and the ability to think and make decisions appropriately from companywide and long-term perspectives
2. Keen insight to discern the essence and clarify issues
3. Vision to make best decisions at a global level
4. Broad range of experiences as a basis for judgment and insight and a proven track record in dramatically improving corporate value and competitiveness
5. Solid understanding of corporate governance and the ability to think and make appropriate judgments from the perspective of diverse stakeholders, including shareholders and customers

Character and personality

Mutual trust between Directors and management team for the smooth execution of oversight functions

1. Integrity: Exemplifies fair and honest decisions and actions based on a high sense of morality and ethics in addition to the strict observance of laws, regulations, and internal rules.
2. Interacts with others with respect and trust based on a spirit of respect for humanity. Has a deep understanding and accepts diverse values and ideas, and sets an example through decisions and actions that respect individuality.

● Election criteria for Outside Directors

The above criteria applies to both inside and outside Directors. Outside Directors should also have expertise in different fields, be able to identify and resolve problems, provide insights, be able to think strategically, manage risks, and lead. They must also satisfy Ricoh's Criteria for Independence of Outside Directors and Outside Corporate Auditors.

● Diversity policy

We believe that the Company's Board of Directors should comprise of Directors with management ability, character and personality, and diverse viewpoints and backgrounds, in addition to sophisticated multilateral skills. We maintain a policy of selecting candidates based on their character and knowledge without distinction as to race, ethnicity, gender, or nationality and to ensure diversity relating to these attributes.

● Director election and evaluation processes

Nomination Committee

The Board established the Nomination Committee to ensure objectivity, transparency and timeliness in the selection, dismissal and evaluation of Directors, the CEO and senior management. We enhance objectivity and independence by having an independent outside Director chair the committee, with independent outside Directors constituting a majority of the committee. One outside auditor attends committee meetings so deliberations are transparent.

Election process

In order to maintain a Board of Directors structure that enables appropriate and effective management decision-making and supervision of business execution, the Nomination Committee undertakes ongoing deliberations on the composition of the Board and the specializations, experience (skill matrix), etc., required of Directors. Candidate nominations for Director are deliberated by the Nomination Committee over several sessions and undergo a strict screening process. Based on the report of the Nomination Committee, the Board of Directors deliberates from a shareholder perspectives and recommends candidates to the General Meeting of Shareholders.

Evaluation process

The Nomination Committee consults with the Board to conduct two-stage evaluation of Directors annually. The first assessment encompasses whether Directors are sufficiently competent to continue performing their duties and ensures timely appointments and dismissals. The second assessment looks at performance from multiple perspectives, clarifying issues, and providing feedback to the evaluated Directors to enhance management. The Nomination Committee submits reports on its Director evaluation deliberations and conclusions to the Board, which carefully oversees the ability of Directors to keep discharging their duties.

Key items for Director evaluations

* Directors concurrently serving as Executive Officers

| Evaluation perspectives | Categories | Key evaluation items | Examples of evaluation item details |
|---|-------------------------|--|---|
| Management oversight | Qualities and abilities | Actions to maximize shareholder and corporate value, stances on executive oversight and mutual checks and balances among directors, risk management, and vital insights for corporate management | |
| | | Consolidated results | Sales, operating profit, profit attributable to owners of the parent, REO, ROIC, and free cash flow |
| Financial indicators | Results | Progress with annual business plans | Key measures by business unit and region |
| | | Performance under mid-term management plan | Finance and key measures |
| | | Share price indicators | Share price, market capitalization, and price-to-book ratio |
| Capital market and shareholder indicators | Capital markets | Ratings | |
| | | Shareholders | Total shareholder returns |

In evaluating directors, we use total shareholder returns, a criterion for contributing to shareholders and capital market evaluation perspectives. We base the calculation on the average share price for the fiscal year to avert the impact of sudden share price fluctuations.

Evaluation of CEO and CEO Succession Plan

The CEO Succession Plan is an important initiative for continuously improving shareholder value and corporate value of the Ricoh Group over the medium to long term and fulfilling its social responsibilities as a member of society.

The CEO Succession Plan is being continuously improved through procedures that are objective, timely, and transparent in order to strengthen corporate governance.

● CEO evaluation

The Board of Directors advises the Nomination Committee, which consults with the Board in evaluating the CEO at two stages each year. In the first assessment, careful and appropriate deliberations are made on the soundness of the CEO, ensuring timeliness of appointment and dismissal. In the second assessment, the CEO's achievements are evaluated with a multifaceted approach, clarifying issues and other factors, and providing feedback to improve the quality of management. The Nomination Committee's deliberations and conclusions on the evaluation of the CEO are reported to the Board of Directors to oversee the CEO effectively.

As with Directors who concurrently serve as Executive Officers, the CEO is evaluated based on management oversight status as a director, financial aspects including key management indicators regarding business results, return on capital, etc., and contribution to shareholders and evaluation by capital markets, as well as future financial viewpoint to evaluate their overall management supervision and business execution capabilities as a CEO.

Key items for CEO evaluation

| Evaluation perspectives | Categories | Key evaluation items | Examples of evaluation item details |
|---|---|--|---|
| Management supervision | Same categories and evaluation items as for directors | | |
| Financial indicators | As above | | |
| Capital market and shareholder indicators | As above | | |
| Future finance indicators | ESG | Environment | Environmental management initiatives |
| | | Social | SDGs initiatives |
| | | Governance | Systems, disclosure, investor relations, and compliance |
| | Employees | Development and use of human resources | Personnel systems and work environment |
| | | Employee engagement | External surveys |
| | | Safety and health | Workplace safety and health management |
| Customers | Serious incidents | Product and information security | |
| | Customer satisfaction | External surveys | |

● Selection, development, and evaluation of CEO candidates

Around September each year, the CEO prepares a list of potential successors and a development plan for them. The proposed CEO candidates and the development plans are presented to the Nomination Committee meeting in early November. The Nomination Committee deliberates the validity of the CEO candidate list and development plans, advises the CEO on candidate development, and reports the findings to the Board of Directors. The Board of Directors confirms the validity of the candidate selection and development plans upon reporting from the Nomination Committee and is actively involved in selecting and developing CEO candidates.

For more information about the CEO selection process, see page 73.

Candidate selections

CEO candidates are selected based on the assumption that the CEO will be replaced at the end of each term. In the event of an unforeseen incident, an alternate candidate is selected by resolution of the Board of Directors when the CEO is appointed.

| Terms | Number of persons selected |
|--|----------------------------|
| Alternate candidate in case of unforeseen incident | One |
| Next term candidates in line | Several |
| Subsequent term candidates in line | Several |

Candidate development

The Nomination Committee deliberates on the development plan for future CEO candidates. It provides guidance to the CEO, who offers growth opportunities suited to all candidates according to their individual targets during the next fiscal year, allowing them to gain experience. The CEO also directly mentors the candidates to promote their development based on individual assessments.

Candidate evaluations

CEO candidates are reviewed annually. The CEO reports on the achievements and growth of each candidate during the development period (April to March) to the Nomination Committee in early November (the evaluation period is from April to October, which is the month before the Nomination Committee meets). The Nomination Committee deliberates whether to maintain or replace individuals on the CEO candidate list. Where necessary, it assesses candidates, tapping advice from outside experts and other sources, reports on its findings to the Board of Directors. Upon reporting from the Nomination Committee, the Board of Directors evaluates the CEO candidates. It confirms the validity of deliberations on which candidates are to be retained and is actively involved in the process.

Compensation of Directors and Audit and Supervisory Board Members

• Policy determination on the content of individual compensation, etc.

The Compensation Committee, an advisory body to the Board of Directors, discusses and reports on this policy to the Board of Directors, which makes decisions based on this discussion.

• Compensation policy

Executive compensation is positioned as an effective incentive to achieve sustainable increases in corporate earnings for the medium to long terms in the pursuit of increased shareholder value of the Ricoh Group. In addition, from the viewpoint of strengthening corporate governance, measures to secure objectivity, transparency, and validity are taken in setting up compensation levels and determining individual compensation. Ricoh determines executive compensation based on the following basic policies:

| | |
|---------------------------------|---|
| Compensation Composition | <ul style="list-style-type: none"> • Compensation for Internal Directors who concurrently serve as Executive Officers is comprised of three elements: i) basic compensation that reflects expected roles and responsibilities, ii) bonuses that reflect business results (performance-linked compensation), and iii) compensation that reflects medium- to long-term increase in shareholder value • Compensation for Internal Directors who do not concurrently serve as Executive Officers is comprised of basic compensation, bonuses and stock-based compensation in light of their role of overseeing business execution as full-time Director with extensive knowledge of the actual situation of the Company • Compensation for Outside Directors responsible for management oversight and Audit and Supervisory Board Members responsible for auditing is comprised only of basic compensation in order for them to focus on fair oversight and auditing, thereby ensuring independence from the execution of business |
| Governance | <ul style="list-style-type: none"> • Ensure objectivity, transparency, and suitability in designing the compensation system, setting compensation levels, and basing individual compensation on appropriate external benchmarks and the Compensation Committee's ongoing deliberations and monitoring • The Compensation Committee and the Board of Directors shall deliberate whether compensation levels for individual Director are appropriate in light of the Nomination Committee's director evaluations and other factors |

3. Compensation for Directors

| Compensation category | Compensation program | Internal Directors | Outside Directors | Comments |
|----------------------------------|--|--------------------|-------------------|--|
| Fixed | Basic compensation | ● | ● | Compensation based on roles and responsibilities |
| Variable (short term) | Performance-linked bonuses | ● | — | Linked to performance target achievements |
| Variable (medium and long terms) | Compensation for acquiring stock | ● | — | All payments used to acquire Ricoh shares through Executive Stock Ownership Plan |
| | Stock-based compensation linked to performance | ● | — | Incentive to enhance shareholder and corporate values over medium through long terms |

(1) Basic compensation (fixed)

Basic compensation is monetary remuneration paid monthly during the term of office as compensation that reflects the roles and responsibilities expected of Directors.

The amount of compensation is decided within the range of the total amount of compensation determined at the General Meeting of Shareholders. The total amount of compensation paid for fiscal 2022 was ¥263.01 million.

| Compensation composition | | Prime methods for setting compensation levels |
|--------------------------|--|---|
| Internal Directors | Centering on compensation for management oversight roles and compensation reflecting the importance of management roles and responsibilities, with additional compensation for those in representative Director, Nomination and Compensation committee members and other roles | <ul style="list-style-type: none"> • Weightings of management responsibilities and roles of Directors serving concurrently as executive officers determined with reference to job grade frameworks of external professional institutions • Compensation for non-executive Directors based on roles in overseeing business implementation by drawing on extensive knowledge of in-house situations from full-time service with the Company |
| Outside Directors | Centering on compensation for management oversight roles and compensation for advice to management, with additional compensation for chairperson role of either the Board of Directors, Nomination Committee, Compensation Committee, or others | <ul style="list-style-type: none"> • Compensation levels set after referring to objective data from external professional institutions |

For more details, see:
[Executive compensation on page 36](#)

• Policy on deciding the content of individual compensation, etc., and matters related to performance-linked compensation, non-monetary compensation, etc., for fiscal 2022

1. Process for determining compensation

The Company has established the Compensation Committee to build a more objective and transparent compensation review process that helps increase profits, enhance corporate value, and strengthen corporate governance through incentives. The Compensation Committee determines base compensation, bonuses, compensation for acquiring stock, and stock-based compensation linked to performance following multiple deliberations based on the compensation standards for Directors and business performance and on the Nomination Committee's evaluation of Directors, and presents recommendations to the Board of Directors.

The Board of Directors assesses and approves remuneration plans from the Compensation Committee. The Board of Directors determines the total bonus pool after confirming that amounts for each Director are in line with the formula for such bonuses⁹, and decides whether to submit a Director bonus payment proposal at the General Meeting of Shareholders. Payments are subject to shareholder approval in that gathering of the proposal.

2. Policy for determining compensation levels

In order to ensure appropriate linkage with corporate performance, the Compensation Committee confirms every fiscal year whether the target level of the Company's performance has been secured for each compensation category of basic compensation and short-, medium-, and long-term incentives. The compensation levels of the peer group officers based on the results of a survey by an external professional organization are used as guides, while the payment rate for short-, medium-, and long-term incentives is set to fluctuate according to the Company's performance.

(2) Short-term performance-linked bonuses

The Company pays these bonuses after fiscal year-end in line with operating results and shareholder value improvements during the fiscal year. Ricoh adopted the following indicators in fiscal 2022.

| Evaluation indicators | Rationale for indicator setup |
|---|--|
| Consolidated operating profit target achievement rate | Hold Directors accountable for increasing earnings and improving profitability by using operating profit, which correlates with market capitalization and demonstrates progress with business activities, as an evaluation indicator |
| ROE target achievement rate | Hold Directors accountable for improving shareholder value by using ROE, a key benchmark for enhancing returns on capital, as an evaluation indicator |
| Annual Dow Jones Sustainability World Index* rating | Incentivize ESG improvements by using the annual Dow Jones Sustainability World Index rating, a tool for confirming companywide ESG efforts, as an evaluation indicator |

The Compensation Committee discusses the suitability of individual bonus payment amounts based on results calculations with the formula below, including for Nomination Committee assessments of Directors. It then makes recommendations to the Board of Directors, which decides whether to submit a Director bonus payment proposal at the General Meeting of Shareholders.

For fiscal 2022, the Compensation Committee concluded that results calculated according to the formula below were appropriate, and the total bonus payments were ¥74.94 million.

* Dow Jones Sustainability Indices: Dow Jones & Company of the United States and sustainability investment research firm S&P Global jointly developed these indices, analyzing corporate sustainability from economic, environmental, and social perspectives

(3) Compensation that reflects the improvement of shareholder value (over medium to long terms)

i) Compensation that reflects the stock price consists of compensation for acquiring stock and performance-linked stock-based compensation for the purpose of further strengthening Directors' commitment to improving the Company's corporate value over the medium to long terms.

ii) We partially revised stock-based compensation with stock price conditions, introduced in fiscal 2019, to further enhance a common awareness of profits and risks with shareholders. Another revision goal was to demonstrate our commitment to improving shareholder value, including in terms of the Company's sustainable growth and appropriate shareholder returns. We accordingly decided to continue the stock-based compensation with stock price conditions from September 1, 2023, as a performance-linked stock-based compensation plan.

Key points of change in plan

| | Performance-linked stock-based compensation scheme (new) | Stock-based compensation with stock price conditions (before) |
|--|--|---|
| 1 Evaluation indicators (Rationale and aim for indicator setup) | The company's TSR growth rate relative to TOPIX (including dividends) and its ranking relative to its peer group for the period covered by the performance evaluation, as well as ESG target achievement (to strengthen link between management responsibility for increasing shareholder value and achieving SDGs and stock-based compensation) | Results of comparison of the Company's stock price growth rate with TOPIX growth rate during tenure (to share with shareholders the benefits and risks of stock price fluctuations) |
| 2 Standard for granting points | Points are granted according to the above evaluation indicators based on the base amount of stock-based compensation by job grade and the base stock price | Points are granted according to the above evaluation indicators based on the position |
| 3 Timing of delivery of Company Shares to the eligible Directors | In principle, after the completion of each performance evaluation period (three years after the commencement of the performance evaluation period) | In principle, at the time of retirement |

Compensation reflecting shareholder value improvements over medium through long terms

| Compensation program | Program overview |
|--|---|
| Compensation for acquiring stock | This compensation aims to encourage directors to steadily increase their shareholdings in Ricoh and share the benefits and risks of stock price swings with shareholders. We pay a fixed amount each month during the terms of directors, who use the entire amount to purchase Ricoh shares through the Executive Stock Ownership Plan * The compensation amount is position-based within the total remuneration that shareholders determine at the Ordinary General Meeting of Shareholders. The total payment in fiscal 2022 was ¥10.43 million |
| Performance linked stock-based compensation | This is a plan under which the Board Incentive Plan Trust established by the Company acquires the Company's common stock from the stock exchange market and delivers the number of Company Shares equivalent to the number of points granted by the Company to each Director through the Trust. In principle, Directors will receive Company Shares after the completion of each period subject to performance evaluation (each period of three consecutive fiscal years commencing on April 1 of each year after 2023). The number of points granted to each Director by the Company will be determined based on the base amount for each job grade in accordance with the rule of performance shares determined by the resolution of the Board of Directors and will vary within a range of 0% to 200% by taking into account the evaluation of the Company's TSR relative to TOPIX (including dividends) growth rate as well as its ranking relative to the total shareholder returns of the peer group, and the degree of achievement of ESG targets during the performance evaluation period. Company Shares will be delivered at a rate of one share per point. In addition, a pre-issuance malus-clawback clause has been established to request the return of stock-based compensation in the event of serious misconduct, etc., that causes an impact on the Company during a Director's term of office * The amount of expenses recorded based on the points granted for the fiscal 2022 under the Plan before the amendments was ¥32.03 million, and shares (4,000 shares) were granted to a Director who retired during fiscal 2022 in proportion to the result of the comparison of the Company's stock price growth rate (95.7%) with the TOPIX growth rate (122.0%) during the tenure of the Director to the accumulated points |

Summary of Board of Directors effectiveness assessment for fiscal 2022

This evaluation focused not just on the effectiveness of the Board of Directors but also on how executives responded to requests from the Nomination Committee, Compensation Committee, and Board of Directors. In addition, a third-party evaluation was implemented to ensure objectivity.

Fiscal 2022 Board of Directors effectiveness assessment

Evaluation process

The evaluation was conducted through discussions attended by all Directors and Audit and Supervisory Board Members, after sharing their written assessments and the analysis of third-party questionnaires to ensure anonymity. Through the discussions, participants reviewed and evaluated the Board's performance during fiscal 2022, in terms of the basic policies on the operation of the Board of Directors and the three improvement items, which were set forth by the Board in the previous effectiveness assessment.

Basic policies for fiscal 2022

1. Monitor and support important measures to achieve the goals of the final year of the 20th MTP
2. Discuss and support the formulation of the 21st MTS with the aim of maximizing corporate value as a digital services company

Action items for fiscal 2022

1. In a highly uncertain business environment, monitor the progress of key management indicators and measures to achieve the business plan for fiscal 2022, and encourage execution as necessary
2. In order to maximize corporate value as a digital services company, further enhance discussions on management structure, including business structure transformation, increasing corporate value and capital profitability, and human capital to support this, and reflect the results in the 21st MTS
3. Along with continuous improvement of corporate governance, inspect and supervise the business unit structure, risk management system, new personnel system, ESG (future finances), etc., to create an environment for sustainable growth

Results summary of the evaluation of effectiveness of the Board of Directors for fiscal 2022

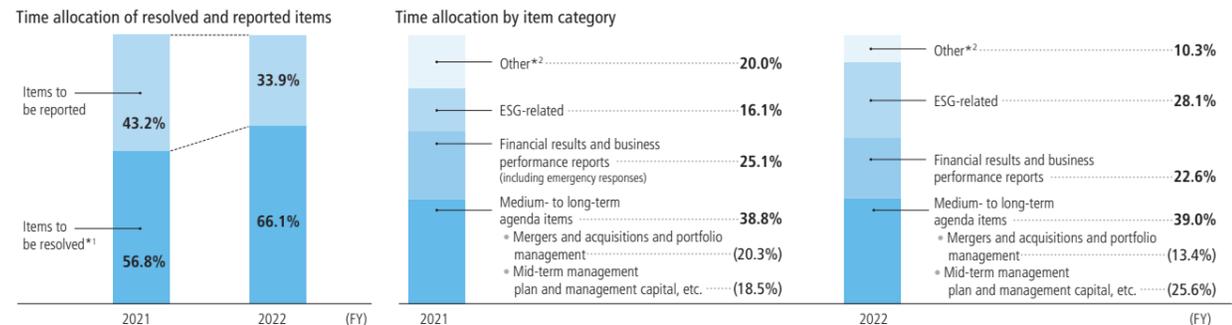
1. Results of operation of the Board of Directors

In fiscal 2022, the final year of the 20th MTP, we monitored the progress of key indicators and measures for each business unit, and also deliberated on medium- and long-term management policies and strategies based on the annual plan as the year for formulating the 21st MTS. With respect to the CEO Succession Plan, the Nomination Committee had sufficient meetings and time to conduct the final selection of the successor CEO and discuss the new management structure.

In addition to the on-site inspections by Outside Directors and Outside Audit and Supervisory Board Members, roundtable discussions with local employees, and participation in management meetings as observers to gain an understanding of the Company's actual situation, opportunities were provided for dialogue through small meetings between shareholders and Outside Directors to deepen discussions from the shareholders' perspective, with the aim of reflecting the shareholders' views in management.

In order to ensure transparency of deliberations at the Board of Directors meetings, the following disclosure regarding time allocated for the agenda items for the fiscal 2022 Board of Directors meetings is provided.

Board of Directors—Time allocation by agenda item



*1 Items to be resolved: In addition to agenda items for resolution by the Board of Directors, these include Directors' review meetings and governance review meetings held to prepare for deliberations
 *2 Other: Resolutions in keeping of the provisions of the Companies Act, personnel matters, other individual proposals, and other factors

2. Summary

The following summarizes the results of Board of Directors deliberations regarding written evaluations from directors and members of the Audit and Supervisory Board and third-party evaluations.

The unanimous evaluation was that the composition of the Board of Directors was appropriate, that free and vigorous discussions were held under the Chairperson of the Board of Directors, an Outside Director, who presided from a neutral standpoint, that appropriate supervision and decision-making were carried out in response to various changes in the business environment, and that the effectiveness of the Board of Directors was ensured.

The Nomination Committee ensured that the process of the changes of CEO was highly fair and transparent, and the Compensation Committee revised the executive compensation system from a shareholder perspective, including the introduction of performance-linked stock-based compensation. Both committees, which are chaired by an Outside Director and consist of a majority of Outside Directors, conducted extensive deliberations and were evaluated as effectively functioning as advisory bodies to the Board of Directors.

It was judged that the selection of a new Lead Independent Director has further strengthened the effectiveness of governance, and the Board of Directors now engages in deliberations with a more shareholder-oriented perspective, with Directors aware of shareholder expectations and concerns through ongoing shareholder relations efforts by senior management and small meetings between shareholders and Outside Directors.

On the other hand, it was pointed out that further enhancement of deliberations and response to issues to achieve corporate value that meets the expectations of stakeholders and qualitative growth with transformation into a digital services company through steady implementation of the fiscal 2023 business plan are needed, based on the trends of the Company's corporate value and evaluation of the current business performance.

In addition, it was pointed out that, in transforming the business structure, it is necessary to review and continuously improve integrated risk management under the business unit structure.

Fiscal 2022 action items 1 and 2

In a highly uncertain business environment, the Board of Directors made efforts to understand the actual status of the business through monitoring the performance and measures of each business unit, and encouraged improvement of issues in response to the business environment.

It was positively evaluated that the Board of Directors also supported the development of the management infrastructure through deliberations on human capital strengthening, capital policy, and IT infrastructure overhaul, laying the foundation for the implementation strategies under the 21st MTS, as well as supervision and decision-making toward the transformation of the business structure, including implementation of growth investments and business alliances aimed at strengthening digital services.

On the other hand, recognizing that the highly uncertain business environment will continue, there were remarks pointing out the need for discussion on a resilient management structure, as well as the need to accelerate the transformation of the business structure to enhance corporate value, and the importance of deepening discussions on improving the profitability of the office services business and business portfolio management using ROIC.

Fiscal 2022 action item 3

The Board of Directors was commended for sharing governance issues through governance review meetings and Outside Executive Meetings, and for regularly requesting reports on internal audits, risk management, and ESG progress to strengthen the governance structure necessary for a digital services company.

Efforts to directly understand the operation status of the new personnel system and environmental initiatives through on-site inspections and communication with local employees, as well as in-depth discussions at Board of Directors' meetings and inspections from multiple perspectives, were highly evaluated as having led to improved effectiveness of the supervisory function.

Meanwhile, the need for verification of integrated risk management in accordance with the management structure based on the business unit structure, the response to risks specific to each region and business unit, the head office structure, and Ricoh-style job-based personnel system and its operation was also pointed out.

Efforts to improve the effectiveness of the Board of Directors in fiscal 2023

Based on the above evaluation, the Company's Board of Directors will operate in accordance with the following basic policies and work to improve the effectiveness of the Board of Directors based on three specific action items.

Basic policies for fiscal 2023

1. Discuss and oversee the realization of corporate value that meets stakeholder expectations
2. Monitor and support performance and key measures, from both quantitative and qualitative aspects, to achieve qualitative growth with transformation into a digital services company

Fiscal 2023 action items

1. Enhance deliberations on improving corporate value, deepen discussions to a level where concrete measures can be implemented, and provide more effective supervision from the perspective of corporate value
2. Supervise and support the Company to achieve qualitative growth with transformation into a digital services company through steady implementation of the fiscal 2023 business plan
3. Continuously improve integrated risk management linked to the management system, which enables both sound risk-taking and risk control in order to accelerate the transformation into a digital services company

Audit and Supervisory Board

The Audit and Supervisory Board discusses and decides on audit policies and assignment of duties, audits the execution of duties by Directors, plays a supervisory function on management through cooperating with the Company's Independent Auditor and the internal audit division, and audits internal departments and subsidiaries. Audit and Supervisory Board Members attend important meetings, including but not limited to Board of Directors meetings, and exchange information regularly with Representative Directors.

We have five Audit and Supervisory Board Members, comprising two full-time members familiar with internal circumstances and three outside members who meet the requirements for independent Audit and Supervisory Board Members set by the Ricoh Group, and the majority of the members are independent Outside Audit and Supervisory Board Members. In addition, the Audit and Supervisory Board is required to secure the necessary knowledge, experience, and expertise in a well-balanced manner to form the Board. We have built a system that enables deep discussions from an independent and objective perspective, capitalizing on a wealth of experience and wide-ranging insight in the specialized fields of each Audit and Supervisory Board Member.

• Audit and Supervisory Board Members' activities and disclosure

Outline of audit activities by Audit and Supervisory Board Members

This body reviews risks and issues in five areas and formulates annual activity plans. These areas are 1) Directors, 2) Business execution, 3) Subsidiaries, 4) Internal audits, and 5) Accounting audits. The chart below outlines audit activities in each area and divisions of duties. Audit activities are mainly carried out by full-time Audit and Supervisory Board Members, and the contents are shared in a timely manner at Audit and Supervisory Board meetings. Outside Audit and Supervisory Board Members conduct audits with full-time Audit and Supervisory Board Members and make recommendations, taking advantage of their respective expertise and backgrounds, and express their opinions from an independent standpoint.

Framework for the Audit and Supervisory Board Office to assist the execution by Audit and Supervisory Board Members



Areas of Audit focus and actions for fiscal 2022

In fiscal 2022, the final year of the Company's 20th MTP, the Company engaged in a variety of initiatives, including for the business unit structure that was introduced in the previous fiscal year, and introduced a new Ricoh-style job-based personnel system, with the aim of transforming into a digital services company. The Audit and Supervisory Board examined these business activities as well as associated expected risks based on changes in the internal and external environment. As a result, "the optimal form of headquarters function governance for a digital service company," "autonomous internal control and risk management by business units and management of subsidiaries," and "control environments within individual organizations," were established as areas of focus for fiscal 2022.

Outline of audit activities by Audit and Supervisory Board Members

| | ★ Meeting organized by Audit and Supervisory Board Members | Full-time Audit and Supervisory Board Members | Outside Audit and Supervisory Board Members |
|---|--|---|---|
| 1. Directors Attending Board of Directors meetings, monitoring Board of Directors effectiveness improvement measures, and reviewing and following up on Board of Directors proposals Attending as an observer in the Nomination Committee and Compensation Committee meetings Holding regular meetings with Chairperson of the Board of Directors, Lead Outside Director and Representative Director ★ Holding governance review meetings attended by Directors and the Audit and Supervisory Board Members ★ Holding Outside Executive Meeting (meeting for exchange of opinions by Outside Directors and Audit and Supervisory Board Members) ★ | ● | ● | ● |
| 2. Business execution Audit and Supervisory Board Member review**1 on headquarters and principal offices (individual business units and individual Group headquarters organization) Attending GMC Attending performance review meetings, business unit operation meetings, Investment Committee meetings and other important meetings Holding separate regular meetings with the CEO, CFO, and the CHRO respectively (monthly) ★ Holding information sharing meetings with presidents of business units and Group Headquarters function officers ★ Reviewing and confirming important documents (agendas and minutes of important meetings, documents for approval, written agreements, etc.) Holding regular meetings with risk management department (monthly) ★ Auditing business reports, supplementary schedules and financial statements; other period-end auditing duties | ● | ● | ○ |
| 3. Subsidiaries Audit and Supervisory Board Member review on subsidiaries**1 Holding regular meetings with Audit and Supervisory Board Members of subsidiaries (every other month) ★ Holding regular meetings with the internal audit division ★ | ● | ● | ○ |
| 4. Internal Audits Receiving explanation from the internal audit division about the internal audit plan, and reporting the results thereof (quarterly) ★ Holding regular meetings with the internal audit division (monthly) ★ Holding three-way audit meetings (quarterly) ★ | ● | ● | ● |
| 5. Accounting audits Sharing information with the Independent Auditor (monthly (except for months in which three-way audit meetings are conducted)) Receiving explanation about audit plan and reports of quarterly review and audit results from the Independent Auditor Evaluating the Independent Auditor | ● | ● | ● |

**1 Audit and Supervisory Board Member review: A series of audit procedures to be conducted including on-site audit at headquarters, principal offices, and subsidiaries as a general rule
 Number of Audit and Supervisory Board Member reviews conducted: 5 business unit audits, 17 Group headquarters audits, and 22 subsidiary audits (9 in Japan and 13 overseas)

● In charge
 ○ Voluntary or partly in charge

Notes on the Audit Performance

The Audit and Supervisory Board reviews its work at the end of each fiscal year and discusses prospective improvements. It also discloses specific audit activities, including review findings, in Notes on the Audit Performance. The Audit and Supervisory Board voluntarily prepares these Notes as complementary material to its report to enhance dialogue with shareholders and other stakeholders.

Refer to our website:
[Notes on the Audit Performance](#)

Committees

• Nomination Committee and Compensation Committee

We established the Nomination Committee, whose chair and members are largely outside Directors, and the Compensation Committee, to transparently and objectively select and dismiss directors and executive officers and remunerate them. In addition, one Outside Audit and Supervisory Board Member attends the deliberations of the Nomination Committee and Compensation Committee as an observer each time.

• Governance and Directors' review and Outside Executive Meetings

Governance review meetings provide a forum for comprehensive discussions on the Ricoh Group's direction of governance and related issues by Directors, Audit and Supervisory Board Members, and other relevant parties. The outlines of the review meetings held are disclosed in the Corporate Governance Report and other documents.

Directors' review meetings provide an opportunity and time for Directors and Audit and Supervisory Board members to thoroughly discuss important corporate themes (such as the mid-term management strategy) in advance of Board of Directors resolutions.

Outside Executive Meetings are forums to contribute to the deliberations of the Board of Directors by sharing information and views between outside Directors and members of the Audit and Supervisory Board based on independent and objective perspectives.

• GMC

The Board of Directors authorizes the president and CEO to chair this decision-making body, which comprises executive officers with certain qualifications.

• Internal Control Committee

The president and CEO directly oversees this body to deliberate and make decisions about Group internal controls. It comprises executive officers with certain qualifications and meets quarterly in principle, but may also conduct ad-hoc or emergency meetings as needed.

• ESG Committee

The ESG Committee aims to respond promptly and appropriately to the expectations and requests of stakeholders by continuously discussing environmental, social, and governance issues

• Issues to be monitored in fiscal 2023

Based on the result of a fiscal 2022 audit performance review, the Audit and Supervisory Board examined the issue to be monitored in fiscal 2023.

The Audit and Supervisory Board will continue to pay close attention to measures aimed at transforming the Company into a digital services company, and it has identified governance under the new management system through changes to the management structure, including the change in Representative Director and CEO, and measures for enhancing corporate value as issues to be monitored in fiscal 2023.

faced by the Ricoh Group. Chaired by the president and CEO and comprising* internal directors, GMC members, and business unit presidents, this decision-making body meets every quarter.

* Outside auditors participate as observers

• Information Security Committee

The Information Security Committee was newly established in the second half of fiscal 2022 as a body under the president and CEO to make decisions regarding the security of the Ricoh Group.

• Disclosure Committee

This committee is composed of representatives from different functional organizations, including the disclosure management division, accounting division, legal division, business planning division, Board of Directors operating division, public relations division, and internal control division, information-generating and acknowledging departments, the Supervising Organizations managing affiliates, and the CFO, who is responsible for information disclosure.

• Investment Committee

This advisory body to the GMC scrutinizes investment plans in financial perspective terms in view of capital costs and in terms of profitability and growth risks from business strategy perspectives. The committee aims to accelerate and improve investment decision-making for diverse external investment and funding projects through members representing different functional organizations engage in preliminary assessments and discussions to be more consistent with management strategies and improve investment effectiveness.

• Risk Management Committee

It is an advisory body to the GMC that was established to strengthen risk management processes across the entire Ricoh Group. The committee is chaired by the corporate officer in charge of risk management and has experts from each organization as members to ensure comprehensive coverage of risks and substantial discussions, and to propose to the GMC specific risks requiring response or focus in terms of the management of the Ricoh Group. Furthermore, the committee will review and restructure the risk management system as necessary, in order to strengthen the effectiveness of risk management across the Ricoh Group.

In addition, in order to establish a more effective and integrated risk management system through coordination between management and each business execution organization, we have appointed risk management managers and promoters from each organization, and established an autonomous risk management system for each organization.

Moreover, at the Group Risk Management Collaboration Reinforcement Conference for each risk management promoter, study sessions and information sharing related to risk management are held, and ongoing efforts are making the organization more responsive to risk.

Ricoh Group's material management risks

| Fiscal 2022 | | Agenda |
|----------------|----------|--|
| First meeting | April | <ul style="list-style-type: none"> Consideration of strengthening the rolling planning process for managerial risks Consideration of risk information disclosure |
| Second meeting | October | <ul style="list-style-type: none"> Confirmation of changes in the internal and external environment Confirmation of the status of response to managerial risks for fiscal 2022 |
| Third meeting | November | <ul style="list-style-type: none"> Consideration of plans of managerial risks for fiscal 2023 |
| Fourth meeting | | |
| Fifth meeting | January | <ul style="list-style-type: none"> Report on the results of the response to managerial risks in fiscal 2022 Discussion of promotion plan concerning managerial risks for fiscal 2023 |
| Sixth meeting | March | <ul style="list-style-type: none"> Report on the results of the response to managerial risks in fiscal 2022 Discussion of promotion plan concerning managerial risks for fiscal 2023 |

| Strategic risks | Operational risks |
|--|--|
| (1) Transition of profit structure as a digital services company | (1) Long-term delay and suspension in supply of products |
| (2) Acceleration of digital strategy | (2) Large-scale disasters/incidents or accidents |
| (3) Reinforcement of advanced technologies | (3) Unexpected impact of changes in the global environment |
| (4) Information security | (4) Human resources-related compliance |
| (5) Securing, developing, and managing human resources | (5) Risks related to Group governance |
| (6) Responding to ESG and SDGs | |
| (7) Geopolitical risks | |

Refer to our website: [Business risks](#)

Risk management structure

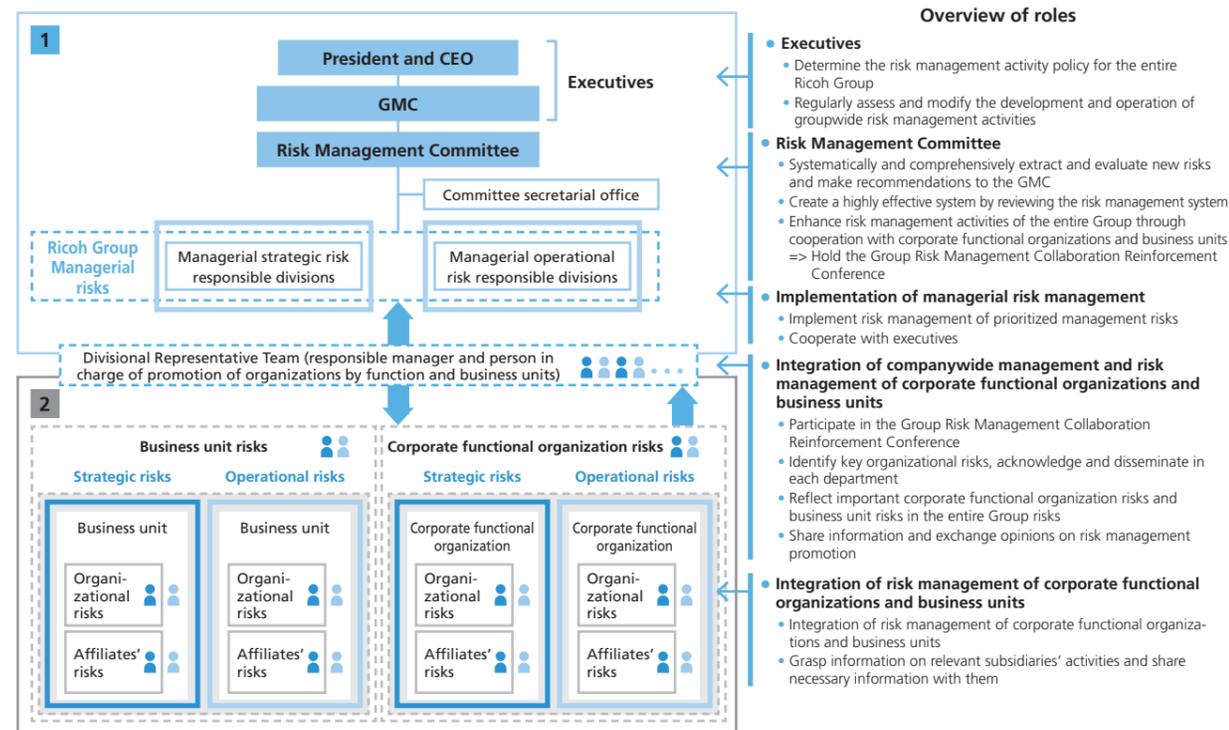
The Ricoh Group's risk management systems

The Ricoh Group's risk management systems can be divided into two main levels, as shown in the figure below:

- 1 Managerial risks, which are selected and managed autonomously by the GMC for management items of particular importance, within the management of the Ricoh Group
- 2 Corporate functional organization risks and business unit risks that each business organization is responsible for in managing its own business

These two levels clarify the bodies responsible for risk management enabling agile decision-making and swift action in response to each level of risk, and together form an integrated risk management system. The management of some risks may be transferred from one level to the another, due to changes in the level of impact caused by environmental changes. The role of each risk management body is shown on the right-hand side of the risk management structure.

Ricoh Group's risk management structure



Internal Controls

The Ricoh Group aims for continuous improvement based on the values embodied in Ricoh Way. This includes operating an internal control system designed to strengthen competitiveness while maintaining transparency based on corporate ethics and legal compliance principles. Ricoh established the Ricoh Group Corporate Management Principles as guidelines for corporate activities and follows the Internal Control Principles included therein.

Compliance

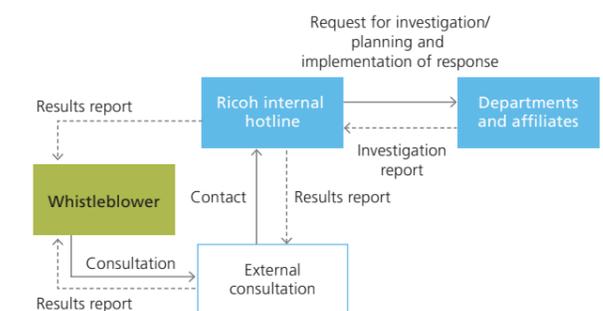
The Ricoh Group considers compliance to mean observing not only laws and regulations but also internal rules and social ethics. The Group Code of Conduct which sets forth the principles and basic code of conduct for officers and employees, is thoroughly communicated to all Group employees, and everyone is expected to comply with it in their daily activities.

Hotline system

The Ricoh Group Hotline is available to all Ricoh Group officers and employees in Japan (including part-time and temporary staff and retirees (within one year after retirement)) for whistleblowing and consultation regarding compliance violations. In addition to the hotline, major subsidiaries in Japan and overseas have established their own local contacts for whistleblowing and consultation according to their organizational and regional characteristics. In addition, in November 2018, the Ricoh Group established the Ricoh Group Global Whistleblowing System, which is available to all Directors and employees at Ricoh Group companies in Japan and overseas. We have built a system through which workers can report directly via Ricoh's Audit and Supervisory Board website. In May 2020, we established the Supplier Hotline, which allows Ricoh Group suppliers globally to report issues through this website.

Refer to our website: [Internal controls](#) [Compliance](#) [Ricoh Group Code of Conduct](#) [Supplier Hotline](#)

Basic flow of the hotline system in Japan



Cross-shareholdings

Policy

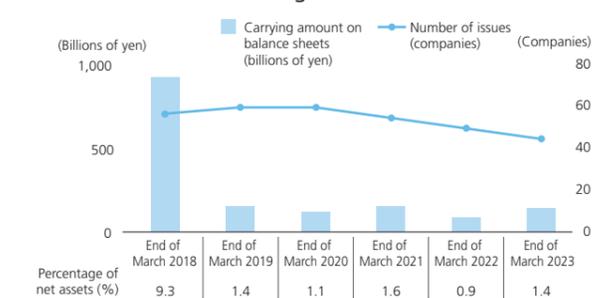
From the viewpoint of streamlining and strengthening of business alliance and development of collaborative businesses, the Company shall be able to hold shares of related partners only when such holding of shares is deemed necessary and effective for the future development of the Ricoh Group, while taking the returns such as dividends into consideration. Specifically, the Board of Directors will verify, for each stock, whether the benefits and risks of holding shares are worth the capital cost, and if holding shares loses significance in the medium to long terms, those holdings will be reduced accordingly.

Exercise Criteria for Voting Rights

The Company will exercise voting rights attached to cross-shareholdings upon examining each agenda for whether they

enhance the corporate value of the investee in the medium to long terms or whether they impair shareholder value, and will determine approval or disapproval.

Status of cross-shareholdings



Information Security

New Information Security Committee

The Information Security Committee was established in the second half of fiscal 2022. It reports directly to the president and CEO to make decisions regarding the security of the Ricoh Group. The committee consists of Executive Officers who meet certain eligibility requirements and has, in principle, met quarterly beginning in fiscal 2023.

The committee mainly deliberates on the Ricoh Group's security strategy, security governance, and security operations.

The risks to information security have been increasing rapidly in recent years. The scope of response by companies is also expanding due to the frequency of cyberattacks, the diversification and sophistication of malware technologies, such as ransomware, the tightening and diversification of laws and regulations in various countries, and the emergence of geopolitical risks.

In addition, as we transform ourselves into a digital services company, we must not only mitigate security risks in our digital services but also view them as investments for business growth in order to further solidify profitability in our existing businesses.

Recently, while companies are striving to improve their competitiveness through DX, there are also security issues that need to be resolved. To this end, the Security Promotion Department was established in fiscal 2022 under the direct control of the CEO, who is in charge of security management, to plan and implement security and privacy protection strategies for the Ricoh Group as a whole. The department supports the operation of the committee by making prompt management decisions on security and clarifying strategies to comply with the laws and regulations of various countries.

Specific initiatives to reinforce security

• Product security

■ Security by Design (SBD): We are committed to implementing SBD, which ensures information security from the planning and design stages. In-house regulations based on ISO/IEC 27034-1, the international standard for secure development, have been established and are being gradually applied.

■ Security risk initiatives: We take immediate action on vulnerability countermeasures in accordance with international standards ISO/IEC 29147 and 30111. Specifically, we notify the public on our response status and alerts to high cyber-attack risks, set up a contact point to handle security researchers' vulnerability reports, and provide information on countermeasures.

• Corporate security

As cyberattacks targeting companies such as ransomware become more sophisticated and complex, the Ricoh Group is promoting cyber security measures globally.

■ Setting up and running Computer Security Incident Response Team: We created the RICOH-Computer Security Incident Response Team in fiscal 2013 to analyze threats based on incident reports from the Security Operation Center and external response team organizations, and information from security information websites. The team takes the lead in promptly and optimally responding to threats, such as by preserving evidence, analyzing attacks, investigating causes, and preventing and containing spreads.

■ Establishing and running Security Operation Center: It constantly monitors Group IT systems. The center quickly detects external unauthorized intrusions and internal unauthorized use, collaborating with the RICOH-Computer Security Incident Response Team to quickly detect incidents.

• Factory security

We are bolstering the security of operational technologies in plant networks. Attackers generally attempt to gain entry through weak points. That makes it vital to strengthen security in factories, which are less secure than office IT setups.

We are constantly deploying initiatives to enhance organizational governance, with all plants proactively evaluating their situations situation through internal and third-party assessments while taking steps to address issues that come to light.

• Data privacy policy

Progress with digitization and the growing use of big data have heightened concerns about data privacy and personal data protection. That said, rules for using personal data remain unclear, including as to the appropriate usage levels. Customers are concerned about personal data handling and privacy protection.

We manage information based on a data privacy policy for all customer personal data that complies with the Personal Information Protection Act and other laws and regulations. We will launch a full-fledged data business to create new value by drawing on AI to help customers grow and resolve their issues.

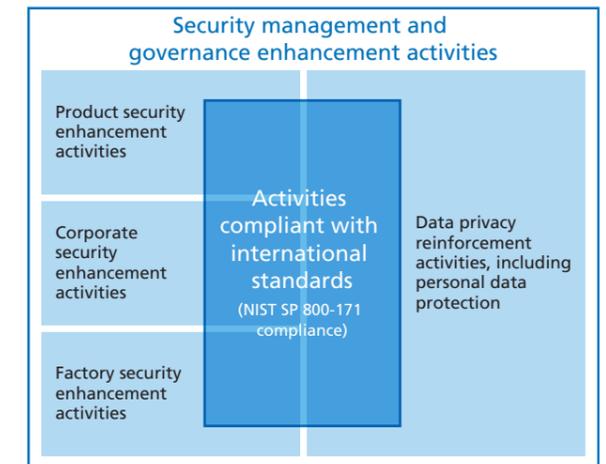
Complying with international security standards

Cyberattacks are increasing and becoming more sophisticated, targeting all sorts of industries. We undertake security activities that primarily aim to safeguard customer information assets in line with NIST SP 800-171 guidelines for protecting sensitive information. These activities are part of comprehensive efforts to reinforce corporate, product, factory and data privacy security.

For Group products and services, we focus on customers that seek secure business environments and require those environments to be NIST SP 800-171-compliant. We will accordingly supply offerings that enable such compliance.

Ricoh will continue deploying measures to comply with NIST SP 800-171 in its business environment to rigorously safeguard the information assets of customers.

Our initiatives to boost security meet the security requirements of customers, who consider implementing our product security services, and protect their information assets, thus lowering their business risks.



Message from the General Manager of the Security Management Center



Hiroyuki Teshima

General Manager, Information Security Management Center, Ricoh Company, Ltd.

As part of Ricoh's transition to become a digital services company, we position security as one of our corporate values. This is not only to mitigate geopolitical risks in digital services, but also to enhance the profitability of our existing businesses. A good example of this was our entry into the data business in 2021 by launching AI for Work series services in Japan that use proprietary natural language processing AI and other operational support technologies.

We also set up the Information Security Management Center (renamed the Security Management Center in June 2023) to reach swift business decisions about companywide information security, clarify strategies to comply with national laws and regulations, and link security to enhancing corporate value.

We will closely monitor changes in the operating climate, such as stronger security standards in the public and private sectors to operate flexibly as a digital services company, and continue to bolster security and accordingly reinforce our information security structure.