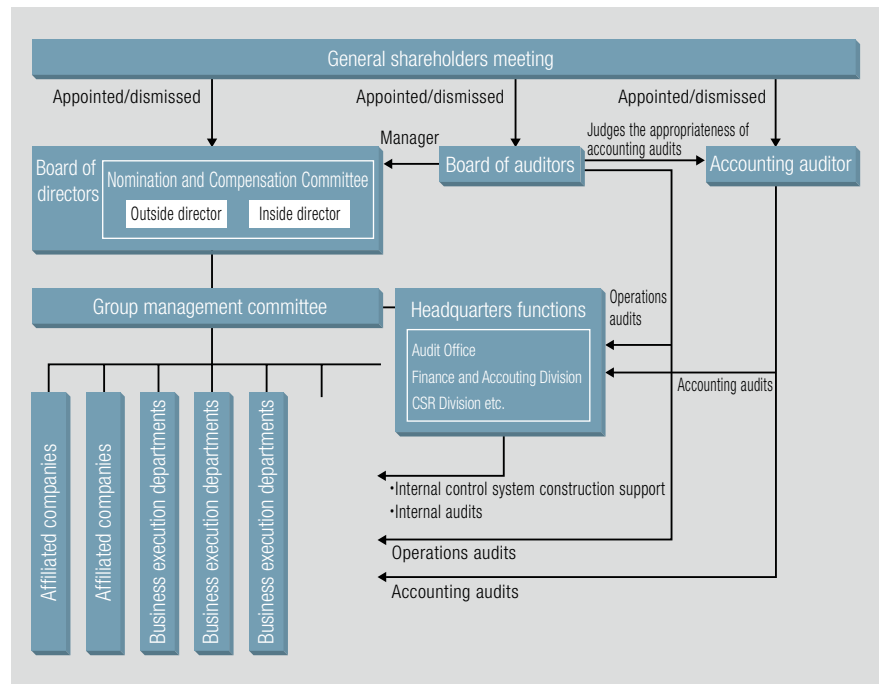


Basic thinking on corporate governance

The Ricoh Group, based on its corporate ideals and the spirit of strict conformance with the law, approaches corporate governance with the aim of securing management transparency and strengthening its competitiveness, and works for sustainable growth and expanding corporate value. Ricoh sets its stakeholders as four groups – customers, shareholders, employees, and society – and make policies are made clear to each. Ricoh uses the auditor system and, by strengthening the board of directors and through the executive officer system, Ricoh works to strength top management and management execution. Furthermore, by appointing directors from outside the company, Ricoh strives to secure transparency and impartial decision making in top management. The names, compensation, etc. of directors and executive officers are studied and decided by a unique standing organ, the "Nomination and Compensation Committee."

Corporate governance internal control system diagram



Basic policy of internal control system

The Company made the following revisions regarding basic policy on construction of internal control systems at the Board of Directors' Meeting held on April 25, 2007.

1. System to ensure the efficient implementation of directors' duties and compliance with laws and Articles of Incorporation

The company promotes a sense of alertness in execution of management and execution of business, and in addition uses the following management structures in order to further improve its quality and speediness.

- ① Management transparency and fairness of decision-making are strengthened by the presence of outside directors.
- ② As part of the strengthening of management oversight functions by the Board of Directors, the "Nomination and Compensation Committee," a permanent organization composed of outside directors and resolutions concerning the regulation of the nomination, dismissal and compensation of directors and executive officers, etc.
- ③ The executive officer system, its division of duties clarified, is speeding up the decision-making process through the attribution of authority to each business division.
- ④ The "Group Management Committee" (GMC) is a decision-making organization delegated by the Board of Directors, and composed of executive officers who meet certain qualifications. The GMC operates so as to accelerate consideration and decision-making from the perspective of the optimum management of the entire Group, concerning proposals on the most appropriate strategies for direction of each business division and the entire Group, within the limits granted to it.
- ⑤ The "Disclosure Committee" is an independent organization that assures the accuracy, timeliness, and comprehensiveness of disclosure of corporate information, and it performs checks on the process for the production of disclosed information.

2. Systems related to the retention and management of information related to the implementation of directors' duties

Records and proposals related decisions by directors in the course of their duties are collated and managed in compliance with applicable laws, regulations and internal rules. Documents are kept so that they can be retrieved and produced in response to request from directors and corporate auditors.

3. Regulations and other structures regarding risk management for losses

- ① The occurrence of losses shall be proactively prevented based on regulations for risk management.
- ② Should losses nevertheless arise, efforts shall be made to minimize damage (loss) based on standards for initial reaction.
- ③ In order to manage losses as a Group, comprehensively and in a unified fashion, a division responsible for integrated management will be created that will thoroughly cover all aspects globally.

4. Systems to ensure appropriate compliance with laws, and Articles of Incorporation concerning the performance of employee's duties.

- ① In order to thoroughly implement the "Ricoch Group CSR Charter", which sets forth the principles of corporate behavior with regard to CSR including compliance, and the "Ricoch Group Code of Conduct", which shows the general rules of conduct for Ricoch Group employees, the Special Committee is in the process of setting up a "Hot Line" for reporting incidents and seeking advice, worldwide, and provides training. Every effort is being made to enhance compliance domestically and overseas.

- ② Efforts are being made to improve business processes and construct a framework for standardized internal control throughout the entire Ricoch Group, with the goal of "complying with laws, norms, and internal rules," "improved of business effectiveness and efficiency," "maintaining high reliability of financial reporting," and "preservation of assets," including compliance to the section 404 of the Sarbanes-Oxley Act of 2002, financial product transaction laws, and other laws and regulations.

- ③ For internal auditing, an internal auditing department shall perform fair and objective examination and evaluation of how each division is executing its business based on legal compliance and rational criteria, and provide advice or recommendation for improvement.

- ④ Ricoch has established a special department for strengthening and enhancing the functions of ①, ②, and ③ above in a unified manner. Also, in order to construct and improve the internal control system of the Group, an "Internal Control Committee" that meets periodically to deliberate and decide on these matters has been established within the Group Management Committee (GMC).

5. Systems to ensure correct business standards in the Ricoch group composed of the company and its affiliates

Ricoch and each affiliate in the Ricoch Group shall devise a system that will ensure the adherence to correct business standards to improve business performance and enhance the prosperity of each Group company, while keeping mutual respect for their independence, as follows:

- ① The company's board of directors and the "Group Management Committee" (GMC) make decisions and perform management oversight for the Ricoch Group as a whole. To ensure the efficacy of such efforts, they establish management regulations concerning affiliated companies, and set up relevant administrative organization in order to manage the Group.
- ② The "Ricoch group Standard" (RGS) represents a set of common rules to be followed by the entire Group.

6. Matters regarding employees whom auditors request to assist them in the performance of their duties

Internal Audit system shall be established to assist work duties through directives from auditors, and to select employees who shall assist the auditors in their work.

7. Matters related to the independence of auditors' staff from directors described in No. 6 above

When an employee (as in No. 6 above) assists auditors in their work, he or she shall not be subject to order given by directors. In addition, decisions concerning personnel assessments or personnel changes regarding said employees shall be made only after hearing the opinions of the auditors.

8. Systems to enable directors or employees to report to auditors, and other systems related to reporting to auditors

Directors or employees shall report to auditor matters concerning laws and regulations, as well as "important matters decided by directors which affect the entire company," "the results of internal audits," "the status of reporting via the internal reporting system," and "matters which auditors have sought report about."

9. Systems established to ensure the efficacious performance of auditing responsibilities by auditors

Auditors shall perform audits thoroughly by attending the board of directors meeting and management meetings, receiving reports on exercise of function from the directors and executive officers, reviewing important resolution documents, and investigating the status of operations of division and group companies.