

Establishing risk management and compliance in our daily operations as a fundamental Group responsibility to strengthen internal control

Management may face crises caused by various internal and external factors. The Ricoh Group, consider taking preventive and preparedness actions against and being prepared for crises as one of its social responsibilities, has established a risk management system and implements preventive measures, together with compliance, in its daily activities.

Risk Management and Internal Control

The risk management activities of the Ricoh Group come primarily under the total risk management (TRM) system. The TRM system, designed to identify and address risk in a comprehensive manner, aims at effective and efficient risk management that will lead to consistent and sustainable growth for our Group's business and its corporate value. Under this system, each Group company conducts rigorous risk management as part of its day-to-day operations to avert any crisis that may have a significant adverse impact on the business activities of the Group. We have also been taking preparedness measures against the potential occurrence of natural disasters (e.g., earthquakes) or infectious diseases (e.g., new types of influenza) to minimize the damage and achieve prompt recovery and business continuity. In order to evaluate our risk management performance, as well as to improve compliance, operational efficiency, and the credibility of our financial reporting, we have been conducting integrated internal audits (consisting of SOX audits, operational audits, TRM audits, etc.) since fiscal 2007.

Fiscal 2008 Activities Review

<Ricoh Group>

● Setting the rules for and familiarization with TRM

We have formulated basic written rules for operating our TRM system; these are the Ricoh Group TRM Basic Rules. Positioned as a part of the Ricoh Group Standards (RGS), the rules have already been released to each division and Group company. We have also taken preventative and preparedness actions under the improvement plan.

● Developing a Business Continuity Plan (BCP)

- 1) A disastrous earthquake in the Tokyo metropolitan area or the Tokai region: We completed the development of a BCP for maintenance services and supplies of consumables.
- 2) A new type of influenza outbreak: We have developed a basic plan and selected which business operations should be continued in the event of an outbreak and have started to develop a BCP for the selected businesses.

● Integrated internal audit system by level

To make our internal audits more relevant to our operations and workplace, our integrated internal audits for subsidiaries and affiliates will no longer be conducted by the Internal Management & Control Division, but by the division that is in direct charge of managing a given risk. This responsibility transfer will be implemented in stages, starting with the audits for sales subsidiaries in Japan in fiscal 2008.

Plan for Fiscal 2009

<Ricoh Group>

● Improving the effectiveness of the TRM system

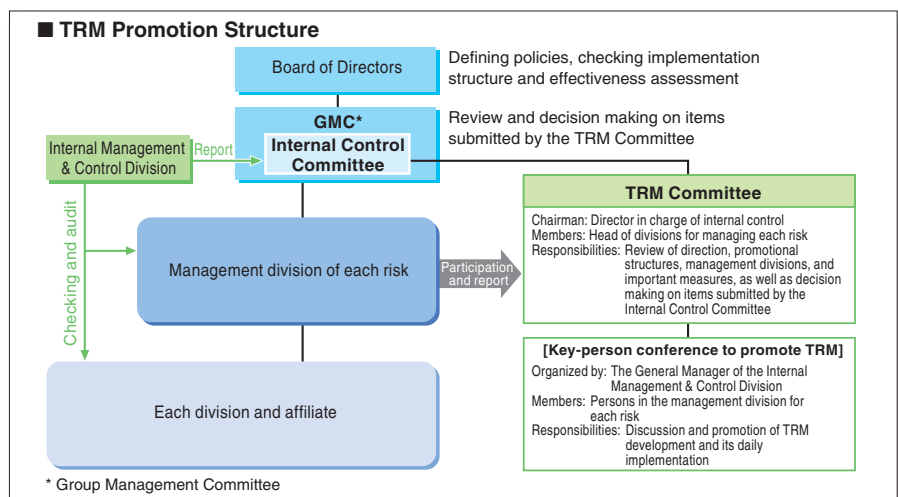
For more effective implementation of the TRM system, we will formulate, develop, and implement measures to advance from the first phase (starting a PDCA cycle for the TRM system, based on the risk prevention measures under the Ricoh Group Standards) to the second phase (ensuring that TRM is well-established in the workplace).

● Implementing BCPs

- 1) A disastrous earthquake in the Tokyo metropolitan area or the Tokai region: We will take preparedness steps based on our formulated BCP for maintenance services and supplies of consumables.
- 2) A new type of influenza outbreak: We will develop a specific BCP for the operations selected to continue (both in and outside of Japan) and take preparedness measures accordingly.

● Integrated internal audit system by level

We will continue our efforts, began in fiscal 2008, for a global transfer of the responsibilities for conducting integrated internal audits for our sales and manufacturing subsidiaries. Under the new system, the divisions that manage the risks in question will be in charge of the audits.



For our environmental risk management, refer to the Ricoh Group Sustainability Report (Environment) 2009 on our website.

Compliance

Each Ricoh employee is required to fully understand the Ricoh Group Code of Conduct and act in accordance with it, in order to strengthen compliance (observance of laws, regulations and corporate ethics). For this purpose we provide e-learning courses to help employees understand the importance of following laws, regulations and corporate ethics. These online education courses use dramatized educational video material to provide employees with better understanding and enable them to reflect what they have learned in their daily activities. In addition, we are working to ensure continuous improvement by checking the effects of education as well as the level of knowledge penetration and retention among employees.

Overseas Ricoh Group companies share the Code of Conduct

Ricoh's overseas Group companies share the Code of Conduct through the effective use of infrastructure, such as intranets and portable booklets that are created and distributed to employees.



Fiscal 2008 Activities Review

<Ricoh Group (Japan)>

● Providing education on the Code of Conduct

Our e-learning educational program on the Code of Conduct is reviewed and updated every year. As recent technological advances have allowed us to utilize live images in e-learning materials, our current program uses many live-action images to help learners understand better.

<Ricoh Group (Overseas)>

● Promoting the Code of Conduct outside Japan

Ricoh's global affiliates have each adopted the Code of Conduct to their own needs and provided relevant education on a regional basis. All affiliates in the China region, including some late starters, also completed localizing the Code of Conduct in fiscal 2008.

<Ricoh Group>

● Evaluating implementation by internal audits

The status of implementation of the Code of Conduct at each Ricoh Group company is evaluated by our integrated internal audits, consisting of several types of audits conducted in an integrated manner.

Plan for Fiscal 2009

<Ricoh Group (Japan)>

● Providing education on the Code of Conduct

An upgraded e-learning program for fiscal 2009 is scheduled to be implemented from October 2009.

● Checking activities to improve implementation of the Code of Conduct

We will check our Group's activities to improve the level of implementation.

<Ricoh Group (Overseas)>

● Promoting the Code of Conduct outside Japan

We plan to provide educational programs to all our affiliates outside of Japan.

● Establishing hot line systems

While a hotline system is already in place in some selected affiliates outside of Japan, we will work to ensure that all our global affiliates introduce the system.

Operation of a Hot Line, a consulting service for employees

To give our employees advice and a means of consultation when they have problems on the job, Ricoh Group (Japan) opened consultation desks at two locations in April 2003: the Internal Management & Control Division and an external law firm. Reports from the law firm to Ricoh's Internal Management & Control Division are

made on an anonymous basis to respect the privacy of the individuals. To facilitate proper operation of the Hot Line, we have set Ricoh standard rules and a system to protect individual privacy. During fiscal 2008, we received 50 inquiries and provided individuals with advice and feedback as appropriate.

■ Basic Process Flow of the Hot Line

