

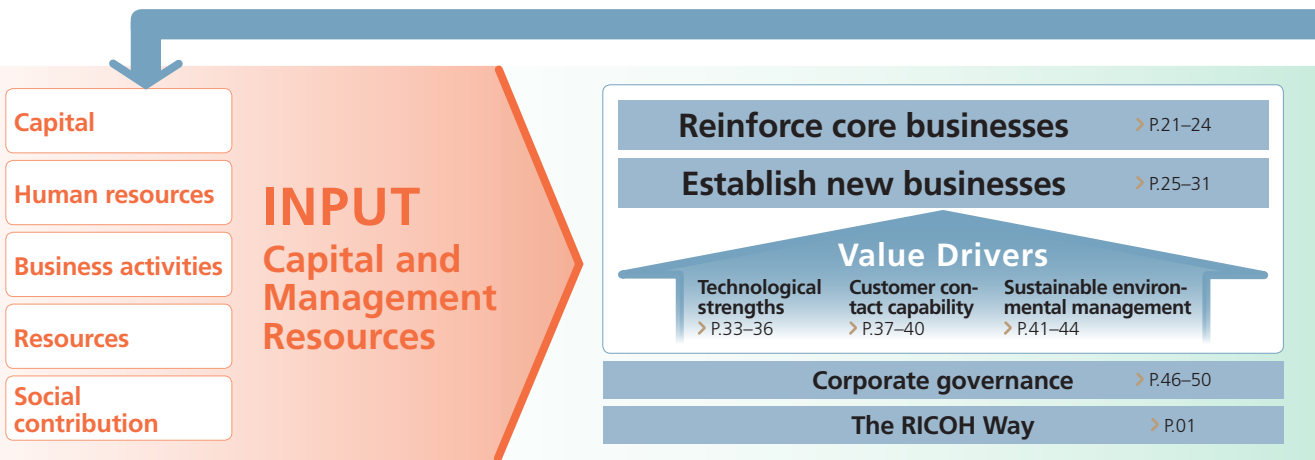
# Corporate value integral to business growth

The Ricoh Group is always working to provide new value to stakeholders through corporate activities and to be a constructive part of solutions to issues that concern customers and society as a whole. As a group, we will strive to achieve continuous business growth and raise corporate value ever higher.

## Cycle of improvement for corporate value

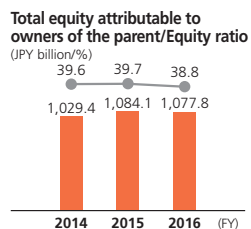
Companies invest copious amounts of capital and management resources to run their businesses and generate all sorts of value.

To us, at Ricoh, corporate value means responding to the various expectations of stakeholders and delivering value that extends to all stakeholders, including customers, shareholders, employees and society at large, and by raising value for each stakeholder we ultimately raise corporate value as well.



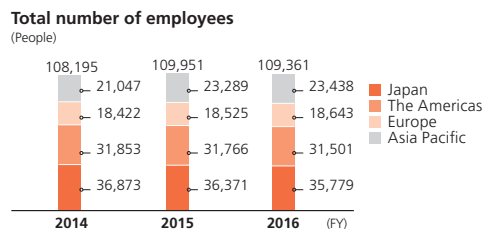
## INPUT Capital and Management Resources

### Capital



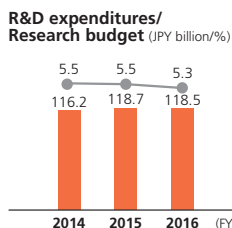
We secured funds to generate sustainable growth and increase corporate value.  
> P.54

### Human resources



Employee numbers declined in Japan and the Americas. We increased numbers in the Asia Pacific, where we expanded operations in emerging nations.

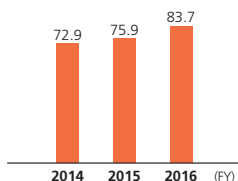
### Business activities



We have targeted research and development investments equivalent to around 5% or 6% of sales to drive ongoing innovations.  
> P.34

### Capital expenditures\*1

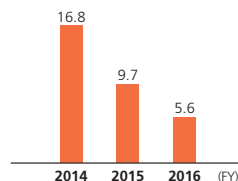
(JPY billion)



We bolstered production facilities and rationalized investments to cultivate new and existing businesses.

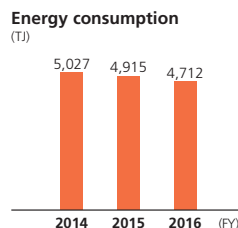
### Business acquisitions\*2

(JPY billion)



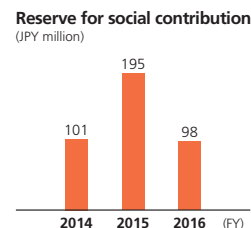
We acquired businesses to secure the resources we need for building new and growth businesses.

### Resources



We continued to expand our businesses while constraining energy usage.  
> P.1

### Social contribution



Every year, we undertake social contribution activities funded with earnings we allocate following approval at the Ordinary General Meeting of Shareholders.

\*1 Expenditures for property, plant and equipment  
\*2 Amount recorded under Cash Flows from Investing Activities in the Consolidated Statements of Cash Flows

### Refer to our website

**Environmental performance data: Energy Conservation** [www.ricoh.com/environment/data/pfm\\_energy.html#energy](http://www.ricoh.com/environment/data/pfm_energy.html#energy)

To boost corporate value, we undertake activities in accordance with management strategies based on core value perceptions and structures. A key element in the equation is The RICOH Way, which establishes the value perceptions that form the foundation for all we do. Corporate governance, with The RICOH Way as a cornerstone feature, accords us the ability to ensure that business activities are being properly executed, and it underpins sound and highly transparent management practices. Then there are our three value drivers—technological

strengths, customer contact capability and sustainable environmental management—that fuel our business growth, and we will apply these drivers in promoting activities to realize the two basic business strategies of the 18th MTP, which are to reinforce and develop earnings power for core businesses and achieve growth by creating new profit generators.

By reinvesting surplus capital and management resources derived through these efforts, we perpetuate the cycle that constantly drives corporate value higher.

OUTPUT  
Value  
Creation

Engaging stakeholders	
<b>Value to customers</b> > P.21–31, P.37–40	<b>Customers</b> <ul style="list-style-type: none"> <li>• Increase customer value through products and services</li> <li>• Offer safe and reliable products and services</li> </ul> <b>Business partners</b> <ul style="list-style-type: none"> <li>• Build partnerships based on mutual trust and fair trade</li> <li>• Promote socially responsible activities across the value chain</li> </ul>
<b>Value to shareholders</b> > P.17	<b>Shareholders and investors</b> <ul style="list-style-type: none"> <li>• Increase corporate value by achieving sustained business growth</li> <li>• Provide timely and appropriate information disclosure and communication</li> </ul>
<b>Value to employees</b> > P.17	<b>Employees</b> <ul style="list-style-type: none"> <li>• Provide workplaces that motivate our diverse employees</li> <li>• Maintain a culture that fosters personal development and fair treatment</li> </ul>
<b>Value to society</b> > P.18	<b>Society</b> <ul style="list-style-type: none"> <li>• Contribute to solving social issues through social contribution and business activities</li> <li>• Respect the cultures and customs of the countries and regions in which we operate, and contribute to their development</li> </ul> <b>Global environment</b> <ul style="list-style-type: none"> <li>• Conduct business activities in an environmentally friendly manner and contribute to the reduction of environmental impact</li> <li>• Contribute to the maintenance and restoration of the Earth's self-recovery capabilities</li> </ul>

OUTPUT  
Value  
Creation

**Value to customers**

**Sales** (JPY billion)

FY	2014	2015	2016
Sales	2,108.4	2,151.4	2,209.0

A Conversation with Our CEO > P.13  
Ricoh Group Consolidated Financial Results for Fiscal 2016 > P.54

**Number of patents acquired worldwide** (Number of patents)

FY	2014	2015	2016
Patents	48,446	48,312	49,044

We continued to obtain patents, increasing the number acquired. We relinquished unnecessary patents, replacing them with new ones. > P.34

**Value to shareholders**

**Profit attributable to owners of the parent** (JPY billion)

FY	2014	2015	2016
Profit	72.8	68.5	62.9

A Conversation with Our CEO > P.13  
Ricoh Group Consolidated Financial Results for Fiscal 2016 > P.54

**ROE** (%)

FY	2014	2015	2016
ROE	7.5	6.5	5.8

A Conversation with Our CEO > P.14  
Measures to boost ROE > P.17

**Value to employees**

**Average years of service** (Ricoh Co., Ltd.) (Years)

FY	2014	2015	2016
Service	17.1	17.6	18.0

The average number of years of service increased.

**Value to society**

**Number of industrial accidents** (Ricoh Group (Japan)) (Number of accidents)

FY	2014	2015	2016
Accidents	107	108	130

Although the number of minor occupational accidents was up, no severe incidents occurred as a result of addressing close calls, undertaking hazard prediction activities, and conducting risk assessments as part of analytical and recurrence prevention efforts.

**Value to society**

**Total contributions to society** > 2 (JPY million)

FY	2014	2015	2016
Contributions	504	430	363

Contributions were down amid declining employee participation in regional activities and goods donations.

**CO2 emissions during product use (Scope 3)** (kt)

FY	2014	2015	2016
Emissions	606.0	612.5	563.8

The expanded use of energy-efficient products contributed to a decrease in emissions.

**Value to society/customers**

**CO2 reduction contribution** > 3 (CO2(kt))

FY	2014	2015	2016
Reduction	395	374	453

Our products and solutions helped cut overall carbon dioxide emissions by society, with the reductions exceeding emissions from all of the Ricoh Group's plants.

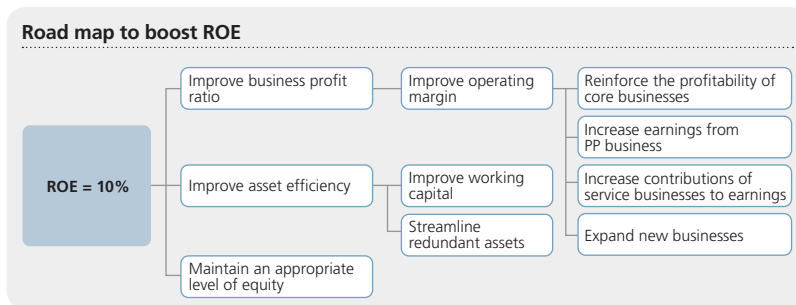
**Refer to our website**

- 2 Social contribution activities [www.ricoh.com/csr/community/performance.html](http://www.ricoh.com/csr/community/performance.html)
- 3 Evaluation of contribution [www.ricoh.com/environment/management/reduction.html](http://www.ricoh.com/environment/management/reduction.html)

## Shareholder value creation

### Measures to boost ROE

We aim to enhance shareholder value by using shareholders' equity efficiently and becoming very profitable. We therefore formulated a roadmap to boost return on equity (ROE). We are accordingly



striving to enhance profitability and asset efficiency while maintaining suitable capital levels to deliver proper shareholder returns.

In fiscal 2016, ROE declined 0.7 percentage point, to 5.8%. The principal factor was lower earnings because of adverse market conditions from intensified competition and the impact of foreign exchange fluctuations, which offset gains from asset reviews.

### Thoughts on return to shareholders

We will bolster our financial reserves to solidify our financial position and cultivate new businesses. At the same time, we look to steadily lift our consolidated dividend payout ratio from around 30%, to about 50%, to return more earnings to shareholders. >1

## Employee value creation

### Fostering our people worldwide through "The RICOH Way"

We endeavor to ensure that all of the Ricoh Group's 110,000 employees worldwide embrace "The RICOH Way," which is fundamental to consistently delivering the same value proposition to customers worldwide. Sharing values empowers our diverse people to demonstrate their individuality and respect each other in their efforts, contributing to a corporate culture that fosters flexible ideas and innovation. Ensuring that all of our employees have real purposes in life and can reach their potential is vital for Ricoh to continue growing sustainably. We aim to tackle the challenges of social change and intensifying competition by materializing the true value of our people, further enhancing our corporate value. >2

### Fostering a caring, appreciative corporate culture through The RICOH Way Recognition Program

Once a year we recognize outstanding efforts among Group employees in keeping with the spirit of The RICOH Way. We have three prize programs. These are The RICOH Way Award, The Star Supporter Award, and The Giving Back Award. Prizes honor those whose activities conspicuously contribute to new customer value or innovation in keeping with the values statement of The RICOH Way. The program thus seeks to lift employee morale and foster a caring, appreciative corporate culture. Another goal with these awards is to share success stories from The RICOH Way that everyone in the Group can learn from.



Fiscal 2016, The RICOH Way Excellence Top Award

### Refer to our website

- 1 Dividends per share/Dividend payout ratio [www.ricoh.com/IR/financial\\_data/financial\\_indicators/data7.html](http://www.ricoh.com/IR/financial_data/financial_indicators/data7.html)
- 2 Diversity and work-life management [www.ricoh.com/csr/labor/diversity.html](http://www.ricoh.com/csr/labor/diversity.html)

## Social value creation

### CSV > 1 initiatives

The Ricoh Group has positioned CSV as a growth strategy for resolving social issues by delivering new value through business. We will seek solutions to social issues that are focuses of Sustainable Development Goals > 2 through technology, products and services, personnel and other Groupwide resources. We look for our efforts to also lead us to new markets and new customers and contribute to innovation-oriented businesses. > 3

#### CSV initiatives

- Sustainable environmental management (since 1998) > 1
- BOP (Base of the Pyramid) project in India (since 2010)
- Educational support in India (since 2011)
- Exploring business opportunities to contribute to food security and efficiency business in Indonesia (since 2015)



Educational support in India  
Class using projector

### Social contribution activities undertaken with commitment and responsibility

Within the Ricoh Group, we implement social contribution activities with commitment and responsibility > 4 in focus areas—raising the next generation, global environmental conservation and community development—to address social issues with global impact. In addition, we have set up a social contribution reserve system to ensure a stable source of funds for activities; and with the approval of shareholders, we have set aside an amount equal to 1% (up to ¥200 million) of consolidated profit after dividends for social contribution activities.

#### Activities funded by the social contribution reserve

- Donations to the New Technology Development Foundation (since 1999)
- Forest ecosystem conservation projects (since 1999)
- Ricoh Science Caravan (since 2007)
- Ichimura Nature School Kanto (since 2002)
- Forest conservation project in Ena, Gifu Prefecture (since 2014)



Ena-no-Mori (Ena Forest) project  
Nature class for young children as part of Ena forest conservation project



#### 1 CSV

CSV stands for “creating shared value,” a business concept introduced by Harvard professor Michael E. Porter, a leading authority on competitive strategy, and Mark Kramer in a *Harvard Business Review* article. The core concept of CSV is that the competitive strength of a company and the health of communities around it are inter-reliant. So by addressing social needs and challenges, corporations can create value for their businesses as well as society.

#### 2 Sustainable Development Goals

The 17 Sustainable Development Goals and 169 targets of the United Nations' 2030 Agenda for Sustainable Development include ending poverty and starvation, enhancing education opportunities, and tackling energy and climate change issues.

#### Refer to these pages

- 1 Sustainable environmental management P.41–44

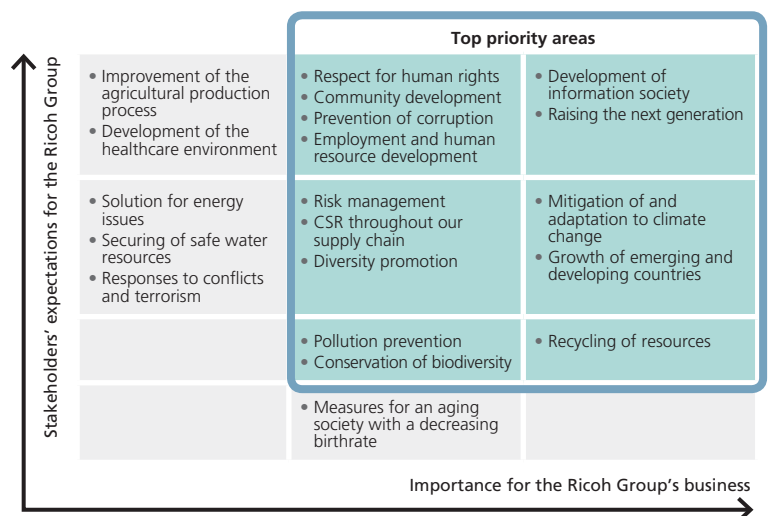
## Clarification of issues of materiality for mid- and long-term action

We seek to grow the businesses under the Ricoh Group umbrella while contributing to the sustainable development of the environment and society. Toward this end, we have clarified issues of materiality—key social issues > 5—in line with stakeholder expectations and reflect these issues in our sustainable CSR and environment-oriented activities.

In identifying issues of materiality, we evaluate themes inherent in the creation of a sustainable society in terms of their importance to the business activities of the Ricoh Group and the expectations that stakeholders have for us. The results of our analysis are used for mapping purposes.

CSR measures laid out in the 18th MTP are based on these issues of materiality. Going forward, we will set key performance indicators for each issue and run through a PDCA cycle that includes reviews at our overseas bases, and thereby improve our performance even further.

### Materiality matrix



#### Refer to our website

- 3 CSV initiatives [www.ricoh.com/csr/community/value.html](http://www.ricoh.com/csr/community/value.html)
- 4 Commitment to social contribution [www.ricoh.com/csr/community/will.html](http://www.ricoh.com/csr/community/will.html)
- 5 Materiality for the Ricoh Group [www.ricoh.com/csr/strategy/materiality.html](http://www.ricoh.com/csr/strategy/materiality.html)