

Ricoh's Governance Reforms

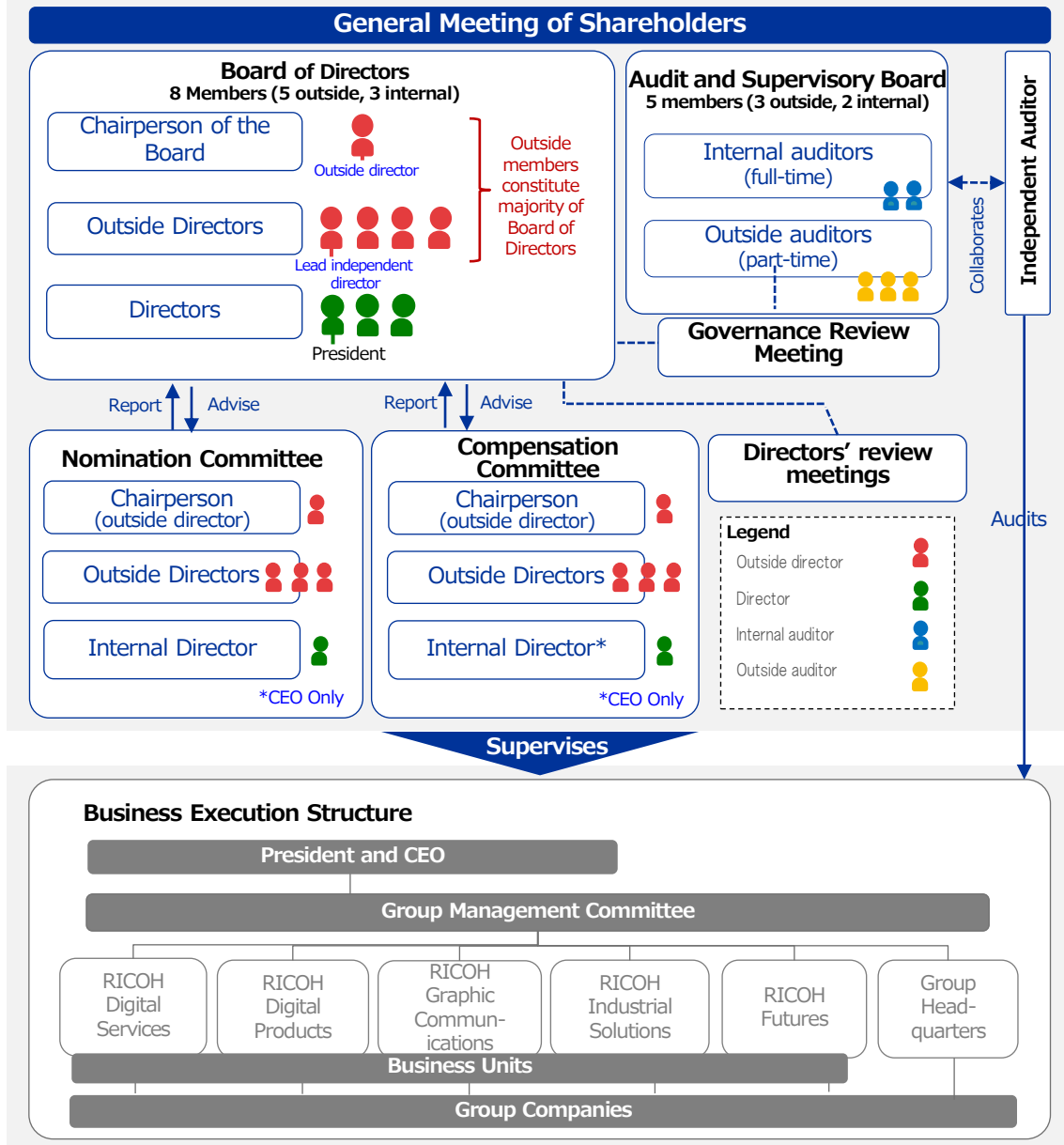
- **Governance Overview**
- **Governance Reform Progress**
 - Restructuring Governance to Overhaul Management
 - Enhancing Capabilities of Nomination Committee
 - How Board is Tackling Adverse Business Climate
- **Challenges and Direction**

November 18, 2022

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Institutional Design

- Reviewed annually
- To transform its business structure, Ricoh adopted a company with an Audit and Supervisory Board structure to empower the Board of Directors to draw on wide-ranging expertise in making decisions and supporting business execution

Board of Directors

- Outside members account for a majority on the Board of Directors to reinforce supervision and broaden expertise
- We strengthened the functions of outside directors by having one serve as chairperson, with a lead independent director managing other outside members

Nomination and Compensation Committees

- Both bodies are highly independent and have strong supervisory functions, with the CEO being the sole executive representative

Business Execution Structure

- Adopted a business unit structure in fiscal 2021
- With that structure in place, the Nomination Committee confirms and assesses the performances of executive officers to whom Ricoh delegates authority

Restructuring Governance to Overhaul Management

- Fiscal 2016 **Establishes Board of Directors Office**
Splits Nomination and Compensation Committee
Chairperson of Board of Directors becomes non-executive director position
Directors' review meetings established
- Fiscal 2017 **Changes management structure**
Boosts independence of Nominating and Compensation committees
Establishes Board-driven agenda setting
Reinforces internal controls, accounting procedures, and investor relations and disclosure structures
- Fiscal 2018 **Sets director terms at one year**
Terminates management advisory system
Introduces two-tiered evaluation setup for CEO and directors
Establishes Governance Review Meeting
- Fiscal 2019 **Annually assesses institutional design and Board of Directors composition**
Deploys stock-linked compensation plan
Strengthens independence in choosing prospective auditors
- Fiscal 2020 **Revises director bonus formula**
 (adopts return on capital and ESG indicators)
Reinforces succession plans
- Fiscal 2021 **Steps up ROIC-based business portfolio management**
Assesses senior management performances
Observes outside auditor participation in Nomination and Compensation committee meetings
- Fiscal 2022 **Reviews governance structure**
 (Changes composition of Board of Directors so majority of members are outside directors, makes Chairperson of that body an outside director, and sets up lead independent director position)
Creates Board culture
Sets up Outside Directors Meeting
Revises base compensation and bonus formula for directors
 (for job grade compensation and target achievement)

Restructured management and strengthened supervision to make it outside director-led

- Non-executive chairperson making proceedings more objective and deepening deliberations
- Nomination Committee and Board of Directors led change in management structure and termination of management advisory system
- Outside directors leading annual review of institutional design and Board composition

Established Board of Directors-related structure

- Established Board of Directors Office directly under Board to directly reflect outside director views in management
- Enhancing deliberations and consensus building for resolutions of important proposals before Board meetings through Directors' review meetings
- Constantly scrutinizing governance structure and operations and sharing concerns in Governance Review Meetings and sharing concerns

Had Board set agendas

- Determining operating policy and agenda for intensive deliberations by evaluating Board effectiveness
- Created annual schedule for key agenda (for deliberation and decision making) and regular agenda (monitoring) items
- Operating to ensure timely decision-making and monitoring (notably through written resolutions and reports and remote access)

Enhancing Capabilities of Nomination Committee

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Made committees more independent

- A majority of members are outside directors, as is the chairperson
- Enhanced auditor attendance and reporting to Board of Directors to improve transparency
- Boosted objectivity and independence by ensuring that all members other than CEO are outside directors

Established process for appointing, dismissing, and evaluating CEO

- Launched two-phase CEO evaluation system (deciding on whether to retain and evaluating performance)
- Evaluating CEO in that person's absence
- Encouraging management improvements by feeding back findings to CEO
- Ensuring transparent evaluation and supervision of suitability for continuation by reporting to Board of Directors

Strengthened succession plans

- Systematically and intensively discussing deliberation next generation of prospective executives, including for key position successions
- Confirming performances of executive officers in line with business unit setup
- Providing objective external assessments and training

More thoroughly monitoring contingency plans

- Monitoring and supporting business execution to combat pandemic, geopolitical, and other risks

Enhancing post-pandemic prospect discussions

- Stepping up varying management capital deliberations for drive to become digital services company
- Supporting growth strategies (through acquisitions and collaboration)
- Switching significantly from gradualist to backcast-driven mid-term management plan formulation approach
- Employing capital policy that balances growth investments and shareholder returns
- Launching ROIC-based portfolio management

The Board and governance in times of volatility, uncertainty, complexity, and ambiguity

- Strengthening supervision and enhancing deliberations through wide-ranging expertise
 - Having outside directors constitute majorities on Board of Directors and committees
 - Having outside director chair Board of Directors
 - Adopting lead independent directorships
- Setting up Outside Executive Meetings
- Establishing Board culture (basic decisions and actions on Spirit of Three Loves)

Ricoh Board Culture

1. 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**.
2. **The chairperson shall objectively lead diverse and highly independent** Board members in engaging and constructive deliberations that **value a diversity of open and free viewpoints. Management shall faithfully reflect** the results of deliberations.
3. Board members shall understand their social responsibilities, **make robust decisions for the future**, and oversee management's implementation of decisions, so Ricoh can **enhance medium- and long-term corporate value** by delivering **exceptional business growth, capital profitability, and ESG performances**.

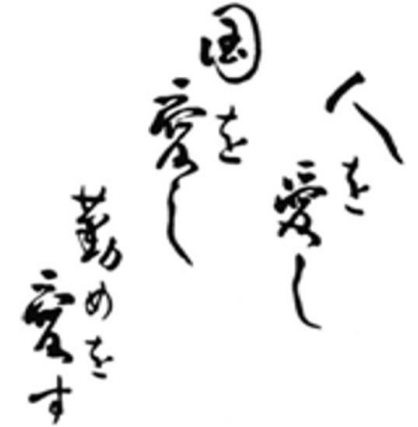
Challenges

- Improve corporate value
- Materialize business digital transformation in drive to become digital services company
- Steadily undertake growth investments (through acquisitions and collaboration)
- Supervise and make decisions for times of volatility, uncertainty, complexity, and ambiguity
- Pursue advanced global risk management
- Build resilient supply chain

Direction

- Further diversify membership of Board of Director and bolster skill set
- Make the right decisions and oversight to tackle social and economic changes and become a digital services company
- Keep reinforcing succession planning for future generations of management
- As lead independent director, communicate more with chairperson of the Board, management, and stakeholders

The Spirit of Three Loves
Love your neighbor, Love your country, Love your work



Materialize Three Ps Balance



Resolve social issues while delivering growth



Create a society that leaves no one behind



Keep environmental impact below Earth's regenerative capacity

RICOH

imagine. change.