

To Our Shareholders

Aiming to be a Digital Services Company

At the outset, we would like to offer our respectful condolences for the victims of COVID-19, and our sincere best wishes for those who are currently battling the virus. At the same time, we would like to express our heartfelt respect for the healthcare professionals and those at public institutions who are fighting on the front lines to bring the situation under control.

We would like to take this opportunity to express our sincere appreciation for our shareholders' continuous support with the delivery of this convocation notice for the 120th Ordinary General Meeting of Shareholders.

Under the 19th Mid-Term Management Plan (the "19th MTP"), which commenced in FY2017, we have focused on implementing structural reform aimed at increasing the profitability of our core businesses and optimizing our assets, under the "RICOH Resurgent" strategy. We proceeded with sweeping reforms, including the reorganization and aggregation of operating sites, the recognition of impairment losses on goodwill related to past acquisitions, and the restructuring of Ricoh Group companies, with an awareness of the need to build Ricoh into a company that can continue to create cash flow to fund investment for the future. Since FY2018, we have steered towards implementing our growth strategy "RICOH Ignite" and engaged in reforms to our business structure.

In FY2019, which was the final year of the 19th MTP, consolidated net sales for the Ricoh Group amounted to ¥2,008.5 billion, a decrease of 0.2% from the previous fiscal year, while profit attributable to owners of the parent amounted to ¥39.5 billion, a decrease of 20.2%.

Even in this environment, we have been able to improve cash flow significantly, through initiatives to strengthen business profitability and optimize businesses and assets we worked on under the 19th MTP. At the conclusion of the 19th MTP, we have decided on a policy of implementing an additional shareholder return of ¥100.0 billion, based on our belief that the profit created by Ricoh should be returned to its shareholders. We will continue to strive to secure the profitability required by our shareholders on their investment, as well as other invested capital, and implement appropriate capital policy in the context of optimal capital structure.

We will propose a year-end dividend of ¥13 per share for FY2019 to the 120th Ordinary General Meeting of Shareholders, in accordance with our original forecast. Combined with the interim dividend already disbursed, the annual dividend for the fiscal year under review will amount to ¥26 per share.

The world is facing unprecedented risks due to the spread of COVID-19. We are not yet in a position to fully estimate the impact of COVID-19 on the Ricoh Group's businesses. We will rapidly implement emergency measures to surmount this crisis, including reduction of fixed and other costs, and controlling investment. The COVID-19 crisis has brought significant economic and social change. We will use this crisis faced by humanity as a springboard for future growth.

We have proclaimed our goal to evolve into a "digital services company", aiming for sustained growth. We will leverage our customer base and the customer connections we have built up around the world to provide innovative products and services targeting all of our customers in their workplaces, while simultaneously shifting to digital operations ourselves, to realize

“Fulfillment through Work.”

During the three years of the 19th MTP beginning in FY2017, the year I became President, we have engaged in the thorough elimination of waste and the transition to an appropriate structure for the growth businesses of the future. In addition to achieving greater focus in developing world-leading products to improve profitability, we have been able to increase our cash generating ability significantly as a result of expanding sales, achieving profitability and increasing profits in the Office Service business, a new pillar supporting our growth, as well as thorough review of other businesses and assets. We will continue to select businesses with greater rigor, screening them for their efficiency in producing profits against equity capital and invested capital, and build a structure that will strengthen our businesses.

In recent years, we have witnessed increasing calls for ESG investment and contribution to achieving the United Nations’ Sustainable Development Goals (SDGs). There is increasing scrutiny regarding companies’ fulfillment of their responsibilities to a range of different stakeholders. Since the time of Ricoh’s founding, we have aimed to contribute to our own growth and the creation of a sustainable society, by pursuing solutions to social issues through our business activities.

Today, in addition to engaging in initiatives to bring about working styles that help to combat the spread of COVID-19 and support front-line healthcare, we must make preparations for the return to normality after the situation is brought under control. Under the new regime of social distancing, we believe that supporting economic activity through remote services, which use digital technology to connect offices and worksites, should be a priority for us in order to solve social issues. We see it as our mission to continue to be useful to our customers and local communities through value creation activities such as these. Despite the uncertain outlook, we will strive with all our strength to achieve sustained growth and enhance corporate value, contributing to the solution of social issues while building an even stronger and more resilient corporate structure.

We believe that the 20th Mid-Term Management Plan, commencing from FY2021, will allow us to leverage off the foothold to growth that we built under the 19th MTP, and achieve “Lift Off.” However, faced with the impact of the spread of COVID-19 around the world after the end of FY2019, we consider it necessary to concentrate on our immediate response to the crisis, while further accelerating Ricoh’s transformation in anticipation of significant changes to our existing forecasts for the medium- to long-term business environment.

The outlook for the economic environment and demand remains unclear due to COVID-19. We have determined that it is not possible to appropriately forecast our results in this situation, and have left our results forecast for FY2020 pending. Even in this totally unpredictable situation, we will work as a company to accelerate initiatives aimed at strengthening profitability, toughen our corporate physique, and strive to transform our businesses to promptly provide new value to meet the needs of the world after COVID-19.

Sincerely,

May 2020

Yoshinori Yamashita
*Representative Director,
President and CEO,
Ricoh Company, Ltd.*

(Translation)

**NOTICE OF
120TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Date and Time: Friday, June 26, 2020, from 10:00 a.m.
(Reception will start at 9:00 a.m.)

Venue: Head Office of Ricoh Company, Ltd. (the Company)
3-6, Nakamagome 1-chome, Ohta-ku, Tokyo
(Please refer to the access map at the end of this document (only in the Japanese original) for the location of the venue.)

Purpose:

- Items to be reported:**
1. The Business Report, Consolidated Financial Statements and the results of the audit of the Consolidated Financial Statements by Independent Auditor and the Audit & Supervisory Board for FY2019 (from April 1, 2019 to March 31, 2020)
 2. The Non-consolidated Financial Statements for FY2019 (from April 1, 2019 to March 31, 2020)

Items to be resolved:

- | | |
|-----------|---|
| Agenda 1: | Appropriation of surplus |
| Agenda 2: | Election of eight (8) Directors |
| Agenda 3: | Payment of bonuses to Directors |
| Agenda 4: | Election of three (3) Audit & Supervisory Board Members |

Treatment of voting rights

- (1) Those who will not be able to attend the meeting on the day are kindly requested to consider the appended “Reference Material for Ordinary General Meeting of Shareholders” and exercise their voting rights in writing or via the Internet by no later than 5:30 p.m., Thursday, June 25, 2020.
- (2) When voting rights are exercised both in writing and via the Internet, the vote received later shall be deemed effective. However, if votes are received on the same day, the vote registered via the Internet shall be deemed effective.
- (3) When voting rights are exercised via the Internet more than once, the last vote shall be deemed effective.

Reference Material for Ordinary General Meeting of Shareholders

Agenda 1: Appropriation of surplus

The appropriation of surplus will be as follows:

The Company prioritizes expanding profit returns to shareholders through medium- to long-term increases in its stock price as a result of sustainable growth as well as stable dividend payments. To that end, the Company is striving to expand profits through strategic investments aimed at sustainable growth. In striving for stable dividends, the Company will adopt a total return ratio of 30% as the benchmark for determining dividends after comprehensively taking into consideration financial strength and other matters reflecting profit forecasts, investment plans and credit ratings.

The year-end dividends for FY2019 will be ¥13 per share.

As a result, the annual dividend for FY2019 including the interim dividend will be ¥26 per share.

In addition, in order to ensure flexibility in our future capital policy, we propose partial reversal of the general reserve as below and transfer to retained earnings brought forward based on the provisions of Article 452 of the Companies Act.

1. Year-end dividends

(1) Type of dividend assets

Cash

(2) Matters concerning allocation of dividend assets and the total amount

¥13 per common share of the Company

Total: ¥9,423,115,650

(3) Effective date of the surplus distribution

June 29, 2020

2. Other appropriation of surplus

(1) Item of surplus whose amount is to be increased and the amount thereof

Retained earnings brought forward: ¥100,000,000,000

(2) Item of surplus whose amount is to be decreased and the amount thereof

General reserve: ¥100,000,000,000

Basic Capital Policy

The Ricoh Group strives to improve corporate value in a sustainable manner while maintaining a relationship of trust with all stakeholders, and will implement appropriate capital policies with a good understanding of its capital costs, and aim to realize returns that exceed capital costs.

In the 19th Mid-Term Management Plan, which concluded in FY2019, we announced our target value for return on equity (ROE). To achieve this goal, we have been working on management reforms to further improve capital efficiency and been promoting the reinforcement of specific mechanisms to implement PDCA* group-wide, targeting a return on invested capital (ROIC) that exceeds our understanding of the Company's capital costs. In our investment initiatives, an Investment Committee has been established to verify investment plans from a financial perspective based on capital costs and a business strategy perspective based on medium- to long-term profitability, growth potential and risks and has developed a system to make decisions while pursuing investment efficiency.

The Company prioritizes expanding profit returns to shareholders through medium- to long-term increases in its stock price as a result of sustainable growth as well as stable dividend payments. To that end, the Company is striving to expand profits through strategic investments aimed at sustainable growth. In striving for stable dividends, the Company will adopt a total return ratio of 30% as the benchmark for determining dividends after comprehensively taking into consideration financial strength and other matters reflecting profit forecasts, investment plans and credit ratings. The Company will also flexibly repurchase its stock according to factors including the surrounding business environment.

* PDCA: The Plan-Do-Check-Act cycle

Agenda 2: Election of eight (8) Directors

The tenure of office of all the eight (8) Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders.

Accordingly, the Company proposes the appointment of eight (8) Directors, including four (4) Outside Directors.

In order to build a Director election process that is more objective and transparent aiming to strengthen competitiveness, improve corporate value, and strengthen and enhance corporate governance, the Company has established an optional Nomination Committee, a majority of members of which are Non-executive Directors and half or more of members of which are Outside Directors. For FY2019, the Nomination Committee consisted of three (3) Outside Directors, one (1) Internal Non-executive Director and one (1) Internal Executive Director, with a majority of Outside Directors and was chaired by an Outside Director. The Nomination Committee nominated candidates based on the election criteria for Directors, as well as assessment in terms of qualifications, experience, skills, diversity, etc. required for a Director of the Company, and reported the candidates to the Board of Directors. Subsequently, following discussions by the Board of Directors, the candidates for Directors were determined for proposal to the General Meeting of Shareholders. (Refer to pages 45 to 47 for the election criteria for Directors and election process for Directors.)

If this agenda is approved as originally proposed, the structure of the Board of Directors will be a total of eight (8) members consisting of four (4) Internal Directors (including one (1) Non-executive Director) and four (4) Outside Directors (including one (1) female Director), making half of the Directors to be Outside Directors. The Company will enhance its oversight function and secure appropriate decision-making with an aim to enhance shareholder value and corporate value through this structure.

The candidates for Directors are on pages 8 to 24.

| No. | Name | | Current positions at the Company | Years of service as Director (at the conclusion of this Meeting) | Board of Directors meeting attendance | Number of concurrent positions at listed companies, including the Company |
|-----|---------------------|---|----------------------------------|--|---------------------------------------|---|
| 1 | Yoshinori Yamashita | Reappointment Male | Representative Director | 8 years | 14/14 100% | 1 |
| 2 | Nobuo Inaba | Reappointment Non-executive Male | Chairperson of the Board | 10 years | 14/14 100% | 1 |
| 3 | Hidetaka Matsuishi | Reappointment Male | Director | 2 years | 14/14 100% | 1 |
| 4 | Seiji Sakata | Reappointment Male | Director | 2 years | 14/14 100% | 1 |
| 5 | Masami Iijima | Reappointment Non-executive Male Outside Director Independent Director | Outside Director | 4 years | 13/14 93% | 4 |
| 6 | Mutsuko Hatano | Reappointment Non-executive Female Outside Director Independent Director | Outside Director | 4 years | 14/14 100% | 1 |

| No. | Name | Current positions at the Company | Years of service as Director (at the conclusion of this Meeting) | Board of Directors meeting attendance | Number of concurrent positions at listed companies, including the Company | |
|-----|---------------|--|--|---------------------------------------|---|---|
| 7 | Kazuhiro Mori | Reappointment Non-executive Male Outside Director Independent Director | Outside Director | 2 years | 14/14 100% | 1 |
| 8 | Keisuke Yokoo | New Non-executive Male Outside Director Independent Director (planned) | — | — | — | 2 |

| No. | Name (Date of birth) | Brief personal profile, positions and responsibilities at the Company and significant concurrent positions | | | | | |
|---|---|---|--|---|---|---|---|
| 1 | <p>Yoshinori Yamashita (August 22, 1957)</p> <p>Reappointment</p> <p>Male</p> <p>Class and number of the Company's shares held Common shares: 38,600 Dilutive shares: 3,685 *The number of dilutive shares represents the number of shares corresponding to the number of points in relation to which rights are expected to be vested under the stock compensation system utilizing a trust.</p> <p>Years of service as Director 8 years (at the conclusion of this Meeting)</p> <p>Board of Directors meeting attendance during fiscal year ended March 31, 2020 14/14 (100%)</p> <p>Nomination Committee meeting attendance during fiscal year ended March 31, 2020 4/4 (100%)</p> <p>Compensation Committee meeting attendance during fiscal year ended March 31, 2020 4/4 (100%)</p> | <p>Mar. 1980 Joined the Company</p> <p>Apr. 2008 President of Ricoh Electronics, Inc.</p> <p>Apr. 2010 Group Executive Officer</p> <p>Apr. 2011 Corporate Senior Vice President General Manager of Corporate Planning Division</p> <p>June 2012 Director Corporate Executive Vice President</p> <p>Apr. 2014 General Manager of Business Solutions Group</p> <p>Apr. 2015 In charge of core business</p> <p>June 2016 Deputy President</p> <p>Apr. 2017 Representative Director (Current) President (Current) CEO (Chief Executive Officer) (Current) CHRO (Chief Human Resource Officer) (Current)</p> <p>Apr. 2020 CHRO (Chief Human Resource Officer) (Current)</p> | <p>[Responsibilities as a Director of the Company] Nomination Committee Member / Compensation Committee Member</p> <p>[Responsibilities as an Executive Officer of the Company] CEO / CHRO</p> <p>[Status of concurrent positions as director or officer at listed companies, including the Company (planned)]</p> <table border="1" data-bbox="523 981 1396 1070"> <thead> <tr> <th data-bbox="523 981 962 1037">Number of positions held as executive director or officer</th> <th data-bbox="962 981 1396 1037">Number of positions held as non-executive director or officer</th> </tr> </thead> <tbody> <tr> <td data-bbox="523 1037 962 1070">1</td> <td data-bbox="962 1037 1396 1070">0</td> </tr> </tbody> </table> <p>*If this proposal is approved.</p> <p>[Reasons for nomination as a candidate for Director] Mr. Yoshinori Yamashita has contributed greatly to the development of the Company for many years through his work at the Company, including the management of production and global marketing, management strategy and overseeing the Company's core business, and assumed the office of Director in 2012. Since assuming the post of Representative Director, President and CEO in April 2017, under "RICOH Resurgent" he promoted structural reforms, growth strategies and management reforms in a top-down manner to improve the corporate value of the Company, with a strong will to remove all factors hampering the growth of the Company. As a result, profits recovered sharply in FY2018. In FY2019, while aiming to achieve the targets of the 19th Mid-Term Management Plan, he implemented growth strategies toward the 20th Mid-Term Management Plan "RICOH Lift Off" and worked to improve return on capital. At the same time, he implemented corporate governance reforms to ensure that management is conducted under appropriate evaluation and incentive systems. Furthermore, from the perspective of the environment, society and governance (ESG), he has actively worked towards environmental management, and solution of social issues and is steadily progressing toward achieving long-term goals. He also serves as President of General Incorporated Association of Japan Business Machine and Information System Industries Association; as an executive member of the public interest incorporated association, Japan Association of Corporate Executives; and as the Chairperson of the Regional Revitalization Committee; and he actively participates in activities outside of the Company. The Company's Board of Directors has determined that it is appropriate for him to continue to manage the Company, based on the recognition that his extensive experience at the Company, outstanding management skills and unparalleled leadership are necessary to realize the Company's 20th Mid-</p> | Number of positions held as executive director or officer | Number of positions held as non-executive director or officer | 1 | 0 |
| Number of positions held as executive director or officer | Number of positions held as non-executive director or officer | | | | | | |
| 1 | 0 | | | | | | |

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| | | Term Management Plan and growth strategy, as well as to enhance the Company's shareholder and corporate value. Thus, the Company's Board of Directors nominates him as a candidate for Director. |
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Notes:

1. There are no special interests between candidate Mr. Yoshinori Yamashita and the Company.
2. The term of office of candidate Mr. Yoshinori Yamashita shall be up to the conclusion of the Ordinary General Meeting of Shareholders with respect to the final fiscal year that ends within one (1) year of his election in accordance with the Company's Articles of Incorporation.
3. The numbers of the Company's shares and dilutive shares held by the candidate Mr. Yoshinori Yamashita are as of March 31, 2020 and as of the closing of this Meeting on June 26, 2020, respectively.

Message to our shareholders from the candidate for Director

Ricoh will celebrate its 100th anniversary in 2036, which is 16 years from now. Ahead of the 100th anniversary since the Company's founding, I am looking ahead to the next 16 years. During this period, I believe we need to lay a foundation for the next 100 years.

By the time we celebrate the 100th anniversary in 2036, I would like for the Company to be providing products and services that realize "Fulfilment through Work" to our customers in their workplaces. Ever since Ricoh advocated office automation in the 1970s, we have continued to help our customers in their workplaces to improve work efficiency and productivity. Because of that, I am convinced that Ricoh can accomplish this goal.

During the three years of the 19th Mid-Term Management Plan beginning in FY2017, the year I became President, we have engaged in the thorough elimination of wastage and the transition to an appropriate structure for the growth businesses of the future from the first year. In addition to eliminating business negotiations where intense price competition alone determines winners and losers, as well as achieving greater focus in developing world-leading products to improve profitability, we have increased our cash generating ability significantly as a result of expanding sales and increasing profits in the Office Service business, a new pillar supporting our growth, as well as reviewing other businesses and assets. We have also received positive feedback that Ricoh's financial stability as a business has improved and that our employees have been more energized.

Humanity is currently fighting a great enemy called COVID-19. I am really proud of our employees who support our customers and locals around the world.

Going forward, all of our employees will continue to make every effort to provide products and services that bring "Fulfilment through Work" to our customers in their workplaces as much as possible while we contribute to realizing a sustainable society.

| No. | Name (Date of birth) | Brief personal profile, positions and responsibilities at the Company and significant concurrent positions | | | | |
|---|---|---|---|---|---|---|
| 2 | <p>Nobuo Inaba (November 11, 1950)</p> <p>Reappointment</p> <p>Non-executive</p> <p>Male</p> <p>Number of the Company's shares held 21,000</p> <p>Years of service as Director 10 years (at the conclusion of this Meeting)</p> <p>Board of Directors meeting attendance during fiscal year ended March 31, 2020 14/14 (100%)</p> <p>Nomination Committee meeting attendance during fiscal year ended March 31, 2020 4/4 (100%)</p> <p>Compensation Committee meeting attendance during fiscal year ended March 31, 2020 4/4 (100%)</p> | <p>Apr. 1974 Joined the Bank of Japan</p> <p>May 1992 Director, Head of Securities Division, Credit and Market Management Department of the Bank of Japan</p> <p>May 1994 Director, Head of Planning Division Policy Planning Office of the Bank of Japan</p> <p>May 1996 Deputy Director-General, Policy Planning Office of the Bank of Japan</p> <p>Apr. 1998 Deputy Director-General (Adviser), Policy Planning Office of the Bank of Japan</p> <p>Apr. 2000 Adviser to the Governor Monetary Policy Studies Department, Policy Planning Office of the Bank of Japan</p> <p>June 2001 Director-General, Information System Services Department of the Bank of Japan</p> <p>June 2002 Director-General, Bank Examination and Surveillance Department of the Bank of Japan</p> <p>May 2004 Executive Director of the Bank of Japan</p> <p>May 2008 Joined the Company Executive Adviser</p> <p>Apr. 2010 President of Ricoh Institute of Sustainability and Business</p> <p>June 2010 Director (Current) Corporate Executive Vice President</p> <p>June 2012 CIO (Chief Information Officer)</p> <p>Sep. 2015 In charge of corporate governance promotion</p> <p>Apr. 2017 Chairperson of the Board (Current)</p> <p>[Responsibilities as a Director of the Company] Chairperson of the Board / Nomination Committee Member / Compensation Committee Member</p> <p>[Status of concurrent positions as director or officer at listed companies, including the Company (planned)]</p> <table border="1" data-bbox="520 1216 1393 1310"> <thead> <tr> <th data-bbox="520 1216 956 1279">Number of positions held as executive director or officer</th> <th data-bbox="960 1216 1393 1279">Number of positions held as non-executive director or officer</th> </tr> </thead> <tbody> <tr> <td data-bbox="520 1285 956 1310">0</td> <td data-bbox="960 1285 1393 1310">1</td> </tr> </tbody> </table> <p>*If this proposal is approved.</p> <p>[Reasons for nomination as a candidate for Director] After joining the Bank of Japan in 1974, Mr. Nobuo Inaba contributed to the development of the Japanese economy for many years and from 2004, as an Executive Director of the Bank, he contributed to policymaking to stabilize the Japanese economy and the financial system. He actively participates in activities outside the Company, including serving as an executive member of the public interest incorporated association, Japan Association of Corporate Executives; and as a director of the general incorporated association, Gakushikai.</p> <p>From 2010, as the President of Ricoh Institute of Sustainability and Business, he contributed to the growth of the Company from the standpoint of a think tank, based on his wealth of experience in financial and economic matters, as well as his broad knowledge and insight into socioeconomic matters. In 2017, he assumed the office of Chairperson of the Board as a Non-executive Director, taking a leading role in reforming corporate governance, while working to improve the effectiveness of the Board of Directors of the Company. In addition, in FY2019, he led the Board from a neutral position as the Chairperson of the Board, in appropriately overseeing management and resolute decisionmaking by the Board of Directors regarding matters such as the realization of the 19th Mid-Term Management Plan and the formulation of the 20th Mid-Term Management Plan, and provided advice and recommendations from multiple perspectives, thereby making</p> | Number of positions held as executive director or officer | Number of positions held as non-executive director or officer | 0 | 1 |
| Number of positions held as executive director or officer | Number of positions held as non-executive director or officer | | | | | |
| 0 | 1 | | | | | |

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| | | <p>significant contributions to the Company's initiatives to enhance its corporate value.</p> <p>The Company's Board of Directors has determined that his extensive experience, knowledge and insight, along with appropriate advice and recommendations based thereon, as well as objective and neutral management decisions and oversight as a Non-executive Director, are necessary to realize the Company's 20th Mid-Term Management Plan and growth strategy, as well as to enhance the Company's shareholder and corporate value. Thus, the Company's Board of Directors nominates him as a candidate for Director.</p> |
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Notes:

1. There are no special interests between candidate Mr. Nobuo Inaba and the Company.
2. The term of office of candidate Mr. Nobuo Inaba shall be up to the conclusion of the Ordinary General Meeting of Shareholders with respect to the final fiscal year that ends within one (1) year of his election in accordance with the Company's Articles of Incorporation.
3. The numbers of the Company's shares held by the candidate Mr. Nobuo Inaba are as of March 31, 2020.

Message to our shareholders from the candidate for Director

The Ricoh Group is a corporate group that takes the greatest pleasure in presenting the world's first products and services in the areas of digitization of workplaces, including offices, the application of optical and printing technologies and others. The spread of telework systems, which the Group has been promoting for some time, has made contributions to a certain extent in terms of preventing COVID-19, with companies using the systems as a means of minimizing contact among people in office work.

The turmoil caused by the virus outbreak also shows that companies cannot develop without stability in people's lives. We will continue to fully endeavor to contribute to the stability of the economy and society, including responding to the SDGs*, in order to achieve sustainable growth in corporate value and meet the expectations of our shareholders.

The global economy is in a state of uncertainty, with no end in sight. Under these circumstances, fortunately the Company's corporate structure has been streamlined through structural reforms, and it has sufficient capital that it has accumulated in preparation for crises, sufficient liquidity, and borrowing limits. I believe that we will make effective use of these resources to overcome this crisis, and once the infection is contained, we will strive to jump-start our normal operations.

The Board of Directors has been vigorously deliberating issues such as further improving capital efficiency and fundamentally reviewing the existing shareholder return policy, and we will continue to focus on dialogue with our shareholders while decisively pursuing reforms in corporate governance.

* SDGs: Sustainable Development Goals

In September 2015, the United Nations Summit adopted 17 Sustainable Development Goals and 169 targets as part of a universal agenda to ensure that nobody is left behind in the drive to free humanity from poverty and hunger and improve the human condition in such respects as health, sanitation, economic development, and the environment by 2030.

| No. | Name (Date of birth) | Brief personal profile, positions and responsibilities at the Company and significant concurrent positions | | | | | |
|---|---|---|---|---|---|---|---|
| 3 | <p>Hidetaka Matsuishi (February 22, 1957)</p> <p>Reappointment</p> <p>Male</p> <p>Class and number of the Company's shares held Common shares: 9,466 Dilutive shares: 1,925 *The number of dilutive shares represents the number of shares corresponding to the number of points in relation to which rights are expected to be vested under the stock compensation system utilizing a trust.</p> <p>Years of service as Director 2 years (at the conclusion of this Meeting)</p> <p>Board of Directors meeting attendance during fiscal year ended March 31, 2020 14/14 (100%)</p> | <p>Apr. 1981 Joined the Company</p> <p>Oct. 2000 General Manager of SCM Innovation Center, Marketing Group</p> <p>Jan. 2003 President of Nishi Tokyo Ricoh Co., Ltd.</p> <p>Apr. 2005 President of Ricoh Tohoku Co., Ltd.</p> <p>Apr. 2007 General Manager of Business Strategic Planning Office and General Manager of Business Partner Division, Marketing Group</p> <p>Apr. 2008 General Manager of Business Strategy Center, Marketing Group</p> <p>Apr. 2009 General Manager of Major Accounts Marketing Division, Marketing Group</p> <p>July 2009 Representative Director and President of Ricoh IT Solutions Co., Ltd.</p> <p>Apr. 2014 Group Executive Officer (Corporate Senior Vice President) Representative Director, President and CEO of RICOH LEASING COMPANY, LTD.</p> <p>June 2016 Corporate Senior Vice President General Manager of Japan Marketing Group Representative Director, President and CEO of Ricoh Japan Corporation</p> <p>Apr. 2018 Corporate Executive Vice President and CFO (Chief Financial Officer) (Current) General Manager of Business Planning Division (Current)</p> <p>June 2018 Director (Current)</p> <p>[Responsibilities as an Executive Officer of the Company] CFO / General Manager of Business Planning Division</p> <p>[Status of concurrent positions as director or officer at listed companies, including the Company (planned)]</p> | <table border="1" data-bbox="523 1245 1396 1339"> <thead> <tr> <th data-bbox="523 1245 959 1303">Number of positions held as executive director or officer</th> <th data-bbox="959 1245 1396 1303">Number of positions held as non-executive director or officer</th> </tr> </thead> <tbody> <tr> <td data-bbox="523 1303 959 1339" style="text-align: center;">1</td> <td data-bbox="959 1303 1396 1339" style="text-align: center;">0</td> </tr> </tbody> </table> <p>*If this proposal is approved.</p> <p>[Reasons for nomination as a candidate for Director] Mr. Hidetaka Matsuishi has experience as the head of five subsidiaries of the Company, including RICOH LEASING COMPANY, LTD., listed on the first section of the Tokyo Stock Exchange. As the President of each company, he swiftly carried out various management reforms with his outstanding execution capabilities. As a result, he has made a significant contribution to the overall growth of the Ricoh Group by improving the performance of each company. At the Company, since assuming office as CFO in April 2018, he has led management reforms by advocating a management structure taking into consideration capital costs, while pushing forward with initiatives to improve return on capital under the 20th Mid-Term Management Plan. In addition, with his extensive experience in corporate management and excellent management perspectives, he has made significant contributions to the Company's initiatives to enhance its corporate value through appropriate management decisions and oversight based on active discussions at Board of Directors meetings. The Company's Board of Directors has determined that his extensive experience as a corporate manager and excellent management perspectives, as well as management decisions and oversight from the viewpoint of company-wide optimization based thereon are necessary to realize of the</p> | Number of positions held as executive director or officer | Number of positions held as non-executive director or officer | 1 | 0 |
| Number of positions held as executive director or officer | Number of positions held as non-executive director or officer | | | | | | |
| 1 | 0 | | | | | | |

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| | | Company's 20th Mid-Term Management Plan and growth strategy, as well as to enhance of the Company's shareholder and corporate value. Thus, the Company's Board of Directors nominates him as a candidate for Director. |
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Notes:

1. There are no special interests between candidate Mr. Hidetaka Matsuishi and the Company.
2. The term of office of candidate Mr. Hidetaka Matsuishi shall be up to the conclusion of the Ordinary General Meeting of Shareholders with respect to the final fiscal year that ends within one (1) year of his election in accordance with the Company's Articles of Incorporation.
3. The numbers of the Company's shares and dilutive shares held by the candidate Mr. Hidetaka Matsuishi are as of March 31, 2020 and as of the closing of this Meeting on June 26, 2020, respectively.

Message to our shareholders from the candidate for Director

As the movement toward digital transformation (DX) accelerates around the world, the business environment surrounding us is also changing dramatically. The office equipment industry is witnessing the movement towards paperless systems while the IT industry is witnessing the digitization of business processes. On the other hand, uncertainty remains due to a succession of unpredictable events such as the U.S.-China trade friction, Brexit, and COVID-19.

Under these circumstances, in order to achieve sustainable growth, I believe it is important to listen sincerely to the voices of our stakeholders, including shareholders, customers, employees, business partners, and society, to anticipate changes, and to change swiftly with digital thinking.

Since assuming office as a Director, to achieve sustainable growth of the Company, I have worked on formulation of mid-term management plans that cover issues such as conversion to a "digital services company", ESG targets and capital policies; implementation of capital policies; creation of a business management system based on ROIC^{*1}; formulation of a shareholder return policy that is not bound by conventional thinking; and deconsolidation of RICOH LEASING COMPANY, LTD. In addition, I have proceeded with initiatives including the launch of internal committees for investment, ESG, risk management and others; creation of a system to manage performance; and creation of an environment in which employees can take on challenges, such as an in-house second job program and RFG CHALLENGE^{*2}.

In addition to making efforts to accelerate the Company's transformation to a "digital services company" with an eye on the post-COVID-19 business environment, I will strive to make reforms that take into account the ideal form of the Company and its organizational structure.

Drawing on my experience in the areas of sales, marketing and corporate management, I will strive to contribute to the Ricoh Group's sustainable growth and medium- to long-term improvement in corporate value.

*1 ROIC: Return On Invested Capital

*2 RFG CHALLENGE: In-house startup support program launched in February 2019. The program has been re-implemented, with a new name, "TRIBUS 2020" since FY2020.

| No. | Name (Date of birth) | Brief personal profile, positions and responsibilities at the Company and significant concurrent positions | | | | | |
|---|---|--|--|---|---|---|---|
| 4 | <p style="text-align: center;">Seiji Sakata (September 12, 1958)</p> <p style="text-align: center;">Reappointment</p> <p style="text-align: center;">Male</p> <p>Class and number of the Company's shares held Common shares: 14,600 Dilutive shares: 1,925</p> <p><small>*The number of dilutive shares represents the number of shares corresponding to the number of points in relation to which rights are expected to be vested under the stock compensation system utilizing a trust.</small></p> <p style="text-align: center;">Years of service as Director 2 years (at the conclusion of this Meeting)</p> <p style="text-align: center;">Board of Directors meeting attendance during fiscal year ended March 31, 2020 14/14 (100%)</p> | <p>Apr. 1981 Joined the Company</p> <p>Apr. 2006 General Manager of 1st Designing Center, MFP Business Group</p> <p>Apr. 2007 General Manager of Designing Center and General Manager of Peripheral Products Business Center, MFP Business Group</p> <p>Apr. 2008 Deputy General Manager of MFP Business Group</p> <p>Apr. 2009 General Manager of Controller Development Division and Deputy General Manager of MFP Business Group</p> <p>Apr. 2010 Corporate Vice President</p> <p>Apr. 2011 General Manager of Human Resources Division</p> <p>Apr. 2012 Corporate Senior Vice President</p> <p>Apr. 2014 General Manager of Japan Management Division</p> <p>Feb. 2015 General Manager of Japan Management Division and General Manager of Imaging Systems Development Division</p> <p>Apr. 2017 General Manager of Office Printing Development Division, Deputy General Manager of Office Printing Business Group</p> <p>Apr. 2018 Corporate Executive Vice President (Current) General Manager of Office Printing Business Group</p> <p>June 2018 Director (Current)</p> <p>Apr. 2019 CTO (Chief Technology Officer) (Current)</p> <p>[Responsibilities as an Executive Officer of the Company] CTO</p> <p>[Status of concurrent positions as director or officer at listed companies, including the Company (planned)]</p> | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Number of positions held as executive director or officer</th> <th style="width: 50%;">Number of positions held as non-executive director or officer</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">0</td> </tr> </tbody> </table> <p><small>*If this proposal is approved.</small></p> <p>[Reasons for nomination as a candidate for Director] Mr. Seiji Sakata has been for many years involved in design and development related to office printing, which is the Company's core business, as a leader of the design and development division of printers and multifunctional printers at the Company. Based on his wealth of experience and deep knowledge and insight into the core business and design and development, as the person responsible for the design and development division of the Company's core business, he has taken a leading role in promoting reorganization and reforms within the Group, including the establishment of design-related subsidiaries and the integration of production-related subsidiaries. In addition, he has a record of achievements as the person responsible for the Company's human resources division, such as establishing a global human resources system.</p> <p>Since assuming office as a Director in June 2018 and as the CTO in April 2019, he has sought advanced technologies and developed competitive technologies while formulating and implementing technology strategies and plans for the Group as a whole. In addition, he has helped the members of the Board of Directors better understand medium- and long-term technology strategies for future growth by regularly reporting on the Company's technology situation at Board of Directors meetings while, with his extensive experience in design and development and deep knowledge and insight into technology, has made significant contributions to the Company's initiatives to enhance its corporate value through appropriate management decisions and oversight based on active discussions at Board of Directors meetings.</p> | Number of positions held as executive director or officer | Number of positions held as non-executive director or officer | 1 | 0 |
| Number of positions held as executive director or officer | Number of positions held as non-executive director or officer | | | | | | |
| 1 | 0 | | | | | | |

| | | |
|--|--|---|
| | | <p>The Company's Board of Directors has determined that his extensive experience in design and development and deep knowledge and insight into technology, as well as management decisions and oversight from the viewpoint of company-wide optimization based thereon are necessary to realize the Company's 20th Mid-Term Management Plan and growth strategy, as well as to enhance the Company's shareholder and corporate value. Thus, the Company's Board of Directors nominates him as a candidate for Director.</p> |
|--|--|---|

Notes:

1. There are no special interests between candidate Mr. Seiji Sakata and the Company.
2. The term of office of candidate Mr. Seiji Sakata shall be up to the conclusion of the Ordinary General Meeting of Shareholders with respect to the final fiscal year that ends within one (1) year of his election in accordance with the Company's Articles of Incorporation.
3. The numbers of the Company's shares and dilutive shares held by the candidate Mr. Seiji Sakata are as of March 31, 2020 and as of the closing of this Meeting on June 26, 2020, respectively.

Message to our shareholders from the candidate for Director

In FY2019, as CTO, I worked on initiatives to “strengthen technological capabilities from a business perspective,” “shift resources to growth areas” and “strengthen initiatives for advanced technologies” as the pillars of our technology strategy. As a result, a cloud platform which is linked with a new-generation multifunction printer, released in FY2019, has been making a significant contribution to the expansion of our solutions business, especially office service. In addition, by reforming the development process and shifting development resources from existing businesses to businesses to cultivate, we were able to develop advanced technologies such as healthcare and in-vehicle devices, and acquire AI (artificial intelligence) application technologies.

Furthermore, in FY2019, opportunities were set up for me to report regularly on the status of the Company's technology at Board of Directors meetings; thus, the members of the Board of Directors were able to deepen their understanding of technology, which is the key to the medium- to long-term growth of the Company. Going forward, we intend to hold more in-depth discussions on our technology strategy in the medium- to long-term.

FY2021 marks the start of the 20th Mid-Term Management Plan. In order to realize the “sustainable enhancement of corporate value” that is emphasized in the “RICOH Lift Off,” we will work on (1) research and development to realize a “system in which people play a central role in uniting physical and logical spaces to pursue spiritual enrichment and the enrichment of society as a whole,” (2) development of AI and 5G* technologies, which will be the most important in view of future growth, (3) development of digital technology personnel, and (4) development of services and solutions to meet new needs, with an eye on the post COVID-19 era.

I believe that management based on business and technological perspectives is essential for Ricoh's sustainable growth. As CTO with a background in business, I will manage the Company from these two perspectives, to accelerate the development of existing businesses and foster the growth of many new business buds through technological innovation, thereby realizing the expansion of the Company's corporate value through further growth.

* 5G: The fifth-generation mobile communications system (wireless communication system)

| No. | Name (Date of birth) | Brief personal profile, positions and responsibilities at the Company and significant concurrent positions | | | | | | | | | |
|---|---|--|--|--------------------|--|----------------------|------------------|-------------------|------------|---------------------------------|------------------|
| 5 | <p>Masami Iijima (September 23, 1950)</p> <p>Reappointment</p> <p>Non-executive</p> <p>Male</p> <p>Outside Director</p> <p>Independent Director</p> <p>Number of the Company's shares held 8,300</p> <p>Years of service as Director 4 years (at the conclusion of this Meeting)</p> <p>Board of Directors meeting attendance during fiscal year ended March 31, 2020 13/14 (93%)</p> <p>Nomination Committee meeting attendance during fiscal year ended March 31, 2020 4/4 (100%)</p> <p>Compensation Committee meeting attendance during fiscal year ended March 31, 2020 4/4 (100%)</p> | Apr. 1974 | Joined MITSUI & CO., LTD. | | | | | | | | |
| | | June 2000 | General Manager of Ferrous Raw Materials Division, Iron & Steel Raw Materials Business Unit of MITSUI & CO., LTD. | | | | | | | | |
| | | Apr. 2004 | General Manager of Metals Administrative Division of MITSUI & CO., LTD. | | | | | | | | |
| | | Apr. 2005 | General Manager of Metals & Energy Administrative Division of MITSUI & CO., LTD. | | | | | | | | |
| | | Apr. 2006 | Managing Officer, Chief Operating Officer of Iron & Steel Raw Materials and Non-Ferrous Metals Business Unit of MITSUI & CO., LTD. | | | | | | | | |
| | | Apr. 2007 | Managing Officer, Chief Operating Officer of Mineral & Metal Resources Business Unit of MITSUI & CO., LTD. | | | | | | | | |
| | | Apr. 2008 | Executive Managing Officer of MITSUI & CO., LTD. | | | | | | | | |
| | | June 2008 | Representative Director, Executive Managing Officer of MITSUI & CO., LTD. | | | | | | | | |
| | | Oct. 2008 | Representative Director, Senior Executive Managing Officer of MITSUI & CO., LTD. | | | | | | | | |
| | | Apr. 2009 | Representative Director, President and Chief Executive Officer of MITSUI & CO., LTD. | | | | | | | | |
| | | Apr. 2015 | Representative Director, Chairperson of the Board of Directors of MITSUI & CO., LTD. (Current) | | | | | | | | |
| | | June 2016 | Outside Director (Current) | | | | | | | | |
| | | June 2018 | Outside Director of SoftBank Group Corp. (Current) | | | | | | | | |
| | | June 2019 | Counsellor of the Bank of Japan (Current) Outside Director of Isetan Mitsukoshi Holdings Ltd. (Current) | | | | | | | | |
| | | | [Responsibilities as a Director of the Company] Chairperson of the Nomination Committee / Compensation Committee Member | | | | | | | | |
| | [Significant concurrent positions] | | | | | | | | | | |
| | <table border="1" data-bbox="523 1283 1401 1505"> <thead> <tr> <th data-bbox="523 1283 962 1317">Company</th> <th data-bbox="962 1283 1401 1317">Position</th> </tr> </thead> <tbody> <tr> <td data-bbox="523 1317 962 1406">MITSUI & CO., LTD.</td> <td data-bbox="962 1317 1401 1406">Representative Director, Chairperson of the Board of Directors (Non-executive)</td> </tr> <tr> <td data-bbox="523 1406 962 1440">SoftBank Group Corp.</td> <td data-bbox="962 1406 1401 1440">Outside Director</td> </tr> <tr> <td data-bbox="523 1440 962 1473">The Bank of Japan</td> <td data-bbox="962 1440 1401 1473">Counsellor</td> </tr> <tr> <td data-bbox="523 1473 962 1505">Isetan Mitsukoshi Holdings Ltd.</td> <td data-bbox="962 1473 1401 1505">Outside Director</td> </tr> </tbody> </table> | Company | Position | MITSUI & CO., LTD. | Representative Director, Chairperson of the Board of Directors (Non-executive) | SoftBank Group Corp. | Outside Director | The Bank of Japan | Counsellor | Isetan Mitsukoshi Holdings Ltd. | Outside Director |
| Company | Position | | | | | | | | | | |
| MITSUI & CO., LTD. | Representative Director, Chairperson of the Board of Directors (Non-executive) | | | | | | | | | | |
| SoftBank Group Corp. | Outside Director | | | | | | | | | | |
| The Bank of Japan | Counsellor | | | | | | | | | | |
| Isetan Mitsukoshi Holdings Ltd. | Outside Director | | | | | | | | | | |
| | [Status of concurrent positions as director or officer at listed companies, including the Company (planned)] | | | | | | | | | | |
| | <table border="1" data-bbox="523 1630 1401 1729"> <thead> <tr> <th data-bbox="523 1630 962 1697">Number of positions held as executive director or officer</th> <th data-bbox="962 1630 1401 1697">Number of positions held as non-executive director or officer</th> </tr> </thead> <tbody> <tr> <td data-bbox="523 1697 962 1729">0</td> <td data-bbox="962 1697 1401 1729">4</td> </tr> </tbody> </table> | Number of positions held as executive director or officer | Number of positions held as non-executive director or officer | 0 | 4 | | | | | | |
| Number of positions held as executive director or officer | Number of positions held as non-executive director or officer | | | | | | | | | | |
| 0 | 4 | | | | | | | | | | |
| | *If this proposal is approved. | | | | | | | | | | |
| | <p>[Reasons for nomination as a candidate for Outside Director]</p> <p>Mr. Masami Iijima demonstrated outstanding management skills as Representative Director, President and Chief Executive Officer of MITSUI & CO., LTD., contributing greatly to the development of the company for six years from April 2009. Since April 2015, as Representative Director, Chairperson of the Board of Directors of MITSUI & CO., LTD., he has focused on management oversight and contributed to the highly effective operation of the Board of Directors.</p> | | | | | | | | | | |

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| | | <p>At the Company, as an Outside Director, he has played an important role in ensuring the validity and appropriateness of management decisions and management oversight of the Board of Directors of the Company. With his extensive experience and expertise in management, he has provided very useful advice and recommendations on matters such as global business development and overseas M&A. In addition, as Chairperson of the Nomination Committee, he has contributed to strengthening the supervisory function of the committee by leading objective discussions from an independent standpoint, based on his deep knowledge of and insight into corporate governance. In FY2019, in relation to global risk management, supply chain management in light of changes in the global situation, M&A, capital policy, and the 20th Mid-Term Management Plan, etc., he provided advice and recommendations from multiple perspectives based on his extensive experience, knowledge, and insight as a management executive, and made significant contributions to initiatives aimed at increasing the Company's corporate value.</p> <p>The Company's Board of Directors has determined that his extensive experience, knowledge and insight as a management executive, along with appropriate advice and recommendations based thereon, as well as management decisions and oversight from an independent standpoint are necessary to realize the Company's 20th Mid-Term Management Plan and growth strategy, as well as to enhance the Company's shareholder and corporate value. Thus, the Company's Board of Directors nominates him as a candidate for Outside Director.</p> |
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Notes:

1. There are no special interests between candidate Mr. Masami Iijima and the Company.
Candidate Mr. Masami Iijima is Representative Director, Chairperson of the Board of Directors of MITSUI & CO., LTD. The Company has business relations with MITSUI & CO., LTD. such product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and MITSUI & CO., LTD., respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Director.
In addition, he is an Outside Director of SoftBank Group Corp. The Company has business relations with SoftBank Group Corp., such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and SoftBank Group Corp., respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Director.
In addition, he is an Outside Director of Isetan Mitsukoshi Holdings Ltd. The Company has business relations with Isetan Mitsukoshi Holdings Ltd., such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Isetan Mitsukoshi Holdings Ltd., respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Director.
2. The term of office of candidate Mr. Masami Iijima shall be up to the conclusion of the Ordinary General Meeting of Shareholders with respect to the final fiscal year that ends within one (1) year of his election in accordance with the Company's Articles of Incorporation.
3. With the expectation that Outside Directors can fully fulfill the roles associated with their positions, the Company has executed a contract with Mr. Masami Iijima to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥10 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act. If approval is given for Mr. Masami Iijima to be reelected as Outside Director, the Company plans to continue the said liability limitation contract with him.
4. Candidate Mr. Masami Iijima has been registered as an Independent Director as stipulated in Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, and if approval is given for him to be reelected as Outside Director, he will remain registered as Independent Director.
5. The numbers of the Company's shares held by the candidate Mr. Masami Iijima are as of March 31, 2020.

Message to our shareholders from the candidate for Director

As the Ricoh Group operates business globally in approximately 200 countries and regions worldwide, we need to keep up with various events around the world and maintain a broad perspective in order to make the best decisions. I recognize that my role as an Outside Director is to conduct management oversight and provide guidance to the management of the Company as a representative of shareholders with the breadth and long-term viewpoint I developed in managing MITSUI & CO., LTD. In addition to calls for initiatives related to digital

transformation and innovative business activities, there are calls for companies to contribute to the sustainability of society as exemplified by the “Sustainable Development Goals (SDGs)” set out by the United Nations. To respond to these calls, I have been providing advice to the Company’s management particularly on these issues. FY2019 was the final year of the 19th Mid-Term Management Plan, and we have continued to strengthen progress monitoring with respect to the achievement of the targets under the Plan and to hold discussions at Board of Directors meetings in order to formulate the next mid-term management plan from a medium- to long-term perspective.

As an Outside Director, I will continue to commit myself to carrying out oversight functions of the Board of Directors so that the Ricoh Group continues to be a company that is trusted by society, and will work to realize more effective corporate governance for our shareholders and other stakeholders.

| No. | Name (Date of birth) | Brief personal profile, positions and responsibilities at the Company and significant concurrent positions | | | | | | | |
|-----|---|---|---|---|--|--|---------------------------------------|----------------|---|
| 6 | <p>Mutsuko Hatano (October 1, 1960)</p> <p>Reappointment</p> <p>Non-executive</p> <p>Female</p> <p>Outside Director</p> <p>Independent Director</p> <p>Number of the Company's shares held 4,100</p> <p>Years of service as Director 4 years (at the conclusion of this Meeting)</p> <p>Board of Directors meeting attendance during fiscal year ended March 31, 2020 14/14 (100%)</p> <p>Compensation Committee meeting attendance during fiscal year ended March 31, 2020 3/4 (75%)</p> | <p>Apr. 1983</p> <p>Sep. 1997</p> <p>Apr. 2005</p> <p>July 2010</p> <p>Oct. 2014</p> <p>June 2016</p> | <p>Joined Hitachi, Ltd.</p> <p>Visiting Researcher at the University of California, Berkeley (until August 2000)</p> <p>Chief Researcher of Central Research Laboratory, Hitachi, Ltd.</p> <p>Professor at the Department of Electrical and Electronic Engineering, School of Engineering, Tokyo Institute of Technology (Current)</p> <p>Council Member of Science Council of Japan (Current)</p> <p>Outside Director (Current)</p> | | | | | | |
| | | <p>[Responsibilities as a Director of the Company]</p> <p>Compensation Committee Member</p> | <p>[Significant concurrent positions]</p> | | | | | | |
| | | <table border="1"> <thead> <tr> <th data-bbox="518 728 957 761">Company</th> <th data-bbox="957 728 1396 761">Position</th> </tr> </thead> <tbody> <tr> <td data-bbox="518 761 957 851">School of Engineering, Tokyo Institute of Technology</td> <td data-bbox="957 761 1396 851">Professor at the Department of Electrical and Electronic Engineering</td> </tr> <tr> <td data-bbox="518 851 957 884">Science Council of Japan</td> <td data-bbox="957 851 1396 884">Council Member</td> </tr> </tbody> </table> | Company | Position | School of Engineering, Tokyo Institute of Technology | Professor at the Department of Electrical and Electronic Engineering | Science Council of Japan | Council Member | <p>[Status of concurrent positions as director or officer at listed companies, including the Company (planned)]</p> |
| | | Company | Position | | | | | | |
| | | School of Engineering, Tokyo Institute of Technology | Professor at the Department of Electrical and Electronic Engineering | | | | | | |
| | | Science Council of Japan | Council Member | | | | | | |
| | | <table border="1"> <thead> <tr> <th data-bbox="518 996 957 1064">Number of positions held as executive director or officer</th> <th data-bbox="957 996 1396 1064">Number of positions held as non-executive director or officer</th> </tr> </thead> <tbody> <tr> <td data-bbox="518 1064 957 1108">0</td> <td data-bbox="957 1064 1396 1108">1</td> </tr> </tbody> </table> | Number of positions held as executive director or officer | Number of positions held as non-executive director or officer | 0 | 1 | <p>*If this proposal is approved.</p> | | |
| | | Number of positions held as executive director or officer | Number of positions held as non-executive director or officer | | | | | | |
| | | 0 | 1 | | | | | | |
| | | <p>[Reasons for nomination as a candidate for Outside Director]</p> <p>Ms. Mutsuko Hatano contributed to the advancement of the technology of Hitachi, Ltd. as a researcher of the company while delivering achievements as a visiting researcher at a U.S. university. She assumed the position of professor of the Department of Electrical and Electronic Engineering, Graduate School of Science and Engineering of Tokyo Institute of Technology in July 2010. She has also contributed to the advancement of science as a council member of the Science Council of Japan.</p> <p>At the Company, as an Outside Director, she has played an important role in ensuring the validity and appropriateness of the management decisions and management oversight of the Board of Directors of the Company. With her expertise developed from her extensive experience as a researcher, she has provided useful advice and recommendations on matters such as initiatives for advanced technologies, technology strategies in growth areas, and the development and securing of technical personnel. In addition, she has been engaged in objective and proactive discussions from an independent standpoint from multiple perspectives as a Compensation Committee Member. Furthermore, in FY2019, she provided useful advice and recommendations on the formulation of the 20th Mid-Term Management Plan, based on her in-depth knowledge and insight into science and technology, on technology strategies from an expert perspective, and on human resource strategies from the perspective of human resource development and diversity, thereby making significant contributions to the Company's initiatives to enhance its corporate value. The Company's Board of Directors has determined that her extensive experience, expert knowledge and insight, along with appropriate advice and recommendations based thereon, as well as management decisions and oversight from an independent standpoint are necessary to realize the Company's 20th Mid-Term Management Plan and growth strategy, as well</p> | | | | | | | |

| | | |
|--|--|--|
| | | as to enhance the Company's shareholder and corporate value. Thus, the Company's Board of Directors nominates her as a candidate for Outside Director. |
|--|--|--|

Notes:

1. There are no special interests between candidate Ms. Mutsuko Hatano and the Company.
The Company had entered into a consignment contract with candidate Ms. Mutsuko Hatano from April 1, 2016 to June 16, 2016, and had paid ¥1.5 million to her as commission. The purpose of this agreement was to have Ms. Mutsuko Hatano attend the Group Technology Management Meetings to provide advice and recommendations from an outsider's point of view on the management of technology at the Company. However, because this agreement was terminated before her appointment as the Company's Outside Director and the Company's Standards for Independence of Outside Directors and Outside Audit & Supervisory Board Members (refer to page 54) do not apply, it has been deemed that this agreement will have no impact on the independence of the Outside Director.
The Company held shares in Hitachi, Ltd., to which Ms. Mutsuko Hatano belonged, as cross-shareholding but sold all of them by the end of March 2020.
2. The term of office of candidate Ms. Mutsuko Hatano shall be up to the conclusion of the Ordinary General Meeting of Shareholders with respect to the final fiscal year that ends within one (1) year of her election in accordance with the Company's Articles of Incorporation.
3. With the expectation that Outside Directors can fully fulfill the roles associated with their positions, the Company has executed a contract with Ms. Mutsuko Hatano to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥10 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act. If approval is given for Ms. Mutsuko Hatano to be reelected as Outside Director, the Company plans to continue the said liability limitation contract with her.
4. Candidate Ms. Mutsuko Hatano has been registered as an Independent Director as stipulated in Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, and if approval is given for her to be reelected as Outside Director, she will remain registered as Independent Director.
5. The numbers of the Company's shares held by the candidate Ms. Mutsuko Hatano are as of March 31, 2020.

Message to our shareholders from the candidate for Director

The Board of Directors has held repeated discussions toward the 20th Mid-Term Management Plan "RICOH Lift Off." I believe that we made progress in reforming the management foundation by implementing growth strategies, improving return on capital, and implementing corporate governance reforms in a three-pronged approach. With "The Ricoh Way" set as guiding principles and values for all of our business activities, and under the strong leadership of the CEO, Yoshinori Yamashita, I feel that all employees believe that "the power of the collective imagination of human will change the future." In addition, the 360-degree spherical video shot from outside a spacecraft with a compact 360-degree spherical camera, which was jointly developed by JAXA (Japan Aerospace Exploration Agency) and Ricoh, provides us with the feeling of a simulated space experience, which will lead to new contributions to humanity and science. As we can see from these technologies, we can expect the potential for new value creation that we are encouraging.

Meanwhile, amid increasing global social challenges, it is expected that our spirits and society will be enriched by the development of a system in which humans are highly integrated into both physical and cyber space, in addition to other factors such as contribution to the SDGs and accelerating workstyle reforms. As the work of humans becomes more and more creative and the gig economy* becomes more prevalent, work styles will become less office-centered. Amid such changes, it is increasingly important to create innovations that will lead to new businesses. I believe that it is necessary to continue to promote fast-paced and highly-transparent discussions and decision-making in terms of strategies for technology and human resources, and from a global perspective.

Based on my corporate and academic experience, I will strive to contribute to business growth through innovation that is compatible with the improvement of sustainability, by offering a diverse perspective and insight different from those within the Company. As an Outside Director, I will continue to strive to enhance corporate governance from the perspective of our stakeholders in order to achieve the sustainable growth of the Ricoh Group and enhance its corporate value.

* Gig Economy: A form of working where workers accept one-off jobs via the Internet and an economic system based thereon.

| No. | Name (Date of birth) | Brief personal profile, positions and responsibilities at the Company and significant concurrent positions | | | |
|---|--|--|---|-----------------|---------|
| 7 | Kazuhiro Mori (October 7, 1946) Reappointment Non-executive Male Outside Director Independent Director Number of the Company's shares held 5,400 Years of service as Director 2 years (at the conclusion of this Meeting) Board of Directors meeting attendance during fiscal year ended March 31, 2020 14/14 (100%) Nomination Committee meeting attendance during fiscal year ended March 31, 2020 4/4 (100%) Compensation Committee meeting attendance during fiscal year ended March 31, 2020 4/4 (100%) | Apr. 1969 | Joined Hitachi, Ltd. | | |
| | | Feb. 1999 | General Manager of Chubu Area Operation, Hitachi, Ltd. | | |
| | | June 2003 | Executive Officer of Hitachi, Ltd. | | |
| | | Apr. 2004 | Vice President and Executive Officer, General Manager of Industrial System Group & CEO, Hitachi, Ltd. | | |
| | | Aug. 2005 | Vice President and Executive Officer of Hitachi, Ltd. | | |
| | | | President and Director of Hitachi Displays, Ltd. (Current Japan Display Inc.) | | |
| | | Apr. 2006 | Senior Vice President and Executive Officer of Hitachi, Ltd. | | |
| | | Jan. 2007 | Representative Executive Officer, Executive Vice President and Executive Officer of Hitachi, Ltd. (until March 2012) | | |
| | | June 2007 | Outside Director of Hitachi Capital Corporation | | |
| | | June 2010 | Chairperson of the Board, Outside Director of Hitachi Capital Corporation | | |
| | | | Outside Director of Hitachi Medical Corporation (Current Hitachi Healthcare Manufacturing, Ltd.) | | |
| | | Apr. 2011 | Director of Hitachi Maxell, Ltd. (Current Maxell Holdings, Ltd.) | | |
| | | Apr. 2012 | Executive Vice President and Executive Officer of Hitachi, Ltd. | | |
| | | June 2013 | Chairperson of the Board, Outside Director of Hitachi High-Technologies Corporation (Current Hitachi High-Tech Corporation) | | |
| | | | Outside Director of Hitachi Transport System, Ltd. | | |
| | | June 2014 | Outside Director of Isuzu Motors Limited | | |
| | | June 2018 | Outside Director (Current) | | |
| | | Dec. 2018 | Trustee of Toyo University (Current) | | |
| | | | [Responsibilities as a Director of the Company] | | |
| | | | Nomination Committee Member / Compensation Committee Member | | |
| | [Significant concurrent positions] | | | | |
| | <table border="1" data-bbox="520 1234 1399 1301"> <thead> <tr> <th data-bbox="520 1234 962 1265">Company</th> <th data-bbox="962 1234 1399 1265">Position</th> </tr> </thead> <tbody> <tr> <td data-bbox="520 1265 962 1301">Toyo University</td> <td data-bbox="962 1265 1399 1301">Trustee</td> </tr> </tbody> </table> | Company | Position | Toyo University | Trustee |
| Company | Position | | | | |
| Toyo University | Trustee | | | | |
| | [Status of concurrent positions as director or officer at listed companies, including the Company (planned)] | | | | |
| | <table border="1" data-bbox="520 1420 1399 1516"> <thead> <tr> <th data-bbox="520 1420 962 1480">Number of positions held as executive director or officer</th> <th data-bbox="962 1420 1399 1480">Number of positions held as non-executive director or officer</th> </tr> </thead> <tbody> <tr> <td data-bbox="520 1480 962 1516">0</td> <td data-bbox="962 1480 1399 1516">1</td> </tr> </tbody> </table> | Number of positions held as executive director or officer | Number of positions held as non-executive director or officer | 0 | 1 |
| Number of positions held as executive director or officer | Number of positions held as non-executive director or officer | | | | |
| 0 | 1 | | | | |
| | *If this proposal is approved. | | | | |
| | [Reasons for nomination as a candidate for Outside Director] | | | | |
| | Mr. Kazuhiro Mori previously served as President and Chairperson of affiliated companies of the Hitachi Group, and demonstrated outstanding management skills as Representative Executive Officer, Executive Vice President and Executive Officer of Hitachi, Ltd., contributing greatly to the development of Hitachi, Ltd. as one of the persons in charge of carrying out the said company's reforms. | | | | |
| | At the Company, as an Outside Director, he has played an important role in ensuring the validity and appropriateness of the management decisions and management oversight of the Board of Directors of the Company. With his extensive management experience gained at manufacturers and broad knowledge and insight into technologies, marketing, etc., he has provided a wide range of useful advice and recommendations on matters ranging from research and development to production and sales. In addition, as a Nomination Committee Member and Compensation Committee Member, he has actively engaged in discussions from an independent standpoint, | | | | |

| | | |
|--|--|--|
| | | <p>based on his experience as a top manager of companies. In FY2019, he provided advice and recommendations from multiple perspectives on matters such as strengthening earning capabilities through structural reforms, business restructuring, M&As, and the formulation of the 20th Mid-Term Management Plan by exercising his advanced judgment and leadership in management backed by his extensive experience, thereby making significant contributions to the Company's initiatives to enhance its corporate value.</p> <p>The Company's Board of Directors has determined that his extensive experience, knowledge and insight as a management executive, along with his appropriate advice and recommendations based thereon, as well as his management decisions and oversight from an independent standpoint are necessary to realize the Company's 20th Mid-Term Management Plan and growth strategy, as well as to enhance the Company's shareholder and corporate value. Thus, the Company's Board of Directors nominates him as a candidate for Outside Director.</p> |
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Notes:

1. There are no special interests between candidate Mr. Kazuhiro Mori and the Company.
Candidate Mr. Kazuhiro Mori was an Outside Director of Isuzu Motors Limited until June 2018. The Company has business relations with Isuzu Motors Limited, such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Isuzu Motors Limited, respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Director.
In addition, the Company has business relations with Hitachi, Ltd. where Mr. Kazuhiro Mori had belonged to until March 2013, such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Hitachi, Ltd., respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Director.
The Company held shares in Hitachi, Ltd., to which Mr. Kazuhiro Mori belonged, as cross-shareholdings, but sold all of them by the end of March 2020.
2. The term of office of candidate Mr. Kazuhiro Mori shall be up to the conclusion of the Ordinary General Meeting of Shareholders with respect to the final fiscal year that ends within one (1) year of his election in accordance with the Company's Articles of Incorporation.
3. With the expectation that Outside Directors can fully fulfill the roles associated with their positions, the Company has executed a contract with Mr. Kazuhiro Mori to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥10 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act. If approval is given for Mr. Kazuhiro Mori to be reelected as Outside Director, the Company plans to continue the said liability limitation contract with him.
4. Candidate Mr. Kazuhiro Mori has been registered as an Independent Director as stipulated in Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, and if approval is given for him to be reelected as Outside Director, he will remain registered as Independent Director.
5. The numbers of the Company's shares held by the candidate Mr. Kazuhiro Mori are as of March 31, 2020.

Message to our shareholders from the candidate for Director

The global economy is going digital and the wave of digital transformation is spreading across all industries. In this business environment, we successfully carried out structural reforms and "Ignited" growth strategies under the Mid-Term Management Plan that commenced in FY2017, laying the groundwork for "Lift Off."

Competition in the copier industry will continue to intensify with the market becoming more mature and society going paperless. I believe that there is still room for the Company to strengthen its competitiveness, and as an Outside Director, I will continue to closely monitor the situation. On the other hand, the office service sector is expected to grow significantly due to productivity improvements and work style reforms. We have already expanded our services to meet this need and we believe we can expect further growth in the future.

In order to provide appropriate returns to shareholders in this highly competitive environment and uncertain global economy, we need to sustainably grow while improving return on capital through optimal capital policies and strategic investments. To that end, I will work to ensure effective oversight and recommendations to management from an independent and objective standpoint, along with timely and appropriate information disclosure.

In addition to traditional financial indicators, the value of a company is evaluated based on non-financial indicators such as ESG and the company's contribution to the achievement of the SDGs through corporate activities.

I will strive to contribute to management oversight and decision-making from a shareholder perspective, drawing on my experience in business execution at an electronics manufacturer and management experience as an outside director in various industries, including automobile manufacturing, with an aim to achieve the sustainable growth and increase the corporate value of the Ricoh Group over the medium- to long-term.

| No. | Name (Date of birth) | Brief personal profile, positions and responsibilities at the Company and significant concurrent positions | | | | | | | | | | | |
|---|---|---|---|---|---|--|------------------|---------------------|-----------------------------|------------------------------|--|------------------------------|------------------|
| 8 | Keisuke Yokoo (November 26, 1951) New Non-executive Male Outside Director Independent Director Number of the Company's shares held 0 | Apr. 1974 | Joined The Industrial Bank of Japan, Ltd. (Current Mizuho Bank, Ltd.) | | | | | | | | | | |
| | | May 2000 | General Manager of Nagoya Branch of The Industrial Bank of Japan, Ltd. | | | | | | | | | | |
| | | June 2001 | Managing Director, Head of Planning Group of Mizuho Securities Co., Ltd. | | | | | | | | | | |
| | | Apr. 2007 | President of Mizuho Securities Co., Ltd. (Shinko Securities Co., Ltd. and Mizuho Securities Co., Ltd. merged in May 2009 to form Mizuho Securities Co., Ltd.) | | | | | | | | | | |
| | | June 2011 | Chairperson of Mizuho Securities Co., Ltd. | | | | | | | | | | |
| | | June 2012 | Advisor of Mizuho Securities Co., Ltd. (until March 2018) | | | | | | | | | | |
| | | Apr. 2015 | Vice Chairperson & President of Japan Association of Corporate Executives (KEIZAI DOYUKAI) (until April 2019) | | | | | | | | | | |
| | | Oct. 2016 | Outside Director of The Dai-ichi Life Insurance Company, Limited (Current) | | | | | | | | | | |
| | | June 2017 | Outside Director of Nippon Suisan Kaisha, Ltd. (Current *until June 2020) | | | | | | | | | | |
| | | May 2019 | Chairperson of Sonar Advisers Inc. (Current) | | | | | | | | | | |
| | | Dec. 2019 | President, Member of the Board & Chief Executive Officer of Japan Investment Corporation (Current) | | | | | | | | | | |
| | | May 2020 | Outside Director of Takashimaya Company, Limited (Current) | | | | | | | | | | |
| | [Responsibilities as a Director of the Company] | - | | | | | | | | | | | |
| | [Significant concurrent positions] | <table border="1"> <thead> <tr> <th>Company</th> <th>Position</th> </tr> </thead> <tbody> <tr> <td>The Dai-ichi Life Insurance Company, Limited</td> <td>Outside Director</td> </tr> <tr> <td>Sonar Advisers Inc.</td> <td>Chairperson (Non-executive)</td> </tr> <tr> <td>Japan Investment Corporation</td> <td>President, Member of the Board & Chief Executive Officer</td> </tr> <tr> <td>Takashimaya Company, Limited</td> <td>Outside Director</td> </tr> </tbody> </table> | | Company | Position | The Dai-ichi Life Insurance Company, Limited | Outside Director | Sonar Advisers Inc. | Chairperson (Non-executive) | Japan Investment Corporation | President, Member of the Board & Chief Executive Officer | Takashimaya Company, Limited | Outside Director |
| Company | Position | | | | | | | | | | | | |
| The Dai-ichi Life Insurance Company, Limited | Outside Director | | | | | | | | | | | | |
| Sonar Advisers Inc. | Chairperson (Non-executive) | | | | | | | | | | | | |
| Japan Investment Corporation | President, Member of the Board & Chief Executive Officer | | | | | | | | | | | | |
| Takashimaya Company, Limited | Outside Director | | | | | | | | | | | | |
| | [Status of concurrent positions as director or officer at listed companies, including the Company (planned)] | <table border="1"> <thead> <tr> <th>Number of positions held as executive director or officer</th> <th>Number of positions held as non-executive director or officer</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>2</td> </tr> </tbody> </table> | | Number of positions held as executive director or officer | Number of positions held as non-executive director or officer | 0 | 2 | | | | | | |
| Number of positions held as executive director or officer | Number of positions held as non-executive director or officer | | | | | | | | | | | | |
| 0 | 2 | | | | | | | | | | | | |
| | *If this proposal is approved. | | | | | | | | | | | | |
| | [Reasons for nomination as a candidate for Outside Director] Mr. Keisuke Yokoo assumed office as an executive manager of Mizuho Securities Co., Ltd. in June 2001, then assumed the office of President in April 2007 and Chairperson in June 2011. As a member of top management, he contributed to the development of Mizuho Securities Co., Ltd. by demonstrating his outstanding management skills in the financial and capital markets over many years. He also assumed the office of President of Japan Investment Corporation in December 2019, and is expected to contribute to the improvement of Japan's international competitiveness. The Company's Board of Directors has determined that based on his extensive experience in the financial and capital markets over many years and his broad knowledge and insight into finance, etc., he is expected to make management decisions and supervise management from an independent standpoint with the perspective of investors and shareholders, which is necessary to realize the Company's 20th Mid-Term Management | | | | | | | | | | | | |

| | | |
|--|--|--|
| | | Plan and growth strategy, as well as to enhance the Company's shareholder and corporate value. Thus, the Company's Board of Directors nominates him as a candidate for Outside Director. |
|--|--|--|

Notes:

1. There are no special interests between candidate Mr. Keisuke Yokoo and the Company.
Candidate Mr. Keisuke Yokoo currently serves as Outside Director of The Dai-ichi Life Insurance Company, Limited. The Company has business relations with The Dai-ichi Life Insurance Company, Limited, such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and The Dai-ichi Life Insurance Company, Limited, respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Director.
In addition, he is an Outside Director of Takashimaya Company, Limited. The Company has business relations with Takashimaya Company, Limited, such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Takashimaya Company, Limited, respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Director.
2. The term of office of candidate Mr. Keisuke Yokoo shall be up to the conclusion of the Ordinary General Meeting of Shareholders with respect to the final fiscal year that ends within one (1) year of his election in accordance with the Company's Articles of Incorporation.
3. With the expectation that Outside Directors can fully fulfill the roles associated with their positions, the Company executes contracts with Outside Directors to limit their liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥10 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act. If approval is given for Mr. Keisuke Yokoo to be elected as Outside Director, the Company plans to execute the said liability limitation contract with him.
4. If approval is given for candidate Mr. Keisuke Yokoo to be elected as Outside Director, he will be registered as an Independent Director as stipulated in Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange.
5. The numbers of the Company's shares held by the candidate Mr. Keisuke Yokoo are as of March 31, 2020.

Message to our shareholders from the candidate for Director

The global financial and economic environment is becoming increasingly uncertain due to factors such as the rise of protectionism, increasing geopolitical risks, and responses to environmental problems. In particular, Japan is facing an aging society and a declining birthrate, and the business environment is becoming more challenging every day.

Under these circumstances, in order for corporate management to enhance corporate value and pursue sustainability, it is essential to create and promote innovation to strengthen the company's competitiveness in the global market and create new businesses.

In the 19th Mid-Term Management Plan that commenced in FY2017, the Ricoh Group has tackled a variety of issues under the themes of "RICOH Resurgent" and "RICOH Ignite," and has developed business activities that contribute to the five material issues (Intelligence creation, Productivity enhancement, QOL enhancement, Zero-carbon society, and Circular economy), with the aim of contributing to the achievement of SDGs and enhancing the Ricoh Group's corporate value.

In light of these developments, the Group has set forth "RICOH Lift Off" as its next stage under the Mid-Term Management Plan starting in FY2021. I believe that it is important to reform the Group's business structure, as well as to further evolve strategies and expedite management decision making.

As an Outside Director and an Independent Director, my role as a member of the Board of Directors is to perform oversight functions from an objective standpoint, and I will be committed to making effective proposals and appropriately disclosing information. In addition, I will strive to achieve better corporate governance by keeping our shareholders and other stakeholders in mind, leveraging the views and long-term perspective I developed cultivated through my 45 years of experience in the financial sector. At the same time, I will contribute to both the enhancement of corporate value and the pursuit of sustainability.

Agenda 3: Payment of bonuses to Directors

The Company proposes that bonuses amounting to ¥54.36 million be paid to the four (4) Directors (excluding Outside Directors) in office during FY2019, reflecting the Company's earnings results. The Company requests that the details such as specific amount to be paid to each Director, timing and method of payment be left to the decision of the Board of Directors.

Compensation for Directors (excluding Outside Directors) consists of basic compensation, bonuses, compensation for acquiring stocks and stock-based incentive system with stock price conditions, etc. Bonuses payment requires the resolution of the general meeting of shareholders each year as it fluctuates depending on business performance.

[Reference] Please find "Policy of Compensation for Directors" stated on pages 48 to 50.

Agenda 4: Election of three (3) Audit & Supervisory Board Members

The tenure of office of the three (3) Audit & Supervisory Board Members Mr. Katsumi Kurihara, Mr. Takashi Narusawa and Mr. Shigeru Nishiyama will expire at the conclusion of this Ordinary General Meeting of Shareholders.

Accordingly, the Company proposes the appointment of three (3) Audit & Supervisory Board Members, including two (2) Outside Audit & Supervisory Board Members.

(Please refer to pages 52 to 53 for the Approach and Process for Election of Audit & Supervisory Board Members.)

The Audit & Supervisory Board has given its consent to this agenda.

The candidates for Audit & Supervisory Board Member are on pages 26 to 31.

| No. | Name (Date of birth) | Brief personal profile, positions at the Company and significant concurrent positions | | | | |
|---|--|--|---|---|---|---|
| 1 | <p>Kazuhiro Tsuji (January 25, 1961)</p> <p>New</p> <p>Male</p> <p>Number of the Company's shares held 1,500</p> | <p>Mar. 1984 Joined the Company</p> <p>Mar. 2010 General Manager of Human Capital Development Department, Human Resources Division</p> <p>Apr. 2011 General Manager of Shared Services Center, Human Resources Division</p> <p>July 2011 Deputy General Manager of General Administration Center</p> <p>Apr. 2013 General Manager of Secretarial Office</p> <p>Apr. 2018 General Manager of Human Resources Division</p> <p>Apr. 2019 Corporate Vice President (Current)</p> <p>[Status of concurrent positions as director or officer at listed companies, including the Company (planned)]</p> <table border="1" style="width: 100%;"> <thead> <tr> <th>Number of positions held as executive director or officer</th> <th>Number of positions held as non-executive director or officer</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0</td> <td style="text-align: center;">1</td> </tr> </tbody> </table> <p>*If this proposal is approved.</p> <p>[Reasons for nomination as a candidate for Audit & Supervisory Board Member]</p> <p>Mr. Kazuhiro Tsuji has cultivated a global personal network through his experience in human resources, general affairs and the secretarial office. He has a broad perspective focused on “people” and extensive experience gained through his involvement in human resources strategy, an important part of the Company’s 20th Mid-Term Management Plan, and work style reforms. As the person responsible for business risk (compliance by corporate officers, serious accidents, work-related injuries, discrimination, etc.) at Ricoh, he promotes risk management for the entire Ricoh Group, including subsidiaries. These activities provide him with a solid perspective for conducting audits.</p> <p>In addition, he is expected to be able to produce convincing audit results grounded in fact, thanks to his attitude of attentive listening and persistence in daily communication.</p> <p>Based on the above, it is determined that he is an appropriate person to serve as an Audit & Supervisory Board Member, and thus the Company nominates him as a candidate.</p> | Number of positions held as executive director or officer | Number of positions held as non-executive director or officer | 0 | 1 |
| Number of positions held as executive director or officer | Number of positions held as non-executive director or officer | | | | | |
| 0 | 1 | | | | | |

Notes:

1. There are no special interests between candidate Mr. Kazuhiro Tsuji and the Company.
2. The term of office of candidate Mr. Kazuhiro Tsuji shall be up to the conclusion of the Ordinary General Meeting of Shareholders with respect to the final fiscal year that ends within four (4) years of his election in accordance with the Company’s Articles of Incorporation.
3. The numbers of the Company’s shares held by the candidate Mr. Kazuhiro Tsuji are as of March 31, 2020.

Message to our shareholders from the candidate for Audit & Supervisory Board Member

Since joining Ricoh, I have worked in human resources, education, general affairs and in the secretarial office. I would like to establish my own auditing style, leveraging the knowledge and experience I have gained in my work until now, as well as my personal network inside and outside the Ricoh Group, and acquire the knowledge necessary as an Audit & Supervisory Board Member, to investigate and confirm any matters of which I am doubtful, without letting them pass unchallenged, and coordinate with the Independent Auditor of Ricoh and Audit & Supervisory Board Members at other Ricoh Group companies.

This year, the spread of COVID-19 has caused a considerable impact on the world economy. On the other hand, work style reforms such as the shift to telecommuting, have also undergone rapid acceleration.

In the 1970s, the Ricoh Group advocated office automation (OA), and, today, we still continue to work persistently towards the goal of “leaving simple tasks to machines, so that people can engage in more human, creative work.” With the rapid pace of technological innovation in the world today, including the development of digital technology, Ricoh not only continues to evolve through its core technologies, but also continues to practice work style reforms. We want to build on this technological strength and the fruits of our efforts to continue to be a company that our customers find useful. Although Audit & Supervisory Board Member would be a new role for me, I would be happy to have the opportunity to play a part.

| No. | Name (Date of birth) | Brief personal profile, positions at the Company and significant concurrent positions | | | | | | |
|---|---|---|--|---|--------------------------|----------------------|--|---|
| 2 | Shoji Kobayashi (December 29, 1953) New Male Outside Audit & Supervisory Board Member Independent Audit & Supervisory Board Member Number of the Company's shares held 0 | Apr. 1979 | Joined Kao Soap Co., Ltd (Current Kao Corporation) | | | | | |
| | | Feb. 1998 | Director of Chemical Research Laboratories of Kao Corporation | | | | | |
| | | Sep. 2002 | General Manager of Industrial Materials Business Division of Kao Corporation | | | | | |
| | | June 2006 | Vice President & Executive Officer, Chemical Business Unit of Kao Corporation Business Division of Kao Corporation | | | | | |
| | | June 2010 | President & Executive Officer of Chemical Business Unit of Kao Corporation | | | | | |
| | | Mar. 2013 | Full-time Audit & Supervisory Board Member of Kao Corporation (until March 2017) | | | | | |
| | | June 2017 | Member of Contract Surveillance Committee of National Institute of Technology and Evaluation (NITE) (Current) | | | | | |
| | | Jan. 2018 | Advisor of SAIWAI TRADING CO., LTD. | | | | | |
| | | June 2019 | Director in charge of Control Group (Part-time) of SAIWAI TRADING CO., LTD. (Current) | | | | | |
| | | | [Significant concurrent positions] | | | | | |
| | <table border="1"> <thead> <tr> <th>Company</th> <th>Position</th> </tr> </thead> <tbody> <tr> <td>SAIWAI TRADING CO., LTD.</td> <td>Director (Part-time)</td> </tr> <tr> <td>National Institute of Technology and Evaluation (NITE)</td> <td>Member of Contract Monitoring Committee</td> </tr> </tbody> </table> | | Company | Position | SAIWAI TRADING CO., LTD. | Director (Part-time) | National Institute of Technology and Evaluation (NITE) | Member of Contract Monitoring Committee |
| Company | Position | | | | | | | |
| SAIWAI TRADING CO., LTD. | Director (Part-time) | | | | | | | |
| National Institute of Technology and Evaluation (NITE) | Member of Contract Monitoring Committee | | | | | | | |
| | [Status of concurrent positions as director or officer at listed companies, including the Company (planned)] | | | | | | | |
| | <table border="1"> <thead> <tr> <th>Number of positions held as executive director or officer</th> <th>Number of positions held as non-executive director or officer</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>1</td> </tr> </tbody> </table> | | Number of positions held as executive director or officer | Number of positions held as non-executive director or officer | 0 | 1 | | |
| Number of positions held as executive director or officer | Number of positions held as non-executive director or officer | | | | | | | |
| 0 | 1 | | | | | | | |
| | *If this proposal is approved. | | | | | | | |
| | [Reasons for nomination as a candidate for Outside Audit & Supervisory Board Member] Mr. Shoji Kobayashi has served in important positions at Kao Corporation, such as General Manager of a business division and Executive Officer, and has extensive experience gained through many years in research and development and business management. He also has deep insight into the management and governance of a global corporation, acquired as a full-time Audit & Supervisory Board Member of Kao Corporation. He can be expected to use this extensive experience and broad knowledge regarding all aspects of technology to engage in appropriate and objective auditing activities. Based on the above, it is determined that he is an appropriate person to serve as an Audit & Supervisory Board Member, and thus the Company nominates him as a candidate. | | | | | | | |

Notes:

- There are no special interests between candidate Mr. Shoji Kobayashi and the Company.
Candidate Mr. Shoji Kobayashi was a full-time Audit & Supervisory Board Member of Kao Corporation until March 2017. The Company has business relations with Kao Corporation, such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Kao Corporation, respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Audit & Supervisory Board Member.
Candidate Mr. Shoji Kobayashi serves as a Director (Part-time) of SAIWAI TRADING CO., LTD. The Company has business relations with SAIWAI TRADING CO., LTD., such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and SAIWAI TRADING CO., LTD., respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Audit & Supervisory Board Member.

2. The term of office of candidate Mr. Shoji Kobayashi shall be up to the conclusion of the Ordinary General Meeting of Shareholders with respect to the final fiscal year that ends within four (4) years of his election in accordance with the Company's Articles of Incorporation.
3. With the expectation that Outside Audit & Supervisory Board Members can fully fulfill the roles associated with their positions, the Company executes contracts with Outside Audit & Supervisory Board Members to limit their liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥5 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act. If approval is given for Mr. Shoji Kobayashi to be elected as Outside Audit & Supervisory Board Member, the Company plans to execute a similar liability limitation contract with him.
4. If approval is given for candidate Mr. Shoji Kobayashi to be elected as Outside Audit & Supervisory Board Member, he will be registered as an Independent Audit & Supervisory Board Member as stipulated in Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange.
5. The numbers of the Company's shares held by the candidate Mr. Shoji Kobayashi are as of March 31, 2020.

Message to our shareholders from the candidate for Audit & Supervisory Board Member

I have a wide variety of auditing experience in manufacturing and sales in the chemicals and toiletries industries, and I will utilize this experience to evaluate and audit the adequacy, appropriateness and effectiveness of management decision-making and the execution of management duties related to operational and organizational efficiency, from a multi-faceted perspective.

I will strive to maintain the high level of corporate ethics demanded by Ricoh's diverse stakeholders, based on an understanding and respect for our Founding Principles of *Love your neighbor, Love your country, Love your work*, the corporate culture that have developed, and the corporate philosophy, Ricoh Way, which is the culmination of the foregoing. In order to achieve sustainable growth, the Ricoh Group is promoting innovation and expanding the field/area over which it provides value. I will engage in auditing activities focused on management decision-making processes and the status of development and operation of the internal control environment, in order to ensure that Ricoh's businesses proceed in a strong and robust manner. Specifically, as an Outside Audit & Supervisory Board Member, I would like to actively and vigorously provide advice and suggestions where appropriate and necessary, from an independent and objective standpoint, yet with an understanding of the internal affairs of the Ricoh Group. To this end, I will endeavor to strengthen coordination, not only with full-time Audit & Supervisory Board Members, but also with other relevant parties, such as Ricoh's internal audit division, the Independent Auditor and Outside Directors, and strive to enhance the audit function across the Ricoh Group.

| No. | Name (Date of birth) | Brief personal profile, positions at the Company and significant concurrent positions | | | | | | | | | | |
|---|--|--|---------|----------|-----------------------------------|-------------------|------------------------------|---|---|---|---|---|
| 3 | Yasunobu Furukawa (October 11, 1953) New Male Outside Audit & Supervisory Board Member Independent Audit & Supervisory Board Member Number of the Company's shares held 0 | <p>Apr. 1976 Joined Tetsuzo Ota & Co. (Current Ernst & Young ShinNihon LLC)</p> <p>Sep. 1980 Registered as a certified public accountant (Current)</p> <p>May 1999 Representative Partner of Ernst & Young ShinNihon LLC</p> <p>Aug. 2008 Executive Partner of Ernst & Young ShinNihon LLC</p> <p>Aug. 2010 Senior Executive Partner of Ernst & Young ShinNihon LLC</p> <p>Aug. 2012 Senior Advisor of Ernst & Young ShinNihon LLC</p> <p>June 2014 Outside Director of Keisei Electric Railway Co., Ltd. (Current)</p> <p>June 2015 Outside Audit & Supervisory Board Member of Saitama Resona Bank, Limited</p> <p>June 2015 Outside Director of NSK Ltd.</p> <p>June 2019 Outside Director (Audit & Supervisory Committee Member) of Saitama Resona Bank, Limited (Current)</p> <p>[Significant concurrent positions]</p> <table border="1"> <thead> <tr> <th>Company</th> <th>Position</th> </tr> </thead> <tbody> <tr> <td>Keisei Electric Railway Co., Ltd.</td> <td>External Director</td> </tr> <tr> <td>Saitama Resona Bank, Limited</td> <td>Outside Director (Audit & Supervisory Board Member)</td> </tr> </tbody> </table> <p>[Status of concurrent positions as director or officer at listed companies, including the Company (planned)]</p> <table border="1"> <thead> <tr> <th>Number of positions held as executive director or officer</th> <th>Number of positions held as non-executive director or officer</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>2</td> </tr> </tbody> </table> <p>*If this proposal is approved.</p> <p>[Reasons for nomination as a candidate for Outside Audit & Supervisory Board Member]</p> <p>As a certified public accountant, Mr. Yasunobu Furukawa has deep insight regarding accounting and finance. In addition to his experience at Ernst & Young ShinNihon LLC as an engagement partner for audits of global corporations with operations overseas, he has also acquired extensive insight and experience in corporate management as an outside director, audit & supervisory committee member, and outside audit & supervisory board member of various other companies. He can be expected to use his broad knowledge to contribute to the fair auditing and supervision of the Ricoh Group.</p> <p>Based on the above, it is determined that he is an appropriate person to serve as an Audit & Supervisory Board Member, and thus the Company nominates him as a candidate.</p> | Company | Position | Keisei Electric Railway Co., Ltd. | External Director | Saitama Resona Bank, Limited | Outside Director (Audit & Supervisory Board Member) | Number of positions held as executive director or officer | Number of positions held as non-executive director or officer | 0 | 2 |
| Company | Position | | | | | | | | | | | |
| Keisei Electric Railway Co., Ltd. | External Director | | | | | | | | | | | |
| Saitama Resona Bank, Limited | Outside Director (Audit & Supervisory Board Member) | | | | | | | | | | | |
| Number of positions held as executive director or officer | Number of positions held as non-executive director or officer | | | | | | | | | | | |
| 0 | 2 | | | | | | | | | | | |

Notes:

- There are no special interests between candidate Mr. Yasunobu Furukawa and the Company.
Candidate Mr. Yasunobu Furukawa was a Senior Advisor of Ernst & Young ShinNihon LLC until June 2014. The Company has business relations with Ernst & Young ShinNihon LLC, such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Ernst & Young ShinNihon LLC, respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Audit & Supervisory Board Member.
Candidate Mr. Yasunobu Furukawa currently serves as External Director of Keisei Electric Railway Co., Ltd. The Company has business relations with Keisei Electric Railway Co., Ltd. such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Keisei Electric Railway Co., Ltd., respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Audit & Supervisory Board Member.
In addition, he is an Outside Director (Audit & Supervisory Board Member) of Saitama Resona Bank, Limited. The Company has business relations with Saitama Resona Bank, Limited such as product sales, with the relevant transactional amounts

totaling less than 1% of the consolidated net sales of the Company and Saitama Resona Bank, Limited, respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Audit & Supervisory Board Member.

2. The term of office of candidate Mr. Yasunobu Furukawa shall be up to the conclusion of the Ordinary General Meeting of Shareholders with respect to the final fiscal year that ends within four (4) years of his election in accordance with the Company's Articles of Incorporation.
3. With the expectation that Outside Audit & Supervisory Board Members can fully fulfill the roles associated with their positions, the Company executes contracts with Outside Audit & Supervisory Board Members to limit their liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥5 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act. If approval is given for Mr. Yasunobu Furukawa to be elected as Outside Audit & Supervisory Board Member, the Company plans to execute a similar liability limitation contract with him.
4. If approval is given for candidate Mr. Yasunobu Furukawa to be elected as Outside Audit & Supervisory Board Member, he will be registered as an Independent Audit & Supervisory Board Member as stipulated in Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange.
5. The numbers of the Company's shares held by the candidate Mr. Yasunobu Furukawa are as of March 31, 2020.

Message to our shareholders from the candidate for Audit & Supervisory Board Member

Ricoh's management implemented three conjoined measures—"Growth strategies deployment," "Enhancement of returns on capital" and "Corporate governance reforms"—through the 19th Mid-Term Management Plan, in order to achieve sustainable growth for the Ricoh Group under the strategies "Ricoh Resurgent" and "Ricoh Ignite." The 20th Mid-Term Management Plan, "Ricoh Lift Off," is expected to reap the fruits of these measures.

It is necessary for the Audit & Supervisory Board, with its important role in corporate governance, to evaluate how convincingly these measures are received by the Group's employees, and whether they are functioning as a foundation to support the Group's Lift Off. I am also aware of the necessity for following-up on the results of audits of the "effective management of overseas subsidiaries" and "actual state of governance of subsidiaries acquired through M&A," which were designated issues to be monitored by the Audit & Supervisory Board during FY2019, as well as continued monitoring of coordination between the newly-appointed Independent Auditor of Ricoh and the auditors of each individual company in the Ricoh Group, and the status of development and operation of systems for reporting problems and risk information.

As an Outside Audit & Supervisory Board Member, I hope to leverage my many years of experience undertaking accounting audits of various companies, including global corporations, as well as my experience supporting the corporate governance function as an outside officer, including chairing an audit & supervisory committee, to contribute to the sustainable growth of the Ricoh Group and the enhancement of corporate value and shareholder value.

<Reference> Initiatives for Corporate Governance

Basic Policies for Corporate Governance

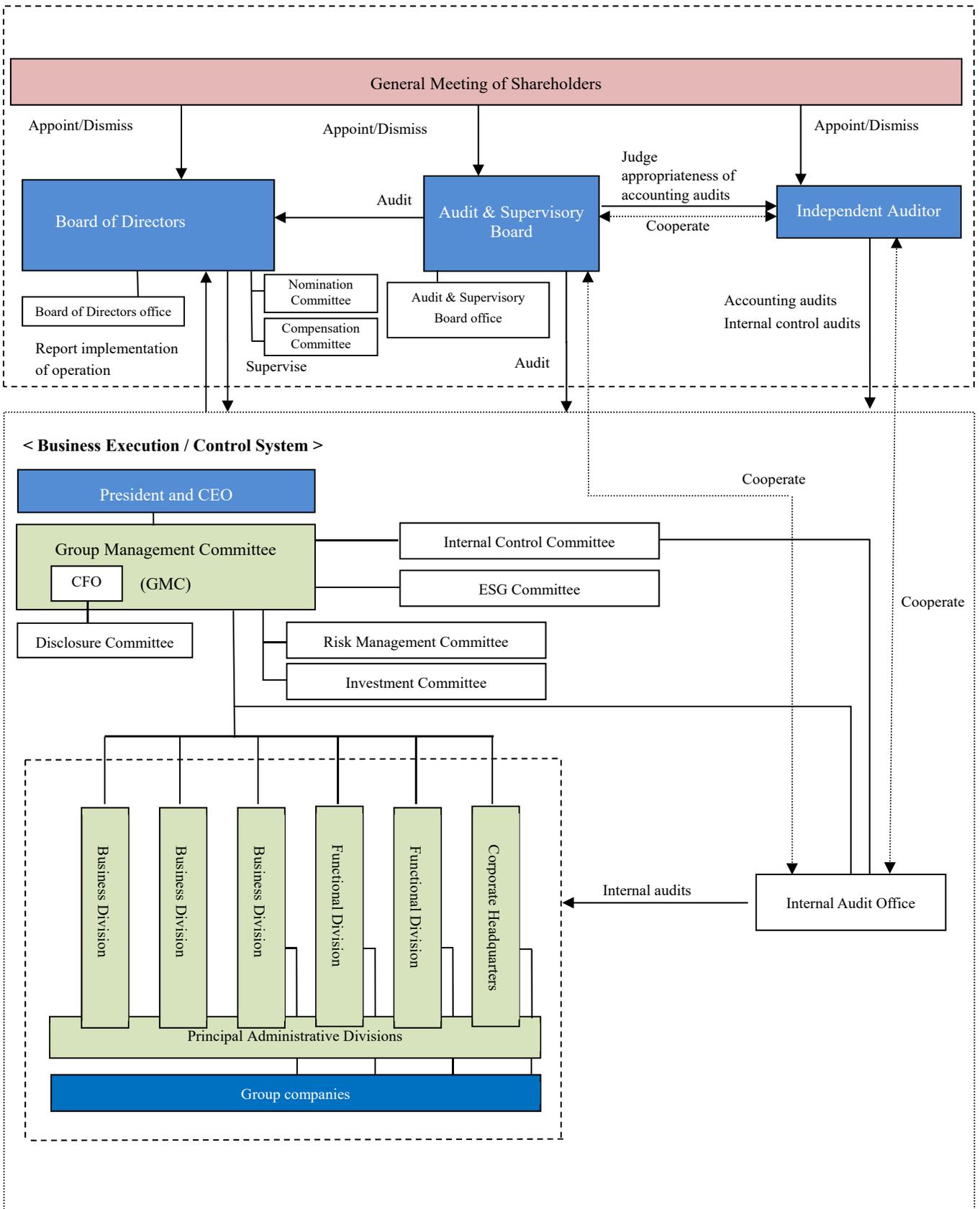
The Ricoh Group is working to enhance its governance system in accordance with social awareness and various stakeholders aimed at strengthening competitiveness and continuously improving the system while ensuring transparency based on corporate ethics and legal compliance. In this way, the Ricoh Group will achieve continuous growth, and improve corporate value and shareholder value.

The Ricoh Group established The Ricoh Way as a set of guiding principles and values that serve as the foundation for all our business activities. The Ricoh Way, which comprises our founding principles and Management Philosophy (Mission Statement, Vision Statement and Values Statement), is the foundation of Ricoh's management policy and strategy, and also is the basis of its corporate governance.

The Company has introduced a corporate audit system. In addition, the Company 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 of Directors and Executive Officers and their compensation are deliberated by the Nomination Committee and the Compensation Committee, advisory bodies that are comprised of a majority of Outside Directors. The results are reported to the Board of Directors.

[Corporate Governance Structure]

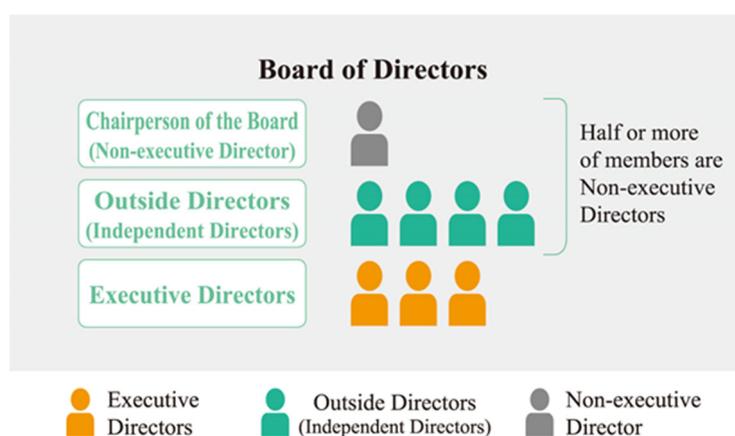


The Board of Directors

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 decision-making.

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

The Company's policy is for at least one-third of the members of the Company's Board of Directors to be Outside Directors (Independent Directors). In FY2019, four (4) of the Board's eight (8) Directors, or 50%, were Outside Directors (Independent Directors) – part of an effort to incorporate various views and opinions and to eliminate arbitrary decision-making in management.



Board of Directors structure

Maximum number of Directors: 15

Current number of Directors: 8
(including 4 Outside Directors)

Term: 1 year
(As of May 19, 2020)

Audit & Supervisory Board

Audit & Supervisory Board members hold discussions to determine audit and supervising policies and the assignment of duties, and monitor corporate management.

Audit & Supervisory Board members attend important meetings, including but not limited to the Board of Directors meetings, and exchange information regularly with the representative director. For details on the status of activities by Audit & Supervisory Board Members and the Audit & Supervisory Board, please see Notes on the Audit Performance (pages 135 to 140 in this Notice).

Audit & Supervisory Board structure

Maximum number of Audit & Supervisory Board Members: 5

Current number of Audit & Supervisory Board Member: 5 (including 3 Outside Audit & Supervisory Board Members)

Term: 4 years

(As of May 19, 2020)

Coordination of the audit function

In order to ensure effective performance of duties by Audit & Supervisory Board Members, in addition to the activities reported in the Notes on the Audit Performance (please refer to pages 135 to 140 of this Notice), the Audit & Supervisory Board coordinates as appropriate with Audit & Supervisory Board Members, the Independent Auditor and Internal Audit Office to strengthen and enhance all aspects of the Company's audit function.

1. Three-way audit coordination

Audit & Supervisory Board Members, the Independent Auditor and the Internal Audit Office (the Company's internal audit division), meet to discuss audit policies, plans and methods. In addition, basic information and risk information related to subsidiaries, which had previously been managed in various places across the Group, has been gathered into one place and reorganized into "integrated risk information database for the Ricoh Group," which can be shared and utilized effectively by each audit body. The Audit

& Supervisory Board also holds monthly three-way audit meetings with the Independent Auditor and the Internal Audit Office, to exchange information on the details and results of audits, and exchange opinions regarding matters such as the status of internal control and risk assessment, with the aim of ensuring a shared awareness of issues.

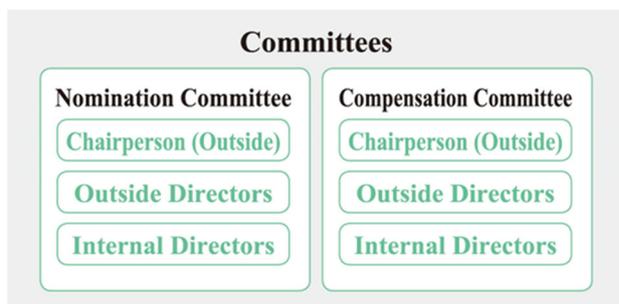
2. Individual coordination

- (1) Coordination between Audit & Supervisory Board Members and the Internal Audit Office
Full-time Audit & Supervisory Board Members hold regular monthly meetings with the Internal Audit Office and the corporate officer in charge of internal controls, to discuss the results of audits and ensure a shared awareness of issues. In addition, the Internal Audit Office reports quarterly to the Audit & Supervisory Board on the status of its activities, and engages in an exchange of opinions that includes the perspectives of Independent Outside Audit & Supervisory Board Members.
- (2) Coordination between Audit & Supervisory Board Members and the Independent Auditor
The results of audits and other information are shared at the three-way audit meetings. Meetings are also held as appropriate on specific themes, facilitating prompt exchange of information and discussion.
- (3) Coordination between the Independent Auditor and the Internal Audit Office
The Internal Audit Office shares the results of internal audits with the Independent Auditor and engages in the exchange of opinions.

Nomination Committee / Compensation Committee

As part of the strengthening of management oversight functions by the Board of Directors, the “Nomination Committee,” which is chaired by a Non-executive Director, and the “Compensation Committee,” which is chaired by an Outside Director, with the majority of members on both committees being Non-executive Directors and at least half of the members being Outside Directors, were established to ensure transparency and objectivity of nomination, dismissal, and compensation of Directors and Executive Officers, etc.

For FY2019, the Nomination Committee was comprised of three Outside Directors, one Internal Non-executive Director, and one Internal Executive Director; and the Compensation Committee was comprised of four Outside Directors, one Internal Non-executive Director, and one Internal Executive Director, and both committees are comprised of a majority of Outside Directors and are chaired by an Outside Director.



Non-executive Directors account for a majority of the members of each Committee, and more than half of them are Outside Directors.

As of May 19, 2020

Training for Directors and Audit & Supervisory Board Members

Training for the Company’s Directors and Audit & Supervisory Board Members has the objective of enabling constructive discussion that contributes to improving corporate value and shareholder value via the oversight functions of the Board of Directors. It is conducted by acquiring and updating knowledge specific to the duties and environment for each of the Company’s Internal and Outside Directors and Audit & Supervisory Board Members. The goal of the training is to enable them to fulfill their roles and responsibilities fit for an executive that undertakes a position in the Company’s important governing bodies.

Upon appointment of Internal Directors and Audit & Supervisory Board Members, training is provided to allow these persons to confirm their expected roles and duties, as well as acquire knowledge necessary to carry out duties, including knowledge regarding corporate governance, law, and finance. Even after appointment, training opportunities are provided via internal/external training and e-learning initiatives suited to each Director and Audit & Supervisory Board Member so they can update their knowledge.

Outside Directors and Audit & Supervisory Board Members are appointed from among those who have adequate insight and experience necessary to carry out duties. Upon appointment, to enable them to deepen their understanding of the Company’s current status, they are briefed on topics such as business strategy, financial conditions, and organizational structure as well as make site visits to key locations as required. Even after appointment, efforts are made to secure and improve the oversight functions of the Board of Directors and the effectiveness of audits by Audit & Supervisory Board Members, by regularly providing training program and sharing information on the Company’s current status and management environment, as well risk profiles associated with business operation, etc.

To confirm that the above measures are being conducted appropriately, their results are reported to the Board

of Directors.

Group Management Committee

The Group Management Committee (GMC), chaired by the President and Chief Executive Officer and consisting of executive officers who fulfill certain conditions, has been established as a decision-making body empowered by the Board of Directors. The GMC facilitates deliberations and renders decisions on the Group's overall management from the perspective of total optimization. Items requiring a resolution of the Board of Directors are stipulated in the Board of Directors Regulations, and matters for approval or important items related to business execution that do not satisfy these criteria are decided by the GMC. The following items regarding the execution of duties by the GMC are reported to the Board of Directors at least once every three months.

- Important management indicators and the implementation status of important measures in terms of business strategy
- Items resolved by the GMC and the results of the resolution

Disclosure Committee

The Disclosure Committee performs appropriate disclosure of information which may influence the decisions of investors in addition to promoting dialogue with shareholders and capital markets by proactively disclosing corporate information that contributes to investment decisions, and thereby seeks to develop relationships of trust with shareholders and capital markets as well as to achieve an appropriate recognition of the Ricoh Group.

This committee is composed of representatives from the disclosure management division, accounting division, legal division, information-generating and acknowledging departments, the principal administrative divisions managing affiliates, the internal control division, and the CFO, who is responsible for information disclosure.

The Disclosure Committee makes decisions on the necessity of information disclosure through the disclosure procedures and the appropriateness and accuracy of disclosed content as well as monitors the decisions of the CFO, who is responsible for information disclosure. Furthermore, the internal control division regularly evaluates the timeliness of information disclosure, the accuracy and validity of disclosure statements, and the validity of disclosure decisions, etc., and reports its findings to the Internal Control Committee and the Board of Directors.

Internal Control Committee

The Internal Control Committee is an organization to deliberate and make decisions on the internal control system of the whole Ricoh Group.

The committee is composed of executive officers who fulfill certain requirements. As a rule, it meets once every quarter, but extraordinary or emergency meetings may be held at other times.

The committee deliberates on the following matters.

1. Assessment of the completeness and operation of internal controls, and their rectification
 - Assessment of the completeness and operation of internal control as a whole
 - Assessment of the effectiveness of internal controls related to financial reporting
 - Assessment of the effectiveness of internal controls related to information disclosure
 - Rectification of internal controls
2. Determination of policies for internal control activities
 - Determination of basic policies for internal controls related to financial reporting
 - Determination of internal audit plans for each fiscal year
3. Response to defects in internal control
 - Decisions on response in the case of serious incidents
4. Presentation of proposals to the Board of Directors for the amendment of internal control principles
 - Presentation of proposals to the Board of Directors for the amendment of internal control principles, in consideration of environmental changes

Specifically, in the case of serious incidents that may impact the Group as a whole, the Internal Control Committee confirms details including the background, cause, and measures to prevent recurrence. Where doubts remain regarding the validity of measures to prevent recurrence, or doubts remain regarding the possibility of recurrence of that incident in the Group, the committee promptly determines the necessary countermeasures, and ensures that these are implemented from a top-down approach.

Risk Management Systems and the Risk Management Committee

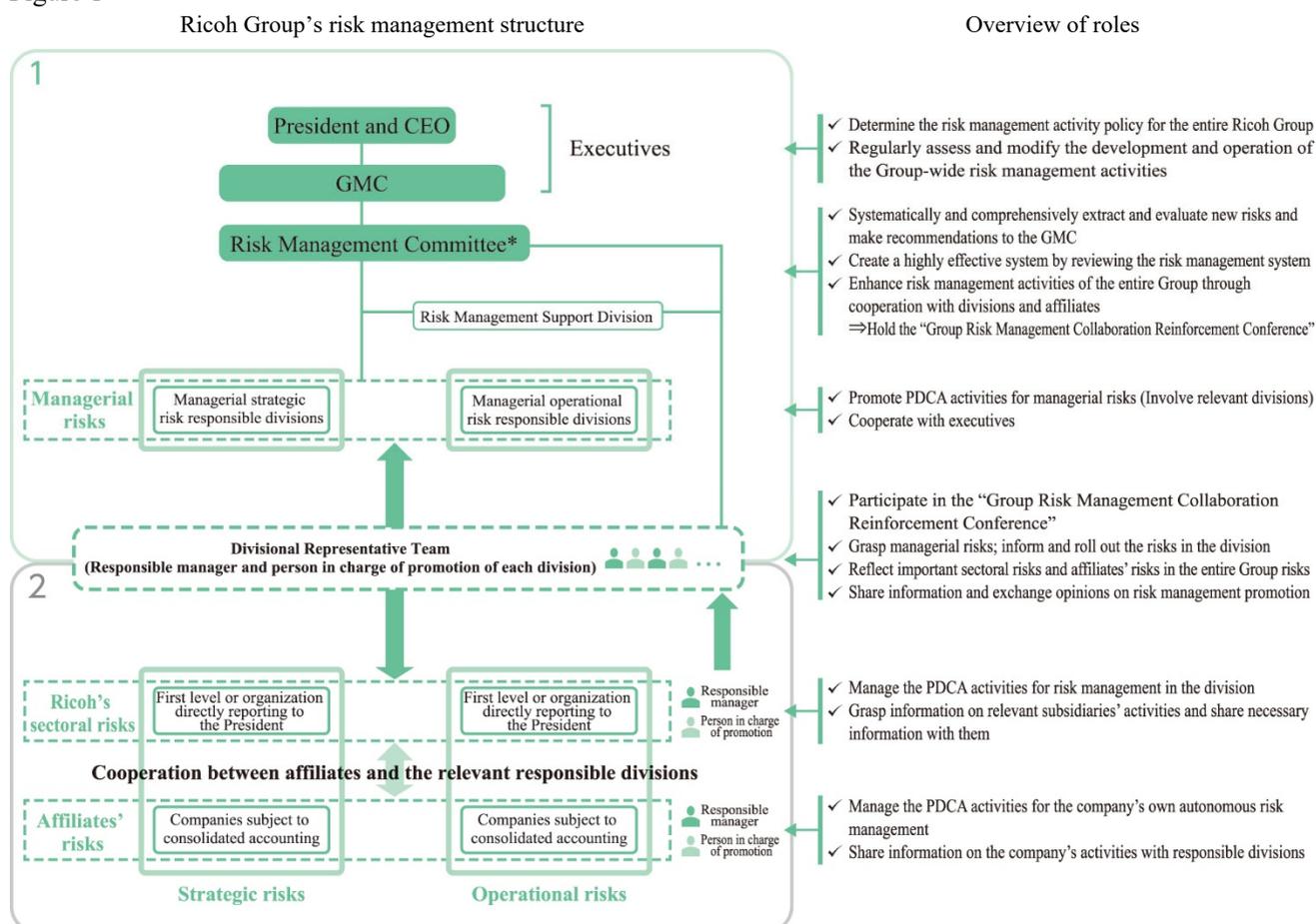
The Ricoh Group’s risk management systems can be divided into two main levels, as shown in Figure 1 below.

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. Divisional or company-specific risks managed by each organization, under the responsibility of each business section

These two levels exist for the purpose of clarifying bodies responsible for risk management so as to facilitate 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 other, 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 Figure 1.

Figure 1



* Chaired by Executive Officer, Fellow, or a person in a similar role.

The Risk Management Committee was established as an advisory body to the GMC, for the purpose of strengthening risk management processes across the entire Ricoh Group.

The committee is chaired by the corporate officer in charge of risk management, and is composed of the managers of each headquarters and cross-functional division (business planning, human resources, accounting, legal, sustainability promotion, IT, sales, production etc.), in order to ensure comprehensive coverage of risks and substantial discussions, and proposes to the GMC specific risks requiring response or focus in terms of the management of the Ricoh Group. Furthermore, the Company will review and restructure the entire risk management system in Figures 1 and 2 as necessary, in order to strengthen the effectiveness of risk management across the Ricoh Group. In FY2019, the Risk Management Committee held meetings twice in November and engaged in intense debate to determine possible managerial risks. Committee members also use Microsoft Teams and other methods to maintain an information sharing network throughout the year, and exchange opinions and information on incidents that have occurred in the Ricoh Group and significant changes in the external environment, as well as feedback received from the GMC.

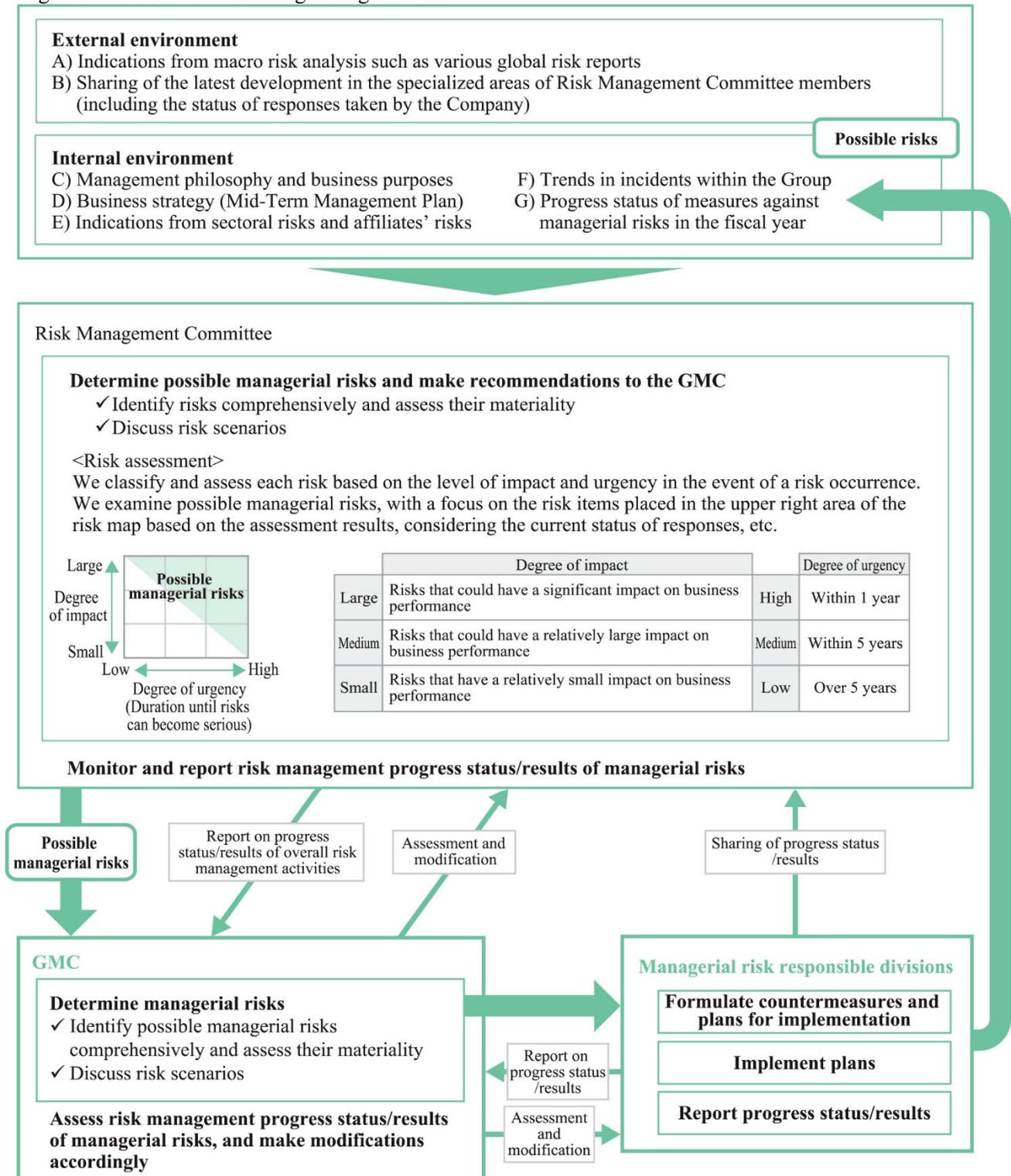
Management coordinates with each business section, selecting a person responsible for risk management from each division (as a rule the General Manager), as well as a person responsible for the promotion of risk management (in a position to communicate with the General Manager on a daily basis), in order to further enhance the effectiveness and comprehensiveness of risk management systems. A meeting to strengthen coordination is held with this team of divisional representative biannually, to share good examples of risk management activities at each division and disseminate information on managerial risks, as well as hold workshops aimed at strengthening risk management.

Process of determining managerial risks

The GMC and Risk Management Committee determine managerial risks based on a comprehensive recognition of risks that exert a significant impact on management, including impact on interested parties, in light of the Company’s management philosophy and business purpose, and are actively involved in countering these risks. (Figure 2: Process of determining managerial risks)

As an advisory body to the GMC, the Risk Management Committee utilizes the specialized knowledge and experience of each of its members, engaging in substantial discussions before recognizing and assessing each risk, in order to more accurately propose possible managerial risks.

Figure 2: Process of determining managerial risks



Business Risks

| Class | Item | Description | Countermeasure | Impact | Urgency |
|----------------------|--|---|---|--------|---------|
| Business environment | COVID-19 | At the present time, it is not possible to foresee the full impact of global spread of COVID-19 on financial results. Please see pages 57 to 62 for details on the impact on the Ricoh Group and the Group's response to COVID-19. | | Large | High |
| | Economic situation in major markets | We consider the major risks apart from the impact of COVID-19 to be: <ul style="list-style-type: none"> • US-China trade friction • Brexit, etc. | <ul style="list-style-type: none"> • Construction of supply systems to ensure response to demand • Transfer of production bases supplying the US • Materials and product inventory adjustments in response to risks, etc. | | |
| | More competitive markets | <ul style="list-style-type: none"> • New product launches by competitors • Increase in price competition; demand shift • Changes in the modality of competition due to COVID-19, etc. | <ul style="list-style-type: none"> • Provision of high quality, high value-added products and services that can become part of improving customers' workflows, and price management • Proposals and stronger product development to support changes in working styles and behavior due to COVID-19, etc. | | |
| | Fluctuations in price of parts, materials and/or foreign currency exchange rates | <ul style="list-style-type: none"> • Movements in materials markets • Impact of movements in exchange rates on the business results of foreign subsidiaries recorded in local currency • Impact of movements in exchange rates on the value of assets and liabilities recorded in local currency, etc. | <ul style="list-style-type: none"> • Consideration of substitute materials, diversification of materials purchasing, adjustment of selling price • Hedging of foreign exchange risk and thorough compliance with rules • Offsetting of rights and obligations, currency matching of the assets and liabilities of foreign subsidiaries, etc. | Medium | High |
| | Alliances with other entities, strategic investment | <ul style="list-style-type: none"> • Cancellation of alliances due to a discrepancy in interests • Difference in aims due to lack of information for consideration • Difficulty in integrating businesses, technologies, products, personnel, etc. | <ul style="list-style-type: none"> • Prior screening from the perspective of finance, strategy and risk by specialized members (Investment Committee), and presentation of opinion to the GMC • Monitoring of the progress of matters for approval by the Investment Committee, and sharing information with the GMC, etc. | Large | Medium |

| Class | Item | Description | Countermeasure | Impact | Urgency |
|---------------------------|--|---|--|--------|---------|
| | Responding to technological changes | <ul style="list-style-type: none"> Information collection and prediction on technological changes Establishment of domains for focused strengthening of technologies in response to changes, and appropriate resource allocation Stronger technological capabilities in new domains, etc. | <ul style="list-style-type: none"> Cooperation between global research and development bases and the promotion of open innovation Structuring and integration of the identification and commercialization process for new growth domains through the establishment of Innovation/R&D Division Selection of company-wide focus areas for research and technology development, and resource allocation aligned with management strategy, through the appointment of a CTO, etc. | Medium | Medium |
| | Securing personnel | <ul style="list-style-type: none"> Securing skilled personnel in accordance with plans Human resources development Loss of skilled personnel, etc. | <ul style="list-style-type: none"> Recruitment tailored to specializations and careers through job-matching recruitment Strengthening mid-career recruitment of specialized personnel Enhancement of various systems to support work-life management Strengthening processes to secure and develop management personnel, etc. | Medium | Medium |
| | Finance business | <ul style="list-style-type: none"> Recovery rate of credit extended Interest rate mismatch between fixed-rate long-term operating receivables executed with customers and some floating-rate short term borrowings by the Ricoh Group Significant revisions to legal, taxation or accounting systems, etc. | <ul style="list-style-type: none"> Regular assessment of customer creditworthiness and credit limits, and adjustment of the amount of credit extended Review of expected credit losses through reassessment of credit risk as necessary due to sudden changes in the external environment Procurement of funds at fixed interest rates to hedge interest rate fluctuation risk on long-term fixed receivables, etc. | Medium | High |
| Business operation | Information security | <p>For the Ricoh Group:</p> <ul style="list-style-type: none"> Cyber attacks and other risks related to corporate security Product security risk inherent in products, goods, services, etc. | <ul style="list-style-type: none"> Construction and enhancement of comprehensive management systems based on international information security standards (ISO/IEC^{*1}, NIST^{*2}, etc.) Stronger quality management related to information security from the development stage of proprietary products, goods, services, etc. | Medium | High |

| Class | Item | Description | Countermeasure | Impact | Urgency |
|-------|--|--|---|--------|---------|
| | Product liability | For Ricoh Group products and goods: <ul style="list-style-type: none"> • Serious safety problems (fire damage, casualties) • Legal issues related to safety or the environment • Prolonged quality issues, etc. | <ul style="list-style-type: none"> • Better prevention through analysis of the mechanism of breakdowns and accidents, and its application to the development process • Enhancement of market response systems in preparation for the occurrence of a problem • Thorough compliance (with safety and environmental laws in each country) through the establishment and regular review of standards and guides, etc. | Medium | High |
| | Long-term delay/suspension in supply of products | Unexpected circumstances, causing: <ul style="list-style-type: none"> • Delay or suspension in the supply of parts, suspension of manufacturing by factories • Suspension of operations by distribution agents, suspension of supply to sales companies, etc. | <ul style="list-style-type: none"> • Establishment of BCP inventories, and implementation of multi-route sourcing of important parts • Implementation of action plans and table-top exercises based on expected risks, etc. <p>*Based on the experience of COVID-19, strengthen assessment of the environment which can respond to expanded risk areas and extended time periods</p> | Medium | High |
| | Protection of intellectual property rights | Contractual issues, etc., relating to intellectual property rights in the context of alliances, joint research and development with other companies | Respond to risks using the assessment method that combines the explicit knowledge developed through past issues | Small | Medium |
| | Responding to government regulations (import/export management) | Impact on production and sales from administrative sanctions such as export suspensions due to violations of laws related to import and export, loss of business opportunities due to the loss of social credit, fines and criminal penalties, etc. | <ul style="list-style-type: none"> • Consideration and implementation of active risk avoidance measures to respond to the ever-changing international situation, employee education and the internal dissemination of important information • Implementation of regular management audits related to import and export | Medium | High |
| | Responding to government regulations (legal) | Subjection to fines (administrative dispositions), criminal penalties, suspension of business with government agencies, and loss of social credit, etc., due to violation of anti-monopoly and competition laws | Strengthening of compliance with competition laws in each country, educational activities and response in the case of violations, led by the legal division in each region, etc. | | |

| Class | Item | Description | Countermeasure | Impact | Urgency |
|-------------------------------|---|--|---|--------|---------|
| | Responding to government regulations (personnel) | Loss of social credit due to compliance violations related to personnel (harassment, employment- or human-rights-related issues, etc.) | <ul style="list-style-type: none"> Thorough dissemination of the Ricoh Group Code of Conduct Swift response to any changes in laws and regulations related to personnel, and education of employees; establishment of response systems and rules in the event of issues occurring Implement human rights assessments of affiliates and suppliers of the Ricoh Group; response to the UK Modern Slavery Act, etc. | | |
| | Responding to government regulations (environment) | Subjection to administrative dispositions, fines, criminal penalties and loss of social credit, etc., due to violation of environmental laws | Construct environmental management systems, ensure thorough compliance with environmental laws through regular assessments, grasp and respond promptly to changes in regulation | | |
| Accounting system | Impairment of goodwill and fixed assets | Impairment of goodwill, property, plant and equipment and intangible assets for businesses arising from corporate acquisitions, etc. | Strengthen the processes described in “Alliances with other entities, strategic investment” above, etc. | Medium | Medium |
| | Defined benefit plan obligations | Unexpected and unforeseen movements in the equity and debt markets related to plan assets held to provide for defined benefit plan obligations and retirement plans (causing a decline in revenue from plan assets), etc. | Consider and implement reviews of plans as appropriate, in view of government regulations, personnel strategy and personnel systems | Medium | Medium |
| Environment, disasters | Climate change-related effects | <ul style="list-style-type: none"> Decline in market competitiveness due to late response to the transition to a decarbonized society Increases in the price of raw materials or interruption of the supply chain due to natural disasters (torrential rain, flooding, forest fires), etc. | <ul style="list-style-type: none"> Establishment and implementation of high environmental goals aimed at realizing zero-carbon operations (Science Based Targets Initiative has approved Ricoh’s environmental goals which align with their 1.5°C criteria) Enhancement of business continuity capabilities across the entire supply chain, to reduce the impact of natural disasters on the Company’s businesses, etc. | Medium | High |

| Class | Item | Description | Countermeasure | Impact | Urgency |
|-------|---|---|---|--------|---------|
| | Effects of disasters and other unpredictable events | Damage to people (including families) and property in the Ricoh Group due to the occurrence of natural disasters, emergencies and accidents, etc. | <ul style="list-style-type: none"> · Clear documentation of initial response, reporting procedure, establishment and roles of each response division in the event of an emergency · Implementation of regular facilities inspections and disaster prevention training, etc. · Preparation of a BCP (business continuity plan) for each region and business, etc. <p>*We are responding to COVID-19 by prioritizing the safety of our officers, employees and their families, based on our BCP for novel influenza.</p> | Medium | High |

*1 ISO/IEC: International Organization of Standardization/International Electrotechnical Commission

*2 NIST: National Institute of Standards and Technology

Investment Committee

The Investment Committee is positioned as an advisory committee to the GMC, and verifies investment plans based on the validity of financial aspects including capital costs, and strategic aspects such as profitability and growth risks, etc. Members with expertise perform prior reviews and discussion on diversifying investment projects to external entities in order to ensure consistency with management strategies and raise the efficacy of the investment while improving the speed and accuracy of investment decisions.

The committee mainly discusses investments from the aspects of strategies, finance, and risks. Its members include a chairperson appointed by the CEO, representatives from the business planning, accounting, legal, and internal control functions as specialists on each aspect, as well as various experts depending on the project. The committee receives prior inquiries from planning departments to provide evaluations and advice after performing comprehensive discussion on the investment value of a project. Although the committee is not authorized to approve or disapprove of any investment projects, it assists the decision-maker in making objective decisions by clearly presenting the results of the committee's deliberations on each project.

In order to improve the accuracy of decisions made in the entire Group to invest in external entities, the committee, which is an advisory body to the GMC, also deliberates on projects below the minimum investment amount set out by the GMC. The committee strengthens the investment decision-making capabilities of the planning department and also makes recommendations, where necessary, to the GMC including change of the minimum investment amount.

ESG Committee

The ESG Committee aims to respond promptly and appropriately to the expectations and needs of stakeholders by continuously discussing medium- to long-term environmental, social, and governance issues faced by the Ricoh Group at a management-level and leading the discussions to the quality enhancement of the entire Group.

The ESG Committee plays the following specific roles:

1. Formulate the Ricoh Group Sustainability Strategy to resolve social issues through business, such as initiatives toward achieving SDGs, into the foundation of the Company's management
2. Identify medium- to long-term sustainability risks and opportunities as well as material issues faced by the entire Group (including those regarding investment decisions on risks and opportunities related to climate change recommended by the TCFD*)
3. Supervise and advice on sustainability strategies, material issues, and progress against ESG targets for each business division throughout the entire Group
4. Identify sustainability issues to be submitted for discussion at the Board of Directors and report them to the Board of Directors

The committee is chaired by the CEO, and is composed of the main GMC members, an Audit & Supervisory Board Member, and the Head of the Sustainability Management Division. The committee convenes quarterly and invites representatives of the business divisions associated with the subject of discussion, and provides a system to examine and discuss sustainability issues across the board.

* TCFD: Task Force on Climate-related Financial Disclosures. Established by the Financial Stability Board (FSB), the TCFD

provides stability to financial markets by promoting information disclosure of climate-related risks and opportunities by companies, and facilitating a smooth transition to a low-carbon society.

Policy for constructive engagement with shareholders

- The Company engages dynamically and constructively with shareholders. We maintain a cycle in which we reflect feedback from shareholders in our activities to cultivate trust through mutual understanding. In operating based on that cycle, we endeavor to innovate and deliver value that is useful for everyone, everywhere, helping to enhance their lives and create social sustainability while increasing medium- and long-term corporate value.
- The President and CEO is the person responsible for engagement with shareholders, and an executive in charge may be appointed as required.
- The Investor Relations Department is responsible for promotion engagement with shareholders, and takes charge of liaising with related departments.
- In general, engagement with shareholders is conducted by Investor Relations Department. However, when a request is made individually, the President and CEO or the executive in charge shall conduct engagement activities where appropriate.
- In addition to engagement activities with shareholders, presentations on the Mid-term Management Plan, financial results briefings and small meetings are held for institutional investors. The Company participates in IR events, etc., hosted by a third party to present briefings to investors. Also the Company hosts an investors' meeting and convocation * following the General Meeting of Shareholders.
- Opinions obtained through engagement with shareholders are passed on to the management team on a quarterly basis.
- The Company strictly complies with its internal regulations concerning handling of insider information. No insider information is disclosed to shareholders during individual engagement. To prevent the leak of insider information and ensure fairness in information disclosure, the Company observes a quiet period from the day following the final day of each fiscal year to the day of the annual financial results announcement.

* This year, the investors' meeting and convocation that usually follows the General Meetings of Shareholders will not be held, in order to mitigate the risk of the spread of COVID-19 by preventing close personal contact, as the meeting and gathering would bring together shareholders and the Company's Directors and employees in close proximity.

Approach to Election of Directors

Election Criteria for Directors

<Management capabilities>

Superior insight and judgment necessary for management functions

1. Knowledge of a wide range of businesses and functions, and has the ability to think and make decisions appropriately from a company-wide and long-term perspective
2. Insight into the essence of issues
3. Vision to make best decisions on a global level
4. Judgment and insight based on extensive experience, as well as excellent track record leading to significant improvements in corporate value and competitive strength
5. Ability to think and make decisions appropriately from the perspective of various stakeholders including shareholders and customers based on a firm awareness of corporate governance

<Character and personality>

Positive trust relationships between Directors and management team for smooth performance of the oversight function

1. Integrity (honesty, moral values and ethics); 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 and sets an example for decisions and actions that respect the personality and individuality of others based on a deep understanding and acceptance of diverse values and ideas.

Election criteria for Outside Directors

In addition to the same election criteria as for Internal Directors stated above, the election criteria for Outside Directors include having excellence in areas such as expertise in different fields, problem discovery and solving capabilities, insight, strategic thinking capabilities, risk management capabilities, and leadership.

Diversity Policy

We believe that the Board of Directors of the Company should be composed of directors with management ability and rich sense of humanity in addition to various viewpoints and backgrounds, on top of multilateral sophisticated skills. When considering the diversity, it is a policy of the Company to appoint appropriate persons based on their personality and insight irrespective of race or ethnicity or gender or country of origin or nationality, etc. This approach ensures diversity, with respect not only to these attributes, but also with regards to expertise and experience in each field related to corporate management.

Election Process and Evaluation Process for Directors

The Company is making ongoing efforts to strengthen and enhance corporate governance for the Company's sustainable growth and improvement of corporate value and shareholder value.

<Nomination Committee>

To secure objectivity, transparency, and timeliness for procedures to appoint, dismiss, and evaluate Directors, the CEO, and other members of the management team, the Board of Directors has established the Nomination Committee, which is an advisory body to the Board of Directors.

To increase objectivity and independence, the Nomination Committee is comprised of a majority of non-executive Directors with at least half of the members being Outside Directors, and is chaired by a non-executive Director.

(During FY2019, the committee was chaired by an Outside Director with three Outside Directors, one internal non-executive Director, one internal executive Director, and a majority of Outside Directors.)

The Nomination Committee deliberates on the following inquiries and reports on the deliberation and conclusions to the Board of Directors.

(Inquiry items)

- 1) Nomination of candidates for CEO and Directors
- 2) Evaluation of the soundness of the CEO and Directors to continue in their duties
- 3) Evaluation of achievements of the CEO and Directors
- 4) Confirmation of status of CEO succession plans and development of future CEO candidates
- 5) Confirmation of appointment/dismissal proposals and reasons thereof for Corporate Vice Presidents, Group Executive Officers, Advisors, and Fellows
- 6) Approval or disapproval on the formulation, revision or abolishment of appointment/dismissal systems for Directors, Executive Officers, and Group Executive Officers

<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 deliberation on the composition of the Board and the specializations, experience (skills and career matrix), etc. required of Directors, based on the issues recognized at the meeting held to evaluate the effectiveness of the Board of Directors, before nominating candidates for Director.

Candidate nominations for Director are deliberated by the Nomination Committee over two sessions, and undergo a strict screening process. The Nomination Committee engages in multifaceted assessment of the qualities, experience, skills, diversity, etc. required of the Company's Directors, in accordance with the management environment, strategic direction, challenges, etc., against the basic criteria of management ability, character and personality necessary to fulfill the role and responsibilities of Director, and reports to the Board of Directors after clarifying the basis for nomination. Based on the reporting from the Nomination Committee, the Board of Directors deliberates from a shareholder perspective, and then determines which candidates for Director are to be submitted to the General Meeting of Shareholders.

A skills and career matrix that maps out personnel, roles, skills, career experience, etc. is also used when determining the Company's executive structure, with the aim of building a structure to facilitate swift and accurate decision-making by the GMC, as well as appointing and developing appropriate human resources in terms of the management succession plan. The CEO reports to the Nomination Committee on the selection and training policy of management candidates.

<Evaluation process>

Directors are evaluated annually by the Nomination Committee. From FY2018, the former one-step evaluation was modified to a two-step evaluation. In the first evaluation, careful and appropriate deliberations are made on the soundness of Directors to continue in their duties, ensuring timeliness of appointment and dismissal. In the second evaluation, Directors' achievements are evaluated with a multifaceted approach, and

their issues are clarified through feedback in an effort to improve the quality of management. The Nomination Committee’s deliberations and conclusions on the evaluation of Directors are reported to the Board of Directors to thoroughly oversee whether the Director is sound to continue in their duties.

Furthermore, evaluations are based on such standards as “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.”

Evaluation of CEO and CEO Succession Plan

The CEO succession plan is an important initiative for improving shareholder value and corporate value of the Ricoh Group in a continuous manner over the medium to long-term and continuously fulfilling the social responsibilities of the Group as a member of society.

From the viewpoint of strengthening corporate governance, the Group works to establish a CEO succession plan with procedures that are objective, timely, and transparent.

1) CEO Evaluation

The CEO is evaluated annually by the Nomination Committee. From FY2018, a two-step evaluation has been implemented. In the first evaluation, careful and appropriate deliberations are made on the soundness of the CEO to continue in his/her duties, ensuring timeliness of appointment and dismissal. In the second evaluation, the CEO’s achievements are evaluated with a multifaceted approach, and his/her issues are clarified through feedback in an effort 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 effectively oversee the CEO.

<Key items for the CEO evaluation>

(1) Financial viewpoint

- Progress of the Mid-term Management Plan and business plans, return on capital and other key performance indicators

(2) Shareholder and capital market viewpoint

- Stock-related indicators including TSR, analyst evaluations, etc.

(3) Non-financial viewpoint

- ESG measures, customer and employee satisfaction, safety and product quality, etc.

2) Selection, development and evaluation of CEO candidates

Once a year (in around September), the CEO prepares a list of potential future CEO candidates together with a development plan for them and elaborates on the proposals at the Nomination Committee in early November. The Nomination Committee deliberates on the validity of the CEO candidate list and development plans, provides advice to 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 the selection and development of CEO candidates.

<Selection of candidates>

CEO candidates are selected by terms as follows according to the timing of the change. The backup candidate in case of accident in the table below is determined via resolution of the Board of Directors at the same time the CEO is selected.

| Terms | Number of persons selected |
|--------------------------------------|----------------------------|
| Backup candidate in case of accident | One |
| First candidate in line | Several |
| Second candidate in line | Several |

<Development of candidates>

The Nomination Committee deliberates on the development plan for future CEO candidates and gives guidance to the CEO, who, in the next fiscal year, provides growth opportunities suited to each candidate according to their individual targets, allowing the candidates to accumulate experience. The CEO also gives direct guidance to promote the candidate’s development based on individual assessment.

<Evaluation of candidates>

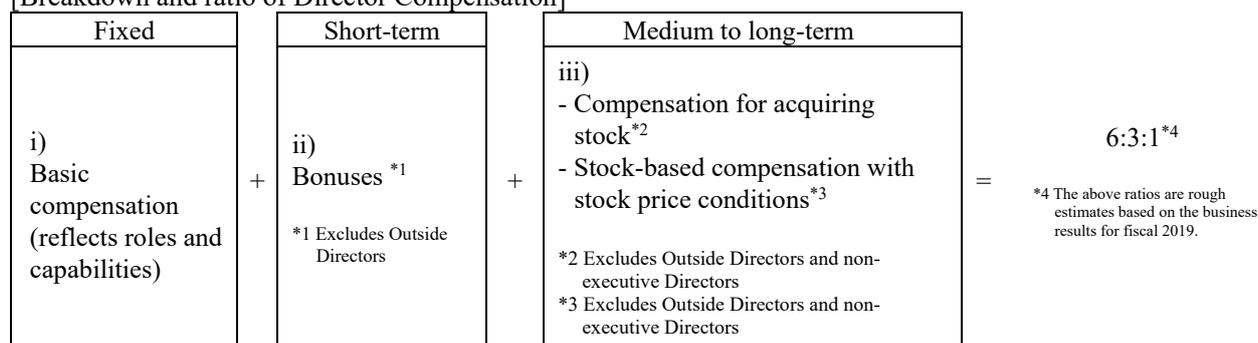
CEO candidates are evaluated annually, and the CEO reports on the achievements and growth of each candidate during the development period (April to March) to the Nomination Committee in early November (the evaluation period is from April to October, which is the month before the Nomination Committee meets). The Nomination Committee reviews the selection of CEO candidates, and reports the results to the Board of Directors. Upon reporting from the Nomination Committee, the Board of Directors evaluates the CEO candidates and confirms the validity of deliberations on which candidates are to remain, and is actively involved in the process.

Policy of Compensation for Directors

Directors' compensation is used as an effective incentive to achieve sustainable increases in corporate earnings for the medium- to long-term, 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. The Company determines executive compensation based on the following basic policies:

- 1) Compensation is composed of three elements: i) basic compensation that reflects roles and performance of Directors, ii) bonuses that reflect business results (performance-linked compensation), and iii) compensation that reflects medium- to long-term increase in shareholder value.
- 2) When compensation levels are set up and individual compensation are determined, objectivity, transparency and validity must be secured through proper external benchmarks and deliberation by the Compensation Committee.

[Breakdown and ratio of Director Compensation]



i) Basic compensation consists of compensation pertaining to management oversight and compensation reflecting the importance of individual roles and management responsibilities. In addition, compensation based on positions is additionally provided for the Representative Director, Chairperson of the Board of Directors, Chairperson of the Nomination Committee and the Compensation Committee, etc. A total of ¥251.52 million was paid in FY2019.

ii) The amount of bonuses paid to Directors is determined based on operating income. By setting operating income as the key performance indicator, which is strongly correlated with market capitalization, it further clarifies responsibilities of Directors for the business results of the entire Ricoh Group and the improvement of shareholder value.

In addition, regardless of the results calculated through this framework, whether or not a bonus will be paid reflecting the status of governance and non-financial factors will be discussed by the Compensation Committee and decided by the Board of Directors.

(Reference)

The amount of bonuses is calculated by the following formula, which has been judged as appropriate and determined through deliberation by the Compensation Committee.

Directors' bonuses = Base compensation for calculation (Basic monthly compensation) × Profit factor (Number of months determined in accordance with consolidated operating income^{*5})

^{*5} Number of months = consolidated operating income (millions of yen) / 20,000

The indicator targets for performance-linked compensation for FY2019 were consolidated operating income of ¥100.0 billion, while the actual result was ¥79.0 billion. Please see pages 49 to 50 for the formula to be applied from FY2020 onwards.

iii) Among compensation that reflects the stock price, compensation for acquiring stock is allocated in full for the acquisition of stock in the Ricoh Executive Stock Ownerships Plan as an incentive for increasing shareholder value over the medium to longterm. Stock price-linked compensation (monetary

compensation) was abolished and stock-based incentive with stock price conditions was introduced during FY2019. Both compensation for acquiring stock and the stock price-linked compensation abolished in FY2019 were paid to Directors by the Company in cash. As for FY2019, a total of ¥12.99 million was paid. The amount of expense recorded pertaining to points granted under the stock-based compensation with stock price conditions, introduced during FY2019, was ¥5.75 million.

(Reference)

Compensation for acquiring stock is paid as a component of fixed salary. Stock price-linked compensation payable was determined through deliberation of the Compensation Committee, based on the results of a comparison between Ricoh's share price growth rate relative to that of TOPIX during the period from April to July 2019, before stock price-linked compensation was abolished. The final number of shares to be granted (amount of compensation paid) for stock-based compensation with stock price conditions is calculated by multiplying the points granted based on the Director's position, determined through deliberation of the Compensation Committee, by a factor (from 0% to 200%) based on the results of a comparison between Ricoh's share price growth rate relative to that of TOPIX during the period from the time when the system was adopted until the time of retirement.

Outside Directors with positions that are independent from business execution are only paid basic compensation, and they do not receive contingent compensation such as performance-linked compensation.

The retirement benefit plan was abolished as of the date of the 107th Ordinary General Meeting of executive Shareholders held on June 27, 2007. Total compensation amount for Directors paid in FY2019 was ¥324.62 million (refer to page 87).

Revision to the Formula for Calculating Directors' Bonuses Linked to Key Performance Indicators

As described above, bonuses for the Company's Directors are determined based on key performance indicators related to increasing share price and strengthening competitive strength. At the meeting of the Board of Directors held on March 31, 2020, it was determined to establish return on capital and ESG indicators as additional key performance indicators in the formula for calculating Directors' bonuses, starting from FY2020. With this revision to the bonus formula, Directors' responsibility has been made clear with regard to achieving key performance indicator goals.

[Formula for calculating Directors' bonuses from FY2020 onward]

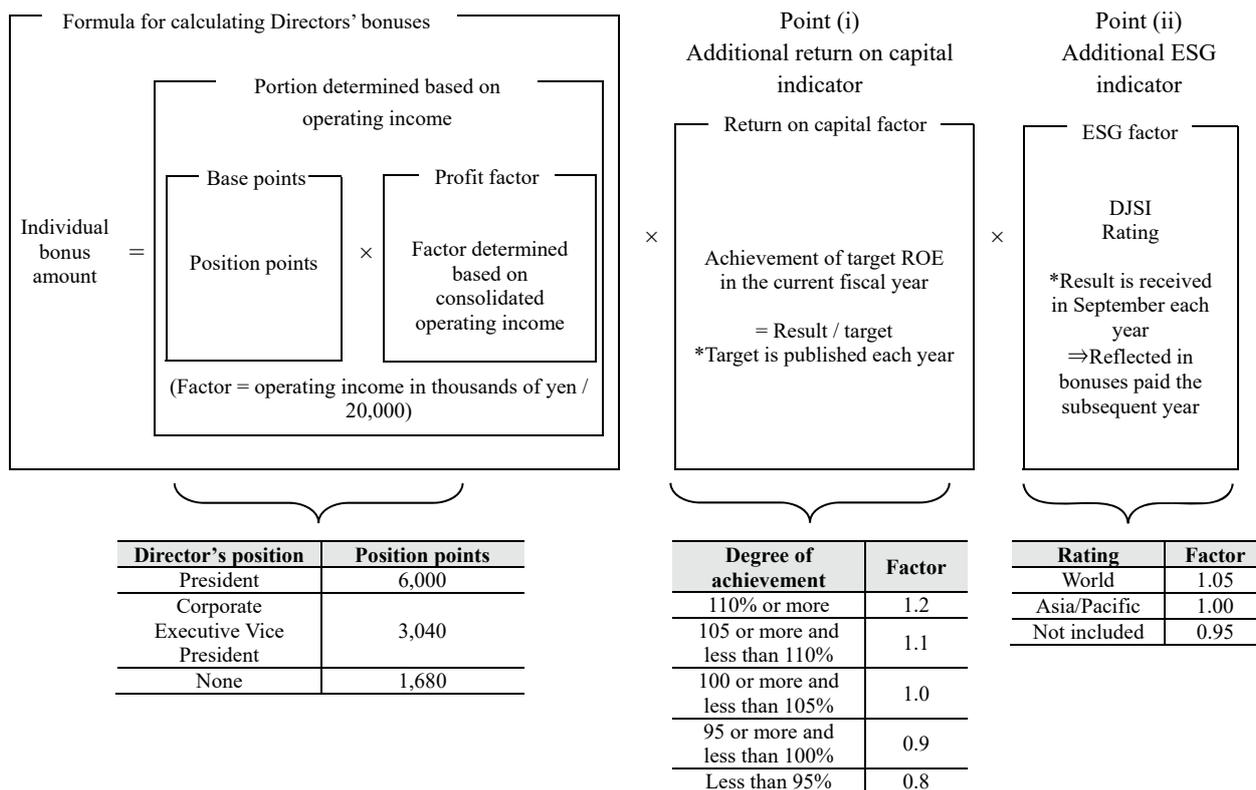
[Main points of the formula revision]

- i) Establish a performance indicator using ROE results for each fiscal year, as an incentive to enhance return on capital
- ii) Establish the annual DJSI* Rating, which the Company as a whole is pursuing, as a performance indicator, as an incentive to enhance ESG indicators

*Indicators related to return on capital and ESG will also be added to the formula for Executive Officers.

* Dow Jones Sustainability Index (DJSI):

A share index jointly developed by Dow Jones in the US and S&P Global, a company specializing in research on sustainable investment, the Dow Jones Sustainability Index measures the sustainability of major companies around the world from the three perspectives of economy, environment and society.



Annual review of Directors' Compensation

The Company places emphasis on securing objectivity, transparency, and suitability of elements such as Directors' compensation levels and ratio of basic compensation to variable compensation. The Compensation Committee deliberates on the matter including peer company benchmarks for Director Compensation in October each year and considers revising compensation levels and ratios as required.

Compensation Evaluation Process

The Company has established a voluntary Compensation Committee in order to build an objective and transparent compensation valuation process in order to improve competitiveness corporate value, and corporate governance. The Compensation Committee decides (i) the individual compensation amount regarding basic compensation and compensation for acquiring stock, and (ii) the individual compensation plan for bonuses, based on corporate performance and the compensation criteria for Directors after holding several discussions. Subsequently, with regard to bonuses, following discussions by the Board of Directors, it is determined whether or not to submit a proposal on the payment of bonuses to Directors to the General Meeting of Shareholders. The stock-based incentive with stock price conditions will be determined by the Compensation Committee upon setting the individual number of shares to be delivered based on comparison of the compensation levels of Directors and Ricoh's share price growth rate relative to that of TOPIX, and reported back to the Board of Directors.

Results Summary of the Evaluation of Effectiveness of the Board of Directors Held During FY2019

On May 8, 2020, the Company evaluated the effectiveness of the Board of Directors held during FY2019 (from April 2019 to March 2020), and discloses the results as outlined below.

I. Evaluation of the Effectiveness of the Board of Directors Held During FY2019

A highly uncertain business environment for companies is expected to continue through FY2020, as the spread of COVID-19 affects entire economies and societies on a global scale. In view of these conditions, the Company's Board of Directors has implemented its effectiveness evaluation for FY2019 with a recognition of the execution of appropriate oversight and support under an assumed state of emergency as a top-priority issue, in addition to the medium- to long-term enhancement of corporate value in anticipation of a return to normal after COVID-19 is brought under control.

The evaluation continued to include the response of the Board of Directors to business execution, along with the effectiveness of the Board of Directors. In addition, a third-party evaluation was also implemented, in order to ensure objectivity.

[Evaluation process]

The evaluation was carried out at a discussion attended by all Directors and Audit & Supervisory Board Members, after sharing written evaluations by the Directors and the Audit & Supervisory Board Members, as well as the results of analysis of the anonymous third-party survey. Through the discussions, participants reviewed and evaluated the performance of the Board of Directors during FY2019, in terms of the basic policies on the operation of the Board of Directors and the three improvement items outlined below, which were set forth by the Company's Board of Directors in the last evaluation of the effectiveness.

<Basic policies for FY2019>

- 1) Monitor and support the achievement of our mid-term goals as the final year of the 19th Mid-term Management Plan (the "19th MTP").
- 2) Formulate the 20th Mid-term Management Plan (the "20th MTP") with emphasis on discussion with a medium- to long-term perspective to enhance corporate value.

<Improvement items for FY2019>

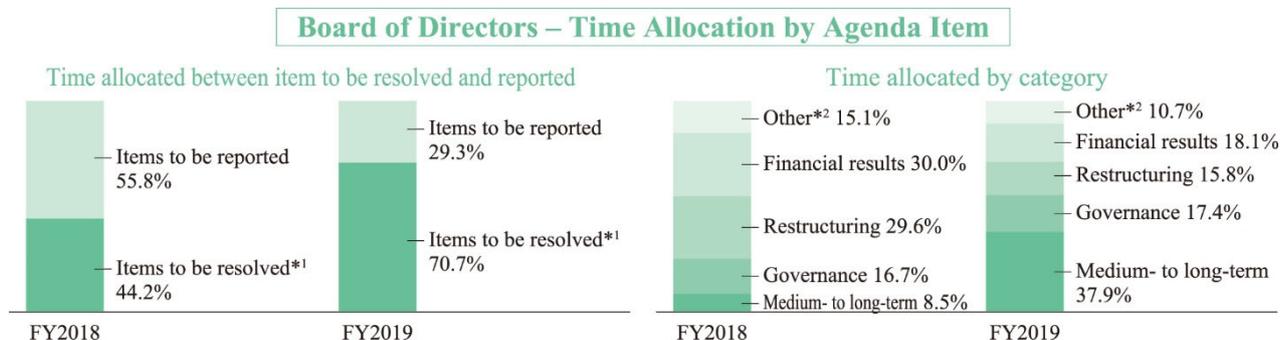
- i) Monitor the progress of the priority measures in the 19th MTP, the achievement level of financial and non-financial targets as well as key management indicators, and conduct appropriate discussions and support according to circumstances.
- ii) Continue discussions from a medium- to long-term perspective on important themes, such as growth, human resources and technological strategies, and reflect in the 20th MTP.
- iii) Monitor the continuous improvement of the management system targeted towards the 20th MTP, creating an environment for the full-scale development of growth strategies.

II. Results summary of the "Evaluation of Effectiveness of the Board of Directors" for FY2019

II-1. Results of operation of the Board of Directors

The Board of Directors endeavored to engage in more substantial deliberations regarding medium- to long-term matters, while also strengthening oversight of key issues, through fuller explanation of agenda items prior to meetings, the designation of key agenda items, and greater efficiency in reporting, including the introduction of written reports and more substantial information sharing, in accordance with the "basic policies for FY2019".

The allocation of time to agenda items at meetings of the Company's Board of Directors in FY2019 is disclosed as follows, for the purpose of ensuring the transparency of the status of deliberations of the Board of Directors.



*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 for deliberations in preparation for making a resolution.

*2 Other: resolutions, etc. in accordance with the provisions of the Companies Act.

II-2 Summary

The following is a summary of the results of discussions among the members of the Board of Directors regarding written evaluations by the Directors and the Audit & Supervisory Board Members, as well as third-party evaluations.

- ◎ The Company's Board of Directors as a whole reached the unanimous conclusions that the composition of the Board of Directors is appropriate, that continual enhancement of the function of the Board of Directors is being undertaken based on a clear understanding of the issues, and that the effectiveness of the Board of Directors is ensured.
- ◎ The Nomination Committee and Compensation Committee, which are chaired by an Outside Director and composed of a majority of Outside Directors, were evaluated as having functioned effectively as advisory

bodies to the Board of Directors, providing fair and rigorous assessment of the CEO and other senior managers, and continuously reviewing incentives to enhance corporate value.

- ◎ Meanwhile, there were remarks pointing out the necessity for continued discussion aimed at further enhancing corporate governance, to respond to the Company's management policy, changes in the business environment, the expectations of the capital market, etc.
- ◎ Regarding improvement item i), the Board of Directors recognized the success in monitoring the progress of the key indicators in the final year of the 19th MTP, and the earnest response of the CEO and other senior managers to strict remarks from the Outside Directors, made from the perspective of shareholders, which achieved results.
- ◎ Regarding improvement item ii), the Board of Directors recognized that more substantial discussions were conducted from a medium- to long-term perspective with the aim of enhancing corporate value, including long-term vision, the 20th MTP, growth strategy, capital policy, group restructuring, etc., thanks to the appropriate setting of agendas, and that these were reflected in the management plan.
- ◎ Regarding improvement item iii), the Board of Directors recognized, in line with the 20th MTP and growth strategies, the introductions of business management using ROIC, capital policy, greater rigor in the evaluation of the CEO, and stock price-linked compensation, as well as discussions held with the aim of enhancing the management system and governance, reflecting the perspective of the 20th MTP.
- ◎ Regarding execution, the Board of Directors recognized an improvement in the level of deliberation and assessment of investment projects by the Investment Committee, and the leadership of top management in strengthening of activities and systems to enhance corporate value.
- ◎ In addition to the evaluation of these points, while a large amount of time at meetings of the Board of Directors was devoted to discussions on medium- to long-term agenda items, the need was indicated for further improvement in qualitative facets of these discussions, including their depth and specificity. Moreover, the need was indicated for continued discussion aimed at strengthening management resources for sustained growth, such as human resources and technology.
- ◎ There were also remarks calling for the importance of the continued monitoring of risks and countermeasures, not only for risks that have already materialized but also for potential risks, and the management systems of associates, in the context of a highly-uncertain management environment.
- ◎ Regarding execution, there were remarks indicating the need for the continued strengthening of activities aimed at profit creation and enhancing return on capital, as well as an acceleration of growth based on an understanding of changes in the business environment, under the assumption that the current harsh business environment would continue.

III. Efforts to improve the effectiveness of the Board of Directors in FY2020

In response to the above evaluation, and in view of the impact of the spread of COVID-19, the Company's Board of Directors is working to improve its effectiveness by operating in line with the basic policies indicated below, and has set three improvement items.

<Basic policies for FY2020>

- 1) Engage in monitoring and support to ensure the renewal and execution of timely and appropriate response to the management environment, and strategy for the future.
- 2) Engage in appropriate monitoring and more thorough discussion from a medium- to long-term perspective, to accomplish both the enhancement of return on capital and the strengthening of the capital that composes the management base.

<Improvement items for FY2020>

- i) Encourage accurate response to the impact of the spread of COVID-19, from both an urgent perspective, and a medium- to long-term perspective.
- ii) Accelerate execution through appropriate deliberations and support, to renew strategy in line with the management environment.
- iii) Monitor business expansion from the perspective of return on capital, and engage in discussions and support aimed at strengthening the various forms of capital that compose the management base (human capital, technological capital, intellectual capital, liquidity base, etc.) to realize sustained growth.

Approach to Election of Audit & Supervisory Board Members

Election Criteria for Audit & Supervisory Board Members

Candidates for Audit & Supervisory Board Member are selected for their appropriateness as personnel able to contribute, through the performance of duties as an Audit & Supervisory Board Member, to sound and sustained growth of the Company and the medium- to long-term enhancement of its corporate value, taking

into consideration the balance of knowledge, experience and specialized abilities required of the Audit & Supervisory Board.

The following criteria (requirement definitions) have been established by the Audit & Supervisory Board in order to select candidates for Audit & Supervisory Board Member based on objective assessment of their suitability.

[Audit ability]

1. Appropriate experience, ability, and the necessary knowledge regarding finance, accounting and law
2. Professional skepticism and the ability to investigate facts properly, with an earnest attitude, and exercise objective judgement
3. Sense of duty and courage founded on personal beliefs, and the ability to make active and forthright suggestions and proposals to Directors and employees
4. The ability to see matters from a shareholders' perspective, act on this perspective, and engage in audits based on an attitude of learning from actual front lines, actual things and actual facts

[Knowledge background and temperament]

1. Healthy in mind and body, and able to serve for a full four-year tenure as Audit & Supervisory Board Member
2. Always aspires to improve him/herself, with a desire to learn new things
3. Able to manage local staff and communicate in English

Election Criteria for Outside Audit & Supervisory Board Members

In addition to the criteria above, Outside Audit & Supervisory Board Members are elected based on their high degree of specialist insight in the fields of corporate management, finance, accounting and law, and their extensive experience. The absence of any issues of independence regarding their relationships with the Company, its Representative Director, other Directors and important employees, with reference to the Company's Standards for Independence of Outside Directors and Outside Audit & Supervisory Board Members, is an additional criterion.

Diversity

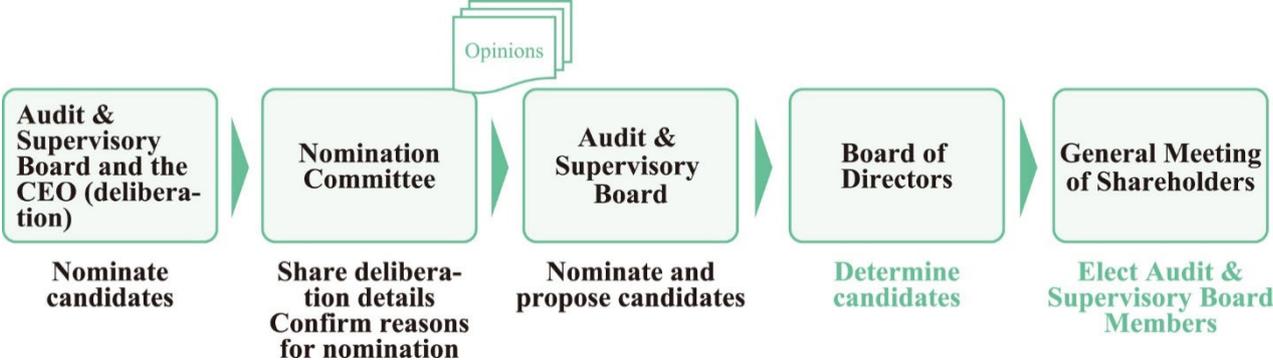
When considering diversity in the appointment of Audit & Supervisory Board Members, no distinction is made on the basis of race, ethnicity, gender, nationality or similar attributes, and candidates are selected based on their character and knowledge, thus ensuring diversity in such attributes.

Election Process for Audit & Supervisory Board Members

“Recommendation of candidates” and “nomination of candidates” for Audit & Supervisory Board Member is conducted primarily by the Audit & Supervisory Board, in accordance with the process shown below, with an emphasis on ensuring the independence of Audit & Supervisory Board Members.

The Audit & Supervisory Board recommends candidates based on the election criteria for Audit & Supervisory Board Members and after consultation with the CEO. These candidates are nominated and proposed after confirmation by the Nomination Committee.

The Board of Directors respects the judgment of the Audit & Supervisory Board in resolving the nomination of candidates for Audit & Supervisory Board Member.



Standards for Independence of Outside Directors and Outside Audit & Supervisory Board Members

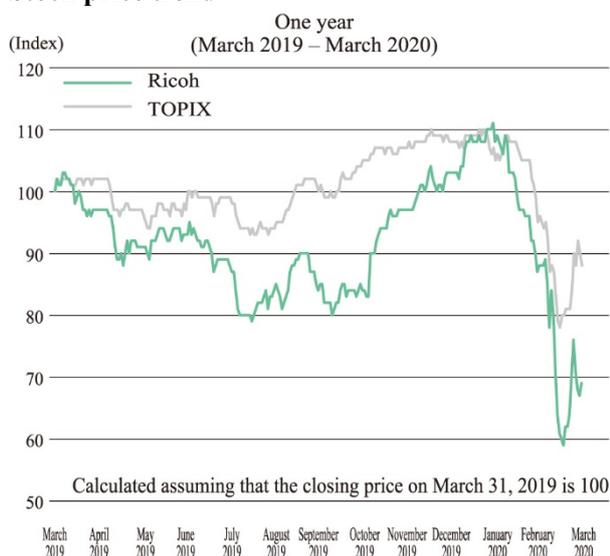
1. In principle, Outside Directors and Outside Audit & Supervisory Board Members of the Company should be independent from the Company and should satisfy all of the items set out below. The Ricoh Group refers to the corporate group that comprises the Company and its subsidiaries.
 - (1) A person who is not a shareholder holding 10% or more of the total voting rights of the Company (a “major shareholder”), or a person who is not a director, audit and supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee of the major shareholder of the Company.
 - (2) A person who is not a director, audit and supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee of a company of which the Ricoh Group is a major shareholder.
 - (3) A person who is not a director, audit and supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee of the Ricoh Group, or a person who was not a director, audit and supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee of the Ricoh Group within 10 years preceding the assumption of the office of Outside Director.
 - (4) A person of which the Ricoh Group was not a major business partner (whose sales to the Ricoh Group accounted for 2% or more of its consolidated net sales) in the immediately preceding fiscal year or any of the three fiscal years prior to such fiscal year, or a person who is not a director (excluding outside directors who are independent), audit and supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee thereof (including its parent company and subsidiaries).
 - (5) A person who was not a major business partner of the Ricoh Group (to which sales of the Ricoh Group accounted for 2% or more of consolidated net sales of the Ricoh Group) in the immediately preceding fiscal year or any of the three fiscal years prior to such fiscal year, or a person who is not a director (excluding outside directors who are independent), audit and supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee thereof (including its parent company and subsidiaries).
 - (6) A person who is not a consultant, certified public accountant, certified tax accountant, lawyer or any other professional who received money or other property other than executive compensation, either directly or indirectly, from the Ricoh Group in an amount of ¥10 million or more in the immediately preceding fiscal year or per year in average over the past three fiscal years.
 - (7) A person who does not belong to an organization, such as a law firm, auditing firm, tax accounting firm, consulting firm or any other professional advisory firm, that received money or other property, either directly or indirectly, from the Ricoh Group in an amount equivalent to 2% or more of its total revenue in the immediately preceding fiscal year or per year in average over the past three fiscal years.
 - (8) A person who is not a spouse, a relative within the second degree of kinship or a relative who lives in the same household of a person who falls under the items (1) through (7).
 - (9) A person who is not a director, audit and supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other important employee of a company, its parent company or subsidiary that has directors dispatched from the Ricoh Group.
 - (10) A person who is unlikely to cause a substantial conflict of interests with the Company.
2. The Company may appoint a person as Outside Director or Outside Audit and Supervisory Board Member if it determines that the person is qualified for the post, even though he/she fails to satisfy any of the above items (1) and (4) through (9) in the preceding paragraph, provided that the Company explains to external parties the reason for its determination that the person qualifies for the post.

Stock price and TSR trends

Through its 19th Mid-term Management Plan, which commenced from FY2017, the Company endeavored to improve profitability through structural reform and establishment of new pillars of business for the future, under “RICOH Resurgent” and “RICOH Ignite.” These efforts were well received in the capital markets, and the Company’s share price outperformed both the TOPIX (Tokyo Stock Price Index) and that of other companies in the industry in FY2018. This momentum continued through FY2019. Business growth, particularly in office services, combined with the expectation of additional shareholder returns at the conclusion of the 19th Mid-term Management Plan, raised the Company’s share price in line with the TOPIX, and among the industry’s top performers through most of FY2019.

However, in addition to the effects of the large drop in prices seen across share markets with the spread of COVID-19 in the final three months of FY2019, a decline is expected in the output volumes from printers and multifunctional printers (MFPs), which comprise the Company’s current revenue base, due to self-imposed restraints on corporate activity and the expansion of telecommuting. Concerns have spread regarding the performance of the office equipment industry, of which the Company is a part, going forward. Moreover, the Company’s announcement that, in view of the present economic environment, it would determine the timing and other details of the implementation of additional shareholder returns to mark the conclusion of the 19th Mid-term Management after close consideration, was received by share markets as an indication that the realization of additional shareholder returns was now uncertain. As a result, the Company’s share price fell substantially towards the conclusion of FY2019, and ended in line with other companies in the industry.

Stock price trend

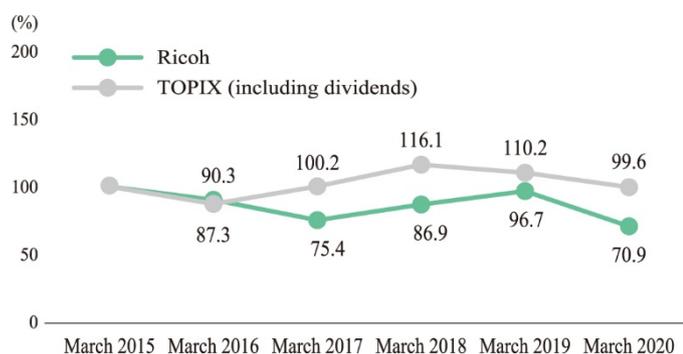


* The stock price is based on that in the First Section of the Tokyo Stock Exchange.

TSR*1 and comparative indicators for the last five years

*1 TSR is the sum of capital gains and dividends, showing the comprehensive yield on investment for shareholders.

| | RICOH | TOPIX |
|-----------|--------|--------|
| Mar. 2015 | 100.0% | 100.0% |
| Mar. 2016 | 90.3% | 87.3% |
| Mar. 2017 | 75.4% | 100.2% |
| Mar. 2018 | 86.9% | 116.1% |
| Mar. 2019 | 96.7% | 110.2% |
| Mar. 2020 | 70.9% | 99.6% |



*March 31, 2020 is the record date for TSR

*Stock prices at the beginning and end of each fiscal year are used for calculating TSR

*From this year, in calculating comparative indicators, the record date of dividend-included TOPIX is set at the end of March 2015 to match the record date of the Company's TSR.

To evaluate the CEO and directors, as listed on pages 46 to 48, we adopt TSR as one of the standards to define the level of their contribution to shareholders and evaluation of capital markets. However, to avoid the impact of sudden fluctuations in stock prices, we use TSR incorporating the average stock price (see table below).

| Holding period | 1 year | 3 years | 5 years | 10 years |
|----------------|--------|---------|---------|----------|
| RICOH | 98.3% | 117.4% | 100.6% | 105.9% |
| TOPIX | 95.6% | 119.4% | 131.7% | 214.8% |

Business Report

(April 1, 2019 - March 31, 2020)

(The following is an unofficial English translation of the Reports for FY2019 of the Company. The Company provides this translation for reference and convenience only and without any guarantee as to its accuracy or otherwise.)

1. Business Condition of the Ricoh Group

(1) Status of assets and profit/loss

■ Assets and Profit/Loss of the Consolidated Ricoh Group

| | Fiscal year ended March 31, 2016 | Fiscal year ended March 31, 2017 | Fiscal year ended March 31, 2018 | Fiscal year ended March 31, 2019 | Fiscal year ended March 31, 2020 |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Sales (billions of yen) | 2,209.0 | 2,028.8 | 2,063.3 | 2,013.2 | 2,008.5 |
| Operating profit (loss) (billions of yen) | 102.2 | 33.8 | (115.6) | 86.8 | 79.0 |
| Profit (loss) before income tax expenses (billions of yen) | 95.6 | 29.9 | (124.1) | 83.9 | 75.8 |
| Profit (loss) attributable to owners of the parent (billions of yen) | 62.9 | 3.4 | (135.3) | 49.5 | 39.5 |
| Earnings (loss) per share attributable to owners of the parent (yen) | 86.87 | 4.81 | (186.75) | 68.32 | 54.58 |
| Total assets (billions of yen) | 2,776.4 | 2,759.2 | 2,641.0 | 2,725.1 | 2,867.6 |
| Equity attributable to owners of the parent (billions of yen) | 1,077.8 | 1,042.1 | 909.5 | 932.5 | 920.3 |

Note: The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

(2) Business Situation in Year under Review

Operating Progress and Results

Addressing the COVID-19 Pandemic

The outbreak of COVID-19 at the end of 2019 that has since become a pandemic will likely have a broad impact from lockdowns and voluntary restraints worldwide to prevent infections from spreading, which have shrunk economic activity and fueled recessionary concerns.

It is against that backdrop that the Company established a committee to coordinate the Group's response to the pandemic on 29th, January 2020. In February 2020, the Company formulated the following five-point policy to address COVID-19 based on the approach of its Business Continuity Program.

- (1) Prioritize safeguarding and maintaining the health of Group employees and their families
- (2) Consider our social impact and do our best to prevent infection numbers from rising
- (3) Maintain stable supplies of the services and products that societies and customers want
- (4) Uphold our operating foundations
- (5) Prepare a Business Continuity Program to tackle pandemics that impede regular business

In keeping with this policy we have prohibited business travel, in principle, for employees, as well as Group-organized events. We have also leveraged teleworking where appropriate. We embraced working from home and telework before the COVID-19 pandemic, so that we have continued smooth operation.

We have undertaken a range of measures to help combat the COVID-19 pandemic through business activities.

Examples of Ricoh's Initiatives to Combat COVID-19

- Using 3D printers to manufacture medical face shields
- Providing (RICOH) Standard DNA (series) to help enhance the precision of polymerase chain reaction tests
- Providing services to build a teleworking environment
- Helping construct and maintain IT environments for customers who must keep operating in medical and other fields
- Supplying distance learning and telemedicine solutions

The COVID-19 pandemic has upended work practices by fueling the rapid adoption of telework far faster than would have eventually occurred. We will accelerate our transformation into a digital services company in view of the possibility that there will be no return to previous work practices. After the pandemic, we will contribute to customers and society by offering the products and services need in what will be a new era, and achieve sustainable growth.

Impact of COVID-19 on Business Activities

COVID-19 has affected Ricoh's business activities in various ways since becoming a pandemic in February 2020.

Initially, plants in China manufacturing key offerings for the global market halted operations in response to government requests as infections spread in that country. Ricoh had stockpiled in preparation to shift manufacturing to a plant under construction in southern China, so there was no major impact on product supplies during fiscal 2019. Plants in China have steadily restarted since mid-February, and the impact of stoppages at plants there on product supplies, with some offerings excepted, should end by May 2020. Although supplier stoppages in China affected production of some offerings in Japan, domestic plants have returned to normal. The operations of European plants shrank dramatically owing to government orders and requests. The impact on supplies to customers has been minimal, however, as we have been able to ship products from inventories. Production at North American and Thai plant remains normal overall.

Stagnating economic activity has directly and indirectly affected sales and service operations. We have stepped up our use of email, teleconferencing, telemarketing, and other tools to market to customers in response to expanded teleworking. It has become difficult, however, to expand sales of new products and services, owing to such factors as declining purchasing demand and inability to inspect machines in field. On top of that, stagnation in economic activity around the globe reduced the use of mainstay multifunctional printers (MFPs), depressing sales of consumables and other offerings.

The impacts of these developments were worldwide from March 2020, which caused major impact on fiscal 2019 results. Until an end is in sight for the pandemic, we expect that it will affect our fiscal 2020 performance.

At the same time, we view the pandemic as transforming customer work practices. After it abates, we will undertake initiatives to materialize new growth by delivering new added value to customers.

Overall Conditions

Economic Climate

In the year under review, the outlook became increasingly uncertain owing to intensifying trade friction and rising geopolitical tensions. A spread of COVID-19 infections prompted governments in numerous countries to impose lockdowns or call for social distancing. This caused the economic climate to deteriorate rapidly toward the end of the term, particularly overseas. The average exchange rate for the yen in fiscal 2019 was ¥108.80 to the U.S. dollar, up ¥2.15 from a year earlier, and ¥120.90 to the euro, up ¥7.56.

It was against that backdrop that demand for the Ricoh Group's mainstay office equipment, including MFPs, was again down slightly in developed nations but expanded in emerging markets. In March 2020, however, demand plummeted everywhere in response to the COVID-19 pandemic. In the fourth quarter, corporate demand for consumables fell as business activities shrank amid the pandemic.

At the same time, progress in information and communication technology, notably through the evolution of 5G technology, the expansion of artificial intelligence, and the frontlines penetration of the Internet of Things technology, is changing work practices. A digital transformation based on these technologies is progressing across borders and industries, and organizations, processes, and business models are undergoing tremendous change. Demand for digitized office tasks and workflows is thus soaring. Investments in corporate IT infrastructure are rising in view of teleworking and other business continuity efforts as a result of the pandemic. We therefore expect demand for IT services, notably for digitization and IT infrastructure upgrades, to continue expanding steadily.

Results for the Year

Fiscal 2019 was the final year of Ricoh's 19th Mid-Term Management Plan and the second year of the "Ricoh Ignite" growth strategy. In FY2019 Ricoh endeavored to reinforce the profitability of core businesses and expand growth businesses, executing growth strategies in preparation for the "Ricoh Lift Off" stage from the 20th Mid-Term Management Plan that starts in fiscal 2021 while seeking to improve returns on capital and overhaul corporate governance.

Consolidated sales for fiscal 2019 declined 0.2%, to ¥2,008.5 billion. Although performance was solid through the third quarter, sales were down from the fourth quarter owing to the impact of the pandemic.

Although sales rose in the Office Services and Industrial Printing segments, they were down in the Office Printing, Commercial Printing, and Thermal segments. In Office Printing, we expanded sales, principally of A3 color models, to increase and maintain our top global market share. At the same time, hardware and consumables sales declined amid the COVID-19 pandemic. Revenues dropped from a reduction in the number of machines in field amid ongoing squeezes of deals and contract reviews in keeping with a strategic focus on profitable sales. In Commercial Printing, we enjoyed solid sales growth throughout the year for new models, particularly color offerings, and as part of which we significantly expanded sales of color continuous feed machines. On the downside, sales of consumables for monochrome transactional monochrome models were down as a result of lower demand for those offerings.

In Office Service, sales surged, particularly in Japan, for solutions packages that integrate IT equipment, software, and services to support small and medium-sized enterprises by resolving industry- and business-

specific issues and help streamline business processes.

Overseas, especially in Europe, we selected countries in which we would prioritize strengthening our IT sales and services infrastructure, constructing a structure that included acquisitions. These factors contributed to a significant rise in Office Service sales. Consolidated sales would have risen 2.5% after factoring out the adoption of equity method accounting for consolidated logistics subsidiaries whose shares we transferred and sales reductions owing to the removal from consolidation of Ricoh India Limited and foreign exchange impacts.

In Japan, sales rose 8.3% from a year earlier. This was on steady growth, particularly in Office Service, reflecting expanded demand for IT equipment as domestic companies overhauled work practices and higher revenues in such areas as industry solutions and services.

Sales in the Americas were down 5.9% from a year earlier. This was despite growth in the Industrial Printing area and reflected reduced sales of Office Printing consumables notwithstanding solid hardware demand, particularly for color models. Another downside factor was the COVID-19 pandemic.

Sales in Europe, the Middle East, and Africa were off 4.9% but were up 1.0% after stripping out the foreign exchange impact. The principal factors here were, as in the Americas, a focus on profitable deals and lower Office Printing revenues owing to the pandemic. These factors outstripped Office Service growth from the acquisitions of DocuWare and four other IT services sales firms to expand in the promising digital business area. Sales in other regions were down 8.6%. This was due to an Office Printing decline that overshadowed growth in Industrial Printing demand.

Overall overseas sales therefore declined 5.9% from a year earlier.

Gross profit decreased 5.9%, to ¥721.5 billion. The drop was despite an earnings contribution from the Office Service business, and reflected a downturn in the Office Printing business. Key factors here were an ongoing emphasis on more profitable business deal sales, which led to a reduction in the number of machines in field, lower hardware sales owing to the pandemic, and lockdowns and requests to voluntarily constrain activities that restricted customer business activities and dampened sales of highly profitable related consumables.

In Other segment, earnings were down owing to the adoption of equity method accounting for a logistics subsidiary and removals from consolidation.

Selling, general and administrative expenses decreased 6.3% from a year earlier, to ¥658.4 billion. This reflected ongoing progress in constraining expenditure through structural and business process reforms. We posted ¥10.6 billion in structural reform expenses for the year. Structural reforms progressed, generating savings of ¥18.1 billion, which was more than initially projected.

As a result of these factors, Ricoh posted ¥79.0 billion in operating profit, down 9.0% from a year earlier. After factoring out the subsidiary share transfer and foreign exchange impacts, there would have been a 1.9% rise. After factoring in the downside impact of the pandemic, at ¥15.6 billion, operating profit after excluding structural reform expenses, one-time income, and other transient factors would have been ¥103.2 billion, from ¥105.1 billion a year earlier. This was because the Company was unable to absorb a downside foreign exchange impact and the effects of tariffs between the United States and China, which caused underlying profitability to deteriorate.

Although net financial expenses after stripping out the foreign exchange impact were lower than a year earlier, income before income taxes declined 9.6%, to ¥75.8 billion, but would have risen 2.5% after stripping out the

foreign exchange impact.

Corporate income tax expenses increased 10.1% from a year earlier, to ¥31.4 billion. This was because management determined the timing for eliminating temporary differences relating to investments in keeping with the conclusion of an agreement to transfer shares in Ricoh Leasing Company, Ltd., and recorded deferred tax liabilities.

As a result of these factors, profit attributable to owners of the parent was ¥39.5 billion, down 20.2% from a year earlier. After excluding corporate income tax expense increase associated with the Ricoh Leasing share transfer, profit attributable to owners of the parent would have risen 6.5%.

Financial Position

Total assets rose ¥142.5 billion from the end of fiscal 2018, to ¥2,867.6 billion. For assets, Ricoh began recognizing right-of-use assets by applying International Financial Reporting Standard (IFRS) 16 (Leases). At year-end, other financial assets, including those held for sale, were up from a year earlier.

Total liabilities were up ¥152.9 billion, to ¥1,859.1 billion. Lease liabilities surged owing to the application of IFRS 16 (Leases). The liabilities of related subsidiaries rose in line with the expansion of the finance business. At year-end, therefore, there was an increase from a year earlier in bonds and borrowings included in liabilities related directly to assets held for sale.

In March 2020, the Company concluded an agreement to transfer some Ricoh Leasing shares to Mizuho Leasing Company, Limited. Under this agreement, Ricoh Leasing-related assets and directly related liabilities included other area of business segments are being presented as assets held for sale and as liabilities related directly to assets held for sale until the share transfer completion.

Total Ricoh shareholders' equity at the end of the term was down ¥10.4 billion from a year earlier, to ¥1,008.5 billion. Although there was a decrease in other items of owner's equity in keeping with a decrease in translation differences for foreign operations, retained earnings were up owing to profit.

As a result of these factors, total equity attributable to owners of the parent was ¥920.3 billion, down ¥12.2 billion from a year earlier. The equity ratio remained stable, at 32.1%.

The Ricoh Group aims to materialize new growth businesses by strengthening profitability in core businesses and investing extensively while pursuing returns that exceed capital costs to sustainably enhance corporate value. In the 19th Mid-Term Management Plan, management remained aware of the need to use shareholders' equity effectively, carefully investing in growth strategies that lift corporate value over the medium- to long-term while seeking to boost capital efficiency.

In fiscal 2019, the final year of our current mid-term management plan, we endeavored to raise ROE to more than 6.5%. Profit attributable to owners of the parent company was below our initial forecast. This was despite efforts to strengthen profitability in core businesses and generated growth in new businesses while bearing fruit from structural reform efforts earlier than planned. Key factors in the downturn were the downside earnings impact of the COVID-19 pandemic, the determination of a timing for eliminating temporary differences relating to investments in keeping with the conclusion of an agreement to transfer shares in Ricoh Leasing, and corporate income tax expenses. ROE for fiscal 2019 was thus less than targeted, at 4.3%. ROE would have been 5.3%, around the same as in the previous term, however, after stripping out the impact of a ¥10.2 billion income tax increase associated with the conclusion of an agreement to transfer shares in Ricoh Leasing.

The Company has positioned ROE as a key benchmark for its management plans. It targets an ROE exceeding 9.0% for fiscal 2022.

Cash Flows

At the end of fiscal 2019, free cash flow after excluding the finance business effectively improved after excluding the transient impact of cash inflows associated with share sales in the previous year. This underlying improvement was because while we pushed ahead with business acquisitions and other strategic investments we improved working capital.

Net cash provided by operating activities was ¥116.7 billion, up ¥34.7 billion from a year earlier. This reflected a decrease in trade and other receivables and a lower increase in inventories than in the previous year.

Net cash used in investing activities increased ¥118.6 billion, to ¥164.5 billion. A key factor in that rise was acquisitions of DocuWare and other European IT services enterprises. Also, we posted transient cash income in the previous fiscal year from divestments of shares in Coca-Cola Bottlers Japan Holdings Inc. and Ricoh Logistics System Co., Ltd., and expenditures on investment activities overall increased dramatically.

As a result of these factors, Ricoh posted a negative free cash flow (net cash provided by operating activities plus net cash used in investing activities) of ¥47.8 billion, compared with a positive free cash flow of ¥36.0 billion a year earlier. This was despite efforts to reinforce profitability through structural reform activities and gains from business reviews. After factoring out the transient cash income impacts of Coca-Cola Bottlers Japan Holdings and Ricoh Logistics System share divestments in the previous term, the free cash flow decline would have been ¥17.7 billion.

Net cash provided by financing activities was ¥75.7 billion, up ¥33.3 billion. On the one hand a higher year-end dividend increased cash dividends paid; increased fund raising to support expansion of the finance business.

As a result of these factors, cash and cash equivalents at the end of the period were ¥262.8 billion, up ¥22.7 billion from a year earlier.

The Ricoh Group seeks to transform its business structure and grow over the medium- to long-term by reinforcing the profitability of core businesses to generate cash while investing in new cash-producing businesses. In 19th Mid-Term Management Plan that ends in fiscal 2019, the Group targeted an aggregate free cash flow excluding the finance business of ¥100.0 billion for the three years of that initiative. It greatly exceeded that objective by generating a total of ¥209.7 billion.

Background to Inappropriate Accounting Practices at Indian Sales Subsidiary, Response, and Situation Thereafter

Inappropriate accounting practices at Ricoh India Limited came to light following a results audit for the second quarter of fiscal 2015. Based on a subsequent investigation and a review in keeping with RICOH Resurgent policies announced in April 2017, Ricoh resolved on October 27, 2017, not to provide additional financial support to Ricoh India.

It was against that backdrop that Ricoh India filed a petition on January 29, 2018, to commence a corporate reorganization, which went into effect on May 14 that year. Ricoh India undertook a corporate reorganization, with a resolution professional being appointed and Ricoh India ceasing to be a consolidated subsidiary of the Ricoh Group on May 2018. On November 28, 2019, the National Company Law Tribunal approved the

corporate reorganization plan filed by a third party, completing reorganization procedures.

In fiscal 2020, the Ricoh Group intends to transfer all of its shares in Ricoh India to a third party, thereby severing capital ties. The impact of the above share transfer on this fiscal year and the next results will be minimal.

Ricoh will do business in the Indian market through dealers, maintaining service quality for customers using its products and services and endeavoring to stably expand its business.

■ Consolidated Sales and Operating Profit/Loss by Category

| Segment | Product/Services |
|---------------------|--|
| Office Printing | Multifunctional printers, copiers, printers, digital duplicators, wide format printers, facsimile machines, scanners, related supplies, customer service, support and software, etc. |
| Office Service | Personal computers, PC servers, network equipment, related customer service, support and software, document related services and solutions, etc. |
| Commercial Printing | Cut sheet printer, production printer, continuous feed printer, related supplies, customer service, support and software, etc. |
| Industrial Printing | Inkjet heads, inkjet modules, industrial printers, etc. |
| Thermal Media | Thermal paper and thermal media, etc. |
| Other area | Industrial optical components, modules, electronic components, precision device components, digital cameras, 3D printing, environment, healthcare and financial services, etc. |

| | | FY2019 (billions of yen) | YoY change (%) |
|----------------------------|-------------------------|-----------------------------|----------------|
| Office Printing | Sales | 1,006.2 | (7.4) |
| | Operating profit (loss) | 90.3 | (23.4) |
| Office Service | Sales | 568.9 | 18.2 |
| | Operating profit (loss) | 29.0 | 97.4 |
| Commercial Printing | Sales | 178.3 | (3.7) |
| | Operating profit (loss) | 23.1 | (15.0) |
| Industrial Printing | Sales | 23.0 | 11.2 |
| | Operating profit (loss) | (4.9) | - |
| Thermal Media | Sales | 61.8 | (6.7) |
| | Operating profit (loss) | 3.2 | (24.0) |
| Other* | Sales | 170.0 | (1.7) |
| | Operating profit (loss) | 2.3 | (86.5) |
| Corporate and eliminations | Operating profit (loss) | (64.1) | - |
| Total | Sales | 2,008.5 | (0.2) |
| | Operating profit (loss) | 79.0 | (9.0) |

*Sales consists only of those to external customers, and operating profit/loss includes those from external customers as well as intersegment transactions.

Office Printing

Sales down 7.4% year on year to ¥1,006.2 billion, comprising 50.1% of total.

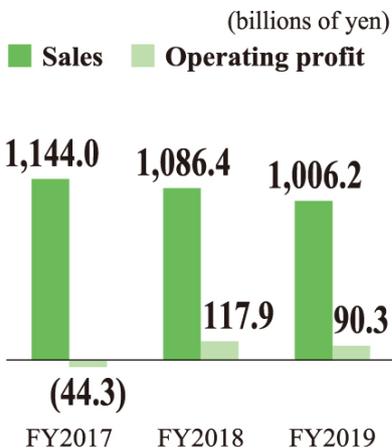
Operating profit down 23.4% year on year to ¥90.3 billion

Business Outline

In Office Printing segment, as our core business, we supply color multifunctional printers for use in offices, for which we have the top market share worldwide, as well as imaging devices such as printers and related services.

Products and Services

Multifunctional printers, copiers, printers, digital duplicators, wide format, facsimile machines, scanners, related supplies, customer service, support and software, etc.



In the Office Printing field, we endeavored under the 19th Mid-Term Management Plan to shift focus from sales toward profitability, strategically transforming and optimizing our structure and boosting earnings to generate new value.

In the year under review, we sought worldwide to expand sales of the RICOH IM C series of advanced MFPs, which we launched in January 2019. In striving to enhance sales of advanced MFPs, we cultivated sales of packages combining applications and cloud services that we tailored to customer industries and businesses, creating new customer value.

Office Printing sales for the year decreased 7.4%, to ¥1,006.2 billion. Through the third quarter, unit sales of color A3 MFPs rose 3%, year on year, reflecting the impact of new models. Hardware sales declined in the fourth quarter, however, owing to the COVID-19 pandemic, as lockdowns, social distancing, and other factors constrained customer business activity and caused sales of related consumables to fall. Operating profit dropped from ¥117.9 billion in the previous fiscal year to ¥90.3 billion. This was because the pandemic caused sales and gross profit to decrease, offsetting progress in cutting operating expenses on the strength of structural reforms.

Office Service

Sales up 18.2% year on year to ¥568.9 billion, comprising 28.3% of total.

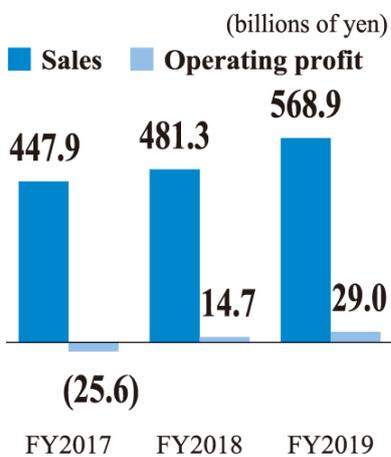
Operating profit up 97.4% year on year to ¥29.0 billion

Business Outline

The Office Service segment provides products and services that support new workstyles, and contributes to solving customer issues in offices through total solutions that combine building of IT environment, operation support of network environment, user support, and more.

Products and Services

Personal computers, PC servers, network equipment, related customer service, support and software, document related services and solutions, etc.



In the Office Service field, we pursue business growth by enhancing the value we offer customers, notably by leveraging our global customer base to deliver solutions services that support work practice reforms.

In fiscal 2019, sales surged, particularly in Japan, for solutions packages that integrate IT equipment, software, and services to digitize workflows for customer industries and businesses, centered on small and medium-sized enterprises. Overseas, we selected countries in which we would prioritize strengthening our business to build an IT sales and services infrastructure, constructing a structure that included acquisitions. We moved to expand our digital business by purchasing DocuWare, which maintains a cloud and on-premise content services platform to support the automation of corporate document management and workflows, primarily in Europe and the United States.

Office Service sales in fiscal 2019 increased 18.2%, to ¥568.9 billion. In Japan, we sold personal computers, IT systems deployment, and offered support solutions in line with demand for transitioning to Windows 10. We also offered industry- and business-specific solutions packages. Toward the end of the year under review, sales surged of packages that help companies create teleworking frameworks to overcome the impact of the COVID-19 pandemic. Overseas, we expanded sales of IT services and other offerings in Europe, the Middle East, and Africa.

Segment operating profit jumped from the previous year's ¥14.7 billion, to ¥29.0 billion, as profitability improved with sales expansion. The operating margin rose from 3.1%, to 5.1%, reflecting steady progress in constructing business foundations to transform away from being an office automation manufacturer toward becoming a digital services company.

Commercial Printing

Sales down 3.7% year on year to ¥178.3 billion, comprising 8.9% of total.

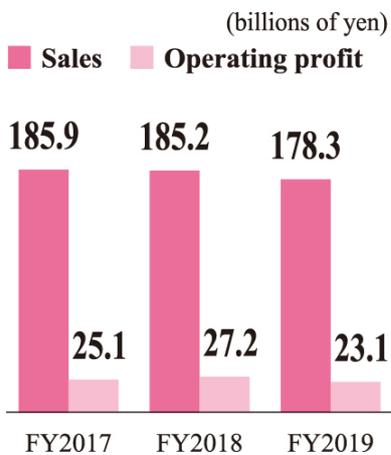
Operating profit down 15.0% year on year to ¥23.1 billion

Business Outline

The Commercial Printing segment provides customers in the printing industry with digital printing related products and services capable of high-mix, low-volume printing.

Products and Services

Cut sheet printer, continuous feed printer, related supplies, customer service, support and software, etc.



We expect the Commercial Printing market to grow on the strength of the high image quality and productivity and broad paper support of our offerings and a rising need for systems that can deliver high-value-added printed materials that open doors to new business opportunities. We aim to expand our business by catering to the needs of customers while helping them to develop their businesses.

In fiscal 2019, we promoted sales of the RICOH Pro C9210/C9200 and RICOH Pro VC70000, which we launched in the previous term for commercial printing customers. The RICOH Pro C9210/C9200 has earned a solid reputation among customers for delivering image quality that is comparable to that of offset printers while saving labor and stabilizing print quality. The RICOH Pro VC70000 has won top marks for delivering outstanding productivity and image quality and for being more compact and entailing lower initial costs than offset printers.

Fiscal 2019 segment sales dropped 3.7%, to ¥178.3 billion. We enjoyed double-digit growth year-on-year in sales of hardware through the third quarter on the strength of products introduced during the term, principally in Europe and the United States. Hardware sales declined from the fourth quarter, however, owing to the COVID-19 pandemic. Sales of consumables for transactional printers were also down, reflecting plunging demand for those systems.

Operating profit decreased from ¥27.2 billion, to ¥23.1 billion, owing to lower sales of transactional printer consumables and a gross profit decline.

Industrial Printing

Sales up 11.2% year on year to ¥23.0 billion, comprising 1.1% of total.

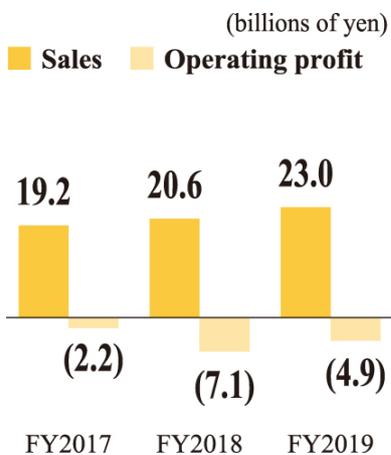
Operating loss of ¥4.9 billion

Business Outline

The Industrial Printing segment manufactures and sells industrial inkjet heads, inkjet ink, industrial printers, etc., which enables a wide range of printing, including furniture, wallpaper, automobile exteriors, and furnishing fabric.

Products and Services

Inkjet heads, inkjet modules and industrial printers, etc.



In this segment, we seek to capture new markets and customers based on our strong position in inkjet heads that offer superior durability and are compatible with an array of inks. We believe that we can generate new value by drawing on our printing technologies, good examples being additive manufacturing and bioprinting in 3D printers.

In fiscal 2019, we expanded sales of the RICOH MH5320/5340/5320 Type A (the latter being without an ink port) inkjet heads, which we launched at the end of the previous fiscal year. These heads offer greater productivity, durability, image quality, and ink compatibility, and offer potential for cultivating new customers and expanding beyond regular sign graphics to encompass textiles and other applications.

Segment sales for the year increased 11.2%, to ¥23.0 billion. This was because while the COVID-19 pandemic suppressed sales activity in the key Chinese market in the fourth quarter, revenues grew on higher demand overseas for new advanced industrial inkjet heads and expanded sales of industrial printers.

The operating loss was ¥4.9 billion, ¥2.1 billion less than a year earlier, including higher product development expenses to fuel business growth and such transient factors as new product inventory allocations.

Thermal Media

Sales down 6.7% year on year to ¥61.8 billion, comprising 3.1% of total.

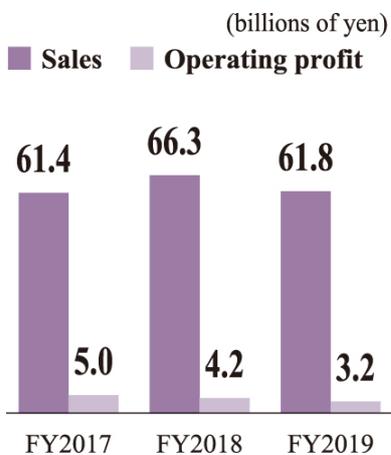
Operating profit down 24.0% year on year to ¥3.2 billion

Business Outline

The Thermal Media segment manufactures and sells thermal paper used in POS labels for food products, barcode labels, delivery labels, etc., and thermal transfer ribbon used to print clothing price tags, brand tags, tickets, and the like.

Products and Services

Thermal paper and thermal media, etc.



Demand has risen solidly in this area on growth in e-commerce, which has driven demand growth worldwide for shipping labels. It is against this backdrop that we have drawn on the materials technologies that we amassed over the years to steadily expand our business, notably by supplying thermal paper, ribbons, and other products that ensure outstanding resistance to heat and abrasion resistance and deliver superior print definition and storage capabilities. We have also endeavored to broaden new value through such offerings as our proprietary rewritable contactless laser system.

In fiscal 2019, we strove to expand product supplies and cut costs to overcome intensifying competition in the Chinese market and cater to changing customer needs, one being for smaller labels. We also cultivated new customers and applications, one example being the provision of eco-friendly, release paper-free label seals.

Sales for the term declined 6.7%, to ¥61.8 billion. Prime factors in that downturn were intensifying competition in the Chinese market, customer cost-cutting measures, and the COVID-19 pandemic in the fourth quarter. Segment operating profit was ¥3.2 billion, from ¥4.2 billion a year earlier, as the downside impact of the pandemic overshadowed progress in reducing raw materials costs to stabilize their supplies while improving processes to lower cost rates.

Other

Sales down 1.7% year on year to ¥170.0 billion, comprising 8.5% of total.

Operating profit down 86.5% year on year to ¥2.3 billion

Business Outline

The Other segment comprises of Industrial Products, Smart Vision, and Other, which includes other business segments. We use the technical strengths of the Ricoh Group to provide a wide range of products and services in everything from the commercial to the consumer sectors.

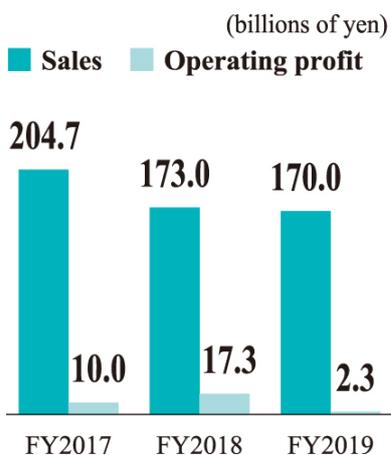
Industrial Products: We provide precision device components that utilize optical technologies and image processing technologies.

Smart Vision: We manufacture and sell unique and compelling products such as 360° cameras, DSLR cameras for professional use, and action cameras with exceptional waterproof, dustproof, and impact resistance properties.

Other: We create new business opportunities such as providing solutions that encompass everything from the introduction to operation of 3D printers, medical imaging (health care) business, focusing primarily on magnetoencephalography business, and creating environmental technologies and environmental business. This segment also includes businesses being expanded by individual affiliate companies.

Products and Services

Industrial optical components, modules, electronic components, precision device components, digital cameras, 3D printing, environment, healthcare and financial services, etc.



This segment encompasses the Industrial Products business, which focuses on the automotive sector, and the Smart Vision business. We are expanding our customer base in the latter area by drawing on our strengths in capturing and image processing technologies to supply optical devices, primarily for the real

estate sector. In Smart Vision, we launched the THETA 360.biz official partner program. Our application for virtual property tours has expanded business opportunity for our 360° camera, and has been very well received. The Other businesses segment also covers finance and other operations among affiliates.

Fiscal 2019 sales dropped 1.7%, to ¥170.0 billion. This reflected the impact of Ricoh Logistics System transitioning to an equity method affiliate, which offset a steady expansion in the finance business and higher sales of optical modules in the Industrial Products business. Sales would have risen if not for the removal from consolidation of that subsidiary.

Operating profit fell from ¥17.3 billion, to ¥2.3 billion, in the absence of the previous year's gain on sales of shares in Ricoh Logistics System. After excluding that factor, operating profit would have been basically unchanged.

Reviewing the 19th Mid-Term Management Plan

Following the global financial crisis of 2008, Ricoh failed to fully address business climate changes, and its performances long languished. The resulting concerns prompted management to formulate the 19th Mid-Term Management Plan to transform the Ricoh Group over three years through fiscal 2019.

Under this initiative, we rolled out “RICOH Resurgent” in 2017 to break from our old strategy of prioritizing market share and machine-in-field expansion and embark on efforts to overhaul our cost structure and boost the profitability of our office products and services. At the same time, we leveraged Group strengths to focus on growth businesses that could drive market expansion, invested for the future, and improved our management systems.

In February 2018, we announced “RICOH Ignite” as our growth strategy. Under this initiative we made Sustainable Development Goals (SDGs) central to management, formulating business strategies linked to five priority (“materiality”) efforts: to create knowledge, enhance productivity, improve the quality of life, decarbonize economies, and prioritize circular economies while establishing key performance indicators to help prioritize SDGs for each business and launching an administrative framework to these ends. We have undertaken business initiatives to contribute to progress in these five materiality efforts and help attain SDGs while enhancing corporate value.

We formulated growth strategies #0, #1, and #2 to leverage our strengths under “RICOH Ignite.” Growth Strategy #0 entails expanding customer value in the core Office Printing business and streamlining operations to become more profitable. We are combining the optical, image processing, mechanical, electrical, chemical, control, and other technologies that we have amassed in core businesses over the years to broaden the value that printing can provide. We created Growth Strategy #1 and #2 to draw on advanced combinations of these technologies with our printing technology and our base of 1.4 million corporate customers worldwide and cultivate fields that can become new earnings sources.

Since fiscal 2017, the first year of the 19th Mid-Term Management Plan, we embarked on structural reforms in which we transitioned away from expanding sales in our core Office Printing business to become more profit-centric. We accordingly focused on changing our structure and rationalizing fixed and other costs. We integrated and shut down operations to enhance asset efficiency and stepped up business selectivity by remoting the leasing, semiconductor, logistics, and tourism businesses from consolidation. We undertook painful reforms to break from previous management practices, notably by booking impairment loss and changing our policy of supporting Ricoh India.

As a result of these efforts, we generated structural reform savings of ¥106.6 billion under the 19th Mid-Term Management Plan, exceeding our initial target of ¥100.0 billion.

Under Growth Strategy #0, we pursued operational excellence and become more profitable by undertaking extensive structural reforms, cost reduction, and price management. We launched advanced MFPs as platforms for delivering new added value, bringing new value to these models and evolving the value we provide to customers. Under Growth Strategy #1, while we enhanced profitability in the Commercial Printing, Industrial Printing, and Thermal businesses we did not undertake sufficient strategic investments stepping up investment management in view of capital costs to materialize the growth we sought. Business growth was particularly short of expectations in the Industrial Printing business.

Under Growth Strategy #2, we identified earnings prospects in the Office Service business and made it profitable. We translated market opportunities into growth and undertook strategic investments as needed in keeping with market needs in each country and our capabilities and strengths. We also expanded our business scale while enhancing profitability. We thus boosted the profitability of our Industrial Products and Smart Vision businesses.

At the same time, we endeavored to reinforce corporate governance to underpin our efforts to generate value and grow sustainably. Our overall approach to strengthening our position comprised three elements. The first was to improve corporate and shareholder value by taking prudent risks and managing them. The second was to reinforce supervisor and auditing independence. The third was to engage in disclosure and dialogue with stakeholders.

Numerous initiatives included reviewing director terms and ensuring that the majority of members of the Nomination Committee and Compensation Committee are outside directors, including the chairs of both committees. We adopted a rigorous framework for evaluating CEO and in-house directors, deployed a stock compensation program for directors, and set up five committees, including the Investment, ESG, and Risk Management Committees. We also ensured that non-executive members account for half of the Board of Directors. For overseas subsidiaries, we began periodically auditing their balance sheets and reviewing the standards for selecting audit firms. We also held IR Day events and reviewing information disclosure process to strengthen investor and shareholder relations. One outcome of our efforts is that our Investment Committee advises on acquisition investment decisions.

So, while investments in acquisitions did not reach the ¥200 billion targeted under our growth strategies, the Investment Committee that we created as part of governance reforms performed as we envisaged, focusing on returns on invested capital and making solid investment decisions.

Through the Resurgent and Ignite initiatives under the 19th Mid-Term Management Plan, the Ricoh Group strengthened its management structure and progressed with business structure reforms, thereby enhancing its ability to generate profits. The COVID-19 pandemic caused the business climate to rapidly deteriorate, however, and consolidated operating profit in fiscal 2019, the last year of the 19th Mid-Term Management Plan, was ¥79.0 billion. This was unfortunately short of the ¥100 billion target. Return on equity was 4.3%, against a targeted 6.9%*¹ due to the shortage of earnings. At the same time, we progressed in efforts to strengthen cash flow creation to invest sustainably in growth.

We sought to generate ¥100.0 billion in free cash flow excluding the finance business during the three years of the 19th Mid-Term Management Plan. We significantly exceeded that goal, producing ¥209.7 billion on efforts to boost profitability and undertake business and asset selectivity.

In keeping with our endeavors under the 19th Mid-Term Management Plan and our desire to return some of the fruits of our efforts to shareholders, we have decided to augment regular dividends with up to ¥100 billion in additional shareholder returns. Management will determine the specific means and timing after evaluating the near-term financial market climate and economic situation.

*1. As of April 2017, when Ricoh announced 19th Mid-Term Management Plan

(3) Ricoh's Challenges

During Period of Ricoh Group Reforms

The Ricoh Group has grown with its customers since its founding in 1936 by supplying innovative products and services around the globe. We formulated the Ricoh Way based on our Founding Principles of *Love your neighbor; Love your country, Love your work*, as our corporate philosophy and guide to our decisions and activities. Our mission commits us to providing excellence to improve the quality of living and to drive sustainability.

To date, the Group has built one of the best foundation in the industry, focusing on copiers and MFPs and deploying sales and services, generating significant growth by deepening its ties with customers the world over.

Since the beginning of 2020, however, the risks of a global economic downturn have increased owing to the COVID-19 pandemic. The economic climate has also continued to change amid China trade friction, slowdowns in emerging economies, and foreign exchange fluctuations. At the same time, evolutions in artificial intelligence, fifth generation mobile telecommunications technology, and other advances, as well as the expansions of the sharing and gig economies are changing customer value perceptions and work practices. They are also transforming demand trends. We accordingly recognize that it will be challenging to keep expanding earnings based on our approaches to date. We also believe that there will be opportunities for new business expansion.

Over the medium- to long-term, we see two major social trends worldwide that will likely accelerate more than we earlier expected owing to the impact of the COVID-19 pandemic. The first trend is that companies face growing pressure to help resolve social issues. No matter how profitable they may be, businesses that fail to help realize SDGs*¹ cannot hope to build their marketplace reputations or generate sustainable growth. Second, the lifestyles and values of individuals have diversified considerably. The Internet of Things and other advances have removed constraints on where people work, driving the acceleration of personalized work practices.

Such changes in the operating climate have made it a pressing challenge to overhaul existing systems and business processes to align them with future business environments. Ricoh recognizes the need to transform itself for tomorrow.

***1. Sustainable Development Goals**

In September 2015, the United Nations Summit adopted 17 Sustainable Development Goals and 169 targets as part of a universal agenda to ensure that nobody is left behind in the drive to free humanity from poverty and hunger and improve the human condition in such respects as health, sanitation, economic development, and the environment by 2030.

Current Challenges and Approach

The Ricoh Group faces three key challenges in an increasingly uncertain world, and is addressing them accordingly.

| Challenges | Ricoh Group Initiatives |
|--|---|
| 1. Deteriorating results in a global recession that is worse | Implement measures to stabilize performance in the near term amid the impact of the COVID-19 pandemic |

| | |
|---|---|
| 2. The business climate changing dramatically over the medium- to long-term | Enhance corporate value over the medium- to long-term in view of changing conditions as mindsets and work practices evolve |
| 3. Growing demand to make the entire supply chain compatible with environmental, social, and governance requirements and SDGs | Accelerate efforts to meet stakeholder expectations regarding environmental, social, and governance (ESG) requirements and SDGs |

It remains unclear when the COVID-19 pandemic that spread after February 2020 will abate. We expect the world economy to remain lackluster as economic activity contracts. We have accordingly positioned fiscal 2020 as a period of tackling the crisis and accelerating change, and will accordingly undertake urgent improvement efforts. In view of the economic environment, we do not anticipate significant sales growth. We will accordingly do our best to generate earnings by implementing fast-acting measures, generate cash for business continuity, optimize human resources and business sites, further reform business processes, and undertake extensive business selectivity.

Changes in the business climate could be far greater than expected. We will announce our 20th Mid-Term Management Plan, which starts in fiscal 2021, after carefully evaluating the extent to which the pandemic abates and subsequent changes in the operating climate. That plan will nonetheless transition to the “RICOH Lift Off” stage as we endeavor to become a digital services provider and sustainably improve our corporate value.

The pandemic will probably change the social fabric in terms of sentiment, values, and work practices. By providing digital services, we will scrutinize our strategies to increase our corporate value and capabilities in each business. We will also strive to increase the value of each business and transform our business structure. We will accordingly execute growth strategies that make us more competitive while engaging in management that focuses on enhancing capital returns to bolster corporate value.

We will endeavor to improve corporate value over the medium- to long-term, capitalize on business opportunities, and avoid operational risks by formulating targets relating to our previously mentioned transformation into a digital services provider and to our ESG requirements and SDGs in view of stakeholder expectations, disclosing specific initiatives and their outcomes. We will address climate change, which has significantly hampered socioeconomic progress, by reviewing our greenhouse gas reduction goals and stepping up efforts in that regard while sharing information better in keeping with the recommendations of the Task Force on Climate-related Financial Disclosures*².

We will also set goals for other social issues and expand ESG investing while ensuring that the value chain overall addresses ESG and SDGs demands from stakeholders, particularly our customers worldwide.

*2. The Financial Stability Board established the Task Force on Climate-related Financial Disclosures to manage the physical and transition risks associated with climate change. The TCFD encourages businesses and organizations committed to its principles to disclose the risks and opportunities of climate change. It also aims to stabilize financial markets to streamline transitions to low-carbon economies.

Toward Our 20th Mid-Term Management Plan

Before formulating “RICOH Lift Off,” which we will deploy from fiscal 2021, we reassessed the priorities of

the Ricoh Group to enhance sustainable corporate value. To resolve social issues through business and robust management infrastructure, we identified seven priorities (“materialities”). These are Creativity from Work, QOL (Quality Of Life) Enhancement, Zero-carbon Society, Circular Economy, Stakeholder Engagement, Open innovation, and Diversity and Inclusion.

We identified four priorities for resolving social issues through business (Creativity from Work, QOL Enhancement, Zero-carbon Society, and Circular Economy), and will accordingly pursue sustainable growth to that end. For the three priorities for robust management infrastructure (Stakeholder Engagement, Open innovation, and Diversity and Inclusion), we will collaborate with stakeholders and partners to strengthen our operational structure so we can continue to innovate.

We will transform our operational structure to become a digital services company so we can resolve social issues through business. The COVID-19 pandemic has forced people to change their work practices. This situation spotlighted the need to digitize processes not just in offices and on the frontlines but also for those working at home and among business partners and customers. The Ricoh Group will help resolve social issues by building an IT infrastructure in workplaces, digitizing workflows, and connecting offices and frontlines to deliver services that materialize new work practices.

We can leverage the infrastructure resources we amassed as an office automation equipment manufacturer as strengths for delivering digital services in keeping with changes in the business climate. These strengths include our global customer base, digital professionals serving our customers, and numerous partners.

Given technological progress in 5G, artificial intelligence and the Internet of Things, and other area and changing customer mindsets and work practices, we believe that now is the right time to evolve from an office automation equipment manufacturer into a digital services company. Under the 20th Mid-Term Management Plan, we will make this transformation into a digital services company central to enhancing corporate value. We will accordingly enhance the value of each business and grow.

ESG and SDGs Initiatives

We consider it important to step up our ESG and SDGs initiatives to sustainably enhance corporate value, and accordingly identified seven priorities for our 20th Mid-Term Management Plan. We have set 14 priorities ESG targets, incorporating them in businesses and functions for specific activities. We will disclose the results of those endeavors. One of the materialities effort is to decarbonize economies, and we have revised our greenhouse gas emissions reduction target. We now seek to lower these emissions by 30% from 2015 levels by 2022. We aim to reach this challenging target eight years earlier than previously planned, as we seek to attain the goal of Science Based Targets, an international initiative, which is to limit average global warming to 1.5°C.

We aim to transform work by helping small and medium-sized enterprises digitize operations to overcome labor shortages and enhance productivity, and will push ahead with activities based on assessment scores from customer surveys.

To realize circular economies, we will pursue a resource conservation rate of 30% by increasing the percentage of recycled plastics in our products to address recently growing issues relating to plastic.

On the diversity and inclusion front, we aim to have women account for at least 15% of our managers worldwide. We have also set employee engagement score goals, and are acting accordingly.

We are thus endeavoring to improve our corporate value sustainably by undertaking initiatives with specific

goals to meet stakeholder expectations and progress in keeping with business strategies.

Our financial and ESG targets are inseparable. We believe that we can achieve them by making them integral to our management and business strategies. One performance benchmark of our ESG and SDGs initiatives is the Dow Jones Sustainability Indices (see page 49). From fiscal 2020, we revised our formula for director bonuses, and added a DJSI Rating, making directors and executive officer clearly responsible for reaching ESG targets. We are educating all employees to be able to reflect and speak about the ESG and SDGs connections with their own work, and will endeavor to enhance groupwide efforts in that respect.

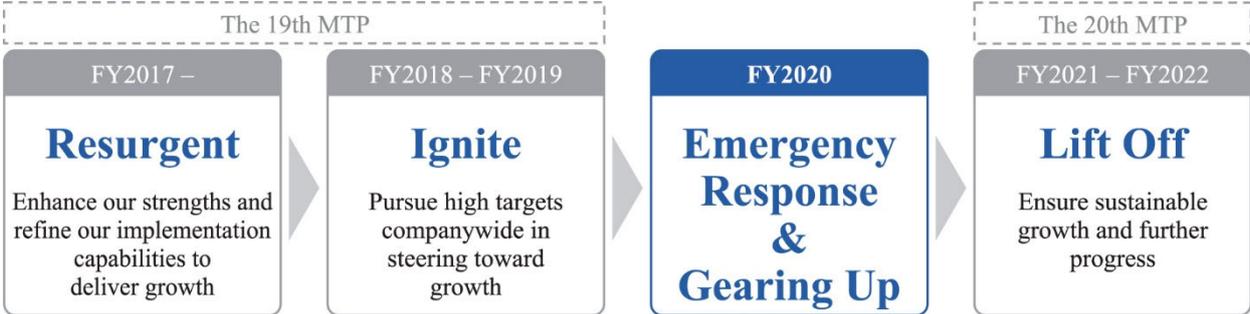
Fiscal 2020 Outlook

The COVID-19 pandemic has affected the Group’s business activities in various ways since it spread in February 2020. As stated earlier, we have stepped up our use of email, teleconferencing, telemarketing, and other tools to market to customers in response to expanded teleworking. It has become difficult, however, to expand sales of new products and services, owing to such factors as declining purchasing demand and an inability to inspect machines in field. The shrinking of office activities has caused the use of core MFP offerings to decline, leading to lower revenues from consumables and other products.

We believe that this situation will affect operations in fiscal 2020 until the COVID-19 pandemic abates. It is difficult at this juncture, to reasonably estimate the financial impact, so we have yet to formulate our forecast for next fiscal year. We will promptly disclose our fiscal 2020 forecasts once we can reasonably do so after carefully assessing the impact of the pandemic on our businesses.

As mentioned earlier, we have positioned fiscal 2020 as a year for tackling a crisis and accelerating change. We will thus endeavor to secure sufficient liquidity to overcome operational fluctuations, enhance our financial stability, and accelerate efforts to change in the aftermath of the pandemic. We will do our best in one year to implement initiatives originally planned for three years, leading to the growth we seek under “RICOH Lift Off.”

The 20th Mid-Term Management Plan will be two years, from fiscal 2021. We will present goals and specific initiatives at the appropriate time once the pandemic abates and we can carefully evaluate ensuing changes in the business climate.



Reference: Seven Material Issues - Ricoh's Approach to Seven Material Issues and ESG Targets

| | Materiality (Material issues) | 2030 targets | Resolution of social issues and business strategies | ESG targets (April 2020 – March 2023) | |
|--|---|--|---|--|-----------------------------------|
| | | | | KPIs | Targets |
| Resolving social issues through business | <p>Creativity from Work</p>  | Contribute to "Creativity from Work" of all customers to whom we deliver value | <p><u>Social issues</u> For sustainable development, companies need to reform employees' work styles, boost productivity by using IT and increase employees' work satisfaction.</p> <p><u>Business strategies</u> We will help customers achieve "Creativity from Work" by providing them with digital technologies and services.</p> <p><u>Major business area</u></p> <ul style="list-style-type: none"> Office printing/office service | Evaluation scores in customer surveys | Top score rate ^{**1} 30% |
| | <p>QOL Enhancement</p>  | Contribute to the enhancement of social infrastructure for 30 million people | <p><u>Social issues</u> It is necessary to eliminate disparities in medical, educational and regional services between developed and developing countries and between urban and rural areas.</p> <p><u>Business strategies</u> We will help improve medical, educational and regional services by utilizing the digital technologies and know-how that we have accumulated for office solutions.</p> <p><u>Major business areas</u></p> <ul style="list-style-type: none"> Healthcare Smart social infrastructure | No. of people to whom we have contributed by improving social infrastructure | 10 million people |
| | <p>Zero-carbon Society</p>  | Reduce GHG emissions by 63% for scope 1 and 2, and 20% for scope 3 | <p><u>Social issues</u> As the impact of climate change is becoming more severe, it is necessary to enhance and speed up countermeasures.</p> <p><u>Business strategies</u> Upholding the Science Based Target (SBT) of 1.5°C, we will work to reduce GHG emissions substantially and supply products and solutions that contribute to the decarbonization of society as a whole.</p> <p><u>Major business areas</u></p> <ul style="list-style-type: none"> Office printing/office service Environmental and energy | GHG emissions reduction rate for scope 1 and 2 | 30% (Relative to 2015) |
| | <p>Circular Economy</p>  | Ensure efficient use of resources throughout the entire value chain and achieve 50% of product resource conservation | <p><u>Social issues</u> For sustainable use of natural resources, it is necessary to foster the recycling of resources and reduce the use of new resources.</p> <p><u>Business strategies</u> We will further enhance our 3Rs measures and reduce the use and foster the substitution of plastic materials and provide on-demand printing service, thereby helping customers make efficient use of resources.</p> <p><u>Major business areas</u></p> <ul style="list-style-type: none"> Office printing/office service Commercial printing/industrial printing Thermal media | Resource conservation rate of products | 30% |

| | Materiality (Material issues) | Requests from society and management strategies | ESG targets (April 2020 – March 2023) | |
|--|--|---|---|---|
| | | | KPIs | Targets |
| Robust management Infrastructure | <div style="border: 1px solid black; padding: 5px; text-align: center;"> Stakeholder Engagement </div>   | <p><u>Requests from society</u> For the sustainable development of society, companies are required to enhance the sustainability of their entire global value chains.</p> <p><u>Management strategies</u> We will strengthen collaboration with our business partners and build Win-Win-Win relationships between our company, business partners and society.</p> | Acquisition of RBA ^{*2} certification at our production bases | Acquire certification at all the six major production bases |
| | | | Percentage of suppliers who have signed the Ricoh Group Supplier Code of Conduct | Have all the important suppliers sign the Code of Conduct |
| | | | International security standards | Enhance security based on the standards set by ISO/IEC ^{*3} and NIST ^{*4} |
| | | | Evaluation scores given by each partner (suppliers, distributors/dealers, development partners) | |
| | | | Receive highest-level evaluation in major ESG indexes | DJSI, CDP and others |
| | | | Create new value through open innovation | |
| <div style="border: 1px solid black; padding: 5px; text-align: center;"> Open innovation </div>   | <p><u>Requests from society</u> For sustainable development, innovation needs to be promoted across a range of industrial sectors.</p> <p><u>Management strategies</u> We will attribute importance to open innovation with universities, research institutes, other companies and business partners, and foster collaboration with these partners to solve social issues through efficient research and technological development as well as to create new value.</p> | | | |
| | | Create new value through open innovation | | |
| <div style="border: 1px solid black; padding: 5px; text-align: center;"> Diversity and Inclusion </div>    | <p><u>Requests from society</u> For sustainable development and innovation, it is necessary to promote decent work, which gives satisfaction and is humane, and respect diversity in society.</p> <p><u>Management strategies</u> We will respect the diversity of employees, upholding the empowerment of self-motivated employees in our management policy and strive to create workplaces where employees can work with vigor.</p> | RFG ^{*5} engagement score | At least the 50th percentile in each region | |
| | | Percentage of female managers | At least 15% (At least 7% in Japan) | |

*1 Top score rate: Highest score selecting rate

*2 RBA: Responsible Business Alliance

*3 ISO/IEC: International Organization of Standardization/International Electrotechnical Commission

*4 NIST: National Institute of Standards and Technology

*5 RFG: Ricoh Family Group

(4) Status of plant and equipment investment and fund procurement

(i) Plant and equipment investment

In the fiscal period under review, the Ricoh Group invested a total of ¥86.5 billion (including investments of ¥15.5 billion by the Company) in plant and equipment, mainly comprising the following.

(a) Major equipment and facility expansions completed during the fiscal year:

Production facility for equipment-related supplies (Numazu Plant)

(b) Major equipment and facility expansions in progress in the fiscal year:

New production plant for office printing equipment (Dongguan, Guangdong Province, China)

(ii) R&D activities

The Ricoh Group is committed to providing excellence to improve the quality of living and to drive sustainability as our basic management philosophy.

Based on this management philosophy, the Ricoh Group conducts R&D activities under three key “RICOH Resurgent” objectives in the 19th Mid-Term Management Plan: “cost structure reforms,” “prioritizing growth businesses centered on our strengths,” and “reinforcing our management systems.”

With the adoption of IFRSs, part of the development costs incurred by the Company have been capitalized and reported as intangible assets. Consolidated R&D expenditures were ¥102.8 billion, including the development costs which were treated as intangible assets (¥14.6 billion).

(iii) Fund procurement

None applicable.

(5) Major subsidiaries

■ Major subsidiaries (as of March 31, 2020)

| Name | Paid-in capital | Investment ratio (%) | Principle business |
|---|-------------------|----------------------|---|
| RICOH INDUSTRY CO., LTD. | 100 million JPY | 100.0 | Manufacturing of office equipment |
| RICOH JAPAN CORPORATION | 2,517 million JPY | 100.0 | Sale of office equipment and provision of maintenance service |
| RICOH LEASING COMPANY, LTD. (Note 1) | 7,897 million JPY | 52.9 | General leasing |
| RICOH ELECTRONICS, INC. (Note 2) | 27 million USD | 100.0 | Manufacturing of office equipment and related supplies |
| RICOH USA INC. (Note 2) | 885 million USD | 100.0 | Sale of office equipment |
| RICOH EUROPE HOLDINGS PLC | 1.9 million GBP | 100.0 | Holding company of sales in the European region |
| RICOH ASIA PACIFIC PTE LTD. | 31 million SGD | 100.0 | Sale of office equipment |
| RICOH ASIA INDUSTRY LTD. | 180 million HKD | 100.0 | Sale of office equipment |
| RICOH ASIA INDUSTRY (SHENZHEN) LTD. (Note 2) | 35 million USD | 100.0 | Manufacturing of office equipment and related supplies |

Notes:

- The transfer of some of the common shares of RICOH LEASING COMPANY, LTD. owned by the Company to Mizuho Leasing Company, Limited was completed on April 23, 2020. With this transfer, RICOH LEASING COMPANY, LTD. ceased to be a subsidiary of the Company and became an equity method affiliate.
- The respective percentage of total investment ratio for RICOH ELECTRONICS, INC., RICOH USA INC., and RICOH ASIA INDUSTRY (SHENZHEN) LTD. include voting rights of those shares held by subsidiaries.

(6) Principal offices and plants (as of March 31, 2020)

■ Major domestic offices and plants

| The Company (location) | Subsidiaries (location) |
|---|--|
| Headquarters (Tokyo) | RICOH INDUSTRIAL SOLUTIONS INC. (Kanagawa Pref.) |
| Shin-Yokohama Office (Kanagawa Pref.) | RICOH INDUSTRY CO., LTD. (Kanagawa Pref.) |
| Ricoh Technology Center (Kanagawa Pref.) | RICOH ELEMEX CORPORATION (Aichi Pref.) |
| Yokohama Nakamachidai Office (Kanagawa Pref.) | RICOH JAPAN CORPORATION (Tokyo) |
| Atsugi Plant (Kanagawa Pref.) | RICOH LEASING COMPANY, LTD. (Tokyo) |
| Numazu Plant (Shizuoka Pref.) | |
| Fukui Plant (Fukui Pref.) | |

■ Major overseas offices and plants

| Subsidiaries (location) | Subsidiaries (location) |
|--|--|
| RICOH ELECTRONICS, INC. (U.S.A.) | RICOH ASIA INDUSTRY (SHENZHEN) LTD. (China) |
| RICOH USA INC. (U.S.A.) | SHANGHAI RICOH DIGITAL EQUIPMENT CO., LTD. (China) |
| RICOH INDUSTRIE FRANCE S.A.S. (France) | RICOH ASIA PACIFIC PTE LTD. (Singapore) |
| RICOH EUROPE HOLDINGS PLC (U.K.) | RICOH MANUFACTURING (THAILAND) LTD. (Thailand) |
| RICOH UK PRODUCTS LTD. (U.K.) | |

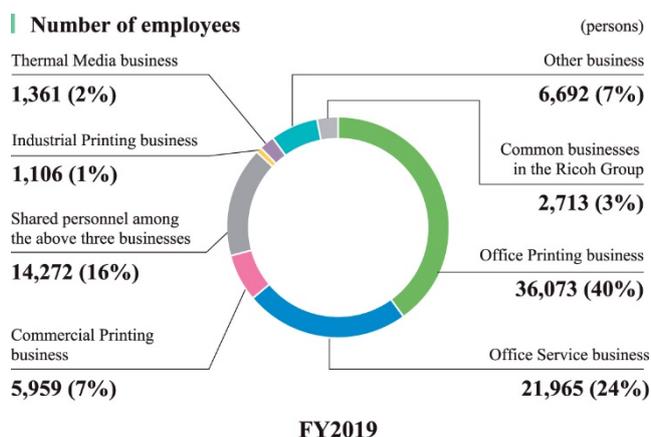
(7) Status of employees (as of March 31, 2020)

(i) Employees of the Ricoh Group

| Categories | Number of employees |
|---|---------------------|
| Office Printing business | 36,073 |
| Office Service business | 21,965 |
| Commercial Printing business | 5,959 |
| Shared personnel among the above three businesses | 14,272 |
| Industrial Printing business | 1,106 |
| Thermal Media business | 1,361 |
| Other business | 6,692 |
| Common businesses in the Ricoh Group | 2,713 |
| Total | 90,141 |
| YoY change | 2,522 (decrease) |

(ii) Employees of the Company

| Categories | |
|---|----------------|
| Number of employees | 8,216 |
| Change from the end of the previous fiscal year | 291 (increase) |
| Average age | 44.9 |
| Average length of service | 20.2 years |



(8) Main creditors (as of March 31, 2020)

| Creditors | Amounts borrowed (millions of yen) |
|-------------------|------------------------------------|
| MUFG Bank, Ltd. | 104,721 |
| Mizuho Bank, Ltd. | 95,258 |
| Syndicated loans | 67,700 |

Note: Syndicated loans are cofinanced by MUFG Bank, Ltd. and Mizuho Bank, Ltd.

2. Shareholders' Equity (as of March 31, 2020)

(1) Total number of shares authorized to be issued: 1,500,000,000

(2) Total number of shares issued: 744,912,078

(3) Number of shareholders: 49,155

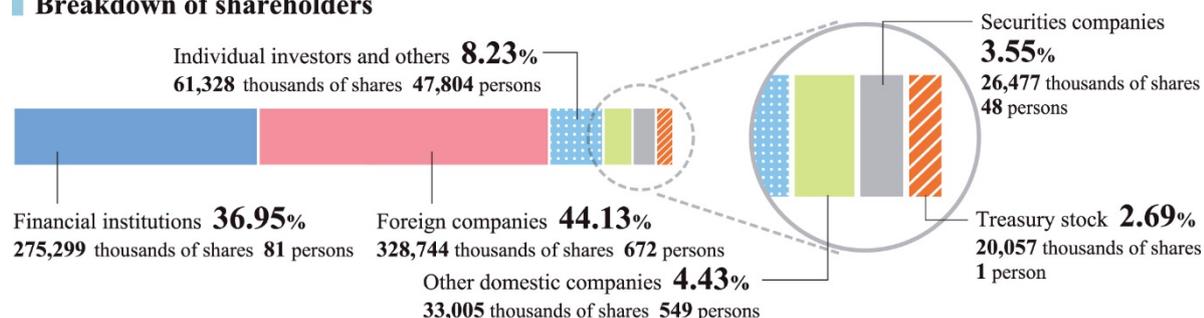
(4) Major shareholders:

| Name | The shareholders' stake in the Company | |
|---|--|-----------------------------|
| | Thousands of shares | Percentage of ownership (%) |
| The Masters Trust Bank of Japan, Ltd. (Trust Account) | 71,914 | 9.92 |
| GOLDMAN SACHS INTERNATIONAL | 63,265 | 8.73 |
| Japan Trustee Services Bank, Ltd. (Trust Account) | 45,272 | 6.25 |
| ECM MF | 42,999 | 5.93 |
| Nippon Life Insurance Company | 29,441 | 4.06 |
| Japan Trustee Services Bank, Ltd. (Trust Account 9) | 20,999 | 2.90 |
| Ichimura Foundation for New Technology | 15,839 | 2.19 |
| MUFG Bank, Ltd. | 14,382 | 1.98 |
| J.P. MORGAN BANK LUXEMBOURG S.A. 130000 | 13,812 | 1.91 |
| Barclays Securities Japan Limited | 12,792 | 1.76 |

Notes:

- The number of treasury stocks (20,057 thousand shares) is not included in the chart above. Treasury stocks do not include shares of the Company (421 thousand shares) held by the Board Incentive Plan trust in which beneficiaries include Directors and Executive Officers.
- The percentage of ownership is calculated after deducting treasury stock.

■ Breakdown of shareholders



Policy Regarding Cross-Shareholdings

From the viewpoint of streamlining and strengthening of business alliance and development of collaborative businesses, the Company shall be able to hold shares of the relating partners only when such holding of shares is deemed necessary and effective for the future development of Ricoh Group, while taking into consideration of the returns such as dividends.

Specifically, the Board of Directors will verify each issue whether the benefits and risks of the holding are worth the capital cost, and if the holding loses significance in the medium- to long-term, they will be reduced accordingly.

Exercise Criteria for Voting Rights to Cross-Shareholdings

The Company will exercise voting rights attached to cross-shareholdings upon examining each agenda whether it enhances the corporate value of the investee in the medium- to long-term, or whether it impairs shareholder value, and determining approval or disapproval.

3. Status of Corporate Officers

(1) Directors and Audit & Supervisory Board Members (as of March 31, 2020)

| Position | Name | Principal duty and significant concurrent positions | |
|-------------------------|---------------------|---|--|
| | | (as of March 31, 2020) | (Reference: as of April 1, 2020) |
| Representative Director | Yoshinori Yamashita | CEO (Chief Executive Officer) | CEO (Chief Executive Officer) CHRO (Chief Human Resource Officer) |
| Director | Nobuo Inaba | Chairperson of the Board | (Same as on the left) |
| Director | Hidetaka Matsuishi | CFO (Chief Financial Officer) General Manager of Business Planning Division | (Same as on the left) |
| Director | Seiji Sakata | CTO (Chief Technology Officer) | (Same as on the left) |
| Director | Makoto Azuma | Chairperson of Compensation Committee Science Council of Japan (Member) Tsing Hua University (Advisory Professor) TOSHIBA INTERNATIONAL FOUNDATION (Councilor) | (Same as on the left) |
| Director | Masami Iijima | Chairperson of Nomination Committee MITSUI & CO., LTD. (Representative Director, Chairperson of the Board of Directors) SoftBank Group Corp. (Outside Director) Bank of Japan (Counsellor) Isetan Mitsukoshi Holdings Ltd. (Outside Director) | (Same as on the left) |
| Director | Mutsuko Hatano | Department of Electrical and Electronic Engineering, School of Engineering, Tokyo Institute of Technology (Professor) Science Council of Japan (Council Member) | (Same as on the left) |
| Director | Kazuhiro Mori | Trustee of Toyo University | (Same as on the left) |

| Position | Name | Principal duty and significant concurrent positions | |
|----------------------------------|-------------------|---|----------------------------------|
| | | (as of March 31, 2020) | (Reference: as of April 1, 2020) |
| Audit & Supervisory Board Member | Katsumi Kurihara | (Full-time) | (Same as on the left) |
| Audit & Supervisory Board Member | Hiroshi Osawa | (Full-time) | (Same as on the left) |
| Audit & Supervisory Board Member | Takashi Narusawa | Hirata Corporation (Outside Director) LOTTE Co., Ltd. (Outside Director) | (Same as on the left) |
| Audit & Supervisory Board Member | Shigeru Nishiyama | Waseda Business School (Graduate School of Business and Finance) (Professor) UNIPRES CORPORATION (Outside Director) Macromill, Inc. (Outside Director) | (Same as on the left) |
| Audit & Supervisory Board Member | Yo Ota | Nishimura & Asahi (Partner) Denki Kogyo Company, Limited (Outside Director) Nippon Kayaku Co., Ltd. (Outside Director) Japan Association of Corporate Directors (Director) Japan Association of Corporate Directors (Corporate Governance Committee) (Vice Chairperson) LOTTE Foundation (Councilor) | (Same as on the left) |

Notes:

1. Directors Makoto Azuma, Masami Iijima, Mutsuko Hatano and Kazuhiro Mori are Outside Directors stipulated in Article 2, Item 15 of the Companies Act.
2. Audit & Supervisory Board Members Takashi Narusawa, Shigeru Nishiyama and Yo Ota are Outside Audit & Supervisory Board Members stipulated in Article 2, Item 16 of the Companies Act.
3. Directors Makoto Azuma, Masami Iijima, Mutsuko Hatano and Kazuhiro Mori, Audit & Supervisory Board Members Takashi Narusawa, Shigeru Nishiyama and Yo Ota are Independent Directors / Audit & Supervisory Board Members stipulated in Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange.
4. Audit & Supervisory Board Member Hiroshi Osawa has abundant experience in the Company's accounting and finance divisions as well as in management administration of overseas subsidiaries. He has considerable insight into finance and accounting.
5. Audit & Supervisory Board Member Takashi Narusawa has served as a securities analyst and a management consultant, and has considerable insight into finance and accounting.
6. Audit & Supervisory Board Member Shigeru Nishiyama is a finance and accounting professional, serving as a certified public accountant and a professor at the Graduate School of Business and Finance, Waseda Business School, and has considerable insight into finance and accounting.

(2) Total compensation, etc. paid to Directors and Audit & Supervisory Board Members

| Class | Number of recipients | Total compensation, etc. (millions of yen) | Total amount by type of compensation, etc. (millions of yen) | | | | |
|--|----------------------|--|--|-----------|----------------------------------|---------------------------------|--|
| | | | Basic compensation | Bonuses | Compensation for acquiring stock | Stock price-linked compensation | Stock-based compensation with stock price conditions |
| Directors [Outside Directors] | 8 [4] | 324 [57] | 251 [57] | 54 [-] | 9 [-] | 3 [-] | 5 [-] |
| Audit & Supervisory Board Members [Outside Audit & Supervisory Board Members] | 5 [3] | 86 [28] | 86 [28] | - | - | - | - |
| Total | 13 [7] | 411 [86] | 337 [86] | 54 [-] | 9 [-] | 3 [-] | 5 [-] |

Notes:

1. It was decided that aggregate basic compensation of Directors should not exceed ¥46 million per month (including ¥7 million per month for Outside Directors), according to the resolution of the 116th Ordinary General Meeting of Shareholders held on June 17, 2016. It was decided that aggregate basic compensation of Audit & Supervisory Board Members should not exceed ¥9 million per month, according to the resolution of the 84th Ordinary General Meeting of Shareholders held on June 29, 1984.
2. The compensation, etc. paid to Directors excludes employee wages for Directors who are also employees.

(3) Outside Directors and Audit & Supervisory Board Members

(i) Significant concurrent jobs Outside Directors and Audit & Supervisory Board Members are engaged in at other companies, and the relationship between the Company and those other companies

| Position | Name | Significant concurrent positions and relationship with the Company |
|------------------|----------------|--|
| Outside Director | Makoto Azuma | Science Council of Japan (Member) Tsing Hua University (Advisory Professor) TOSHIBA INTERNATIONAL FOUNDATION (Councilor) There are no special relations. |
| Outside Director | Masami Iijima | MITSUI & CO., LTD. (Representative Director, Chairperson of the Board of Directors) SoftBank Group Corp. (Outside Director) Bank of Japan (Counsellor) Isetan Mitsukoshi Holdings Ltd. (Outside Director) The Company has business relations with MITSUI & CO., LTD., such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and MITSUI & CO., LTD., respectively, which is considered extremely insignificant. The Company has business relations with SoftBank Group Corp., such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and SoftBank Group Corp., respectively, which is considered extremely insignificant. The Company has business relations with Isetan Mitsukoshi Holdings Ltd., such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Isetan Mitsukoshi Holdings Ltd., respectively, which is considered extremely insignificant. |
| Outside Director | Mutsuko Hatano | Department of Electrical and Electronic Engineering, School of Engineering, Tokyo Institute of Technology (Professor) Science Council of Japan (Council Member) There are no special relations. |
| Outside Director | Kazuhiro Mori | Trustee of Toyo University (Trustee) There are no special relations. |

| Position | Name | Significant concurrent positions and relationship with the Company |
|--|-------------------|---|
| Outside Audit & Supervisory Board Member | Takashi Narusawa | Hirata Corporation (Outside Director) LOTTE Co., Ltd. (Outside Director) |
| | | The Company has business relations with LOTTE Co., Ltd., such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and LOTTE Co., Ltd., respectively, which is considered extremely insignificant. |
| Outside Audit & Supervisory Board Member | Shigeru Nishiyama | Waseda Business School (Graduate School of Business and Finance) (Professor) UNIPRES CORPORATION (Outside Director) Macromill, Inc. (Outside Director) |
| | | The Company has relations with Waseda University Educational Corporation (including Waseda University), primarily in commissioned research and development, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and of the annual revenue on activities of Waseda University Educational Corporation, which is considered extremely insignificant. The Company has business relations with UNIPRES CORPORATION, such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and UNIPRES CORPORATION, respectively, which is considered extremely insignificant. The Company has business relations with Macromill, Inc, such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Macromill, Inc., respectively, which is considered extremely insignificant. |
| Outside Audit & Supervisory Board Member | Yo Ota | Nishimura & Asahi (Partner) Denki Kogyo Company, Limited (Director (Outside)) Nippon Kayaku Co., Ltd. (Outside Director) Japan Association of Corporate Directors (Director) Japan Association of Corporate Directors (Corporate Governance Committee) (Vice Chairperson) LOTTE Foundation (Councilor) |
| | | Nishimura & Asahi (Partner) is one of the law offices to which the Company requests legal services, as appropriate, on a case by case basis. The Company has relations with this law office, such as the referral of legal matters, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and the annual transactions of the said law office, which is considered extremely insignificant. The Company has business relations with Nippon Kayaku Co., Ltd., such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Nippon Kayaku Co., Ltd., respectively, which is considered extremely insignificant. The Company pays membership dues, etc. to the Japan Association of Corporate Directors, with the said amounts for this fiscal year totaling less than 1% of the consolidated net sales of the Company and of the annual revenue on activities of the association, which is considered extremely insignificant. |

(ii) Major activities by Outside Directors and Audit & Supervisory Board Members

| Position | Name | Main activities |
|--|-------------------|---|
| Outside Director | Makoto Azuma | <p>Provided proactive comments and advice in various areas including technological strategies and long-term management strategies based on his achievements and extensive experience as the Corporate Executive Vice President and the Chief Technology Officer of TOSHIBA CORPORATION and as a professor of the Graduate School of Innovation Studies of Tokyo University of Science.</p> <p>In addition, as the Chairperson of the Compensation Committee, he has led the operation of the committee, encouraged lively discussions among members, and reported its content to the Board of Directors.</p> <p>Furthermore, as a member of the Nomination Committee, he has actively made proposals and engaged in discussions based on his experience as a corporate Chief Technology Officer.</p> <p>Attendance rate during the fiscal year under review: Board of Directors meetings: 93% (13 out of 14) Nomination Committee meetings: 100% (4 out of 4) Compensation Committee meetings: 100% (4 out of 4)</p> |
| Outside Director | Masami Iijima | <p>Provided proactive comments and advice in various areas including global governance and risk management based on his outstanding achievements and extensive experience as management executive at MITSUI & CO., LTD., a company with globally developed business network.</p> <p>In addition, as the Chairperson of the Nomination Committee, he led the operation of the committee, encouraged lively discussions among members, and reported its content to the Board of Directors. As a member of the Compensation Committee, he has actively made proposals and engaged in discussions from a corporate top executive viewpoint.</p> <p>Attendance rate during the fiscal year under review: Board of Directors meetings: 93% (13 out of 14) Nomination Committee meetings: 100% (4 out of 4) Compensation Committee meetings: 100% (4 out of 4)</p> |
| Outside Director | Mutsuko Hatano | <p>Provided proactive comments and advice from multifaceted perspectives in various areas including technology, education and policies based on her achievements and extensive experience as the professor of the Department of Electrical and Electronic Engineering, School of Engineering, Tokyo Institute of Technology and as a committee member of many administrative bodies.</p> <p>Concurrently, as a member of the Compensation Committee, she has made proposals and engaged in discussions regarding the details of compensation and its system from a viewpoint different from that of a corporate executive.</p> <p>Attendance rate during the fiscal year under review: Board of Directors meetings: 100% (14 out of 14) Compensation Committee meetings: 75% (3 out of 4)</p> |
| Outside Director | Kazuhiro Mori | <p>Provided proactive comments and advice in various areas including global business development with his high-leveled business judgment capability and leadership skills in management from his extensive experience in the Hitachi Group, having served in various posts including Representative Executive Officer, Executive Vice President and Executive Officer of Hitachi, Ltd. as well as the leader to carry out its structural reform.</p> <p>Concurrently, as a member of the Nomination Committee and the Compensation Committee, he has actively made proposals and engaged in discussions based on his experience as a corporate top executive.</p> <p>Attendance rate during the fiscal year under review: Board of Directors meetings: 100% (14 out of 14) Nomination Committee meetings: 100% (4 out of 4) Compensation Committee meetings: 100% (4 out of 4)</p> |
| Outside Audit & Supervisory Board Member | Takashi Narusawa | <p>Proactively expressed opinions from a viewpoint based on his experience as securities analyst and management consultant, along with management experience at Nomura Research Institute, Ltd.</p> <p>Attendance rate during the fiscal year under review: Board of Directors meetings: 93% (13 out of 14) Audit & Supervisory Board meetings: 93% (13 out of 14)</p> |
| Outside Audit & Supervisory Board Member | Shigeru Nishiyama | <p>Proactively expressed opinions from a viewpoint based on his professional activities and experience in the areas of finance and accounting, as certified public accountant as well as a university professor.</p> <p>Attendance rate during the fiscal year under review: Board of Directors meetings: 100% (14 out of 14) Audit & Supervisory Board meetings: 100% (14 out of 14)</p> |

| Position | Name | Main activities |
|--|--------|--|
| Outside Audit & Supervisory Board Member | Yo Ota | Proactively expressed his opinions from a viewpoint based on his rich experience as attorney and expert on corporate governance. Attendance rate during the fiscal year under review: Board of Directors meetings: 100% (14 out of 14) Audit & Supervisory Board meetings: 93% (13 out of 14) |

(iii) Outline of liability limitation contracts

The Company amended its Articles of Incorporation regarding liability limitation contracts at the 115th Ordinary General Meeting of Shareholders on June 19, 2015, establishing the provision of contracts to limit liabilities of Directors (excluding Executive Directors) and Audit & Supervisory Board Members.

The outline of liability limitation contracts, which the Company concluded only with Outside Directors and Outside Audit & Supervisory Board Members in accordance with the revised Articles of Incorporation, is as follows.

(a) Liability limitation contracts with Outside Directors

Under such contracts, the maximum liability of Outside Directors shall be the higher of either of ¥10.00 million or a minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.

(b) Liability limitation contracts with Outside Audit & Supervisory Board Members

Under such contracts, the maximum liability of Outside Audit & Supervisory Board Members shall be the higher of either of ¥5.00 million or a minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.

4. Independent auditor

(1) Name: Deloitte Touche Tohmatsu LLC

(2) Audit Fee, etc.:

| | Amount to be paid |
|--|-------------------|
| Audit Fee, etc. to be paid to the independent auditor by the Company | ¥249 million |
| Total sum of audit fee, etc. to be paid to the independent auditor by the Company and its subsidiaries | ¥382 million |

Notes:

1. In the audit contract signed between the Company and the independent auditor, there is no classification between fee for audit services pursuant to the Companies Act and that in accordance with the Financial Instruments and Exchange Law. Accordingly, the above “Audit Fee, etc. to be paid to the independent auditor by the Company” represent the sum of these fees.
2. Among the Company’s major subsidiaries, RICOH ELECTRONICS, INC., RICOH USA INC., RICOH EUROPE HOLDINGS PLC, RICOH ASIA PACIFIC PTE LTD., RICOH ASIA INDUSTRY LTD., RICOH ASIA INDUSTRY (SHENZHEN) LTD., are audited by Deloitte.
3. The Audit & Supervisory Board conducted necessary verifications to determine whether the details of the audit plan for auditing by the independent auditor, the state of execution of accounting audit duties, and the calculation basis for audit fee estimates are appropriate or not. Upon these verifications, the Audit & Supervisory Board concluded that the amount of audit fee, etc., of the independent auditor is reasonable and consent has been given to it.

(3) Non-audit work

Apart from the services provided in Article 2, Paragraph 1 of the Certified Public Accountants Act, the Company consigns the independent auditor services to provide advice on the management structure of overseas subsidiaries. Consideration for these services is included in the amount of the above Audit Fee, etc.

(4) Policy regarding the decision to dismiss or not to reappoint the independent auditor

The Audit & Supervisory Board, by unanimous agreement, will dismiss the independent auditor when confirmed that the independent auditor falls under any item of Article 340, Paragraph 1 of the Companies Act. In this case, the dismissal and its reasons will be reported at the first general meeting of shareholders to be held after the dismissal.

In addition to the above, the Audit & Supervisory Board will decide the contents of the proposal on dismissal or non-reappointment of the independent auditor, which will be proposed at the general meeting of shareholders when confirmed that it is difficult for the independent auditor to properly perform audit duties etc., or that it would be otherwise appropriate to change independent auditors.

5. System to secure appropriateness of operations and their operating status

Resolutions adopted by the Board of Directors for systems to secure the appropriateness of the Company's operations are as follows. The resolutions will be reviewed regularly on an ongoing basis in response to changes in the business environment.

| | |
|---|--|
| <p>Internal Control System Basic Policy</p> | <p>The RICOH Way, which comprises our founding principles (“Sanai spirit” - love your neighbor, love your country, love your work), Mission Statement, Vision Statement, and Values Statement, is the foundation of the Ricoh Group’s management policy, strategy, and internal control system.</p> <p>Inspired by the values incorporated in The RICOH Way, we are working to establish and implement an internal control system aimed at strengthening competitiveness and continuously improving the system while ensuring transparency based on corporate ethics and legal compliance.</p> |
| <p>(1) System to ensure appropriate compliance with laws and Articles of Incorporation concerning the implementation of Directors’ and employees’ duties</p> | <p>[Content of Basic Policy]</p> <p>Based on the principle of autonomous corporate governance, the Company promotes a corporate culture that values both a sense of duty to meet the various expectations of stakeholders and high ethics suited to good social conscience.</p> <p>1) Systems to ensure appropriate compliance with laws and Articles of Incorporation concerning the implementation of Directors’ duties</p> <p>[Content of Basic Policy]</p> <p>(i) Management transparency and fairness of decision-making are strengthened by the presence of Outside Directors. In addition, the Board of Directors is composed of a majority of Non-executive directors to strengthen functions of overseeing from different perspectives.</p> <p>(ii) The Board of Directors is positioned as the highest decision-making organization for business management and is chaired by a Non-executive director, who leads the Board from a neutral position, in order to facilitate in-depth discussions for important matters to reach robust decisions.</p> <p>(iii) As part of the strengthening of management oversight functions by the Board of Directors, the “Nomination Committee”, which is chaired by a Non-executive Director and the “Compensation Committee”, which is chaired by an Outside Director have been established. In each committee, more than half of the members are Non-executive directors and half or more of them are Outside Directors, so that the transparency and objectivity of the selection of candidates and compensation of Directors and executive officers, etc. is secured.</p> <p>(iv) Policies regarding disclosure has been established to assure the accuracy, timeliness and comprehensiveness of disclosure of corporate information and the “Disclosure Committee”, which is chaired by a CFO who is responsible for information disclosure, is established to verify and decide the importance of disclosure of information, necessity of disclosure and validity of the content.</p> <p>[Operating Status of Internal Control System]</p> <p>The Board of Directors consists of 8 members, including 5 Non-executive Directors (which include 4 Outside Directors), held 14 meetings during FY2019 and focused on transparency of management and fair decision-making.</p> <p>The Nomination Committee held 4 meetings and the Compensation Committee held 4 meetings to secure transparency and objectivity through discussions with Outside Directors.</p> |

| | |
|---|---|
| | <p>2) Systems to ensure appropriate compliance with laws and Articles of Incorporation concerning the implementation of employees' duties</p> <p>[Content of Basic Policy]</p> <ul style="list-style-type: none"> (i) In order to thoroughly implement the "Ricoh Group Code of Conduct" which articulates the general rules of conduct for Ricoh Group and its officers and employees, the Specialty Committee and a reporting line to report incidents and seek advice have been established. Also, various training programs are set up to enhance compliance domestically and overseas. The Company prohibits unfavorable treatments of anyone who made the report to the reporting line due to such reporting. (ii) Efforts are being made to improve business processes and construct a framework for standardized internal control throughout the entire Group, with the goal of "complying with laws, norms and internal rules", "improvement of business effectiveness and efficiency", "maintaining high reliability of financial reporting", and "securing of assets", including compliance to the Financial Instruments and Exchange Law and other relevant laws and regulations. (iii) To ensure appropriate internal auditing, a division of internal management and control 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. (iv) The Company shall establish a department specializing in enhancing and promoting the functions of (i), (ii) and (iii) above on an integrated basis. To establish and improve an internal control system of the Ricoh Group, the Company shall institute an "Internal Control Committee" within the Group Management Committee (GMC), which is expected to convene regularly to deliberate and decide on relevant matters. |
| | <p>[Operating Status of Internal Control System]</p> <ul style="list-style-type: none"> (i) Efforts were made in each region globally to spread awareness of the "Ricoh Group Code of Conduct" established in October 2018. From FY2019, October of each year has been designated Ricoh Group Compliance Month. Messages from top management are disseminated, and employee awareness surveys are conducted, in order to promote the thorough embedding of compliance awareness across the Group. (ii) A standard for the "Ricoh Group Whistleblowing System" has been established as the "Ricoh Group Standard" and was shared within the Ricoh Group. The standard prohibits unfavorable treatments of the whistleblowers. In addition, the "Ricoh Group Global Whistleblowing System" was established in November 2018, as a mechanism for reporting directly to Audit & Supervisory Board Members. During the fiscal year under review, there were no reports that involved serious legal violations. (iii) The division of internal management and control conducts audit for the entire Ricoh Group, and provides advice to improve effectiveness and efficiency of compliance and business. The results of audits and the status of improvement on matters for correction are reported to the Internal Control Committee. |
| <p>(2) Systems related to the retention and management of information related to the implementation of Directors' duties</p> | <p>[Content of Basic Policy]</p> <p>Records and proposals related to decisions by Directors in the course of their duties are created, retained and managed in compliance with applicable laws, regulations and internal rules. Documents are kept so that they can be retrieved and reviewed when a request from Directors and Audit & Supervisory Board Members is made.</p> <p>[Operating Status of Internal Control System]</p> <p>Information related to Directors' duties and other important information are appropriately retained and managed in compliance with internal regulations for inspection by Directors and Audit & Supervisory Board Members at any time.</p> |

| | |
|---|---|
| <p>(3) Regulations and other systems regarding risk management for losses</p> | <p>[Content of Basic Policy]</p> <ul style="list-style-type: none"> (i) The occurrence of losses shall be proactively prevented based on risk management regulations. (ii) Should losses nevertheless arise, efforts shall be made to minimize damage (loss) based on standards for initial reaction. (iii) In order to respond to diversifying sources of uncertainty both inside and outside the Ricoh Group, the “Risk Management Committee” assesses critical risks and evaluates responses, and devises risk management measures. In addition, a risk management promotion division will be established to expand risk management activities globally. |
| | <p>[Operating Status of Internal Control System]</p> <p>The Company has established the “Ricoch Group Risk Management Basic Regulation” to promote risk management effectively and efficiently and make preventive measures for the risk of loss.</p> <p>The Risk Management Committee selects potential managerial risks for the following fiscal year, which are decided by the GMC. Regarding these managerial risks, risk management promotion plans are formulated each year and measures to prevent the occurrence of incidents are formulated and put into practice.</p> <p>From FY2019, a risk management supervisor/promoter is appointed for each division in the Company. As well as thoroughly embedding risk management in each organization, all risk management promoters participate in a meeting to strengthen risk management cooperation, and engage in workshops and information sharing regarding risk management.</p> <p>The occurrences of and responses to incidents are reported quarterly to the Internal Control Committee, and semi-annually to the Board of Directors.</p> |
| <p>(4) System to ensure the efficient implementation of Directors’ duties</p> | <p>[Content of Basic Policy]</p> <ul style="list-style-type: none"> (i) The executive officer system, its division of duties clarified, speeds up the decision-making process through the delegation of authority to each business division. (ii) The GMC is a decision-making organization chaired by the Representative Director and President, delegated by the Board of Directors, and composed of executive officers who meet specific criteria. The GMC operates so as to accelerate deliberation and decision-making from the perspective of the optimum management of the entire Ricoh Group, concerning the most appropriate strategies for direction of each business division and the entire Ricoh Group, within the powers granted to it. (iii) The “Board of Directors office” realizes robust decision-making and management oversight with high transparency by supporting the Board of Directors. |
| | <p>[Operating Status of Internal Control System]</p> <p>The executive officer system helps make efficient business execution. Deliberation details of the GMC are reported on a quarterly basis to the Board of Directors and the Directors monitor the status of implementation.</p> |
| <p>(5) Systems to ensure correct business standards at Ricoh and its Group companies</p> | <p>[Content of Basic Policy]</p> <p>The Ricoh Group shall devise a system that ensures adherence to correct business standards to improve business performance and enhance the prosperity of the Ricoh Group, while respecting each other’s independence, as follows:</p> <ul style="list-style-type: none"> (i) The Company’s Board of Directors and the GMC make decisions and perform management oversight for the Ricoh Group as a whole. (ii) The Company establishes its management regulations concerning each Ricoh Group company, and prescribes a system for reporting matters regarding the performance of duties of the Directors of each Ricoh Group company, and the Directors’ authority for conducting such duties efficiently. (iii) Each Ricoh Group company conducts risk management for losses relating to the company. Should any incident arise, the company should strive to minimize damage and recover quickly, and promptly report to the Company. |

| | |
|--|---|
| | <p>(iv) To ensure that the duties of Ricoh Group’s Directors and employees are performed in compliance with laws and regulations and Articles of Incorporation, we formulate a set of common rules which shall be followed as the Ricoh Group’s common standards, the “Ricoh Group Standard,” and promote compliance across the Ricoh Group.</p> <p>[Operating Status of Internal Control System] The Company’s Board of Directors and the GMC have engaged in consideration and deliberation regarding the management plans for the next term and the business plans for the next fiscal year as the management strategy for the entire Ricoh Group. Group strategy, policy and key matters are debated, shared and disseminated at regular meetings attended by the Group’s top management, such as global meetings. In addition, in compliance with the “Corporate Management Regulations for Ricoh Affiliates,” the Company receives reports on the implementation of duties of Directors of the Ricoh Group companies and such Directors efficiently conduct their duties subject to their authorities. The entire Ricoh Group strives to ensure that incident responses and reports are made pursuant to the “Incident Management Standard.” Audits are conducted by the divisions for internal management and control to confirm compliance to the “Ricoh Group Standard,” the Ricoh Group’s common standards.</p> |
| <p>(6) Systems established to ensure the effective performance of duties by Audit & Supervisory Board Members</p> | <p>[Content of Basic Policy]</p> <p>1) Matters regarding measures to secure independence of employees whom Audit & Supervisory Board Members request to assist them in the performance of their duties from Directors and efficacy of instructions given to such employees</p> <p>(i) The Company shall establish an Audit & Supervisory Board office, where exclusively assigned employees assist Audit & Supervisory Board Members in performing their duties under their command.</p> <p>(ii) Personnel evaluations regarding said employees shall be made by full-time Audit & Supervisory Board Members. Furthermore, personnel changes regarding said employees shall be made only after gaining agreement of full-time Audit & Supervisory Board Members.</p> <p>2) Systems for Directors and employees of the Ricoh Group to report to Audit & Supervisory Board Members and other systems related to the reporting to Audit & Supervisory Board Members</p> <p>(i) Directors or employees shall promptly report to Audit & Supervisory Board Members concerning material violations of laws and the Articles of Incorporation at the Ricoh Group, as well as matters concerning wrongful acts or the possibility of significant damage to the Ricoh Group at the time of their discovery.</p> <p>(ii) Directors and employees shall cooperate when they are requested to report matters concerning operations required for auditing by Audit & Supervisory Board Members.</p> <p>(iii) Directors shall provide Audit & Supervisory Board Members with minutes and materials of important meetings, as well as important resolution documents for their review.</p> <p>(iv) The Company prohibits unfavorable treatments of any Directors or employees of the Ricoh Group, who made the report to Audit & Supervisory Board Members due to such reporting.</p> <p>3) Other systems established to ensure effective performance of duties by Audit & Supervisory Board Members</p> <p>Directors and employees of the Ricoh Group shall cooperate in facilitating the performance of the following items by Audit & Supervisory Board Members.</p> <p>(i) Audit & Supervisory Board Members attend important meetings such as the GMC and regularly exchange opinions with Representative Directors.</p> <p>(ii) Establish a cooperation system for effective auditing of each division of the Company and each Ricoh Group company by Audit & Supervisory Board</p> |

| | |
|--|---|
| | <p>Members at the time of such audit.</p> <p>(iii) Create an environment that enables Audit & Supervisory Board Members to conduct effective auditing through mutual cooperation with the Independent Auditor and the division of internal management and control.</p> <p>(iv) The Company shall pay expenses incurred from the performance of duties of Audit & Supervisory Board Members.</p> |
| | <p>[Operating Status of Internal Control System]</p> <p>The Audit & Supervisory Board office, which is composed of employees exclusively assigned to assist Audit & Supervisory Board Members, acts under the command of Audit & Supervisory Board Members. Audit & Supervisory Board Members acquire important information on each division of the Company and each Ricoh Group company, select audit targets based on this information, and conduct audits under their authorities. At the same time, they attend regular meetings with the GMC and other important meetings. Meetings with the Representative Director are carried out, as well as monthly meeting with the division of internal audit and Independent Auditor to exchange opinions.</p> |

The Company takes an uncompromising attitude toward antisocial activities and any organizations engaged therein in an effort to eradicate any antisocial activities and will not have any relationship with antisocial entities, as stipulated in the “Ricoh Group Code of Conduct,” a code of conduct for the Ricoh Group and its executive officers and employees.

Also, the Company has established an internal hotline and has been working closely with outside agencies, such as the police, and relevant organizations as well as making efforts to build trust with such organizations. In the future also, the Company will continue to strengthen its internal system so as to eradicate any antisocial activities or relationships with antisocial entities.

Consolidated Statements of Financial Position (as of March 31, 2020)

| | Millions of yen | |
|---|------------------|-----------|
| | As of March 31, | |
| | 2020 | 2019 |
| ASSETS | | |
| Current Assets: | 2,106,148 | 1,389,762 |
| Cash and cash equivalents | 262,834 | 240,099 |
| Time deposits | 50 | 70 |
| Trade and other receivables | 392,780 | 604,804 |
| Other financial assets | 87,226 | 294,351 |
| Inventories | 201,248 | 207,748 |
| Other current assets | 36,428 | 40,107 |
| Assets classified as held for sale | 1,125,582 | 2,583 |
| Non-Current Assets: | 761,497 | 1,335,370 |
| Property, plant and equipment | 201,569 | 250,287 |
| Right-of-use assets | 59,425 | - |
| Goodwill and intangible assets | 231,898 | 219,806 |
| Other financial assets | 139,181 | 708,295 |
| Investments accounted for using the equity method | 14,305 | 12,521 |
| Other investments | 14,951 | 22,443 |
| Other non-current assets | 29,550 | 38,006 |
| Deferred tax assets | 70,618 | 84,012 |
| Total Assets | 2,867,645 | 2,725,132 |

Consolidated Statements of Financial Position (as of March 31, 2020)

| | Millions of yen | |
|--|------------------|-----------|
| | As of March 31, | |
| | 2020 | 2019 |
| LIABILITIES | | |
| Current Liabilities: | 1,548,896 | 844,198 |
| Bonds and borrowings | 51,492 | 266,957 |
| Trade and other payables | 246,055 | 306,189 |
| Lease liabilities | 27,230 | - |
| Other financial liabilities | - | 521 |
| Income tax payables | 9,455 | 15,455 |
| Provisions | 11,686 | 12,277 |
| Other current liabilities | 233,909 | 242,799 |
| Liabilities directly related to assets held for sale | 969,069 | - |
| Non-Current Liabilities | 310,222 | 861,946 |
| Bonds and borrowings | 128,172 | 666,462 |
| Lease liabilities | 38,741 | - |
| Other financial liabilities | - | 3,420 |
| Accrued pension and retirement benefits | 99,795 | 105,288 |
| Provisions | 6,458 | 6,610 |
| Other non-current liabilities | 34,143 | 77,619 |
| Deferred tax liabilities | 2,913 | 2,547 |
| Total Liabilities | 1,859,118 | 1,706,144 |
| EQUITY | | |
| Equity attributable to owners of the parent: | 920,371 | 932,577 |
| Common stock | 135,364 | 135,364 |
| Additional paid-in capital | 186,173 | 186,086 |
| Treasury stock | (37,795) | (37,394) |
| Other components of equity | 41,768 | 73,645 |
| Other comprehensive income related to disposal group held for sale | 130 | - |
| Retained earnings | 594,731 | 574,876 |
| Non-controlling interests | 88,156 | 86,411 |
| Total Equity | 1,008,527 | 1,018,988 |
| Total Liabilities and Equity | 2,867,645 | 2,725,132 |

Consolidated Statements of Profit or Loss (for the year ended March 31, 2020)

| | Millions of yen | |
|---|------------------------------|-----------|
| | For the year ended March 31, | |
| | 2020 | 2019 |
| Sales | 2,008,580 | 2,013,228 |
| Cost of sales | 1,287,003 | 1,246,345 |
| Gross profit | 721,577 | 766,883 |
| Selling, general and administrative expenses (Note) | 658,435 | 702,912 |
| Other income (Note) | 15,911 | 23,449 |
| Impairment of goodwill | 13 | 581 |
| Operating profit | 79,040 | 86,839 |
| Finance income | 4,926 | 4,598 |
| Finance costs | 8,319 | 7,965 |
| Share of profit (loss) of investments accounted for using the equity method | 244 | 492 |
| Profit before income tax expenses | 75,891 | 83,964 |
| Income tax expenses | 31,478 | 28,587 |
| Profit | 44,413 | 55,377 |
| Profit attributable to: | | |
| Owners of the parent | 39,546 | 49,526 |
| Non-controlling interests | 4,867 | 5,851 |

Note: Other income includes gain on sale of property, plant and equipment, etc. Other income for the previous fiscal year includes gain on transfer of shares in RICOH LOGISTICS SYSTEM CO., LTD., etc.

Selling, general and administrative expenses for the previous fiscal year include income from deconsolidation associated with loss of control of Ricoh India Limited (hereinafter “Ricoch India”) and allowance for doubtful accounts for claims on Ricoh India.

Consolidated Statements of Comprehensive Income (Unaudited) (for the year ended March 31, 2020)

| | Millions of yen | |
|---|------------------------------|----------|
| | For the year ended March 31, | |
| | 2020 | 2019 |
| Profit | 44,413 | 55,377 |
| Other comprehensive income (loss) | | |
| Components that will not be reclassified subsequently to profit or loss: | | |
| Remeasurement of defined benefit plan | (2,481) | (6,389) |
| Net gain (loss) on fair value of financial assets measured through other comprehensive income | (946) | (1,929) |
| Components that will be reclassified subsequently to profit or loss: | | |
| Net gain (loss) on fair value of cash flow hedges | 190 | 56 |
| Exchange differences on translation of foreign operations | (29,562) | (10,979) |
| Total other comprehensive income (loss) | (32,799) | (19,241) |
| Comprehensive income | 11,614 | 36,136 |
| Comprehensive income attributable to: | | |
| Owners of the parent | 6,949 | 30,304 |
| Non-controlling interests | 4,665 | 5,832 |

Consolidated Statements of Changes in Equity (for the year ended March 31, 2020)

(Unit: millions of yen)

| | Equity attributable to owners of the parent | | | | | | | |
|--|---|----------------------------|----------------|---------------------------------------|---|--|---|----------------------------------|
| | Common stock | Additional paid-in capital | Treasury stock | Other components of equity | | | | |
| | | | | Remeasurement of defined benefit plan | Net gain (loss) on fair value of financial assets measured through other comprehensive income | Net gain on fair value of cash flow hedges | Exchange differences on translation of foreign operations | Total other components of equity |
| Balance as of April 1, 2019 | 135,364 | 186,086 | (37,394) | - | 7,815 | 59 | 65,771 | 73,645 |
| Profit | | | | | | | | |
| Other comprehensive income (loss) | | | | (2,473) | (776) | 255 | (29,603) | (32,597) |
| Total comprehensive income (loss) | | | | (2,473) | (776) | 255 | (29,603) | (32,597) |
| Net change in treasury stock | | | (401) | | | | | |
| Dividends declared and approved to owners | | | | | | | | |
| Share-based payment transactions | | 43 | | | | | | |
| Share-based payment transactions of subsidiaries | | | | | | | | |
| Transfer from other components of equity to retained earnings | | | | 2,473 | (1,623) | | | 850 |
| Equity transaction with non-controlling shareholders | | 44 | | | | | | |
| Transfer to other comprehensive income related to disposal group held for sale | | | | | (225) | 95 | | (130) |
| Total transactions with owners | - | 87 | (401) | 2,473 | (1,848) | 95 | - | 720 |
| Balance as of March 31, 2020 | 135,364 | 186,173 | (37,795) | - | 5,191 | 409 | 36,168 | 41,768 |

(Unit: millions of yen)

| | Equity attributable to owners of the parent | | | Non-controlling interests | Total equity |
|--|--|-------------------|---|---------------------------|--------------|
| | Other comprehensive income related to disposal group held for sale | Retained earnings | Total equity attributable to owners of the parent | | |
| Balance as of April 1, 2019 | - | 574,876 | 932,577 | 86,411 | 1,018,988 |
| Profit | | 39,546 | 39,546 | 4,867 | 44,413 |
| Other comprehensive income (loss) | | | (32,597) | (202) | (32,799) |
| Total comprehensive income (loss) | | 39,546 | 6,949 | 4,665 | 11,614 |
| Net change in treasury stock | | | (401) | | (401) |
| Dividends declared and approved to owners | | (18,841) | (18,841) | (1,227) | (20,068) |
| Share-based payment transactions | | | 43 | | 43 |
| Share-based payment transactions of subsidiaries | | | | 31 | 31 |
| Transfer from other components of equity to retained earnings | | (850) | - | | - |
| Equity transaction with non-controlling shareholders | | | 44 | (1,724) | (1,680) |
| Transfer to other comprehensive income related to disposal group held for sale | 130 | | - | | - |
| Total transactions with owners | 130 | (19,691) | (19,155) | (2,920) | (22,075) |
| Balance as of March 31, 2020 | 130 | 594,731 | 920,371 | 88,156 | 1,008,527 |

Consolidated Statements of Cash Flows (Unaudited) (for the year ended March 31, 2020)

| | Millions of yen | |
|---|------------------------------|----------|
| | For the year ended March 31, | |
| | 2020 | 2019 |
| I. Cash flows from operating activities | | |
| Profit | 44,413 | 55,377 |
| Adjustments to reconcile profit to net cash provided by operating activities: | | |
| Depreciation and amortization | 120,688 | 94,288 |
| Impairment of property, plant and equipment and intangible assets | 909 | 2,138 |
| Impairment of goodwill | 13 | 581 |
| Other income | (6,748) | (23,449) |
| Share of profit (loss) of investments accounted for using the equity method | (244) | (492) |
| Finance income and costs | 3,393 | 3,367 |
| Income tax expenses | 31,478 | 28,587 |
| Decrease (increase) in trade and other receivables | 16,408 | (6,595) |
| Decrease (increase) in inventories | 3,158 | (30,097) |
| (Increase) in lease receivables | (33,953) | (13,527) |
| Increase (decrease) in trade and other payables | (18,987) | 10,024 |
| (Decrease) in accrued pension and retirement benefits | (6,805) | (6,937) |
| Other, net | (4,966) | 553 |
| Interest and dividends received | 4,557 | 4,123 |
| Interest paid | (4,429) | (5,007) |
| Income taxes paid | (32,184) | (30,987) |
| Net cash provided by (used in) operating activities | 116,701 | 81,947 |
| II. Cash flows from investing activities | | |
| Proceeds from sales of property, plant and equipment | 8,615 | 9,707 |
| Expenditures for property, plant and equipment | (86,596) | (72,462) |
| Proceeds from sales of intangible assets | 221 | 969 |
| Expenditures for intangible assets | (27,188) | (29,589) |
| Payments for purchases of available-for-sale securities | (14,982) | (8,639) |
| Proceeds from sales of available-for-sale securities | 3,985 | 63,830 |
| (Decrease) in time deposits, net | 12 | 458 |
| Purchase of business, net of cash acquired | (16,462) | (5,133) |
| Proceeds from sales of investments in subsidiaries | - | 10,223 |
| Other, net | (32,196) | (15,295) |
| Net cash provided by (used in) investing activities | (164,591) | (45,931) |

| | Millions of yen | |
|---|------------------------------|-----------|
| | For the year ended March 31, | |
| | 2020 | 2019 |
| III. Cash flows from financing activities | | |
| Net proceeds (repayments) of short-term debt | 6,068 | 26,236 |
| Proceeds from long-term debt | 292,885 | 152,234 |
| Repayments of long-term debt | (200,950) | (139,399) |
| Proceeds from issuance of bonds | 72,119 | 50,000 |
| Repayments of bonds | (42,148) | (35,000) |
| Repayments of lease liabilities | (30,065) | - |
| Dividends paid | (18,841) | (12,685) |
| Payments for purchase of treasury stock | (401) | (10) |
| Proceeds from purchase of investments in subsidiaries without change in scope of consolidation | - | 3,006 |
| Other, net | (2,910) | (1,958) |
| Net cash provided by (used in) financing activities | 75,757 | 42,424 |
| IV. Effect of exchange rate changes on cash and cash equivalents | (4,278) | 1,091 |
| V. Net increase in cash and cash equivalents | 23,589 | 79,531 |
| VI. Cash and cash equivalents at beginning of year | 240,099 | 160,568 |
| VII. Cash and cash equivalents at end of year | 263,688 | 240,099 |
| Cash and cash equivalents reclassified to assets held for sale | (854) | - |
| Cash and cash equivalents at end of year (Consolidated Statements of Financial Position) | 262,834 | 240,099 |

Notes to Consolidated Financial Statements

* All figures are rounded off to the nearest million yen.

Significant Accounting Policies Regarding the Preparation of Consolidated Financial Statements

Scope of Consolidation

The number of consolidated subsidiaries is 209 and the number of companies to which the equity method is applied is 20 in the fiscal year under review.

In addition to the above, the Company adds structured entities to its scope of consolidation.

The names of major consolidated subsidiaries have been omitted, as they are stated in “1. Business condition of the Ricoh Group, (5) Major subsidiaries” of the Business Report for the 120th business term.

Significant Accounting Policies

1. Basis of Preparation

The consolidated financial statements of Ricoh Company, Ltd. (“Ricoh”) including consolidated statement of financial position and consolidated statement of profit or loss have been prepared on the basis of International Financial Reporting Standards (“IFRS”), in compliance with Article 120, Paragraph 1 of the Regulation on Corporate Accounting. However, in compliance with the second sentence of the paragraph, certain disclosure that is required on the basis of IFRS is omitted.

2. Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventory includes purchase costs and conversion costs that contain appropriate allocation of fixed and variable overhead expenses. These costs are assigned to inventories by mainly the weighted-average method.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3. Assets classified as held for sale

Non-current assets (or disposal groups) of which carrying amounts are mainly recovered through sale transactions rather than through continuing usage are classified as held for sale.

For a non-current asset (or disposal group) to be classified as held for sale, it must be immediately available for sale in its present condition and the probability of the sale must be high, with management committing to the execution of a sales plan for the non-current asset (or disposal group) in anticipation of the sale being concluded within one year.

After being classified as held for sale, the non-current asset (or disposal group) shall be measured at the lower of its carrying amount or fair value, less selling fees. Depreciation will not be applied.

When measuring non-current assets (or disposal groups), the Ricoh Group recognizes impairment losses of initial or subsequent devaluation up to the fair value, of which the costs to distribute are deducted as profit or

loss. When recognized as a gain, these shall be recorded with an upper limit of accumulated impairment losses previously recognized.

4. Property, Plant and Equipment

(1) Recognition and measurement

Property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses.

The cost of items of property, plant and equipment includes costs directly attributable to the acquisition and initial estimate of the costs of dismantling and removing the items and restoring the site on which they are located.

When the useful life of each part of an item of property, plant and equipment varies, it is accounted for as a separate item of property, plant and equipment.

(2) Subsequent costs

Ordinary maintenance and repairs are charged to expense as incurred. Major replacements and improvements are capitalized to the extent they enhance the future economic benefit of the Ricoh Group's assets.

(3) Depreciation

Depreciation of property, plant and equipment other than land and construction in progress is mainly computed under the straight-line method based on the estimated useful life of each item. Estimated useful lives for the principal items of property, plant and equipment are 2 to 60 years for buildings and structures, 1 to 20 years for machinery, equipment and vehicles, and 1 to 20 years for tools, furniture and fixtures.

The depreciation methods, useful lives and residual values are reviewed at the end of each fiscal year, and changed when necessary.

5. Goodwill and Intangible Assets

(1) Goodwill

Goodwill is recognized and measured as the excess of the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed over the aggregate of consideration transferred, including the recognized amount of any non-controlling interests in the acquiree, which generally is measured at fair value at the acquisition date. Goodwill is measured at cost less any accumulated impairment losses. It is not amortized and is required to be tested at least annually for impairment.

(2) Intangible assets

The Ricoh Group adopts the cost model to measure intangible assets and presents them at cost less accumulated amortization and accumulated impairment losses.

(i) Software for Internal Use

The Ricoh Group capitalizes certain internal and external costs incurred to acquire or create internal use software during the application development stage as well as upgrades and enhancements that result in additional functionality. The capitalized software is amortized on a straight line basis over approximately 2 to 10 years.

(ii) Development assets

An intangible asset arising from development activities (or from the development phase of an internal project) of the Ricoh Group shall be recognized if, and only if, it can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- its intention to complete the intangible asset for use or sale
- its ability to use or sell the intangible asset
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- its ability to measure reliably the expenditure attributable to the intangible asset during its development

Amortization of the asset commences on the commercial production date after the completion of an internal project and the asset is amortized on a straight line basis over the estimated useful lives that are the expected periods to generate net cash inflows. Other development expenditure and expenditure on research activities are recognized as an expense as incurred.

(iii) Other intangible assets

Intangible asset acquired separately is measured at cost at initial recognition. Intangible asset acquired in a business combination and recognized separately from goodwill are measured at fair value on the acquisition date.

(iv) Amortization (other than development assets)

Intangible assets with definite useful lives are amortized over the estimated useful lives and determination is made for existence of impairment indication. Such intangible assets consisting primarily of software, customer relationships and trademarks are amortized on a straight line basis over the estimated useful lives. Intangible assets with indefinite useful lives and intangible assets that are not ready to use are not amortized, but are tested annually for impairment until its life would be determined to no longer be indefinite.

6. Leases

(1) Leases as lessee

The Ricoh group assesses whether the contract is, or contains, a lease at the inception of the contract. If the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, the Ricoh group assesses the contract is, or contains, a lease.

When underlying asset is real estate, the Ricoh group allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. When underlying asset is other than real estate, the Ricoh group elects not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

For a contract that is, or contains, a lease, the Ricoh group recognizes right-of-use assets and lease liabilities at the commencement date of the lease. Lease liabilities are measured at the present value of outstanding

lease payments discounted using the lessee's incremental borrowing rate at the commencement date. Right-of-use assets are initially measured at the initial measurement amount of the lease liability adjusted for the prepaid lease payments and other factors.

Right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful lives and lease terms. Lease payments are apportioned between the interest expenses and the reduction of the outstanding liability using the effective interest method.

Interest expenses are presented on the consolidated statement of profit or loss separately from depreciation expenses of right-of-use assets.

The Ricoh group does not recognize right-of-use assets and lease liabilities for short-term leases (with a lease term of 12 months or less) and leases for low-value assets. The Ricoh group recognizes the lease payments associated with these leases as expenses on a straight-line basis over the lease term.

(2) Leases as lessor

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Other leases are classified as operating leases. In circumstances in which the lessor is a manufacturer or dealer, the profit or loss from a finance lease is recognized in accordance with the same revenue recognition policy as that for products sales. Finance income is recognized over the term of the lease using the effective interest method. In circumstances in which the lessor is neither a manufacturer nor dealer, finance income is recognized over the term of the lease using the effective interest method.

The interest rate implicit in the lease is the discount rate that causes the aggregate present value of the minimum lease payments and the unguaranteed residual value to be equaled to the sum of the fair value of the leased asset and any initial direct costs incurred by the lessor.

Income from operating leases are recognized on a straight-line basis over the term of the lease.

7. Financial Instruments

Non-derivative financial assets of the Ricoh Group are classified as (i) financial assets measured at amortized cost, (ii) debt instruments measured at fair value through other comprehensive income, (iii) equity financial assets measured at fair value through other comprehensive income and (iv) financial assets measured at fair value through profit or loss.

(1) Initial recognition and measurement

The Ricoh Group initially recognizes trade receivables and other receivables on the date that they are originated. All other financial assets and liabilities are recognized initially on the settlement date. Financial assets measured at fair value through profit or loss are recognized initially at fair value. Financial assets measured at amortized cost as well as debt instruments and equity financial assets measured at fair value through other comprehensive income are recognized initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

(2) Classification and subsequent measurement

(i) Financial assets measured at amortized cost

When a financial asset held by the Ricoh Group meets both of the following conditions, the financial

asset is classified as a financial asset measured at amortized cost.

- The asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, they are measured at amortized cost using the effective interest method, less any impairment. An amortized cost using the effective interest method and gain or loss in case of derecognition are recognized at profit or loss for the fiscal period under review.

(ii) Debt instruments measured at fair value through other comprehensive income

When a financial asset held by the Ricoh Group meets both of the following conditions, the financial asset is classified as a debt instrument measured at fair value through other comprehensive income.

- The asset is held within a business model whose objective is to both collect and sell contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, these are measured at fair value. Among the subsequent changes in fair value, foreign exchange gain and loss, impairment gain and loss, and dividend income relating to the financial assets are recognized as profit or loss, while other subsequent changes are recognized as other comprehensive income. When the financial assets are derecognized, accumulated other comprehensive income is reclassified to profit or loss.

(iii) Equity financial assets measured at fair value through other comprehensive income

Of the financial assets other than financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income, equity financial assets for which an irrevocable election was made at initial recognition to present subsequent changes in fair value as other comprehensive income, are classified as equity financial assets measured at fair value through other comprehensive income.

Subsequent to initial recognition, these are measured at fair value and the subsequent changes in fair value are recognized as other comprehensive income. When the fair value significantly declines or the financial assets are derecognized, accumulated other comprehensive income is directly reclassified to retained earnings.

Dividend income relating to the financial assets are included in profit or loss.

(iv) Financial assets measured at fair value through profit or loss

Financial assets other than financial assets measured at amortized cost as well as debt instruments and equity financial assets measured at fair value through other comprehensive income are classified as financial assets measured at fair value through profit or loss.

Subsequent to initial recognition, these are measured at fair value and the subsequent changes in fair value are included in profit or loss.

(3) Impairment of non-derivative financial assets

For impairment on a financial asset measured at amortized cost, etc., allowance for doubtful accounts is recognized for the expected credit losses of the financial asset. At each fiscal year-end, the Ricoh Group

assesses whether the credit risk on a financial asset has increased significantly since initial recognition. The determination of whether the credit risk has increased significantly is based on the change in the risk of a default, with objective information such as a predetermined past due information and deterioration of financial conditions of business partners taken into consideration.

If the credit risk of a financial instrument has not increased significantly since initial recognition, allowance for doubtful accounts for the financial instrument is measured at an amount equal to the 12-month expected credit losses. If the credit risk of a financial instrument has increased significantly since initial recognition, allowance for doubtful accounts for the financial instrument is measured at an amount equal to the full lifetime expected credit losses. For trade receivables, etc. that do not contain a significant financing component, however, allowance for doubtful accounts is always measured at an amount equal to the full lifetime expected credit losses.

The expected credit losses of a financial instrument are estimated by reflecting the following factors.

- Unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
- Time value of money
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions

The amount pertaining to the measurement is included in profit or loss. When an event occurs that could reduce allowance for doubtful accounts after the impairment was recognized, the decrease in impairment is reversed to profit or loss.

(4) Equity

(i) Common stock under equity

Costs that are directly attributable to issuance of equity instruments issued by the Company are recognized as a deduction item of equity.

(ii) Treasury stock of the Company

For the Company's own equity instruments that were repurchased after the initial issuance (treasury stock), consideration paid (including transaction costs that are directly attributable to the purchase of such stock) is recognized as a deduction item of equity. In the event of sale of treasury stock, consideration received is recognized as an increase in equity.

(5) Derivative financial instruments and hedging activities

The Ricoh Group manages its exposure to certain market risks, those primarily related to foreign currency and interest rate, through the use of derivative instruments. As a matter of the Ricoh Group policy, the Ricoh Group does not enter into derivative contracts for trading or speculative purposes. The Ricoh Group recognizes all derivative instruments as either assets or liabilities in the consolidated statement of financial position and measures those instruments at fair value. When the Ricoh Group enters into a derivative contract, it makes a determination as to whether or not, the hedging relationship meets the hedge effectiveness requirements. In general, a derivative may be designated as either (1) a hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment ("fair value hedge") or (2)

a hedge of the exposure to changes in variability of the expected cash flows associated with an existing asset or liability or a planned transaction with very high probability (“cash flow hedge”).

The Ricoh Group formally documents all relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives that are designated as fair value or cash flow hedges to specific assets and liabilities on the consolidated statements of financial position or to specific firm commitments or forecasted transactions with very high probability.

(i) Fair value hedge

Derivative instruments designated as fair value hedges are measured at fair value. Changes in fair values of derivatives designated as fair value hedges are recognized as gains or losses and are offset by gains or losses resulting from the changes in the fair values of the hedged items.

(ii) Cash flow hedge

The effective portion of gains and losses of on hedging instruments in a cash flow hedge are recognized through other comprehensive income. Other comprehensive income is reclassified to profit or loss in the same period during which the hedged expected cash flows affects profit or loss. Changes in fair values of ineffective portions of cash flow hedges are recognized immediately in profit or loss.

(iii) Derivatives not designated as hedging instruments

Changes in the fair value of derivative financial instruments which do not qualify for hedge accounting are recognized in profit or loss for the fiscal period under review.

8. Revenue

The Ricoh Group has adopted IFRS 15 “Revenue from Contracts with Customers.”

In the adoption of IFRS 15, revenue is recognized based on the following five step approach:

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Pursuant to the contracts with customers, the Ricoh Group provides imaging devices for office use, services and solutions related to document, IT service and communications, commercial printing equipment, industrial printing equipment, consumables and services related to various equipment, thermal paper, and thermal media. Revenue is recognized at an amount expected to be received by the Ricoh Group in exchange for promised goods or services at the time when (or as) the control of such goods or services is transferred to the customer. Revenue from the sales of equipment, etc., is recognized at the time when such equipment, etc., is delivered to the customer, as the customer acquires control over the equipment, etc. at the time of delivery of the equipment, etc., and performance obligation of Ricoh is deemed to have been satisfied. If an inspection is required with regard to the performance of equipment, etc., revenue is recognized when equipment, etc. has been installed and accepted by the customer. Service revenue primarily from maintenance contracts is recognized over a certain

period of time as the relevant performance obligation is satisfied.

Revenue is measured at the amount of consideration promised in a contract with a customer, after deducting the amount of discount, rebate and refund, etc.

9. Provisions

Provisions are recognized when the Ricoh Group has present obligations as a result of past events, when it is probable that outflows of resources embodying economic benefits will be required to settle the obligations, and reliable estimates can be made of the amount of the obligations. Where the time value of money is material, provision is measured based on the present value using a discount rate that reflects the risks specific to the obligations.

10. Employee Benefits (Post-employment Benefits)

The Ricoh Group has defined benefit corporate pension plans and defined contribution plans. The net obligations for defined benefit plans are recognized at the present value of the amount of future benefit that the employees have earned in the current and prior periods, less the fair value of any plan assets on a plan-by-plan basis. Actuarial gains and losses arising from the defined benefit plan are recognized immediately in other comprehensive income and directly reclassified to retained earnings from other components of equity. Past service costs are recognized in profit or loss. The contribution to the defined contribution plans is recognized as an expense when the related service is provided by the employees.

11. The consumption tax and the local consumption tax are excluded from profits and losses.

Changes in Accounting Policies

Significant accounting policies which apply in consolidated statements of financial position are the same as previous fiscal year excepting the table below.

| IFRSs | Title | Summaries of new IFRSs/amendments |
|---------|--------|-----------------------------------|
| IFRS 16 | Leases | Changes in accounting for leases |

Adoption of IFRS 16 “Leases”

Ricoh implemented IFRS 16 ‘Leases’ as of April 1, 2019. Ricoh applied this standard retrospectively with the cumulative effect of initially applying this standard recognized at the date of initial application. In applying IFRS 16, Ricoh uses a practical expedient, in which an entity is not required to reassess whether a contract is or contains a lease at date of initial application, and Ricoh also uses practical expedients to the contracts that were previously identified as operating leases stipulated in the previous accounting standard.

For leases that Ricoh as lessee previously classified as operating leases applying IAS 17, right-of-use assets and lease liabilities were recognized at the date of initial application. Lease liabilities have been measured at the present value of outstanding lease payments discounted using the lessee’s incremental borrowing rate at the date of initial application. The weighted average of the lessee’s incremental borrowing rate is 1.6%. Right-of-use

assets are initially measured at the initial measurement amount of the lease liability adjusted for the prepaid lease payments and other factors. Ricoh has elected the exemptions that allow a lessee not to apply the requirements of IFRS 16 to short-term leases (with a lease term of 12 months or less) and leases for low-value assets.

For leases that Ricoh as lessee previously classified as finance leases applying IAS 17, the carrying amounts of right-of-use assets and lease liabilities at the date of initial application were the carrying amounts of lease assets and lease liabilities, respectively, immediately before the date measured applying IAS 17.

The following is a reconciliation of non-cancellable operating lease contracts applying IAS 17 as of March 31, 2019 and lease liabilities recognized in the Consolidated Statement of Financial Position at the date of initial application.

| | (Millions of Yen) |
|--|-------------------|
| Non-cancellable operating lease contracts as of March 31, 2019 | 49,522 |
| Finance lease liabilities as of March 31, 2019 | 3,397 |
| Cancellable operating lease contracts, etc. | 30,359 |
| Lease liabilities as of April 1, 2019 | 83,278 |

Right-of-use assets recognized at the beginning of the current fiscal year was ¥79,807 million. There was no material impact on profit and loss of the current fiscal year from the changes.

Additional Information

The Ricoh Group's financial results for the current fiscal year have been significantly influenced by a decrease in demand for the mainstay businesses of office equipment and consumables toward the end of the current fiscal year, particularly overseas, due to the global spread of COVID-19 prompting governments in numerous countries to impose lockdowns or requests to voluntarily constrain activities.

It is anticipated that these circumstances will continue during the following fiscal year to a certain degree and the Ricoh Group has made several assumptions concerning when the spread of COVID-19 will come to an end within which performance is expected to recover most likely from the third quarter of FY2020, while also considering possibilities for a recovery in performance starting from the second quarter of FY2020 or from FY2021.

The Ricoh Group tests goodwill and fixed assets for impairment and evaluates the recoverability of deferred tax assets on the grounds that future business plans are established in accordance with certain assumptions in consideration of the above scenarios.

Notes to Consolidated Statements of Financial Position

1. Allowance for doubtful receivables directly deducted from the amount of assets:

(1) Current assets:

Trade and other receivables: ¥8,386 million

Other financial assets: ¥2,602 million

(2) Non-current assets:

Other financial assets: ¥2,897 million

2. Pledged assets and liabilities:

Not applicable.

3. Matters related to transfers of financial assets:

Subsidiaries of Ricoh conduct transfers of lease receivables to trusts and others. The transfers that do not meet the requirements for being treated as the sale of financial assets are accounted for as secured borrowings. With respect to the aforementioned accounting treatment, the consolidated statement of financial position includes the following assets and liabilities:

(1) Assets:

Current assets:

Other financial assets: ¥261 million

Non-current assets:

Other financial assets: ¥475 million

(2) Liabilities:

Current liabilities:

Bonds and borrowings: ¥261 million

Non-current liabilities:

Bonds and borrowings: ¥475 million

4. Guarantee obligation:

There is no guarantee obligation having significance in terms of value.

5. Accumulated depreciation and accumulated

impairment losses on property, plant and equipment: ¥715,195 million

6. Other components of equity include remeasurement of defined benefit plan, net gain on fair value of financial assets measured through other comprehensive income, net gain on fair value of cash flow hedges, and exchange differences on translation of foreign operations.

Notes to Consolidated Statements of Changes in Equity

1. Details and total number of shares outstanding as of the end of the current fiscal year

Common stock: 744,912,078 shares

2. Number of treasury stock as of the end of the current fiscal year

Common stock: 20,478,528 shares

Note: The Company has established the Board Incentive Plan trust in which beneficiaries include Directors and Executive Officers from the current fiscal year. 421,500 of the Company's shares owned by the trust account relating to this trust are accounted for as treasury stock.

3. Dividends

(1) Payment of dividends

| Resolution | Total amount of dividends | Dividends per share | Record date |
|--|---------------------------|---------------------|--------------------|
| Ordinary General Meeting of Shareholders (June 21, 2019) | ¥9,423 million | ¥13.00 | March 31, 2019 |
| Board of Directors meeting (November 1, 2019) | ¥9,423 million | ¥13.00 | September 30, 2019 |

Note: The total amount of dividends determined by the resolution of the Board of Directors meeting held on November 1, 2019 includes ¥5 million of dividends for the Company's shares owned by the Board Incentive Plan trust, established by the Company, in which beneficiaries include Directors and Executive Officers.

(2) Dividends whose record date is in the current fiscal year but whose effective date is in the following fiscal year are as follows:

| Resolution (scheduled) | Total amount of dividends | Dividends per share | Record date |
|--|---------------------------|---------------------|----------------|
| Ordinary General Meeting of Shareholders (June 26, 2020) | ¥9,423 million | ¥13.00 | March 31, 2020 |

Note: The total amount of dividends includes ¥5 million of dividends for the Company's shares owned by the Board Incentive Plan trust, established by the Company, in which beneficiaries include Directors and Executive Officers.

Notes to Financial Instruments

1. Matters concerning the state of financial instruments

(1) Capital risk management

The Ricoh Group's capital management policy is to maintain a strong financial position which enables to secure adequate funds for its operational development, and at the same time, to sustain an efficient capital structure, with the aim of realizing sustainable growth of the Ricoh Group and enhancement of its corporate value.

(2) Foreign exchange risk management

A considerable part of the Ricoh Group's production and sales activities are conducted outside of Japan, including the U.S., Europe, China, and other regions. As a consequence, the Ricoh Group's performance results, assets and liabilities denominated in foreign currencies may be impacted by currency rate fluctuation.

The Ricoh Group has entered into foreign exchange contracts in an effort to reduce exposure to risk associated with foreign exchange rate fluctuation on its assets and liabilities denominated in foreign

currencies.

(3) Interest rate risk management

Of the Ricoh Group's interest-bearing debts, those which are at variable interest rates are exposed to interest rate fluctuation risk.

The Ricoh Group has entered into interest rate swap contracts in order to hedge potential risk, arising from fluctuation in interest rate, on cash flow by payment of interest. The Ricoh Group uses derivatives pursuant to the policy set forth by the Ricoh Group for the purpose of reducing risk.

(4) Credit risk management

Receivables generated from operating activities of the Ricoh Group are exposed to the credit risk of its business partners.

As for such risk, the Ricoh Group sets a credit limit, conducts surveys on credit and monitoring of the performance of its business partners on an ongoing basis. The Ricoh Group believes that potential risk such as concentration of credit risk and outstanding accounts of business partners to which the Ricoh Group grants credit need to be minimized, and therefore, the Ricoh Group makes adjustment to the extent of granting credit based on the results of monitoring.

When the Ricoh Group uses derivative transactions, financial institutions are limited to those which are highly credible in order to minimize exposure to credit risk.

(5) Liquidity risk management

The Ricoh Group procures operating funds in a form of loans from financial institutions or by issuing bonds. As a consequence, the Ricoh Group is exposed to risk of not being able to fulfill its repayment obligation due to factors such as deterioration of fund procurement environment.

Ricoh and some of its consolidated subsidiaries have entered into agreements with financial institutions in respect of limits on loan and overdraft facilities, and hold commercial paper issuance program. The Ricoh Group has also developed a structure to allow accommodating other Group companies with funds by making use of liquidity on hand effectively among the Group companies, with the Ricoh Group's finance subsidiaries located in each region playing a central role. The Ricoh Group strives for diversifying means for fund procurement, and has concluded commitment line agreements with more than one financial institution as a countermeasure against liquidity risk.

2. Matters concerning fair value of financial instruments

(1) Cash and cash equivalents, time deposits, and trade and other payables

These financial instruments are not included in the table below, as the carrying amounts approximate fair values due to the relatively short term nature.

(2) Trade and other receivables

The receivables settled in a short period of trade and other receivables are not included in the table below, because the carrying amounts approximate fair values due to the short maturities of these instruments.

Fair value of the receivables not expected to be recovered or settled in a short period of time, per each receivable classified per certain business types, are calculated based on present value of such receivable discounted by the interest rate, which takes into account the period to maturity and the credit risk.

(3) Lease receivables and installment loans

Fair value of lease receivables and installment loans, per each receivable classified per certain period, are calculated based on present value of such receivable discounted by the interest rate, which takes into account the period to maturity and the credit risk.

(4) Derivatives

Derivative instruments consist of interest rate swap agreements and foreign currency contracts. Fair values of these instruments are mainly measured by obtaining quotes from brokers.

(5) Securities and bonds

Securities and bonds include mainly marketable securities, bonds and unlisted securities. Marketable securities and bonds are held at fair value using quoted prices in an active market. The fair value of unlisted securities is measured using the comparable companies' analysis or other reasonable valuation methods.

(6) Bonds and borrowings

Bonds and borrowings expected to be settled in within 12 months are not included in the table below, as the carrying amounts approximate fair values due to the short maturities of these instruments.

Fair value of bonds and borrowings are calculated from estimated present value using year-end borrowing rates derived from future cash flows, on a per-loan basis, as well as calculated based on market prices.

Carrying amounts and fair values of the financial instruments on the consolidated statement of financial position as of March 31, 2020 are as follows:

In addition, the table below includes the carrying amounts included in “assets classified as held for sale” and “liabilities directly related to assets held for sale.”

| | (Unit: millions of yen) | |
|---|-------------------------|------------|
| | Carrying amount | Fair value |
| Assets: | | |
| Trade receivables | 150,891 | 156,381 |
| Other financial assets (current and non-current) | | |
| Lease receivables | 872,031 | 887,174 |
| Derivative assets | 2,342 | 2,342 |
| Installment loans | 180,586 | 181,368 |
| Other investments | | |
| Securities | 29,760 | 29,760 |
| Bonds | 855 | 855 |
| Liabilities: | | |
| Other financial liabilities (current and non-current) | | |
| Derivative liabilities | 341 | 341 |
| Bonds and borrowings | 789,449 | 786,493 |

Subsequent Events

(Partial share transfer of Ricoh Leasing Co., Ltd.)

At a meeting on March 9, 2020, the Board of Directors of Ricoh agreed to sell a portion of Ricoh's shares in Ricoh Leasing Co., Ltd. (referred to as “Ricoh Leasing”) to Mizuho Leasing Company, Ltd. (referred to as “Mizuho Leasing”).

Therefore, in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, Ricoh

reclassified assets and liabilities owned by Ricoh Leasing and its subsidiaries to “Assets classified as held for sale” and “Liabilities directly related to assets held for sale”. Ricoh measured the disposal group classified as held for sale at the lower of its carrying amount and fair value less costs to distribute. As a result, the disposal group is recorded at carrying amount at the time. The carrying amount of “Assets classified as held for sale” and “Liabilities directly related to assets held for sale” are ¥1,125,582 million and ¥969,069 million as of the end of the current fiscal year.

As of April 23, 2020, Ricoh concluded the partial transfer of common shares in Ricoh Leasing to Mizuho Leasing. As a result of the share transfer, Ricoh's voting rights in Ricoh Leasing changed to the ownership ratio of 33.7%, and Ricoh Leasing moved from being a consolidated subsidiary of Ricoh to an equity-method affiliate. Cumulative other comprehensive income (net of taxes) related to disposal group held for sale amounted to ¥130 million (credit) and were included in equity in the consolidated statements of financial position as of the end of the current fiscal year. Net changes in fair value of financial assets measured through other comprehensive income amounted to ¥225 million (credit) are directly reclassified to retained earnings and net changes in fair value of cash flow hedges amounted to ¥95 million (debit) are reclassified to profit or loss when the asset is sold.

The sales, operating profit and profit of Ricoh Leasing and its subsidiaries recorded in the consolidated statement of profit or loss for current fiscal year are ¥144,710 million, ¥18,482 million and ¥12,400 million, respectively.

Notes to Per-share Information

| | |
|--|-----------|
| 1. Equity per share attributable to owners of the parent: | ¥1,270.47 |
| 2. Earnings (loss) per share: | |
| Earnings (loss) per share attributable to owners of the parent-basic | ¥54.58 |
| Earnings (loss) per share attributable to owners of the parent-diluted | ¥54.58 |

Non-consolidated Balance Sheet (as of March 31, 2020)

| | Millions of yen | |
|--|-----------------|----------|
| | As of March 31, | |
| | 2020 | 2019 |
| ASSETS | | |
| Current Assets: | 373,144 | 418,158 |
| Cash on hand and in banks | 90,404 | 16,430 |
| Notes receivable – trade | 442 | 461 |
| Accounts receivable – trade | 99,446 | 109,134 |
| Marketable securities | 19,999 | 76,996 |
| Finished goods | 29,499 | 34,794 |
| Raw materials | 2,729 | 2,281 |
| Work in process | 3,118 | 2,741 |
| Supplies | 12,048 | 11,571 |
| Accounts receivable – other | 24,574 | 43,041 |
| Short-term loans receivable | 74,446 | 126,692 |
| Other current assets | 16,452 | 15,321 |
| Allowance for doubtful accounts | (18) | (21,308) |
| Fixed Assets: | 550,215 | 545,296 |
| Tangible fixed assets: | 96,588 | 98,230 |
| Buildings | 48,243 | 49,797 |
| Structures | 2,171 | 2,270 |
| Machinery and equipment | 14,306 | 14,601 |
| Vehicles | 98 | 79 |
| Tools, furniture and fixtures | 10,149 | 10,706 |
| Land | 18,884 | 18,884 |
| Leased assets | 166 | 60 |
| Construction in progress | 2,567 | 1,830 |
| Intangible fixed assets: | 31,818 | 29,868 |
| Goodwill | 2,790 | 3,410 |
| Leasehold right and others | 7,672 | 7,865 |
| Software | 21,355 | 18,591 |
| Investments and Other Assets: | 421,809 | 417,198 |
| Investment securities | 12,220 | 15,504 |
| Subsidiaries and affiliates' securities | 348,764 | 346,502 |
| Investment in subsidiaries and affiliates | 12,290 | 12,515 |
| Long-term loans receivable | 23,910 | 24,912 |
| Claims provable in bankruptcy, claims provable in rehabilitation and other | 116 | 449 |
| Deferred tax assets | 22,482 | 13,577 |
| Lease deposit | 1,341 | 2,844 |
| Other investments | 874 | 1,434 |
| Allowance for doubtful accounts | (191) | (541) |
| Total Assets | 923,360 | 963,455 |

Non-consolidated Balance Sheet (as of March 31, 2020)

| | Millions of yen | |
|--|-----------------|----------|
| | As of March 31, | |
| | 2020 | 2019 |
| LIABILITIES | | |
| Current Liabilities: | 325,922 | 351,286 |
| Notes payable – trade | 266 | 218 |
| Electronically recorded obligations-operating | 26,588 | 19,792 |
| Accounts payable – trade | 89,800 | 105,639 |
| Bonds maturing within one year | 11,955 | 12,456 |
| Short-term borrowings | 86,183 | 60,684 |
| Current maturities of long-term borrowings | 10,000 | 46,648 |
| Leased obligations | 77 | 256 |
| Accounts payable – other | 65,273 | 64,121 |
| Accrued expenses | 10,227 | 13,320 |
| Accrued bonuses | 9,156 | 9,029 |
| Accrued Directors’ bonuses | 54 | 68 |
| Warranty reserve | 895 | 811 |
| Other current liabilities | 15,443 | 18,238 |
| Fixed Liabilities: | 136,422 | 133,935 |
| Bonds | 31,955 | 32,456 |
| Long-term borrowings | 91,955 | 92,456 |
| Leased obligations | 144 | 212 |
| Retirement benefit obligation | 9,063 | 5,737 |
| Provision for share-based compensation | 36 | - |
| Asset retirement obligations | 2,771 | 2,563 |
| Other fixed liabilities | 496 | 509 |
| Total Liabilities | 462,344 | 485,221 |
| NET ASSETS | | |
| Shareholders’ Equity: | 456,268 | 471,299 |
| Common stock | 135,364 | 135,364 |
| Additional paid-in capital: | 180,804 | 180,804 |
| Legal capital reserve | 180,804 | 180,804 |
| Retained earnings | 177,671 | 192,302 |
| Legal reserve | 14,955 | 14,955 |
| Other retained earnings | 162,716 | 177,347 |
| Reserve for deferral of capital gain on property | 2,777 | 3,031 |
| General reserve | 115,350 | 115,350 |
| Retained earnings brought forward | 44,588 | 58,965 |
| Treasury stock | (37,572) | (37,172) |
| Difference of appreciation and conversion | 4,746 | 6,934 |
| Net unrealized holding gains on securities | 4,746 | 6,934 |
| Total Net Assets | 461,015 | 478,233 |
| Total Liabilities and Net Assets | 923,360 | 963,455 |

Non-consolidated Statement of Operations (for the year ended March 31, 2020)

| | Millions of yen | |
|--|------------------------------|----------|
| | For the year ended March 31, | |
| | 2020 | 2019 |
| Net sales | 891,192 | 889,341 |
| Cost of sales | 728,382 | 708,530 |
| Gross profit | 162,809 | 180,810 |
| Selling, general and administrative expenses | 193,914 | 201,881 |
| Total operating profit (loss) | (31,104) | (21,070) |
| Non-operating income: | 26,601 | 27,768 |
| Interest and dividend income | 23,828 | 26,124 |
| Other revenue | 2,772 | 1,643 |
| Non-operating expenses: | 5,582 | 5,298 |
| Interest expense | 2,061 | 2,829 |
| Foreign exchange loss | 2,463 | 1,273 |
| Other expenses | 1,057 | 1,195 |
| Ordinary income (loss) | (10,085) | 1,399 |
| Extraordinary income | 4,543 | 74,147 |
| Gain on sales of investment securities | 2,540 | 50,665 |
| Gain on sales of shares of subsidiaries and affiliates | - | 23,482 |
| Enterprise tax refund | 2,003 | - |
| Extraordinary loss: | 1,353 | 16,370 |
| Impairment of fixed assets | 908 | 1,899 |
| Loss on valuation of investment securities | 444 | - |
| Loss on valuation of shares of subsidiaries and affiliates | - | 13,196 |
| Loss on business of subsidiaries and affiliates (Note) | - | 1,273 |
| Income (loss) before income taxes | (6,895) | 59,176 |
| Income taxes - current | (3,164) | 2,576 |
| Income taxes - deferred | (7,946) | 5,641 |
| Net income | 4,215 | 50,958 |

Note: Loss on business of subsidiaries and affiliates mainly comprises provision of allowance for doubtful accounts covering lending to subsidiaries and affiliates.

Statement of Changes in Shareholders' Equity (for the year ended March 31, 2020)

(Unit: millions of yen)

| | Shareholders' equity | | | | | |
|---|----------------------|----------------------------|---------------|--|-----------------|-----------------------------------|
| | Common stock | Additional paid-in capital | | Retained earnings | | |
| | | Legal capital reserve | Legal reserve | Other retained earnings | | |
| | | | | Reserve for deferral of capital gain on property | General reserve | Retained earnings brought forward |
| Beginning balance | 135,364 | 180,804 | 14,955 | 3,031 | 115,350 | 58,965 |
| Changes of items during the period | | | | | | |
| Dividends from surplus | | | | | | (18,846) |
| Net income | | | | | | 4,215 |
| Provision of reserve for deferral of capital gain on property | | | | 1 | | (1) |
| Reversal of reserve for deferral of capital gain on property | | | | (255) | | 255 |
| Reversal of general reserve | | | | | - | - |
| Purchase of treasury stock | | | | | | |
| Disposal of treasury stock | | | | | | (0) |
| Net changes of items other than shareholders' equity | | | | | | |
| Total changes of items during the period | - | - | - | (254) | - | (14,377) |
| Ending balance | 135,364 | 180,804 | 14,955 | 2,777 | 115,350 | 44,588 |

| | Shareholders' equity | | | Valuation and translation adjustments | Total net assets |
|---|-------------------------|----------------|----------------------------|---|------------------|
| | Retained earnings | Treasury stock | Total shareholders' equity | Total valuation and translation adjustments | |
| | Total retained earnings | | | | |
| Beginning balance | 192,302 | (37,172) | 471,299 | 6,934 | 478,233 |
| Changes of items during the period | | | | | |
| Dividends from surplus | (18,846) | | (18,846) | | (18,846) |
| Net income | 4,215 | | 4,215 | | 4,215 |
| Provision of reserve for deferral of capital gain on property | - | | - | | - |
| Reversal of reserve for deferral of capital gain on property | - | | - | | - |
| Reversal of general reserve | - | | - | | - |
| Purchase of treasury stock | | (400) | (400) | | (400) |
| Disposal of treasury stock | (0) | 0 | 0 | | 0 |
| Net changes of items other than shareholders' equity | | | | (2,187) | (2,187) |
| Total changes of items during the period | (14,631) | (400) | (15,031) | (2,187) | (17,218) |
| Ending balance | 177,671 | (37,572) | 456,268 | 4,746 | 461,015 |

Notes to Non-consolidated Financial Statements

* All figures are rounded down to nearest million yen.

Notes Regarding Significant Accounting Policies

1. Accounting Policy for Securities

(1) Securities of subsidiaries and affiliates

Securities of subsidiaries and affiliates are stated at cost based on the moving average method.

(2) Other securities

Marketable securities: Marked to market based on the market price at the end of the term and other factors (accounting for all valuation differences with the full net-assets injection method; the cost of securities sold is valued at moving average cost).

Non-marketable securities: Stated at cost based on the moving average method.

2. Accounting Policy for Derivatives

Derivatives are stated at market value.

3. Accounting Policy for Inventories

Inventories are stated principally at cost using the gross average method (the amounts on the balance-sheets are stated based on the method of devaluing book values by lowered profitability).

4. Depreciation and Amortization

(1) Tangible fixed assets (excluding leased assets):

Depreciated by using the straight-line method. Major useful life is as follows:

Buildings: 5-50 years

Machinery and equipment: 4-12 years

(2) Intangible fixed assets (excluding leased assets):

Depreciated by using the straight-line method.

With software for sale in the market, however, the Company records the larger of an amortization based on projected sales profits or a uniform amortization based on a projected effective sales period for the balance. The initially projected effective sales term is 3 years. With software for internal use, the Company uses the straight-line method based on a usable period of 3 to 10 years.

Goodwill is amortized using the straight-line method over the period of investment effect (16 years).

(3) Leased assets

Finance leases for which ownership does not transfer to lessees

Ricoh uses straight-line depreciation for leased assets with the lease-term as useful life.

5. Basis for Provision of Reserves

(1) Allowance for doubtful accounts:

The allowance for doubtful accounts is provided to cover possible losses from bad debts and represents possible individual doubtful accounts based on historical default rates and the probability of recoverability.

(2) Accrued bonuses:

The reserve for accrued bonuses is provided by estimating the amount of bonuses payable to employees for the current financial year under our corporate rules for calculating such bonus payment.

(3) Accrued Directors' bonuses:

The reserve for accrued bonuses is provided by estimating the amount of bonuses payable to Directors for the current financial year.

(4) Warranty reserve:

To cover product after-sales service expenses, the Company calculates the product warranty reserve based on projected service costs.

(5) Retirement benefit obligation:

To cover projected employee benefits, the Company records the estimated obligations at the end of current fiscal year based on projected year-end benefit obligations and plan assets.

For calculation of retirement benefit obligations, the method of attributing expected retirement benefits to periods up to the end of the current fiscal year is on a straight-line basis.

For actuarial gains or losses, the Company uses straight-line amortization over a certain period of time (12 years) within averaged remaining employment term as incurred in each business year starting from the year following the year of occurrence.

For prior service costs the Company uses straight-line amortization over a certain period of time (12 years) within averaged remaining employment term as incurred in each business year.

Unrecognized actuarial gains and losses and unrecognized prior service costs on the non-consolidated balance sheets are treated differently from those on the consolidated statement of financial position.

(6) Provision for share-based compensation:

Projected payments of the Company's shares to Directors and other officers are recorded based on the amount of benefits corresponding to the estimated number of points granted to Directors and other officers pursuant to the Share Grant Regulations.

6. Consumption Taxes

The consumption tax and the local consumption tax are excluded from profits and losses.

7. Application of Consolidated Taxation System

The Company adopts a consolidated taxation system with the Company being the consolidated parent company.

8. Application of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System

Regarding items reclassified following the review of the non-consolidated taxation system in keeping with the transition to the group tax sharing system established pursuant to the Act for Partial Amendment of the Income

Tax Act, etc. (Act No.8 of 2020) and to the group tax sharing system applied in the Company, the provisions of Paragraph 44 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No.28 of February 16, 2018) is not applicable to the Company as provided in Paragraph 3 of the Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (PITF No.39 of March 31, 2020), and thus the Company calculated the amounts of deferred tax assets and deferred tax liabilities based on the tax act before the revision.

9. Hedge Accounting

(1) Hedge accounting methods:

Deferred hedge accounting is adopted.

With interest-rate swaps, special treatment is adopted if requirements of special treatment are met.

(2) Hedge instruments and targets:

Hedging instruments: Interest-rate swaps

Hedged items: Interests of long-term borrowings

(3) Hedging policies:

In keeping with its internal Market Risk Management Rules, Ricoh uses derivatives to manage the exposure of its assets and liabilities to market or cash flow fluctuations.

(4) Hedge effectiveness assessment method:

In cases where the significant conditions for hedging instruments and hedged items are identical, which are deemed highly effective, assessment is omitted. Interest rate swaps, which meet the requirements of special treatment, are exempt from the assessment of effectiveness. For other cases, the Company assesses the effectiveness of hedges by analyzing the ratios of the cumulative total market and cash flow fluctuations of hedged targets and instruments.

Additional Information

The Company's financial results for the current fiscal year have been significantly influenced by a decrease in demand for the mainstay businesses of office equipment and consumables toward the end of the current fiscal year, particularly overseas, due to the global spread of COVID-19 prompting governments in numerous countries to impose lockdowns or requests to voluntarily constrain activities.

It is anticipated that these circumstances will continue during the following fiscal year to a certain degree and the Company has made several assumptions concerning when the spread of COVID-19 will come to an end within which performance is expected to recover most likely from the third quarter of FY2020, while also considering possibilities for a recovery in performance starting from the second quarter of FY2020 or from FY2021.

The Company tests and fixed assets for impairment and evaluates the recoverability of deferred tax assets on the grounds that future business plans are established in accordance with certain assumptions in consideration of the above scenarios.

Notes to Non-consolidated Balance Sheets

| | |
|---|------------------|
| 1. Monetary debts and credits for subsidiaries and affiliates: | |
| Short-term receivable due from subsidiaries and affiliates: | ¥194,346 million |
| Long-term receivable due from subsidiaries and affiliates: | ¥23,910 million |
| Short-term payable due to subsidiaries and affiliates: | ¥170,141 million |
| Long-term payable due to subsidiaries and affiliates: | ¥28 million |
| 2. Guarantee obligation: | |
| Parent company's guarantee for commercial papers issued by subsidiaries and affiliates: | ¥32,649 million |
| Parent company's guarantee for the credit line agreement by subsidiaries and affiliates when necessary: | ¥20,000 million |
| Parent company's guarantee for the lease agreement by subsidiaries and affiliates: | ¥658 million |
| 3. Accumulated depreciation on tangible fixed assets: | ¥420,897 million |

Notes to Non-consolidated Statements of Operations

Transaction with subsidiaries and affiliates:

| | |
|-------------------------------|------------------|
| Sales: | ¥861,732 million |
| Purchase: | ¥306,000 million |
| Other operating transactions: | ¥35,302 million |
| Non-operating transactions: | ¥24,018 million |

Notes to Statements of Changes in Shareholders' Equity

Number of treasury stocks as of the end of the fiscal year

| | |
|---------------|-------------------|
| Common stock: | 20,478,528 shares |
|---------------|-------------------|

Note: The number of treasury stocks includes 421,500 shares of the Company's shares (number of voting rights: 4,215) owned by the Board Incentive Plan trust, established by the Company, in which beneficiaries include Directors and Executive Officers.

Notes to Deferred Tax Accounting

Major factors giving rise to deferred tax assets include deductible temporary difference relating to loss on valuation of stocks of affiliates, retirement benefit obligations, divestment of subsidiary's shares (Ricoh Leasing), accrued bonuses, depreciation, etc., and retained loss, with a valuation allowance of ¥81,174 million deducted. Valuation allowance is principally recognized for deductible temporary difference and retained loss.

Notes to Leased Fixed Assets

The Company uses fixed assets in the balance sheets and certain office equipment and production facilities, etc. under finance lease contracts without ownership transfer.

Notes to Related Party Transactions

(Unit: millions of yen)

| Attribute | Name of company, etc. | Voting rights held by Company | Relation with company | | Description of transactions | Transaction amount (Note 1) | Account item | Balance as of the fiscal year under review (Note 1) |
|------------|-------------------------------|-------------------------------|-----------------------|--|------------------------------------|-----------------------------|-----------------------------|---|
| | | | Concurrent Directors | Business relation | | | | |
| Subsidiary | RICOH JAPAN CORPORATION | (Possessed) Directly: 100% | Yes | Sale of the Company's office equipment | Sales of products (Note 2) | 506,992 | Accounts receivable – trade | 62,983 |
| | | | | | Borrowing of funds (Note 5) | 31,649 | Short-term borrowings | 14,452 |
| Subsidiary | RICOH LEASING COMPANY, LTD. | (Possessed) Directly: 52.9% | Yes | Factoring transaction | Factoring transaction (Note 3) | 52,388 | Accounts payable – other | 17,887 |
| | | | | Lending of funds | Lending of funds (Note 4) (Note 5) | 6,916 | Short-term loans receivable | 1 |
| Subsidiary | RICOH INDUSTRY CO., LTD. | (Possessed) Directly: 100% | Yes | Sale of the Company's office equipment | Borrowing of funds (Note 5) | 9,735 | Short-term borrowings | 9,953 |
| Subsidiary | RICOH USA INC. | (Possessed) Indirectly: 100% | Yes | Sale of the Company's office equipment | Sales of products (Note 2) | 103,688 | Accounts receivable – trade | 7,472 |
| Subsidiary | RICOH AMERICAS HOLDINGS, INC. | (Possessed) Directly: 100% | Yes | Lending of funds | Lending of funds (Note 4) (Note 5) | 52,822 | Short-term loans receivable | 50,842 |
| | | | | | Collection of funds (Note 4) | 16,648 | – | – |
| Subsidiary | RICOH EUROPE FINANCE LIMITED | (Possessed) Indirectly: 100% | Yes | Borrowing of funds | Borrowing of funds (Note 5) | 46,468 | Short-term borrowings | 50,458 |
| | | | | Lending of funds | Lending of funds (Note 4) (Note 5) | 16,737 | Short-term loans receivable | 16,737 |
| | | | | | Collection of funds (Note 4) | 21,175 | Long-term loans receivable | 23,910 |
| Subsidiary | RICOH EUROPE SCM B.V. | (Possessed) Indirectly: 100% | No | Sale of the Company's office equipment | Sales of products (Note 2) | 90,881 | Accounts receivable – trade | 12,318 |

Notes: Transaction conditions and policy in determining transaction conditions

1. The transaction amount does not include the consumption tax, while the ending balance includes the consumption tax.
2. Prices and other transaction conditions are determined through price negotiations, taking into account the market situation.
3. For trade payables of the Company, payments are made under the main factoring agreement concluded among three parties which are the Company, counterparty and Ricoh Leasing Company Ltd.
4. Terms and conditions of lending and borrowing are determined each time through negotiations based on market interest rates.
5. The transaction amount shows the average balance during the period.

Notes to Per-share Information

1. Net assets per share: ¥636.38
2. Net income (loss) per share: ¥5.81

Note: The income (loss) per share is calculated by recognizing the Company's shares owned by the Board Incentive Plan trust as treasury stocks, then deducting the said number of treasury stocks from the average number of common stocks during the period. The Board Incentive Plan trust is established by the Company, in which beneficiaries include Directors and Executive Officers,

Subsequent events

At a meeting on March 9, 2020, the Board of Directors of Ricoh agreed to sell a portion of Ricoh's shares in Ricoh Leasing Co., Ltd. ("Ricoh Leasing") to Mizuho Leasing Company, Ltd. ("Mizuho Leasing"). Pursuant to the share transfer agreement, the Company concluded the partial transfer of common shares in Ricoh Leasing to Mizuho Leasing on April 23, 2020. As a result of the share transfer, the Company's voting rights in Ricoh Leasing changed to the ownership ratio of 33.7%, and Ricoh Leasing moved from being the Company's consolidated subsidiary to an equity-method affiliate. At the same time, it is expected that an extraordinary income (gain on sales of shares of subsidiaries and affiliates) of ¥33.4 billion shall be recorded in the non-consolidated financial results of the fiscal year ending March 31, 2021.

Independent Auditor's Report

May 18, 2020

The Board of Directors
Ricoh Company, Ltd.

Deloitte Touche Tohmatsu LLC
Tokyo Office

Masato Shoji (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takako Fujimoto (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Norihiro Watanabe (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated statements of financial position, the consolidated statements of profit or loss, the consolidated statements of changes in equity and the notes to the consolidated financial statements of Ricoh Company, Ltd. (the "Company") for the fiscal year from April 1, 2019 through March 31, 2020.

In our opinion, the above consolidated financial statements, prepared with the omission of some disclosure items required under the International Financial Reporting Standards in accordance with the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting, present fairly, in all material respects, the financial position and results of operations of the corporate group, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting which allows companies to prepare consolidated financial statements with the omission of some disclosure items required under International Financial Reporting Standards, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting which allows companies to prepare consolidated financial statements with the omission of some disclosure items required under International Financial Reporting Standards.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material

misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.

- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting which allows companies to prepare consolidated financial statements with the omission of some disclosure items required under International Financial Reporting Standards, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards. The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

* Details of the audit report on the consolidated financial statements by the Audit & Supervisory Board are included in the transcript of the Audit & Supervisory Board's Report on pages 133 to 134

Independent Auditor's Report

May 18, 2020

The Board of Directors
Ricoh Company, Ltd.

Deloitte Touche Tohmatsu LLC
Tokyo Office

Masato Shoji (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takako Fujimoto (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Norihiro Watanabe (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of operations, the statement of changes in shareholders' equity and the related notes, and the accompanying supplementary schedules of Ricoh Company, Ltd. (the "Company") for the 120th fiscal year from April 1, 2019 through March 31, 2020.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2020, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error. In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.

- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Audit & Supervisory Board's Report

The Audit & Supervisory Board has prepared this Audit Report upon discussion based on the audit reports prepared by each Audit & Supervisory Board Member concerning the execution of duties by the Directors for the fiscal year from April 1, 2019 to March 31, 2020, and hereby reports as follows:

1. Methods and contents of the Audit employed by the Audit & Supervisory Board Members and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board prescribed audit policies, activity plans, assignment of duties and other relevant matters, received reports from each Audit & Supervisory Board Member on their implementation of audits and results thereof, as well as reports from Directors, etc. and the Independent Auditor on the performance of their duties, and requested explanations from them whenever necessary.
- (2) Each Audit & Supervisory Board Member complied with the auditing standards of Audit & Supervisory Board Members established by the Audit & Supervisory Board, followed the audit policies, activity plans, assignment of duties, etc., communicated with Directors, staff of the internal management and control division, and other employees, etc., strove to collect information and establish the environment for auditing, and conducted audits based on the methods below.
 - (i) Each Audit & Supervisory Board Member attended Board of Directors and other important meetings, received reports from Directors, employees, etc. on the execution of their duties, requested explanations from them whenever necessary, inspected important written approvals, etc., examined the status of operations and assets at the headquarters and principal offices. With regards to the subsidiaries, we strove to communicate and exchange information with the principal administrative divisions of each subsidiary, and received explanations from Directors and employees regarding their business and exchanged opinions by visiting the subsidiaries whenever necessary.
 - (ii) We also regularly received reports, from Directors, employees, etc., requested explanations from them whenever necessary, and expressed our opinions, for ensuring that the execution of duties by Directors described in the Business Report conforms to the related laws and regulations and the Articles of Incorporation, the details of the resolution of the Board of Directors concerning the establishment of the system stipulated in Article 100, Paragraph 1 and Paragraph 3 of the Enforcement Regulations of the Companies Act aiming to secure the appropriateness of the operations of the corporate group consisting of the Company and its subsidiaries; and the construction and operation status of a system (internal control system) established in accordance with the said resolution.
 - (iii) With regard to accounting audits, we received explanations on audit plans from the Independent Auditor in advance and made discussions, as well as received audit reports. Furthermore, we monitored and verified whether the Independent Auditor implemented appropriate audits while maintaining independence, received reports from the Independent Auditor on the execution of their duties, and sought explanations whenever necessary. Furthermore, we received notice from the Independent Auditor that "System for ensuring that the execution of duties is performed properly" (matters set forth in each item of Article 131 of the Company Accounting Regulations) is organized in accordance with the "Quality Management Standards Regarding Audits" (Business Accounting Council; October 28, 2005), etc., and sought explanations whenever necessary.

Based on the above methods, we examined the business report and its supplementary schedule, non-consolidated financial statements (the balance sheet, the statement of operations, the statement of changes in shareholders' equity and the notes to financial statements) and the supplementary schedules for the fiscal year under review, as well as consolidated financial statements (the consolidated financial statements, comprising the consolidated statements of financial position, the consolidated statements of profit or loss, the consolidated statements of changes in equity and the notes to consolidated financial statements).

2. Audit results

(1) Results of audit of Business Report, etc.

- (i) We hereby state that the Business Report and the supplementary schedules fairly represent the Company's conditions in accordance with the related laws and regulations and the Articles of Incorporation.
- (ii) With regard to the performance of duties by Directors, we find no significant evidence of wrongful act or violation of related laws and regulations, nor the Articles of Incorporation.
- (iii) We hereby state that the content of the resolution by the Board of Directors concerning the internal control system is proper. In addition, we find no issue on which to remark in regard to the contents of Business Report and the execution of duties by the Directors regarding the internal control system. On the other hand, we acknowledge the importance of initiatives to check and further enhance the effectiveness of the internal control system, together with reviews of competitive strategy and organizational change, in view of the rapid changes in the business environment due to the COVID-19 pandemic.

(2) Results of audit of non-consolidated financial statements and the supplementary schedules

We hereby state that the audit methods of the Independent Auditor, Deloitte Touche Tohmatsu LLC, and the results are appropriate.

(3) Results of audit of consolidated financial statements

We hereby state that the audit methods of the Independent Auditor, Deloitte Touche Tohmatsu LLC, and the results are appropriate.

May 19, 2020

The Audit & Supervisory Board, Ricoh Company, Limited

| | |
|--|--------------------------|
| Audit & Supervisory Board Member (Full-time) | Katsumi Kurihara (seal) |
| Audit & Supervisory Board Member (Full-time) | Hiroshi Osawa (seal) |
| Outside Audit & Supervisory Board Member | Takashi Narusawa (seal) |
| Outside Audit & Supervisory Board Member | Shigeru Nishiyama (seal) |
| Outside Audit & Supervisory Board Member | Yo Ota (seal) |

Notes on the Audit Performance

1. Purpose of these Notes

Audit & Supervisory Board Members, as independent agents, are charged by the Company's shareholders with responsibility for auditing the execution of duties by Directors, and ensuring the establishment of systems of good corporate governance to respond to the trust placed in the Company by society. Since FY2017, the Audit & Supervisory Board has voluntarily prepared these Notes as complementary material to the Audit & Supervisory Board's Report (see pages 133 to 134), in order to enhance the effectiveness of the dialogue with stakeholders including shareholders, based on the belief that more concrete explanation of the Audit & Supervisory Board's activities will lead to enhanced audit transparency. We also plan to disclose the outline of these Notes in the section on the "Status of activities by Audit & Supervisory Board Members and the Audit & Supervisory Board" in the Securities Report (for FY2019).

2. Outline of audit activities

We reviewed risks and issues in the five areas, namely (1) Directors, (2) Business execution, (3) Subsidiaries, (4) Internal audit, and (5) Accounting audit, and formulated annual activity plans. Outline of audit activities in each of these areas are illustrated in Chart 1 below. Audit & Supervisory Board Members pointed out the issues and provided suggestions to Directors and business divisions, concerning the matters brought to our attention through these audit activities.

■ Chart 1: Outline of audit activities

★ Meetings organized by the Audit & Supervisory Board Members

NEW New initiatives for FY2019



With respect to the issues described in “Addressing the COVID-19 Pandemic” and “Background to Inappropriate Accounting Practices at Indian Sales Subsidiary, Response, and Situation Thereafter” (see pages 57 to 58 and pages 62 to 63), Audit & Supervisory Members made sure to stay updated on the latest developments, by requesting explanation from the Directors, Executive Officers, and the employees concerned, etc., as well as attending the relevant meetings, in addition to the audit activities as shown in Chart 1.

3. Areas of focus and actions for FY2019

FY2019 was the final year of the Company’s 19th Mid-Term Management Plan. The Company has been engaged in a diverse range of activities aimed at enhancing corporate value, and the Audit & Supervisory Board examined and discussed the expected risks associated with these business activities. As a result, in addition to the audit activities shown in Chart 1, “effective management of overseas subsidiaries” and “actual state of

governance of subsidiaries acquired through M&A,” which had been indicated as issues to be monitored during FY2019 in these Notes last year, as well as “global monitoring of the comprehensive audit quality of the Independent Auditor,” were established as areas of focus for FY2019.

Area of focus: (i) Audit of effective management of overseas subsidiaries

The Audit & Supervisory Board had already carried out audits of the effective management of overseas subsidiaries in FY2018. In FY2019, it concentrated on the following issues in particular.

Selection of targets for on-site audits using an “integrated risk information database for the Ricoh Group”

In FY2019, basic information and risk information related to subsidiaries, which had previously been managed in various places across the Group, were gathered into one place and reorganized into an “integrated risk information database for the Ricoh Group,” which can be shared and utilized effectively by each audit body, in order to further strengthen cooperation of three-way audit*¹. Using this risk information database, the Asia Pacific and Latin America were established as focus regions for audits by the Audit & Supervisory Board Members, and subsidiaries were chosen for on-site audits.

*¹ Three-way audit: Audits by Audit & Supervisory Board Members, the Independent Auditor, and internal auditors.

Implementation of consecutive audits with the involvement of principal administrative divisions

For the audit of subsidiaries, Audit & Supervisory Board Members enhanced audit effectiveness with more comprehensive sets of matters for checking on-site, based on prior confirmation of the status of governance and administration of the subsidiary by the principal administrative divisions*².

After on-site audits, Audit & Supervisory Board Members held follow-up meetings with principal administrative divisions, and made suggestions for resolving issues, with the aim of bringing about prompt improvement in matters indicated during the on-site audit.

Audit & Supervisory Board Members shared the results of the audits and pointed out the issues in a speedy manner through separate monthly meetings with the CEO and the CFO respectively.

*² Principal administrative divisions: Headquarters administrative divisions in charge of subsidiaries.

Area of focus: (ii) Audit of actual state of governance of subsidiaries acquired through M&A

Audits of the actual state of governance, with a view to ensuring long-term growth, was carried out on subsidiaries acquired through M&A, using a process similar to (i) above. In addition, interview items related to M&A were added to the checklist regarding internal controls, which was developed in FY2018, and the actual situation was confirmed.

Audit & Supervisory Board Members also interviewed the Investment Committee regarding the items below, and worked to promote further improvements in the M&A process in the future through suggestions aimed at enhancing the accuracy of investment decisions.

- Status of monitoring of M&A targets after implementation
- Status of improvement of the processes for pre-implementation screening and post-merger integration of M&A targets

- Status of human resources development aimed at enhancing M&A literacy and strengthening organizational power

Area of focus: (iii) Global monitoring of the comprehensive audit quality of the Independent Auditor

Deloitte Touche Tohmatsu LLC was appointed as the new Independent Auditor in FY2019, and audit work began under a new structure. The Independent Auditor was monitored through evaluation based on the items expected at appointment, as well as the evaluation criteria*3 for the Independent Auditor established by the Audit & Supervisory Board.

The method used for evaluating the Independent Auditor based on the items expected of it was as follows.

- Confirmation of the audit firm's global audit structure and grip on the overseas audit teams, through participation in global meetings attended by audit teams from major countries, direct interviews with local audit teams, etc.
- Confirmation of global risk information and the systems for collecting this information, through three-way audit meetings and quarterly audit reports
- Confirmation of data analysis capabilities based on an explanation of policy at the start of the year and quarterly updates regarding practical examples of data utilization in audit work

In addition to the items above, the Audit & Supervisory Board communicated with the Independent Auditor as appropriate in preparation for the application of Key Audit Matters (KAM), and tested the preparation and consideration process.

*3 Evaluation criteria for the Independent Auditor: Quality control by the audit firm, audit team, audit fee, etc., communication with Audit & Supervisory Board Members, etc., relationship with management, etc., group audits, fraud risk

4. Operation of the Audit & Supervisory Board and execution framework for the Audit & Supervisory Board Members

To ensure effective execution of duties by its members, the Audit & Supervisory Board carries out the following activities based on the Audit & Supervisory Board Regulations. In addition, their responsibilities are appropriately allocated, and a framework is in place to assist their work.

(1) Operation of the Audit & Supervisory Board

The Audit & Supervisory Board meetings were held 14 times during FY2019 (average time per meeting: slightly over 2 hours), and all full-time Audit & Supervisory Board Members were present at all meetings. (See pages 89 to 90 for the attendance status of Independent Outside Audit & Supervisory Board Members.)

Key matters and information shared and considered in the Audit & Supervisory Board meeting and main items improved in FY2019 are as follows.

Key matters and information shared and considered: NEW: New matter considered in FY2019

- Audit policy, audit plan, and division of duties
- Evaluation of the Independent Auditor
- Review of audit standards of Audit & Supervisory Board Members

- Reinforcement of governance at overseas subsidiaries
- Status of execution of duties by full-time Audit & Supervisory Board Members (monthly)
- Review of the status of deliberations by the Board of Directors NEW
- Selection of candidates for Audit & Supervisory Board Members NEW
- Operational status of the Investment Committee and Risk Management Committee NEW

Main items improved:

- Made review of the status of deliberations by the Board of Directors a standard agenda item, and implemented audits of the status of initiatives to enhance effectiveness of the Board of Directors
- Selected successors for the three Audit & Supervisory Board Members whose tenures will expire in June 2020, through a candidate selection process for Audit & Supervisory Board Members led by the Audit & Supervisory Board
- Held information exchange meetings among Audit & Supervisory Board Members of the Group to exchange information and ensure shared awareness of issues with Audit & Supervisory Board Members at subsidiaries
- Improved discussions at meetings through prior distribution of meeting materials
- Analyzed questions and comments on agenda items for meetings of the Audit & Supervisory Board, in order to establish a yearly agenda with a focus on discussion

(2) Allocation of responsibilities of the Audit & Supervisory Board Members

The full-time Audit & Supervisory Board Members were engaged in the audit activities as illustrated in Chart 1, and the detail of such activities were communicated to the Independent Outside Audit & Supervisory Board Members, as appropriate.

The Independent Outside Audit & Supervisory Board Members conducted audits on subsidiaries and made suggestions, drawing on their respective individual expertise and background, together with the full-time Audit & Supervisory Board Members. They also received detailed explanations about important management themes and expressed opinions from the standpoint of Independent Audit & Supervisory Board Members at the regular meetings with Chairperson of the Board and Representative Director.

(3) Framework for the Audit & Supervisory Board Office to assist the execution by Audit & Supervisory Board Members

The Audit & Supervisory Board Office has been established as shown in Chart 2, staffed by five full-time employees dedicated to this office with a certain degree of guaranteed independence from the business divisions and assists the work of the Audit & Supervisory Board Members, such as collection and analysis of global information and support for on-site investigation. In addition, the Audit & Supervisory Board Office establishes requirements for qualities required of employees, and allocates staff in a well-balanced manner.

■ Chart 2: Framework for the Audit & Supervisory Board Office to assist the execution by Audit & Supervisory Board Members



5. Issues to be monitored during FY2020

Self-assessment for our audit performance was made by each Audit & Supervisory Board Member, as well as the Audit & Supervisory Board, while the issues to be closely monitored during FY2020 were considered. In view of the enormous impact of the global spread of COVID-19 on the business environment, as well as the possibility that the situation will remain unpredictable for some time before it is brought under control, the Audit & Supervisory Board will engage in audit activities during FY2020 with a recognition of the urgent tasks of “global risk management in highly uncertain business environment” and “execution of appropriate audit activities through flexible response to environmental changes.”