

We are promoting participatory sustainable management by all employees based on the Plan-Do-Check-Action (PDCA) cycle for the entire Group, including each business site and division.

The Ricoh Group's environmental management system (EMS) is an important tool in facilitating sustainable environmental management on a global scale. The Ricoh group as a whole, and each of its business sites and divisions, is promoting participatory sustainable environmental management by all employees based on the PDCA cycle. The achievements of the environmental action plan prepared by each business site or division are evaluated in management reviews* using environmental accounting. Furthermore, based on the Group-wide Strategic Management by Objectives (SMO), which takes an environmental conservation perspective, the Ricoh Group continually evaluates the business performance of its divisions. Sustainable environmental management will be further promoted by incorporating EMS into the business process by product.

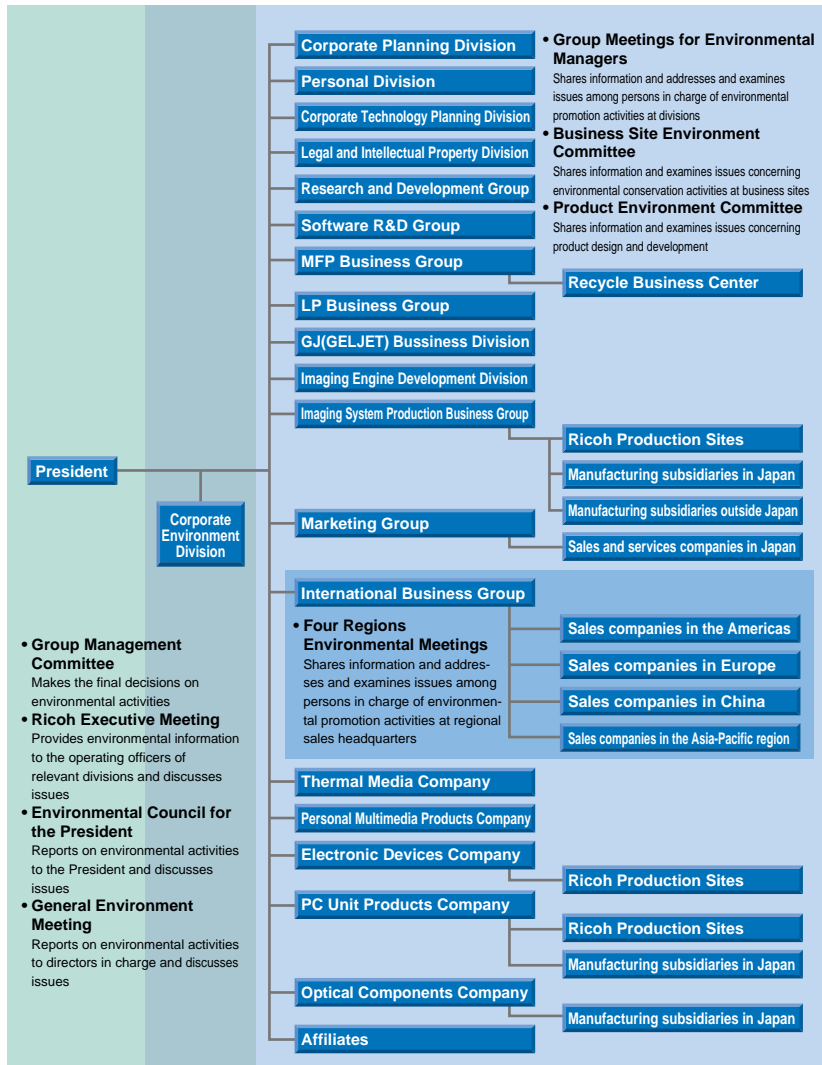
* The review is conducted by management to ensure the appropriateness and efficiency of EMS.

Acquisition of ISO 14001 Certification

To realize sustainable environmental management, the Ricoh Group has been making every effort to establish its EMS. Starting with Ricoh Gotemba Plant, which received ISO/DIS 14001 certification in 1995, all major Ricoh production sites in the world were ISO 14001 certified as of March 2000. In 2001, the sales group in Japan as a whole was ISO 14001 certified. Sales companies other than those in Japan are also making every effort to acquire ISO 14001 certification. Regarding the companies and sites that newly joined the Ricoh Group, a standard has been set in which they are required to obtain ISO 14001 certification within three years.

* For the status of the Ricoh Group's ISO 14001 acquisition, please visit <http://www.ricoh.com/environment/base/iso.html>

Organizational Chart for the Ricoh Group's Sustainable Environmental Management System



EMS of the Ricoh Group

SMO

Divisional evaluation under the Strategic Management by Objectives

ACTION

Review of the Company's EMS

CHECK

Achievements under environmental action plans
Eco-Balance
Environmental accounting

PLAN

General principles on the environment
Environmental action plans

DO

Company regulations, environment training and promotion of awareness, and development of environmental technologies

EMS of the Group as a whole

EMS at business sites/divisions

Participatory Approach by All Employees

The Ricoh Group is making an effort to improve sustainable management based on a “all-employee participatory approach.” This “all-employee participatory approach” means that all employees in all divisions, such as R&D, product design, materials procurement, manufacturing, transportation, sales, maintenance/services and collection and recycling, participate in environmental activities. These activities are regarded as just as important as “QCD activities,”* which involve pursuing profitability. To improve environmental activities, internal benchmarks and know-how are provided to all employees from time to time to make them more environmentally aware.

* QCD means activities to improve the management of Quality, Cost, and Delivery.

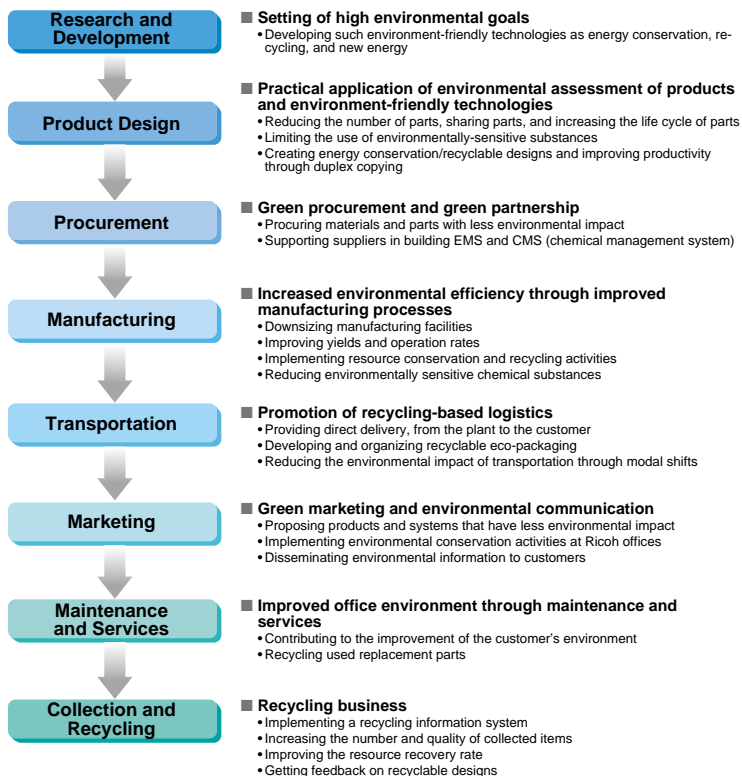
Strategic Management by Objectives (SMO)

Ricoh introduced SMO in 1999 to clarify evaluation standards for environmental conservation activities that are used in divisional performance evaluations. This system is based on the Balanced Scorecard system, a performance management system developed in the 1990s in the United States and characterized by the use of four perspectives. Ricoh has added a specific environmental conservation perspective to the system and is promoting SMO for global sustainable environmental management.

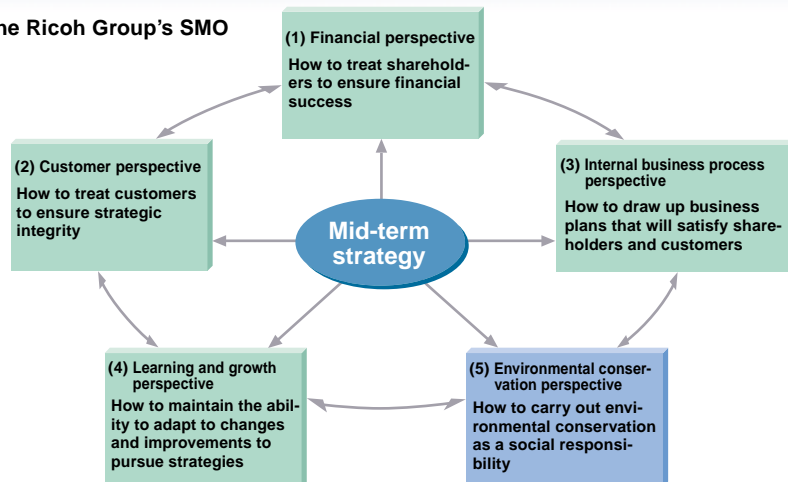
Promotion of Sustainable Environmental Management by Sales Companies

All sales companies in Japan, Europe, and the Asia-Pacific region have developed their own programs to evaluate the performance of sustainable environmental management and promote these programs based on the PDCA cycle. European sales companies have been implementing the Sustainability Self-Assessment Program (SSAP)* since fiscal 2002. SSAP contains evaluation categories that cover not only such environmental aspects as collection and recycling and energy/resource conservation but also social responsibility. Sales companies in the

Sustainable Environmental Management Activities Participated in by All Employees



The Ricoh Group's SMO



Asia-Pacific region have been conducting Sustainable Environmental Management Evaluations since fiscal 2002 as well. In Japan, sales companies began carrying out evaluations based on the Sustainable Environmental Management Improvement Evaluation System in fiscal 2003. Activities are assessed from three perspectives—

environment, economy, and process—and awards are given according to the level of improvement based on the assessment. This program helps improve sustainable environmental management by all sales companies.

* For more information, please visit <http://www.ricoh.com/environment/report/pdf2004/21-22.pdf>.