The Ricoh Group sets goals using absolute values to reduce the environmental impact of its entire business activities.

Establishment of goals based on "the ideal society"

To conserve the global environment and achieve a sustainable society, it is necessary to limit environmental impact to a level that is within the self-recovery capabilities of the natural environment. The world has now embarked on efforts to achieve a sustainable, recycling-based society. This trend is quite evident in the adoption of the Kyoto Protocol, which came into effect in 2005, and recent developments relating to environmental laws and regulations in nations around the world. However, our goal is not just to comply with these conventions and regulations. Looking ahead as far as we can and reviewing the current situation from a point in the future, we need to share our vision of the ideal society and global environment, set target values to realize our ideals, and aggressively promote environmental conservation activities. The Ricoh Group has described its long-term vision of the ideal society it pursues by its "Three P's Balance"* and set concrete target values as a milestone on the journey to these ideals.

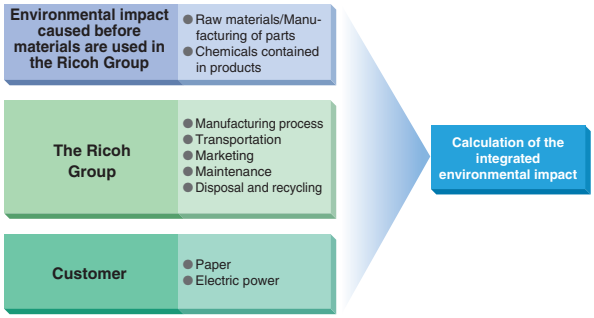
*See page 7.

Reducing environmental impact using absolute values

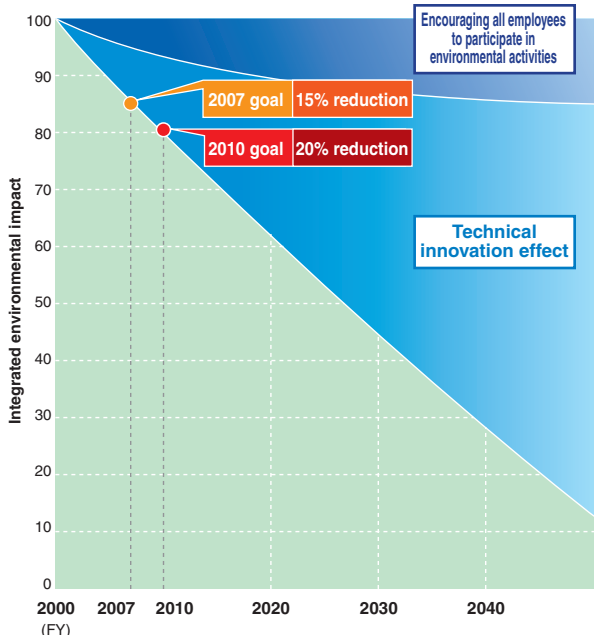
The first step in conserving the global environment is to comprehensively assess the impact that the use of energy and chemical substances have on the global environment and to determine reduction goals accordingly. If reduction of CO_2 and resource conservation is promoted separately, environmental impact reduction goals might be achieved in a defined area, but the environmental impact might increase more than the amount reduced in other areas or processes. Also, relative goals set based on efficiency such as units and factors alone might not be effective for environmental conservation in practical terms. Therefore, it is necessary to set goals using "absolute values" for environmental impact as well. Also, environmental impact should be reduced in our entire business activities, covering all areas of collection of resources, manufacturing of parts by suppliers, manufacturing of products, transportation, marketing, use of products by consumers, and recycling. Based on these ideas, in fiscal 2004, the Ricoh Group established the Year 2010 Long-Term Environmental Goals which state reduction goals for "integrated environmental impact".* These goals cover all environmental impact caused in all business areas. The Group aims to reduce absolute values by 20% over the figures in fiscal 2000. The Environmental Action Plan that forms part of the medium-term management plans for fiscal 2005 through 2007 was prepared based on the Year 2010 Long-Term Environmental Goals. The Ricoh Group also plans to reduce the integrated environmental impact by 15% over the figures in fiscal 2000 by the end of fiscal 2007.

* Integrated environmental impact is obtained by integrating all environmental impact caused by CO_2 emissions, use of chemical substances, etc. Currently, the Ricoh Group is calculating the integrated environmental impact using EPS, which is an integrated analysis method developed in Sweden. The unit is the ELU. The integrated analysis method used is subject to change as necessary.
As for EPS, See page 51.

Reduction Areas of Environmental Impact (Eco Balance)



Setting the Year 2010 Long-Term Environmental Goals



Sustainable Environmental Management of the Ricoh Group From Passive Stage to Proactive Stage and Responsible Stage

To continue its efforts to reduce environmental impact from a long-term perspective, the Ricoh Group needs to continue business and grow as a company by promoting sustainable environmental management that generates economic values through environmental activities. In its past environmental conservation efforts, there were three stages. The Ricoh Group first went through a Passive Stage, and then a Proactive Stage, and now it is in the Responsible Stage of sustainable environmental management. In the Passive Stage, the Ricoh Group coped with social pressures by dealing with laws and regulations and competing with other companies. In the Proactive Stage, however, it began to take voluntary actions to reduce the environmental impact of its business activities and products with a sense of mission as a global citizen. In the current Responsible Stage, the Ricoh Group aims to achieve continuous environmental conservation by pursuing economic values while aggressively reducing the environmental impact of its business activities.

Working towards the ideal society

To move closer to the ideal society, the Ricoh Group has improved the level of sustainable environmental management by developing environmental technologies and encouraging all employees to participate in environmental activities. Each employee in the Group is encouraged to have a strong environmental awareness and set higher goals voluntarily. The Ricoh Group will continue to work to realize the ideal society it is pursuing by aggressively developing environmental technologies, encouraging all employees to participate in environmental activities, and providing customers around the world with products and services with less environmental impact.

Three Steps in Environmental Conservation Activities (From Passive Stage to Proactive Stage and Responsible Stage)

	Passive Stage	Proactive Stage	Responsible Stage
Purpose	Coping with social pressures • Laws and regulations • Competition • Customers	Carrying out its mission as a global citizen • Self-imposed responsibility • Voluntary planning • Voluntary activities	Simultaneously achieving environmental conservation and profits
Activities	Passive measures to meet laws and regulations, competing with other companies, and satisfying customer needs	1. High-aiming, aggressive activities to reduce environmental impact • Energy conservation • Resource conservation and recycling • Pollution prevention 2. Improved awareness of all employees	Environmental conservation activities ≒ QCD activities* Ex.: Reduced number of parts Reduced number of process steps Improved yield and operation rate
Tools		1. ISO 14001 2. LCA 3. Training program for environmental volunteer leaders	1. Strategic goal management system 2. Environmental accounting 3. Sustainable environmental management information system

*Activities to improve quality, control costs, and manage delivery times