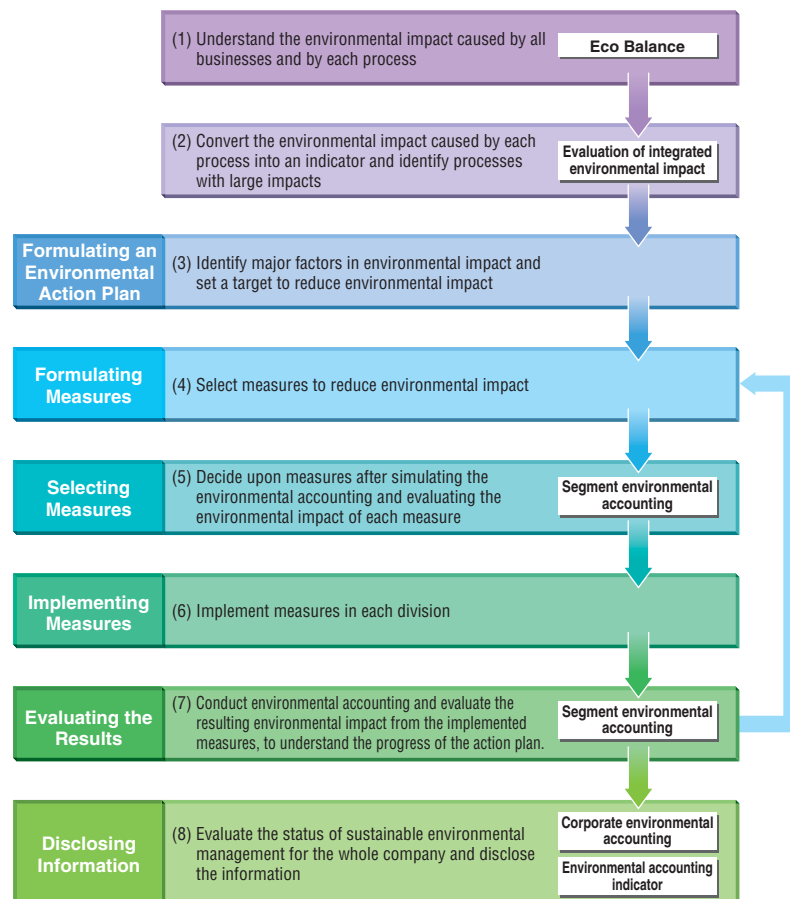


Action plans are mapped out and sustainable environmental management is evaluated using Eco Balance, integrated environmental impact, and environmental accounting as tools.

The Ricoh Group has an extra-long-term environmental vision to reduce environmental impact generated by the advanced nations to one-eighth the fiscal 2000 levels by 2050. We are striving to achieve this target by improving the level of sustainable environmental management. Improvements in the sustainable environmental management level mean that environmental impact is reduced while economic effects are enhanced as a result of promoting environmental conservation activities. To achieve this, it is necessary to map out appropriate action plans to reduce environmental impact caused by all our businesses, consider and implement effective measures, and establish a scheme to evaluate and disclose the results. The Ricoh Group is operating PDCA, evaluating action plans, measures, and activity results, using Eco Balance¹, integrated environmental impact², and environmental accountings as tools.

1&2. See page 54.

PDCA and the Roles of Tools for Sustainable Environmental Management



Understanding the Environmental Impact Caused by All Our Businesses Using Eco Balance and Integrated Environmental Impact Evaluation

The Ricoh Group obtains information on the environmental impact caused by all its businesses and by each process, using Eco Balance and integrated environmental impact as tools, to effectively reduce the environmental impact generated by processes with large environmental impact. First, Eco Balance is prepared based upon input and output data for each process and for each environmentally-sensitive substance. The data are collected by the sustainable environmental management information system¹. At this stage, however, the significance of the environmental impact generated by each process cannot be compared because each process employs different environmentally-sensitive substances. Therefore, an integrated analysis method is used to convert the total environmental impact caused by business activities—including impact upon human health, depletion of

resources, and impact upon ecosystems—into indicators to evaluate the integrated environmental impact and identify processes generating large environmental loads. The Ricoh Group has set the Year 2010 Long-Term Environmental Goals² and has prepared an environmental action plan³ based upon its evaluation of the integrated environmental impact that is identified by Eco Balance.

1. See page 51.

2. See page 18.

3. See page 21.

Selecting Measures by Environmental Accounting and Evaluating Activity Results

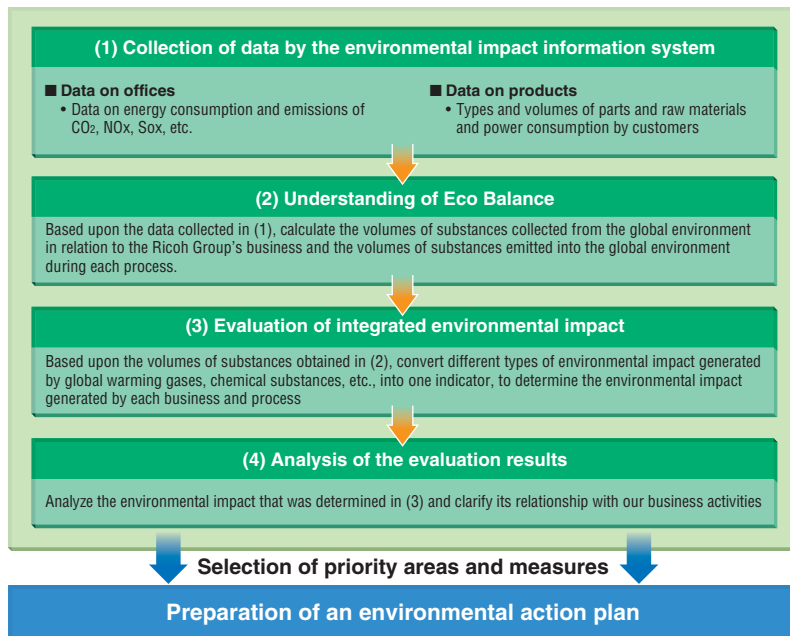
Reducing environmental impact using measures that will lead to the creation of benefits is crucial to promoting sustainable environmental management. The Ricoh Group uses environmental accounting to determine what measures should be taken for what processes and for what operations so that the maximum effect can be obtained. A number of improvement plans to reduce the identified environmental impact are examined in consideration of developments in society and laws/regulations and competition to improve processes generating large environmental impact identified through evaluation based upon Eco Balance and the integrated environmental impact. Then, using segment environmental accounting, we simulate how much environmental impact is reduced and how much profit is created compared with the costs for each measure, while surveying the results of the individual measures.

Eco Balance of the Ricoh Group

The Ricoh Group introduced the concept of Eco Balance in fiscal 1998 to clarify the environmental impact caused by all its businesses and effectively reduce it. Currently, the Ricoh Group is calculating the integrated environmental impact using EPS, which is an integrated analysis method developed by the Swedish Environmental Research Institute (IVL). We adopted EPS because we found that its characteristics agree with the Ricoh Group's ideas about environmental impact caused by the collection of resources and the Comet Circle*, Ricoh's original concept aiming at establishing a recycling-based society, after evaluating various methods adopted at home and/or abroad. We have mapped out environmental action plans based upon the concept of Eco Balance since fiscal 2002 and have applied the concept in the formulation of long-term environmental goals since fiscal 2005.

* See page 16.

Flow of Eco Balance and Evaluation of Integrated Environmental Impact



Ricoh Group's environmental accounting

The Ricoh Group disclosed its environmental accounting for the first time in 1999. Subsequently, the Group introduced corporate environmental accounting to determine the status of sustainable environmental management and disclose related information, as well as segment environmental accounting and business sector environmental accounting that are used to prepare environmental action plans, select measures, and verify achievements. Thus efforts are being made to establish environmental accounting as a tool for sustainable environmental management.

● Corporate Environmental Accounting

This is compiled in accordance with the Environmental Accounting Guidelines of the Japanese Ministry of the Environment and used as a tool to inform the public of relevant information. The Ricoh Group takes the necessary portion from the Eco Balance data, and calculates the cost and effect (in quantity and monetary value) of its environmental conservation activities based on its own formulas and indicators. The calculated results are disclosed to the public after being verified by a third-party organization.

● Segment Environmental Accounting

This is an internal environmental accounting tool to select an investment activity, or a project, related to environmental conservation from among all processes of operations, and to evaluate

environmental effects for a certain period. The effect of investment on environmental conservation will be calculated based on the concept of "Return on Investment" (ROI). The calculation result is used internally for decision making in sustainable environmental management. Ricoh Group companies and divisions, such as its recycling business division, increasingly utilize segment environmental accounting for their operations.

● Business Sector Environmental Accounting

The Ricoh Group engages in environmental activities in many business sectors. The Group examines and uses this indicator internally as an environmental accounting tool to determine how such environmental activities contribute to sustainable environmental management conditions in respective business sectors.

Eco Balance

Eco Balance means the preparation of a list of input and output data on environmental impact to identify, quantitatively measure, and report environmental impact caused by companies; or such a list itself.

Integrated Environmental Impact

This is an integrated indicator shown in ELUs (environmental load units), incorporating various types of environmental impact caused by environmental load. Substances that put a load on the environment cause various phenomena including global warming and air pollution, which negatively affect the ecosystem and human health. In addition to these, the depletion of resources is taken into consideration, and all these

factors are incorporated into one single indicator that represents the significance of environmental impact as a whole. Determining the environmental load caused by all our businesses and calculating the integrated environmental impact allow us to formulate a specific plan to reduce them. A method called EPS, which was developed by the Swedish Environmental Research Institute (IVL), is used for calculation.