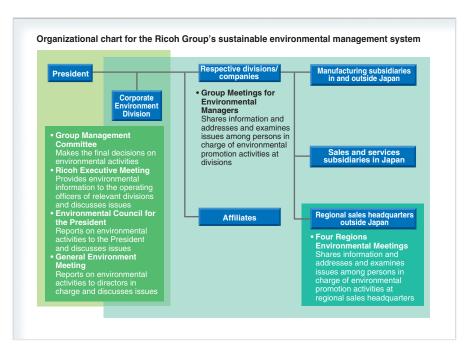
Under the new environmental management system to promote our sustainable environmental management, decision-making efforts for environmental measures and those for business operations are inseparable.

The Ricoh Group's environmental management system (EMS) is an important tool in facilitating sustainable environmental management on a global scale, and is therefore, incorporated as an essential process of each business activity. We established a system to reflect the environmental action plan set by the management in the goals of respective divisions and provide feedback on the results of their actions to management. Under the system, the Group as a whole, and each of its business divisions, promotes the plan-do-check-act (PDCA) cycle. Furthermore, based upon the **Group-wide Strategic Management** by Objectives (SMO), which takes an environmental conservation perspective, the Ricoh Group continually evaluates the performance of respective divisions.



More Group members joining the environmental management system

The environmental management system (EMS) of the Ricoh Group covers all of the group companies subject to the consolidated accounting*. New businesses that are acquired through an M&A, for example, are also incorporated into the EMS. In fiscal 2008, we welcomed Yamanashi Electronics Co., Ltd. into the system.

* Please see Page 76 for the scope of data collection for environmental impact and environmental accounting



Aiming for a sustainable environmental management with long-term perspective as a member of the Ricoh Group



Leaders of Special Committee for Environment Yamanashi Electronics Co., Ltd.



Chief, Quality



Shigehiro Morozumi Head, Environment and Standards Promotion Office, Quality Assurance Division

Joining the Ricoh Group has had a positive impact on environmental activities

When we joined the Ricoh Group in November 2006 and subsequently adopted the Ricoh Group's environmental policies, our ideas and attitudes toward environmental conservation in undertaking business operations underwent great change. The Ricoh's policies were different from Yamanashi Electronics' original policies mainly in that "environmental conservation activities and business operation are implemented on the same axis," "environmental activities are carried out in co-operation with all stakeholders," and "environmental perspective is incorporated into manufacturing." Since then, we have been working on development of environmental technologies, energy conservation, Zero-Waste-to-Landfill activities, and management/activities for complete elimination of chemical substances in four working groups with different themes, namely "energy conservation," "waste reduction," "environmentally friendly products," and "measures against air pollutants."

Implementing environmental measures with longer-term goals

Joining the Ricoh Group changed the scope of our environmental goals from each year to three years. Also, to set mid-term goals, we now follow the backcasting method starting with long-term goals and long-term environmental visions. This method allows us to take rather radical action and implement innovative changes in production process and facilities as part of our business plan. As a result, we completed the transfer of energy sources for boilers in two factories* in 2007 and 2008, and we plan to discontinue the use of chlorine organic solvents in the near future. We will strive to continue activities to increase the quality of our sustainable environmental management.

* See page 35.

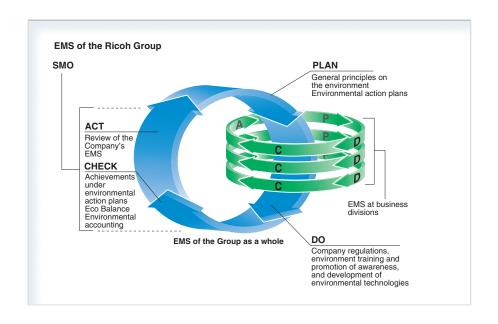
Upgrading the level of the environmental management system

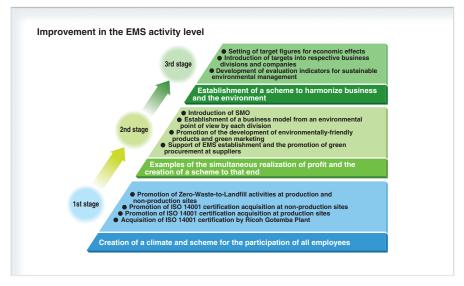
To realize sustainable environmental management, it is essential to pursue environmental conservation and business operations under a united decisionmaking scheme instead of implementing two separate, sometimes incompatible missions. The Ricoh Group first promoted the acquisition of ISO 14001 certification for each business site to fortify its environmental management system (EMS). Starting with Ricoh Gotemba Plant, which received ISO/DIS 14001 certification in 1995, all major Ricoh production sites worldwide were ISO 14001 certified as of March 2000. Then in 2001, the sales group in Japan as a whole gained ISO 14001 certification. Sales subsidiaries other than those in Japan are also making every effort to acquire ISO 14001 certification. The Group has thus promoted the creation of a climate for sustainable environmental management by all employees through the acquisition of ISO 14001 certification. In addition, in February 2007, Ricoh and its sales subsidiaries in Japan acquired integrated ISO 14001 certification, aiming to harmonize business activities and the environment and provide leadership to the business unit. As of fiscal 2008, each business division now sets its own targets and takes the initiative in environmental measures from various angles under the 16th Environmental Action Plan.

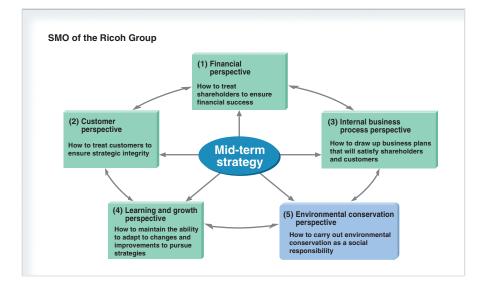
* For the status of the Ricoh Group's ISO 14001 acquisition, please visit http://www.ricoh.com/environment/base/iso.html

Strategic Management by Objectives

Ricoh introduced Strategic Management by Objectives (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.







Participatory approach by all employees

The Ricoh Group is making an effort to improve sustainable environmental management based on an "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 activities improve the management of Quality, Cost, and Delivery.

Risk management

The Ricoh Group carries out risk management as an inner control function using the PDCA cycle based on the Ricoh Group's Total Risk Management Basic Rules. For initial measures taken in case of crises*, the Rules clearly define the sections in charge and reporting levels according to the different crisis categories. In line with the Rules, pertinent incidents are reported to the president and relevant officers and necessary measures are taken based on the president's policies. When an environmental crisis or an incident that seemingly will lead to an environmental crisis occurs, initial actions, including reporting and reception of information, instruction, actions and discussion, will be carried out as indicated in the accompanying flow chart.

* Crisis: an incident with a risk that continues and/or increases in size to the level at which the corporate operation of the Ricoh Group is severely affected.

Penalties and fines concerning the environment (Ricoh Group)

	FY 2006	FY 2007	FY 2008
No. of cases	0	0	0
Amount	0	0	0

Sustainable environmental management activities participated in by all employees ■ Setting of high environmental goals Research and Development ■ Practical application of environmental assessment of products and environmentally-friendly technologies Reducing the number of parts, sharing parts, and increasing the lifecycle of parts Limiting the use of environmentally-sensitive substances **Product Design** Creating energy conservation/recyclable designs and improving productivity through duplex copying ■ Green procurement and green partnership • Procuring materials and parts with less environmental impact • Supporting suppliers in building EMS and CMS (chemical substance management system) **Procurement** ■ Higher environmental efficiency through manufacturing Process renovation Downsizing manufacturing facilities Improving yields and operation rates Implementing resource conservation and recycling activities Reducing environmentally-sensitive chemical substances Manufacturing ■ Promotion of recycling-based logistics Transportation Providing direct delivery, from the plant to the customer Developing and organizing recyclable eco-packaging Reducing the environmental impact of transportation through modal shifts ■ Green marketing and environmental communication Marketing Proposing products and systems that have less environmental impact Implementing environmental conservation activities at Ricoh offices Disseminating environmental information to customers Maintenance ■ Improved office environment through maintenance and services Contributing to the improvement of the customer's environment Recycling used replacement parts and Services ■ Recycling business Collection and Implementing a recycling information system Recycling Increasing the number and quality of collected items Improving the resource recovery rate · Getting feedback on recyclable designs

