

Summary of Sustainable Environmental Management in Fiscal 2010/ Identification of Risks and Opportunities

Here we report the results of environmental impact reductions and economic value creation in fiscal 2010.

Reducing environmental impact

In fiscal 2010, we continued to work to achieve the reduction target specified in our Environmental Action Plan for fiscal 2008–2010, or a 20% reduction of the integrated environmental impact in fiscal 2010 compared to the levels of fiscal 2000. Specific actions taken include encouraging customers to make greater use of energy-saving and duplex copying functions, and making our own efforts (e.g., technological development and improvement of production process and product designs as well as further promotion of resource circulation) in the following three priority areas: energy conservation and prevention of global warming; resource conservation and recycling; and pollution prevention. Although we were on track to achieve the reduction goal of 20% in fiscal 2009 (the environmental impact was 79.8% of the fiscal 2000 level) due to our reduction efforts and the impact of the global recession, we finished fiscal 2010 with an integrated environmental impact of 83.1% of the base year, mainly because of increased sales volume amid economic recovery. Compared with the beginning of the three-year action plan, the environmental impact level of the fiscal 2010 showed a slight improvement. Going forward, we will continue our efforts to achieve the Mid- and Long-Term Environmental Impact Reduction Goals announced in April 2009 and focus on environmental impact reduction

through new businesses, such as IT-based services and comprehensive ESCO business*, which covers MFPs, printers, LED lights, and others.

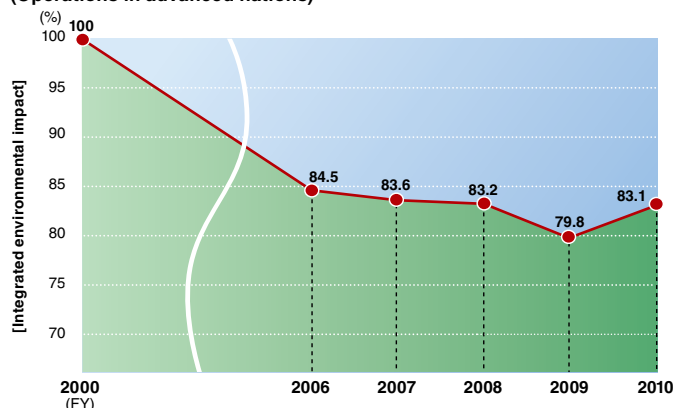
* ESCO stands for Energy Service Company, a business that contributes to the enhancement of customers' profitability and the conservation of the global environment by offering comprehensive services to make their buildings and factories more energy efficient. The ESCO guarantees the effect of the energy saving measures and receives the fee that matches the benefits the customer received.

Business results for fiscal 2010

The Ricoh Group's consolidated net sales in fiscal 2010 decreased by 3.7% from the previous year to ¥1,942.0 billion. The earthquake and tsunami which struck the eastern part of Japan in March 11 2011 caused damage and destruction to our facilities in the affected area and hampered our sales and shipments in Japan and other areas. As a result, our sales in Japan saw a 0.1% decline from the year earlier. Fiscal 2010 sales outside of Japan decreased by 6.5% from the previous year, although sales in non-Japanese markets grew by 3.5% if the effects of currency rate fluctuations are excluded. In terms of breakdown by region, the Americas posted a 6.4% decline from the previous year, mainly due to the effects of foreign exchange rates; a 9.7% drop in Europe, also attributable to the sharp rise of the yen; and a 5.5% increase in other regions including China and other Asian markets. Our operating income decreased by 8.8% on a year-on-year basis to ¥60.1 billion.

* For more details on the business results, please see the "Investor Relations" page on our website at: <http://www.ricoh.com/IR/>

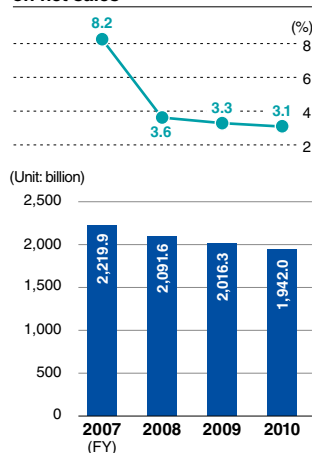
Changes in integrated environmental impact
(Operations in advanced nations)*



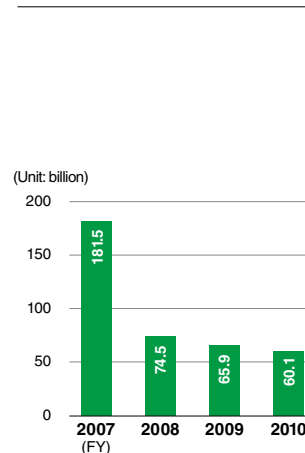
* The production and printing businesses are not included.

* Fiscal 2009 data has been revised to correct an error found in the relevant data collection process.

Net sales and operating income
on net sales



Operating income



Topics on sustainable environmental management in fiscal 2010

Ricoh provided the document output operation and management service at COP 10. [See page 53.](#)

Ricoh Electronics, Inc. (our manufacturing subsidiary in the U.S.) installed a photovoltaic power generation system. [See page 42.](#)

Ricoh released the imagio MP C2801/3301, its first digital color MFP with a recovery time from energy-saving mode of less than 10 seconds. [See page 27.](#)

Ricoh released the IPSiO SP C320, a color laser printer featuring "Eco Night Sensor." [See page 28.](#)

Ricoh developed next generation wastewater treatment technology by using its ozone micro/nano-bubble technology for its polymerized toner production process. [See page 25.](#)

The Ricoh Group identifies the risks and opportunities that global environmental problems and the resulting social changes could present to business management, and makes decisions for sustainable environmental management based on the results.

Identification of risks and opportunities

Mankind is now changing direction significantly to achieve a sustainable society with low environmental impact. The key to forging a new path is to develop environmental technologies that will bring about a dynamic revolution comparable to the Industrial Revolution. When society undergoes dramatic changes, market needs change significantly too. In an extreme instance, the market might begin to demand products with nearly zero environmental impact that can work without consuming any resources or energy. In this age of the “environmental industrial revolution,” the Ricoh Group recognizes that it will face tremendous risks if it cannot respond properly to changes in market needs; for large changes in particular, it is too late to respond to them after they become clear. It is vital that we put ourselves on the alert by predicting future social change. Companies can strengthen their competitiveness and access more chances in the market by identifying and preparing for any possible future environmental risks. Accordingly, the Ricoh Group predicts market needs for a sustainable society with minimal environmental impact, and commits itself to reducing the following environmental impacts to one-eighth (a 87.5% reduction)¹ by 2050 through sustainable environmental management: environmental impact from (1) total CO₂ emissions from its products and services throughout their lifecycles; (2) input of new resources; and (3) the use of chemical substances. ^{1. See pages 17 and 18.}

The Ricoh Group has identified the following major environmental risks and opportunities in its business operations:

- If the Ricoh Group cannot respond to market needs for products with nearly zero environmental impact, it might not be able to continue in business in the future. Against this risk, we will develop environmental technologies that contribute to reducing the environmental impact of both our business and society as a whole and provide the market with products and services that closely meet its needs, thereby becoming a front runner in the environmental field.
- If resources become more scarce or depleted, the Ricoh Group might not be able to continue its manufacturing operations. To prepare for this risk, we are developing new technologies and alternative resources, improving our product designs, and renovating our production processes.
- We are also committed to identifying the environmental impact of our products throughout their lifecycles and to developing technologies to reduce that impact, believing that we will be able to meet the product specifications that a future society might expect by reducing the environmental impact of our business operations and products throughout their lifecycles.
- In order to reduce the environmental impact of our products throughout their lifecycles, it is essential to cooperate with our partners, shown by the Comet Circle². In other words, if any of our partners has a serious impact on the environment, this could pose a risk to the Ricoh Group, but it could also present a great opportunity for the Group to reduce its environmental impact and costs to collaborate with reliable partners. ^{2. See page 15.}
- The Ricoh Group has a range of impacts on the global environment in consuming resources and energy, using and emitting environmentally sensitive substances, and recycling products. It faces environmental risks from its past, present and future business activities, which are influenced by environmental laws and regulations. However, the Ricoh Group believes that it is its social responsibility to help society reduce its environmental impact, and for this it is sometimes necessary for companies to adhere to the market mechanism as well as laws and regulations. The Ricoh Group believes that companies that are really committed to solving problems in society should embrace the relevant laws and regulations instead of just regarding them as risk factors.
- The business environment surrounding the Ricoh Group is changing every day, and it exposes us to serious risks. To deal with these risks, the Ricoh Group is implementing total risk management (TRM) by appointing departments to manage each risk on the initiative of the Internal Management & Control Division. By preparing for these risks and preventing them from materializing (in the form of noncompliance, accidents, and other problems), we will keep the trust of society and our customers, which will in turn help us grow our business.

By identifying these risks and opportunities, the Ricoh Group will set its numerical targets in its Mid- and Long-Term Environmental Impact Reduction Goals³, environmental action plan⁴, and others.

^{3. See page 17.} ^{4. See pages 19 and 21.}