

Corporate Governance

Maintaining Ricoh's corporate value on behalf of all stakeholders

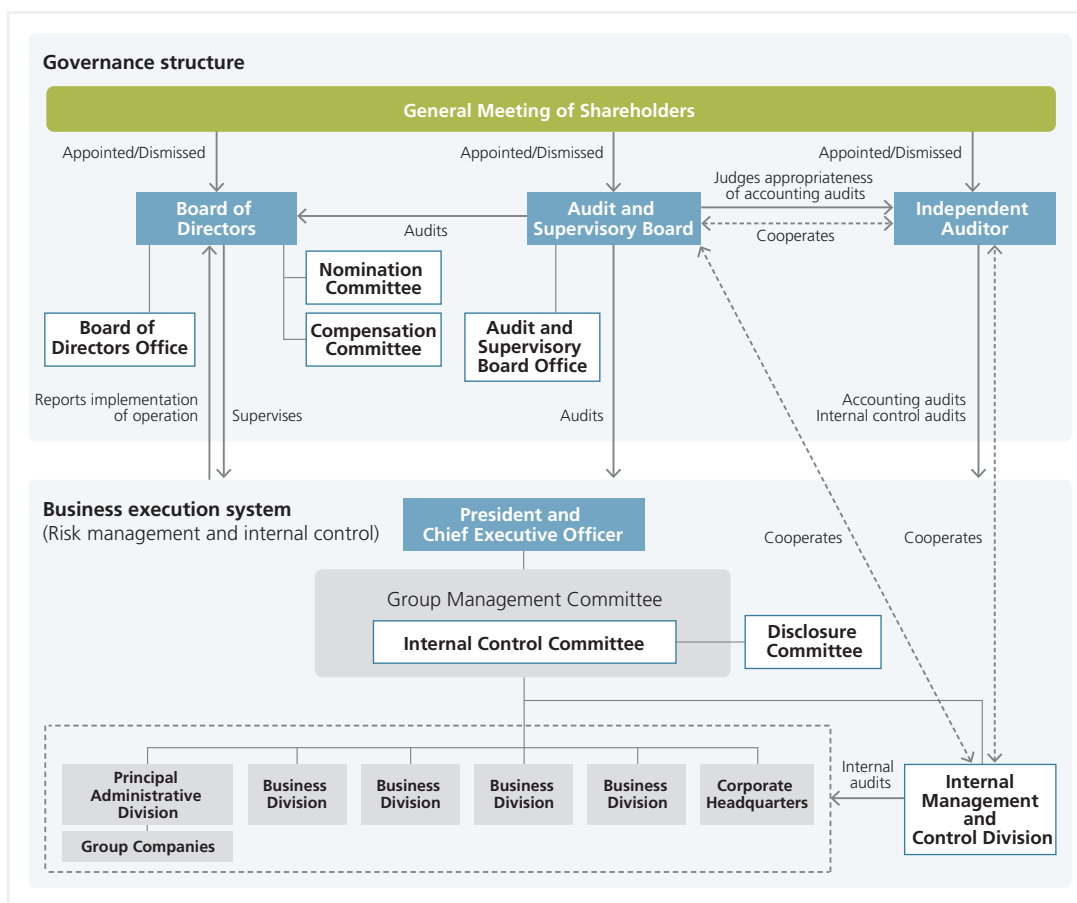
The Ricoh Group established The Ricoh Way as a set of guiding principles and values that serves as the foundation for all our business activities. Abiding by these principles in corporate ethics and compliance and maintaining transparency in management, we continuously strive to improve our governance, and in doing so ultimately enhance our corporate value.

Corporate governance

We strongly believe that responsible global citizenship calls for a corporate culture that embraces a sense of mission to meet the expectations of diverse stakeholders—a culture that is committed to operating under the highest ethical standards in line with the expectations of society as a whole.

Based on this belief, we advance the operations of the entire Group under The Ricoh Way, strengthening our governance and ceaselessly promoting a culture of integrity while working toward sustainable corporate growth.

The Group has also implemented an integrated risk management system for both business opportunities and business execution, and it follows internal control procedures to achieve the success of our corporate strategies and business targets.



Board of Directors and Audit and Supervisory Board

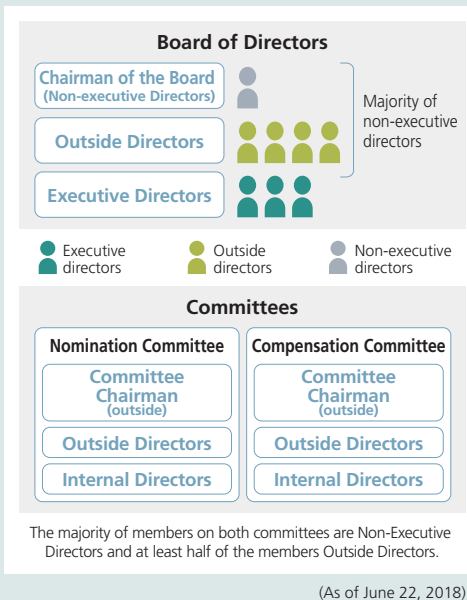
Board of Directors
 Maximum number of directors: 15
 Current number of executives: 8 (including 4 outside directors)
 Term: 1 year

Audit and Supervisory Board
 Maximum number of Audit and Supervisory Board members: 5
 Current number of executives: 5 (including 3 outside Audit and Supervisory Board members)
 Term: 4 years

(As of June 22, 2018)

Corporate governance structure

We fostered new growth challenges by encouraging outside, non-executive, and executive directors to draw on their expertise and experience in deliberating extensively on important matters. We also built a structure to supervise management from the perspectives of shareholders and diverse other stakeholders.



Governance structure

- The Ricoh Group has introduced a corporate audit system.
- The Board of Directors is responsible for management oversight and important decision making concerning Group management. By appointing highly independent outside directors, the Group ensures greater transparency in its management and decision making.
- Four of the Board's 8 directors are outside directors—part of an effort to incorporate various views and opinions and to eliminate arbitrary decision making in management.
- The Board of Directors Office was established to foster resolute decision making and help maintain highly transparent management supervision.
- Audit and Supervisory Board members hold discussions to determine audit and supervising policies and the assignment of duties, and they monitor corporate management.
- Audit and Supervisory Board members attend all important meetings, including but not limited to Board meetings, and exchange information regularly with the representative directors.
- The Audit and Supervisory Board Members Office, with designated support staff, has been established to ensure that the Audit and Supervisory Board members can work effectively.
- Under the executive officer system, the authority to carry out business has been assigned to respective functional departments so as to expedite decision making and clarify the roles of each department.

Nomination and Compensation Committees

As part of the strengthening of management oversight functions by the Board of Directors, the "Nomination Committee", which is chaired by a Non-executive Director, and the "Compensation Committee", which is chaired by an Outside Director, with the majority of members on both committees being Non-Executive Directors and at least half of the members being Outside Directors, were established to ensure transparency and objectivity of nomination, dismissal and compensation of Directors and executive officers, etc. And the Board of Directors Office was set up to support the Board of Directors, driving robust decision-making and ensuring transparent management oversight.

Group Management Committee

The Group Management Committee (GMC) consists of executive officers and is a decision-making body empowered by the Board of Directors. The GMC facilitates deliberations and renders decisions on the Group's overall management from the perspective of total optimization.

Internal auditing

The Internal Management and Control Division, which is in charge of internal auditing, objectively reviews and assesses the status of business execution by respective business divisions according to clearly defined rules to ensure legal compliance and adequacy of execution practices. It also provides advice and recommendations for improvement. The results are regularly reported to the GMC's Internal Control Committee.

External auditing

Ricoh has formulated a set of guidelines called the "Policy and Procedures for Prior Approvals for Audit and Non-audit Services." In accordance with these guidelines, advance approval must be obtained from the Audit and Supervisory Board members concerning the details of and fees for auditing contracts.

Executive compensation

In its pursuit of increased shareholder value, the Ricoh Group employs executive compensation as an effective incentive to achieve sustainable increases in corporate earnings over the medium and long term.

The base salary of directors consists of remuneration related to management oversight, remuneration

 **Refer to our website**

Securities reports www.ricoh.com/IR/financial_data/securities_report/

reflecting the importance of individual roles and responsibilities, remuneration for the purpose of purchasing treasury stocks (except for outside directors), and variable remuneration linked to stock price performance during the relevant fiscal year. The Ricoh Group has been strengthening incentives for executives to increase shareholder value over the long term by allocating a portion of remuneration for stock repurchase so that executives will have a common interest with shareholders.

The amount of bonuses paid to directors is based on the attainment of key performance indicators—such as sales, operating income and ROA—that pertain to shareholder value and the Company's competitiveness. Proposed bonuses for directors are brought before the general meeting of shareholders for approval.

Compensation paid to the Audit and Supervisory Board members is composed solely of remuneration for their auditing duties.

Executive compensation for the fiscal year ended March 31, 2018

Category	Number	JPY million		
		Total	Total remuneration, etc. by category	
			Base salary	Bonus
Directors (excluding Outside Directors)	6	341	341	—
Audit and Supervisory Board Members (excluding Outside Audit and Supervisory Board Members)	3	57	57	—
Outside Directors and Audit and Supervisory Board Members	8	86	86	—
Outside Directors	4	57	57	—
Outside Audit and Supervisory Board Members	4	29	29	—
Total	17	485	485	—

Assessing effectiveness of Board of Directors

■ Overview of Board of Directors effectiveness assessments in year ended March 31, 2018

Following an effectiveness assessment in the year under review, the Company's Board of Directors formulated basic policies for proceedings and spotlighted two improvement action items. On April 27, 2018, the Board of Directors and the Audit and Supervisory Board assessed, shared, and deliberated on comments that all members had prepared. The evaluations covered such areas as goal attainment levels, Board of Directors deliberation effectiveness, decision-making, and supervision, and Board of Directors efforts to confirm implementation.

Action items and results of improvement in year under review

Action item 1

Assess and enhance the governance structure encompassing the Board of Directors, the Audit and Supervisory Board, and internal controls in terms of the effectiveness of audits and supervision.

Results of improvement

Effectiveness improved in such respects as shortening director appointments to one year and launching a governance review panel. At the same time, some pointed out that the global governance of affiliated companies needs further work, to which end the risk and crisis management structures and headquarters functions need enhancing.

Action item 2

Encourage and monitor implementation to help position the Company for sustainable growth.

Results of improvement

The Board of Directors took solid steps to address management challenges and encourage implementation, notably through its decisiveness on several key issues and free and vigorous deliberations in the process. At the same time, some noted a need for the Board of Directors to properly monitor progress with growth strategies while sufficiently deliberating such medium- and long-term areas as human resources strategies and R&D policies.

■ Efforts to enhance Board of Directors effectiveness in year ending March 31, 2019

The Board of Directors will endeavor to enhance its effectiveness through improvements in three key areas in keeping with the following basic policies to execute the RICOH Ignite growth strategy.

Improvement agenda for year ending March 31, 2019

1. Monitor progress with growth strategies #0, #1, and #2 and deliberate and provide support as necessary.
2. Assess and improve the governance and risk management underpinning global business activities.
3. Monitor and encourage implementation on remaining key management challenges and thereby foster swift and appropriate action. These challenges are to optimize the North American sales structure and to lower costs.

The Ricoh website presents details of Board of Directors deliberations about effectiveness assessments and a results summary for the year ended March 31, 2018. > [i](#)

 Refer to our website

[Corporate governance ricoh.com/governance/governance.html](https://www.ricoh.com/governance/governance.html)