

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.

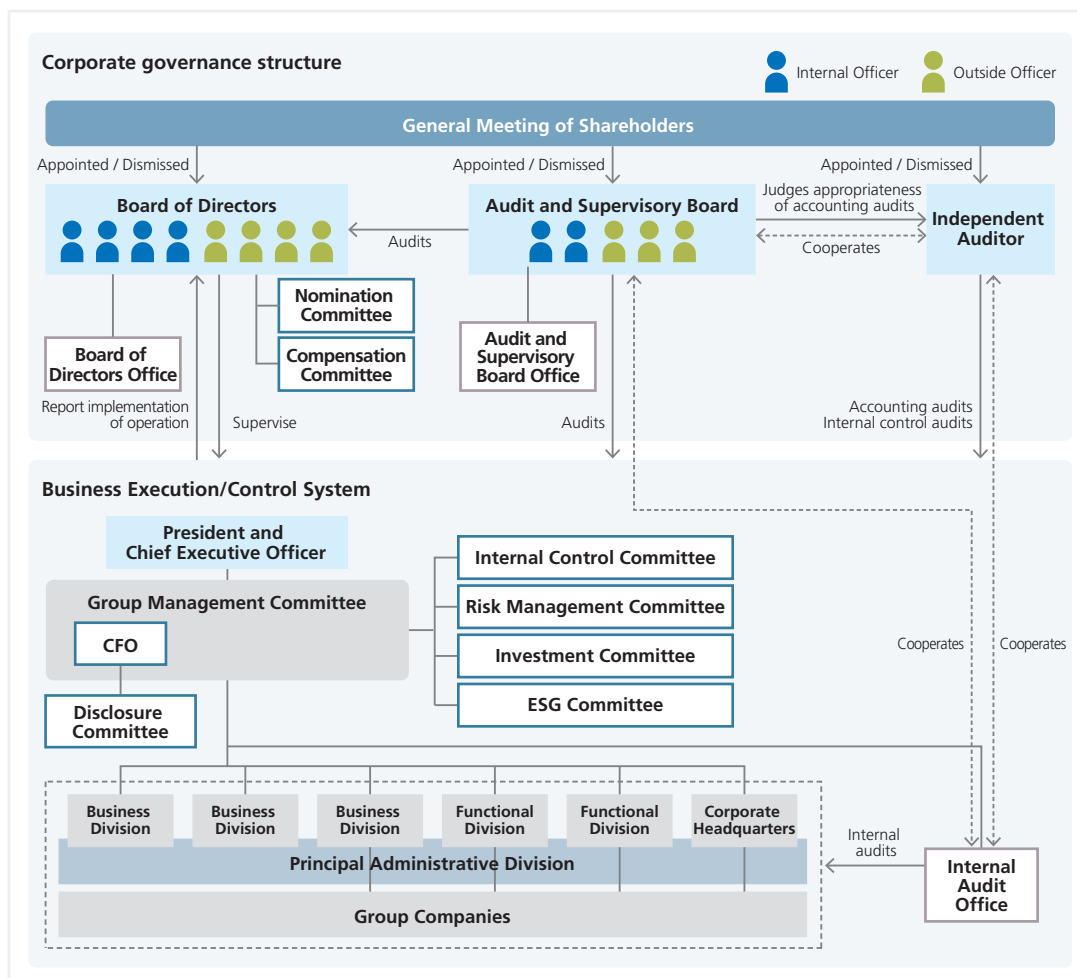
Corporate governance >1

The Ricoh Group is working to enhance its governance system in accordance with social awareness and various stakeholders aimed at strengthening competitiveness and continuously improving the system while ensuring transparency based on corporate ethics and legal compliance. In this way, the Ricoh Group will achieve continuous growth, and improve corporate value and shareholder value.

The Ricoh Group has introduced a corporate audit system. In addition, the Group is making efforts toward enhancing oversight of executive management by the

Board of Directors and enhancing execution of operations by the executive officer system. Furthermore, by appointing Outside Directors, the Group is making efforts toward further enhancement of corporate governance by decision-making and oversight of executive management through discussion from their independent perspectives.

The nomination of Directors and Executive Officers and their compensation are deliberated by the Nomination Committee and the Compensation Committee, advisory bodies which comprise a majority of Outside Directors. The results are reported to the Board of Directors.



 Refer to our website

1 Corporate governance www.ricoh.com/sustainability/governance/governance.html

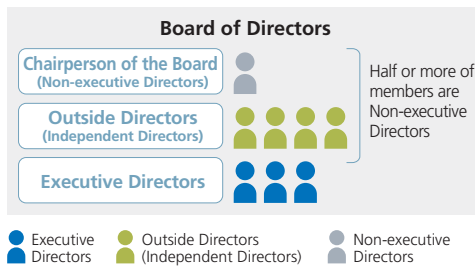
Board of Directors structure

Maximum number of Directors:	15
Current number of Directors: (including 4 Outside Directors)	8
Term:	1 year

As of June 21, 2019

Board of Directors

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. By leveraging the expertise and experience of each Outside Director, Non-executive Director, and Executive Director in holding profound discussions on important issues, the Company encourages challenges in new areas of growth, creating a structure that allows for management oversight from the viewpoints of various stakeholders, including shareholders. Four of the Board's eight Directors are Outside Directors (Independent Directors) – part of an effort to incorporate various views and opinions and to eliminate arbitrary decision-making in management.



Board of Directors meeting

Audit and Supervisory Board structure

Maximum number of Audit and Supervisory Board Members:	5
Current number of Audit and Supervisory Board Member: (including 3 Outside Audit and Supervisory Board Members)	5
Term:	4 years

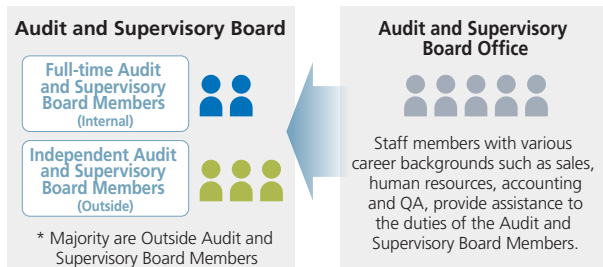
As of June 21, 2019

Audit and Supervisory Board

Audit and Supervisory Board members hold discussions to determine audit and supervising policies and the assignment of duties, and monitor corporate management. Audit and

Supervisory Board members attend important meetings, including but not limited to the Board of Directors meetings, and exchange information regularly with the representative director.

Framework for the Audit and Supervisory Board Office to assist the execution by Audit and Supervisory Board Members

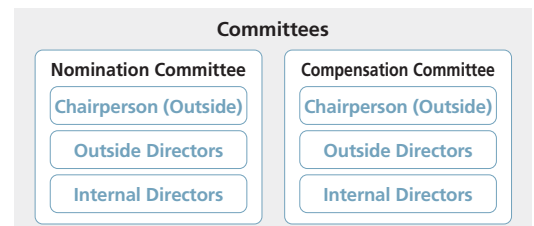


Nomination Committee/Compensation Committee

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.

For the year ended March 31, 2019, the Nomination Committee was comprised of three Outside Directors,

one Internal Non-executive Director, and one Internal Executive Director; and the Compensation Committee was comprised of four Outside Directors, one Internal Non-executive Director, and one Internal Executive Director, and both committees were comprised of a majority of Outside Directors chaired by an Outside Director.



Non-executive Directors account for a majority of the members of each Committee, and more than half of them are Outside Directors.

As of June 21, 2019

Refer to our website

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

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.

Disclosure Committee

The Disclosure Committee performs appropriate disclosure of information which may influence the decisions of investors in addition to promoting dialogue with shareholders and capital markets by proactively disclosing corporate information that contributes to investment decisions, and thereby seeks to develop relationships of trust with shareholders and capital markets as well as to achieve an appropriate recognition of the Ricoh Group. This committee is composed of representatives from the disclosure management division, accounting division, legal division, information-generating and acknowledging departments, the principal administrative divisions managing affiliates, the internal control division, and the CFO, who is responsible for information disclosure.

The Disclosure Committee makes decisions on the necessity of information disclosure through the disclosure procedures and the appropriateness and accuracy of disclosed content and it monitors the decisions of the CFO, who is responsible for information disclosure. Furthermore, the internal control division regularly evaluates the timeliness of information disclosure, the accuracy and validity of disclosure statements, and the validity of disclosure decisions, etc., and reports its findings to the Internal Control Committee and the Board of Directors.

Internal Control Committee

The Internal Control Committee is an organization to deliberate and make decisions on the internal control system of the whole Ricoh Group.

This committee is composed of GMC members and is chaired by the CEO. Delegated by the CEO, the committee determines the policies for internal control activities of the entire Ricoh Group in accordance with internal control principles, and periodically evaluates and rectifies the internal control development and operation status. In consideration of environmental changes, the committee makes proposals to the Board of Directors to revise the internal control principles as necessary.

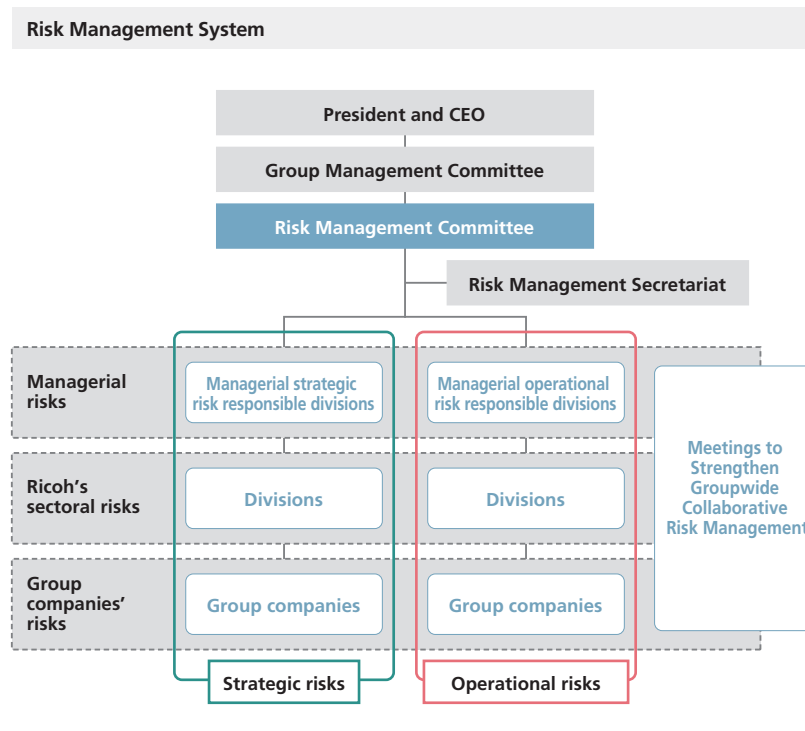
Risk Management Committee

The Risk Management Committee is positioned as an advisory committee to the GMC and supports the decision-making of the GMC in the Group's risk management activities. It also promotes risk management activities of the entire Group and creates a highly feasible mechanism in line with the actual conditions by periodically revising the risk management system.

The committee is comprised of a chairperson appointed by the CEO, and representatives from each organization mainly undertaking the headquarters function. With its basic stance of "always be open to risks," the committee convenes meetings as needed, and makes recommendations to the GMC even if risks are implied by parties outside the committee.

[Roles of the Risk Management Committee (Chairperson) in the risk management system]

1. Risks are roughly classified into 1) management issues faced during the execution of strategies amid the diversifying business environment (strategic risks), and 2) risks that may arise during the operation of business (operational risks). After systematically and comprehensively extracting and evaluating risk factors, the committee proposes a list of potential "management priority risks" to the GMC and provides support on its subsequent decisions.
2. The committee sets up a response division for each "managerial risk" and supports the risk management PDCA activities of the division. The committee also assigns a GMC member respectively to each "managerial risk" to evaluate these activities, and promotes the evaluation and proposal process of each risk management activity, that is pursuing both the management team's involvement in risk management as well as the effectiveness of the countermeasures.
3. In addition to "managerial risks," the committee cooperates with the risk management systems of each division and Group company to identify individual risks, share and roll out "managerial risks," and lead enhanced risk management activities of the entire Group.



Investment Committee

The Investment Committee is positioned as an advisory committee to the GMC, and verifies investment plans based on the validity of financial aspects including capital costs, and strategic aspects such as profitability and growth risks, etc. Members with expertise review and discuss diversifying investment projects to external entities in order to ensure consistency with management strategies and raise the efficacy of the investment while improving the speed and accuracy of investment decisions.

The committee mainly discusses investments from the aspects of strategies, finances, and risks, and its members include a chairperson appointed by the CEO, representatives from the business planning, accounting, legal, and internal control sections as specialists on each aspect as well as various experts depending on the project. The committee receives prior inquiries from planning departments to provide evaluations and advice after performing comprehensive discussion on the investment value of a project. Although the committee is not authorized to approve or disapprove of any investment projects, it assists the decision-maker in making objective decisions by clarifying the results of the committee's discussions on each project.

In order to improve the accuracy of decisions made in the entire Group to invest in external entities, the committee, which is an advisory body to the GMC, also handles projects below the minimum investment amount set out by the GMC. This is intended to strengthen the investment decision-making capabilities of the planning department as well as

maintaining the flexibility of amending the minimum investment amount through recommendations to the GMC as necessary.

ESG Committee

The ESG Committee aims to respond promptly and appropriately to the expectations and needs of stakeholders by continuously discussing medium- to long-term environmental, social, and governance issues faced by the Ricoh Group at a management-level and leading the discussions to the quality enhancement of the entire Group. The ESG Committee has the following specific responsibilities:

1. Formulate the Ricoh Group Sustainability Strategy to resolve social issues through business, such as initiatives toward achieving SDGs, into the foundation of the Company's management
2. Identify medium- to long-term sustainability risks and opportunities as well as material issues faced by the entire Group (including those regarding investment decisions on risks and opportunities related to climate change recommended by the [TCFD](#) > [1](#) > [1](#))
3. Supervise and advise on sustainability strategies, material issues, and progress on KPIs for each business division throughout the entire Group
4. Identify sustainability issues to be submitted for discussion at the Board of Directors meetings

The committee is chaired by the CEO, and is composed of GMC members, an Audit and Supervisory Board Member, and the General Manager of the Sustainability Management Division. The committee convenes quarterly and invites representatives of the business divisions associated with the subject of discussion, and provides a system to examine and discuss sustainability issues across the board.



TCFD

Task Force on Climate-related Financial Disclosures. Established by the Financial Stability Board (FSB), the TCFD provides stability to financial markets by promoting information disclosure of climate-related risks and opportunities by companies, and facilitating a smooth transition to a low-carbon society.



Refer to this page

Disclosure based on TCFD framework P.49

Approach to Election of Directors

● Election Criteria for Directors

<Management capabilities>

Superior insight and judgment necessary for management functions

1. Knowledge of a wide range of businesses and functions, and the ability to think and make decisions appropriately from a company-wide and long-term perspective
2. Insight into the essence of issues
3. Vision to make best decisions on a global level
4. Judgment and insight based on extensive experience, as well as excellent track record leading to significant improvements in corporate value and competitive strength
5. Ability to think and make decisions appropriately from the perspective of various stakeholders including shareholders and customers based on a firm awareness of corporate governance

<Character and personality>

Positive trust relationships between Directors and management team for smooth performance of the oversight function

1. Integrity (honesty, moral values and ethics); exemplifies fair and honest decisions and actions based on a high sense of morality and ethics in addition to the strict observance of laws, regulations, and internal rules.
2. Ability to interact with others with deference and trust based on a spirit of respect for humanity and set an example for decisions and actions that respect the personality and individuality of others based on a deep understanding and acceptance of diverse values and ideas.

● Election criteria for Outside Directors

In addition to the same election criteria as for Internal Directors stated above, the election criteria for Outside Directors include expertise in different fields, problem discovery and solving capabilities, insight, strategic thinking capabilities, risk management capabilities, and leadership qualities.

● Diversity

Candidates for Directors shall not be excluded from selection due to their attributes such as their race, ethnicity, gender or nationality.

Election Process and Evaluation Process for Directors

We are making ongoing efforts to strengthen and enhance corporate governance for our sustainable growth and improvement of corporate and shareholder value.

<Nomination Committee>

To secure objectivity, transparency, and timeliness for procedures to appoint, dismiss, and evaluate Directors, the CEO, and other members of the management team, the Board of Directors has in place the Nomination Committee, which is an advisory body to the Board of Directors.

To increase objectivity and independence, the Nomination Committee comprises a majority of Non-executive Directors with at least half of the Members being Outside Directors, and is chaired by a Non-executive Director. (During the year ended March 31, 2019, the committee was chaired by an Outside Director with three Outside Directors, one Internal Non-executive Director, one Internal Executive Director, and a majority of Outside Directors.)

The Nomination Committee deliberates on the following inquiries and reports on the deliberation and conclusions to the Board of Directors.

(Inquiry items)

- 1) Nomination of candidates for CEO and Directors
- 2) Evaluation of the soundness of the CEO and Directors to continue in their duties
- 3) Evaluation of achievements of the CEO and Directors
- 4) Confirmation of status of CEO succession plans and development of future CEO candidates
- 5) Confirmation of appointment/dismissal proposals and reasons thereof for Corporate Vice Presidents, Group Executive Officers, Advisors, and Fellows
- 6) Approval or disapproval on the formulation, revision or abolishment of appointment/dismissal systems for Directors, Corporate Vice Presidents, and Group Executive Officers

<Election process>

Director candidates are nominated based on management ability, personality, and character, with emphasis on qualities that will improve the oversight functions of the Board of Directors. The Nomination Committee deliberates twice on the qualification of the candidates, and reports to the Board of Directors clarifying the basis for nomination. Subsequently, based on the reporting from the Nomination Committee, the Board of Directors deliberates from a shareholder perspective, and determines the candidates to be submitted to the General Meeting of Shareholders.

<Evaluation process>

Directors are evaluated annually by the Nomination Committee. From the year ended March 31, 2019, the former one-step evaluation was modified to a two-step evaluation. In the first evaluation, careful and appropriate deliberations are made on the soundness of Directors to continue in their duties, ensuring timeliness of appointment and dismissal. In the second evaluation, Directors' achievements are evaluated with a multifaceted approach, and their issues are clarified through feedback in an effort to improve the quality of management. The Nomination Committee's deliberations and conclusions on the evaluation of Directors are reported to the Board of Directors to thoroughly oversee whether the Director is sound to continue in the role.

Furthermore, evaluations are based on such standards as "Management oversight status as a Director," "Financial aspects including key management indicators regarding business results, return on capital, etc.;" and "Contribution to shareholders and evaluation by capital markets."

Evaluation of CEO and CEO Succession Plan

The CEO succession plan is an important initiative for improving shareholder value and corporate value of the Ricoh Group in a continuous manner over the medium to long-term and continuously fulfilling the social responsibilities of the Group as a member of the society.

From the viewpoint of strengthening corporate governance, the Group works to establish a CEO succession plan with procedures that are objective, timely, and transparent.

1) CEO Evaluation

The CEO is evaluated annually by the Nomination Committee. From the year ended March 31, 2019, a two-step evaluation has been adopted. In the first evaluation, careful and appropriate deliberations are made on the soundness of the CEO to continue in his/her duties, ensuring timeliness of appointment

and dismissal. In the second evaluation, the CEO's achievements are evaluated with a multifaceted approach, and his/her issues are clarified through feedback in an effort to improve the quality of management. The Nomination Committee's deliberations and conclusions on the evaluation of the CEO are reported to the Board of Directors to effectively oversee the CEO.

Key items for the CEO evaluation

(1) Financial viewpoint	Business results, return on capital, other key management indicators, etc.
(2) Shareholder and capital market viewpoint	Stock-related indicators including TSR, analyst evaluations, etc.
(3) Non-financial viewpoint	ESG measures, customer and employee satisfaction, safety and product quality, etc.

2) Selection, development and evaluation of CEO candidates

Once a year, the CEO prepares a list of potential future CEO candidates together with a development plan for them and elaborates on the proposals at the Nomination Committee. The Nomination Committee deliberates on the validity of the CEO candidate list and development plans, provides advice to the CEO on candidate development, and reports the findings to the Board of Directors. The Board of Directors confirms the validity of the candidate selection and development plans upon reporting from the Nomination Committee and is actively involved in the selection and development of CEO candidates.

Terms	Number of persons selected
Backup candidate in case of accident	One
First candidate in line	Several
Second candidate in line	Several

<Selection of candidates>

CEO candidates are selected by terms in the table on the left according to the timing of the change. The backup candidate in case of accident in the table on the left is determined via resolution of the Board of Directors at the same time the CEO is selected.

<Development of candidates>

The Nomination Committee deliberates on the development plan for future CEO candidates and gives guidance to the CEO, who provides growth opportunities suited to each candidate according to their individual targets, allowing the candidates to accumulate experience. The CEO also gives direct guidance to promote the candidate's development based on individual assessment.

<Evaluation of candidates>

CEO candidates are evaluated annually, and the CEO reports to the Nomination Committee regarding the status of achievements and growth of the CEO candidates. The Nomination Committee reviews the selection of CEO candidates, and reports the results to the Board of Directors. Upon reporting from the Nomination Committee, the Board of Directors evaluates the CEO candidates and confirms the validity of deliberations on which candidates are to remain, and is actively involved in the process.

Policy of Compensation for Directors

Director compensation is used as an effective incentive to achieve sustainable increases in corporate earnings for the medium- to long-term, in the pursuit of increased shareholder value. In addition, from the viewpoint of strengthening corporate governance, measures to secure objectivity, transparency, and validity are taken in setting up compensation levels and determining individual compensation. The Company determines executive compensation based on the following basic policies:

1. Compensation is composed of three elements: i) basic compensation that reflects roles and performance of Directors, ii) bonuses that reflect business results (performance-linked compensation), and iii) compensation that reflects medium- to long-term increase in shareholder value.
2. When compensation levels are set up and individual compensation are determined, objectivity, transparency and validity must be secured through proper external benchmarks and deliberation by the Compensation Committee.

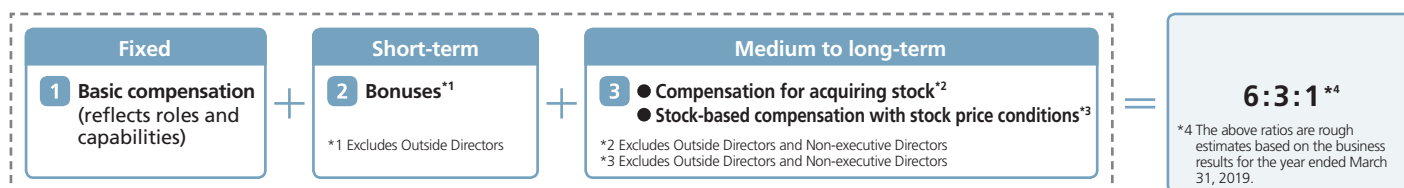
Outside Directors with positions that are independent from business execution are only paid basic compensation, and they do not receive contingent compensation such as performance-linked compensation.

The retirement benefit plan was abolished as of the date of the 107th Ordinary General Meeting of executive Shareholders held on June 27, 2007. Total compensation amount for Directors paid in the year ended March 31, 2019 was ¥394,000,000.

Executive compensation for the year ended March 31, 2019

Category	Total compensation, etc. (Millions of Yen)	Total amount of each type (Millions of Yen)				Number of Persons
		Fixed Basic compensation	Short-term Bonuses	Medium to long-term		
				Compensation for acquiring stock	stock price-linked compensation	
Directors (excluding Outside Directors)	310	218	68	11	11	8
Audit and Supervisory Board Members (excluding Outside Audit and Supervisory Board Members)	57	57	—	—	—	2
Outside Directors and Audit and Supervisory Board Members	86	86	—	—	—	8
Outside Directors	57	57	—	—	—	5
Outside Audit and Supervisory Board Members	28	28	—	—	—	3
Total	454	362	68	11	11	18

Breakdown and ratio of Director compensation



1 Basic compensation consists of compensation pertaining to management oversight and compensation reflecting the importance of individual roles and management responsibilities. In addition, compensation based on positions is additionally provided for the Representative Director, Chairperson of the Board, Chairperson of the Nomination Committee and the Compensation Committee, etc. A total of ¥276,300,000 was paid in the year ended March 31, 2019.

2 The amount of bonuses paid to Directors is determined based on operating income. By setting operating income as the key performance indicator, which is strongly correlated with market capitalization, it further clarifies responsibilities of Directors for the business results of the entire Ricoh Group and the improvement of shareholder value. In addition, regardless of the results calculated through this framework, whether or not a bonus will be paid reflecting the status of governance and non-financial factors will be discussed by the Compensation Committee and decided by the Board of Directors. (Reference)

The amount of bonuses is calculated by the following formula, which has been judged as appropriate and determined through deliberation by the Compensation Committee.
 Directors' bonuses = Base compensation for calculation (Basic monthly compensation) × Profit factor (Number of months determined in accordance with consolidated operating income^{*5})

^{*5} Number of months = consolidated operating income (millions of yen) / 20,000

3 Among compensation that reflects the stock price, compensation for acquiring stock is allocated in full for the acquisition of stock in the Ricoh Executive Stock Ownerships Plan as an incentive for increasing shareholder value over the medium- to long-term. Pursuant to a resolution at the 119th Ordinary General Meeting of Shareholders on June 21, 2019, the subsequent provision of stock price-linked compensation will be abolished, and stock-based incentive with stock price conditions will be introduced. At the same time, in the event of any misconduct that may harm the Company during the office of a Director, stock-based incentive may be taken back upon a Board of Directors resolution and other necessary procedures as stipulated in the so-called clawback provision. Compensation for acquiring stocks and stock price-linked compensation are paid to Directors in cash. As for the year ended March 31, 2019, a total of ¥23,250,000 was paid.

Future revisions to Director Compensation

We place emphasis on securing objectivity, transparency, and suitability of elements such as Directors' compensation levels and ratio of basic compensation to variable compensation. The Compensation Committee deliberates on the matter including peer company benchmarks for Director Compensation in October each year and considers revising compensation levels and ratios as required.

Compensation Evaluation Process

We have established a voluntary Compensation Committee in order to build an objective and transparent compensation valuation process in order to improve competitiveness corporate value, and corporate governance. The Compensation Committee decides (i) the individual compensation amount regarding basic compensation, compensation for acquiring stock and stock price-linked compensation (excluding bonuses), and (ii) the individual compensation plan for bonuses, based on corporate performance, the compensation criteria for Directors and individual evaluations after holding several

discussions. Subsequently, with regard to bonuses, following discussions by the Board of Directors, it is determined whether or not to submit a proposal on the payment of bonuses to Directors to the General Meeting of Shareholders. The new stock-based incentive with stock price conditions will be determined by the Compensation Committee upon setting the individual number of shares to be delivered based on comparison of the compensation levels of Directors and Ricoh's share price growth rate relative to that of TOPIX.

Assessing effectiveness of the Board of Directors

Overview of the Board of Directors' effectiveness assessments in the year ended March 31, 2019

Following an effectiveness assessment in the year ended March 31, 2018, the Company's Board of Directors formulated basic policies for proceedings and spotlighted three improvement action items. On May 9, 2019, 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, the Board of Directors' deliberation effectiveness, decision-making, and supervision, and the Board of Directors' efforts to confirm implementation.

Action items and results of improvement in year under review

Action item 1

Monitor the progress of our Growth Strategies #0, #1 and #2, and conduct appropriate discussions and support according to circumstances.

Results of improvement

Appreciated for the fact that the following points crucial in developing the growth strategies were identified and steadily determined/implemented through the deliberation of the Board of Directors.

- Organizational reform and clarification of the person responsible for each business area to implement the growth strategies.
- Continuous enhancement of governance and headquarter function to support the growth strategies.

Meanwhile, there were remarks on needs to improve discussions of personnel strategies, technological strategies, and sustainable enhancements of corporate value based on a medium- to long-term stand point.

Action item 2

Inspect and improve governance and risk management to support global business activities.

Results of improvement

Appreciated for reviewing the appointment and dismissal process of the CEO and officers, and enforcing the governance system from a shareholder perspective by introducing the stock compensation system. There were also good feedback on risk management, being inspected and streamlined, and also on its prompt decision making and execution of system development, such as the establishment of its expert committee.

Meanwhile, there were remarks on the importance of continuing defense measures such as the inspection and improvement of the governance and risk management systems as well as offense measures such as discussion to maximize corporate value for the Ricoh Group.

Action item 3

Promote prompt and accurate response to remaining major management issues such as optimization of our North American sales structure and cost reduction, through monitoring and encouragement of execution.

Results of improvement

Appreciated for the optimization and performance recovery of the North American sales structure as a result of appropriate monitoring based on detailed reporting from frontline managers, as well as the prompt decisions and implementation of important structural reform themes such as business reorganization of the Ricoh Group following the previous year. Meanwhile, there were remarks that the Board of Directors needs to continue monitoring cost reductions as an effort that can immediately address changes in business structure and earnings structure.

Efforts to improve the effectiveness of the Board of Directors in the year ending March 31, 2020

The Board of Directors works to improve its effectiveness by establishing a basic policy for the year ending March 31, 2020, and has set three improvement items outlined below in order to enhance the corporate value through execution of the 19th MTP and formulation of the 20th MTP.

Basic policies for the year ending March 31, 2020

- 1) Monitor and support the achievement of our mid-term goals as the final year of the 19th MTP.
- 2) Formulate the 20th MTP with emphasis on discussion with a medium- to long-term perspective to enhance corporate value.

Improvement items for the year ending March 31, 2020

- i) Monitor the progress of the priority measures in the 19th MTP, the achievement level of financial and non-financial targets as well as key management indicators, and conduct appropriate discussions and support according to circumstances.
- ii) Continue discussions from a medium- to long-term perspective on important themes, such as growth, human resources and technological strategies, and reflect them in the 20th MTP.
- iii) Monitor the continuous improvement of the management system targeted towards the 20th MTP, creating an environment for the full-scale development of growth strategies.

The Ricoh website presents details of the Board of Directors deliberations about effectiveness assessments and a results summary for the year ended March 31, 2019.