

# Materiality and ESG Targets





We have identified seven material issues to resolve social issues through business and maintain a robust management infrastructure.

We have positioned ESG initiatives as vital for generating future finances. Accordingly, we formulated 17 future financial targets (ESG targets) associated with each material issue, and are striving to resolve social issues through business.

Our sustainability vision encompasses the Three Ps Balance, covering Prosperity (economic activities), People (society), and the Planet (the environment). We identified priority material issues on which to focus in business by factoring in SDGs, our corporate philosophy, and mid-term management plans. We also reflected input from external experts, people in the Corporate Planning and

Sustainability departments, and senior executives (see Material Issue Analysis Process on page 16). [from Process of Materiality Analysis]  
For strategic consistency, we review the materiality in alignment with the duration of the mid-term management plans. Since fiscal 2020, we have set materiality-related ESG targets and disclosed results.

## Ricoh's approach to seven material issues and ESG targets

Resolving social issues through business		
Materiality (Material issues)	2030 targets	Resolution of social issues and business strategies
<b>Creativity from Work</b> 	Contribute to Creativity from Work of all customers to whom we deliver value	<b>Social issues</b> For sustainable development, companies need to reform employees' work styles, boost productivity by using IT and increase employees' work satisfaction. <b>Business strategies</b> We will help customers achieve Creativity from Work by providing them with digital technologies and services. <b>Major business areas</b> • Office printing/office services
<b>QOL Enhancement</b> 	Contribute to the enhancement of social infrastructure for 30 million people	<b>Social issues</b> It is necessary to eliminate disparities in medical, educational, and regional services between developed and developing countries, and between urban and rural areas. <b>Business strategies</b> We will help improve medical, educational and regional services by utilizing the digital technologies and know-how that we have accumulated for office solutions. <b>Major business areas</b> • Healthcare • Smart social infrastructure
<b>Zero-Carbon Society</b> 	Reduce GHG emissions by 63% for scope 1 and 2, and 40% for scope 3 Switch to 50% renewable electricity	<b>Social issues</b> As the impact of climate change is becoming more severe, it is necessary to enhance and speed up countermeasures. <b>Business strategies</b> Upholding the Science Based Target (SBT) of 1.5°C, we will work to reduce GHG emissions substantially and supply products and solutions that contribute to the decarbonization of society as a whole. <b>Major business areas</b> • Office printing/office services • Environment
<b>Circular Economy</b> 	Ensure efficient use of resources throughout the entire value chain and achieve virgin material usage ratio of 60% or less	<b>Social issues</b> For sustainable use of natural resources, it is necessary to foster the recycling of resources and reduce the use of new resources. <b>Business strategies</b> We will further enhance our 3Rs (reduce, reuse and recycle) measures and reduce the use and foster the substitution of plastic materials and provide on-demand printing service, thereby helping customers make efficient use of resources. <b>Major business areas</b> • Office printing/office services • Commercial printing/industrial printing • Thermal media

## Robust management infrastructure

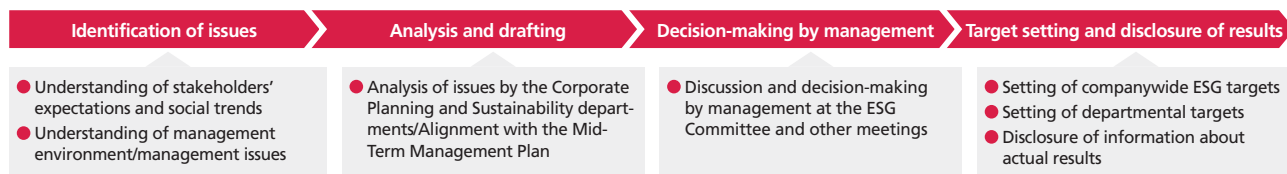
Materiality (Material issues)	Requests from society and management strategies
<b>Stakeholder Engagement</b> 	<b>Requests from society</b> For the sustainable development of society, companies are required to enhance the sustainability of their entire global value chain. <b>Management strategies</b> We will strengthen collaboration with our business partners and build a Win-Win-Win relationship between our company, business partners, and society.
<b>Open Innovation</b> 	<b>Requests from society</b> For sustainable development, innovation needs to be promoted across a range of industrial sectors. <b>Management strategies</b> We will attribute importance to open innovation with universities, research institutes, other companies, and business partners and foster collaboration with these partners to resolve social issues through efficient research and technological development as well as to create new value.
<b>Diversity and Inclusion</b> 	<b>Requests from society</b> For sustainable development and innovation, it is necessary to promote decent work, which gives satisfaction and is humane, and respect diversity in society. <b>Management strategies</b> We will respect the diversity of employees, upholding the empowerment of self-motivated employees in our management policy and strive to create workplaces where employees can work with vigor.

## Linkage between executive compensation and ESG targets

Ricoh has incorporated ESG indicators into executive compensation since fiscal 2020 in order to clarify management responsibilities for ESG initiatives and achievement of targets. For the board of directors' remuneration, we have set the annual DJSI\* Rating as an ESG indicator for bonus calculation formulas. For the executive officers' compensation, the degree of achievement of ESG targets set in association with materiality as well as the degree of achievement of business performance targets and priority measures are incorporated into the evaluation indicators. Based on this evaluation result, the annual compensation is determined.

\* Dow Jones Sustainability Indices: Dow Jones & Company of the United States and sustainability investment research firm S&P Global jointly developed these indices, analyzing corporate sustainability from economic, environmental, and social perspectives

### Process of materiality analysis



- Understanding of stakeholders' expectations and social trends
- Understanding of management environment/management issues

- Analysis of issues by the Corporate Planning and Sustainability departments/Alignment with the Mid-Term Management Plan

- Discussion and decision-making by management at the ESG Committee and other meetings

- Setting of companywide ESG targets
- Setting of departmental targets
- Disclosure of information about actual results

	ESG targets (April 2020 – March 2023)		Fiscal 2020 Results	Activities & Topics
	KPIs	Targets		
Top score rate <sup>*1</sup> in customer surveys	30% or above	30% or above	Japan: 28%; Americas: 28%; Europe: 24%; APAC: 40%	Surveyed key customers in each region to receive comprehensive evaluations of Ricoh.
Fulfilling value proposition for customers	20% <sup>*2</sup>	20%	10%	Sold 68,000 Scrum packages, bringing the cumulative number of packages since its release in 2017 to more than 140,000.
Digital specialist development	IPA ITSS L3 1.5 times			(The result to be disclosed from fiscal 2022)
Number of people to whom we have contributed by improving social infrastructure	10 million people	10 million people	1.6 million people	Contributed to improving social infrastructure for 1.4 million people by regular inspection using Road Surface Inspection System (Social infrastructure business). Contributed to improving social infrastructure for 200,000 people through PCR inspection accuracy management using Ricoh standard DNA series (Healthcare business).
GHG emissions reduction rate for scope 1 and 2 (vs. fiscal 2015)	30%	30%	36.5%	Reduced compared to prior year by utilizing renewable energy and saving energy usage (Improvement of production and work process, reduction and replacement of company cars to EVs), despite the COVID-19 impact.
GHG emissions reduction rate for scope 3 (vs. fiscal 2015)	20%	20%	31.7%	Reduced CO <sub>2</sub> emissions by enhancing saving energy functionality of our products (reduced Typical Electricity Consumption (TEC) value).
Renewable energy usage ratio	30%	30%	17.6%	Widely increased renewable energy usage rate in Americas, Europe and China (Americas: 12.9%, Europe: 67.7%, China: 37.8%). Achieved 100% renewable electricity usage across 24 countries, 31 companies (As of March 2021).
Virgin material usage ratio	85% or less	85% or less	90.7%	Promoting 3R activities by setting targets for Ricoh Group Plastic Policy for products and organizing cross-functional Working Group (Office Printing devices). Launched a new product made from 17% recycled material and provided with reduced plastic packaging by 36% in January 2021.

	ESG targets (April 2020 – March 2023)		Fiscal 2020 Results	Activities & Topics
	KPIs	Targets		
Production sites with RBA certification	6 sites	6 sites	3 sites	Three Ricoh sites received certification: Ricoh Industry Tohoku, Shanghai Ricoh Digital Equipment, and Ricoh Manufacturing (Thailand) (As of May 2021).
Suppliers to sign Ricoh Group Supplier Code of Conduct	100% signed	100% signed	86% signed	Conducted 16 ESG briefings for 226 key suppliers to share the Ricoh Group's policies and strategies and strongly suggested their signing of the Ricoh Group Supplier Code of Conduct. Supplier hotline established for suppliers to report law, rule and contract violations by Ricoh Group employees.
International security standard	Bolstered security based on ISO/IEC, NIST			Undisclosed
Evaluation scores <sup>*3</sup> from each partner (suppliers, distributors/dealers, development partners)				Undisclosed
Attain top levels for primary ESG external evaluations	DJSI, CDP, etc.		Included in Dow Jones World Indices and the CDP climate change A List 2020	Won the Grand Prix award of Nikkei SDGs management Grand Prix in 2020, in addition to the evaluations listed.
Selected as Digital Transformation stock by Ministry of Economy, Trade and Industry (METI)	Selected		Selected as DX Certified Business Operator	Selected as DX Certified Business Operator by Japan's METI in June 2021.
Increase rate of patent ETR score (vs. fiscal 2020)	20%			(The result to be disclosed from fiscal 2022)
Ricoh Family Group engagement score <sup>*4</sup>	50th percentile or above in each region		Japan: 48th percentile Americas: 35th percentile Europe: 21st percentile APAC: 31st percentile	Established Global Survey program. Survey results were reported to top management, and improvement measures discussed. Best practice sharing sessions for domestic group companies were held and will continue to be conducted.
Woman manager ratio <sup>①</sup>	Global: 16.5% or above (Japan: 7.0% or more)		Global: 15.1% (Japan: 5.8% <sup>*5</sup> )	Conducted awareness-raising training for women employees at all levels and Unconscious Bias Seminar. Won Semi-Grand Prix at 2021 J-Win Diversity Award – Corporate Basic category sponsored by a non-profit organization, Japan Women's Innovative Network (J-Win).

\*1 Top score rate: Highest score selecting rate

\*2 Scrum package customers rate in Japan

\*3 Evaluation results of Ricoh Group from each partner

\*4 Scoring shows Ricoh's positioning in comparison to all participating companies of the Gallup survey as 100 in each region

\*5 As of April 2021

● For more information, refer to the following page: ① Empowering women P. 48