

Conversation between Outside Directors

Sharpening our vision to become a digital services company and uniting the collective energy of all Group employees

Ricoh appointed Shigenao Ishiguro and Yoko Takeda as outside directors in June 2023. They later met to discuss challenges in implementing the 21st Mid-Term Management Strategy and the Corporate Value Improvement Project. They also shared their hopes for growth over the medium to long term and improving corporate value.

Impressions and assessments of and challenges with Ricoh's governance as members of its Board of Directors

Ishiguro: The Board of Directors has three internal and five external members, with outside directors forming a majority. Despite its diversity, the Board remains small enough to foster open dialogue, allowing us to uncover management challenges from various perspectives. Keisuke Yokoo, the outside director who chairs the Board, expertly oversees these discussions. He ensures that all members, including newcomers like us, feel comfortable



Shigenao Ishiguro
Outside Director

Yoko Takeda
Outside Director

expressing our views. The Board goes beyond merely approving proposals; it also extensively discusses issues and strategic directions for Ricoh.

Takeda: I completely agree. Our discussions are open and vigorous, not only in formal meetings but also during pre-meeting briefings, working groups, and informal gatherings among outside directors. We don't just focus on immediate issues. We also exchange views from medium- to long-term perspectives, which is fundamental to the Board culture. While executives address day-to-day management challenges, we must oversee these critical

decisions effectively as outside directors. At the same time, enhancing corporate value requires us to engage in strategic discussions that look beyond the present, using backcasting to envision where Ricoh should be heading. The diverse backgrounds of outside directors bring objective and precise insights, contributing significantly to our dynamic deliberations.

Ishiguro: Even when discussing the same issue, all directors share their views from diverse perspectives, sparking new insights among us. Every discussion feels fresh and stimulating.

Takeda: When visiting Group sites, I had the opportunity to host roundtable discussions with employees leading digital transformation and circular economy initiatives. Their enthusiasm and candid opinions strengthened my resolve to also do my best.

Nomination Committee and Compensation Committee actions

Ishiguro: As a member of the Nomination Committee, I can say that we not only select the CEO but also rigorously evaluate their performance after appointment, thereafter submitting assessments to the Compensation Committee.

In evaluating the CEO, we focus not only on short-term financial results but also on future financial performance (ESG). I feel that Ricoh is unique in that we evaluate from multiple perspectives.

The evaluation criteria and methods are clear and transparent, enabling the Nomination Committee to fulfill its responsibility for making informed appointment decisions.

At times, sensitive topics arise during Nomination Committee meetings, but Mr. Ishimura's strong leadership ensures thorough discussions, which I believe contributes to the committee's vitality.

Takeda: As a member of the Compensation Committee, I participate in objective discussions with outside and non-executive directors about the compensation system and the responsibilities that executive officers should fulfill. In fiscal 2023, we revised the stock compensation system, finding realistic solutions by considering various perspectives, including corporate value enhancement, past experiences, practical aspects, and legal considerations.



Evaluating the progress and challenges of the 21st Mid-Term Management Strategy and Corporate Value Improvement Project

Ishiguro: Although I was not on the Board when we formulated the 21st Mid-Term Management Strategy, I clearly understand our direction, the need for reform, and the steps required to sow the seeds for new growth. The most important thing is execution—everything hinges on it. In executing the strategy, it's essential to delve deeper into our goals, clarify them, and focus the energy of the Board and all Group employees on achieving them. We must also prioritize accelerating execution. By that, I mean starting early rather than just acting quickly. Beginning early and preparing for the future enable us to reach our goals sooner. Conversely, focusing too much on speed alone risks compromising the quality of our work. When we act early, even if we encounter setbacks, we have the opportunity to adjust and try again. To accelerate progress, we outside directors must dedicate significant effort to pushing things forward. I firmly believe that by concentrating our energy and starting early, we can successfully transform Ricoh into a digital services company.

Takeda: Reflecting on the past year, we've spent considerable time, both formally and informally, discussing

the 21st Mid-Term Management Strategy and driving the Corporate Value Improvement Project. While I believe the Board has ample energy, I see three challenges we need to address.

First, we need to sharpen the clarity of the direction and vision for Ricoh's transformation into a digital services company. We must present stakeholders with concrete measures, clearly outlining the goals we aim to achieve based on our strengths and the strategic path we are taking.

Second, we need to emphasize selection and concentration. From my economic perspective, structural reform requires not only cost-cutting but also future-oriented investments. We should concentrate R&D investments, talent, and other business resources in priority areas and better communicate a forward-looking vision of growth through innovation.

The third challenge is ensuring that both executive officers and employees fully embrace this direction and approach their work with greater motivation and engagement. Central to the Corporate Value Improvement Project is presenting a positive vision that inspires everyone to take on new challenges, ultimately maximizing our people's potential and driving our transformation into a digital services company.

Ishiguro: Absolutely. By demonstrating how attractive and exciting a digital services company can be through concrete examples, we can inspire people to do their best. This truly embodies the essence of Fulfillment through Work. A leader's most important responsibility in driving reform is to ignite action in the hearts of all employees, who are pivotal to implementing these reforms.

Takeda: I agree. People need positive mindsets to stay highly motivated, so it's essential to keep fostering this spirit.

Ishiguro: Another crucial factor in accelerating implementation is leveraging talent globally, including skilled employees from newly acquired overseas subsidiaries. We need to establish a framework where all

employees, especially those interacting directly with customers and sensing market changes daily, proactively consider how to transform Ricoh and take the initiative to drive positive change.

Propelling the Ricoh Group's medium- to long-term growth

Ishiguro: Over the next 10 to 20 years, we aim to help build a world where digital technology takes care of what it can, freeing people to focus on the creative work unique to humans. By handling the digital aspects and delivering services to customers, we want to empower people to engage in more dynamic and meaningful work. I believe that steadily contributing to such a world is paramount.

Takeda: That's right. Ricoh has three core strengths. The first is its people. One of the main reasons I became an outside director is Ricoh's founding principles: the Spirit of Three Loves—Love your neighbor, Love your country, Love your work. The diverse individuals who embody these principles at Ricoh are its greatest asset. That's why I hope Ricoh will continue to tap into the strengths of its global talent, especially its younger employees.

Our second strength is that Ricoh, having pioneered office automation, is now evolving to the next stage by delivering Fulfillment through Work through digital services. If we clarify our vision, everyone will align with it, and we will achieve it. Ricoh has the strength to realize this vision.

The third strength is our commitment to sustainability. We recognized the urgency of such global challenges as environmental protection early on and took proactive measures. In February 2023, we launched an environmentally friendly full-color MFP incorporating around 50% recycled plastics, which earned us the Minister of Economy, Trade and Industry Prize at the Global Environmental Awards. Ricoh's longstanding dedication to sustainability attracted me to the Company. Despite the high value these efforts generate, I feel that Ricoh is too modest in promoting its achievements.

Perhaps because we have been making these efforts for so long, we might take this strength for granted. Highlighting our expertise in sustainability would not only meet the expectations of shareholders and other investors but also instill a sense of pride in our employees.

Serving stakeholders

Ishiguro: The Board of Directors prioritizes the interests of multiple stakeholders as part of its culture. On behalf of shareholders and other investors, we're committed to working alongside our employees—who drive Ricoh's growth—to support its transformation into a digital services company.

Takeda: Since its inception, Ricoh has continuously adapted to change, reinventing itself and growing. As stated in the Ricoh Way, employees should unleash their uniquely human creativity, confidently contribute to building a sustainable future, and experience Fulfillment through Work. If we foster such a company, as Mr. Ishiguro mentioned, employees will embrace the challenge of acting early rather than just fast, delivering innovative products and services, and ultimately enhancing corporate value. As an outside director, I'm committed to working alongside employees to enhance corporate value and meet the expectations of our shareholders and other investors.

