

Corporate Governance

The Ricoh Group’s corporate governance system is designed to facilitate sustainable growth and increase corporate value across the Group.

Corporate governance system

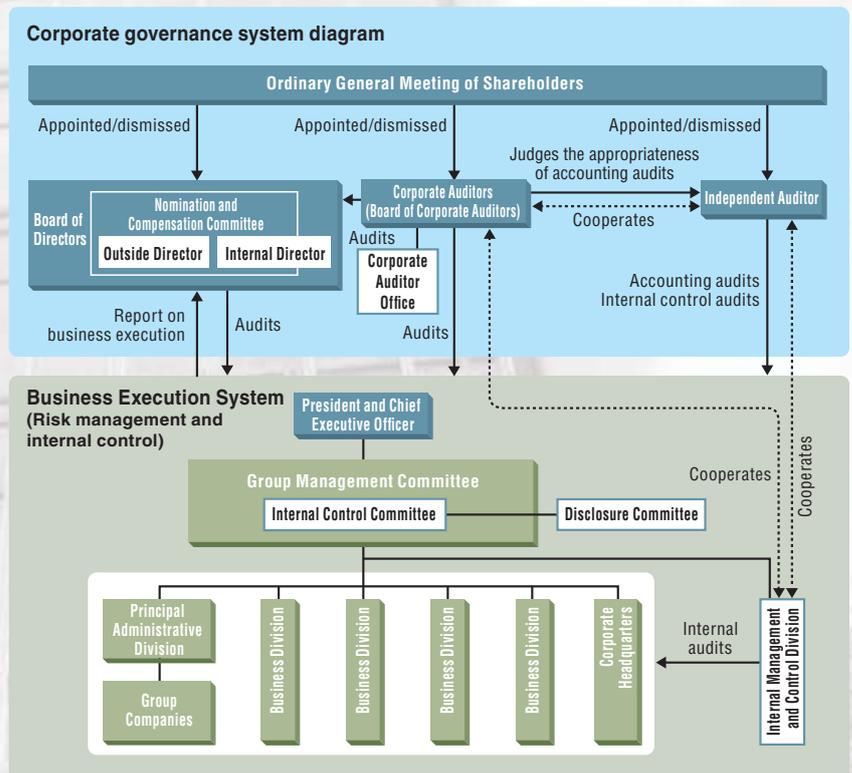
ISO 26000: Organizational government

The Ricoh Group has established the “RICOH Way” See page 29, a set of guiding principles and values that inform its business activities. In accordance with these principles, we continue to improve our corporate governance system to ensure the maintenance of an appropriate level of transparency, as required by corporate ethics and legal compliance, with which we ultimately aim to further enhance our competitiveness.

Based on the principle of autonomous corporate governance, the Ricoh Group promotes a corporate culture that values both a sense of duty to meet the various expectations of stakeholders and high ethics suited to good social conscience. At the same time, we strive to create a sense of alertness in management and business execution, and further enhance the quality and speediness of such functions. To this end, the Ricoh Group adopts the management structure shown to the right. The key features include:

- A corporate auditor system is in place.
- The Board of Directors provides management oversight and makes decisions on important issues concerning the management of the Ricoh Group. Management transparency and fairness of decision-making are strengthened by the presence of Outside Directors. The Board of Directors is comprised of 12 Directors, including two Outside Directors.
- The Board of Corporate Auditors is comprised of four Corporate Auditors, including two Outside Corporate Auditors. It provides a management oversight function by discussing and determining audit policy and assignment of duties.
- Under the executive officer system, executive actions are delegated to each relevant business division, enabling clear segregation of duties and timely decision-making.
- The Group Management Committee (GMC) is a decision-making organization delegated by the Board of Directors, and composed

- of executive officers who meet specific criteria. The GMC operates so as to accelerate deliberation and decision-making from the perspective of the optimum management of the entire Group.
- Unique to the Ricoh Group, the Nomination and Compensation Committee, a permanent organization composed of Outside Directors and designated internal Directors, makes proposals and resolutions concerning the regulation of the nomination, dismissal and compensation of Directors and executive officers, etc.
- The Corporate Auditor office is established, where exclusively assigned employees assist the auditors in performing their duties.



Outline of the corporate governance system (as of June 2011)

Organizational form	Corporation with corporate auditors
Number of Directors	12 (maximum number under the articles of incorporation: 15)
No. of Outside Directors	2
Chair of the Board of Directors	Chairman
Number of Corporate Auditors	4 (maximum number under the articles of incorporation: 5)
No. of Outside Corporate Auditors	2

- The Internal Management and Control Division, the Ricoh Group's internal auditing division, reviews and assesses, in a fair and objective manner, the status of each business operation department to ensure the legal compliance and adequacy of business operations executed, and, in addition, offer advice and recommendations for improvement.
- In response to growing calls for greater independence of the Independent Auditor, the Ricoh Group has formulated a set of guidelines called the Policy and Procedures for Prior Approval concerning Audit and Non-Audit Services. Accordingly, finalization of the details of and fee for audit engagement requires the prior approval of the Board of Corporate Auditors.
- To establish and improve the internal control system of the Ricoh Group, an Internal Control Committee is instituted within the GMC. It is expected to convene regularly to deliberate and decide on relevant matters.

■ Basic policy on executive compensation

At the Ricoh Group, executive compensation is employed as an effective incentive for achieving the sustainable increase of corporate earnings and, in turn, shareholder value over the middle and long term. The base salary of a Director consists of: remuneration pertaining to his/her management oversight

role, remuneration reflecting the importance of management roles and responsibilities, remuneration for the purpose of purchasing treasury stock (except for Outside Directors), and variable remuneration linked to stock price performance during the relevant fiscal year. The amount of bonuses paid to Directors is determined based on the achievement of key performance indicators (sales, operating income, and ROA) pertaining to shareholder value and the competitiveness of the Group. Proposed executive bonuses are brought before the Ordinary General Meeting of Shareholders for approval.

The compensation of Corporate Auditors is comprised solely of remuneration for their auditing duties.

Executive compensation (for the year from April 1, 2010 to March 31, 2011)

(¥million)	No. (People)	Base salary (¥million)	Bonus (¥million)	Total (¥million)
Directors	16	346	82	429
Outside Directors	4	21	—	21
Corporate Auditors	5	74	—	74
Outside Corporate Auditors	3	14	—	14
Total	21	421	82	504
Outside executives	7	35	—	35

* The figures above include those for five Directors and one Corporate Auditor who retired following the 110th Ordinary General Meeting of Shareholders held on June 25, 2010.

Risk management and compliance

The Ricoh Group maintains the appropriateness of its operations and legal and regulatory compliance in its business execution through the following measures:

- Ricoh's Board of Directors and the GMC make decisions and perform management oversight for the Ricoh Group as a whole. To ensure the efficacy of such efforts, they establish management regulations concerning affiliate companies, and set up relevant administrative organizations in order to manage the Group.
- The Group set a basic disclosure policy to assure the accuracy, timeliness and comprehensiveness of disclosure of corporate information, and established the Disclosure Committee, an independent organization, to verify the process of disclosure.
- The application of the Ricoh Group Standard (RGS), a set of common rules to be followed by the entire Group.
- In order to thoroughly implement the Ricoh Group Corporate Social Responsibility (CSR) Charter, which sets forth the

principles of corporate behavior including compliance, and the Ricoh Group Code of Conduct, which articulates the general rules of conduct for Ricoh Group employees, the Specialty Committee and a hotline for reporting incidents and seeking advice have been established. Also various training programs are set up to enhance compliance domestically and overseas.

- The Ricoh Group has built and is operating a system for Total Risk Management (TRM), the primary purpose of which is to achieve effective and efficient integrated risk management by identifying, organizing, and addressing risks surrounding the Group, and ultimately to achieve consistent and sustainable prosperity and greater corporate value of the Group.

In addition, the Group has also formulated Business Continuity Plans (BCP) to help minimize damage and achieve prompt recovery and continuity of business in the event of an earthquake or other natural disaster or outbreaks of new types of flu or other infectious disease.