

# Governance

The Ricoh Group is committed to enhancing corporate governance to strengthen its competitiveness while ensuring management transparency based on corporate ethics and legal compliance. We will ensure that management initiatives and all our other corporate activities align with social norms and satisfy the expectations of our diverse stakeholders to achieve sustainable growth and enhance corporate and shareholder value.

In line with adopting a business unit structure in fiscal 2021, we implemented monitoring of each operation and affiliate. We prioritize growth and capital returns in overseeing Ricoh’s business portfolio and operations and enhanced the sophistication of our risk management.

**Key moves**

- Evaluated performances of senior executives, including business unit presidents
- Reinforced monitoring of capital investments and returns on capital through business portfolio deliberations in Board of Directors meetings
- Strengthened risk management for the new structure and management operation (delegation of authority to BUs and review of affiliate management)

## Outside director dialogue

In May 2022, we asked the lead outside director and the Board of Directors Chairperson about their reflections on fiscal 2021 and future expectations for the Ricoh Group.

### Looking back on fiscal 2021

**Iijima** Ricoh posted an operating profit of ¥40 billion in fiscal 2021; the target was ¥50 billion. This performance was amid a range of downside factors, including the pandemic’s impact, surging marine freight charges, higher procurement costs due to semiconductors and components shortages, and geopolitical risks. Still, there was a solid upside—Ricoh recovered from an operating loss in the previous term. I will remain vigilant in overseeing management in the year ahead. It is gratifying to note that Office Services now account for 40% or so of operating profit. I feel that Ricoh is now well-positioned as a digital services company.

**Hatano** Adopting a business unit structure ahead of schedule was laudable. Each business unit president now submits a report at the Board meeting, and the Board can now share on resolving common issues.

**Iijima** Other key contributors to Ricoh’s performance in fiscal 2021 included share repurchases and other aspects of capital policies, as well as the strong performances of

acquired companies. While the pandemic posed risks, it also presented opportunities. For example, it accelerated digitalization and prompted the Company to become greener. The publication of the Ricoh Group Circular Economy Report 2021 was another excellent achievement.

At the same time, each business unit needs to define their digital services company value propositions better. Other challenges include: reflecting the higher costs of resources, materials, and transportation into product pricing and building a supply chain impervious to global risks. I believe that our mission as outside directors is to oversee and advise the Board and help it overcome the challenges of volatility, uncertainty, complexity, and ambiguity.

**Hatano** Ricoh also needs to develop technologies that will be important over the medium through the long term and retain and train the right people. In this way, we will be better equipped to tackle unexpected changes in the operating climate and manage risks. It will be challenging to develop and increase the engagement of self-motivated professionals while dynamically transforming the human resources portfolio in response to global issues and risks. We adopted a director compensation structure that incentivizes risk-taking. I believe it is necessary to explore extending such a setup to employees in the coming years.



Masami Iijima  
Lead Outside Director

Mutsuko Hatano  
Chairperson of the Board of Directors

### Approach to board meeting deliberations

**Iijima** The Board of Directors has an excellent composition of expertise, diversity, experience, and knowledge. The chairperson is a non-executive director who conducts the proceedings objectively. I feel that the “Spirit of Three Loves” is firmly rooted in and shared among the Board of Directors, and that decision-making, supervision, monitoring, and advice are guided by this spirit. The speed of decision making has improved and is lightning fast these days. We are now quickly able to convene review meetings with outside directors, greatly enhancing the efficiency of the Board.

**Hatano** I also appreciate the fact that the staff prepares well and briefs the Board of Directors in advance, and that questions can be sorted out and addressed at the Board meetings. I feel that I can express my opinions without hesitation on areas where our ideas differ, and address any doubts in a stress-free manner through the discussions.

**Iijima** Since becoming an outside director at Ricoh, I have found the deliberations lively and conducive to freely exchanging opinions. Directors have noted those qualities in annual effectiveness evaluations.

**Hatano** I sometimes ask frank questions from a gender and academia perspective that may be different from my fellow board members. I believe that the company sincerely discusses and responds to my questions. I feel that the degree of how freely we can discuss has increased dramatically since Mr. Yamashita took the helm at Ricoh.

**Iijima** Another significant change has been how we formulate mid-term management plans. These plans used to be basically extensions of their predecessors. The 20th Mid-Term Management Plan (20th MTP) took a fresh approach, backcasting from our long-term vision. We now regularly check and review progress given the changing social and environmental circumstances.

**Hatano** I think that risk management will become even more crucial under our new business unit structure to reach 20th MTP goals. We will need to build frameworks to identify and address issues earlier.

**Iijima** Thus, it will be essential to leverage regular PDCA procedures to assess the plan's progress. We must probe the causes of delays or anomalies and discuss how to overcome them.

After the Ordinary General Meeting of Shareholders in June 2022, the ratio of outside directors now exceeds 50%, and more time will be necessary, discussions by outside directors. As executive officers and others attend board meetings as observers when necessary. Discussions will not deteriorate and will be more in-depth than in the past.

**Hatano** While we formulate management plans for the medium term, we need long-term perspectives for human resources. We are assessing the types of people we need as a digital services company, and how best to recruit and train



them. We are sharing information with the HR Department. There is much competition for digital experts, so we need to clarify job descriptions and communicate what kind of human resources we need. It will also be important for all our employees to design their careers for the next five to ten years.

Mr. Yamashita is increasingly sending out messages internally and externally regarding human resources. I believe that employees will be aware of what is expected of them and enable them to see the reactions of investors and others outside the company, leading to positive feedback.

**Lead outside director and chairperson of the Board of Directors stances on issues**

**Iijima** Although more than half of the Board members are outside directors, we must continue to consider the composition of the Board and the skills of those who will be invited to join. We need to consider Board size, the number, and the selection process for outside directors to ensure a balanced skill matrix that allows for free, vigorous, and in-depth discussions.

**Hatano** We now have a job-based employment system and a coherent executive compensation setup. So, we anticipate the need for systems that enable us to assess and develop individual employees properly. It isn't easy to set objective benchmarks, but we must make a start. We hope to demonstrate transparency of executive remuneration to shareholders and other investors and help enhance governance and employee engagement.

We also must leverage our job-based employment system and year-round hiring program to build a mechanism that offers attractive compensation packages to digital experts and other highly talented candidates.

**Iijima** As the lead outside director, I look to collaborate and communicate more than ever with Ms. Hatano, Mr. Yamashita, and other directors and auditors. I additionally seek to engage more with shareholders, employees, and other stakeholders to help enhance Ricoh's corporate value.

**Hatano** Obviously, I cannot expect people to consider Ricoh as being advanced in diversity just because I chair the Board of Directors. As a chair, it is my mission to encourage more objective and robust deliberations and draw as much as possible on the expertise and talents of Board members. I will endeavor to make discussions more efficient and in-depth, carefully selecting the agenda and allocating sufficient discussing time that creates opportunities for everyone to speak.

**Ricoh Group prospects**

**Iijima** As outside directors, we always approach board meetings with a sense of responsibility, keeping in mind that our decisions will affect the Ricoh Group five to ten years down the road.

**Hatano** We must leave a positive legacy. I also think it is important for all employees to be happy and proud of being part of the Ricoh Group. I am a devotee, although I have to set that feeling aside when helping shape management decisions. We must keep treasuring an environment in which we can exchange honest views based on trust.

**Iijima** The Spirit of Three Loves and the Three Ps Balance ❶ are essential foundations for us. We should keep propagating them. Acting on them should enable Ricoh to achieve business growth and fortify its ESG position.

In terms of global management, it may not be enough to fully leverage local personnel. When appointing such people to head local subsidiaries, for example, there may be cases where headquarters provides support until they are up to speed.

**Hatano** Our first diversity priority is to reach our targets for women in managerial positions. They account for 15.1% of Ricoh's executive pool globally. We would need to achieve around 30% for organizational changes to take hold. We naturally need to endorse both female and employees from other countries to be successful and focus on creating an inclusive work environment.



We are still developing our human resources approach and we need to proceed with caution to not make rash decisions that could have an unforeseen impact. I expect Ricoh to lead the way in diversity. Given its Fulfillment through Work vision, the Ricoh Group strives to showcase its commitment to positive work practices. We are on the cusp of an era in which advanced technology will make it possible to keep a check on what workers do. It will become necessary to further debate what being people-centric is all about.

❶ For more information, refer to the following page:  
❶ Value Creation Process Outcome P.18



Messages from outside directors



**Roles**  
Lead Outside Director  
Chairperson of the Nomination Committee  
Compensation Committee Member

**Major contributions**  
Mr. Iijima drew on his extensive executive expertise and insights to advise on controlling global risks, managing business portfolios, deploying human resources strategies, undertaking growth investments, and implementing capital policies in view of rapidly changing world affairs and regional characteristics.

**Attendance at Board of Directors meetings**  
Attended all 12 gatherings in fiscal 2021

Urgently important to tackle such supply chain issues as materials shortages and logistics slowdowns

Masami Iijima

Despite progress with vaccination and other measures in numerous countries, the COVID-19 pandemic continues to cast a shadow over the world. People and companies adapt to the situation, gradually finding ways to stem infections and maintain operations. Digital technologies have played a vital role in such efforts.

March 2020 saw the Ricoh Group announce that it would become a digital services company. We began discussing such a move well before the pandemic. We see daily reminders that it was a correct and timely decision. We have entered a phase where this policy is taking shape in our businesses. At the same time, the pandemic’s aftermath has beset the marketplace with pressing supply chain issues. These have included shortages of semiconductors and other components and materials and logistics delays.

I realize my role as an outside director is to assess changing times and environmental developments from the medium- to long-term perspective and leverage the broad perspectives I amassed as a Mitsui & Co. executive. To ensure that the Ricoh Group continues to be a company that contributes to society through digital technology, I will continue to strengthen the supervisory function of the Board and work to achieve corporate governance that meets the expectations of our shareholders and other stakeholders.



**Roles**  
Chairperson of the Board of Directors  
Chairperson of the Nomination Committee  
Compensation Committee Member

**Major contributions**  
Ms. Hatano harnessed her deep knowledge and insights in science and technology and talent development to advise on technology and intellectual property, new business strategies for Ricoh’s transformation to a digital services company, and digital and human resources strategies for securing diverse, highly talented specialists.

**Attendance at Board of Directors meetings**  
Attended all 12 gatherings in fiscal 2021

Global perspectives, transparent deliberations, and fast decision-making are vital to serving the growing need to nurture innovation

Mutsuko Hatano

The Ricoh Group honors the Spirit of Three Loves and seeks to expand its business while helping reach SDG objectives. It is accelerating reforms from medium- and long-term perspectives by returning to discussing the fundamentals of what Ricoh should accomplish in the global society. During the year under review, the Board of Directors discussed and deployed growth strategies, improved returns on capital, and overhauled corporate governance. The Company smoothly transitioned to a business unit structure. Its self-motivated employees continue to grow under Mr. Yamashita’s steadfast leadership.

At the same time, geopolitical risks grew beyond imagination, necessitating far more comprehensive discussions about rapidly changing conditions. We are also seeing global social issues come to the fore. Expectations are growing to accelerate SDGs contributions and digital and green transformations and to generate value that enriches the social landscape. Another development is that work practices are changing as jobs require greater creativity. It is increasingly important to nurture innovation. We need to further evolve transparent deliberation and decision-making with a global perspective and a sense of speed.

I will leverage my corporate and academia experience and perspectives and ideas that are diversely different from those inside Ricoh to encourage innovation-driven business growth and sustainability. I will support the Ricoh Group to grow sustainably and enhance its corporate value by continuing to bolster corporate governance from the perspectives of all stakeholders.



**Roles**  
Chairperson of the Compensation Committee  
Nomination Committee Member

**Major contributions**  
Mr. Yokoo advised from the perspectives of shareholders and other investors regarding corporate finance, engaging with capital markets, capital policies, digital and human resources strategies, and growth investments.

**Attendance at Board of Directors meetings**  
Attended all 12 gatherings in fiscal 2021

Strive to build a portfolio of businesses that can compete successfully on the global stage by having them run autonomously, clarifying their operational profitability, and allocating management resources efficiently

Keisuke Yokoo

Ricoh declared its commitment to beginning anew by becoming a digital services company. Accordingly, we are striving to enhance our corporate value over the medium through long terms. Priorities include undertaking structural reforms to bolster profitability, overhauling businesses, improving productivity, and pursuing ESG objectives. We made several moves in the year under review as part of our transition to a business unit structure. These included bringing out a framework for businesses to run autonomously, clarifying operational profitability, and allocating management resources efficiently to build a portfolio of businesses that can compete successfully in the global market. We look for particularly solid growth in Office Services, which should become a core business in the coming years. We will endeavor to capture digitalization demand while drawing on strengths from undertaking a balanced global rollout and a customer base and brand impact that have enabled us to capture the top share of the global MFP market.

My role is to monitor the Board of Directors objectively, offer useful advice, and ensure that management discloses information appropriately. Furthermore, by leveraging the long-term perspectives and vision accumulated through 48 years of experience in various financial businesses, I will work to achieve better corporate governance—always with stakeholders and shareholders in mind—so that Ricoh can increase corporate value and pursue sustainability.

Whenever shortcomings emerge with new organizations or systems, it is essential to diagnose and fix them swiftly

Sadafumi Tani



**Roles**  
Compensation Committee Member

**Major contributions**  
Mr. Tani advised from the perspectives of shareholders and other investors on communicating capital markets, disseminating information, enhancing capital returns, and formulating human resources strategies.

**Attendance at Board of Directors meetings**  
In fiscal 2021, attended all ten gatherings subsequent to being appointed at General Meeting of Shareholders

I have taken part in board and other meetings since becoming an outside director in June 2021. I think that Ricoh’s governance is functioning well, offering sufficient time for deliberations and covering very worthwhile topics.

We adopted a business unit structure to accelerate decision-making. While that setup will benefit us in all sorts of ways, some shortcomings may emerge that call for swift assessment and fix. We will roll out a Ricoh-style job-based employment system in fiscal 2022 in Japan. I wrote in my message to shareholders a year ago that people are the greatest asset for any organization. Overhauling our employment system will reshape Ricoh’s future. I will keep monitoring progress to ensure that the new approach fully incentivizes its valuable employees and fosters their talents. It will also be essential to increase diversity by hiring and training female and talent from multiple countries. Having more people with wide-ranging perspectives will make management more flexible and resilient.

Such external factors as the past two-plus years of the pandemic and the Ukraine invasion promptly and profoundly impact Ricoh’s operations. The challenge in such times is to determine how best to obtain and organize accurate information and apply it swiftly to management. I will offer recommendations for setting up and monitoring a nimble crisis management system.

New outside director

Contributing to governance and a corporate transformation amid Ricoh’s drive to deliver new growth

Kazuhiko Ishimura



**Roles**  
Nomination Committee Member

I have strong credentials in global manufacturing, as does Ricoh. I have found that it is impossible to compete in the worldwide market by just offering quality products and services at a low cost. Meeting quality, cost, and delivery requirements, delivering customer value while avoiding cost competition, and generating social value that contributes to ESG and SDG progress are vital to gaining stakeholder trust. To date, Ricoh has grown globally on the strength of its top-notch products and services, centered on office MFPs. It has earned a stellar reputation in ESG. We have made a major shift in our journey to become a digital services

company that achieves new growth. As a new director, I will assist in efforts to build a suitable governance structure and contribute to Ricoh’s transformation. Finally, I believe in the power of people. During my career, I have experienced countless crises where people came together to overcome those challenges and bring about meaningful change. Ricoh has a longstanding history of treasuring people. I share that ethos. I will help leverage the power of Ricoh’s people to drive its transformation into a more valuable enterprise as a digital services company.

Summary of Board of Directors effectiveness assessment for fiscal 2021

Fiscal 2021 evaluation of effectiveness of Board of Directors

Our evaluation focused not just on the effectiveness of the Board of Directors but also on how executives responded to requests from the Nomination Committee, Compensation Committee, and Board of Directors. In addition, a third-party evaluation was implemented to ensure objectivity.

Evaluation process

The evaluation was conducted through discussions attended by all Directors and Audit and Supervisory Board Members, after sharing their written assessments and the analysis of third-party questionnaires to ensure anonymity. Through the discussions, participants reviewed and evaluated the Board's performance during fiscal 2021, in terms of the basic policies on the operation of the Board of Directors and the three improvement items, which were set forth by the Board in the previous effectiveness assessment.

Basic policies for fiscal 2021

- 1. Monitor and support efforts to steadily implement the 20th Mid-Term Management Plan and reach fiscal 2021 business plan goals
- 2. Step up deliberations about management infrastructure and strategies to accelerate sustained growth after an emergency (the COVID-19 pandemic)

Fiscal 2021 action items

- 1. Monitor business performance (including non-financial targets) and progress in developing measures to increase the certainty of achieving the fiscal 2021 business plan, and encourage appropriate action.
- 2. Enhance supervision and deliberations to reach goals over medium and long terms for transforming the business structure, improving returns on capital, and optimize resource allocations, structure, and operations.
- 3. Deepen discussions about human, technological, and intellectual capital, growth and digital transformation strategies, and other components of management infrastructure in anticipating a post-pandemic business climate.

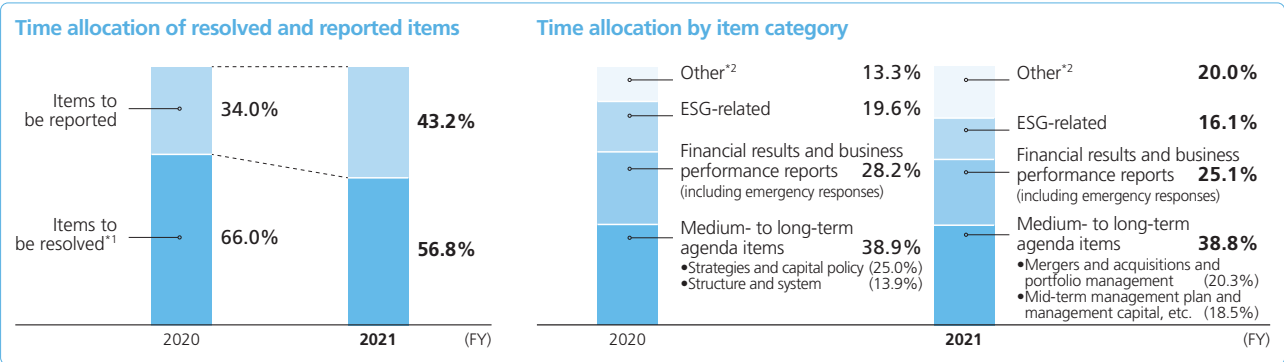
Summary of the results of the fiscal 2021 Board of Directors Effectiveness Assessment

Board of Directors' operational performance results

In fiscal 2021, we monitored and supported business unit performances and measures under our new business unit structure. At the same time, we ensured that the Board of Directors suitably discussed human capital, digital strategies, and other aspects of the management infrastructure to accelerate sustainable growth. For example, the Board of Directors determined priority issues and followed an annual reporting and deliberation schedule. As well as arranging outside director meetings, we had these directors attend management gatherings as observers. We also enhanced information sharing with directors and members of the Audit and Supervisory Board by improving advance briefings about mergers and acquisitions and other important topics.

In order to ensure transparency of deliberations at the Board of Directors meetings, the following disclosure regarding time allocated for the agenda items for the fiscal 2021 Board of Directors meetings is provided.

Board of Directors—Time allocation by agenda item



\*1 Items to be resolved: In addition to agenda items for resolution by the Board of Directors, these include Directors' review meetings and governance review meetings held to prepare for deliberations.  
\*2 Other: Resolutions in keeping of the provisions of the Companies Act, personnel matters, other individual proposals, and other factors.

Summary

The following summarizes the results of Board of Directors deliberations regarding written evaluations from directors and members of the Audit and Supervisory Board and third-party evaluations.

The Board of Directors unanimously concluded that this entity has a suitable composition and is effective. That is because the Board is fulfilling its oversight and decision-making with respect to management issues. These include addressing the business environment and strengthening the management structure and infrastructure.

The Board of Directors continued to improve supervision by ensuring that executives provide timely and appropriate business progress reports. It deliberated and provided support based on accurately understanding business situations in light of external factors. Among them were the prolonged pandemic, semiconductor shortages, and logistics cost hikes.

Outside directors chair and account for majorities of members of the Nomination and Compensation committees. The assessment of these entities was that they properly advised the Board of Directors by enhancing committee-led deliberations on major themes. These included implementing an objective CEO succession plan and framing compensation incentives from shareholder perspectives.

At the same time, some pointed out ways to make the Board of Directors more effective. One was to keep exploring optimal composition from the perspectives of diversity and expertise. Others were to develop specific growth strategies, including terms of discontinuity, based on business portfolio discussions, and to keep considering capital and other management infrastructure elements. Others also noted the importance of fully harnessing the knowledge of outside directors and enhancing open debate to deepen these deliberations.

From supervisory perspectives, others noted a need to take a range of measures. Among them were monitoring the business unit structure to improve business administration and risk management and conducting fixed-point evaluations of risks that could affect management.

Fiscal 2021 action items 1 and 2

Under our new organizational structure, business unit heads provided regular progress reports that the Board of Directors monitored constantly to encourage action in response to external factors.

The Board of Directors oversaw and supported measures to drive business growth and improve returns on capital and discussed business portfolios to reinforce the corporate structure. It enhanced deliberations about ESG initiatives, and personnel system reforms, and other matters related to future finances and the management infrastructure.

On the other hand, in addition to the need for continuous improvement to manage the progress of the business plan and appropriately respond, points were made regarding the need for further specificity in the digital services of each business unit to accelerate the transformation of the business structure, as well as for ongoing deliberations to establish a business portfolio and ROIC management.

Fiscal 2021 action item 3

The Board of Directors deliberated on the policies and measures for management infrastructure, including management capital (human resources, technology, intellectual property, liquid assets, etc.) and growth/DX strategies, as outlined in the 20th MTP, and provided timely and appropriate comments and support.

The Board also held several discussions about tapping human resources and developing digital professionals, verifying issues from various perspectives to pave the way for the adoption of a new personnel system.

The need to identify personnel attributes needed for the medium and long terms and strengthening human capital, comprehensively bolster risk management to address a changing business environment, and scrutinize and constantly improve the governance structure and systems under a business unit structure was pointed out.

Fiscal 2022 efforts to improve effectiveness of Board of Directors

In view of the above considerations and fiscal 2022 being a year for formulating Ricoh's next-mid-term management plan, the Board of Directors will function in line with the following Basic Policy and endeavor to become more effective, focusing on three specific action items.

Basic policies for fiscal 2022

- 1. Monitor and support key measures to reach targets for the final year of the 20th Mid-Term Management Plan
- 2. Discuss and support the formulation of the 21st Mid-Term Management Strategy (21st MTS) to maximize corporate value as a digital services company

Action items for fiscal 2022

- 1. Achieve fiscal 2022 business goals in a highly uncertain business climate by monitoring progress with key management indicators and measures and follow up as needed to ensure implementation.
- 2. Maximize corporate value as a digital services company by further discussing such management infrastructure matters as transforming the business structure, improving returns on capital, and human capital underpinnings, reflecting those conclusions into the 21st MTS.
- 3. Continuously improve corporate governance, as well as examine and supervise the business unit, risk management system, new personnel system, ESG (future financials), etc., to create an environment for sustainable growth.

This effectiveness evaluation also encompassed discussing and disclosing concepts, perspectives, underlying philosophies, and other components of Board of Directors efforts to enhance corporate value.

For more information, refer to the following page: Board culture P. 78



Directors and Audit and Supervisory Board Members

As of June 29, 2022

Board of Directors



**Yoshinori Yamashita**  
Representative Director  
CEO  
Nomination  
Committee Member  
Compensation  
Committee Member  
*Date of birth:*  
August 22, 1957  
1980: Joined the Company

**Currently**  
President, Ricoh Company, Ltd.

**Formerly**  
President, Ricoh Electronics, Inc.  
General Manager, Corporate Planning Division,  
Ricoh Company, Ltd.



**Seiji Sakata**  
Director  
CTO  
*Date of birth:*  
September 12, 1958  
1981: Joined the Company

**Currently**  
Executive Corporate Officer, Ricoh Company, Ltd.

**Formerly**  
General Manager, Human Resources Division,  
General Manager, Japan Management Division, and  
General Manager, Imaging Systems Development Division,  
Ricoh Company, Ltd.



**Akira Oyama**  
Director  
*Date of birth:*  
January 6, 1961  
1986: Joined the Company

**Currently**  
Executive Corporate Officer and President,  
Ricoh Digital Services Business Unit, Ricoh Company, Ltd.  
Director and Chairperson, Ricoh Japan Corporation

**Formerly**  
General Manager, Europe Marketing Group,  
Ricoh Company, Ltd., President, Ricoh Europe Plc



**Masami Iijima**  
Outside Director  
Lead Independent Director  
Chairperson of the  
Nomination Committee  
Compensation Committee  
Member  
*Date of birth:*  
September 23, 1950  
June 2016: Appointed as Director

**Currently**  
Counsellor, MITSUI & CO., LTD.  
Outside Director, SoftBank Group Corp.  
Counsellor, Bank of Japan  
Director, Isetan Mitsukoshi Holdings Ltd.  
Outside Director (Chairperson of the Board meeting),  
Takeda Pharmaceutical Co., Ltd.



**Mutsuko Hatano**  
Outside Director  
Chairperson of the Board  
Nomination Committee  
Member  
Compensation Committee  
Member  
*Date of birth:*  
October 1, 1960  
June 2016: Appointed as Director

**Currently**  
Professor at the Department of Electrical and  
Electronic Engineering, School of Engineering,  
Tokyo Institute of Technology  
Senior Aide to the President, Tokyo Institute of Technology  
Member, Science Council of Japan  
Executive Member, Council for Science, Technology and  
Innovation



**Keisuke Yokoo**  
Outside Director  
Nomination Committee  
Member  
Chairperson of  
Compensation Committee  
*Date of birth:*  
November 26, 1951  
June 2020: Appointed as Director

**Currently**  
President, Member of the Board & Chief Executive Officer,  
Japan Investment Corporation  
Outside Director, The Dai-ichi Life Insurance Company,  
Limited  
Chairperson, Sonar Advisers Inc.  
Outside Director, Takashimaya Company, Limited



**Sadafumi Tani**  
Outside Director  
Compensation Committee  
Member  
*Date of birth:*  
September 15, 1954  
June 2021: Appointed as Director

**Currently**  
Executive Director/Editor in Chief, Nippon.com  
Advisor, Jiji Research Institute, Ltd.



**Kazuhiko Ishimura**  
Outside Director  
Nomination Committee  
Member  
*Date of birth:*  
September 18, 1954  
June 2022: Appointed as Director

**Currently**  
President and CEO, the National Institute of Advanced  
Industrial Science and Technology  
Outside Director of Nomura Holdings, Inc.  
Vice Chairperson, Japan Association of Corporate Executives  
(KEIZAI DOYUKAI)

Audit and Supervisory Board



**Kazuhiro Tsuji**  
Audit and Supervisory Board  
Member  
*Date of birth:*  
January 25, 1961  
1984: Joined the Company  
June 2020: Appointed as Audit  
and Supervisory Board Member

**Formerly**  
General Manager, Human Resources Division and  
Corporate Vice President, Ricoh Company, Ltd.



**Shinji Sato**  
Audit and Supervisory Board  
Member  
*Date of birth:*  
May 2, 1960  
2017: Joined the Company  
June 2021: Appointed as Audit  
and Supervisory Board Member

**Formerly**  
General Manager, Finance and Legal Division and  
Corporate Vice President, Ricoh Company, Ltd.



**Yo Ota**  
Outside Audit and  
Supervisory Board Member  
*Date of birth:*  
October 3, 1967  
June 2017: Appointed as Audit  
and Supervisory Board Member

**Currently**  
Partner, Nishimura & Asahi  
Director, the Japan Association of Corporate Directors  
Councilor, LOTTE Foundation  
Vice Chairman, Corporate Governance Committee,  
the Japan Association of Corporate Directors  
Outside Director, Nippon Kayaku Co., Ltd.



**Shoji Kobayashi**  
Outside Audit and  
Supervisory Board Member  
*Date of birth:*  
December 29, 1953  
June 2020: Appointed as Audit  
and Supervisory Board Member

**Currently**  
Member, Contract Monitoring Committee, National  
Institute of Technology and Evaluation (NITE)  
Director in charge of Control Group (Part-time),  
SAIWAI TRADING CO., LTD.



**Yasunobu Furukawa**  
Outside Audit and  
Supervisory Board Member  
*Date of birth:*  
October 11, 1953  
June 2020: Appointed as Audit  
and Supervisory Board Member

**Currently**  
Outside Director, Keisei Electric Railway Co., Ltd.  
Outside Director (Audit & Supervisory Committee Member),  
Saitama Resona Bank, Limited

Skill matrix

The compositions of the Board of Directors and Audit and Supervisory Board, as well as expertise of each Director and Audit and Supervisory Board Member are as follows.

The tables below represent skills possessed by each Director and Audit and Supervisory Board Member that are deemed exemplary, and does not represent all of their knowledge and experience.

Positioning of key skills and noteworthy fields of expertise

- We have listed the key skills that at least one director or Audit and Supervisory Board member should possess in view of the operating climate and business strategies. These individuals should also be exceptionally proficient in their notable fields of expertise, shown in the tables below, to address increasingly complex business challenges.

Reasons for selecting key skills

- We have positioned expertise in corporate management and business operations as a key skill to ensure appropriate decision-making and oversight regarding global operational issues. We similarly made governance and risk management expertise a key skill to ensure accountability and transparency with diverse stakeholders and address increasingly complex business risks. To sustainably enhance corporate and shareholder value in view of Ricoh's listing on the Tokyo Stock Exchange's Prime Market, we included finance and accounting in key skills to support our capital policy and engagement with capital markets. We chose technology and R&D as a key skill underpinning Ricoh's transformation into a digital services company that leverages unique edge devices\*.

\* Edge devices are MFPs, cameras, and other networked systems with data processing capabilities that can input and output text, photo, audio, video, and other information.

Directors

		Years of Board service	Nomination Committee	Compensation Committee	Skills				Notable fields of expertise
					Corporate management/ business operation	Governance/ risk management	Finance/ accounting	Technology/ R&D	
Yoshinori Yamashita	Male	10 years	●	●	●	●			Supply chain management and marketing
Seiji Sakata	Male	4 years			●			●	Technology and product development
Akira Oyama	Male	1 year			●		●		Global marketing
Masami Iijima	Senior Outside Director Male Non-executive Outside Independent	6 years	● Chairperson	●	●	●			Global business
Mutsuko Hatano	Chairperson of the Board Female Non-executive Outside Independent	6 years	●	●	●			●	Cutting-edge technology research and education
Keisuke Yokoo	Male Non-executive Outside Independent	2 years	●	● Chairperson	●		●		Finance and investment management
Sadafumi Tani	Male Non-executive Outside Independent	1 year		●	●				Information analysis and distribution and communication
Kazuhiko Ishimura	Male Non-executive Outside Independent	–	●		●			●	Sustainability and technology management

Audit and Supervisory Board Members

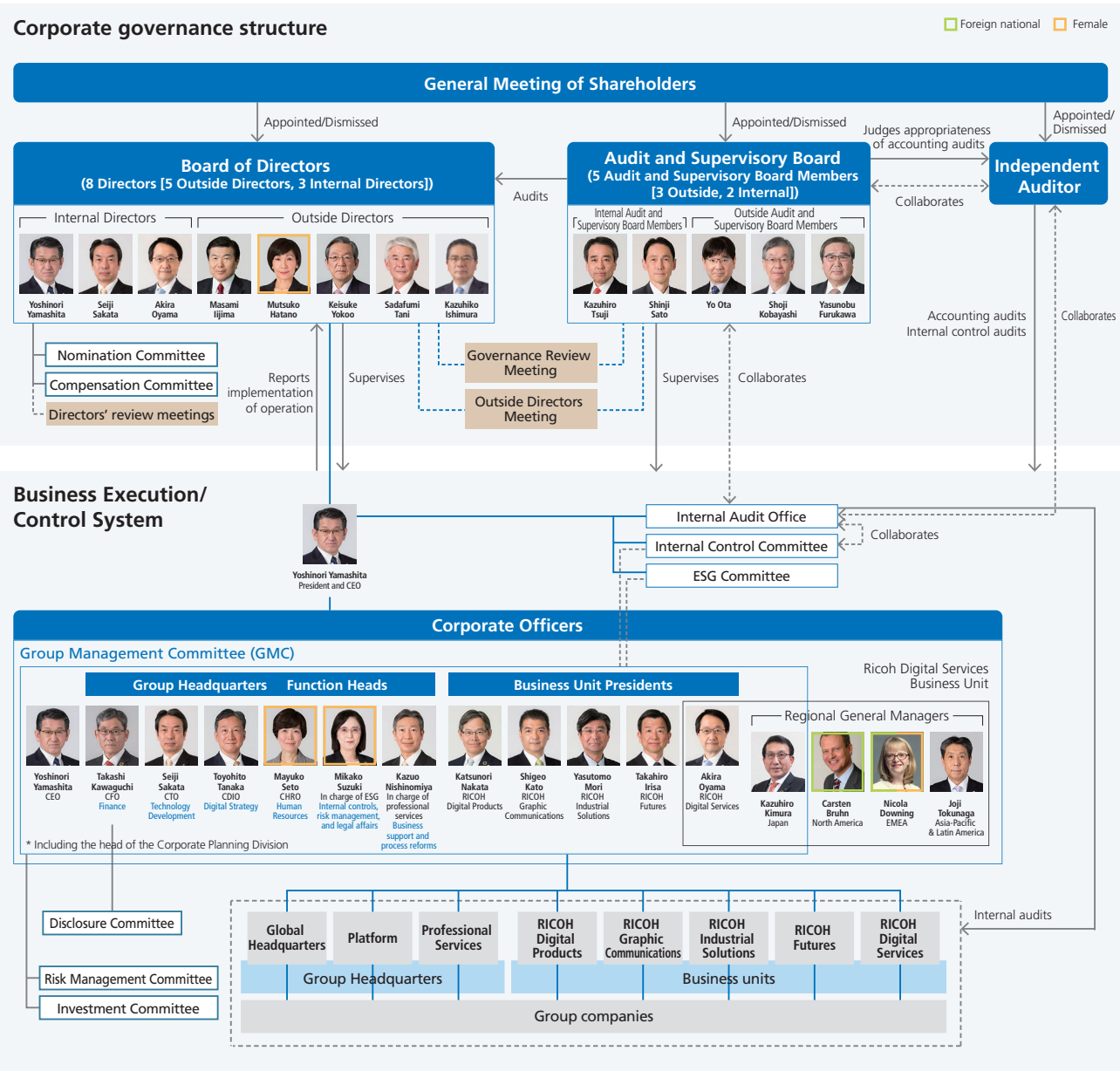
		Years of Board service	Nomination Committee	Compensation Committee	Skills				Notable fields of expertise
					Corporate management/ business operation	Governance/ risk management	Finance/ accounting	Technology/ R&D	
Kazuhiro Tsuji	Male	2 years				●			Human resources and personnel development
Shinji Sato	Male	1 year				●	●		Finance and accounting
Yo Ota	Male	5 years				●	●		Corporate legal affairs
Shoji Kobayashi	Male	2 years	Observer		●			●	Technology development and R&D
Yasunobu Furukawa	Male	2 years		Observer		●	●		Accounting audit

Corporate governance structure

Ricoh employs a corporate audit system. In addition, the Group is making efforts toward enhancing oversight of executive management by the Board of Directors and enhancing the execution of business management through the executive officer system. Furthermore, by appointing Outside Directors, the Group is working to further improve 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 Independent Outside Directors. The results are reported to the Board of Directors.

WEB Refer to our website: Corporate governance

Governance structure to enhance supervisory structure for transformation into a digital services company and to facilitate agile decision-making



Board of Directors

The Board of Directors is responsible for management oversight and essential decision-making for Group governance. By appointing highly independent outside directors, the Group ensures greater transparency in its management and fair decision-making.

We have established a system in which non-executive directors, including independent outside directors, and directors in charge of execution, utilize their expertise and experience to engage in in-depth discussions on important issues. This encourages new challenges that lead to growth while simultaneously supervising management from the perspective of shareholders and other stakeholders. As a rule, all directors must attend at least 80% of Board of Directors meetings. They must also supervise corporate management effectively. In fiscal 2021, five of the 10 members of that body were outside

directors. This was in keeping with an ongoing effort to incorporate diverse views and opinions and to eliminate arbitrary decision-making in management.

Ricoh decided to increase the ratio of outside Board of Directors members from at least one-third, to a majority, effective from fiscal 2022. It also appointed a lead outside director, so outside directors could better perform their roles and functions. The lead outside director is responsible for enhancing governance in collaboration with the Board chairperson. Lead outside director appointments will be made as needed based on Board judgments, in view of operational situations and chairperson and director appointments. The chairperson and lead outside director will ensure suitable collaboration and role allocations to help the Board function smoothly and fulfill its roles.

Board culture

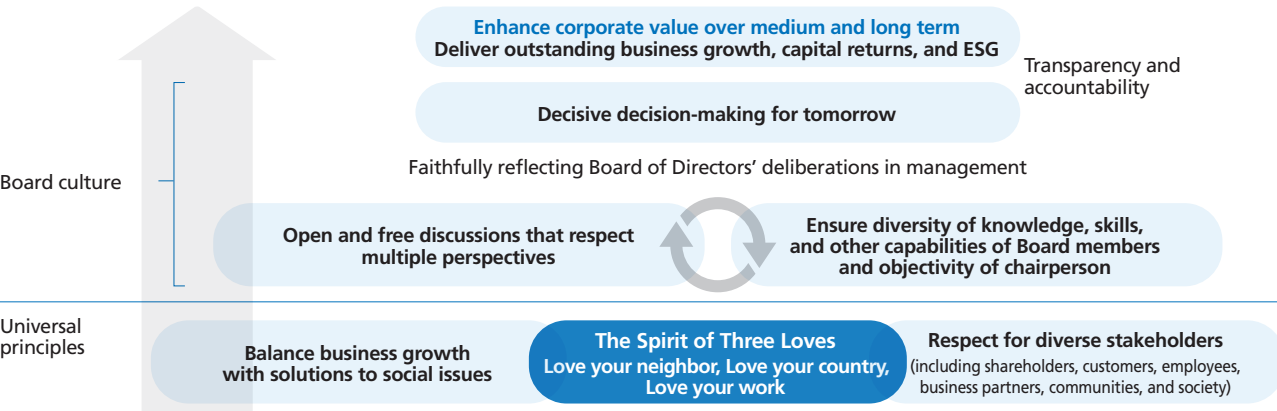
The Board of Directors reflected on Ricoh's founding spirit to discuss the ideas and stances that underpin that body's deliberations, decisions, and actions to help enhance corporate value. It accordingly defined the following Board culture.

The Board of Directors shall:

1. Honor **the Spirit of Three Loves**, engaging with and **respecting the interests** of shareholders, customers, employees, partner companies, communities and society, and other **stakeholders** while overseeing management strategies and plans that help **resolve social issues**.
2. **The chairperson shall objectively lead diverse and highly independent** Board members in engaging and constructive deliberations that **value a diversity of open and free viewpoints**. **Management shall faithfully reflect** the results of deliberations.
3. Board members shall understand their social responsibilities, **make robust decisions for the future**, and oversee management's implementation of decisions, so Ricoh can **enhance medium- and long-term corporate value** by delivering **exceptional business growth, capital profitability, and ESG performances**.

With the business climate and management structure changing, the Board will constantly refer back to the culture described above in deliberating, making decisions, choosing directors, and engaging with shareholders and other stakeholders.

Conceptual diagram of Ricoh Board culture



Approach to electing Directors

● Election criteria for Directors  
〈Management capabilities〉

Superior insight and judgment necessary for management functions

- 1. A wide range of knowledge about businesses and functions and the ability to think and make decisions appropriately from companywide and long-term perspectives
- 2. Keen insight to discern the essence and clarify issues
- 3. Vision to make best decisions at a global level
- 4. A broad range of experiences as a basis for judgment and insight and a proven track record in dramatically improving corporate value and competitiveness
- 5. A solid understanding of corporate governance and the ability to think and make appropriate judgments from the perspective of diverse stakeholders, including shareholders and customers

〈Character and personality〉

Mutual trust between Directors and management team for the smooth execution of oversight functions

- 1. Integrity; 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. Interacts with others with respect and trust based on a spirit of respect for humanity. Has a deep understanding and accepts diverse values and ideas, and sets an example through decisions and actions that respect individuality.

● Election criteria for Outside Directors

The above criteria applies to both inside and outside directors. Outside directors should also have expertise in different fields, be able to identify and resolve problems, provide insights, be able to think strategically, manage risks, and lead. They must also satisfy Ricoh's Criteria for Independence of Outside Directors and Outside Corporate Auditors.

● Diversity policy

We believe that the Company's Board of Directors should comprise of directors with management ability, character and personality, and diverse viewpoints and backgrounds, in addition to sophisticated multilateral skills. We maintain a policy of selecting candidates based on their character and knowledge without distinction as to race, ethnicity, gender, or nationality and to ensure diversity relating to these attributes.

● Director election and evaluation processes  
〈Nomination Committee〉

The Board established the Nomination Committee, which ensures that procedures for appointing, evaluating, and dismissing Directors, the CEO, and other management team members are objective, transparent, and timely. We enhance objectivity and independence by having an independent outside director chair the committee, with independent outside directors constituting a majority of the committee. One outside auditor attends committee meetings so deliberations are transparent.

〈Election process〉

In order to maintain a Board of Directors structure that enables appropriate and effective management decision-making and supervision of business execution, the Nomination Committee undertakes ongoing deliberation on the composition of the Board and the specializations, experience (skill matrix), etc., required of Directors. Candidate nominations for Director are deliberated by the Nomination Committee over several sessions and undergo a strict screening process. Based on the reporting from the Nomination Committee, the Board of Directors deliberates from shareholder perspectives and submits candidates to the General Meeting of Shareholders.

〈Evaluation process〉

The Nomination Committee consults with the Board to conduct two-stage evaluation of directors annually. The first assessment encompasses whether directors are sufficiently competent to keep performing their duties and ensures timely appointments and dismissals. The second assessment looks at performance from multiple perspectives, clarifying issues, and providing feedback to the evaluated directors to enhance management. The Nomination Committee submits reports on its director evaluation deliberations and conclusions to the Board, which carefully oversees the ability of directors to keep discharging their duties.

Key items for Director evaluations			
Evaluation perspectives	Categories	Key evaluation items	Item details and supplementary information
Management oversight	Qualities and abilities	Actions to maximize corporate and shareholder value, stances on executive oversight and mutual checks and balances among directors, risk management, and vital insights for corporate management	
		Sales, operating profit, profit attributable to owners of the parent, return on equity, return on invested capital, and free cash flow	
Financial indicators	Results	Consolidated results	Key measures by business unit and region
		Progress with fiscal 2021 business plans	Finance and key measures
		Performance under 20th Mid-Term Management Plan	
Capital market and shareholder indicators	Capital markets	Share price indicators	Share price, market capitalization, and price-to-book ratio
		Ratings	
	Shareholders	Total shareholder returns	

In evaluating directors, we use total shareholder returns, a criterion for contributing to shareholders and capital market evaluation perspectives. We base the calculation on the average share price for the fiscal year to avert the impact of sudden share price fluctuations.

Evaluation of CEO and CEO succession plan

The CEO Succession Plan is an important initiative for continuously improving shareholder value and corporate value of the Ricoh Group over the medium to long term and fulfilling its social responsibilities as a member of society.

The CEO succession plan is being continuously improved through procedures that are objective, timely, and transparent in order to strengthen corporate governance.

● CEO evaluation

The Board of Directors advises the Nomination Committee, which consults with the Board in evaluating the CEO at two stages each year. In the first assessment, careful and appropriate deliberations are made on the soundness of the CEO, ensuring timeliness of appointment and dismissal. In the second assessment, the CEO's achievements are evaluated with a multifaceted approach, and clarifying issues and providing feedback 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 oversee the CEO effectively.

Key items for the CEO evaluation

Evaluation perspectives	Category	Key evaluation items	Item details and supplementary notes
Management supervision	Same categories and evaluation items as for directors		
Financial indicators	As above		
Capital market and shareholder indicators	ESG	Environment	Environmental management initiatives
		Society	SDG initiatives
Future finance indicators	Employees	Governance	System, disclosure, investor relations, and compliance
		Development and use of human resources	Personnel systems and work environment
		Employee engagement	External surveys
	Customers	Safety and health	Workplace safety and health management
		Serious incidents	Product and information security
		Customer satisfaction	External surveys

● Selection, development, and evaluation of CEO candidates

Once a year, the CEO prepares a candidates list of their potential successors and a development plan for them. The proposed CEO candidates and the development plans are presented at the Nomination Committee meeting in November. The Nomination Committee deliberates on the validity of the CEO candidates 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 selecting and developing CEO candidates.

〈Candidate selections〉

CEO candidates are selected based on the assumption that the CEO will be replaced at the end of each term. In the event of an unforeseen incident, a replacement candidate is selected by resolution of the Board of Directors when the CEO is appointed.

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

〈Candidate development〉

The Nomination Committee deliberates on the development plan for future CEO candidates. It provides guidance to the CEO, who offers growth opportunities suited to each candidate according to their individual targets during the next fiscal year, allowing them to gain experience. The CEO also directly mentors the candidates to promote their development based on individual assessment.

〈Candidate evaluations〉

CEO candidates receive annual evaluations. The CEO reports on the achievements and growth of each candidate during the development period (April to March next year) to the Nomination Committee in early November (the evaluation period is from April to October, which is the month before the Nomination Committee meets). The Nomination Committee deliberates whether to maintain or replace individuals on the CEO candidate list. Where necessary, it assesses candidates, tapping advice from outside experts and other sources, reports on its findings to the Board of Directors. Upon reporting from the Nomination Committee, the Board of Directors evaluates the CEO candidates. It confirms the validity of deliberations on which candidates are to remain and is actively involved in the process.



Matters concerning compensation for Directors and Audit and Supervisory Board Members, etc.

● Policy determination on the content of individual compensation, etc.

The policy is decided by the Board of Directors considering the deliberation and recommendation by the Compensation Committee, which is an advisory body to the Board of Directors.

● Compensation policy

Executive compensation is positioned as an effective incentive to achieve sustainable increases in corporate earnings for the medium to long term in the pursuit of increased shareholder value of the Ricoh Group. 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. Ricoh determines executive compensation based on the following basic policies:

Compensation components	<ul style="list-style-type: none"><li>This comprises a base amount reflecting expected roles and responsibilities, a bonus ample for corporate performance, and compensation that reflects shareholder value improvements over the medium through long terms.</li><li>Compensation for internal non-executive directors comprises just a base amount and bonuses in view of their full-time roles to oversee business implementation by drawing on extensive knowledge about in-house situations.</li><li>Compensation for outside directors overseeing management and Audit and Supervisory Board members responsible for auditing comprises just basic compensation, so these members can focus on fair oversight and auditing, thereby ensuring that they are independent from business implementation.</li></ul>
Governance	<ul style="list-style-type: none"><li>Ensure objectivity, transparency, and suitability in designing the compensation system, setting compensation levels, and basing individual compensation on appropriate external benchmarks and the Compensation Committee's ongoing deliberations and monitoring.</li><li>The Compensation Committee and the Board of Directors shall deliberate whether compensation levels for individual directors are appropriate in light of the Nomination Committee's director evaluations and other factors.</li></ul>

3. Compensation for Directors

Compensation category	Compensation program	Internal Directors		Outside Directors	Comments
		Executive	Non-Executive		
Fixed	Basic compensation	●	●	●	Compensation based on roles and responsibilities
Variable (short-term)	Performance-linked bonuses	●	●	—	Linked to performance target achievements
Variable (medium and long terms)	Compensation for acquiring stock	●	—	—	All payments used to acquire Ricoh shares through Executive Stock Ownership Plan
	Stock-based compensation with stock price conditions	●	—	—	Incentive to enhance corporate and shareholder values over medium through long terms

(1) Basic compensation (fixed)

Basic compensation is monetary remuneration paid monthly during the term of office as compensation that reflects the roles and responsibilities expected of Directors.

The amount of compensation is decided within the range of the total amount of compensation determined at the general meeting of shareholders. The total amount of compensation paid for fiscal 2021 was ¥296.15 million.

Compensation composition		Prime methods for setting compensation levels
Internal Directors	Centering on compensation for management oversight roles and compensation reflecting the importance of management roles and responsibilities, with additional compensation for those in representative director, Board of Directors chairperson, and other roles.	<ul style="list-style-type: none"><li>Weightings of management responsibilities and roles of directors serving concurrently as executive officer determined with reference to job grade frameworks of external professional institutions.</li><li>Compensation for non-executive directors based on roles in overseeing business implementation by drawing on extensive knowledge of in-house situations from full-time service with Company.</li></ul>
Outside Directors	Centering on compensation for management oversight roles and compensation for advice to management, with additional compensation for those in Nomination Committee and Compensation Committee chairperson and other roles.	<ul style="list-style-type: none"><li>Compensation levels set after referring to objective data from external professional institutions.</li></ul>

● For more information, refer to the following page: ● Linking ESG to executive compensation P. 50

● Policy on deciding the content of individual compensation, etc., and matters related to performance-linked compensation, non-monetary compensation, etc., for fiscal 2021

1. Process for determining compensation

The Company has established a Compensation Committee to build a more objective and transparent compensation review process that helps increase profits, enhance corporate value, and strengthen corporate governance through incentives. The Compensation Committee determines base compensation, bonuses, compensation for acquiring stock, and stock-based compensation with stock price conditions following multiple deliberations based on the compensation standards for directors and business performance and on the Nomination Committee's evaluation of directors, and presents recommendations to the Board of Directors.

The Board of Directors assesses and approves remuneration plans from the Compensation Committee. The Board of Directors determines the total bonus pool after confirming that amounts for each director are in line with the formula for such bonuses, and decides whether to submit a director bonus payment proposal at the General Meeting of Shareholders. Payments are subject to shareholder approval in that gathering of the proposal.

2. Policy for determining compensation Levels

Each fiscal year, the Compensation Committee confirms whether remuneration targets match corporate performance levels for each compensation category. The goal is to properly link corporate performance and compensation. Basic compensation refers to the compensation level of officers of the benchmark company group\* based on survey results of external specialized agencies. Short-term and medium- to long-term incentives are set at a higher level among the benchmark company group if our operating profit level is higher than the performance of the benchmark company group, and at a lower level among the group when the operating profit level is lower.

\* We select around 20 office automation competitors, electrical equipment manufacturers, and similarly sized global companies (such as in terms of revenues and employee numbers).

(2) Short-term performance-linked bonuses

The Company pays these bonuses after fiscal year-end in line with operating results and shareholder value improvements during the fiscal year. Ricoh adopted the following indicators in fiscal 2021.

Evaluation indicators	Purposes of objectives
Consolidated operating profit	Hold directors accountable for increasing earnings and improving profitability by using operating profit, which correlates with market capitalization and demonstrates progress with business activities, as an evaluation indicator.
Reaching ROE target in year under review	Hold directors accountable for improving shareholder value by using ROE, a key benchmark for enhancing returns on capital, as an evaluation indicator.
Annual Dow Jones Sustainability World Index* rating	Incentivize ESG improvements by using the annual Dow Jones Sustainability World Index rating, a tool for confirming company-wide ESG efforts, as an evaluation indicator.

The Compensation Committee discusses the suitability of individual bonus payment amounts based on results calculations with the formula below, including for Nomination Committee assessments of directors. It then makes recommendations to the Board of Directors, which decides whether to submit a director bonus payment proposal at the General Meeting of Shareholders.

For fiscal 2021, the Compensation Committee concluded that results calculated according to the formula below were appropriate, and the total bonus payments were ¥29.69 million.

\* 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

(3) Compensation reflecting shareholder value improvements over medium through long term

This comprises compensation for acquiring stock and stock-based compensation with stock price conditions.

Compensation program	Program overview	Fiscal 2021 results
Compensation for acquiring stock	This compensation aims to encourage directors to steadily increase their shareholdings in Ricoh and share the benefits and risks of stock price swings with shareholders. We pay a fixed amount each month during the terms of directors, who use the entire amount to purchase Ricoh shares through the Executive Stock Ownership Plan.	The compensation amount is position-based within the total remuneration that shareholders determine at the Ordinary General Meeting of Shareholders. The total payment in fiscal 2021 was ¥11.73 million.
Stock-based compensation with stock price conditions	This program seeks to enhance director awareness of the need to help improve corporate and shareholder value over the medium through long terms. Under this setup, a Ricoh-established share delivery trust acquires the Company's from the stock market. It provides a number of Ricoh shares equivalent to the points granted to directors upon their resignations. Point numbers vary according to results of comparisons between Ricoh's share price and the TOPIX growth rate during the director terms.	Expenditure in fiscal 2021 based on points granted for stock-based compensation with stock price conditions was ¥14.74 million. We are not disclosing the actual growth rate for Ricoh's share price during fiscal 2021 because no directors resigned during the term.

(4) Director compensation revision for fiscal 2022

On March 2, 2022, the Board of Directors decided to revise the base compensation and bonus formula for directors as of fiscal 2022 to foster a sustainable increase in corporate value from Ricoh becoming a digital services company.

● Revising base compensation for Directors concurrently serving as Executive Officers

The Company will switch from position-based to job grade-based compensation. It refers to external professional organizations in determining job grades according to the duties of directors concurrently serving as executive officers and responsibility and difficulty levels.

● Revising Director bonus formula

Ricoh will change the formula to hold directors accountable for achieving companywide results and motivate them to achieve goals. Ricoh previously used ROE as a key factor added to or subtracted from consolidated operating profit achievements. By switching from a profit allocation to target achievement formula, the Company is clarifying key performance indicator requirements and more closely aligning bonus payments with results. It will set a steeper incentives curve for exceeding companywide performance targets.

4. Compensation for Audit and Supervisory Board Members

Compensation for Audit and Supervisory Board Members consists only of basic compensation for their roles of appropriately performing audits. The Audit and Supervisory Board discusses remuneration levels based on external benchmarking and within the approved range of remuneration amount at the 84th Ordinary General Meeting of Shareholders.

● Policy on determining fixed and variable compensation ratio

Ricoh clarified performance accountabilities for roles and functions by designing the ratio of base compensation to variable compensation (performance-linked bonus, compensation for acquiring stock, and stock-based compensation with stock price conditions) such that the variable component is higher for those with greater management responsibilities. We revised the formula for director bonuses in fiscal 2022. The base to variable compensation ratios for the president and CEO are 5:5 and 4:6 for reaching the standard and maximum performance targets, respectively.

The Company will keep emphasizing corporate and shareholder value improvements over the medium and long terms. It will further increase proportions of variable compensation linked to shareholder value and business performance. It will continue to discuss appropriate remuneration levels for compensation categories.



Committees

Nomination Committee and Compensation Committee

We established the Nomination Committee, whose chair and members are largely outside directors, and the Compensation Committee, to transparently and objectively select and dismiss directors and executive officers and remunerate them. In addition, one Outside Audit and Supervisory Board Member attends the deliberations of the Nomination Committee and Compensation Committee as an observer each time.

Governance and Directors’ review and Outside Executive Meetings

Governance review meetings provide a forum for comprehensive discussions on the Ricoh Group’s direction of governance and related issues by Directors, Audit and Supervisory Board Members, and other relevant parties. The outlines of the review meetings held are disclosed in the Corporate Governance Report and other documents.

Directors’ review meetings provide an opportunity and time for Directors and Audit and Supervisory Board members to thoroughly discuss important corporate themes (such as the mid-term management plan) in advance of the Board of Directors resolution.

Outside Executive Meetings are forums to contribute to the deliberations of the Board of Directors by sharing information and views between outside directors and members of the Audit and Supervisory Board based on independent and objective perspectives.

Group Management Committee

The Board of Directors delegates the president and CEO to authorize the creation of the Group Management Committee, which comprises executive officers with certain qualifications and the head of the Corporate Planning Division.

Disclosure Committee

This committee comprises representatives from the Disclosure Management, Accounting, Legal, Corporate Planning, Board of Directors Operating, and Communication Strategy divisions, information generation and recognition departments, principal administrative divisions managing affiliates, the Internal Control Division, and the CFO, who oversees information disclosure.

Internal Control Committee

The president and CEO directly oversees this decision-making body. It determines Group policies in line with Internal Control Principles, and regularly assesses and updates these controls. It comprises Group Management Committee members and the director overseeing ESG, and meets quarterly or as necessary.

Investment Committee

This advisory body to the Group Management Committee scrutinizes investment plans in financial perspective terms in view of capital costs and in terms of profitability and growth risks from business strategy perspectives. The committee aims to accelerate and improve investment decision-making for diverse external investment and funding projects through its experts engage in preliminary assessments and discussions to be more consistent with management strategies and improve investment effectiveness.

ESG Committee

The president and CEO chairs this body, which comprises members of the Group Management Committee, the Audit and Supervisory Board and the executive officer overseeing ESG. It meets quarterly, invites representatives of relevant business divisions to participate in discussions, and evaluates companywide sustainability issues.

Risk Management Committee

The Risk Management Committee was established as an advisory body to the Group Management Committee to strengthen risk management processes across the entire Ricoh Group. The committee is chaired by the corporate officer in charge of risk management and has experts from each organization as members to ensure comprehensive coverage of risks and substantial discussions and propose to the GMC specific risks requiring response and focused on the management of the Ricoh Group. In addition, the committee reviews and restructures the Group’s risk management system as needed.

The committee appointed officials from all business units to set up and oversee risk management structures within each of those units to integrate and streamline risk management coordination between them and top management.

The Group Risk Management Collaboration Reinforcement Conference for risk management officials holds study sessions and shares information as part of ongoing efforts to reduce the Group’s risk exposure.

Fiscal 2021	Month held	Agenda of the Risk Management Committee
First meeting	July	• Transition to business unit structure and check and review situation with key risk omissions and responses (in terms of such areas as information security and supply chain governance) toward transitioning into a digital services company
Second meeting	December	• Confirm changes in internal and external environments
Third meeting	December	• Confirm progress with responses to key managerial risks for fiscal 2021
Fourth meeting	February	• Review and determine key managerial risks for fiscal 2022
Fifth meeting	March	• Risks associated with fast-changing international situation (such as situations in Russia and Ukraine)

Addressing geopolitical risks

The Ricoh Group operates globally. Rising political, military, and social tensions across countries and regions could significantly affect its business. In July 2020, we established a specialist unit to gather and analyze information and manage risks, focusing on economic security management. We update our security management policy document semiannually and disseminate it within the Group to ensure awareness and its implementation.

A humanitarian crisis has befallen Ukraine and surrounding regions since February 2022. We set up a crisis management team that makes safety a top priority in caring for employees and their families in those surrounding areas. We donated ¥100 million to the Japanese Red Cross Society to support people whom the crisis has affected. We also encouraged Group employees in Japan to donate to Save the Children Japan, an international nongovernment organization. We are undertaking similar assistance initiatives around the world.

Management will continue to discuss geopolitical risks and take prompt and appropriate actions to prevent business disruptions.

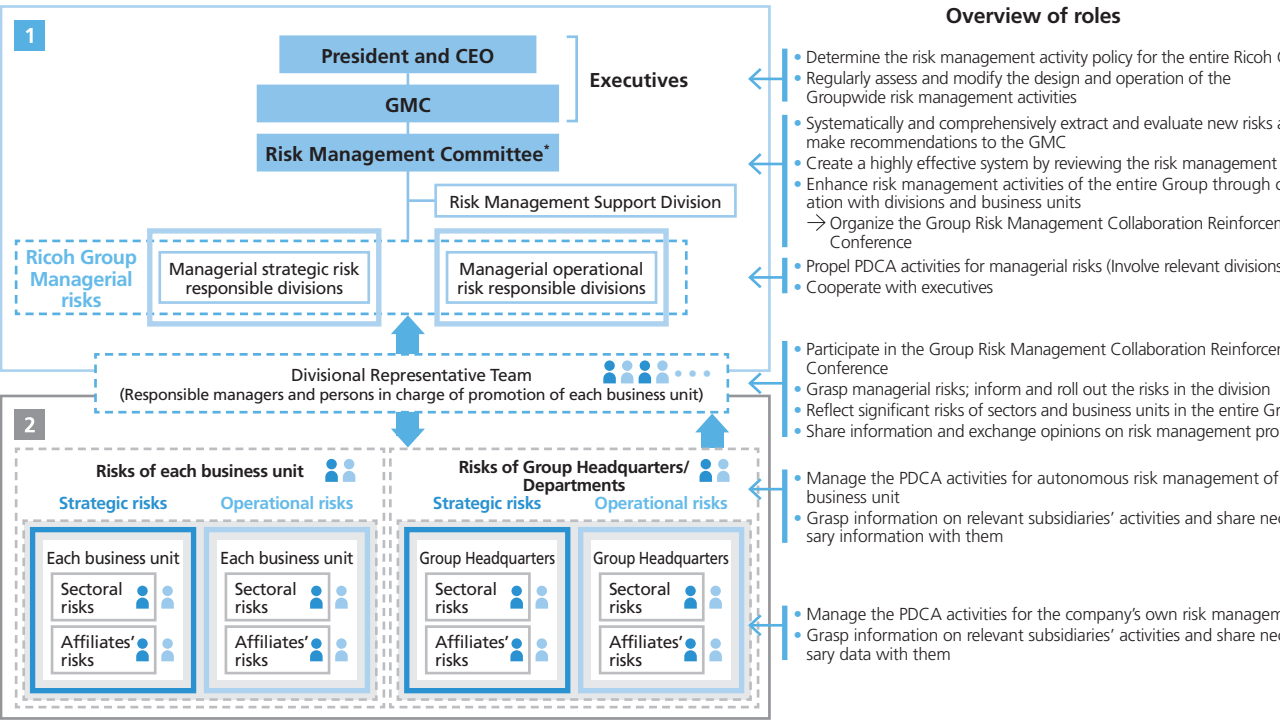
The Ricoh Group’s risk management systems

The Ricoh Group’s risk management systems can be divided into two main levels, as shown in the figure below.

- 1
- The GMC independently selects and manages priority management risks that it considers to be of high importance to the Ricoh Group’s management.
- 2
- Divisional or company-specific risks managed by each organization, under the responsibility of each business section

These two levels exist to clarify bodies responsible for risk management to facilitate agile decision-making and swift action in response to each level of risk and together form an integrated risk management system. The management of some risks may be transferred from one level to the other due to shifts in the level of impact caused by environmental changes. The role of each risk management body is shown on the right-hand side of the risk management structure.

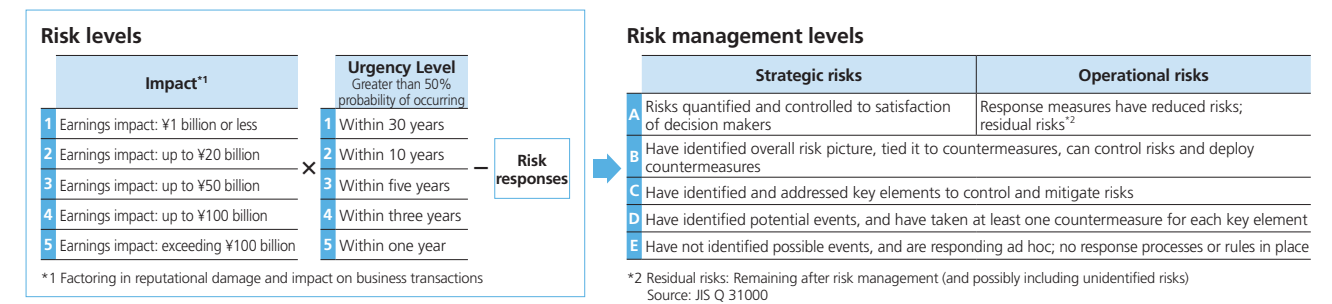
Ricoh Group’s risk management structure



\* Chaired by Executive Officer, Fellow, or a person in a higher role.

## Business risks

Category	Risks	Risk descriptions	Impact	Urgency	Risk management levels
Operating climate	COVID-19	Business activity restrictions from supply constraints stemming from production line stoppages and container vessel and component shortages owing to a worldwide resurgence in COVID-19 infections	3	5	C
	Economic situations in key markets	<ul style="list-style-type: none"> <li>• U.S.-China trade friction, the situations in Russia and Ukraine, and other key geopolitical risks compound the pandemic impact</li> <li>• Potentially rapid economic downturns in major countries owing to unexpected developments</li> </ul>	3	5	D
	Intensifying competition	<ul style="list-style-type: none"> <li>• Competitors' product launches</li> <li>• Intensifying price competition and shifting demand</li> <li>• Changing competitive landscape and situations owing to COVID-19 pandemic and other factors</li> </ul>	3	4	C
	Fluctuations in costs of parts and materials and foreign exchange rates	<ul style="list-style-type: none"> <li>• Materials market fluctuations</li> <li>• Impacts of foreign exchange swings on local currency-denominated results of foreign subsidiaries</li> <li>• Impact of foreign exchange rate movements on assets and liabilities in local currencies</li> </ul>	3	4	C
	Alliances with other entities and strategic investments	<ul style="list-style-type: none"> <li>• Terminations of alliances owing to conflicts of interest</li> <li>• Difference in aims due to insufficient information for consideration</li> <li>• Difficulties in such respects as integrating businesses, technologies, and products</li> </ul>	2	3	B
	Tackling technological changes	<ul style="list-style-type: none"> <li>• Collecting information and predicting technological changes</li> <li>• Establishing priorities for strengthening of technologies in response to appropriately changing resource allocation</li> <li>• Strengthening technological capabilities in new areas</li> </ul>	2	2	C
	Securing human resources	Inability to secure sufficient: <ul style="list-style-type: none"> <li>• Managerial human resources to lead business transformations</li> <li>• Digital process experts</li> <li>• Self-driven individuals</li> </ul>	3	3	C
	Finance business	<ul style="list-style-type: none"> <li>• Credit recovery rates extended</li> <li>• Interest rate gaps between fixed-rate long-term operating receivables executed with customers and some Ricoh Group floating-rate short-term borrowings</li> </ul>	2	5	B
Business operations	Information security	Risks from constantly changing information security situations, as countries are deploying and reinforcing measures, to create national legislation: <ul style="list-style-type: none"> <li>• Product security risks: Damage to brand value from such incidents as leaks, falsifications, or destruction of important information, or suspicions about product security</li> <li>• Corporate security risks: Such threats as system shutdowns, personal information leaks, and ransom demands from cyberattacks (including targeted and vulnerability attacks, unauthorized access, phishing, and load attacks), which have increased in recent years, a particular concern being damaged escalating after system breaches, ultimately affecting business continuity or management</li> <li>• Data privacy policy risks, including personal information protection: Risks of customer privacy breaches, cyber-attacks, lawsuits, and other incidents attributable to the Ricoh Group</li> <li>• Factory security risks: Such security incidents as virus infections from PCs or measuring systems with outdated and non-maintainable operating systems, operational incidents from inadequate edge device management, and risks of production stoppages or environmental damage owing to incidents</li> </ul>	2	5	C



Category	Risks	Risk descriptions	Impact	Urgency	Risk management levels	
Business operations	Product liability	For Ricoh Group products and goods: <ul style="list-style-type: none"><li>• Serious safety problems (casualties and fire damage)</li><li>• Legislative issues related to safety or the environment</li><li>• Prolonged quality problems that could cause customers and society to lose confidence in the Company, damaging the corporate and product brands</li></ul>	2	2	B	
	Long-term delays and suspensions in product supplies	Risk of losing business and opportunities owing to unpredictable circumstances, including major earthquakes, tsunamis, political changes and turmoil, floods, pandemics, supply suspensions, and geopolitical risk:	Ongoing pandemic	3	5	D
		<ul style="list-style-type: none"><li>• Delays or suspensions in parts supplies</li><li>• Plant production delays or suspensions</li></ul>	Geopolitics	3	5	D
		<ul style="list-style-type: none"><li>• Distributor delays or operational suspensions</li><li>• Delays or suspensions in supplies to sales</li></ul>	Earthquakes, volcanic eruptions, typhoons, and floods	3	1	B
	Intellectual property rights protection	<ul style="list-style-type: none"><li>• Failing to obtain intellectual property rights related to Ricoh products and services and being unable to protect its business</li><li>• Attacks, litigation and license fee payments for intellectual property rights of third parties</li><li>• Contractual issues relating to intellectual property rights from collaborating more with other companies in new businesses, and joint research and development</li></ul>	1	2	B	
	Government regulations (import/export management)	<ul style="list-style-type: none"><li>• Impacts on production and sales from administrative sanctions, including export suspensions from violations of import and export laws, lost business opportunities from eroding social trust, and fines and criminal penalties</li><li>• Violating national export control owing to international emergencies and other external factors</li></ul>	3	5	B	
	Government regulations (legal)	Becoming subject to fines (administrative dispositions), criminal penalties, business suspensions with government agencies, and lost social trust, and other issues from violating anti-monopoly, competition, and other laws	2	5	B	
	Government regulations (personnel)	Losing social trust from compliance issues with personnel, including harassment and employment- or human rights-related issues	1	5	C	
	Government regulations (environment)	Becoming subject to administrative dispositions, fines, criminal penalties and lost social trust, and other negative outcomes from violating environmental and other laws	3	5	B	
	Accounting systems	Impairment of goodwill and fixed assets	Impairment of goodwill, property, plant and equipment and intangible assets for businesses arising from corporate acquisitions and other developments	2	2	B
Defined benefit plan obligations		Including unexpected movements in equity and debt markets related to plan assets for defined benefit plan obligations and retirement plans (causing proceeds from plan assets to decline)	2	2	B	
Environment and disasters	Climate change-related impacts	<ul style="list-style-type: none"><li>• Increasing costs and declining market competitiveness from late responses to transition to decarbonized economy</li><li>• Higher prices of raw materials or supply chain disruptions from natural disasters, including torrential rains, flooding, and forest fires, as well as impacts of infectious diseases</li></ul>	3	5	B	
	Impacts of disasters and other unpredictable events		In Japan: Earthquakes	3	1	C
			In Japan: Wind, flood, and snow damage	1	5	C
			Overseas: Natural disasters and accidents	2	3	D



Audit and Supervisory Board

The Audit and Supervisory Board discusses and decides on audit policies and assignment of duties, audits the execution of duties by Directors, plays a supervisory function on management through cooperating with the Company's Independent Auditor and the internal audit division, and audits internal departments and subsidiaries. Audit and Supervisory Board Members attend important meetings, including but not limited to the Board of Directors meetings, and exchange information regularly with Representative Directors.

We have five Audit and Supervisory Board Members, comprising two full-time members familiar with internal circumstances and three outside members who meet the requirements for independent Audit and Supervisory Board Member set by the Ricoh Group, and the majority of the members are independent Outside Audit and Supervisory Board Members. In addition, the Audit and Supervisory Board is required to secure the necessary knowledge, experience, and expertise in a well-balanced manner to form the Board. We have built a system that enables deep

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








discussions from an independent and objective perspective, capitalizing on a wealth of experience and wide-ranging insight in the specialized fields of each Audit and Supervisory Board Member.

Audit and Supervisory Board activities and disclosure

This body reviews risks and issues in five areas and formulates annual activity plans. These areas are 1) Directors, 2) Business execution, 3) Subsidiaries, 4) Internal audits, and 5) Accounting audits. The chart below outlines audit activities in each area. The Audit and Supervisory Board highlights issues and provides recommendations to directors and business divisions regarding matters brought to its attention through audits.

Fiscal 2021 saw Ricoh adopt a business unit structure. The Audit and Supervisory Board scrutinized operational risks associated with the transition to the new organization. In addition to the activities below, it designated auditing internal control systems, risk management, and subsidiary management systems for each business unit and auditing the governance effectiveness of Group Headquarters as key activities for fiscal 2021.

Outline of audit activities by Audit and Supervisory Board Members

		* Meetings organized by Audit and Supervisory Board Members	Full-time Audit and Supervisory Board Members	Outside Audit and Supervisory Board Members
 <b>1. Directors</b>	Attending the Board of Directors meetings Observing Nomination Committee and Compensation Committee meetings Holding regular meetings with Chairperson of the Board and Representative Director (quarterly)* Holding governance review meetings attended by Directors and the Audit and Supervisory Board Members* Outside directors meetings (for them and auditors to exchange opinions)* Collaboration with lead outside director		●	●
 <b>2. Business execution</b>	On-site and remote headquarters and office inspections Attending GMC meetings Attending performance review, business unit management, investment committee, and other important meetings Holding separate regular meetings with the CEO and the CFO respectively (monthly)* Sharing information and monitoring audit results with business unit and Group headquarters functional heads* Reviewing and confirming important documents (agendas and minutes of important meetings, documents for approval, written agreements, etc.) Holding monthly meetings with the Risk Management Department* Auditing business reports and supporting materials, and financial statements, and undertaking other year-end audits		●	○
 <b>3. Subsidiaries</b>	On-site and remote subsidiary inspections Holding regular meetings with Audit and Supervisory Board Members of subsidiaries (monthly)* Holding information exchange meetings among Audit and Supervisory Board Members of the Group*		●	○
 <b>4. Internal audit</b>	Receiving explanations from internal audit divisions about the internal audit plan and reporting the results thereof (quarterly)* Holding regular meetings with the internal audit division and risk management division (monthly)*  Holding three-way audit meetings (quarterly and as needed)*		●	●
 <b>5. Accounting audit</b>	Exchanging information as needed with auditors Receiving explanation about audit plan and reports of quarterly review and audit result Evaluating Independent Auditor		●	●

● In charge  
○ Voluntary or partly in charge

Key audit issues for fiscal 2022

The Audit and Supervisory Board, and each of its members, reviewed audit findings and discussed key audit issues for fiscal 2022. The Audit and Supervisory Board priorities for fiscal 2022 encompass optimal headquarters governance for a digital services company; business unit internal controls, risk management, and subsidiary management; and control environments for employees, working environments, and organizations.

Notes on the audit performance

As independent agents, Audit and Supervisory Board Members are charged by our shareholders with responsibility for auditing the execution of duties by Directors and ensuring the establishment of systems of good corporate governance to respond to the trust placed in Ricoh by society. Since fiscal 2017 the Audit and Supervisory Board has voluntarily prepared these Notes as complementary material to the Audit and Supervisory Board's Report. The Notes are to enhance the effectiveness of dialogue with stakeholders, including shareholders, based on the belief that a more concrete explanation of the Audit and Supervisory Board's activities will lead to enhanced audit transparency.

Internal controls

The Ricoh Group aims for continuous improvement based on the values embodied in the Ricoh Way. This includes operating an internal control system designed to strengthen competitiveness while maintaining transparency based on corporate ethics and legal compliance principles. Ricoh has established the Ricoh Group Corporate Management Principles as guidelines for corporate activities and follows the Internal Control Principles included therein.

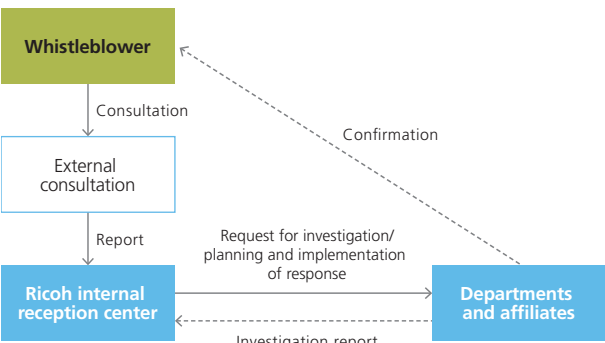
Compliance

The Ricoh Group considers compliance to mean observing not only laws and regulations but also internal rules and social ethics. The Group Code of Conduct, which sets forth the principles and basic code of conduct for officers and employees, is thoroughly communicated to all Group employees, and everyone is expected to comply with it in their daily activities.

Hotline system

The Ricoh Group Hotline is available to all Ricoh Group officers and employees in Japan (including part-time and temporary staff and retirees (within one year after retirement)) for whistleblowing and consultation regarding compliance violations. In addition to the hotline, major subsidiaries in Japan and overseas have established their own local contact for whistleblowing and consultation according to their organizational and regional characteristics. In addition, in November 2018, the Ricoh Group established the Ricoh Group Global Whistleblowing System, which is available to all Directors and employees at Ricoh Group companies in Japan and overseas. We have built a system through which workers can report directly via Ricoh's Audit and Supervisory Board website. In May 2020, we established the Supplier Hotline, which allows Ricoh Group suppliers globally to report issues through this website.

Basic flow of the hotline system in Japan



WEB Refer to our website: 1 Notes on the Audit Performance 2 Internal controls 3 Compliance 4 Ricoh Group Code of Conduct 5 Supplier Hotline

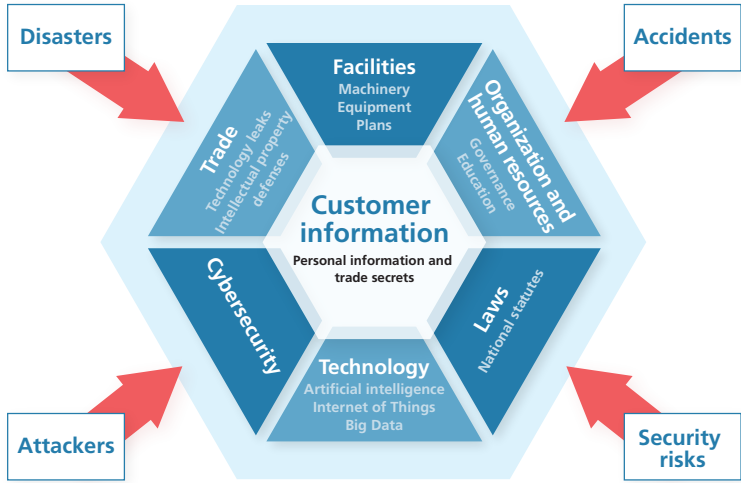
Information security

Information security initiatives <sup>D</sup>

In 2020, the Ricoh Group declared that it would become a digital services company. We will build IT infrastructure for workplaces (offices and frontline site + home), digitalize and connect workflows, and support new ways of working.

As a digital services company, we will fuel worker creativity and change workplaces by providing optimal customer solutions that combine our technological and digital capabilities. Our efforts will take into account issues that vary across industries, regions, and countries.

We consider information security vital to safeguard customer information, and implement a range of measures accordingly.



<sup>D</sup> WEB Refer to our website: <sup>D</sup> Information Security at the Ricoh Group

Product and services security

● Security by Design

We ensure that customers can trust our products and services through our commitment to security by design. This ensures information security from the planning and design stages. We established and are applying internal regulations based on ISO/IEC27034-1, the international standard for secure development.

● Security risk initiatives

The development of an information-intensive economy makes it vulnerable to a range of threats. These include computer viruses, personal information breaches, and unauthorized external access. Threats are diversifying beyond PCs, servers, and networks. Security measures have become key challenges for customers. To mitigate security threats, we recommend that Ricoh Group products and services be properly configured and operated. In addition, we take immediate action on vulnerability countermeasures in accordance with international standards, which are ISO/IEC 29147 and 30111. Specifically, we alert the public on our response status and alerts to high cyberattack risks, set up a contact point to handle security researchers' vulnerability reports, and provide information on countermeasures.

Corporate security

As cyberattacks targeting companies such as ransomware become more sophisticated and complex, the Ricoh Group is promoting strategic cyber security measures globally.

● Global initiatives

Because we operate globally, we believe that security measures must be consistent across regions. Since 2015, we have been building a community within the Group to strengthen security and accelerate cooperation worldwide among security personnel.

● Setting up and running Computer Security Incident Response Team

We created the RICOH-CSIRT\* in fiscal 2013 to analyze threats based on incident reports from the Security Operation Center (SOC) and external CSIRT organizations, and information from security information websites. It takes the lead promptly and optimally responding to threats, such as by preserving evidence, analyzing attacks, investigating causes, and preventing and containing spreads.

\* CSIRT: Computer Security Incident Response Team

● Establishing and running Security Operation Center

We set up the Security Operation Center to constantly monitor Group IT systems. We can quickly detect unauthorized intrusions from outside and unauthorized use from within, collaborating with CSIRT to quickly detect incidents.

Data privacy

Progress with digitization and the growing use of big data has heightened concerns about data privacy and personal data protection. That said, rules for using personal data remain unclear, including as to the appropriate usage levels. Customers worry about personal data handling and privacy protection.

It is against this backdrop that we launched our data business division. We aim to comply with the laws and regulations concerning customer information. We defined a data privacy policy for all personal data, including the personal information of customers, and are managing information accordingly.

Message from the Information Security Officer

As part of Ricoh's transition to become a digital services company, we position security as one of the corporate values. This is not only to mitigate geopolitical risks in digital services, but also to enhance the profitability of our existing businesses. A good example of this was our entry into the data business in 2021 by launching AI for Business series services that use proprietary natural language processing AI and other operational support technologies.

That year, we also set up the Information Security Management Center to reach swift business decisions about companywide information security, clarify strategies to comply with national laws and regulations, and link security to enhancing corporate value.

We will closely monitor changes in the operating climate, such as stronger security standards in the public and private



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General Manager  
Information Security  
Management Center  
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sectors to operate flexibly as a digital services company, and will continue to bolster security and accordingly reinforce our information security structure.