

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 in order to achieve sustainable growth and enhance corporate and shareholder value.

In adopting a business unit structure in fiscal 2021, we set about making our governance more effective by optimally monitoring business units and affiliates while more selectively managing our business portfolio and capital allocations.

Comments from outside directors

My role as an outside director is to oversee and advise the Ricoh Group's management on behalf of shareholders. Through grasping emerging trends and a changing business climate, I make recommendations drawing on broad, medium- and long-term perspectives gained from my management experience at Mitsui & Co. and other companies.

Notwithstanding some progress with COVID-19 vaccinations in some countries, the spreading pandemic poses enormous challenges for many other nations. It is against such a backdrop that digital technology gained even greater attention for its utility, accelerating its adoption. Uptakes will likely continue in the years ahead, widening gaps between successful adopters and laggards.

I also note that the concept of a green recovery, making efforts to tackle climate change pivotal to economic recovery, is gaining traction worldwide. There is increasing social pressure to contribute to sustainability.

In view of this business environment and my desire for the Ricoh Group to keep progressing as an entity that contributes to society, I will continue striving as an outside director to help oversee the Board of Directors, ensuring that corporate governance meets shareholders' and other stakeholders expectations.

Mutsuko Hatano

Chairperson of the Compensation Committee and Nominating Committee Member



Current position
Professor at the Department of Electrical and Electronic Engineering, School of Engineering, Tokyo Institute of Technology

Major contributions
Ms. Hatano harnessed her deep knowledge and insights in science and technology and talent development to offer insightful advice and recommendations regarding Ricoh's transformation into a digital services company and the formulation of the 20th Mid-Term Management Plan. She contributed to Ricoh's efforts to enhance corporate value by tackling the pandemic emergency and accelerating change.

Attendance at Board of Directors meetings
Attended all 12 gatherings in year ended March 31, 2021

The Board of Directors discussed the 20th Mid-Term Management Plan Ricoh Lift Off based on the fundamental question of what Ricoh Group must accomplish in the global community. It progressed in reforming Ricoh's corporate foundations by implementing structural reform and growth strategies, improving capital returns, and overhauling corporate governance. Ricoh adopted a business unit structure to transition into a digital services company and clarified its commitment to creating a structure that encourages all employees to contribute significantly to growth. At the same time, it is required for Ricoh to do more to materialize SDGs, accelerate digital and green transformation efforts, and increase the value it contributes to society, given the rising importance of social issues. It is also important to note that work is becoming more creative and, accordingly, less office-centric. It is increasingly vital in this process to pursue innovations for digital services and new businesses. Therefore, it is necessary to engage in deliberations and decision-making that are swift, highly transparent, and reflect global perspectives regarding technology and human resources strategies.

Leveraging my corporate and academic experience and diverse standpoints and insights that differ from Ricoh's, I will contribute to business growth through innovations while also helping improve sustainability. I will do my best as an outside director to help enhance corporate governance from stakeholder perspectives so the Ricoh Group can grow sustainably and improve its corporate value.

Masami Iijima

Chairperson of the Nominating Committee and Compensation Committee Member



Current positions
Outside Director, SoftBank Group Corp.; Counsellor, the Bank of Japan; Outside Director, Isetan Mitsukoshi Holdings Ltd.; Counselor, MITSUI & CO., LTD.; External Director (Audit and Supervisory Committee Member), Takeda Pharmaceutical Company Limited

Major contributions
Mr. Iijima drew on his extensive executive experience to advise on global risk management and improve governance, reorganize, and reinforce human resources strategies for Ricoh's transition to a business unit structure. He also recommended steps to improve the capital policy, tackle digital transformation, and formulate the 20th Mid-Term Management Plan.

Attendance at Board of Directors meetings
Attended all 12 gatherings in year ended March 31, 2021

Key Moves

- Evaluated performances evaluations of senior executives, including business unit heads
- Reinforced monitoring of capital investments and returns on capital through business portfolio deliberations in Board of Directors meetings
- Solidified risk management for new management structures and operations (including to delegate authority to business units and review management of affiliates)

Lifting ROE by delivering returns that exceed the cost of capital and undertaking optimal capital policies is vital for Ricoh to grow sustainably and increase corporate value.

I have endeavored to help enhance profitability through structural reforms, reorganize businesses, and improve productivity and financial efficiency. I have also striven to boost corporate value over the medium to long term by tackling ESG issues. We seek to build a globally competitive portfolio that focuses on delivering customer value under the independent management of a new business unit structure that deploys ROIC as a performance benchmark. The Office Services business is central to this portfolio. Ricoh's DNA has always been centered on leveraging its historically close customer ties, as well as the customer base and brand position that it has amassed in becoming No. 1 in the global MFP market to grow by responding to demand for digital processes. Another advantage is that Ricoh maintains a balanced presence in the large Japanese, European, and American markets. I do not doubt Ricoh can become a digital services company by bringing its distinctive services and solutions to the market and undertaking acquisitions that reflect regional needs.

I will take advantage of my management experience at a general electronics manufacturer and in various other industries to contribute to highly effective management oversight and decision-making from the perspectives of shareholders and other stakeholders. In so doing, I will do my utmost to help the Ricoh Group generate sustainable growth and increase corporate value.

Kazuhiro Mori

Nomination Committee Member and Compensation Committee Member



Current position
Trustee, Toyo University

Major contributions
Mr. Mori provided advice and recommendations from wide-ranging perspectives regarding efforts to become a digital services company, improve capital returns, undertake ESG initiatives, and formulate technological, intellectual property, and human resources strategies, and the 20th Mid-Term Management Plan.

Attendance at Board of Directors meetings
Attended all 12 gatherings in year ended March 31, 2021

Keisuke Yokoo

Nomination Committee Member and Compensation Committee Member



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

Major contributions
Mr. Yokoo provided advice and recommendations from the perspectives of shareholders and other investors concerning corporate finance, capital market communications, capital policies, initiatives to become a digital services company, improving capital returns, and formulating the 20th Mid-Term Management Plan.

Attendance at Board of Directors meetings
In year ended March 31, 2021, attended all 10 gatherings subsequent to being appointed at General Meeting of Shareholders

During the past year, under Jake's robust leadership as CEO, we endeavored to overcome dramatic changes in the business environment amid the pandemic to implement 20th Mid-Term Management Plan measures ahead of schedule and deemphasize office equipment manufacturing in becoming a digital services company. On the governance front, we monitored and discussed key priorities to assist decision-making. These priorities included improving organizational and human resources systems to support the Ricoh Group's global operations, strengthening risk management, and reaching financial and management goals. I contributed much to deliberations in the Nomination Committee and Compensation Committee, which are voluntary advisory entities.

As an outside and independent director, my role is to provide objective oversight, present effective proposals, and ensure appropriate disclosure. I will leverage the long-term perspectives that I have cultivated during 45 years in the financial services sector to help enhance corporate governance. I will do that by always serving the interests of shareholders and other stakeholders while helping Ricoh to improve corporate value and pursue sustainability.

New outside director

Mr. Tani served as an executive director of Jiji Press, Ltd. He is executive director and editor in chief of Nippon.com, a public foundation that offers information about Japan globally, promotes international understanding and helps develop people with global perspectives. Ricoh looks for Mr. Tani to make management decisions and oversee management from objective and social perspectives by drawing on his outstanding information-gathering and analysis skills while harnessing his communication skills to advise on disseminating information.

Sadafumi Tani

Compensation Committee Member



Current position
Executive Director and Editor in Chief, Nippon.com

Assessing effectiveness of Board of Directors

Overview of Board of Directors’ effectiveness assessments in fiscal 2020

Fiscal 2020 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.

Basic policies for fiscal 2020

- 1. Provide oversight and support to ensure timely and appropriate responses to the business environment and update and implement strategies for the future
- 2. Appropriately monitor conditions and deliberate more from medium- to long-term perspectives to bolster capital returns and operating capital

Evaluation process

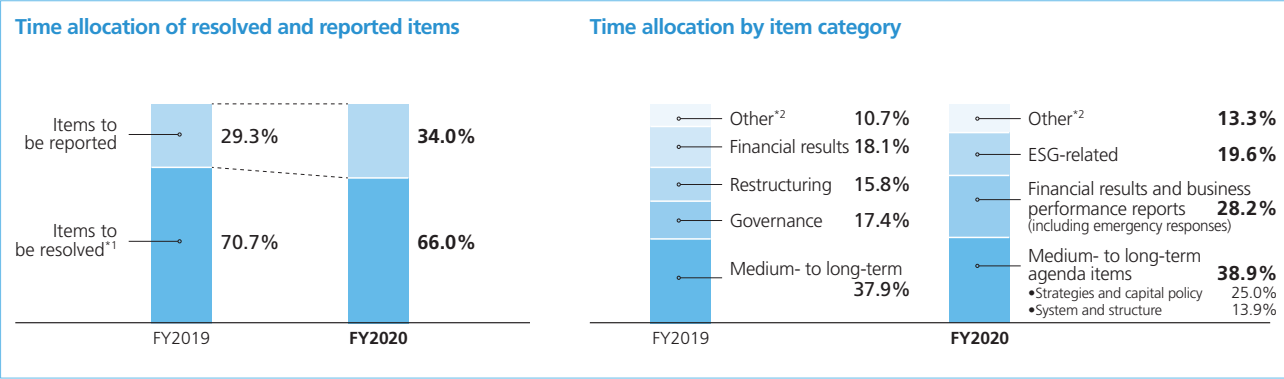
The evaluation was conducted through discussions attended by all Directors and Audit and Supervisory Board Members, after sharing the results of their written assessments and the analysis of questionnaires conducted by a third-party that ensured anonymity. Through the discussions, participants reviewed and evaluated the Board of Director’s performance during fiscal 2020, in terms of the basic policies on the operation of the Board of Directors and the three improvement items outlined below, which were set forth by the Company’s Board of Directors in the previous effectiveness assessment.

Results of operation of the Board of Directors

In fiscal 2020, the Board of Directors oversaw and supported emergency response to the pandemic. At the same time, it deliberated more from medium- to long-term perspectives and endeavored to supervise and decide on important agenda items. These included formulating the 20th Mid-Term Management Plan, adopting a business unit structure, and considering the capital policy. The Board of Directors determined pressing and medium- to long-term priorities and enhanced reporting and deliberation based on the annual schedule. It also shared information more effectively by using advance explanations and written reports and better supporting outside directors and the Audit and Supervisory Board members.

The time allocation to agenda items at meetings of the Company’s Board of Directors in fiscal 2020 is disclosed below to ensure the transparency of the status of deliberations of the Board of Directors.

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, etc., per the provisions of the Companies Act.

Fiscal 2020 action items and results summary
Action items

- 1. Encourage appropriate responses to the impact of the pandemic from emergency and medium- to long-term perspectives
- 2. Accelerate implementation by properly deliberating and supporting strategic updates given the operating climate
- 3. Monitor business expansion in terms of capital returns and discussion and support efforts to reinforce operating capital, notably in terms of human resources, technology, and funding for sustainable growth

Improvement results

Action items 1 and 2

- The Board ensured sufficient liquidity to cover the pandemic emergency and monitored the responses while conducting situational analyses based on detailed regional data.
- As well as reinforcing emergency oversight, the Board further discussed the Mid-Term Management Plan, capital policy, corporate structure, business plans, and other matters. Ricoh’s decision on effective plans and frameworks, which serve as a steppingstone toward becoming a digital services company, earned recognition.
- Still, in the coming years, the top challenges will be to implement and reach goals for the 20th MTP and the fiscal 2021 business plan. To further shape the execution plan, management system and operations will be required to be implemented quickly for the Board to provide appropriate monitoring and support.

Action item 3

- The Board held extensive deliberations on human resources, technological, intellectual property, liquidity base, and other capital forming foundations for growth over the medium through long terms. The 20th Mid-Term Management Plan reflects these deliberations. The company was commended for deepening discussions about shareholder returns and other capital policy elements, showing a path forward to improving corporate value.

- The Board will be required to continue its exploration of medium- to long-term digital transformation strategies, human resources, technologies and intellectual property, growth investments and ESG, and other business underpinnings for Ricoh to transform into a digital services company.
- ROIC-driven business and portfolio management and closer follow-up on growth investments under the business unit structure are necessary to improve the return on capital while transitioning the business structure.

Fiscal 2021 efforts to improve the effectiveness of the Board of Directors

Based on the evaluation above, we recognize the importance of continuously improving corporate value by deploying 20th Mid-term Management Plan initiatives and reaching our fiscal 2021 business plan goals. Accordingly, the Board will keep with the following fiscal 2021 basic policies and prioritize the three action items to strive to become more effective.

Basic policies for fiscal 2021

- 1. Monitor and support the steady implementation of the 20th Mid-term Management Plan and achieve the fiscal 2021 business plan
- 2. Enrich deliberations on business foundations and strategies to accelerate sustainable growth after the pandemic emergency


Action items for fiscal 2021

- Increase the degree of achieving fiscal 2021 business plan goals by monitoring financial and non-financial results and progress with measures while encouraging appropriate responses
- Bolster supervision and deliberation to transform the business structure and improve returns on capital over the medium and long terms and optimize resource allocations, systems, and operations
- Further discussion about the business infrastructure components, such as human, technological, and intellectual capital, as well as growth, digital transformation, and other strategies, from the standpoint of the post-pandemic business environment

Directors and Audit and Supervisory Board Members

As of June 29, 2021


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 Co., Ltd.


Formerly
President, Ricoh Electronics, Inc.;
General Manager, Corporate Planning Division,
Ricoh Co., Ltd.



Nobuo Inaba
Director
Chairperson of the Board
Nomination Committee Member
Compensation Committee Member
*Date of birth: November 11, 1950
2008: Joined the Company*

Currently
Chairperson of the Board, Ricoh Co., Ltd.


Formerly
Executive Director, the Bank of Japan;
President, Ricoh Institute of Sustainability and
Business



Hidetaka Matsuiishi
Director
CFO
*Date of birth: February 22, 1957
1981: Joined the Company*

Currently
Executive Corporate Officer and General Manager,
Corporate Planning Division, Ricoh Co., Ltd.


Formerly
General Manager, Japan Marketing Group,
Ricoh Co., Ltd.;
Representative Director, President and CEO,
Ricoh Japan Corporation



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

Currently
Executive Corporate Officer and General Manager,
Advanced Technology R&D Division, Ricoh Co., Ltd.


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

Formerly
General Manager, Europe Marketing Group,
Ricoh Co., Ltd.; President, Ricoh Europe Plc




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

Currently
Outside Director, SoftBank Group Corp.;
Counselor, the Bank of Japan;
Outside Director, Isetan Mitsukoshi Holdings Ltd.;
Counselor, MITSUI & CO., LTD.;
External Director (Audit and Supervisory
Committee Member), Takeda Pharmaceutical
Company Limited




Mutsuko Hatano
Outside Director
Chairperson of the
Compensation Committee
Nomination 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




Kazuhiro Mori
Outside Director
Nomination Committee
Member
Compensation Committee Member
*Date of birth: October 7, 1946
June 2018: Appointed as
Director*

Currently
Trustee, Toyo University



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


Currently
Outside Director, The Dai-ichi Life Insurance
Company, Limited;
Chairperson, Sonar Advisers Inc.;
President, Member of the Board & Chief
Executive Officer, Japan Investment Corporation;
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 and Editor in Chief,
Nippon.com

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 Co., 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 Co., 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
Chairperson, Contract Monitoring Committee of
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 and 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 table below represents 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. The gender composition and categorization of the Directors and Board Members are also indicated.

		Years of 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	9 years							Supply chain management and marketing
Nobuo Inaba	Male	Non-executive	11 years						Economic and financial analysis
Hidetaka Matsuiishi	Male	3 years							Sales and marketing
Seiji Sakata	Male	3 years							Technology and product development
Akira Oyama	Male	–							Global marketing
Masami Iijima	Male	Non-executive	5 years	Chairperson					Global business
Mutsuko Hatano	Female	Non-executive	5 years	Chairperson					Cutting-edge technology research and education
Kazuhiro Mori	Male	Non-executive	3 years						Business development and marketing
Keisuke Yokoo	Male	Non-executive	1 year						Finance and investment management
Sadafumi Tani	Male	Non-executive	–						Information analysis and distribution and communication

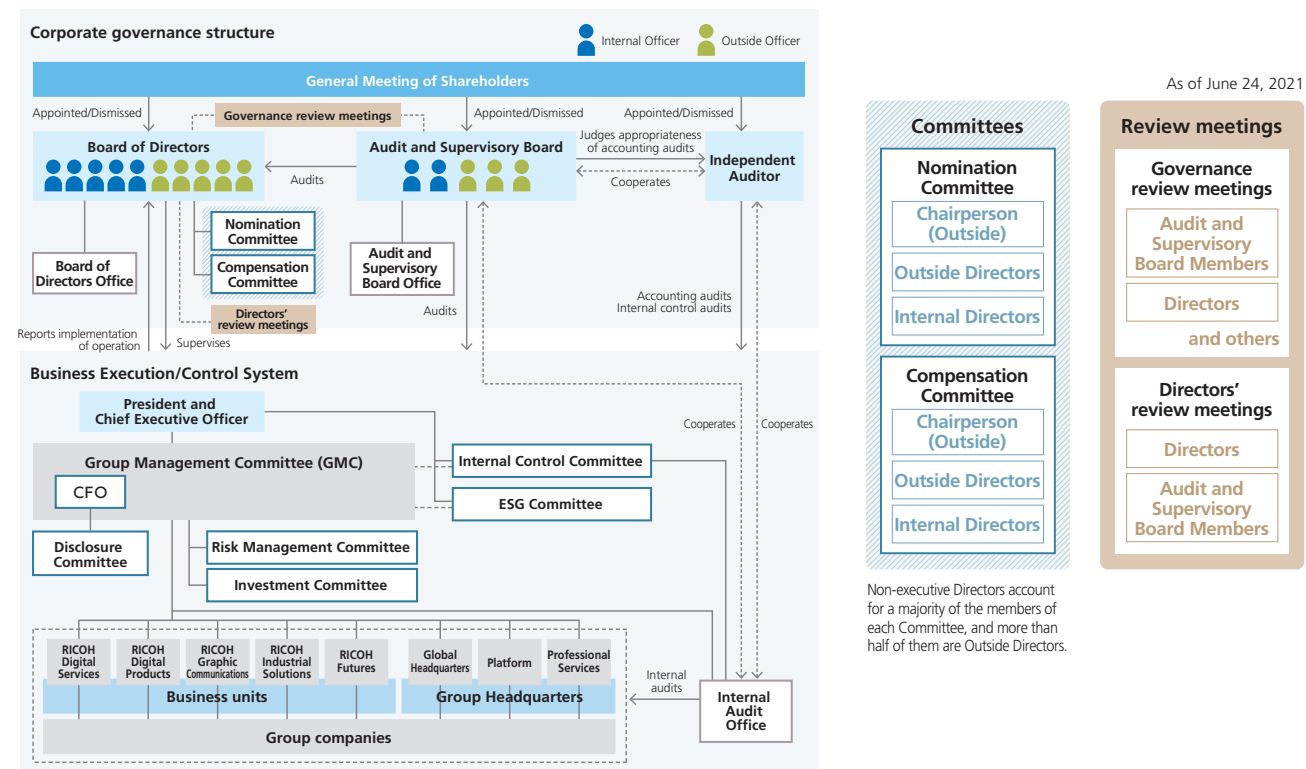
Audit and Supervisory Board Members

		Years of 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	1 year							Human resources and personnel development
Shinji Sato	Male	–							Finance and accounting
Yo Ota	Male	Independent	4 years	Observer					Corporate legal affairs
Shoji Kobayashi	Male	Independent	1 year	Observer					Technology development and R&D
Yasunobu Furukawa	Male	Independent	1 year						Accounting audit

Corporate governance structure

The Ricoh Group 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 making efforts 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 is deliberated by the Nomination Committee and the Compensation Committee, advisory bodies which comprise a majority of Outside Directors. The results are reported to the Board of Directors.

WEB Refer to our website: **Corporate governance**



Initiatives in shifting to a business unit structure

On April 1, 2021, the Ricoh Group shifted to a business unit structure in order to transform its business operation into a digital services company and further improve returns on capital.

Each business unit operates its business autonomously. The Group headquarters focuses on medium- to long-term strategic planning, capital allocations to each business unit, and business management strictly based on each business unit's growth potential and return on capital. Through this process, we will realize the improvement of the corporate value of the entire Group.

Based on this renewal of the organizational structure, we are proceeding with the following governance-related initiatives from the perspectives of oversight, execution, and audit:

- Oversight

1. From fiscal 2021, the Board of Directors and the Nomination Committee will carry out performance evaluations of executive managers, including the head of each business unit, in addition to the existing assessments of Directors, including the CEO.
2. The Board of Directors regularly deliberates on the status of the business portfolio and the performance of each business unit to strengthen monitoring of the invested capital and return on capital.
3. We have strengthened monitoring by the Board of Directors to ensure internal control and risk management are functioning properly for the new management system and its operations, such as delegating authority to business units and reviewing the management of affiliates.

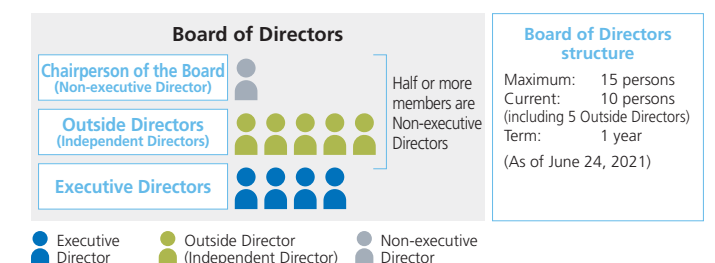
● Execution

1. We have set target figures (return on capital, etc.) for each business and regularly monitor the achievement status by increasing the transparency in the scope of responsibility of each business through the shift to the business unit structure.
2. Profits earned by each business unit will be first consolidated as the entire Group, and then the resource reallocation policy will be decided at the portfolio management meeting, which is part of the GMC.

Board of Directors

The Board of Directors is responsible for management oversight and essential decision-making for Group management. By appointing highly independent Outside Directors, the Group ensures greater transparency in its management and fair decision-making. By leveraging the expertise and experience of each Outside Director, Non-executive Director, and Executive Director in holding in-depth discussions on important issues, the Company encourages initiatives in new areas of growth, creating a structure that allows for management oversight from the perspectives of various stakeholders, including shareholders. The Company's policy is for at least one-third of the members of the Company's Board of Directors to be Outside Directors (Independent Directors).

In fiscal 2020, of the 10 Directors, five were independent Outside Directors—part of its continued effort to incorporate various views and opinions and eliminate arbitrary decision-making in management. As a rule, all Directors must attend at least 80% of the Board of Directors' meetings and are required to fulfill an effective supervisory function for corporate management.



Approach to election of 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 has the ability to think and make decisions appropriately from a company-wide and long-term perspective
- 2. Insight into the essence of issues
- 3. Vision to make best decisions on a global level
- 4. 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. Ability to think and make decisions appropriately from the perspective of various stakeholders, including shareholders and customers, based on a solid understanding of corporate governance

Character and personality

Positive trust relationships between Directors and management team for smooth execution as the oversight function

- 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 diversity.

● Election criteria for Outside Directors

In addition to the same eligibility criteria as for Internal Directors stated above, the eligibility criteria for Outside Directors include having excellence in areas such as expertise in various fields, problem discovery and solving capabilities, insight, strategic thinking capabilities, risk management capabilities, and leadership.

● Diversity policy

We believe that the Company's Board of Directors should be composed of directors with management ability and a rich sense of humanity, in addition to diverse viewpoints and backgrounds, in addition to sophisticated multilateral skills. When considering diversity, our policy is to select candidates based on their character and insight without distinction of race, ethnicity, gender, nationality, etc. In addition, we also ensure diversity of expertise and experience in various management-related fields.

● Election process and evaluation process for Directors
Nomination Committee

The Board established the Nomination Committee, which ensures that procedures for appointing, dismissing, and evaluating Directors, the CEO, and other management team members are objective, transparent, and timely. In order to enhance objectivity and independence, the committee is chaired by a Non-executive Director, and the majority of the members are Non-executive Directors, with at least half being outside directors. During fiscal 2021, the committee was chaired by an Outside Director with four Outside Directors, one internal Non-executive Director, one Internal Executive Director, and a majority of Outside Directors.

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 (skills and career matrix), etc. required of Directors. Candidate nominations for Director are deliberated by the Nomination Committee over two sessions and undergo a strict screening process. Based on the reporting from the Nomination Committee, the Board of Directors deliberates from shareholder perspectives. It determines the candidates to be submitted to the General Meeting of Shareholders.

Evaluation process

The Nomination Committee evaluates directors annually, changing from a one-step evaluation to a two-step evaluation in fiscal 2018. In the initial evaluation, careful and appropriate deliberations are made on the soundness of Directors to continue in their duties, ensuring timeliness of appointment and dismissal. In the second evaluation, Directors' achievements are evaluated using a multifaceted approach, and their issues are clarified through feedback in order to improve the quality of management.

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

Evaluation of CEO and CEO Succession Plan

The CEO Succession Plan is an important initiative for continuously improving shareholder value and corporate value of the Ricoh Group over the medium to long term and fulfill 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 Nomination Committee evaluates the CEO. It adopted a two-step assessment process in fiscal 2018. In the first evaluation, careful and appropriate deliberations are made on the soundness of the CEO, ensuring timeliness of appointment and dismissal. In the second evaluation, the CEO's achievements are evaluated with a multifaceted approach, and their issues are clarified through 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

(1) Financial viewpoint	Progress of the Mid-term Management Plan and business plans, return on capital, and other key performance indicators
(2) Shareholder and capital market viewpoints	Stock-related indicators including Total Shareholder Return (TSR), analyst evaluations, etc.
(3) Non-financial viewpoint	ESG measures, customer and employee satisfaction, safety and product quality, etc.

● Selection, development, and evaluation of CEO candidates

Once a year, around September, 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 Nominating Committee meeting in early 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.

Selection of candidates

CEO candidates are selected based on the assumption that they 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

Development of candidates

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.

Evaluation of candidates

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 on continuance or dismissal of CEO candidates and reports the results to the Board of Directors. Upon reporting from the Nomination Committee, the Board of Directors evaluates the CEO candidates. 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.

● Determining the policy regarding the decision 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.

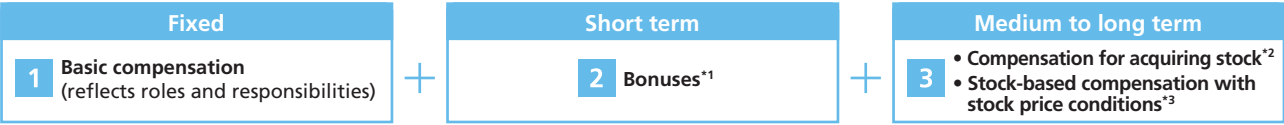
● Compensation policy

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:

- 1. Executive compensation is composed of three elements: i) basic compensation that reflects expected roles and responsibilities, ii) bonuses that reflect business results (performance-linked compensation), and iii) compensation that reflects medium- to long-term increase in shareholder value. Compensation for Outside Directors is only basic compensation to ensure independence from business execution. Compensation for internal Non-executive Directors is comprised only of basic compensation and bonuses in light of their roles of serving full-time and overseeing business execution with extensive knowledge of the actual situation of Ricoh. Compensation for Audit and Supervisory Board Members consists only of basic compensation for their roles of appropriately conducting audits.
- 2. When compensation levels are set up, and individual compensation is determined, objectivity, transparency, and validity must be secured through proper external benchmarks and deliberation by the Compensation Committee.

3. Compensation for Directors

Breakdown of Director compensation



1 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 2020 was 253.32 million yen.

2 Bonuses are monetary compensation paid after the end of a fiscal year as compensation that reflects our business performance and shareholder value improvements in the target fiscal year. Operating profit is used as the basis for calculating the payment amount. Operating profit, which correlates with market capitalization, is set as an important indicator to clarify that Directors are responsible for improving the performance of the Ricoh Group and shareholder value. In addition, to clarify that Directors are accountable for achieving the targets set for important indicators, we have established an indicator that uses ROE results for each fiscal year as an incentive to enhance return on capital, and another indicator, the annual DJSI*4 Rating, which we are pursuing as an incentive to improve ESG on a company-wide basis.

*1 Excludes Outside Directors
*2 Excludes Outside Directors and Non-executive Directors
*3 Excludes Outside Directors and Non-executive Directors

● Policy on deciding the content of individual compensation, etc., and matters related to performance-linked compensation, non-monetary compensation, etc. for fiscal 2020

1. Process for determining compensation

The Company has established a voluntary Compensation Committee to build a more objective and transparent compensation review process that helps increase profits, enhances corporate value, and strengthens corporate governance through incentives. Through multiple deliberations, the Compensation Committee decides on compensation plans for basic compensation, bonuses, acquiring stock, and stock-based compensation with stock price conditions. This decision is based on the compensation standards and performance of the Directors, and the Compensation Committee makes recommendations to the Board of Directors. The Board of Directors deliberates and decides on each compensation plan recommended by the Compensation Committee and decides on the necessity to propose the payment of Directors' bonus to the general meeting of shareholders.

2. Policy for determining compensation level

From the perspective of ensuring appropriate linkage with corporate performance, we determine whether the compensation level of each compensation category secures its target level for our business performance. 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. The Compensation Committee confirms every fiscal year whether the target level is secured and decides on the necessity to adjust the levels after examining the trend for three years instead of a single year.

* Approximately 20 companies are selected from a group of domestic peer companies with employees of 30,000 to 200,000 and sales of 500 billion yen to less than 3 trillion yen.

Regardless of the results calculated by the formula **1** below, the Compensation Committee deliberates whether or not to pay bonuses, reflects the status of governance and non-financial factors, and makes recommendations to the Board of Directors. Based on these recommendations, the Board of Directors decides whether or not to submit a proposal of paying Directors' bonuses to the general meeting of shareholders.

Regarding bonuses for Directors in fiscal 2020, the Board of Directors decided at its meeting on May 7, 2021 not to pay bonuses for Directors in light of an operating loss of 45.4 billion yen for the full year, following the deliberation by the Compensation Committee accordingly. Therefore, there is no disclosure item regarding the bonus calculation method and performance indicator results for fiscal 2020.

3 Compensation that reflects the stock price consists of the following compensation for acquiring stock and stock-based compensation with stock price conditions to strengthen further Directors' commitment to improving corporate value over the medium to long term.

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.

● Policy on determining the ratio of fixed and variable compensation

In order to clarify the responsibility of each position to business performance, the ratio of variable compensation (bonuses, compensation for acquiring stock, and stock-based compensation with stock price conditions) is designed to increase for officers of a higher position with higher management responsibility,

compared to the ratio of fixed compensation (basic compensation). For the President, who is at the most senior position, the fixed and variable compensation ratio is generally 6:4 when the standard performance target is achieved. The variable compensation exceeds the fixed compensation when business performance and stock price rise significantly.

We will continue to deliberate on the appropriate amount of compensation for each compensation category. The deliberations will be based on a policy of increasing the ratio of performance-linked compensation, emphasizing improving corporate value and shareholder value over the medium to long term.

Committees

● Nomination Committee/Compensation Committee

As part of strengthening the management oversight functions by the Board of Directors, the Nomination Committee, which a Non-executive Director chairs, and the Compensation Committee, which is chaired by an Outside Director, with the majority of members on both committees being Non-executive Directors and at least half of the members being Outside Directors, were established. The establishment of these committees is to ensure transparency and objectivity of selection, dismissal, and compensation of Directors and Executive Officers, etc. 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 Review Meeting/Directors' Review Meeting

Governance review meetings provide a forum for comprehensive discussions on Ricoh'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.

● Group Management Committee

The GMC, chaired by the President and Chief Executive Officer and consisting of Executive Officers who fulfill specific requirements, is a decision-making body with delegated authority by the Board of Directors.

● Disclosure Committee

The Disclosure Committee is composed of representatives from each of the following functions: Disclosure Management, Accounting, Legal, Information Generation and Information Recognition, Principal Management of Affiliates, and Internal Control, as well as the CFO.

● Internal Control Committee

The Internal Control Committee deliberates and makes decisions on the internal control system of the entire Ricoh Group. The committee is composed of Executive Officers who fulfill specific qualifications. As a rule, it meets quarterly, but ad hoc or emergency meetings may be held as needed.

● Investment Committee

The Investment Committee verifies investment plans based on the validity of financial aspects, including capital costs and strategic elements such as profitability and growth risks, etc. The committee endeavors to accelerate the speed of decision-making and precision for diverse investment projects.

● ESG Committee

The CEO chairs this committee comprised of GMC members, Audit and Supervisory Board members, and the executive officer overseeing ESG. The committee aims to enhance Group management, responding promptly and appropriately to stakeholder expectations and needs through ongoing management-level discussions of the Ricoh Group's medium- to long-term environmental, social, and governance issues. The committee met four times in fiscal 2020, conducting the following evaluations.

ESG Committee meeting agenda	
First Meeting	<ul style="list-style-type: none">• Status of response to ESG evaluation/improvement• Climate change risks and opportunities (TCFD compliant)
Second Meeting	<ul style="list-style-type: none">• Climate change risks and opportunities (TCFD compliant)• Progress of decarbonization activities and pollution prevention measures• About the Ricoh Group Integrated Report 2020
Third Meeting	<ul style="list-style-type: none">• Reports of various ESG evaluation results• Revision of ESG goals• Report of RBA audit status• Formulation of Ricoh Group's Human Rights Policy• Strengthen renewable energy measures to accelerate decarbonization activities
Fourth Meeting	<ul style="list-style-type: none">• Responses and efforts for ESG evaluation• Strengthen RBA efforts• Formulation of Ricoh Group's Human Rights Policy• Revision of ESG goals and environmental goals

● Risk Management Committee

The Risk Management Committee was established as an advisory body to the GMC 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. The committee enhances the Ricoh Group's risk management by reviewing and restructuring the risk management system as needed, shown in the figure on the right.

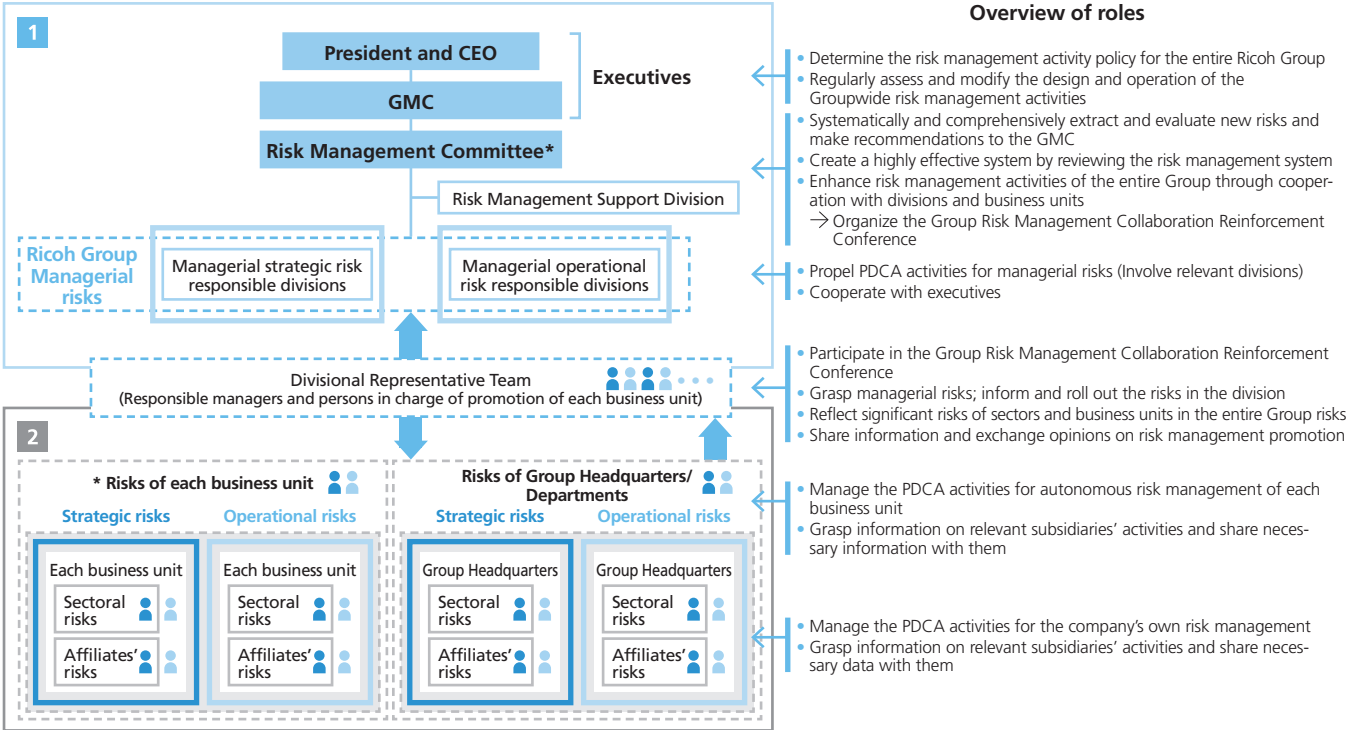
In fiscal 2020, the committee meeting was held twice in November. We had an intensive discussion about new risks which various changes will bring about, such as changes in work styles due to the pandemic, changes in the internal environment (transition to a business unit structure and transformation into a digital services company), and the ever-changing international situation. In March 2021, we reconfirmed if any important risks remain for the new structure, but it cannot be said that the possibility of unexpected events and management blind spots is zero. Therefore, from fiscal 2021, we will strengthen monitoring by increasing the frequency of the Risk Management Committee meetings, identifying and addressing risks early, and reviewing managerial risks appropriately to deal with risks flexibly. Management coordinates with each business execution division, selecting a person responsible for risk management from each division (as a rule, the manager), as well as a person responsible for the promotion of risk management (in a position to communicate with the organization head daily), to further enhance the effectiveness and comprehensiveness of risk management systems. In addition, we are fostering a corporate culture resilient to risks by holding meetings to strengthen coordination for persons in charge of promoting risk management, sharing good examples of risk management activities at each organization, disseminating managerial risks, and holding study sessions and workshops organized by outside experts about ways to make the corporate culture more risk-resistant.

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.

Responding to U.S.-China trade friction

The Ricoh Group operates globally, so economic conditions in the key Japanese, U.S., and European markets significantly affect its business. We acknowledge that U.S.-China trade friction, whose outcome remains unclear, and the actions of other countries amid rising protectionism are significant risks that could affect our performance.

We therefore carefully monitor changes in the global economic situation and take steps to respond accordingly. We have endeavored to mitigate risks associated with U.S.-China trade friction in several ways. For example, we have transferred some Chinese production for the American market to a plant in Thailand and undertaken concurrent production as a business continuity planning measure. Given the ongoing friction between the two countries, management will keep deliberating on the need for measures extending beyond tariffs and act promptly in that regard.

WEB Refer to our website: Business Risks

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 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.

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



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.

In fiscal 2020, the Audit and Supervisory Board examined risks given the enormous impact of the pandemic on the internal and external business climate and the possibility that conditions will remain unpredictable until the pandemic abates. That body augmented the audits in the chart below by establishing priority action measures for global risk management in a highly uncertain business environment and conducting appropriate audits in response to changes in the business environment.

Outline of audit activities by Audit and Supervisory Board Members

★ Meetings organized by Audit and Supervisory Board Members

	1. Directors	Attending the Board of Directors meetings Independent auditor 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 (semi-annually) ★
	2. Business execution	Auditing headquarters and principal offices Attending GMC meetings Attending performance review meetings, Global Meetings, Investment Committee meetings, and other important meetings Holding separate regular meetings with the CEO and the CFO respectively (monthly) ★ Reviewing and confirming important documents (agendas and minutes of important meetings, documents for approval, written agreements, etc.)
	3. Subsidiaries	Auditing subsidiaries 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 (semi-annually) ★
	4. Internal audit	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) ★
	5. Accounting audit	Three-way audit meeting: Meetings with Independent Auditor and internal auditors (monthly) ★ Receiving explanation about audit plan and reports of quarterly review and audit result Evaluating Independent Auditor

* One independent auditor has attended each Nomination Committee and Compensation Committee meeting since fiscal 2020 to ensure the transparency of the deliberations.

Key audit issues for fiscal 2021

The Audit and Supervisory Board, and each of its members, reviewed audit findings and discussed key audit issues for fiscal 2021. The Board acknowledges that each business unit's internal control and subsidiary management systems and the effectiveness of Group Headquarters governance are audit issues for monitoring in line with the adoption of a business unit structure from fiscal 2021 and is conducting audits for that year.

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 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 14, 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 has established the Ricoh Group Hotline, which is made available to all Directors, employees, part-timers, and temporary staff in Japan as a contact 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 website to Ricoh's Audit and Supervisory Board. In May 2020, we established the Supplier Hotline, which allows Ricoh Group suppliers globally to report issues through this website. 5

Basic flow of the hotline system in Japan

