Management may face crises caused by various internal and external factors. The Ricoh Group, consider taking preventive measures against and being prepared for crises as one of its social responsibilities, has established a risk management system and implements preventive measures, together with compliance, in its daily activities.

### Risk Management

To achieve a higher level of risk management to cope with a change environment both in and outside the company, Ricoh has reviewed the existing framework and developed a total risk management (TRM) system. TRM aims to take preventive measures and prepare for crises by comprehensively clarifying risks to the Ricoh Group on a global scale and managing risks effectively, in order to increase our corporate value. To this end, we will specify risks by level (in particular, key risk areas), in order to implement the PDCA cycle depending on the significance of the risk.

#### Fiscal 2007 Activities Review

**<Ricoh Group>**  
- **Reviewing and establishing a TRM framework**  
  Ricoh discussed and established the TRM system from a global perspective beyond the framework of existing business process risk management (BPRM).  
  1. Specifying risks to be controlled at the executive on a management level;  
  2. Building a TRM promotion scheme including the establishment of a TRM committee (chairperson: director in charge of internal control) and determining the divisions to manage each risk;  
  3. Creating a PDCA promotion guideline depending on the significance of risks

**Preparation for TRM implementation and development**  
1. Clarifying problems by gap analysis (comparison between ideals and the current situation) for each risk item;  
2. Establishing an improvement plan to solve problems (gaps)

**Review of a Business Continuity Plan (BCP)**  
We created a master plan to review a BCP predicting an epicentral earthquake hitting the Tokyo metropolitan area and a Tokai earthquake.

**Future challenges**  
We are committed to promote effective TRM globally.

#### Plan for Fiscal 2008

**<Ricoh Group>**  
- **Setting rules for and familiarization of TRM**  
  We will establish basic written rules for a TRM system for the entire Group (The Ricoh Group Standards, or RGS) and notify them to each division and Group company. Existing rules for initial countermeasures will be reviewed in order to ensure reporting to the management and prevent the spread of management risks if they arise.

**Operation and development of the TRM system**  
1. Developing TRM in each division and Group company based on the improvement implementation plan set for each risk item  
2. Checking the status of the improvement plan by way of audit or other method  
3. Reporting the results to top management  
4. Improvement following the comments by top management  
5. **Establishment a Business Continuity Plan (BCP) in case of an earthquake**  
  We will promote the development and execution of a BCP for running business in Japan (i.e., supplying consumables and maintenance services), in accordance with the master plan to review the BCP.

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For our environmental risk management refer to the Ricoh Group Sustainability Report (Environment) 2008.
Compliance

Each Ricoh employee is required to fully understand the Ricoh Group Code of Conduct and act in accordance with it, in order to strengthen compliance (observance of laws, regulations and corporate ethics). For this purpose we provide e-learning courses to help employees understand the importance of following laws, regulations and corporate ethics. We also use dramatized educational videos to provide employees with better understanding and enable them to reflect what they have learned onto their daily activities. In addition, we will ensure continuous improvement by checking the effects of education as well as level of knowledge penetration and retention among employees.

Overseas Ricoh Group companies share the Code of Conduct

Ricoh’s overseas Group companies share the Code of Conduct through the effective use of infrastructure, such as intranets and portable booklets that are created and distributed to employees.

Operation of a Hot Line, a consulting service for employees

To give our employees advice and a means of consultation when they have difficulty in their daily activities, Ricoh Group (Japan) opened consultation desks at two locations in April 2003: the Internal Management & Control Division and an external law firm. Reports from the law firm to Ricoh’s Internal Management & Control Division are made on an anonymous basis to respect the privacy of the individuals. To facilitate proper operation of the Hot Line, we have set Ricoh’s standard rules and a system to protect individual privacy. During fiscal 2007, we accepted 28 inquiries and provided individuals with advice and feedback as appropriate.

Fiscal 2007 Activities Review

<Ricoh Group (Japan)>

Activities to improve retention of the Code of Conduct

The results of the second survey conducted in February 2007 to check the degree of understanding and retention of the Code of Conduct were sent to Group companies and divisions. Each company and division is promoting activities to improve retention levels based on the feedback.

Reviewing educational content

Recent technological advances have allowed us to utilize live images in e-learning. Current e-learning and video education have been integrated to create new e-learning educational content.

<Ricoh Group (Overseas)>

Establishing a Code of Conduct for each region

Ricoh affiliates outside Japan advanced the development of the Code of Conduct for each region while providing related education. Some affiliates in the China region have not yet completed development, but aim to do so during fiscal 2008.

Plan for Fiscal 2008

<Ricoh Group (Japan)>

Revision of the Code of Conduct

We will revise the Code of Conduct in consideration of changes in the environment and the amendment of relevant laws.

Checking activities to improve implementation of the Code of Conduct

We will check the activities of each Group company and division to improve their levels of implementation.

Providing education on the Code of Conduct

Ricoh will start a new e-learning educational program in July 2008. In this program, each Ricoh employee will make an oath to observe the Code of Conduct.

<Ricoh Group (Overseas)>

Expanding the Code of Conduct outside Japan

Ricoh’s global affiliates are scheduled to finish development of each Code of Conduct and relevant education by the end of fiscal 2008.

Establishing a hot line system

Starting from fiscal 2008 we will establish a hot line system for our global affiliates.

Incident Report

Mislabelling on composition ratios of recycled pulp

In January 2008, it was discovered that we had mislabeled the composition ratios of recycled pulp in our recycled-paper products. We would like to express our deepest apologies for the troubles that may have caused to customers who used the products in question and many other stakeholders. Such mislabeling of recycled content is totally unacceptable, because it dampens the growing public awareness about environmental conservation. We at the Ricoh Group, as a leader of sustainable environmental management, should learn from this incident and be further watchful in our actions. Working with regulatory authorities and other corporations, we will work to eliminate such mislabeling. Our sales policy on recycled paper will be available in due course on Ricoh’s website and through other communication tools.