Risk management and compliance in daily operations strengthen internal control

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

Risk Management and BCP

The Ricoh Group built and operates a total risk management (TRM) system. The TRM system is designed to identify and address risk in a comprehensive manner. It aims at providing risk management that will lead to the consistent and sustainable growth of the Group’s business and the enhancement of its corporate values. For this reason, each Group company conducts rigorous risk management as part of its day-to-day operations to avert any crisis that may have a significant adverse impact on the business activities of the Group. We have also devised a business continuity plan (BCP) on especially high-risk factors such as earthquakes and new types of influenza. We set up a task force risk factors such as earthquakes and new types of influenza. We set up a task force to address risk in a comprehensive manner.

For our environmental risk management, refer to the Ricoh Group Sustainability Report (Environment) 2010 on our website.

Fiscal 2009 Activities Review

**<Ricoh Group>**

- **Implementing BCPs**
  1) New type influenza outbreak: We developed a specific BCP for preparedness measures to share among Ricoh Group firms (both in and outside of Japan)
  (i) In the event of an outbreak of a new type of influenza, the Ricoh Group’s Disaster Countermeasures Committee will issue Ricoh’s proprietary warning levels, and take countermeasures based on the action plan prepared beforehand.
  (ii) Even in the event of a pandemic, the Ricoh Group plans to continue services as much as possible to clients in need of services to maintain social infrastructure.
  2) A disastrous earthquake in the Tokyo metropolitan area or the Tokai region. We completed the development of a BCP for earthquakes measuring a weak six on the Japanese seismic scale. Because it will take large-scale investments into equipment to respond to such measures, we will start preparations as soon as possible after determining the priority of each need.

- **Conducting TRM audits**
  In fiscal 2009, we listed 49 risk factors that may affect business, and prepared prevention plans and response plans mainly in the management divisions. By the end of the fiscal year, we conducted TRM audits and reported on a total of 71 divisions for all risks.

Plan for Fiscal 2010

**<Ricoh Group>**

- **Strengthening the TRM promotion structure**
  1) Overseas, the risks concerning differences in law, culture and customs are changing. We plan to strengthen our TRM promotion structure based on these changing circumstances.
  2) We plan to confirm through TRM audits the results of these efforts to strengthen the structure and make further improvements.

- **Implementing BCPs**
  1) Countermeasures to new types of influenza
  (i) To prepare for highly-virulent, new types of influenza, we will promote the establishment of rules, education and training to implement the necessary action plans in each group firm.
  (ii) During a pandemic, the top priority will be securing the basic infrastructure required to maintain necessary business. We will promote preparations for securing operations such as clarifying the minimum requirements of computer systems.
  2) Countermeasures for a disastrous earthquake in the Tokyo metropolitan area or the Tokai region We are now duplicating our core systems, making our offices, plants and warehouses quake-resistant, and conducting emergency drills for earthquakes.

- **Monitoring our supply chain**
  We established rules against child labor and regularly monitor not only Ricoh Group firms in and outside of Japan, but also all businesses within our supply chain to ensure that our rules are being followed.
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. These online education courses use dramatized educational video material to provide employees with better understanding and enable them to reflect what they have learned in their daily activities. In addition, we are working to ensure continuous improvement by checking the effects of education as well as the level of knowledge penetration and retention among employees.

MQ-up Activities aiming at raising the awareness of compliance among the domestic sales group

<Ricoh Group/Japan>

In November 2002, we created a compliance policy for the domestic sales group. In order to raise the awareness of compliance among employees who interact with customers on a daily basis, we built a proprietary system for MQ-up activities* and are implementing them diligently. For a proprietary system for MQ-up activities, in which employees reflect on their own actions and conscience regarding MQ-up activities, in which employees reflect on their own actions and conscience regarding

Fiscal 2009 Activities Review

- Providing education on the Code of Conduct
  <Ricoh Group/Japan>
  In order to promote thorough understanding and implementation of the Ricoh Group Code of Conduct, we implemented many educational and promotional activities. In addition, employees have signed documents pledging their commitment to the Code of Conduct.

- Building a system to prevent insider trading
  We built a database for applications by Ricoh Group employees and senior executives to buy shares of Ricoh Corp. and Ricoh Leasing Co. Ltd. in Japan. We strengthened the pre-application system again.

- Establishing hot line systems
  <Ricoh Group/Japan>
  In addition to the original hot line systems implemented at group firms, we established a hot line system within the Ricoh head office that responds to reports and consultations with group employees.

- <Ricoh Group/Overseas>

We are introducing hot line systems in regions that currently lack them.

Plan for Fiscal 2010

- Providing education on the Code of Conduct
  <Ricoh Group/Japan>
  In order to further permeate the understanding and implementation of the Ricoh Group Code of Conduct, we have proposed a continuing education plan and reviewed our educational content, and will implement those changes. We require our employees to sign documents pledging their commitment to the Code of Conduct every year.

- <Ricoh Group/Overseas>

We will continue to implement education on the Code of Conduct with themes matching the circumstances of each nation and region.

- Reviewing hot line structure and system
  <Ricoh Group/Japan>

We will establish consultation desks at major group firms to build a structure for Ricoh to work in conjunction with group firms, thereby strengthening speedy response to incidents and prevention of recurrences. In addition, we aim to improve the quality of key persons through education.

- <Ricoh Group/Overseas>

We will continue to establish hot line systems in regions that currently lack them.

* Management Quality up activity (Activities implemented by all employees to boost corporate quality into one that is trusted by society)

Portable cards concerning the compliance policy for Japan sales group