

Corporate value integral to business growth

The Ricoh Group is always working to provide new value to stakeholders through corporate activities and to be a constructive part of solutions to issues that concern customers and society as a whole. As a group, we will strive to achieve continuous business growth and raise corporate value ever higher.

Cycle of improvement for corporate value

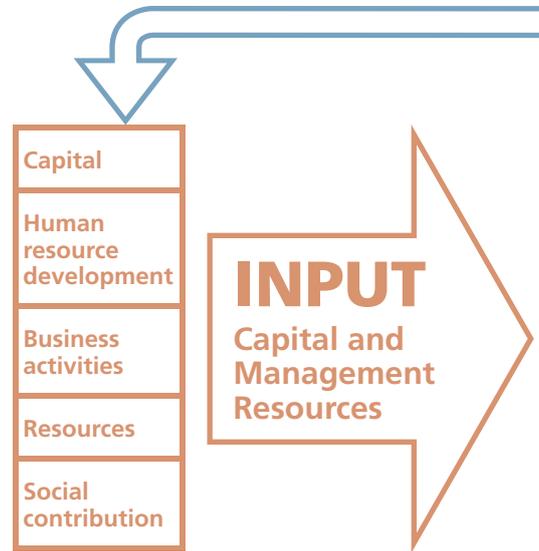
Companies invest copious amounts of capital and management resources to run their businesses and generate all sorts of value.

To us, at Ricoh, corporate value means responding to the various expectations of stakeholders and delivering value that extends to all stakeholders, including customers, shareholders, employees and society at large, and by raising value for each stakeholder we ultimately raise corporate value as well.

To boost corporate value, we undertake corporate activities in accordance with management strategies based on core value perceptions and structures. A key element in the equation is The RICOH Way, which establishes the value perceptions that form the foundation for all that we do. Corporate governance, with The RICOH Way as a cornerstone feature, accords us the ability to ensure that business activities are being properly executed, and it underpins sound and highly transparent management practices. Then there are our three value drivers—technological strengths, customer contact capability and sustainable environmental management—that fuel our business growth, and we will apply these drivers in promoting activities to realize the two

basic business strategies of the 18th MTP, which are to reinforce and develop earnings power for core businesses and achieve growth by creating new profit generators.

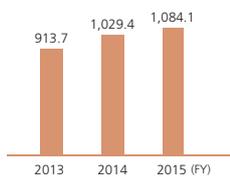
By reinvesting surplus capital and management resources derived through these efforts, we perpetuate the cycle that constantly drives corporate value higher.



INPUT Capital and Management Resources

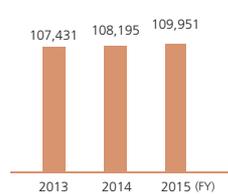
Capital

■ Equity attributable to owners of the parent (JPY billion)

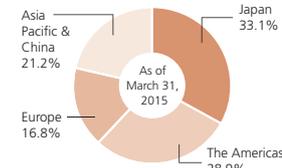


Human resource development

■ Total number of employees (People)



■ Composition of workforce by region

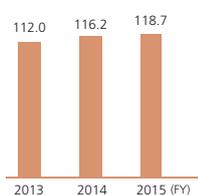


■ Annual average hours of training per regular employee (Hours)

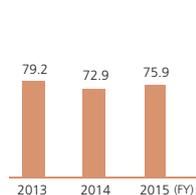


Business activities

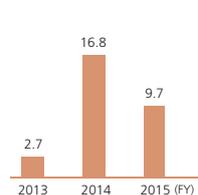
■ R&D expenditures (JPY billion)



■ Capital expenditures*¹ (JPY billion)

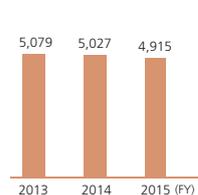


■ Purchase of business*² (JPY billion)



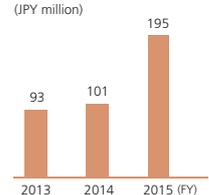
Resources

■ Energy consumption (TJ)



Social contribution

■ Reserve for social contribution (JPY million)

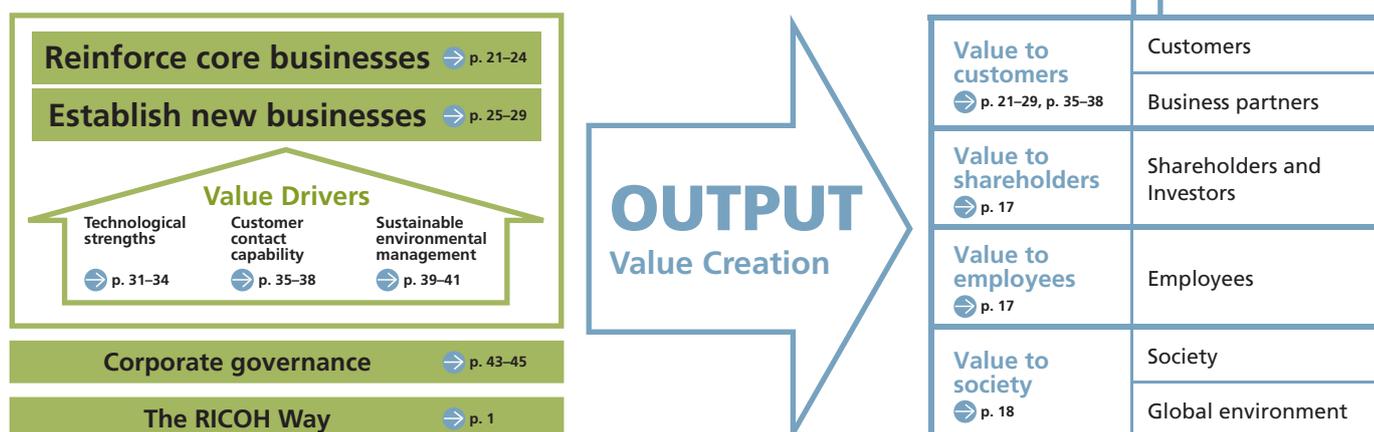


*¹ Expenditures for property, plant and equipment

*² Amount recorded under Cash Flows from Investing Activities in the Consolidated Statements of Cash Flows

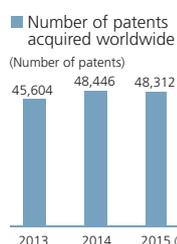
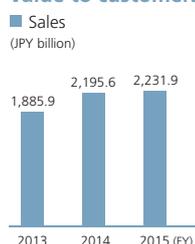
• Engaging stakeholders

Value to customers	Customers	<ul style="list-style-type: none"> • Increase customer value through products and services • Offer safe and reliable products and services
	Business partners	<ul style="list-style-type: none"> • Build partnerships based on mutual trust and fair trade • Promote socially responsible activities across the value chain
Value to shareholders	Shareholders and investors	<ul style="list-style-type: none"> • Increase corporate value by achieving sustained business growth • Provide timely and appropriate information disclosure and communication
Value to employees	Employees	<ul style="list-style-type: none"> • Promote workplace health and safety and develop human resources • Promote respect for employee diversity and work-life balance
Value to society	Society	<ul style="list-style-type: none"> • Contribute to solving social issues through social contribution and business activities • Respect the cultures and customs of the countries and regions in which we operate, and contribute to their development
	Global environment	<ul style="list-style-type: none"> • Conduct business activities in an environmentally friendly manner and contribute to the reduction of environmental impact • Contribute to the maintenance and restoration of the Earth's self-recovery capabilities

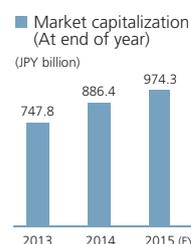
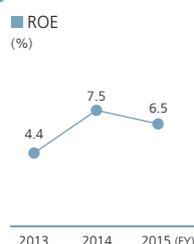
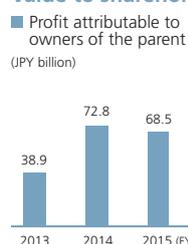


OUTPUT Value Creation

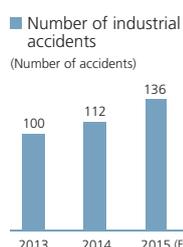
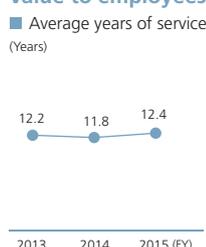
Value to customers



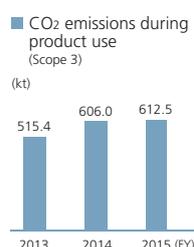
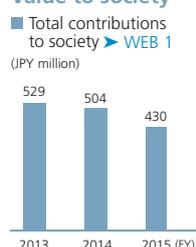
Value to shareholders



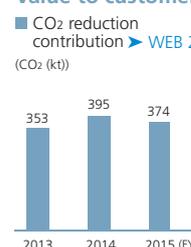
Value to employees



Value to society



Value to society/ Value to customers



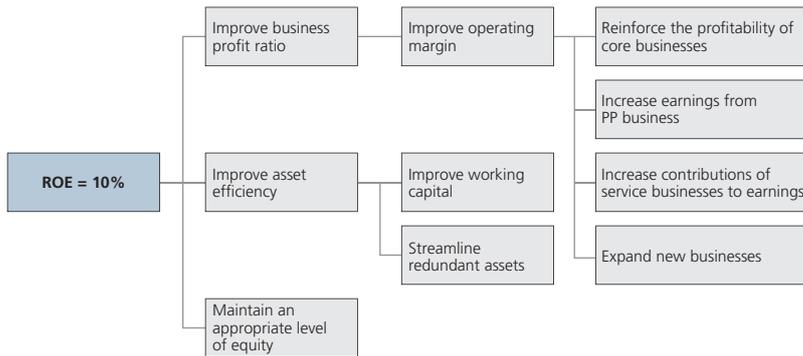
► WEB 1 Social contribution activities: www.ricoh.com/csr/community/performance.html
 ► WEB 2 Evaluation of contribution: www.ricoh.com/environment/management/reduction.html

Shareholder value creation

Measures to boost ROE

We aim to achieve return on equity (ROE) of 10% in the fiscal year ending March 31, 2017 through the efficient use of equity capital and higher profitability. Toward this end, we will strive to increase profits and boost asset efficiency, and we will consider factors, such as return to shareholders, in our efforts to maintain a suitable level of equity.

• Road map to boost ROE



ROE in fiscal 2015 slipped one percentage point year on year, to 6.5%. There were no major changes in the composition of capital or debt. The main reason for the drop in ROE was pressure on profitability, largely due to the impact of striking workers at ports along the U.S. West Coast and delayed economic recovery in Europe. In addition, total market capitalization in fiscal 2015 was up from a year earlier, reflecting an increase in dividends this fiscal year as well as the bullish tone that permeated the stock market in Japan.

Thoughts on return to shareholders

We seek to enrich internal reserves to establish a firmer financial footing and to support new business development. At the same time, we recognize the importance of a good return of profits to shareholders and endeavor to provide a stable dividend with the consolidated payout ratio in mind.

We will continue to strive for an appropriate return to shareholders, with a total consolidated payout ratio in the vicinity of 30%. > WEB 1 > p. 14

Employee value creation

Active roles for a diverse workforce underpin higher corporate value

By encouraging a diverse workforce to demonstrate inherent individuality and integrating different perceptions and ideas, we keep the wheels of innovation turning and are better able to provide the high-value-added products and services that meet the wide-ranging needs of our customers. It is therefore vital that we foster an environment in which a diverse workforce can thrive, enable each

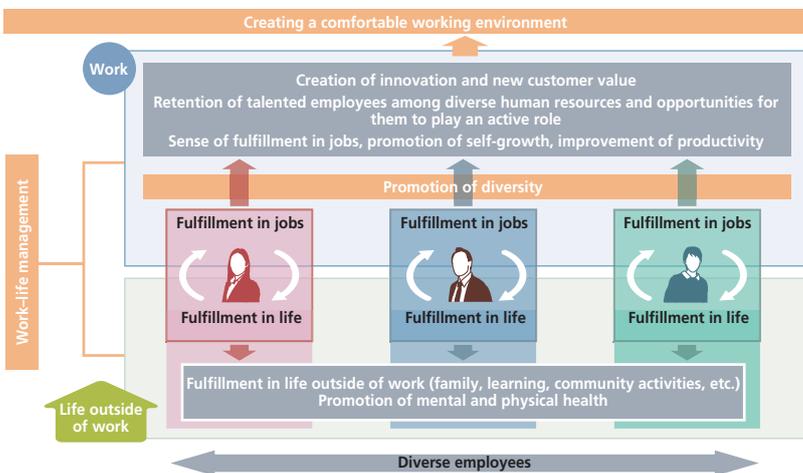
and every employee to achieve a good work–life balance, and promote workstyles conducive to high productivity. With this in mind, we have made diversity and work–life balance management a key corporate strategy and pursue activities to create value for employees. > WEB 2

Reforms prompted by results of global employee survey

In June 2014, we conducted our first global employee survey within the Ricoh Group. The objective was to ascertain employee perceptions from the perspective of The RICOH Way and transform the company into a place where each and every employee, fully demonstrating inherent capabilities, works independently and with enthusiasm for the job.

In a recent survey, a high percentage—77%—of respondents indicated they would like to work within the Ricoh Group for a long time. The survey also revealed a common concern—that the culture for recognizing diversity was insufficient. To address this concern, we put together a global team with participation from 11 people in eight countries and began a process to pull together multifaceted perspectives and different ideas to deepen the roots of a mutually inclusive corporate culture throughout the Group.

• Correlation between diversity promotion and work–life management



> WEB 1 Dividends per share/Dividend payout ratio: www.ricoh.com/IR/financial_data/financial_indicators/data7.html
 > WEB 2 Diversity and work–life management: www.ricoh.com/csr/labor/diversity.html

Social value creation

Social contribution activities undertaken with commitment and responsibility

Within the Ricoh Group, we implement social contribution activities with commitment and responsibility in focus areas—raising the next generation, global environmental conservation and community development—to address social issues with global impact. In addition, we have set up a social contribution reserve system to ensure a stable source of funds for activities; and with the approval of shareholders, we have set aside an amount equal to 1% (up to ¥200 million) of consolidated profit after dividends for social contribution activities. ► WEB 3

Activities funded by the social contribution reserve

- Donations to the New Technology Development Foundation (since 1999)
- Forest ecosystem conservation projects (since 1999)
- Ricoh Science Caravan (since 2000)
- Ichimura Nature School Kanto (since 2002)
- Ena-no-Mori (Ena Forest) project (since 2014)



The Ricoh Science Caravan gives children a look at the fun side of science

CSV initiatives

The Ricoh Group has embraced the concept of CSV* and directs efforts into solutions to areas of social concern as well as business growth, positioning this concept as a growth strategy. We will seek solutions to social issues through technology, products and services, personnel and other Groupwide resources, and hope our efforts also lead us to new markets and new customers and contribute to innovation-oriented businesses. ► WEB 4

* CSV stands for “creating shared value,” a business concept introduced by Harvard professor Michael E. Porter, a leading authority on competitive strategy, and Mark Kramer in a 2006 *Harvard Business Review* article. The core concept of CSV is that the competitive strength of a company and the health of communities around it are inter-reliant. So by addressing social needs and challenges, corporations can create value for their businesses as well as society.

CSV initiatives

- Sustainable environmental management (since 1998)
► p. 39–41
- BOP (Base of the Pyramid) project (since 2010)
- Educational support in India (since 2011)



Efforts are being made to improve the quality of education, as demonstrated by the use of projectors in the classroom

Clarification of issues of materiality for mid- and long-term action

We seek to grow the businesses under the Ricoh Group umbrella while contributing to the sustainable development of the environment and society. Toward this end, we have clarified issues of materiality—key social issues—in line with stakeholder expectations and reflect these issues in our sustainable CSR and environment-oriented activities.

In identifying issues of materiality, we evaluate themes inherent in the creation of a sustainable society in terms of their importance to the business activities of the Ricoh Group and the expectations that stakeholders have for us. The results of our analysis are used for mapping purposes.

CSR measures laid out in the 18th MTP are based on these issues of materiality. Going forward, we will set key performance indicators for each issue and run through a PDCA cycle that includes reviews at our overseas bases, and thereby improve our performance even further. ► WEB 5

• Materiality matrix

		Top priority areas	
Stakeholders' expectations for the Ricoh Group	<ul style="list-style-type: none"> • Improvement of the agricultural production process • Development of the healthcare environment 	<ul style="list-style-type: none"> • Respect for human rights • Community development • Prevention of corruption • Employment and human resource development 	<ul style="list-style-type: none"> • Development of information society • Raising the next generation
	<ul style="list-style-type: none"> • Solution for energy issues • Securing of safe water resources • Responses to conflicts and terrorism 	<ul style="list-style-type: none"> • Risk management • CSR throughout our supply chain • Diversity promotion 	<ul style="list-style-type: none"> • Mitigation of and adaptation to climate change • Growth of emerging and developing countries
		<ul style="list-style-type: none"> • Pollution prevention • Conservation of biodiversity 	<ul style="list-style-type: none"> • Recycling of resources
		<ul style="list-style-type: none"> • Measures for an aging society with a decreasing birthrate 	
		Importance for the Ricoh Group's business	