

Maintaining Ricoh's corporate value on behalf of all stakeholders

The Ricoh Group established The RICOH Way as a set of guiding principles and values that serves as the foundation for all our business activities. Abiding by these principles in corporate ethics and compliance and maintaining transparency in management, we continuously strive to improve our governance, and in doing so ultimately enhance our corporate value.

Corporate governance

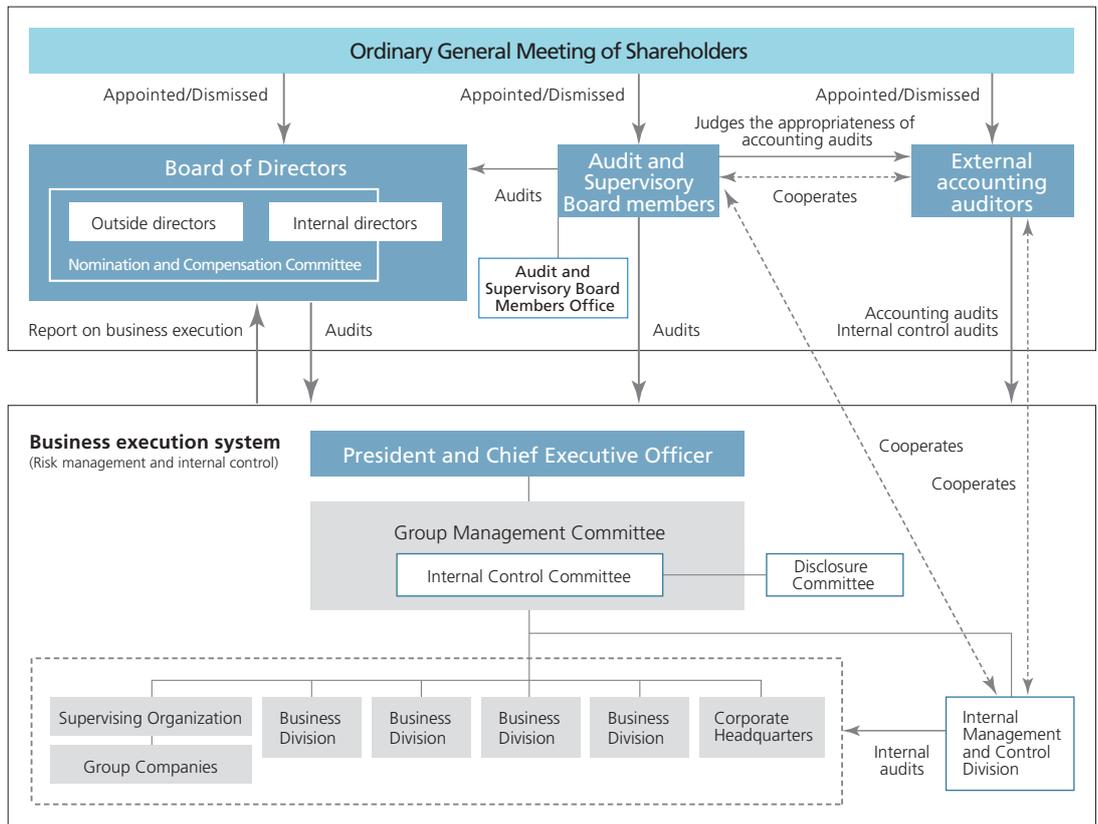
We strongly believe that responsible global citizenship calls for a corporate culture that embraces a sense of mission to meet the expectations of diverse stakeholders—a culture that is committed to operating under the highest ethical standards in line with the expectations of society as a whole.

Based on this belief, we advance the operations of the entire Group under The RICOH Way,

strengthening our governance and ceaselessly promoting a culture of integrity while working toward sustainable corporate growth.

The Group has also implemented an integrated risk management system for both business opportunities and business execution, and it follows internal control procedures to achieve the success of our corporate strategies and business targets.

• **Governance structure**



Management structure

- The Ricoh Group has introduced a corporate audit system.
- The Board of Directors is responsible for management oversight and important decision making concerning Group management. By appointing highly independent outside directors, the Group ensures greater transparency in its management and decision making.
- Three of the Board's 10 directors are outside directors—part of an effort to incorporate various views and opinions and to eliminate arbitrary decision making in management.
- Audit and Supervisory Board members hold discussions to determine audit and supervising policies and the assignment of duties, and they monitor corporate management.
- Audit and Supervisory Board members attend all important meetings, including but not limited to Board meetings, and exchange information regularly with the representative directors.
- The Audit and Supervisory Board Members Office, with designated support staff, has been established to ensure that the Audit and Supervisory Board members can work effectively.
- Under the executive officer system, the authority to carry out business has been assigned to respective functional departments so as to expedite decision making and clarify the roles of each department.

Group Management Committee

The Group Management Committee (GMC) consists of executive officers and is a decision-making body empowered by the Board of Directors. The GMC facilitates deliberations and renders decisions on the Group's overall management from the perspective of total optimization.

Nomination and Compensation Committee

The Nomination and Compensation Committee—a unique permanent body consisting of three outside directors and three internal directors—plans the appointment/dismissal policy of directors and executive officers as well as their compensation packages.

Internal auditing

The Internal Management and Control Division, which is in charge of internal auditing, objectively reviews and assesses the status of business execution by respective business divisions according to clearly

defined rules to ensure legal compliance and adequacy of execution practices. It also provides advice and recommendations for improvement. The results are regularly reported to the GMC's Internal Control Committee.

External auditing

Ricoh has formulated a set of guidelines called the "Policy and Procedures for Prior Approvals for Audit and Non-audit Services." In accordance with these guidelines, advance approval must be obtained from the Audit and Supervisory Board members concerning the details of and fees for auditing contracts.

Executive compensation

In its pursuit of increased shareholder value, the Ricoh Group employs executive compensation as an effective incentive to achieve a sustainable increase in corporate earnings over the medium and long term.

The base salary of directors consists of remuneration related to management oversight, remuneration reflecting the importance of individual roles and responsibilities, remuneration for the purpose of purchasing treasury stocks (except for outside directors), and variable remuneration linked to stock price performance during the relevant fiscal year. The Ricoh Group has been strengthening incentives for executives to increase shareholder value over the long term by allocating a portion of remuneration for stock repurchase so that executives will have a common interest with shareholders.

The amount of bonuses paid to directors is based on the attainment of key performance indicators—such as sales, operating income and ROA—that pertain to shareholder value and the Company's competitiveness. Proposed bonuses for directors are brought before the general meeting of shareholders for approval.

Compensation paid to the Audit and Supervisory Board members is composed solely of remuneration for their auditing duties.

• Board of Directors and Audit and Supervisory Board

Board of Directors

Maximum number of directors: 15

Current number of executives: 10 (including 3 outside directors)

Term: 2 years

Audit and Supervisory Board

Maximum number of Audit and Supervisory Board members: 5

Current number of executives: 4 (including 2 outside Audit and Supervisory Board members)

Term: 4 years

(As of June 19, 2015)

• Executive compensation for fiscal 2015

	Number	¥ million		Total
		Base salary	Bonus	
Directors	9	399	124	524
Outside Directors	3	39	—	39
Audit and Supervisory Board Members	4	72	—	72
Outside Audit and Supervisory Board Members	2	15	—	15
Total	13	471	124	596

Comments from Outside Directors

Solid management with a diverse perspective vital to building new core businesses



Mochio Umeda

Date of birth: August 30, 1960
 Director (outside)
 - Member of Nomination and Compensation Committee
 Since June 2010

(Currently)
 President, MUSE Associates, LLC. (U.S.A.); Representative Director and President of MUSE ASSOCIATES INC.; Managing Director, Pacifica Fund I, LP; Director, βinnovation, Co., Ltd.

Prevailing global conditions are quite a bit different than in the latter half of the 20th century when Ricoh made big strides toward becoming today's Ricoh Group. The "ideal that the Ricoh Group aspires to" is imbued with the rich colors of success and experience accumulated to date. This alone, however, does not guarantee realization of the ideal should the environment change. I am keen to voice my opinion from an external perspective regarding possible innovations and potential new elements that could be added to the corporate mix and thereby facilitate realization of the ideal in different circumstances and increase the chances of achievement based on such factors as the global environment, trends among rival companies, and changing currents in technology.

To take the corporate value of the Ricoh Group to a higher level, the Company must solidify its core businesses as well as lay the groundwork for new core businesses. For the latter, especially, the Ricoh Group must address challenges never faced before to establish new, large-scale businesses amid rapidly evolving global demand conditions. I believe it is therefore essential to build a management team that is stronger, more diversified and more global.

Mr. Umeda has advanced knowledge of information technology and experience in global business. This gives him expert ability to analyze our decision-making process and offer valuable recommendations from an outside perspective. He attended 9 out of 11 Board meetings held in fiscal 2015.

Prioritize safety, the environment and compliance, and become a corporation capable of contributing even more to society



Kunio Noji

Date of birth: November 17, 1946
 Director (outside)
 - Member of Nomination and Compensation Committee
 Since June 2012

(Currently)
 Chairman of the Board, Komatsu Ltd.; Outside Director, NEC Corporation

Top priorities for all companies are "safety, the environment and compliance." A company cannot build a lasting tomorrow, regardless of how high sales and income may be in the present, without the proper commitment to safety, the environment and compliance. Also, just because a company has achieved success now is not necessarily a guarantee of a bright future. What ensures a bright future is a corporate culture in which each and every employee, including top management, prioritizes safety, the environment and compliance. As an outside director for Ricoh, I participate in board meetings with the idea of contributing what I can to cultivate this kind of corporate culture.

A company is a member of society. If a company does not contribute to society, it has no value to society. The Ricoh Group has maintained a wonderfully diverse array of activities over many years. Efforts to further develop and expand these activities will undoubtedly support future corporate growth. It is my intention to help management determine how the Group can best serve society.

Mr. Noji was president and CEO of Komatsu Ltd. He has abundant experience and expertise as a member of top management of one of the leading companies in Japan. We believe that this wealth of experience and knowledge will greatly benefit our decision-making process, and Mr. Noji will be able to offer us useful advice and counsel from an independent perspective. He attended 9 out of 11 Board meetings held in fiscal 2015.

Apply a broad perspective to identify and pursue new business opportunities with "courage and decisiveness"



Makoto Azuma

Date of birth: May 25, 1945
 Director (outside)
 - Member of Nomination and Compensation Committee
 Since June 2014

(Currently)
 Professor, Graduate School of Innovation Studies, Tokyo University of Science; Member, Science Council of Japan; Advisory Professor, Tsing Hua University (China)

An executive team needs to approach business from different angles: from a bird's-eye view, a fish-eye perspective and an insect's eye. That is, management must look at business from a global view, overall, and be sensitive to changes in political, economic and technology currents. It must also look at issues on the periphery and deal appropriately with various developments on the corporate frontlines, close up. As a university professor, I have gained insight into various business sectors and realized that nearly all companies are caught up in finding solutions to existing issues. This leaves no room to look at operations from a bird's-eye or fish-eye perspective. I believe an outside director has to round out the efforts of corporate management by providing an external view of current conditions and voicing opinions on future management plans.

A business has a certain life span. Even the office business, which Ricoh has built into a core business, is changing. When I look closely at this business, I can see that it is transforming into a domain that puts more emphasis on speed. Quick, fine-tuned responses are essential. It is also vital to launch new businesses, based on technologies accumulated over many years. Venturing into uncharted territory demands courage and decisiveness.

Mr. Azuma was senior vice president and executive officer and CTO (chief technology officer) of Toshiba Corporation and is currently a professor at Tokyo University of Science Graduate School of Innovation Studies. His wealth of knowledge regarding technology strategy and managerial expertise will help shape and integrate our decision making and guide our efforts with an objective, expert perspective. He attended all 9 Board meetings held in fiscal 2015.

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 principles of corporate ethics and legal compliance. Ricoh has established the Ricoh Group Corporate Management Principles as a set of guidelines for corporate activities, and follows the Internal Control Principles included therein.

- The Group Management Committee (GMC) was established to oversee the Group’s overall business operations and to enable quick analysis and decision making to ensure the best result for the Group as a whole.
- The Internal Control Committee was established within the GMC to determine action policies, report incidents, and evaluate and correct the control system regarding internal controls, risk management and compliance, in particular.
- Corporate Management Regulations for Ricoh Affiliates stipulate the establishment of a supervising organization to oversee risk at all Ricoh Group companies.
- The Ricoh Group Standards (RGS) have been established as a set of common rules for all Ricoh Group employees to follow, and adherence to these rules across the Group is ensured.
- A basic disclosure policy has been established to ensure that corporate information released by the Group is accurate, timely and comprehensive. Also the Disclosure Committee has been set up as an independent body charged with verifying the preparing process of the information to be disclosed.
- Integrated internal audits (J-SOX audit, financial audit, operational audit, etc.) are conducted to ensure the reliability of our financial reports, improve operational efficiency, confirm compliance with laws and regulations, and confirm that risk management measures are being implemented properly.
- The Fraud Risk Management (FRM) program of the Ricoh Group has been deployed to prevent fraud risk. The FRM utilizes a check sheet and tools to detect anomalies within large volumes of data in the integrated internal audit.

Risk management ► WEB

Total risk management (TRM) system

Based on the Risk Management Principles stipulated in the Ricoh Group Corporate Management Principles, the GMC/Internal Control Committee has established a risk management area of responsibility for each business risk and implemented thorough risk management in daily execution and business operations. In addition, the Group has established a division supporting risk management, which provides comprehensive support for executives, risk management areas, and all divisions within the Group.

• Risk management process



Managerial Risk and Sectoral Risk

In order to secure an effective and efficient risk management operation, risks are categorized and specified as Managerial Risks that threaten human life, greatly impact society, or great damage in value in the event they occur; or cause Sectoral Risks which are important risks other than Managerial Risks, controlled by each business unit/each Group company. The PDCA (Plan, Do, Check and Act) cycle of risk management is then carried out depending on the importance of each risk.

Determining and reviewing managerial risks

The Group assigns a risk value based on frequency and degree of impact for external risks such as world trends, incidents and accidents, as well as for internal risks such as changes in the business structure, and creates a two-dimensional risk map to define managerial risks. This is reviewed annually at the time the business plan is being created.

Major risks

The Ricoh Group pays particular attention to the following types of risk to prevent incidents that may have a major negative impact on corporate business activities, and to minimize the damage in the event that they do occur.

- Natural disasters • Serious accidents • Exchange rate fluctuations • Serious quality problems • Difficulty in acquiring raw materials • Leaks of personal information and corporate secrets • Bribery • Insider trading • Violation of environmental regulations • Violation of import/export regulations • Human rights issues • Fraud in relation to business operations, etc.

Responding to incidents and accidents

To respond quickly and appropriately in the event an incident arises, we clarify areas of management responsibility and reporting levels according to the nature of the incident. At the same time, we propose the implementation sequence of emergency response procedures and reports to the president and relevant executives based on the president’s policies as applied to the RGS.

In the fiscal year ended March 2015, there were no major incidents that required disclosures to external organizations.

Business continuity plan

The Ricoh Group has created a business continuity plan (BCP) to enable the business to quickly recover and continue and to minimize the degree of damage in the event of an unanticipated disaster or accident. In addition to the BCP itself, measures are in place throughout the Ricoh Group to facilitate responses within the scope of business continuity management (BCM), covering implementation, application, education, training, correction and revision of prevailing BCPs, which include the current BCP implemented throughout the Group to ensure a common response to new strains of influenza and widespread natural disasters in Japan.

Compliance > WEB 1

We believe that it is important for every employee to adhere strictly to laws, company regulations and corporate ethics in their daily activities.

All Ricoh Group executives and employees in Japan receive annual training via e-learning on the

Ricoh Group Code of Conduct, which provides principles of conduct in daily activities. Equivalent training is given to all overseas Ricoh Group companies.

An integrated internal audit checks the status of compliance in every organization.

Anti-corruption initiatives

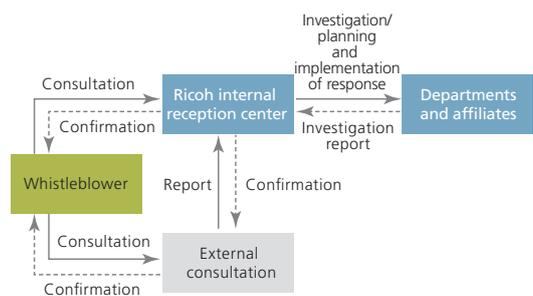
The Ricoh Group stipulates its basic anti-corruption policy in the Ricoh Group Code of Conduct and promotes it across the Group through Code of Conduct education. In 2013, the Ricoh Group Standard for Bribery Prevention became a part of the RGS to help ensure total compliance with laws and regulations that prevent illegal transactions, such as the Foreign Corrupt Practices Act of the United States and the Bribery Act (2010) of the United Kingdom. In addition, the Ricoh Group Bribery Prevention Guidelines for Third Parties has been enacted as a means to prevent corruption among Ricoh Group business partners.* > WEB 2

Hotline system

The Ricoh Group Hotline has been in operation since April 2003 in Japan as a contact point for all directors and employees wishing to report incidents or seek advice. Independent external contacts have also been established to supplement the internal contacts. To make the Hotline easier for employees to use, we continuously review its hours of operation and procedures. In addition, major Group companies worldwide have established and operate reporting and advice contacts.

Whistleblowers are protected from retaliation by rules prohibiting discriminatory acts against those who have contacted the Hotline.

• Basic flow of the Hotline system in Japan



* “Business partners” refers to organizations and individuals outside the Ricoh Group which perform services that contribute to the profits of any Ricoh Group company or that represent any Ricoh Group company.