



RICOH

R I C O H G R O U P

S U S T A I N A B I L I T Y

R E P O R T
(CORPORATE SOCIAL
RESPONSIBILITY)

2006



Earning the public's trust

Activity reports from 3 perspectives: “environment,” “corporate social responsibility,” and “economic”

Being a good corporate citizen means striving to be a valued and respected member of society by contributing to its sustainable growth. To this end, the Ricoh Group believes in being outstanding in all areas of the environment, corporate social responsibility and the economy, as well as openly communicating its activities.

The Ricoh Group publishes information on its activities in reports written from three different perspectives: the environment, corporate social responsibility, and the economy. This report provides our shareholders, customers, and other stakeholders with information on our social responsibility management policies and performance, to facilitate a better understanding of what we do and how we work.

■ Sustainability Report (Corporate Social Responsibility) and Other Reports



[Corporate Social Responsibility] Sustainability Report (Corporate Social Responsibility)

- Concept of CSR
- Integrity in corporate activities
- Harmony with the environment
- Respect for people
- Harmony with society



[Environment] Sustainability Report (Environment)

- Concept of sustainable environmental management
- Improving our products
- Improvements made at business sites
- Basis for sustainable environmental management
- Social contribution of environmental conservation/Environmental communication



[Economic] (Annual Report)

- Management policy
- Management results
- Financial status

● How to Obtain Ricoh's Corporate Information:

- Corporate social responsibility
<http://www.ricoh.com/csr/>
- Sustainable environmental management
<http://www.ricoh.com/environment/index.html>
- IR (for shareholders and investors)
<http://www.ricoh.com/IR/>
- Social contribution (Japanese language only)
<http://www.ricoh.co.jp/kouken/>

The Ricoh Group contributes to the development of a sustainable society through CSR* activities.

◎ Scope of the Ricoh Group's CSR Activities

To contribute to the development of a sustainable society and to ensure its own sustainability, the Ricoh Group has established social responsibility for each stakeholder sphere. The Ricoh Group recognizes that many activities in separate spheres should be performed by its employees on their own initiative.

1. Basis of all CSR activities: With a conscientious corporate mindset as the basis of all activities, the Ricoh Group clarifies the responsibilities of each stakeholder to enable them to fulfill those responsibilities.
2. Clarification of activities: The Ricoh Group establishes a system and management methods and defines the actions to be taken by its employees.
3. Clarification of responsibilities (three principles): Regarding the most important aspects of corporate activities in promoting integrity: protection of the global environment, respect for human rights, and the relationship with the local community, the Ricoh Group has established three principles (harmony with the environment, respect for people, and harmony with society) to clarify them and to carry out various activities accordingly.

The Ricoh Group aims to foster the concept in each sphere of CSR activity, to make plans and achieve higher goals in stages for those activities. Each of its employees acknowledges and performs such activities in order to make the Ricoh Group a company that will retain the respect of the world community.

* Corporate Social Responsibility

■ Framework of Corporate Social Responsibility

	Stakeholder				
	Customers	Shareholders	Employees	Partner companies	Society
CSR Activities	Integrity in corporate activities				
	Harmony with the environment				
	Respect for people				
	Harmony with society				

◎ Target readers

This report is prepared for users of Ricoh products, shareholders and investors, suppliers, members of local communities, CSR specialists, people in charge of CSR issues for their companies, researchers, students, the Ricoh Group employees, rating agencies, administrators and NPOs: All of the current and potential stakeholders in the Ricoh Group's sustainable management.

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This report is written in accordance with the Ricoh Group CSR Charter.

The Ricoh Group continues to earn society's trust while promoting steady growth and development

Earning the Public's Trust

Corporate entities should now strive to assume corporate social responsibility in addition to playing their essential roles of increasing corporate values and pursuing profitability. In terms of corporate social responsibility, companies are required to focus on legal compliance, cope with public needs, define ambitious goals and take positive and responsible actions to attain those goals, and continue to find new additional values, thereby earning the public's trust. We strive to promote social responsibility-driven management as a part of our corporate values and engage in global corporate expansion to contribute to the development of a sustainable society.

Importance of Communicating with Society

Today, companies are required to manage their social responsibilities with the support of society and to promote its continuous growth and development. There are other ways to implement corporate social responsibility management other than just compliance management based on strict observation of laws and social contribution of surplus funds. Corporate social responsibility management includes activities related to the global environment, markets, society, and people. The object and importance of activities also differ according to the type of corporation and the region in which it functions. At present, there is no unified global definition of CSR. That is, corporate social responsibility management is still under development. However, before producing a global definition, we need to realize and fulfill our own social responsibilities, while improving the company's value and the quality of society, and qualify our CSR policies through communicating with society. When creating new value, we need to concentrate on finding ways to apply the company's qualities to creative activities in the most effective ways. The Ricoh Group has taken it upon itself, as a global citizen to conduct environmental con-

servation activities. We have also learned many things through these activities. Based on this we have reviewed our corporate social responsibility activities from the viewpoint of our relationship with society and produced a report that reflects our social responsibility management approach.

The Ricoh Group's CSR Management Vision

● Shift from contribution to responsibility

We think that corporate activities aimed at producing a comfortable global and social environment should not be limited to social compliance rooted in observing laws or social contribution, and based on offering surplus funds and time. The Ricoh Group will continue to shoulder its responsibilities as a corporate and global citizen.

● Fulfilling corporate social responsibility and creating economic value

Fulfilling corporate social responsibility and creating economic value cannot be achieved without the continuous development of society. The Ricoh Group seeks to enhance corporate value by creating economic value for the company while assuming social responsibility. At Ricoh we have placed CSR at the heart of our management philosophy.

● Daily activities by all employees

In order to steadily enhance social responsibility management, it is important to encourage all employees to participate as part of their daily activities. As long as social responsibility management activities are only conducted by employees in specific divisions, we cannot meet the expectations of society. Every company in the Ricoh Group and all the employees in each of these companies must participate in these activities, making efforts to reach a higher goal every day, and to fulfill their responsibilities to the earth and society.

● Thinking global, acting local

In promoting social responsibility management globally, we have to deal with both common global issues and issues that differ according to countries and regions. In dealing with global activities, it is necessary to promote unified activities while respecting cultural differences. The Ricoh Group Corporate Social Responsibility Charter and the Ricoh Group Code of Conduct effective as of January 1, 2004 recognize this. By following these guidelines, the Ricoh Group will continue to pursue positive activities on a global scale.

Dear Stakeholder

The Ricoh Group has reported on its activities in the Ricoh Group Sustainability Report (Corporate Social Responsibility) since 2004, based on the concepts described above. Reflecting the valuable comments we received from stakeholders in our CSR report, we will enhance our social responsibility management, which is at the dawn of its development, through constant communication with you, the stakeholder. We hope that this report will help you understand and value our social responsibility management activities. We welcome your honest opinion on the Ricoh Group's activities as we grow and develop in harmony with society.



Masamitsu Sakurai

Chairman of the Board,
President and Chief Executive Officer

桜井正光

The Starting Point

Ricoh adheres to the philosophy advocated by its founder, Kiyoshi Ichimura. This philosophy is encapsulated in three guiding principles: “love your neighbor, love your country, and love your work”. He explained the philosophy as follows: Everyone loves at least himself/herself. As time passes, however, this feeling of love grows and expands to include all people, plants, and animals in the world. This idea is the basis of the Ricoh Group's CSR initiatives. Ricoh's management philosophy was revised in 1986 based on these Guiding Principles so as to nurture and develop its corporate culture and business structure to meet the changes in today's world, such as the acceleration of an advanced information society and diversification of values.

On January 1, 2004, the Ricoh Group CSR Charter and Ricoh Group Code of Conduct, which are the principles for corporate activity, were estab-

lished so that common values and behavioral principles might be shared globally among all members of the Group.

■ Corporate Philosophy

Love your neighbor
Love your country
Love your work

■ Management Philosophy

Our Purpose	To constantly create new value for the world at the interface of people and information
Our Goal	To be a good global corporate citizen with reliability and appeal
Our Principles	To think as an entrepreneur To put ourselves in the other person's place To find personal value in our work

■ Ricoh Group CSR Charter

To grow as a respected enterprise, the Ricoh Group must fully discharge its corporate social responsibilities (CSR) from a consistent global perspective and throughout every aspect of its operations. To ensure this, the following principles are to be observed, with the proper social awareness and understanding, compliant with both the letter and the spirit of national laws and the rules of international conduct.

Integrity in Corporate Activities

1. Every company in the Ricoh Group will develop and provide useful products and services, with high quality, reliability and ease of use, while maintaining security of information and giving proper consideration to the environment.
2. Every company in the Ricoh Group will compete fairly, openly and freely, maintaining normal and healthy relationships with political institutions, government administration, citizens and organizations.
3. Every company in the Ricoh Group will take responsibility for managing and safeguarding its own information and that of its customers.

Harmony with the Environment

4. Every company in the Ricoh Group will take responsibility, as a citizen of the world, working voluntarily and actively to preserve the environment.

5. Every company in the Ricoh Group, and all employees of each company, will seek to implement technological innovations that reflect environmental concerns and will participate in ongoing activities to preserve the environment.

Respect for People

6. Every company in the Ricoh Group will, apart from corporate group activities, maintain a working environment that is safe and that makes it easier for its staff to perform their duties, respecting their richly individual characteristics and encouraging their autonomy and creativity.
7. Every company in the Ricoh Group will respect the rights of all those connected with it, and will seek to create a cheerful working environment, free of discrimination.
8. No company in the Ricoh Group will permit forced labor or child labor, and none will tolerate the infringement of human rights.

Harmony with Society

9. Every company in the Ricoh Group will, as a good corporate citizen, actively engage in activities that contribute to society.
10. Every company in the Ricoh Group will respect the culture and customs of its country or region, and will operate so as to contribute to their development.
11. Every company in the Ricoh Group will engage in the fullest possible communication with society, actively seeking to provide proper and unbiased disclosure of corporate information.

■ Ricoh Group Code of Conduct

► For details of the Ricoh Group Code of Conduct, go to <http://www.ricoh.com/about/csr.html>

● Ricoh's CSR stance

Our objective is to conduct business according to our business philosophy while engaging in corporate social activities as a corporate citizen, thereby improving corporate value. In other words, we aim to assume social responsibility and create economic value at the same time. Our basic concept for

CSR is to understand changing social needs as quickly as possible and act proactively, not as a mere response or contribution but as the responsibility of each member of the Ricoh Group.



■ Basic Idea of CSR Initiatives



* The narrow meaning of *response* is the fact of solely complying with laws and regulations, while *contribution* means contributing to society on such a level as to return a surplus of funds and time to society.

Improving CSR Effectiveness

To maintain a good relationship with our stakeholders, the Ricoh Group established a CSR framework (see the figure below). In this framework, social responsibilities are divided into fundamental and voluntary responsibilities to society, in order to clarify the Ricoh Group's responsibilities to our stakeholders. To ensure the effectiveness of the framework, good corporate governance, is essential, especially in the areas of leadership, management systems, management structure and information disclosure.

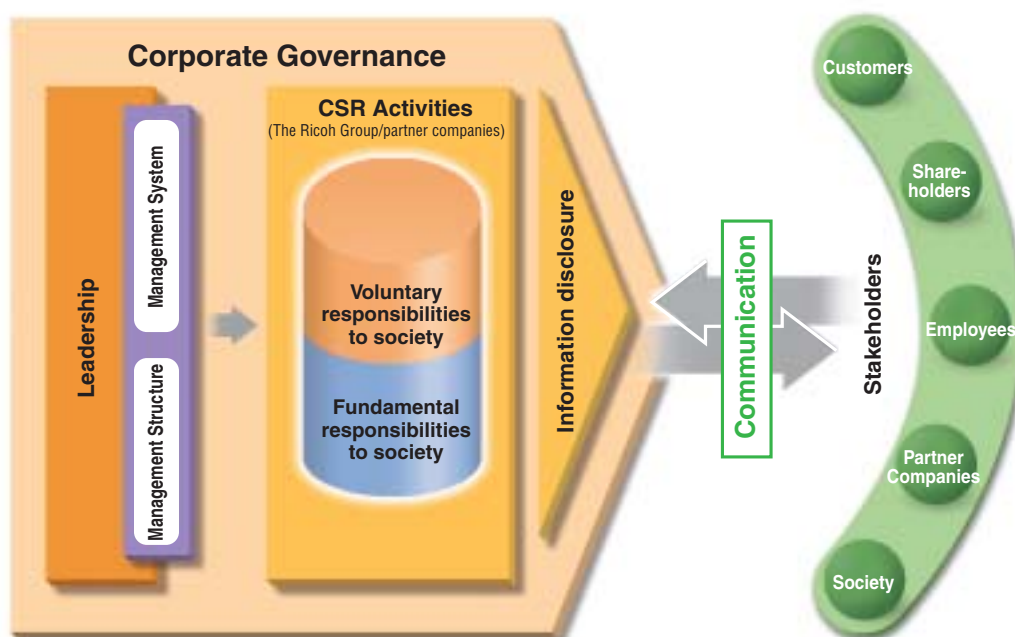
● The Ricoh Group's corporate governance structure

(1) Enhancing the board's management oversight function.

To ensure mutual oversight among board members and further improve management transparency, we abolished conventional titles, including executive managing director and managing director, and made all board members' positions equal. Furthermore, we increased the number of outside board members by one and strengthened the support system to allow them to fully perform their duties.

Additionally, we created a Nomination & Compensation Committee as a permanent organ of the board of directors. The responsibilities of the committee include planning and determining appointments/dismissals as well as compensation policies for directors and operating officers. The Nomination & Compensation Committee is made up of both external and internal board members. Moreover, we reviewed in-house rules concerning the management of the board of directors and stipulated that board meeting discussions should focus more on compliance and social responsibility.

■ Framework of CSR



(2) Enhancing executive function for groupwide management

We created the positions of Chief Executive Officer (CEO) and Chief Officers responsible for important management functions. Each Chief Officer is involved in crucial decision making in his/her area of responsibility on behalf of the CEO and provides advice to executive divisions from a whole-group perspective.

Also, the CEO and Chief Officers, who make up the Group Management Committee (GMC), plan and carry out management strategies as well as supervise the execution of business for the whole Group and are jointly responsible for the Group's business performance.

(3) Enhancing functions to promote CSR activities and an internal control system

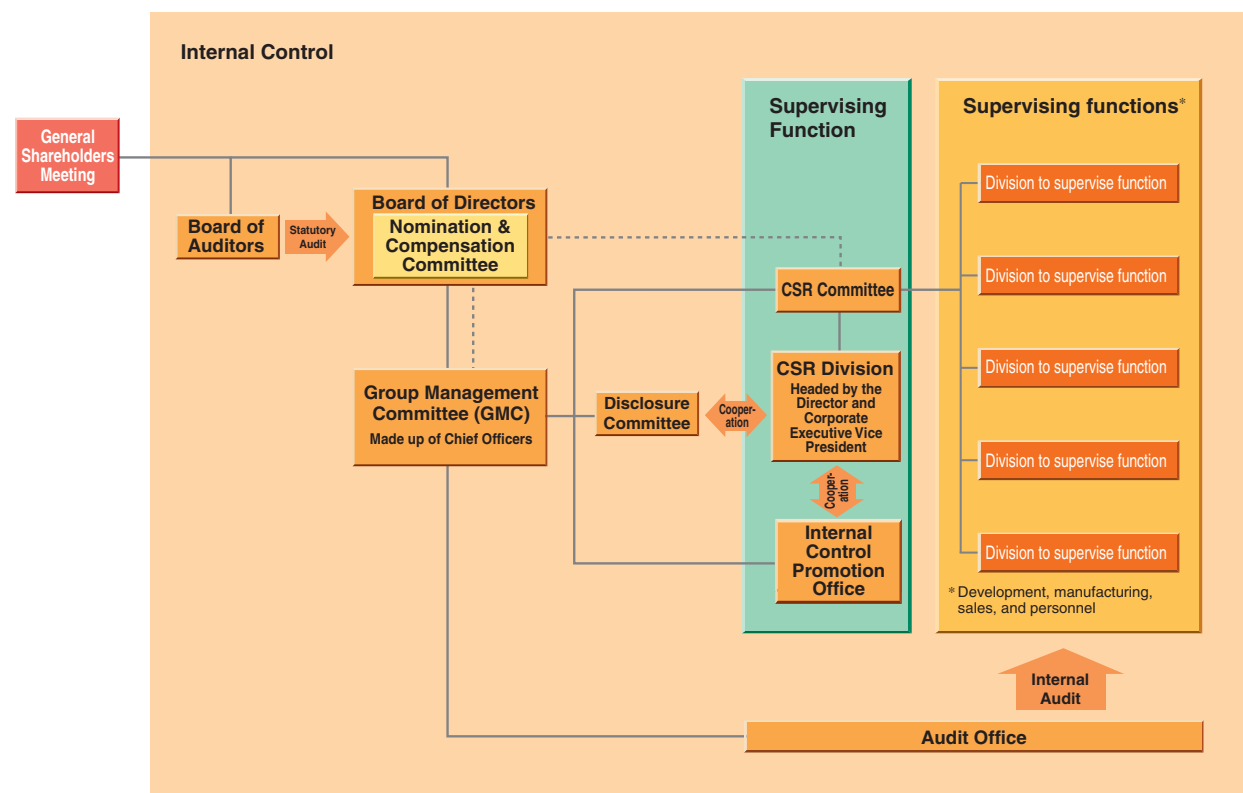
In April 2005, we created the CSR Division to reinforce efforts to promote CSR. The individual functions performed by the

CSR Division, Social Contribution Promotion Office, ISMS Promotion Office, and Personal Information Control Office were transferred to this newly established CSR Group, which is headed by a Director and Corporate Executive Vice President. To comply with Japan's new Corporate Law, which went into effect in May 2006, a summary of the board's discussions regarding an internal control system is included in the business report.

(4) Reporting incidents

If an incident occurs, it is disclosed publicly following a discussion of the Information Disclosure Committee. In fiscal 2005, there were no serious incidents/accidents to be disclosed.

■ CSR-Oriented Corporate Governance Structure

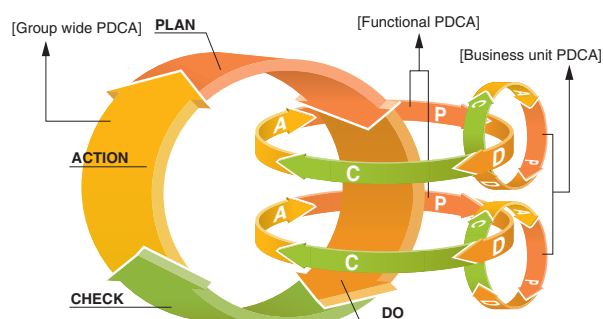


Enhancing Our CSR Initiatives

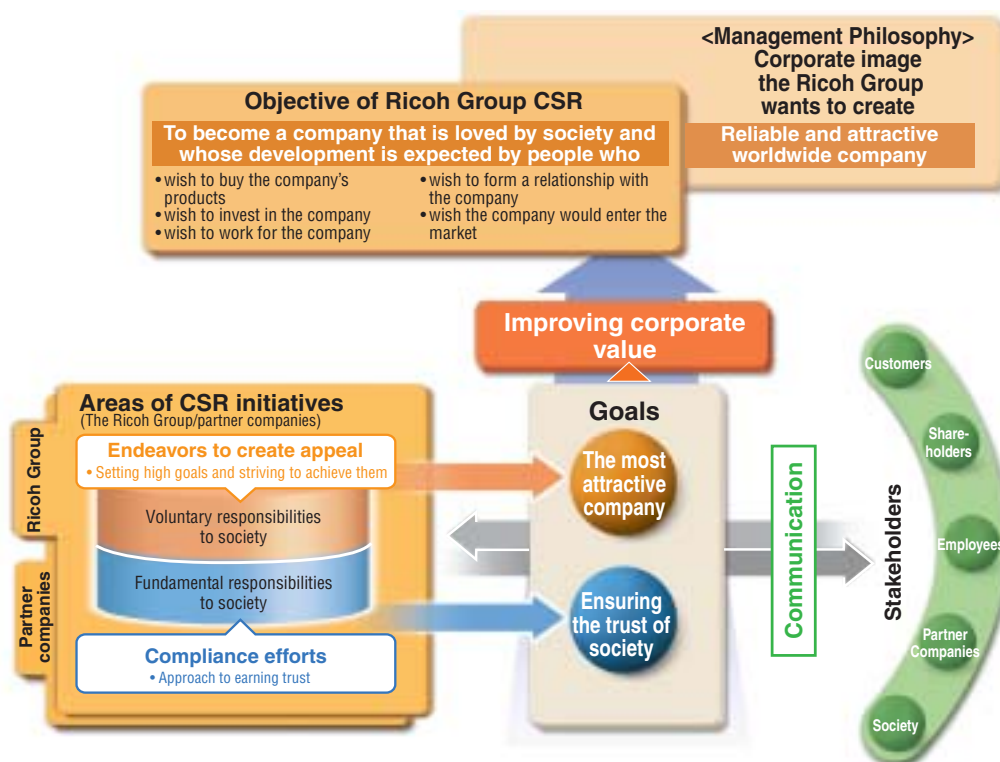
In the Ricoh Group CSR Charter, we specified four areas of initiatives as our CSR principles. In those areas, we divided social responsibility into two categories: fundamental responsibilities to society and voluntary responsibilities to society. By specifying definite CSR objectives for each of these categories to make them easier to understand, we have tried to ensure that every member of the Ricoh Group understands our CSR goals. We will earn the trust of stakeholders if we fully comply with laws and regulations. However, to achieve the goal of our management philosophy, that is, to become a reliable and attractive global corporation, we must evolve a quality that appeals to stakeholders. Believing that efforts to assume voluntary responsibilities to society will generate such an appeal, we named these initiatives “endeavors to generate appeal.” We believe that a commitment to these endeavors will result in increased corporate value.

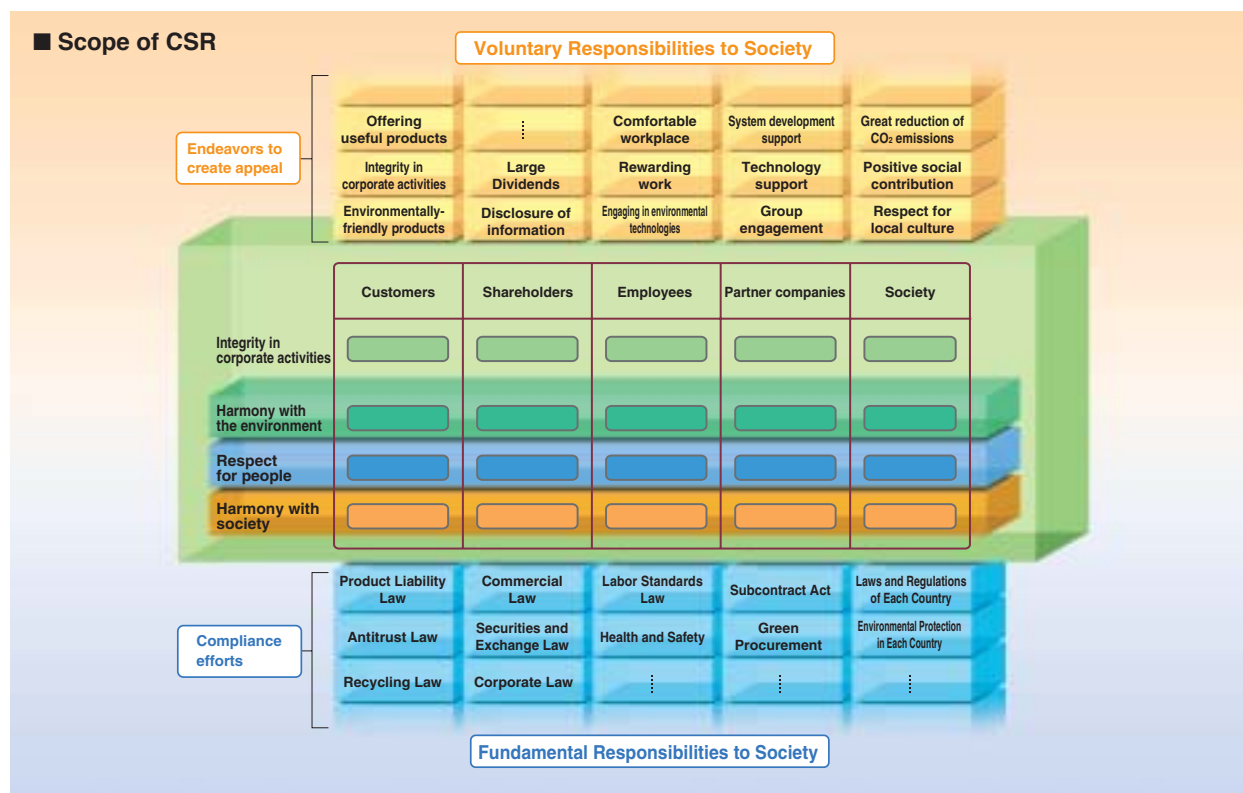
In fiscal 2006, we will take steps to develop this idea further and in more concrete terms. Clarifying the directions of three areas of activities, i.e., endeavors to create attractiveness, compliance efforts, and collaboration with partners, we started implementing a PDCA management system for each area's project theme.

■ PDCA* responsible for controlling group and business functions.



* Continuous improvement management system using a Plan-Do-Check-Action cycle

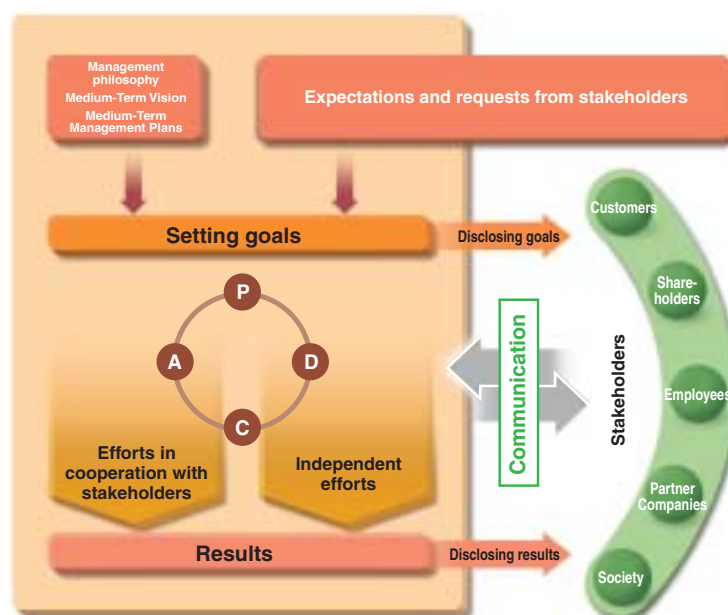




● Endeavors to create appeal

To understand what kind of company is attractive to stakeholders, we have to start by talking with them and learning about their expectations and requests for the Ricoh Group. Setting goals that are higher than their expectations and requests and achieving such goals will increase the appeal of the Ricoh Group. In addition to the efforts we have made in promoting communication with stakeholders, we will expand our initiatives based on the idea mentioned above. Besides the environmental and social contributions we have made thus far, we will set and carry out CSR themes that will help improve our appeal by communicating with stakeholders, including customers, shareholders, employees, partner companies, and local communities.

■ Endeavors to Create Appeal



● Compliance activities

To firmly establish a code of conduct, including compliance, we believe it is necessary to institutionalize it through continuous activities. It is important to establish such a code into the thought processes and actions of individuals going about their daily lives. Along with measures taken at the headquarters level, efforts will be made during and after fiscal 2006 to carry out improvements appropriate to each workplace, based on the results of a survey of the code of conduct. In this way the PDCA cycle can function effectively.

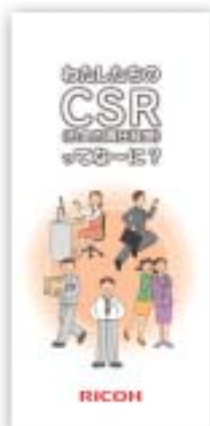
● Close cooperation with partner companies

A better global environment and the sustainable development of society can be realized only when all companies and organizations strive for their realization. Accordingly, Ricoh believes that greater results cannot be produced by itself alone but through collaboration with its partner companies. While we have already begun efforts toward environmental conservation, CSR activities will be expanded in fiscal 2006 to include our partner companies. The Ricoh Group has not yet promoted such efforts to a satisfactory extent. We have, however, started addressing the issue as a priority matter, aiming to contribute to the sustainable development of society while strengthening a win-win relationship with partner companies.

◆ Toward a “Proactive” CSR

The Ricoh Group is aiming for an “all-employee participatory CSR.” In daily operations, however, compliance and risk management tend to be stressed, and as a result, CSR is considered more in the light of regulations that prohibit certain activities. Consequently, some people have mistaken CSR for compliance, and this gave CSR an awkward image. In consideration of this, one of the areas of CSR activities, voluntary responsibilities, was renamed “endeavors to create appeal” so that such activities can create an appealing image of the company, workplace, and individuals more appealing. Compliance

is a matter of course. We are realizing a “proactive” CSR by actively promoting and developing activities that create appeal. These ideas were summarized in a leaflet, copies of which have been distributed at all Group companies since April 2006.



▲ Priority measures of the Ricoh Group are explained in a simple manner using illustrations.

On course with the 15th Midterm Plan (FY 2005–2007)

● CSR Activities from Fiscal 2005

The Ricoh Group performs various activities to achieve the goal of ¥2.3 trillion in sales, and operating margins of 10% in fiscal 2007. The table below shows major CSR activities for achieving that goal. For developments in fiscal 2005, please refer to the relevant pages.

■ Important Theme: Fulfilling corporate responsibilities in society

(from the Group vision in the 15th Midterm Business Plan)

1. All the organizations, employees and partner companies obey the law and act according to corporate ethics.
2. It executes and actively supports social contribution activities.
3. It practices environmental management with a sense of mission as a global citizen.

Ricoh Group CSR Charter	Item	Activities	Development (reference page)
Integrity in corporate activities	1. Corporate governance	Investigation of systems to strengthen supervisory function of the board of directors.	Page 7
	2. Customer Satisfaction (CS)	Japan: Maintaining the No. 1 position in customer satisfaction. Global: Creating an evaluation system to be No. 1 in customer satisfaction.	Page 27
	3. Information security	Completing acquisition of Group global unified certificate by fiscal 2007. Japan: Improving effectiveness and preservation of existing processes. Global: Completing investigation into expanding production and sales affiliated companies.	Page 15
	4. Protection of personal information	Improving the effectiveness of the existing management system.	Page 16
	5. Compliance	Japan: Determining how well the CSR Charter and Code of Conduct are understood and followed by employees, and improving their performance. Global: Promoting understanding and use of the CSR Charter and Code of Conduct.	Page 14
	6. Risk management	Japan: Penetration and review of proactive measures for important crises. Global: Starting development of proactive measures for crises.	Page 13
	7. Offering useful products	Developing and creating appliance-like products.	Page 17
Harmony with the environment	1. Environmental management (Achieving environmental conservation and corporate profits)	Improving environmental performance of products and promoting environmental technology development.	*
		Developing environmental conservation activities at business sites and offices, aiming at cost effectiveness.	
Respect for people	1. Changing employee minds	Continuous improvement of work patterns, emphasis on customer and hypothesis testing, called "Fire" culture.	Page 21
		Establishing and managing criteria for employee assessment, such as employee attitude surveys and personnel evaluation systems.	
	2. Health and safety	Clarifying cost vs. effect of health-safety activities, and establishing and enforcing the 26 items used to gauge the importance of those activities in corporate management.	Page 24
	3. CSR and suppliers	Establishing guidelines for dealing with suppliers, and maintaining good relationships by respecting the laws (subcontracting laws) and observing the corporate philosophy.	Page 27
Harmony with society	1. Communication	Continuing to develop community-based communications.	Page 28
	2. Social contributions	Japan: Specific development activities based on analysis of collected sample cases. Global: Collection of sample cases and specific development activities based on their analysis.	Page 25

* Please refer to pages 17 and 18 of the *Ricoh Group Sustainability Report (Environment) 2006* (separate volume)

The prevention of crises is one of the Group's fundamental responsibilities.

Management routinely envisions crises caused by various internal and external factors. The Ricoh Group considers taking preventive measures for crises to be one of its fundamental responsibilities, and implements these measures in its daily activities together with compliance measures.

Risk Management

The Business Process Risk Management (BPRM) Subcommittee was organized to control any crisis or risk the Ricoh Group might face. The Ricoh Group defines "a crisis" as an event or accident caused by "a risk." (A sign or precursor of a crisis). We have divided our risk management activities into two parts: preventing crises before they happen by taking preventive measures against them, and countermeasures at the initial stages of a crisis, and we carry out those activities according to the rules and regulations we have established. We have picked out 139 expected crises so far and selected 25 of them as significant crises.

Risk Management Activities in Fiscal 2005

[Japan]

We have identified priority management items (significant crises) and promoted the functioning of the PDCA cycle to prevent events that could have serious impact on the Ricoh Group.

- Reviewed significant crises (reduced from 25 to 22 as a result of adding and deleting)
- Reviewed preventive measures against respective significant crises
- Developed and implemented preventive measures on a group level
- Confirmed the conditions for development and implementation

This confirmation made it clear that the Group faces challenges concerning (1) the penetration of preventive activities into the workplace, (2) improvement in the degree to which rules for initial countermeasures are applied, and (3) improvement in the efficiency of significant crisis inspections. These will be reflected in the plan for fiscal 2006.

[Overseas]

We made preparations (established a scheme to promote activities) for full-scale advancements into other countries scheduled for fiscal 2006 and thereafter.

Plan for Fiscal 2006

[Japan]

(1) Penetration of preventive activities into the workplace

Efforts to firmly implant preventive activities into the workplace by using daily management tools, etc., will be promoted.

(2) Improvement in the degree to which rules for initial countermeasures are applied

Thorough efforts will be made toward the application of individual rules for initial countermeasures, which have been established for respective crises through crisis simulation training. General rules for initial countermeasures will be reviewed so that they can be applied more easily.

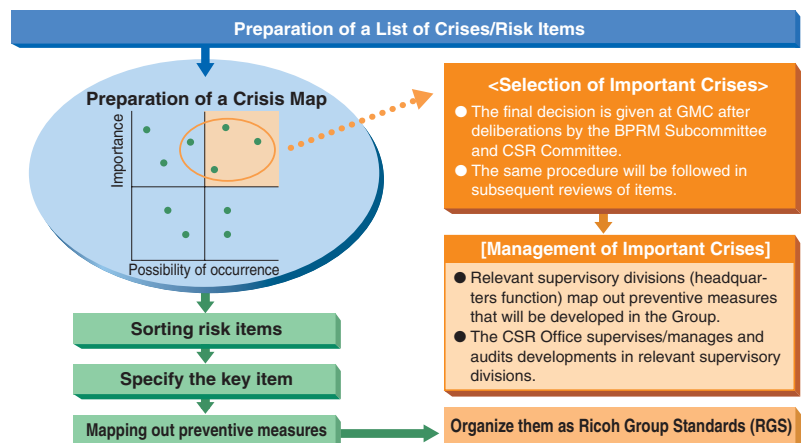
(3) Improvement in the efficiency of significant crisis inspections

Guidelines on the inspection of significant crises will be reviewed while discussions are held in consideration of the integration of related inspections, management reviews, etc., of which other divisions are in charge, including those for internal control.

[Overseas]

PDCA activities will be promoted in countries other than Japan where full-scale efforts on a Group level have not yet been made to a sufficient degree. This will take place after preventive measures against significant crises are established.

■ Mapping Out and Developing Measures for Crisis Prevention

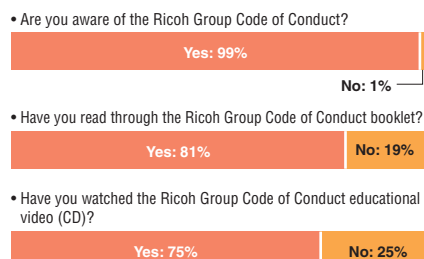


Compliance

To establish the Code of Conduct and compliance among employees, we are using educational videos. At the same time, we are providing compliance education using e-learning courses. Furthermore, we will continue to plan and make improvements, studying the effects, penetration and retention of this knowledge among employees.

Graph (1)

Firmly Establishing the Code of Conduct in Fiscal 2005 (extract)



Compliance Awareness Activities in Fiscal 2005

[Japan]

● Checking how firmly the Code of Conduct has been established

After enforcing the Code of Conduct (2004), we developed a tool for checking how far respective employees understood the code and how firmly the code had been established among them and conducted a survey using a special grid (see graph (1)). The survey showed that the larger PDCA cycle is functioning but that compliance awareness still has some ways got to reach the entire action of employees. We will set medium-term targets in light of this situation and plan measures to further establish the code among employees in fiscal 2006.

[Overseas]

● Establishing overseas versions of the Code of Conduct

Overseas group companies have promoted the preparation and establishment of their own versions of the Code of Conduct based on the Japanese version while educating their employees. It has a fact, however, that the establishment of a code of conduct has not yet been completed at some of the companies.

Plan for Fiscal 2006

[Japan]

● Improving employee understanding of the Code of Conduct

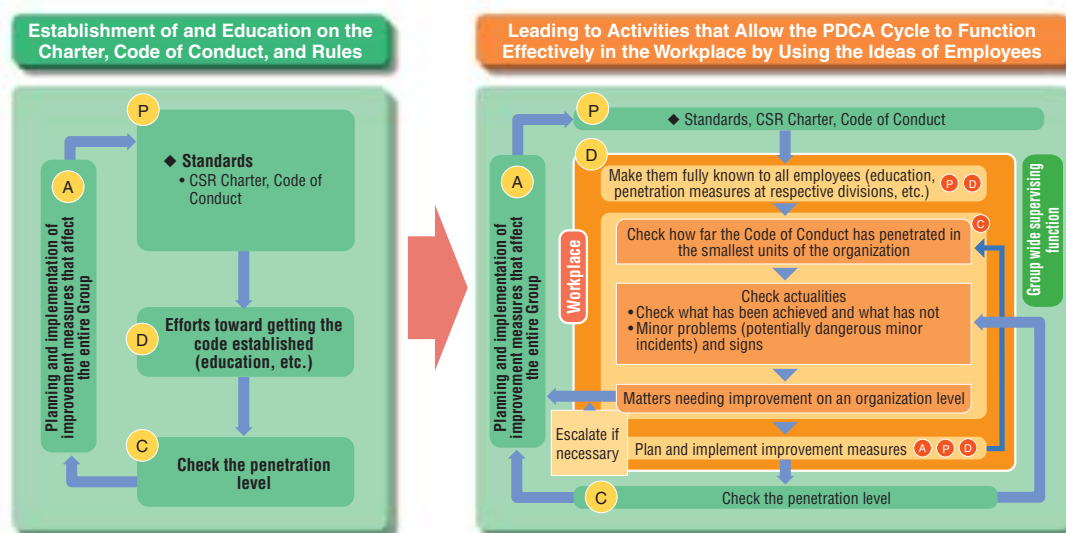
Respective divisions and related companies will independently develop measures to further establish the Code of Conduct and carry out improvement activities that will be promoted by those in charge of the smallest units of the organization and based on the ideas of employees (see chart below).

[Overseas]

● Establishing overseas versions of the Code of Conduct

At each overseas affiliate, the code of conduct will be established and employee training will be carried out.

■ PDCA Cycle of Ideas of Employees



Information Security and Corporate Responsibility

Every employee of the Ricoh Group is committed to an Information Security System and the protection of personal information.

Information Security Management System (ISMS)

Information is at the core of the Ricoh Group's business. Our Corporate Social Responsibility (CSR) Charter clearly states that "Every company in the Ricoh Group will take responsibility for managing and safeguarding its own information and that of its customers." We are committed to offering our customers reliable products and services to gain their absolute confidence. Consequently, we will enhance security under the information management scheme shown below for all information assets.

Information Security Activities in Fiscal 2005

1. Results of testing in Japan

As for the 91 domestic organizations that were awarded ISMS unified certification, matters needing improvement that surfaced through the internal audit conducted in the previous fiscal year were analyzed and assessed, efforts were made to correct such matters. In addition, an expert team surveyed Group companies, extracted and prioritized issues, and worked to correct them. As a result, further reviews in the fiscal year were duly carried out, and all organizations passed the tests. Priority issues will continue to be addressed in fiscal 2006.

2. Certification of overseas Group companies

Efforts were made mainly for overseas manufacturing companies to obtain certification. As a result, Ricoh Electronics in the United States and five other manufacturing affiliates in the United States, United Kingdom, France, and China as well as one sales affiliate passed the examination for certification.

Group companies that have obtained ISMS unified certification or passed the examination

	No. of Companies	No. of Offices	No. of Employees
Japan	88*	1,327	55,400
Overseas	7	14	7,500

* The number of companies decreased from 91 to 88 as a result of integration.

Plan for Fiscal 2006

1. Improvement in priority issues

We will improve on the following items in addition to those we improved in fiscal 2005.

- Standardization and optimization of the levels of information security measures of respective Group companies
- Examination of the technical conformity of intra-servers

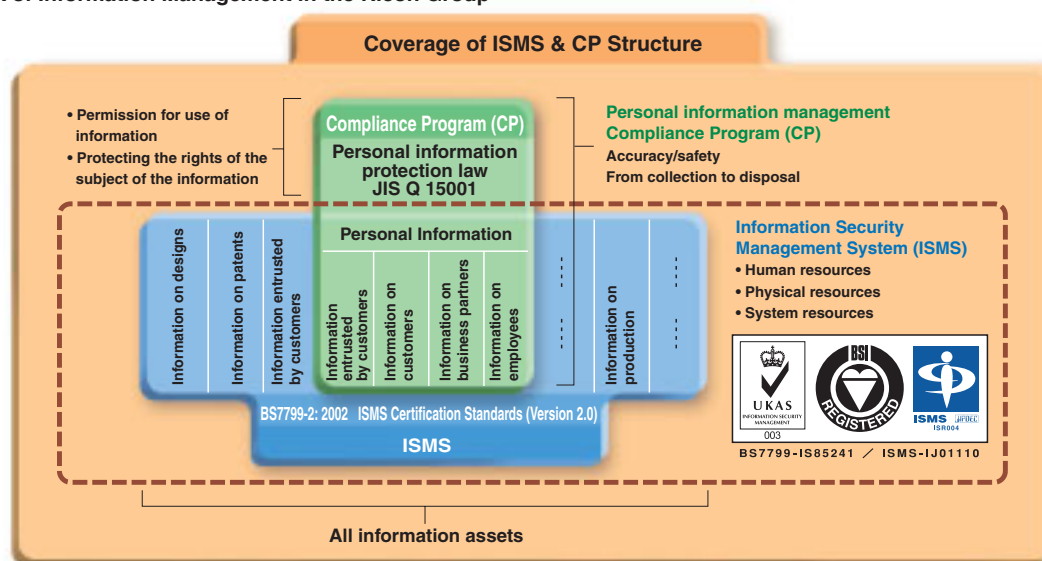
2. Measures to cope with a new standard (ISO 27001)

In October 2005, BS7799 became international standard ISO 27001. In response to this, we will review our management system and take the necessary steps to shift to the 133 detailed management measures. To that end, we will provide the required education and review various standards while carrying out a risk assessment, internal audit, and examination related to shift to new standard based on the new measures.

3. Overseas efforts

In fiscal 2006, the establishment of ISMS, mainly at overseas sales companies, will be promoted, and efforts will be made to acquire certification.

Framework of Information Management in the Ricoh Group



Protection of Personal Information

The Personal Information Control Office was organized in December 2004 to prepare for the full-scale enforcement of the personal information protection law in Japan on April 1, 2005. On April 1, 2006, the structure of this office will be strengthened, and the office will function as an information security center to further improve security in the handling of personal information.



(1) Extract from the *Personal Information Protection Handbook*

Personal Information Protection Activities in Fiscal 2005

● Enhancing training

In fiscal 2005, we reviewed e-learning courses for all employees while preparing the 60-page *Personal Information Protection Handbook*, which summarizes the rules to be observed (see (1)), as a supplementary tool. Copies of the handbook were distributed to all employees in Japan (55,400).

● Strengthening internal auditing

An internal check list was compiled, referring to the Personal Information Protection Guideline prepared by the Ministry of Economy, Trade and Industry, to enhance the effectiveness of internal auditing, and the conditions of implementation were checked in an internal audit by respective companies.

● Assessment of conditions of implementation and countermeasures

Data concerning matters that need improvement and that became apparent through internal auditing, etc., were analyzed and assessed. For areas that we judged to be in need of further improvement (education and standards), discussions on concrete improvement proposals, which were incorporated into the plan for fiscal 2006, were held.

Plan for Fiscal 2006

● Enhancing employee education

We will analyze the results of internal auditing conducted in fiscal 2005, review the details of the education provided in consideration of matters that need improvement according to the results of the auditing, and provide education to promote awareness of personal information issues.

● Reviewing standards and making thorough efforts toward their observation

We will appropriately review and revise the Ricoh Group Standards (RGS) in response to a revision to JISQ15001 while making thorough efforts toward their observation.

● Example of strengthening the scheme for information management

Case: Strengthening and thoroughly implementing the management of information taken off the premises

A Ricoh Group company employee's laptop computer was stolen in March 2005. Subsequent measures were taken immediately to prevent similar thefts. Moreover, the scheme for information management was fortified while thorough education was provided.

● A more stringent rule

We have adopted a rule that prohibits, in principle, personal information or company secrets, which must be handled with care, from being taken off the premises.

It ensures that the following procedure would be followed if an employee were forced to take such information off the premises due to operational necessity.

- (1) The employee in question shall apply in advance for permission from his/her superior to take information media (laptop computers, USB memories, etc.) off the premises.
- (2) If information is taken off the premises using any of the media mentioned in (1) above, the details of said information should be presented to the employee's superior, and permission

by the superior should be obtained every time such information is taken off the premises.

- (3) Personal information and company secrets, which need to be handled with caution, must be encoded by a designated encoding software program.
- (4) The completion of the use of such information outside the company should be recorded (reporting the completion of the use of information taken off the premises).
- (5) An inventory of media to be taken off the premises should be conducted at regular intervals.

● Strengthening rule observance

We reviewed and strengthened the plan as explained below so that security rules will

be observed by employees.

- (1) A tool to manage information being taken off the premises and returned was developed and offered to Ricoh Group companies.
- (2) Using file exchange software programs, such as Winny, was prohibited, and it use of an inspection tool confirmed that no such programs were being used on any of the computers. The results of the inspection were recorded.
- (3) Respective organizations conducted a self-check on the observation of rules at regular intervals. Thus, efforts are being made to help employees have a better understanding of the rules as well as a greater awareness of security.

Just customer-driven products

Amid the worldwide aging of society, information devices are being given more and improved functions. This has made it essential to create products that are safe and easy to use, can be used without apprehension, and do not cause mistakes or misunderstanding. Consequently advanced information equipment that can be easily used will reduce physical and mental stress and improve operational efficiency. Ricoh intends to utilize the PDCA cycle in “creating products with customers as the starting point.” Such products should be easy and convenient to use and contribute to society under these circumstances.

Activities in Fiscal 2005

● High priority

In developing products, priority has been given to usability¹. However, Ricoh is also committed to improving accessibility² because of the aging of society and decrease in birthrate.

● Information accessibility

In developing the new imagio MP series of digital multifunctional copiers, we adhered to the JISX8341³ information accessibility standards (see case 1 on page 18). We were the first in the world to market a “voice navigation” option for multifunctional copiers, applying voice recognition technology to help people who are visually impaired (see case 2 on page 18). In addition, individual differences in sensing color were taken into consideration (see case 1 on page 18).

● Checking users and usage

We realized that it was important to develop products in collaboration with NPOs and to understand new social developments and expectations/demands of users better.

Plan for Fiscal 2006

● Strengthening cooperation with organizations that function as a point of contact with customers

We will strengthen cooperation with NPOs and related organizations to understand customer demands and usage of the new imagio MP series of digital multifunctional copiers, which offer accessibility as an additional function.

● Development of customized multifunctional copiers

We will continue to customize of multifunctional copiers to suit the business activities of our customers, making “simplify knowledge creation,” one of our core values, a reality.

● Efforts to create products that are easy to use

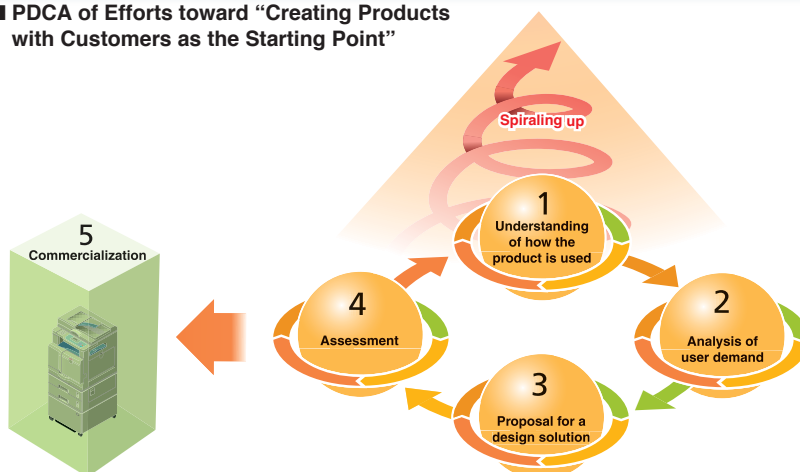
We will promote the collection of basic information and establishment of standards so that we can develop, design, and assess products that are easy to use in accordance with the needs of respective customers.

● Expansion of education

As for new social elements, we will offer basic education (e-learning courses and lectures) to not only product development execution divisions but also related companies so that a better understanding can be obtained.

Notes: 1. The effectiveness and efficiency of a product and the degree of satisfaction felt by users when the product is used to achieve a set target
2. To whatever extent the relevant product or service is available
3. Japanese Industrial Standards for the elderly and physically challenged

■ PDCA of Efforts toward “Creating Products with Customers as the Starting Point”



Case 1: User-Friendly imagio MP Series

● creating multifunctional color copiers that are easy for many people to use

In January 2006, Ricoh started marketing the imagio MP C3000/C2500 digital multifunctional color copier. In this product, we pursued accessibility from every aspect, including a large operation panel, a paper tray that is easy to open and close, and guidance using animation, so that everyone can easily take advantage of the copier's advanced functions. Color reproduction, in particular, was regarded as an important

element. We thought it important to consider individuals' different sense of color, and this series is the first multifunctional color copiers to obtain the color universal certification*.



* Color universal certification is a third-party certification given by the Color Universal Design Organization, an NPO, when the organization considers a product to have achieved a color universal design.

* Color universal design certification has been verified for the entire operation board, excluding monochrome LCDs.



The imagio MP C3000 with optional equipment

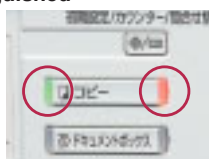
● Simple screens that are easy to see

Operations have been simplified by limiting the functions available and making the letters and buttons for major items bigger.



● Lamps on the operation board that are easily distinguished

The wavelengths and arrangement of red and green LED lamps were selected in consideration of people who are partially color-blind.



● Toner bottles easily replaced with one hand

Now you can easily take out and replace a toner bottle with one hand thanks to the design adopted.



Case 2: Voice navigation function that is friendly to people who are visually impaired

● Ricoh realized the world's first voice-operated digital multifunctional copier.

In September 2005, Ricoh started marketing the imagio Neo C455it/C355it, the

world's first digital multifunctional copier equipped with a "voice navigation" function.* The product offers audio guidance and voice recognition functions, which allow users to operate the copier without

relying on sight. Messages informing the user of paper jams, the need to supply paper, errors, etc., are spoken by the machine.

* Optional function

Interview: Customer feedback

Introduction of the imagio's "voice navigation"

Making copies unassisted helps us, the physically challenged, become independent.

"In the past, teachers who were visually impaired needed the support of their colleagues to copy teaching and other materials. When I first used a copier capable of being operated through voice commands, I was impressed with how much it could do. I am very happy now that I can make copies by myself, even if it does take a little longer. I often use the enlargement function to make the text in the teaching materials I distribute to stu-

dents larger. I hope that more functions can be used through voice navigation, including that for reproducing data stored in the copier, when necessary. It may be difficult due to profitability reasons, but efforts to realize "ease of use" to help normalize the lives of the physically challenged are greatly appreciated. I believe that such efforts will help people like us become more independent."

Interview with a teacher at Tokyo Hachioji School for the Blind



"Copier equipped" with a "voice navigation" function located in the teachers' lounge

The school is engaged in a wide variety of educational activities as a comprehensive school for educating people who are visually impaired.



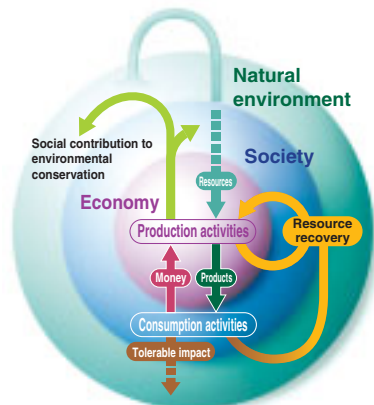
The Ricoh Group's Concept of Sustainable Environmental Management is to Simultaneously Achieving Environmental Conservation and Profits

The Ricoh Group's sustainable environmental management aims at simultaneously achieving environmental conservation and profits. This policy is carried out through development of environment-oriented technologies and in activities conducted by all employees. Initiatives have been taken in the three areas of energy conservation and prevention of global warming, resource conservation and recycling, and pollution prevention for both production and business sites. To efficiently advance these activities, a basis for sustainable environmental management was established.

● Pursuing an environment ideal

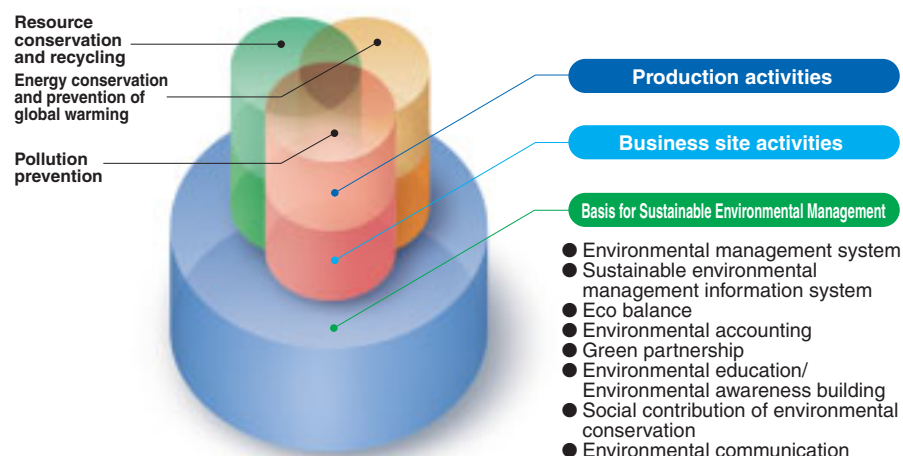
The purpose of environmental conservation activities is to reduce environmental impact to a level that the Earth's self-recovery capability can deal with it and sustain the global environment. The Ricoh Group, by considering how the relationship among the three P's (planet, people, and profit) in environmental, social, and economic activities has changed over time, defines the kind of society we should aspire to and carries out its responsibility as a company to help create such a society.

■ [Three P's Balance™] Representing the Relationship between the Global Environment and Society



Pursuing the Ideal Society
Environmental impact remains within the recovering ability of the Earth.

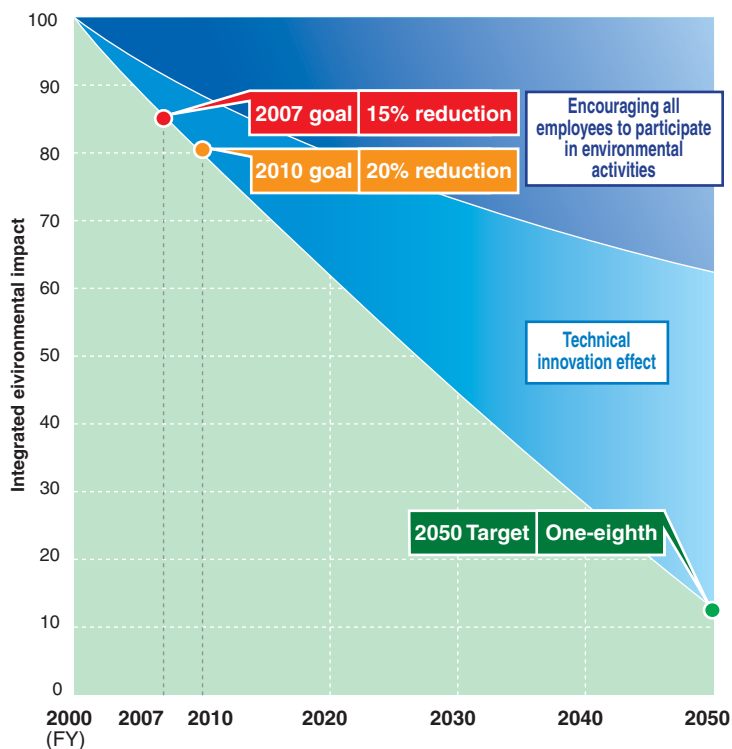
■ Overall Picture of the Ricoh Group's Sustainable Environmental Management



● The Ricoh Group aims to reduce the environmental impact of all of its business activities to one-eighth in terms of absolute values by 2050.

The Ricoh Group does not consider the observation of laws and regulations as a goal. Instead, it intends to control environmental impact within the earth's powers of recovery, regarding a sustainable society where the environment, society, and economic activities are well balanced as the ideal society (Three P's Balance). Accordingly, it aims to reduce environmental impact in all its business activities to one-eighth in terms of absolute values by 2050 as a transit point to attaining its goal.

■ Extra-Long-Term Environmental Vision and Long-Term Environmental Goals



► For details on our sustainable environmental management, see the "Rico Group Sustainability Report (Environment) 2006" or go to our homepage <http://www.ricoh.com/environment/>

The Ricoh Group has mapped out an environmental action plan to be carried out from fiscal 2005 to 2007. In this plan, goals for environmental impact reduction and activity promotion were set in areas such as “Improving environmentally-friendly functions”, “Promote green marketing”, “Environmental conservation activities that

improve the effect on cost at plants and offices”, “Improving the sustainable environmental management system” and “Promoting environmentally-friendly social contribution activities”. We offer this plan as our commitment to society.

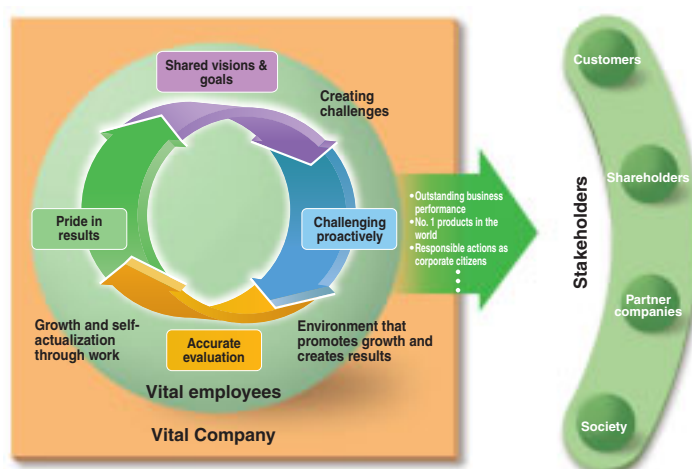
Plans to Start in FY 2005 The Ricoh Group's Environmental Action Plan (FY 2005–2007) *For items that do not specify a target fiscal year, the target year is fiscal 2007.

1 Improving environmentally-friendly functions and promoting environmental technological development	1) Develop new environmental technologies. (*Details of the progress of new technologies not currently released.) ① Develop new environmental technologies to reduce resource use. ② Develop new environmental technologies to realize a society that is less dependent on fossil resources. 2) Improve environmentally-friendly functions. ① Promote the use of energy-saving technologies in products. <ul style="list-style-type: none">Achieve Ricoh's energy-saving goals. ② Promote the use of resource-saving technologies in products. <ul style="list-style-type: none">Improve the quantity of reusable parts used by a factor of at least five (compared to fiscal 2003 figures in Japan).Increase the quantity of recycled plastics used to 1,000 tons or more. ③ Observe Ricoh standards that cover environmentally-sensitive substances emitted by products. <ul style="list-style-type: none">Observe Ricoh standards that cover such substances as ozone, dust, and VOC.
2 Promoting green marketing	① Increase the number of recycled copiers marketed. <ul style="list-style-type: none">Increase the number of recycled copiers marketed by a factor of at least 10 (compared to fiscal 2003 figures in Japan). ② Promote the green marketing of paper. <ul style="list-style-type: none">Improve the recycled pulp use rate for paper products to 60% or more (in Japan).
3 Environmental conservation activities that improve the effect on cost at plants and offices	1) Promote energy conservation at business sites. ① Reduce total amount of CO₂ emitted as a result of business activities. <ul style="list-style-type: none">Reduce CO₂ emissions by 12% by fiscal 2010 (Ricoch and manufacturing subsidiaries in Japan, compared to fiscal 1990 figures).Reduce CO₂ emissions by 10% by fiscal 2010 (manufacturing subsidiaries outside of Japan, compared to fiscal 1998 figures).Reduce CO₂ emissions by 4% (Ricoch and manufacturing subsidiaries in and outside of Japan, compared to fiscal 2000 figures).Reduce CO₂ emissions by 4% (non-manufacturing subsidiaries in Japan, compared to figures in the base fiscal year set at each company). 2) Promote resource conservation at business sites. ① Reduce generated waste. <ul style="list-style-type: none">Reduce generated waste by at least 3% (Ricoch and manufacturing subsidiaries in and outside of Japan, compared to fiscal 2000 figures).Reduce generated waste by the ratio calculated by multiplying the number of years from the base fiscal year to fiscal 2007 by the yearly rate (2%) (non-manufacturing subsidiaries in Japan; the base fiscal year is set at each company). ② Improve the waste recycling rate. <ul style="list-style-type: none">Improve the waste recycling rate to at least 95% (non-manufacturing subsidiaries in Japan). ③ Reduce water consumption. <ul style="list-style-type: none">Reduce water consumption to a level that is below the results of fiscal 2000 (Ricoch production sites and manufacturing subsidiaries in and outside of Japan). ④ Reduce paper consumption. <ul style="list-style-type: none">Reduce paper consumption by at least 10% (Ricoch, manufacturing and non-manufacturing subsidiaries in Japan, and manufacturing subsidiaries outside of Japan, compared to fiscal 2002 figures). 3) Promote pollution prevention at business sites. ① Completely eliminate the use of chlorine organic solvents. <ul style="list-style-type: none">Completely eliminate chlorine organic solvents used in manufacturing Organic Photo Conductors at manufacturing contractors as well as at Ricoch manufacturing divisions. ② Reduce greenhouse gas emissions (except CO₂). <ul style="list-style-type: none">Reduce greenhouse gas emissions (except CO₂) in the semiconductor business division by 15% (compared to fiscal 2000 figures). ③ Examine and improve soil and underground water at Ricoch's non-production sites and leased land. <ul style="list-style-type: none">Complete the examination of soil and underground water at Ricoch's non-production sites and leased land (Ricoch and affiliates in and outside of Japan).Make and implement plans to improve sites where pollution is detected.
4 Improving the sustainable environmental management system and making it more consistent through systems integration	1) Improve the sustainable environmental management system. ① Improve the ISO 14001 system. <ul style="list-style-type: none">Integrate the sustainable environmental management system with that of Ricoch (in fiscal 2005) and the Ricoch Group (in fiscal 2007). ② Create a system of managing chemical substances contained in products. <ul style="list-style-type: none">Create and enforce a system of managing chemical substances contained in Ricoch Group products (in fiscal 2005). ③ Improve the sustainable environmental management information system. <ul style="list-style-type: none">Introduce the information system, which manages real-time information on the environmental impact caused at resource processing sites, to various business divisions other than the imaging equipment division.Introduce the information system, which manages real-time information on the environmental impact caused by transportation processes, to overseas transportation processes.
5 Promoting environmentally-friendly social contribution activities to preserve the ecosystem	① Promote forest conservation activities and environmentally-friendly social contribution activities to preserve the ecosystem. <ul style="list-style-type: none">Promote environmentally-friendly social contribution activities to preserve the ecosystem (overseas regional sales headquarters; Ricoch production sites, manufacturing subsidiaries, and marketing subsidiaries in Japan; Ricoch Logistics Systems Co., Ltd.; Ricoch Leasing Company, Ltd.; and Ricoch San-ai Service).

The Ricoh Group Promotes a Vital and Motivated Culture that Respects People Everywhere

A company is only as good as its employees. The Ricoh Group's corporate philosophy is "Love your neighbor, Love your country, Love your work." This corporate philosophy to respect all people and to create a working environment free from discrimination is reflected in the CSR Charter developed and implemented in fiscal 2004.

■ Motivation Cycle



■ Major Activities based on the CSR Charter

CSR Charter	Major Activities	General Description
Safe and Comfortable Workplace	Self-managed working hours (flextime & the four-seasons holiday system)	Ricoh places top priority on a comfortable working environment and has introduced more flexible working schedules. Graph-① Graph-②
	Childcare support system	This system allows the employees to take childcare leave from work (regardless of gender). One may choose to take up to two years of child-care leave or three years of reduced working hours. Graph-③
	Post-retirement employment	This system is designed to utilize the wealth of experience and skills of retired employees, and they are hired as senior partners and staff. Graph-④
Pleasant Working Environment Free from Discrimination	Promotion of a gender discrimination-free environment	Ricoh is committed to a range of activities, including making available information on gender discrimination issues, publishing a handbook, and nurturing female managers.
	Employment promotion of people with disabilities	Ricoh employs people with disabilities. For example, the majority of employees at Ricoh Espoir* are people with disabilities. * See page 23. Graph-⑤
Respect for all people who have any connection with our company	The Procurement Guidelines	Awareness of CSR, respect for fundamental human rights, protection of privacy, and elimination of unfair labor practices are specifically stated in the guidelines.
Initiative and creativity are encouraged, Individuality is respected (A confidence enhancing work environment)	Nurturing new leaders	This is a program to create new leaders who have the vision to actively promote innovation, and a group that possesses the originality to plan and implement those innovations.
	Patent Master Award	This award is to honor employees according to the number of patents they have obtained. Since the implementation of this award in 1993, the total number of employees awarded has reached 700.
	Goal evaluation system	This system encourages employees to set goals for their tasks, develop their own abilities, strive to attain these goals, and report the results. The goals and results are reviewed at a meeting with a manager to set realistic goals and to obtain feedback. This system was established to promote fair evaluations.
	Internal job transfer application system	Ricoh has implemented this system to encourage employees to apply for new posts where they can actively develop their abilities. A special route is also available, in which the employee can apply directly to the human resources department, without going through a manager. Graph-⑥
	Commendations (Minori Sho, World's Greatest Product Award, Environmental Management Activity Award, etc.)	Commendations are given to employees in the Group who are recommended by their peers or who submit application. Ricoh encourages employees to seek external awards.
	Employee Satisfaction Survey	Ricoh surveys employees and makes use of their opinions in reforming corporate management and human resources every year. The survey is conducted not only at Ricoh but also at its affiliates.

● Establishment of a human resources management system

We are reforming our human resource management system to realize our growth strategy in compliance with the 15th Mid-term Plan, which began in fiscal 2005. We envisage an organization that has the ability and vitality needed to compete as a corporation and in which the “motivation cycle” is functioning efficiently (for concrete activities, see page 21). In addition, “Customer-driven” and “Fire*, Ready, Aim” are promoted as behavior patterns required for vital, motivated employees to attain ambitious goals.

* Fire, Ready, Aim is a behavior pattern of the hypothesis-verification type that is adopted by the Ricoh Group.

Motivation Activities in Fiscal 2005

Ricoh is aiming to establish a management system in which key human resources needed by the company are clarified and employees can advance their careers in recognition of their individual direction. Regarding the fiscal year as a period for preparation, the following activities were conducted.

- (1) A reform of the system for personnel treatment (qualification, assessment, and wages) was promoted, and a new system was introduced in April 2006 after an explanation was given to all staff members.
- (2) Necessary types of human resources and necessary conditions were clearly shown, and a revision to the educational system was started. In particular, classified training and organization manager training aimed at promoting the training of management human resources (business leaders, etc.) were reviewed, and preparations were made to expand them successively in and after fiscal 2006.

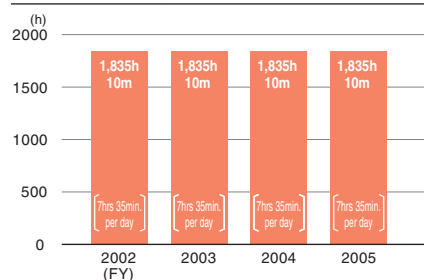
Plan for Fiscal 2006

The establishment of a new human resource management system will continue in fiscal 2006 while efforts will be made to establish the new personnel system as well as introduce and develop new measures.

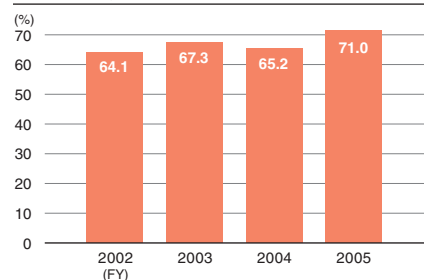
- (1) Efforts will be made to establish the personnel system introduced in April 2006.
- (2) A scheme to help employees operate the motivation cycle and advance their careers will be introduced.
- (3) Efforts will be made to establish a scheme for enhancing the vitality of human resources with advanced technology, skills, and the know-how and to hand them down.
- (4) Efforts will be made to establish a scheme and training to foster human resources with excellent management ability and leadership.

● Shift in the CSR Charter Activity Results (Ricoh)

① Normal Working Hours for the Year

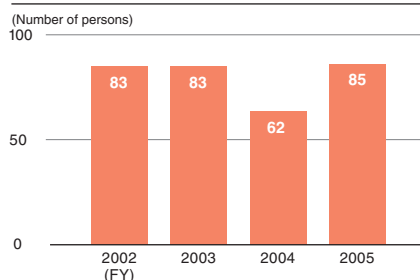


② Percentage of Employees who took Paid Leave

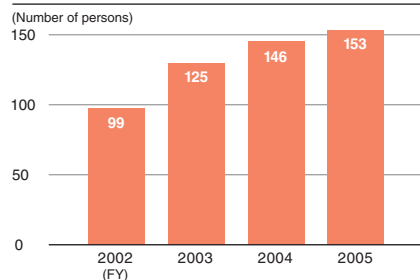


* The rise in fiscal 2005 reflects the fact that operations were reviewed and efficiency improved at respective worksites while efforts were made to promote the taking of holidays by employees.

③ Number of Employees who took Childcare Leave

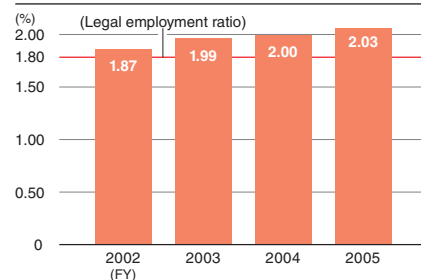


④ Number of Employed Retirees

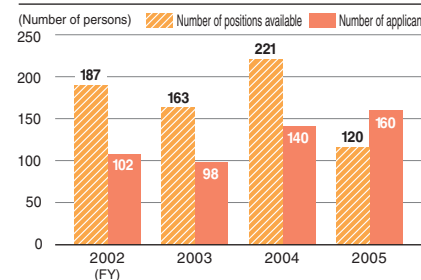


* The continuous growth reflects our efforts toward the employment of human resources with valuable technology and know-how that have been cultivated.

⑤ Number of Employees who Disabilities



⑥ Number of Job Transfer Applicants



* The decrease in the number recruited in fiscal 2005 was due to the prioritization of job types to be sought, but the number of applicants increased in the relevant fiscal year.

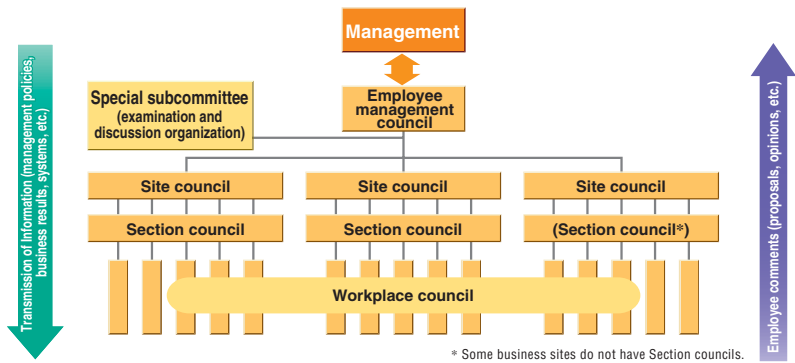
Ricoh respects human rights and promotes a discrimination-free working environment.

Communication with Employees

● Employee-Management Relations

Ricoh promotes management where employees and top management work in close cooperation. In other words, we are trying to reconcile the development of the company with the welfare of individuals, or put another way, our activities are based on the idea that employees are collaborators in our business. Senior management has established and operated a scheme called *employee-management relations* for over 40 years in recognition of the importance of holding dialogues with stakeholders (employees). In fiscal 2005, 12 employee management councils were held in which Ricoh's calendar for fiscal 2006, wage raises/bonuses, and so forth were discussed. As a new item, explanations about CSR were given and opinions on same were invited.

■ Employee-Management Relations Scheme



■ Reconciliation of the development of the company with the welfare of individuals



A scene from Employee-Management Relations

Employment of the physically-challenged

● Ricoh Espoir

Ricoh Espoir was established in April 1994 as a special need subsidiary of Ricoh with the aim of expanding the employment of the physically or mentally challenged. While promoting the self-supporting accounting system as a corporation, Ricoh Espoir is expected to play an important role as a model company of the Ricoh Group for the employment of the handicapped as well as in helping people with acquired impairments return to the com-

munity. Of the 18 handicapped people employed, 16 are mentally challenged. Treating the disabilities of people as individual strengths, various ideas have been introduced into the workplace to make the best use of such strengths. Some employees are veterans who have worked for the company for more than 10 years, and all of them are working with great energy and drive.



Worksite at Ricoh Espoir

Fostering and utilizing human resources

● Ricoh Asia Pacific Pte. Ltd. (RA)

Ricoh Asia Pacific Pte. Ltd. (RA), headquarters for the Asia-Pacific Region, received the People Developer Standard (PDS) Certification, a Singaporean national standard for fostering and utilizing human resources. PDS was established with the aim of stimulating even stronger motivation and willingness to contribute to the company by investing in education

and the development of abilities as well as offering opportunities for learning and growth, regarding each staff member as an important corporate asset. The PDS certification is proof that RA has committed itself to the training and activation of human resources and made positive improvements.

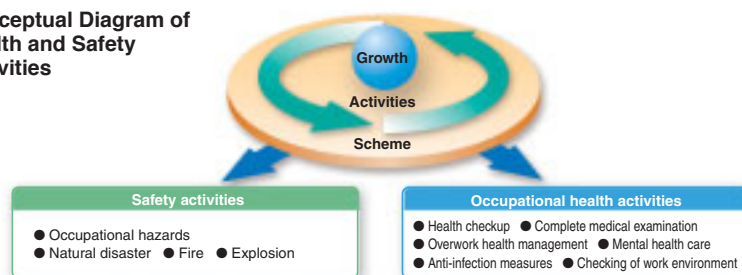


Staff members of RA who contributed to the acquisition of PDS Certification

Health and Safety from a CSR Point of View

The Ricoh Group is committed to an ever higher level of health and safety and to creating a safer and more comfortable working environment. The basic policy and action agenda of its health and safety activities have been made clear to all employees and positioned as its commitment to society. Ricoh believes encouraging more individually motivated activities is a necessary condition for continued and stable improvements. Accordingly, efforts are being made to create new systems and to utilize them.

■ Conceptual Diagram of Health and Safety Activities



Health and Safety Activities in Fiscal 2005

● Prevention activities

The diversification and increasing complexity of manufacturing processes made it necessary to introduce new hardware and chemical substances, which has resulted in a diversification of potential work-related accidents and made it difficult to determine the conditions for such accidents. Ricoh is introducing risk management at its production sites. Of the business sites that have completed this process, two have been selected and gone through an introductory level assessment by an external certification organization. Thus, efforts were made to understand our strengths and issues that need improvement, thus improving overall quality.

● Activities to establish common indicators for health and safety activities

- (1) Safety activity costs
- (2) Safety activity effects
- (3) Economic effects
- (4) Work burden
- (5) Deemed effects
- (6) Safety management indicators

From the above points of view, 26 types of actual indicators were managed in a database on a trial basis. As a result, some problems surfaced, including burden upon the operations of people in charge and the collection of information. In response to this, the indicators were divided into "must" items and "want" items in respective layers, aiming at an effective and efficient operation.

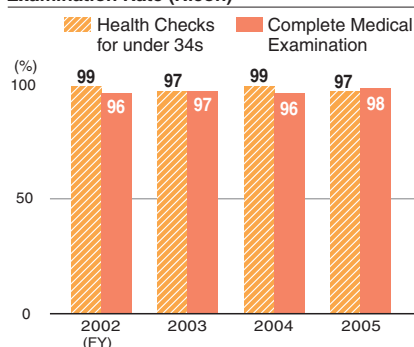
● Compliance activities

The amendment of the Occupational Safety and Health Law, etc., that was enforced on April 1, 2006, was the most significant revision of the law since its establishment in 1972. Ricoh is hard at work actualizing and reflecting the changes. In concrete terms, the standard for the health management of employees working a lot of overtime was revised—it changed from merely making an effort to reduce overtime to an obligation to be observed. Steps were taken to inform all employees.

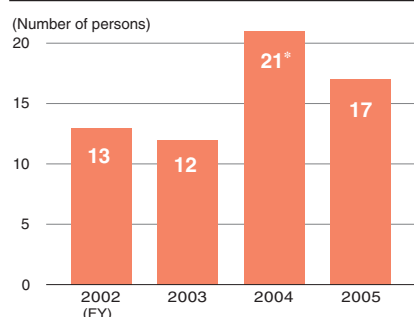
● Activities to address problems

- (1) To clarify problems, we carried out a process for learning from facts, analyzing past work-related accidents, conducting self-checks, and listening to safety managers concerning health and safety activities for employees of our contractors. We have agreed that it is necessary to upgrade our daily activities and human resource training and developed tools to support relevant activities.
- (2) The facility management and environmental promotion divisions, related companies, and health/safety management divisions conducted fact-finding surveys in close cooperation at plants and offices on the use of asbestos and made a list of 154 cases. Analyses of these cases showed that none of them were in urgent need of improvement while 10 needed planned improvements, which we have agreed to carry out in the future.
- (3) Thorough efforts are being made for the management of the health of employees working a lot of overtime by following the advice of medical officers and interview guidance, referring to health check lists and medical checkup results that are prepared every month.

Medical Checkups Rate/Complete Medical Examination Rate (RicoH)



Changes in Total Number of Occupational Hazard Cases at Ricoh



* As a result of a revision to the definition in fiscal 2004, the figures in and after fiscal 2004 represent new recipients of workers' accident insurance money.

Continuing Relationship-Oriented Contributions to Local Communities around the Globe

To bring about a better world, the Ricoh Group contributes to the creation of social value by stressing empathy between people and growing together with local communities. The Group, as a corporate citizen, believes that social contribution means using its knowledge, abilities, and time as well as that of its employees for local community activities, not just for business.

● Basic Policy

- Voluntarily conduct harmonious activities for social contribution through close cooperation among the Group companies, employees, and shareholders.
- Together with governments and NPOs, contribute to the development of local communities through communication.
- Promote Groupwide sharing of activities that broaden the possibilities of the younger generation, who are the future leaders of society, or conserve and nurture the irreplaceable earth and widen the circle of people who are building a better future together with governments and NPOs.

● Total Results of Social Contribution Activities

The Ricoh Group records the results of social contribution activities of Group companies in Japan.

Total Activity Results of the Ricoh Group Companies in Japan for Fiscal 2005

1. Total amount (converted into yen)	¥499 million
2. Total number of activities	4,038
3. Total number of hours	62,140 hours

Notes: 1. The total, calculated as a monetary value, for all the activities and contributions, such as offering products and volunteer work by employees, according to a conversion table.

2. Includes employee volunteer activities (voluntary notification).

3. For the total number of hours, the total amount of activities was divided by 5,000 yen/hour.

Domestic Activities

Social Contribution Activities in Fiscal 2005

● Social contribution activities for youth

"Ichimura School of Nature" is an NPO founded and operated in Kanagawa and Saga Prefectures based on the concept of "learning how to earn a living from mother earth through growing crops and other experiences." In fiscal 2005, 56 children participated in the school's activities, growing vegetables for eight months and learning many things in a natural setting. Additionally, about 600 children across Japan took part in

hands-on programs in 2005, including Ricoh Kids' Workshop and Science Festival.



Children tilling land on a farm (Ichimura School of Nature)



"Free Will" is the nickname of a social contribution club that employees started on their own free will.

● Social contribution club: Free Will

Free Will is a social contribution club founded in January 1999 as a grass-roots organization in which employee participation is voluntary. Members contribute a fraction of their monthly salaries and bonuses (less than ¥100 from an employee's salary and less than ¥1,000 from his/her bonus) to social contribution activities. From among the candidates selected by employees, the Steering Committee decides which organizations are to receive donations. Another activity this club focuses on is collecting unsent postcards and used/unused prepaid telephone cards and postage stamps from other employees throughout the company.



Members sorting out collected cards and stamps

Collection box placed in offices ▶



● Sign language club: Soramame Circle

The Soramame Circle was established at Ricoh's Omori Office in October 1992 by employees wishing for better communication in the workplace and has since developed into 12 clubs with 135 members across Japan, carrying out internal and external activities. Volunteer activities conducted outside the company include chorus performances accompanied by sign language at festivals hosted by institutions for the mentally challenged and local elementary schools upon request and sign language interpretation and PC interpretation at lectures to assist communication with the hearing impaired.



Sign language chorus at Magome-en (Tokyo)

Overseas Activities

Social Contribution Activities in Fiscal 2005

● Volunteer activities by Ricoh employees

<Ricoh Corporation/the Americas>

Ricoh Corporation (RC), regional headquarters for the Americas, has been encouraging a volunteer-driven approach in its employees since fiscal 2005 under its CSR activity promotion policy. The most distinguishing feature of RC's CSR activities is the voluntarily participation of employees in projects that support local communities under the sponsorship of the company. In fiscal 2005, employees wearing T-shirts with the red Ricoh logo and a message saying, "Putting Ourselves in the Place of Local People," carried out roughly 3,100 hours of social contribution activities, which include providing protection to homeless people, disaster assistance, an after-school program for children, cleanup work, blood drives, and Special Olympics. RC plans to conduct over 4,000 hours of social contribution activities in fiscal 2006.



Employees at the Dallas Branch helping victims of Hurricane Katrina

● Learning assistance for children

<Lanier Worldwide, Inc. Headquarters/the Americas>

Lanier Worldwide, Inc. in Atlanta, a sales company of the Ricoh Group, provided students from the local Carey Reynolds Elementary School with a special five-day course that had 50 employees, including the vice president, teach basic economics and local communities. Lanier has conducted such projects in partnership with Junior Achievement, an organization that carries out nationwide activities in which businesspeople talk with school children in classrooms and share their business experiences and keys to success in business. Lanier employees have taught more than 4,500 students at this elementary school in the past seven years. Additionally, the company cooperates with the school in its annual fund-raising. In 2005, the Carey Reynolds Elementary School was rewarded for its excellence in Georgia for the second time in recognition of its partnership with Lanier.



Lanier's executives and second-grade students at Carey Reynolds Elementary School

● Supporting IT education in Africa

<Ricoh France S.A.S./Europe>

Ricoh France S.A.S., a sales company of the Ricoh Group, cooperated with the local government in establishing an IT club at a local high school in the Republic of Mali. The company donated 10 PCs and four multifunctional copiers and provided training sessions led by its engineers.



PC education for adults in the IT Club, Mali

● Supporting orphans

<Ricoh (Thailand) Co., Ltd./Asia-Pacific region>

Ricoh (Thailand) Co., Ltd., a marketing company of the Ricoh Group, donated scholarships, clothes, and food to children who are supported by the Orphans Fund in Thailand on National Children's Day in January 2006. More than 40 employees and their families contributed to this employee-initiated donation.



Employees and families of Ricoh Thailand and children of the Orphans Fund in Thailand

● Educating children on trash separation

<Ricoh Asia Industry (Shenzhen) Ltd./China>

Ricoh Asia Industry (Shenzhen) Ltd., a manufacturing company in China, organized a fishing game for local children at an athletic meet in November 2005. The game, in which children learned about separating trash while becoming more aware of environmental protection, was extremely well-received.



Children learning about separating trash by playing a game

Communicating with society to earn the public's trust

To continue to earn society's trust while promoting steady growth and development, it is essential to communicate with all stakeholders so that we may understand their expectations well as their need for information. We can then optimize our corporate activities based on our findings. Just as important is to keep stakeholders informed of the results of these processes and continue to work through this entire cycle.

Communication with Partner Companies

The Ricoh Group has established the Ricoh Group Supplier Code of Conduct in the hope that its suppliers will understand and agree with its CSR activities and work on them together as business partners. In January 2006, we asked our suppliers to follow the Code of Conduct. Ricoh Group subsidiaries in Japan made a similar request to their suppliers. We are now preparing to make an announcement to our overseas suppliers. This will enable the Ricoh Group and its suppliers to jointly and continually make efforts toward a better society and global environment as well as toward the sustainable development of businesses.



Ricoh Group Supplier Code of Conduct

► For details, go to <http://www.ricoh.co.jp/csr/supplier.pdf>

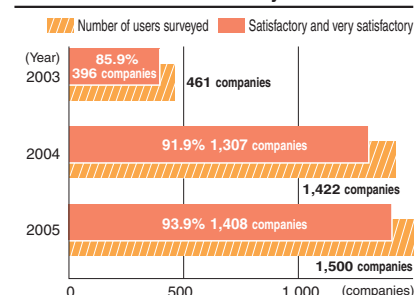
Communication with Customers

● Improving Customer Value

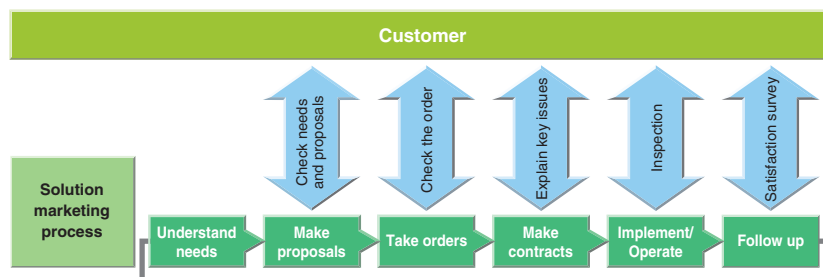
The Ricoh Group practices solution marketing to solve management and operation issues that its customers may have and contribute to improving value. Accordingly, we provide solutions and value that match each customer's expectations rather than providing only products. It is important that we understand solutions quality issues and improve. Since fiscal 2002, Ricoh Technosystems Co., Ltd., our Major Accounts Division, and all our sales affiliates in Japan have been conducting solution quality management (S-QM) activities as a unique way to improve the quality of solution marketing. S-QM activities are a means of ensuring quality in marketing processes by placing emphasis on customer communication. We work through the processes

by obtaining confirmation and an agreement from customers to improve quality. In addition, we conduct customer satisfaction surveys to check how customer expectations and demands match the value of the product we provided so that we can use the survey results to improve customer satisfaction.

Customer Satisfaction Survey



<S-QM Activities>



● Establishing a means to evaluate customer satisfaction overseas

We started a trial competitive survey by third parties, in addition to our in-house survey, in the Americas, Europe, China, and Asia-Pacific region. In fiscal 2005, we especially focused on Asia region.

● Customer Support Center

At our Customer Support Center, established 25 years ago, 300 staff members promptly handle approximately 60,000 calls and e-mails per month from customers reporting problems. This high level of service quality, which is evident in our call connectivity of 85%, is well

recognized and has received a 2005 award, which acknowledges exceptional call centers. Additionally, 98% of our customers rated our service as either satisfactory or very satisfactory in our semi-annual customer satisfaction survey. We transfer customers' opinions to divisions in charge of design or manual preparation, who use them to optimize the development of more user-friendly products. Ricoh is committed to continually provide services from the customer's perspective at its Customer Support Center.

Communication with International Organizations

Ricoh is a member of the GC Japan Network's Steering Committee. The network is a cluster of Japanese companies and organizations that participate in the Global Compact (GC) proposed by UN Secretary-General Kofi Annan. On May 18, 2006, President Sakurai delivered a speech on the Ricoh Group's ongoing commitment to GC rules and proactive global-scale CSR management at a meeting attended by Mr. Annan, who was visiting Japan as an official guest of the Ministry of Foreign Affairs, and executives of Japanese companies that participate in the GC initiative.



UN Secretary-General Kofi Annan (front row, fifth from right) and President Sakurai (front row, fourth from left) amid executives of Japanese companies and organizations attended the meeting

Communication with Shareholders

● Shareholder Special Benefit Plan with Emphasis on Social Contributions

<Ricoh Leasing Co., Ltd.>

In fiscal 2005, Ricoh Lease entered the second year of its special benefit plan with emphasis on social contributions. Under this plan, the company sends out Coca Cola gift certificates to its shareholders, collects them when they are used, and contributes 20% of sales to the Green Fund. The number of gift certificates collected in 2005 increased approximately four-fold from that in the previous year thanks to the increased support of shareholders as well as the acceptance and spread of the plan.

▶ For details, go to <http://www.r-lease.co.jp/ir/yutai.html>

Communication with Local Communities

● Participating in local safety patrols

<Tochigi Ricoh Co., Ltd./ Nara Ricoh Co., Ltd./ Ricoh Technosystems Co., Ltd.>

On December 20, sales affiliates Tochigi Ricoh and Ricoh Technosystems exchanged memoranda with Tochigi Prefectural Police Headquarters on cooperating in local safety patrol activities. Both parties agreed to cooperate with each other in keeping children safe, preventing crime, and deterring traffic accidents. It was decided to put "On Security Patrol" stickers on vehicles used in sales or service activities. The parties will step up their patrols, especially during hours when students commute to and from school, and contribute to crime prevention in the local community by protecting people who are seeking help or who wish to report a crime they had observed while taking part in the activities. Furthermore, Nara Ricoh launched the Kids Safety Patrol, a local safety patrol activity that is expanding across Japan.



Safety patrol signing ceremony



"On Safety Patrol" sticker on a vehicle

● Meetings to share information with SS monitors

<Ricoh Numazu Plant>

In 1998, Numazu Plant established the SS* Monitor System to communicate with the local community and has since been listening to the opinions of 18 representatives from four neighboring community associations in order to have such opinions reflected in the plant's activities. In fiscal 2005, Numazu Plant gave representatives an update on the progress of the new plant construction and explained how the environmental conservation system that is now in place operates and is managed so that local residents would realize the plant's actual commitment to environmental conservation and safety management. In addition, the plant proposed a new plan in which its facilities are to be used as an evacuation site if the area is struck by a powerful earthquake. The representatives concluded the meeting by commenting that they would appreciate it if the plant would continue to hold SS Monitor Information Meetings and ensure that plant operations remain safe and pollution-free so that residents can live securely in the community.

* Social Satisfaction



Director of Numazu Plant speaking at an SS Monitor Information Meeting



Participants sharing information



Explaining the role of SS monitors in the environmental conservation system

Ricoh Co., Ltd. was established in Japan on February 6, 1936, and marked its 70th anniversary on February 6, 2006. The Ricoh Group engages in activities on a global scale that include the development, production, marketing, after-sales services, and recycling of office equipment including copiers and printers in five regions around the world (Japan, the Americas, Europe, China, and the Asia-Pacific region). The Group has more than 76,000 employees.

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Ricoh Group Brands

The Ricoh Group markets products under its own brand name "RICOH" as well as the following.



Outline of the Report

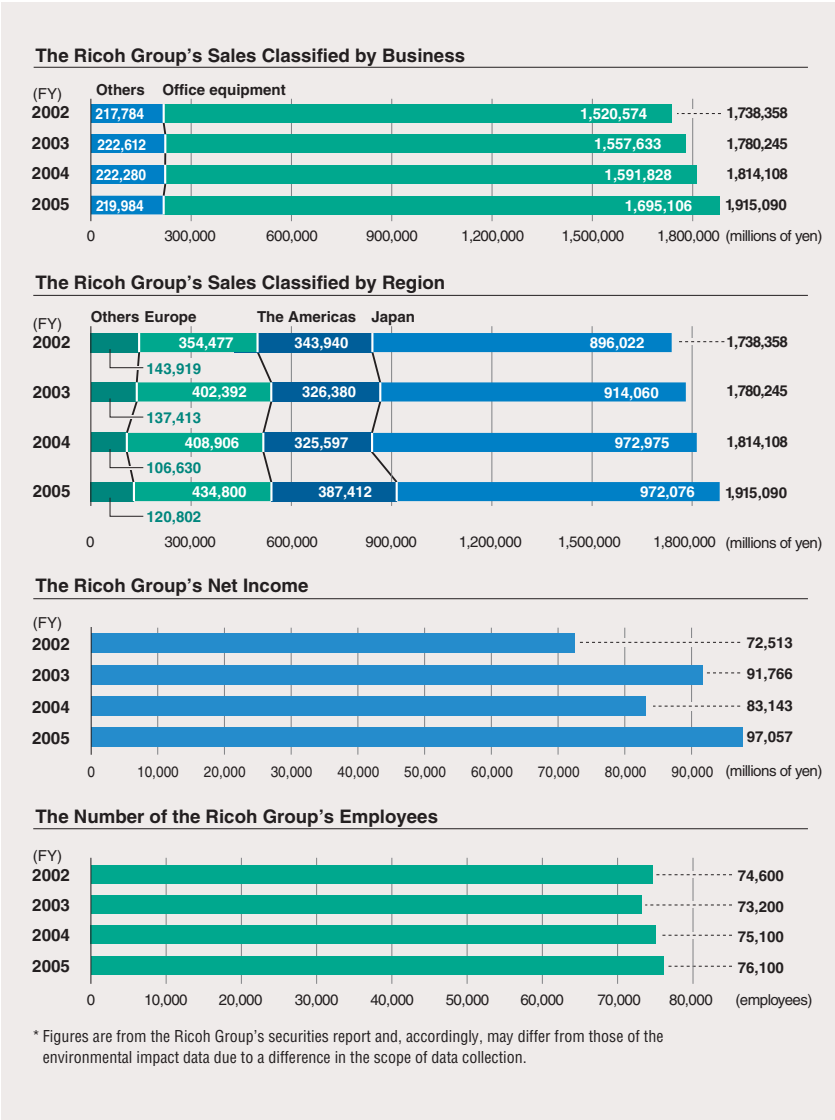
- **Report period**
This CSR report covers the period from April 1, 2005, to March 31, 2006, but some activities that fall outside this period are also covered.
- **Report range**
The data appearing in the report is from Ricoh, while examples show data for both Ricoh and the Ricoh Group.
- **Issuing Time of Reports**
The 2006 Report in English was issued in September 2006. The 2007 Report in English will be issued in September 2007.
- **Important Organization Changes Made During the Report Period**
In August 2005, Ricoh Technology Center was established in Ebina. In December 2005, headquarters operations and offices of domestic marketing organizations were relocated and consolidated into the new Ginza Office.

* In this report, "Ricoh" refers to the Ricoh Company, Ltd. in Japan, not the Ricoh Group.

Market Evaluation Results and Economic Performance

- Ricoh was given the highest rating for corporate social responsibility in the category of IT/computers in 2004/2005 by oekom research AG¹ of Germany.
- Ricoh was ranked first for its black-and-white multifunctional copiers and black-and-white copiers for the second consecutive year and ranked second for its color copiers in a customer satisfaction study².
- The Ricoh Group ranked second in a customer satisfaction study on copiers in the U.S. market³.
- Ricoh was selected as the best information service company in the Nikkei Computer's 10th Customer Satisfaction Survey in Japan.

Notes: 1. oekom research AG was established in 1989 and conducts biannual surveys and ratings on social responsibility and sustainability, including corporate environmental efforts.
2. Source: J.D. Power Asia Pacific, August 2005 press release.
3. Source: J.D. Power and Associates, November 2005 press release.



Major Product Lines of the Ricoh Group

[OFFICE SOLUTIONS]

Imaging solutions

Digital copiers, color copiers, analog copiers, printers, facsimiles, diazo copiers, scanners, MFP (multi-function printers), printer-related supplies, maintenance services, software, others

Network system solutions

Personal computers, servers, network devices, networking software, applications, services and support, others

[INDUSTRIAL PRODUCTS]

Thermal media, optical equipment, semiconductors, PC unit products, measuring equipment, others

[OTHER]

Optical disk products, digital cameras, others

● Digital camera



GR DIGITAL

● Digital multifunctional color copier



imagio MP C3000

● Color laser printer



IPSiO CX3500

Independent Review

Opinions of the Ricoh Group Corporate Social Responsibility Report

The fundamental aspect of Ricoh's CSR lies in the upholding of consciousness in all areas of daily business activities and the ongoing development of awareness in accordance with that concept. Ricoh is increasing its range of CSR development through the foundation for integrity in business activities that goes hand in hand with sustainable management. Of the company's overall efforts, the following initiatives are particularly commendable:

● Development of CSR promotion with the participation of all employees

While there is a tendency to focus on the instructions and management coming from the top levels of management, the bottom-up approach to enhance CSR consciousness and encourage the activities of employees is expanding. CSR awareness is steadily permeating employee culture.

● Indicating the direction of CSR activities as "activities for creating appeal"

The area known up to now as "voluntary responsibilities" has been brought under the title of "activities for creating appeal". The concept of stakeholder-oriented activities that go beyond compliance in areas, such as personal data protection and risk management, is of great importance in the stepping up of CSR activities.

In addition to the establishment of these bases for social activities, I would like to recommend that the following matters to be taken into account in efforts toward further CSR development. None of these can be carried out in a brief space of time, but rather will take time to realize. Therefore, continuous, long-term efforts are called for.

● Clarification of CSR development in each value chain process

The next main focus of CSR will likely be the actual development of "activities for creating appeal". Each of the business departments, such as Product Development, Procurement, and Personnel Development, confronts different CSR issues, so consideration by department must be given to how each will engage in business. For example, the network technologies employed in Product Development might be applied for the solution of community issues. Ricoh grapples with environmental issues by engaging in product development that focuses on resource circulation, and it could be possible to employ this idea in CSR development as well. Community involvement activities might also be strategically tied to regions with attention paid to their relationship to business areas, rather than having them relate to a broad range of topics.

● Expanding CSR initiatives in overseas business

This report includes more about global business sites than did last year's. I look forward to a continuing increase in the range of business sites covered. Each region confronts different issues, so it is necessary to recognize the scope of each issue and proceed with a gradual approach based upon an globally integrated plan.



Mizue Unno

Managing Director, So-Tech Consulting, Inc.



Responding to Independent Review

The Ricoh Group emphasizes an "all-employee participatory approach" in its CSR activities. Although this has not yet been fully achieved, it has steady spread among employees. I find it encouraging that this point was emphasized in the review and, therefore, am determined to promote CSR so that it will resonate with each one of our employees to initiate action. Meanwhile, the review reveals that we need to focus on endeavors to create attractiveness in each business process in addition to the global expansion of CSR. I understand that both are vital to improving the Ricoh Group's CSR, so I will strive to have specific activities carried out by increasing the value of communication with stakeholders to an even higher degree.

Yukio Hideshima, General Manager, CSR Office, CSR Division

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