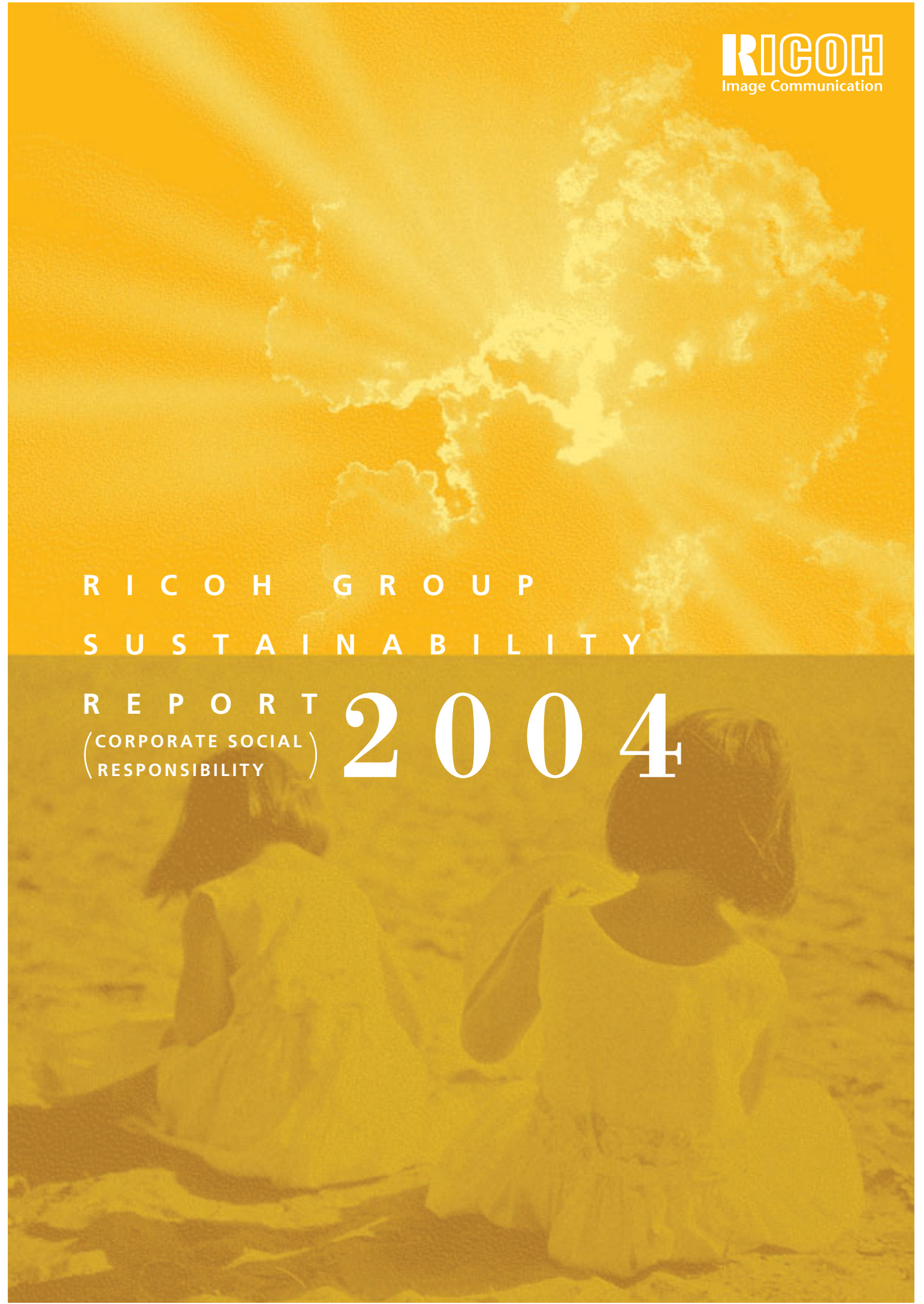


R I C O H G R O U P

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

R E P O R T
(CORPORATE SOCIAL
RESPONSIBILITY)

2004



Earning the public's trust; Activity reports from 3 perspectives— “environment” “corporate social responsibility” and “economy”

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, the economy, and corporate social responsibility as well as openly communicating its activities.

From this year the Ricoh Group begins publishing information on its activities in reports written from three different perspectives: the environment, the economy, and corporate social responsibility. This report provides our shareholders, customers, and other stakeholders with information on our corporate social responsibility policies and performance in fiscal 2003, to facilitate a better understanding of what we do and how we work.

● How to Obtain Ricoh's Corporate Information:

- Corporate social responsibility
<http://www.ricoh.com/about/csr.html>
- Environmental conservation
<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/>

● Sustainability Report (Corporate Social Responsibility)



- Concept of CSR
- Ricoh Group CSR Charter/Code of Conduct
- Integrity in corporate activities
- Respect for people
- Harmony with society
- Harmony with the environment

● Annual Report



- Management policy
- Management results
- Financial status

<http://www.ricoh.com/IR/>

● Sustainability Report (Environment)



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



Sustainability Report (Corporate Social Responsibility) and Other Reports



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

◎ Scope of the Ricoh Group's CSR Activities

To promote its own sustainability and contribute to the development of a sustainable society, the Ricoh Group has established social responsibility for each stakeholder sphere. The Group sets a concept, goal, and plan for each sphere and encourages all its employees to participate.

The Ricoh Group recognizes that many activities in the separate spheres should be carried out by its employees on their own initiative.

With conscientious corporate activities forming the basis of all CSR activities, the Ricoh Group clarifies the responsibilities of each stakeholder, establishes the system and management methods to enable them to fulfill those responsibilities, and defines the actions to be taken by its employees.

Regarding protection of the global environment, respect for human rights, and the relationship with the community surrounding the company—the most important of the various activities of a conscientious corporation—the Ricoh Group establishes three principles (harmony with the environment, respect for people, and harmony with society) that clarify these responsibilities. Establishing a high-value concept and goal for each sphere, the Ricoh Group endeavors to contribute to the development of society through the CSR activities of each of its employees, and to improve its management through socially-responsible activities.

*Corporate Social Responsibility

■ Sphere of Corporate Social Responsibility —Relationship between Sphere of Responsibility and Stakeholders—

	Employees	Partners			Society
		Customers	Shareholders	Partner companies	
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, suppliers, members of local communities, shareholders and investors, CSR specialists, people in charge of CSR issues for their companies, researchers, students, Ricoh Group employees, rating agencies, administrators, and NPOs. All of you, current and potential stakeholders in the Ricoh Group's sustainable management.

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Why Publish a Group Sustainability Report? (Corporate Social Responsibility)

The Ricoh Group endeavors to retain the continued support of society while promoting steady growth and development

The Need for Corporate Social Responsibility Management

The Ricoh Group decided to issue a report on corporate social responsibility based on the concepts and vision of corporate social responsibility management described below. It is widely known that the society in which companies function is changing greatly. Due to various factors such as the rapid development of an information-oriented society and the reversal of the supply-demand balance caused by diversification in customer needs and improvements in productivity, the era in which companies controlled the market has ended, and we have now entered an era when the market selects the companies. Furthermore, we are facing serious social problems related to the global environment and human rights, and various deplorable events caused by the excess pursuit of profits by some companies. Of course, our principle responsibility is to create and provide useful products, systems and services, make reasonable profits, and distribute those profits to our stakeholders. On the other hand, in these days when the existence and influence of companies in society have been greatly enlarged, it is necessary for us to spread our responsibilities over a wider range of social activities. Now, companies are required to manage their social responsibilities with the support of society and to promote its continuous growth and development.

Importance of Communicating with Society

There are other ways to implement corporate social responsibility management than just compliance management based on strict observation of laws and social contribution of surplus funds. Corporate social respon-

sibility 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. 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 through communicating with society. The Ricoh Group has taken it upon itself as a global citizen to conduct environmental conservation activities. We have also learned many things from society 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 from the viewpoint of social responsibility management.

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 citizen and a global citizen, to fulfill its corporate social responsibility.

● Fulfilling corporate social responsibility and creating economical value

Continuous growth and development cannot be achieved without the continuous development of society. That is, the economic and social aspects of a company are closely related with each other. The Ricoh Group will fulfill its corporate social responsibility by making it the management basis of the company.

● Daily activities by all employees

In order to steadily improve social responsibility management, it is important to encourage all employees to participate as a 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 will participate in these activities positively, 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 are based on this recognition. Following them, the Ricoh Group will continue to promote positive activities on a global scale.

Dear Readers

The Ricoh Group has reported on its activities based on the concepts described in the foregoing for the first time. We think that social responsibility management, which is at the dawn of development, will evolve by our communicating with you, the reader. 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

President, Chief Executive Officer and
Chief Operating Officer

桜井正光

Ricoh Group Corporate Social Responsibility (CSR) Charter/Code of Conduct

Origins of the Ricoh Group

Corporate Philosophy and Management Philosophy

■ Corporate Philosophy

**Love your neighbor
Love your country
Love your work**

The Ricoh Group's corporate philosophy was established by its founder, Kiyoshi Ichimura. 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 philosophy is the starting point of the Ricoh Group's CSR.

■ 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's management philosophy was formally introduced in 1986 based on the corporate philosophy behind the "Spirit of Three Loves" in order to establish and nurture the corporate culture and system so that survival in a time filled with increasing change, information-oriented societies, diverse values, and more intense competition could be ensured. This is the basis of the actions of all employees of the Ricoh Group.

Global Activities of the Ricoh Group

● The Global Compact

In 2002, Ricoh became the second Japanese company to express its intention to participate in the Global Compact. The Global Compact was proposed to the world's business leaders by UN Secretary-General Kofi Annan in 1999. The Global Compact is an international initiative based on nine principles in the areas of human rights, labor standards, and the environment. The purpose and concept of the Global

Compact matches the Ricoh Group's goal of contributing to the development of a sustainable society that recirculates resources, and are introduced in the Ricoh Group's CSR Charter.

* Global Compact: <http://www.unglobalcompact.org/>

The Nine Principles

◎ Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence; and
2. make sure that they are not complicit in human rights abuses.

◎ Labour Standards

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. eliminate discrimination in respect of employment and occupation.

◎ Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

● Establishment of a CSR Division

To consolidate the Group systematically from the viewpoint of corporate social responsibility, the CSR Study Group started in April 2002 under the supervision of the environmental division, and consisting of 15 staff in nine related divisions. In the autumn of that year, a report on setting up a promotion division was submitted to top management. At the same time, based on investigation and analysis of the types of offenses committed by companies, the legal division in charge of compliance submitted a report regarding the introduction of a system that covers all divisions including subsidiaries and how to promote compliance development. In addition, the general affairs division in charge of risk management submitted a report on developing a risk management system that covers the entire Ricoh Group including its affiliates. After deliberating on the reports submitted by the three divisions, the Ricoh Group recognized the necessity for an organization to control CSR throughout the entire Ricoh Group, and on January 1, 2003 it established the CSR Division under the direct control of the President and the director in charge of CSR.

Ricoh Group CSR Charter and Code of Conduct

■ Ricoh Group Corporate Social Responsibility (CSR) Charter

To grow as a respected enterprise, the Ricoh Group must fully discharge its corporate social responsibility (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, safety, 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, quite apart from corporate group activities, maintain a working environment that is safe and that makes it easier for its staff to do 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 communications with society, seeking actively to provide the proper and unbiased disclosure of corporate information.

The roles and influence that a company has, both as a global citizen and as a member of society, have become larger and its social responsibilities have become heavier. As a result of the progress of globalization of its corporate activities and the development of group management, the Ricoh Group embraces a variety of people of many nationalities,

many of whom have a different sense of value. It thus became necessary to establish a common sense of value and action principles that can be shared globally within the Group. On January 1, 2004, the Ricoh Group enforced its corporate action principles, the Ricoh Group CSR Charter.

■ Ricoh Group Code of Conduct

[Integrity in Corporate Activities]

1. Providing customer-centric products
2. Free competition and fair trading
3. Banning insider trading
4. Managing corporate secrets
5. Limits on entertainment and gifts
6. Doing business with public bodies and making political contributions
7. Strict control of exports and imports
8. Protection and use of intellectual properties
9. Participation in anti-social actions

10. Individual actions against the interests of the company

11. Protection of corporate assets

[Harmony with the Environment]

12. Respecting the global environment

[Respect for People]

13. Respect for human rights

[Harmony with Society]

14. Practical contributions to society
15. Harmonizing with society

In addition to the CSR Charter, the Ricoh Group reviewed the conventional Ricoh Business Code of Conduct and enforced those Ricoh Group Code of Conduct that can be shared within the Group and that cover the actions of every-

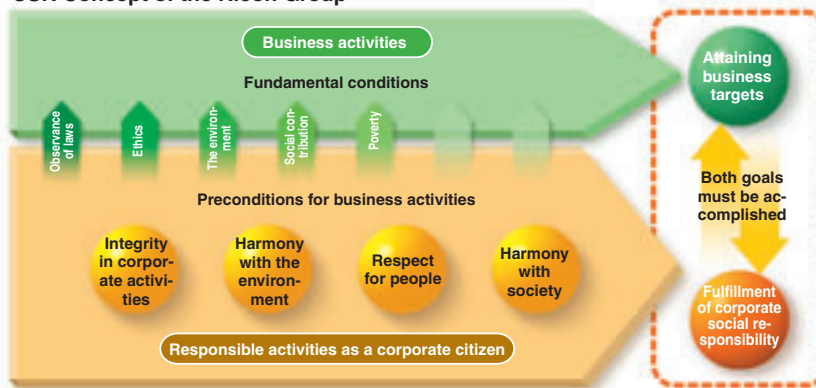
one. The contents of the Ricoh Group Code of Conduct are described above. For details, see Ricoh's web site.

* <http://www.ricoh.com/about/csr.html>

Concept and System for Promoting CSR

Recognizing the need to expand its corporate social responsibility, Ricoh advances CSR across the entire Group.

CSR Concept of the Ricoh Group



Expanding Corporate Social Responsibility

● Business results and corporate social responsibility

Conducting business activities to pursue profits is a fundamental requirement for a company. However, in the process of satisfying this requirement, companies must comply with laws and ethics. The Ricoh Group regards environmental conservation activities and social contribution activities as matters of corporate responsibility. Corporate social responsibility and the pursuit of profit do not conflict with each other. Attainment of both goals is the basis of our corporate activities (see the above figure).

● Globalization of corporate social responsibility

Accurate recognition of its corporate social responsibility is necessary before a company can fulfill that responsibility. In the current situation, the first consideration should be to fulfill its social responsibilities from a global point of view. Much discussion has arisen from the effects that business activities of global companies are having on the global environment. Loss of virgin forest, air pollution, and global warming form the heart of these discussions, since they are the causes of the disruption to the global environment. The problems of personal rights arising from cross-border partnerships are also being discussed. In these times, a global group company must fulfill its corporate social responsibility not only at home, but across the globe.

● Changes in corporate social responsibility with changes in the times

The second consideration regarding corporate social responsibility should be the expansion in the area of responsi-

bility with changes in the times. Economic problems are now discussed from a global viewpoint. As a result, developing countries, NGOs, and NPOs complain that poverty is the result of global companies squeezing profits out of the developing countries. In some countries or regions, this has led to laws being amended, such as establishing regulations on the use of chemical substances and the obligation for companies to disclose risk information. It is no longer an option for companies to fulfill their corporate social responsibilities—it is a basic requirement.

● Definition of corporate social responsibility

At present, there is no global definition of corporate social responsibility. In general, corporate social responsibility covers responsibilities that a corporation should fulfill in three areas: the economy, society, and the environment. The Ricoh Group is committed to fulfilling its corporate social responsibility in four areas: integrity of corporate activities, harmony with the environment, respect for people, and harmony with society.

● Relationship with stakeholders based on individual responsibility

The Ricoh Group takes social responsibility for all stakeholders involved in its corporate activities. To fulfill its corporate social responsibility, the Ricoh Group is engaged in compliance activities (observation of laws and ethics) and attainment of high goals. The leadership of the Ricoh Group's corporate social responsibility activities uses the

PDCA cycle to make a plan, and then discloses the results of its management reviews (see the figure below).

System for Promoting CSR across the Ricoh Group

● Problems with conventional systems

In the Ricoh Group, action related to corporate social responsibility was taken in various fields, including the environment, human rights, and labor standards by the supervising divisions and related business divisions. Although some fields, including the environment and product safety, functioned as a group or globally, cooperation between divisions was insufficient and there remained problems with group activities and global activities.

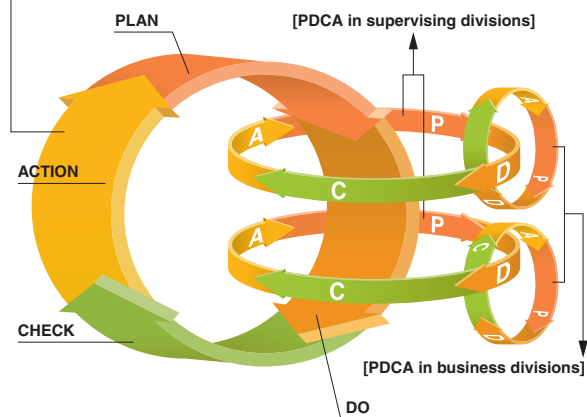
● Establishment of a CSR promotion division

On January 1, 2003 the CSR Division was established under the direct control of the President. The CSR Division and the CSR Committee are committed to CSR as a group activity; they are engaged in solving problems with the con-

ventional system allowing measures that are well-balanced and systematic across sections to be enforced.

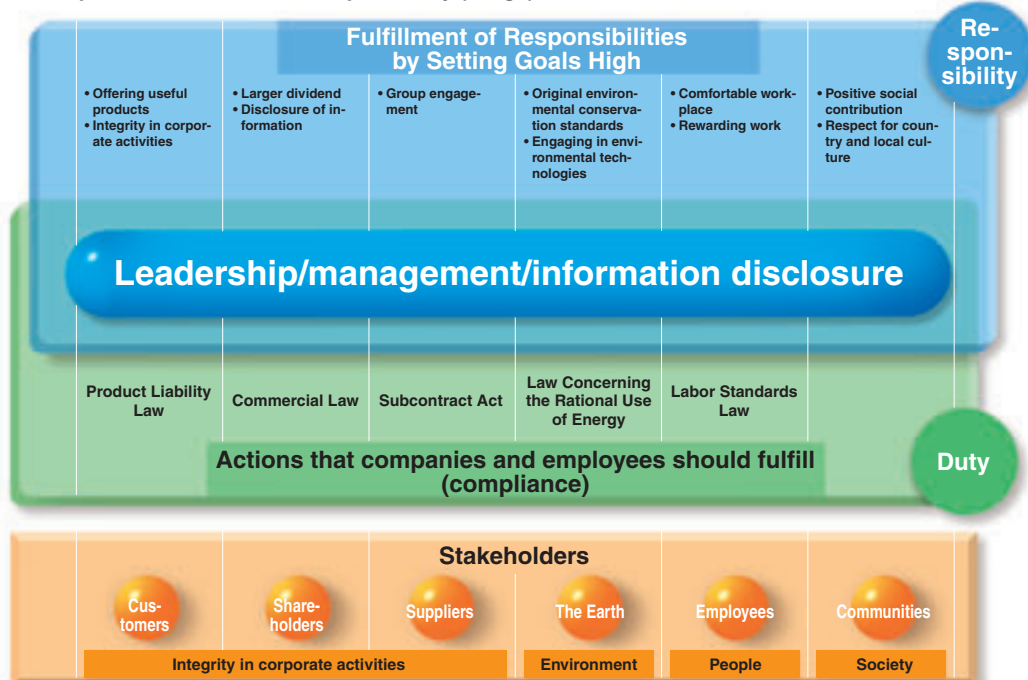
PDCA* in Supervising Divisions and Business Divisions

[Supervising divisions] PDCA
in CSR Committee and CSR Division



* Each stage of the continuous improvement management system in the Plan-Do-Check-Action cycle

Compliance and Individual Responsibility (image)



* Examples of laws and activities related to stakeholders

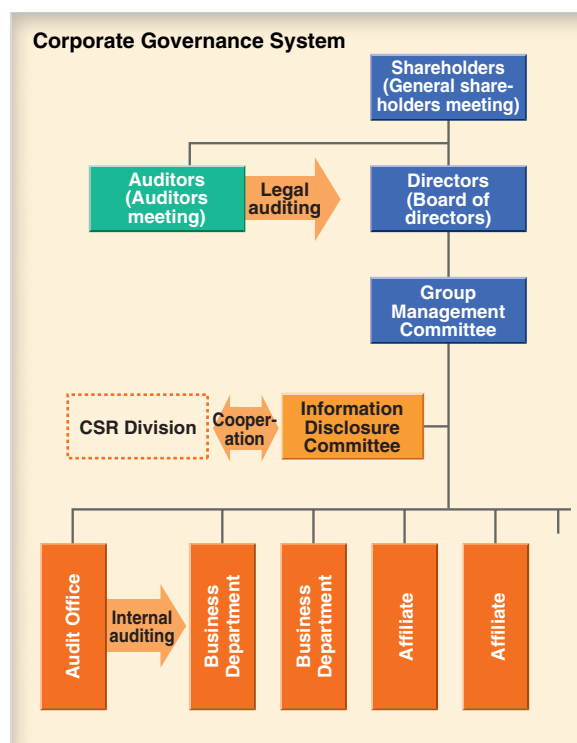
Corporate Governance

Strengthening Corporate Governance

Corporate Governance

● First step in systematization

Based on corporate ethics and a spirit of obeying the law, The Ricoh Group is engaging in corporate governance¹ to increase its competitive power, while ensuring transparency in management. In April 2000, the starting point, the Ricoh Group separated the management division from the execution division, introduced a corporate officer system, and transferred authority to operating officers on a wide scale in order to speed up decision-making and mobile activities in a rapidly-changing management environment. To strengthen the board of directors, a director was appointed from a company outside the Group. As a part of the corporate governance reform, the Ricoh Group established a Group Management Committee. The Committee formulates and executes strategies for the entire Group and supervises the activities of each business division. Legal auditing for the whole of management is carried out by auditors (including two auditors from outside the Group).



● Establishing an Information Disclosure Committee

In May 2003, following the Sarbanes-Oxley Act² in the United States, the Ricoh Group established Information Disclosure Committee to ensure correct, timely, and comprehensive disclosure of corporate information. The Committee decides and executes the process including data collection, production, reporting, and disclosure. Procedures for disclosing and controlling corporate information are established as Ricoh Group Standard. The main functions of the Committee are choosing the information to be disclosed based on the disclosure/control procedures, and reporting to top management including the Group Management Committee.

● Roles of the CSR Division in the information disclosure process

The main roles of the CSR Division established on January 1, 2003 are compliance and risk management. The CSR Division is in the position to exercise general control over the entire Group and cooperates with the Information Disclosure Committee in the process from information collection to disclosure.

● Activities of business divisions

Strategic targets and the appropriateness of the processes of each business division are discussed based on the Strategy Management Organization (SMO) at the Group Management Committee for review. Social responsibility in various fields including the environment, one of the evaluation indicators of the SMO, has to be fulfilled for each business division. Business activities are carried out based on the concept of the Japan Quality Award (JQA), which focuses on customer satisfaction (CS).

1. Corporate governance: Functional organization system for the entire corporate management

2. Sarbanes-Oxley Act: Broad corporate and accounting reform act approved July 30, 2002

Education and Awareness

We are clarifying the matters that should be observed by all our employees and encouraging them to make spontaneous efforts for compliance.

Consolidating management also means evaluating our corporate activities. If a company that is part of a group is involved in any form of misconduct, the group as a whole will be tarnished, and this will cause significant damage to the group's image and brands. To eliminate misconduct, all members of the Ricoh Group are committed to following the common values set out in the Ricoh Group CSR Charter/Code of Conduct to prevent the occurrence of all forms of misconduct, and we are doing our utmost to make these common values compulsory.

Formalizing Our Values

● The Ricoh Group CSR Charter/Code of Conduct

The Ricoh Group CSR Charter and Code of Conduct should be observed by all members of the Ricoh Group. They were revised at the Working Group for Discussions on Ricoh Business Code of Conduct, which was organized under the CSR Committee. Examples were taken, and the content was reviewed in the light of the Ricoh's already-existing Code of Conduct. In doing so, our policy was to establish rules that would apply globally to group companies (see the chart on the right).

CSR Education/Compliance Education

● Contents of CSR Education

Ricoh Group CSR Charter and Code of Conduct, which came into force on January 1, 2004, have been compiled into a database on the Group's intranet, which is always available to employees. In addition, the Code of Conduct has been distributed in booklet form to all employees, who are obliged to carry them. In the meantime, explanations of the Code of Conduct, in-

Preliminary Consideration

- Discussion of the positioning of the Ricoh Group's newly established CSR Charter and Code of Conduct in the management philosophy and the Group's standards
- Confirmation of conditions for establishing/revising and implementing the Codes of Conducts in the Ricoh Group's domestic and overseas companies

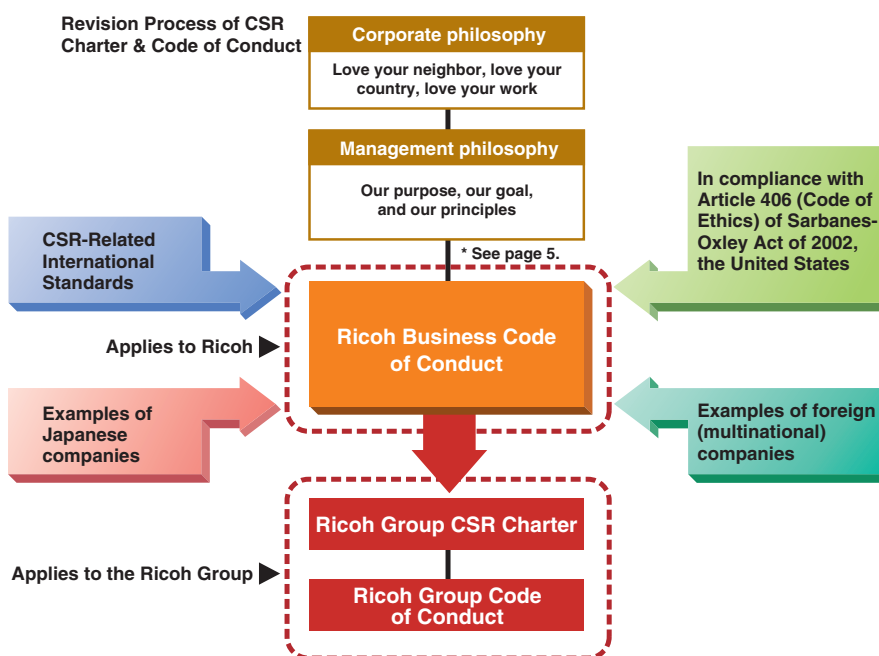
Issues Identified

- Consider the nature of the different business categories of the Ricoh Group's companies and take their circumstances into account
- Consider the circumstances in different countries and regions from a global point of view and take them into account

Action Steps

- The Ricoh Group CSR Charter was established to clarify the principles of corporate behavior that apply to Ricoh Group companies globally.
- In response to the Ricoh Group CSR Charter, a Code of Conduct was established to be observed by each and every member of the Group.
- The Ricoh Group Code of Conduct is given higher priority than the Ricoh Group Standards (RGS), the common standard implemented across the Ricoh Group, and the internal standards of its affiliates.
- The global point of view is given much importance, and thus the content of the United Nations' Global Compact, the OECD* Guidelines for Multinational Enterprise, the Sarbanes-Oxley Act, etc. were reflected in the Ricoh Group CSR Charter and Code of Conduct.

* OECD: Organisation for Economic Co-operation and Development



cluding actual examples, have also been stored in a database, which is available for perusal and distribution. In addition, educational materials (video tapes and CD ROMs) on the CSR Charter and Code of Conduct have been prepared. Thus, we plan to support education for all employees so that each will become more aware of CSR.



The Ricoh Group Code of Conduct Booklet

● Compliance Measures and Education

Education that encourages employees to observe laws and regulations and instill a sense of corporate ethics is divided into introductory education and further education involving case studies and individual risk management. This is given to new employees and new management-level officers. At the same time, efforts to develop education in accordance with the compliance platform, principles, and measures of respective organizations such as the sales divisions are also being promoted, because it is important to link the development of education closely with the actual workplace.

● Educational System

Education on the CSR Charter and Code of Conduct to all employees in the Group is managed and implemented by the CSR Division. In the meantime, the Legal Division supervises and takes charge of compliance education. With regard to concrete and individual risk management in busi-

ness operations, the functional divisions supervising the relevant operation provides education on related laws/regulations, standards, and manuals. In the meantime, e-learning is used as the main educational tool for general education and management, as well as for management of the attendance records of respective employees.

● Example of Development in the Sales Divisions

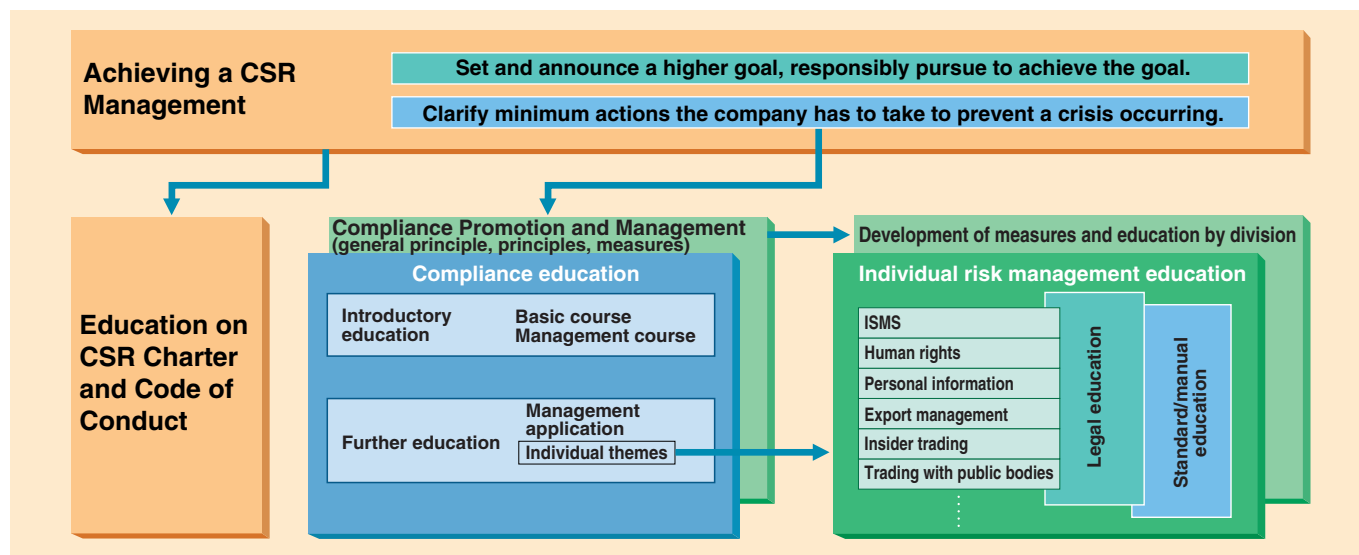
The sales divisions in Japan have set a compliance general principle and designated eight basic codes of conduct that form the core of the general principle (1. observation of rules, 2. antimonopoly law, 3. copyright, 4. ethics, 5. human rights, 6. integrity, 7. separating company business from personal affairs, and 8. freedom from corruption). Under the educational systems e-learning is used to educate employees in each of these codes of conduct by level and type of business.

Compliance Support System

● Advice Hotlines

Since April 2003, the Ricoh Group has set up two advice Hotlines, one in the CSR Division and the other at our Law Firm. The hotlines allow employees to seek advice or to discuss situations in which they find it difficult to make judgments in their daily operations. The names and sections of employees using the hotlines are verified to prevent the service being misused. When the Law Firm informs the CSR Division of a specific problem, however, anonymity is maintained to protect the employee. In addition, a protection system for employees has been established, which has been designated as a standard across the Ricoh Group, so that the hotline can operate in an appropriate manner. This system is currently limited to Japan, and the number of consultations is 4 to 5 per month. Results of discussions are fed back to employees where necessary.

Overview of CSR, Compliance Measures and Education System



Sales Division Compliance Education System (code-based schematic chart) (■ participation in courses)

	Observation of rules	Antimonopoly Law	Copyright	Ethics	Human rights	Integrity	Separating company business from personal affairs	Freedom from corruption
Managers/officers	■	■	■	■	■	■	■	■
Public sector sales	■	■	■	■	■	■	■	■
Private sector sales	■	■	■	■	■	■	■	■
General employees	■	■	■	■	■	■	■	■

Risk and Crisis Management

We are improving risk management for crises prevention

Risk management forms the backbone of business management. It will not work properly if divisions are not consistent in the measures they take. Therefore, we have established a system covering the whole Group, under the leadership of Ricoh's general affairs division. The supervising divisions at Ricoh's Head Office are developing a risk management system in cooperation with relevant business divisions and affiliates who are responsible for implementing measures under the system.

Risk Management

● Scope of Risk Management

Ideas of risk management and definitions of terms are clarified and shared across the Group, aiming at smooth operations. We define "a crisis" as an event caused by

"a risk." Risk management covers risks arising in the business process. For natural disasters and fires, the traditional system that has already been established is applied. Risk management does not cover financial risks such as exchange risks or enterprise risks including those in relation to sales of businesses, which are managed under other systems.

● Activities of BPRM Subcommittee

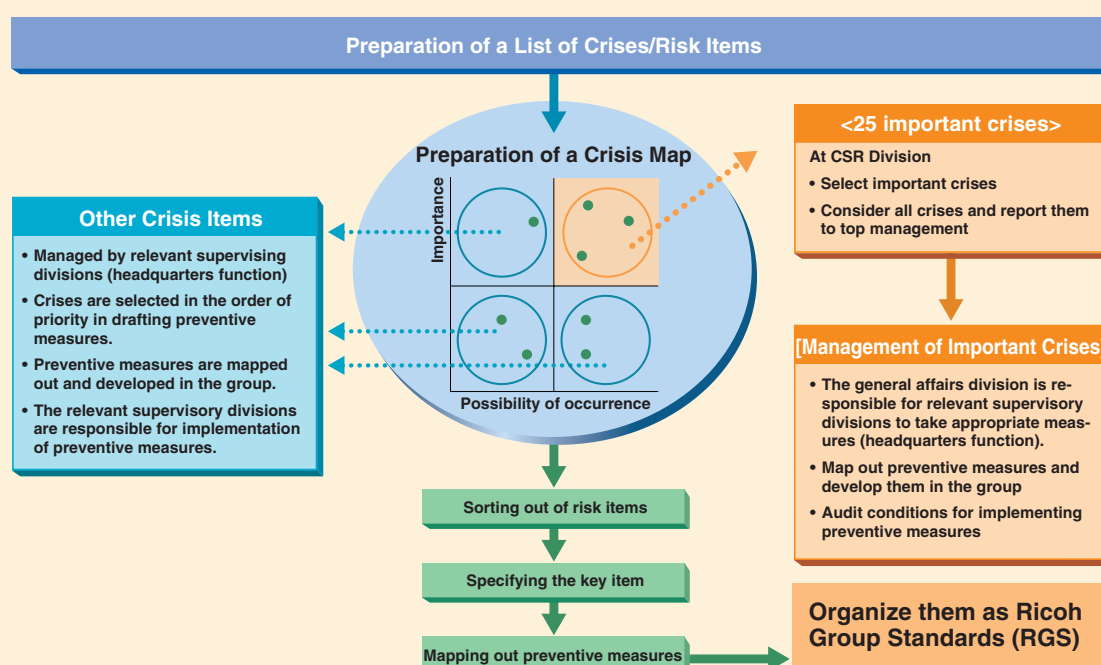
Overall activities for risk management are supervised and promoted by the general affairs division, while the revision of standards corresponding to respective crises comes under the Business Process Risk Management Subcommittee (BPRM Subcommittee), whose secretariat is the general affairs division.

● Classification of Important Crises

The Ricoh Group's risk management system consists of preventing crises before they happen, countermeasures at the initial stages of a crisis, and a strategy and system to maintain them. Particular emphasis

is placed upon preventing crises before they happen. Of the 139 items on the list of potential crises, 25 items have been named as critical in light of their frequency (probability) and degree of influence (importance), which are managed by the whole Group. Specific crises, which have been standardized and compiled in a manual to facilitate daily management, are covered by the Ricoh Group Standards shared across the Ricoh Group. The employees carry out self-assessment at their own workplaces for improvements in the scheme.

Mapping Out and Developing Measures for Crisis Prevention



Recent misconducts and actions taken

Unfortunately, cases of misconduct have been reported even after the establishment of the CSR Division. In response to this, we organized Countermeasure PGs or task forces that comply with the Initial Countermeasure Standards in Case of a Crisis, and investigated the causes, took action to put things right, and enforced group standards to prevent any reoccurrence.

Case 1: SARS

● One Infected One Suspected

One of the employees at Ricoh Electronic Technology Ltd. (China) was infected with SARS and it became clear on May 4, 2003 that another employee might have been suspected. The two employees were isolated and the plant was closed, in accordance with the instructions of the Chinese authorities. Nonetheless, it became plain on May 12 that there was no secondary infection and the plant was allowed to recommence operations.

● Measures Taken before the Occurrence

A SARS Countermeasure Committee was organized, chaired by the Manager of International Marketing Group. Four Project groups were organized under the committee, to ensure the safety of employees and products, and to maintain business and public relations. As the top priority was given to the lives of employees of the Group, 15,000 masks, clinical thermometers, disinfectant, mouthwash, and other materials were sent to the region, while business trips to the region were banned.

● Review of Countermeasures and Standardization

1. After the plant recommenced operations, circumstances at the site were investigated. This investigation revealed that few people in China followed the practice of gargling, and easy-to-use gargle/mouthwash was desperately needed. In addition, the temperature readings given in the report by the victim were not quite credible and other measuring methods are required. It also became clear that there was no practice of inoculation, and accidents could occur. They also found that it was

not appropriate for Japanese staff members alone to discuss countermeasures, and changed the details of the measures.

2. To avoid misdiagnosing influenza as SARS, inoculation against influenza was given, including people going abroad on business.

3. The Preventive Measure Planning Manual for Infectious Disease was revised.

* See page 25.

Case 2: Bid-Rigging

● Revelation of Bid-Rigging Regarding Water Meters

In July 2003, Ricoh Elemex Corporation was accused by the Japan Fair Trade Commission of bid-rigging regarding water meters, which are staple products of the company. This followed similar cases in 1992 and 1997.

● Countermeasures before the Revelation

Ricoh Elemex designated the day when the previous accusation was brought as Compliance Day and had made efforts to educate employees. The top manager himself had stressed the importance of compliance and been engaged in education and activities.

● Review of Countermeasures and Standardization

1. As a result of discussions by all the employees in the Group, it was found that compliance education alone was insufficient and systematic prevention of bid-rigging was essential. Accordingly, preventive measures modeled after those taken in the sales division of Ricoh, which had led such efforts, were introduced into Ricoh Elemex. In practice, bidding information is compiled in a database, which is shared and checked. The workflow starts with the registration of bidding information, which is followed by signing an oath that there is no bid-rigging in setting prices and subsequently, management of the bidding results (evaluation of appropriateness through comparison with past data, recent data, etc.)

2. These measures have been standardized across the Ricoh Group, and introduced into the Group companies.

Case 3: Loss of Customer Data

● Loss of Customer Data at Ricoh's Sales Division

When returning important personal data provided by customers in June 2003, it became clear that the consigned delivery agent had lost the data in transit at Haneda Airport.

● Countermeasures Taken

In cooperation with the consigned delivery agent, we searched the site and even visited the destinations of the airplanes that had left the airport during that time period to check. At the same time, rules and workflows, as well as conditions of manual preparation and thoroughness of education were checked, including the reason why a delivery agent was used.

Regarding it as our company's responsibility, we apologized to customers for consigning the transportation of important data to a third party, reported on the progress and explained the measures taken. At the press conference, the president of the company explained the circumstances and causes of the incident, apologized for losing the data as well as for the shortcomings and indefinite parts of the operational rules, and reported on measures that the company was now taking to fulfill our social accountability.

● Review of Countermeasures and Standardization

1. With the cooperation of other divisions, processes were analyzed and reviewed, while the manual on handling customer information was revised to prevent the same thing happening again.

2. Other sales divisions also reviewed their schemes, etc. for handling information provided by customers.

3. Instructions were given in the name of the Ricoh president to Group companies to take great care in handling personal information. Information held and management schemes for such information were checked and reviewed, and these were scheduled to cover the entire Group through detailed education, etc.

4. The schedule for implementing the Information Security Management System (ISMS) was accelerated, while a division was created to coordinate the Group's activities for the management of personal information, so that thorough measures can be taken.

* See page 16.

Information Security

The Ricoh Group regards information security as indispensable in fulfilling its corporate responsibility.

Information forms the basis 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 customers reliable products and services to gain their absolute confidence. And every employee of the Ricoh Group is committed to the information security system.

Progress of Information Security Activities

● Activities started in January 2003

The Ricoh Group's information management system is focusing on global information security management and imple-

menting and operating a system to manage personal information. These activities started in January 2003. At the meeting to announce the Group's policy for that year, the President declared the Group's commitment to implementing an Information Security Management System (ISMS). This was the start of our information security activities.

● Framework of the Ricoh Group

The Ricoh Group established its ISMS system and process based on ISO/IEC17799¹ to manage personal information (CP: JISQ15001²) comprehensively. The figure below shows the relationship between the ISMS and the compliance program (CP) to manage personal information.

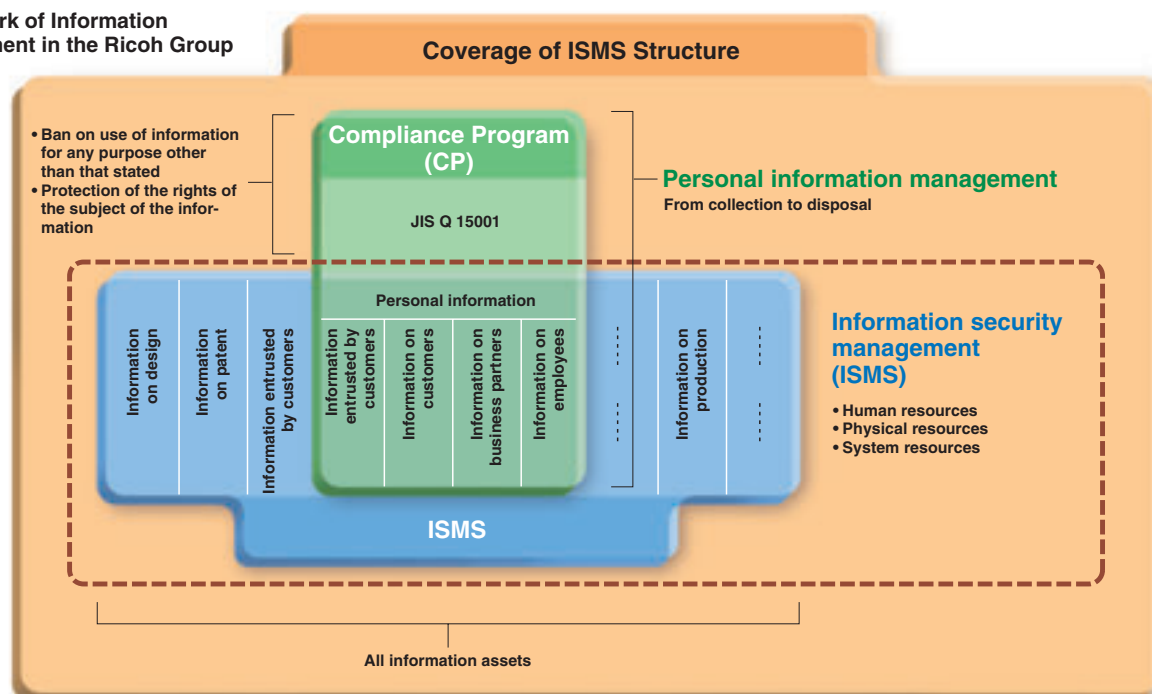
● Implementing the system

At the beginning, official ISMS certificates such as a privacy-mark³ were to be given only to related divisions. However, loss of personal information occurred in 2003, which led to a review of the

Group's ISMS implementation policy including restructuring of the personal information management system of the entire Group. Purposes of the review are (1) maintenance and improvement of the uniformity of the Group's security level, (2) promotion of thorough management and auditing in day-to-day business, and (3) economical and efficient operation. In order to achieve those three goals, the Ricoh Group is: (1) awarding ISMS unified certificates, (2) implementing a generalized management system, and (3) strengthening its internal auditing.

1. ISO/IEC17799: International standards for information security management systems
2. JIS Q 15001: Requirements of the compliance program regarding personal information protection
3. Privacy-mark: A system established by the Japan Information Processing Development Center (JIPDEC) to certify privacy information protection

Framework of Information Management in the Ricoh Group



System of Implementation

● Double-system management

The figure below shows how the system is being implemented in the Ricoh Group. A Chief Information Security Officer (CISO), a Chief Privacy Officer (CPO) in charge of customer information management, and a CPO in charge of employee information management were appointed under the CEO to oversee implementation of the activities for the entire Group. Subordinate organizations are established to manage information classified into groups, functions and regions, customer information, and employee information. An organization to implement ISMS/CP is created under each of these organizations.

Plan of Activity and Progress

● Triple-phase promotion

The Ricoh Group divides activities into three phases to complete the unified ISMS certificate as follows.

First phase: The Ricoh Group establishes standards and rules and prepares tools for risk assessment and education through activities led by the pilot division to estab-

lish ISMS and CP as well as obtain certificates, while making information security management activities known to everyone in the Group without exception. As a result, three internal organizations and four subsidiaries of the Group have obtained ISMS certificates by January 2004. The Ricoh Group is also improving the e-learning environment to make education on ISMS and personal information protection available to all employees.

Second phase: In order to obtain the unified ISMS certificate in December 2004, the Ricoh Group is implementing a globalized management system, standards and tools, and training for internal auditors.

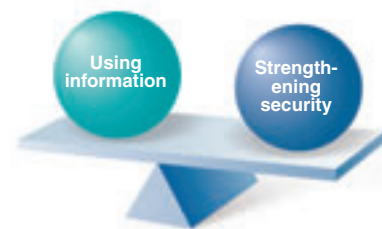
Third phase: The purpose of this phase is to extend the activities to the Group companies outside Japan. The Ricoh Group has finished preparing teaching materials and tools in English and started implementing ISMS at a pilot company.

● Key points in the management system

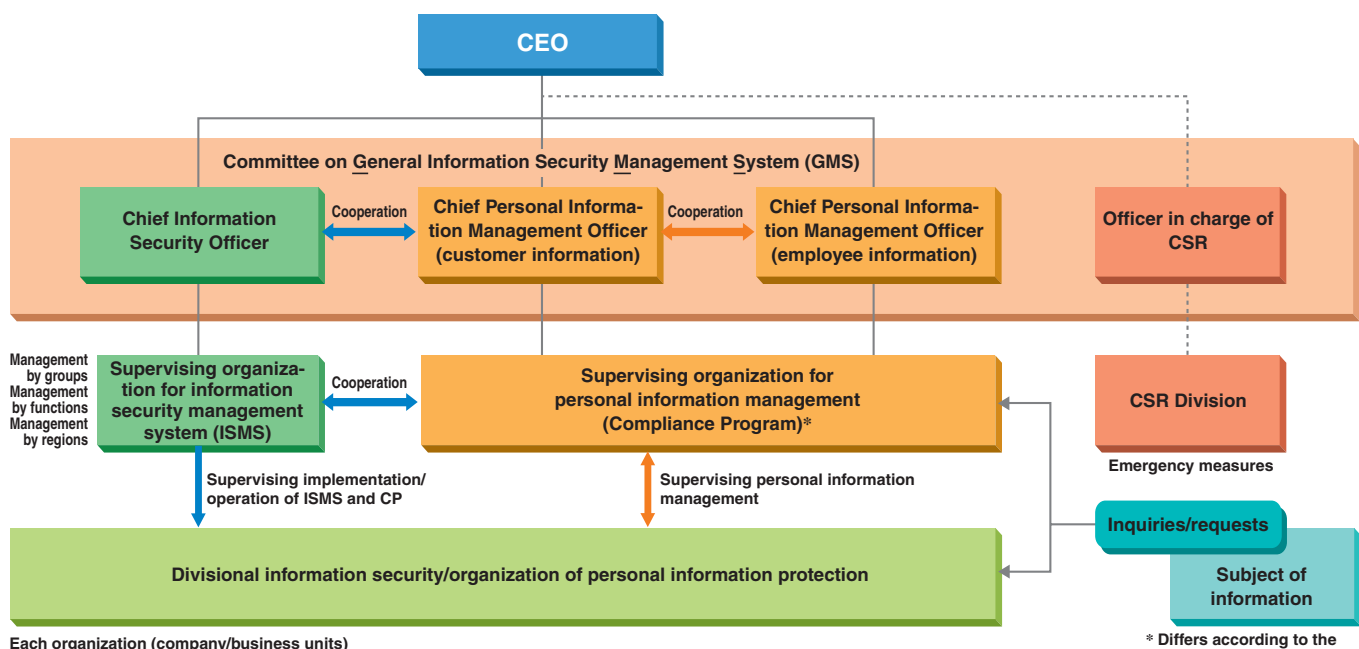
As a member of the expanding information society, the Ricoh Group believes that

it is important not only to promote effective use of information, but also to win the trust of society. In ISMS and personal information management, it is important to encourage the use of information, while at the same time strengthening information security. It is our aim to educate all employees to observe standards and rules in their daily management tasks, raising the security level in a continuous process of improvement. The Ricoh Group will continue to advance in its information security activities to heighten its corporate value.

Balance Between Using Information and Strengthening Security



Relationship Between the System for Implementing ISMS and the Generalized Personal Information Management System



Each organization (company/business units)

* Differs according to the information type (customer information and employee information)

Customer Satisfaction

The Ricoh Group regards it as its corporate mission not only to conserve the environment, but also to create user-friendly products.

The quality assurance rules and the product safety rules are used as the base to lay down and enforce management standards covering the entire Group to deal with quality and safety issues. The Group is committed to developing user-friendly and eco-friendly APPLIANCE* products. Improvements to the production environment and procedures for the management and use of information are first and foremost to enable us to develop the world's best APPLIANCE products.

* APPLIANCE: Creating value and offering user-friendly products (products that are easy to use and handle)

Quality, Safety, Security, and Reliability

● Japan Quality Award (JQA)

Based on the recognition that administrative reform should take our customers and markets into account, the Ricoh Group has established a system to improve customer satisfaction and sustain our competitiveness. We call it our customer satisfaction (CS) management system, and it is based on the standards of the Japan Quality Award. Encouraged on receiving the Japan Quality Award, we are making continuous efforts towards management reform. The Ricoh Group is also bringing about man-



The Japan Quality Award plaque and trophy

agement reform globally by giving awards to divisions related to management quality in each company in the Ricoh Group worldwide.

● Quality evaluation

The management quality division of the Ricoh Group sets safety standards and applies them to various processes including planning and development based on information on the safety of products and supplies and complaints received from our markets all over the world. When a product safety issue arises, a Japan/global field problem report (J/G-FPR) is sent to top management via e-mail and appropriate solutions and preventive measures are issued promptly. After taking the appropriate action, the product safety standards are reviewed and revised where necessary. Safety evaluations are carried out at various sites, and these include the safety standards evaluation systems approved by the UL¹ (safety standards agency in the United States) and the TÜV² (safety standards agency in Germany), and the EMC³ measurement site and noise measurement room approved by the Department of Commerce in the United States and the GLP⁴ (laboratory in Numazu Plant for safety testing of chemical substances) approved by the Ministry of Health, Labor and Welfare in Japan. The noise measurement room in Ricoh is the first Japanese establishment and the EMC measurement site in Ricoh is the third approved by an appropriate organization.

1. UL: Underwriters Laboratories Inc.
2. TÜV: Technischer Überwachungs-Verein
3. EMC: Electromagnetic Compatibility
4. GLP: Good Laboratory Practice

APPLIANCES that Satisfy Customer Needs

● APPLIANCES as core value

Shifting into a solution provider, the Ricoh Group recognizes the APPLIANCE as its core prominent value. Ricoh incorporates value including ease of handling, management, and use of information into its products and services.

● Wide definition of our customers

The starting point for providing the world's best APPLIANCE products in the world is customer recognition. The Ricoh Group not only regards the end user as its customer, but also all those who are part of the ensuing processes.

● APPLIANCE meeting

The fourth APPLIANCE Meeting, an activity promoted by the entire Group, was held at the Ohmori Office on July 15, 2003 under the theme of improving our products to create the world's best APPLIANCES. A total of around 350 employees of the Group attended.

User-Friendly APPLIANCES

● Touch screen multifunctional copier

Various settings for copying, and the positioning of the punching and binding can be made by touching a large liquid crystal screen. Also, collective copying, duplex copying, and stapling can be selected by touching an icon. In this way, the user can select the required function rapidly and instinctively.



Large liquid crystal touch screen of the imagio Neo C385

● Document management software

Ricoh developed the head/tail identification function that makes it possible for users to feed in paper documents irrespective of the scanning direction. Ricoh has also developed APPLIANCE products that allow its customers to remove the shadow from reverse printing automatically.

● Improved replacement method for stapler cartridges

Until now, replacing the stapler cartridge in a copier/multifunctional copier required the operator to pull out the unit and turn it around. After this improvement, the unit ejects forward automatically.



Automatic replacement of stapler cartridges

● Improved key operations for printing

Formerly, multiple functions were allotted to a single key and it was sometimes necessary to press one function key while holding down another one. After improvement, one function is allotted to one key making it easier to select and set functions.

Support and Service to Customer Satisfaction

● Marketing activities and maintenance system

To provide customers with task-solution type services, the Ricoh Group is committed to marketing activities that satisfy customer needs. Ricoh has also established a total maintenance system so that its products can remain in service continuously.

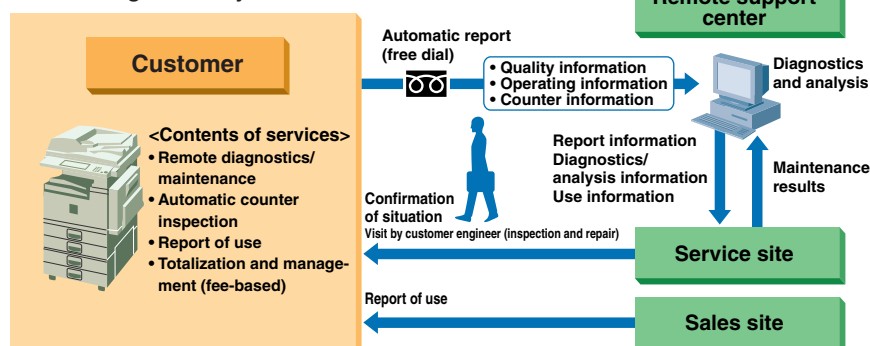
● Wide-range network support system

The Ricoh Group's Network Solution Center (NSC) supervises and supports network management at all its subsidiaries so that universal services can be provided to customers at every sales company. A Network Call Center service is also available via the Computer Technology Integration (CTI) system.

● Kit-in-service for prompt operation

Ricoh carries out expansion/revisions to hardware specifications and pre-installs software at a kit-in-center before delivery to minimize the time required to set up the system.

Remote Diagnostics System



● Remote monitoring and diagnostics system

Ricoh automatically monitors the operating network system, resource management, and occurrence of faults at customer sites for 24 hours. The remote system detects any trouble, reports the diagnostics results, and carries out maintenance.

● 24-hour maintenance

The Night/Holiday Call Center receives calls from customers through the night and on holidays. (Limited to hardware maintenance.)

Examples of Support (OA Equipment)

● Customer Service Center

Ricoh has set up Customer Service Centers to deal with inquiries regarding its products quickly and accurately in major sites throughout Japan. Full-time support staff that have a detailed knowledge of product functions and operating methods take inquiries and provide solutions.



Customer Service Center

● Remote diagnostics system for copiers

Ricoh developed and introduced its Customer Support System, a remote diagnostics/support system for OA equipment in 1994. With this system, Ricoh can regularly monitor the operating conditions and control maintenance information remotely, including regular inspection and problems such as paper jams via its network. This relieves the customer of the management load and contributes to a comfortable operating environment.

Evaluation Results

● No.1 in customer satisfaction (International)

In November 2003, Lanier AG, a sales company in the Ricoh Group, received the No.1 award in the copier division of the J.D. Power customer satisfaction survey for two consecutive years.

● No.1 in customer satisfaction (Japan)

In Japan, Ricoh ranks first in the system architecture service of information service companies in the Nikkei Computer customer satisfaction survey.

Communication

The Ricoh Group Promotes Communication as an Important Corporate Activity

Ricoh and every company in the Ricoh Group realize the importance of open communication with society, and we are thus committed not only to improving the transparency of our business activities but also to positive, timely, and fair disclosure of corporate information. The Ricoh Group discloses information and communicates with its stakeholders by a variety of methods including web sites.

Communicating with Society

● General meeting of shareholders

The Ricoh Group endeavors to hold open general meetings to disclose corporate information to shareholders. The 103rd regular meeting was held at the Ohmori Office on June 26, 2003, which was chosen to avoid the period in which most of such meetings were concentrated. Furthermore, electronic voting was introduced at this meeting. To ensure good communication with its shareholders, Ricoh introduced an extended question period to discuss various issues including concrete measures to strengthen the management structure, important investment fields for future research and development, and intellectual property. This was followed by a social gathering with the participants.



Social gathering held after the general meeting

● Meeting with security analysts

Ricoh held a regular explanatory meeting for security analysts on March 9, 2004. Many security analysts and journalists participated in the meeting held at the Sankei Plaza Hall in Otemachi, Tokyo. The President gave a presentation on the progress of the 14th mid-term management plan and future strategies for about an hour, and this was followed by an animated question and answer session.



Explanatory meeting for security analysts

● Web site

Ricoh discloses corporate information including business activities and results on its website, and on occasion gives answers to inquiries from stakeholders. Visitors can easily access information on all the Group companies across the world from the web site. On the ECO TODAY site for children, forest ecosystem conservation activities being conducted globally are explained in an easy-to-understand way. A



Web site for visitors (Japan and Global)

Corporate Social Responsibility site has also been established, where the Ricoh Group Corporate Social Responsibility (CSR) Charter and Code of Conduct are described in both Japanese and English.

* <http://www.ricoh.com/>

● Lectures and scientific presentations

Ricoh actively discloses scientific information obtained as a result of technical research and development by reporting to academic societies and contributing to scientific journals as much as possible. Related academic societies include the Imaging Society of Japan, Optical Society of Japan, Information Processing Society of Japan, the Institute of Electrical Engineers of Japan, the Japan Society of Applied Physics, the Japan Society of Precision Engineering, the Society of Powder Technology Japan, the Laser Association, and the Chemical Society of Japan. Major research and development divisions in the Ricoh Group gave more than one hundred presentations (including scientific papers). Ricoh also discloses know-how accumulated by participating in lectures and seminars sponsored by public agencies and private organizations. Ricoh participated in lectures and seminars on environmental conservation and CSR activities. In the last fiscal year, Ricoh disclosed more than 6,300 patents obtained in Japan.

● Dialogue with local communities

Based on the concept that business activities closely related to the local community are necessary for integrity in corporate activities, the Ricoh Group promotes information exchange and communication with local citizens and holds and supports various seminars to disclose its business activities to the local community. In October 2003, the Numazu Plant received a call from members of the Asian Productivity Organization (APO). At Tohoku Ricoh Co., Ltd., the 13th Industry Exchange Conference sponsored by the Quality Engineering Society was held with the participation of members of the community and local citizens.



The 13th Industry Exchange Conference held at Tohoku Ricoh

● Government and industry lobbying

The Ricoh Group actively participates in and supports lobbying for the country, industry, and related academic societies to improve the transparency of the Group's business activities and fulfill its corporate responsibility. As a member of industry and society, the Ricoh Group participates in discussion and information exchange.

● External reporting

The Ricoh Group publishes various reports as communication tools to disclose its corporate activities externally. Reports include brochures for recruitment, public relations magazines to make public the Group's activities, data books to disclose its corporate activities, reports on technical development, and booklets issued as required to make public specific activities. These reports help Ricoh make the current situation in the Group and its activities and policies for future activities known across a wide range of society. Furthermore, the Ricoh Group encourages interactive communication by satisfying what society demands of it and answering questions received.

Internal Communication

● Use of internal publications

Interactive communication with people outside Ricoh, including customers and disclosure of information on corporate activities, are conducted through Ricoh's web site. The medium for sharing information within the Group and communicating is the database on the intranet and internal publications issued by individual divisions and Group companies. A range of corporate information including environmental conservation activities, the personal affairs system, and the social contribution activities of employees are communicated through these internal publications. SHARE, an information magazine for the Group companies, reports on the latest topics to give an accurate picture of the current situation within the Group.

External Reports



Internal Publications



A Vital and Motivated Culture—Part 1

Promoting a New Culture

A company is as good as its employees. Therefore, great importance should be attached to corporate activities for employees. The Ricoh Group's corporate philosophy is "Love your neighbor, Love your country, Love your work." This philosophy has continued as the basis of Ricoh's people-oriented management since its foundation. The corporate philosophy is clearly expressed in "Our Principles" in the management philosophy, "Think as an entrepreneur, put ourselves in the other person's place, find personal value in our work."

Respect for People

● Respecting peoples right

The Ricoh Group respects the rights of all the people it comes into contact with, including employees and customers. The entire Group endeavors to maintain a working environment that is safe and that makes it easier for employees to perform their duties and establish a cheerful working environment free from discrimination, forced labor and child labor.

● Clear statement in the guidelines

The Ricoh Group's commitment to respect for all people involved in its corporate activities is clearly stated in the Procurement Guidelines. Awareness of CSR, respect for fundamental human rights, protection of privacy, and the elimination of unfair labor practices are specifically stated in the guidelines as Ricoh's standards for procurement.



Procurement Guidelines

Working Environment Free from Discrimination

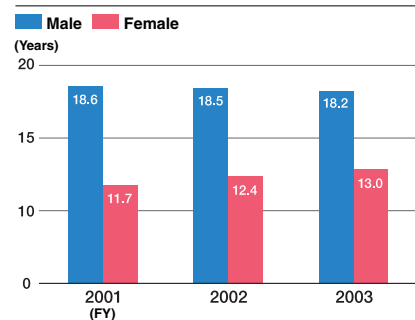
● Anti-Discrimination activities

The Ricoh Group is working to establish a working environment free from gender discrimination based on the declaration, "Establishment of a corporate culture that allows everyone to work and obtain the maximum results according to their aptitude, ability, and will, free from gender discrimination." Ricoh is committed to a range of activities including making available information on gender discrimination issues, publishing a handbook, educating managers, and nurturing female managers. Ricoh has also established a Committee on Human Rights Education and a counseling room where a skilled counselor from outside the Group provides counseling for

employees.

In order to establish a working environment that is cheerful and free from discrimination such as abuses of power and sexual harassment, the Ricoh Group in Japan has established the Committee on Human Development and a "hot line" for consultation and inquiries, as well as making information available at each work site, and promoting personal development and education for management.

Average Length of Service (Ricoch)



Handbook on Gender Discrimination Issues

● Employing people with disabilities

The Ricoh Group employs people with disabilities. A commendation for its efforts in employing the people with disabilities was given to Ricoh's Ohmori Office in 2001 and to Ricoh Keiki Co., Ltd. in 2003. Also, employees voluntarily and actively take part in the activities of the sign language club. Among the various activities, meetings at which PC interpretation and sign language are combined contribute to communication with hearing impaired employees.

Ratio of Employees with Disabilities (Ricoh)



A Comfortable Working Environment

● Employee-Management Relations

One of Ricoh's principles is "Find personal value in our work." Ricoh has no labor union. At the Ricoh Employee-Management Meeting established in 1962, issues related to working conditions such as the number of working days in the year, setting holidays, and bonus and wage increases are reviewed and reported. On August 19 and 20 in 2003, 36 representative employees from business sites in Japan participated in the research study meeting of the Ricoh Employee-Management Central Meeting.

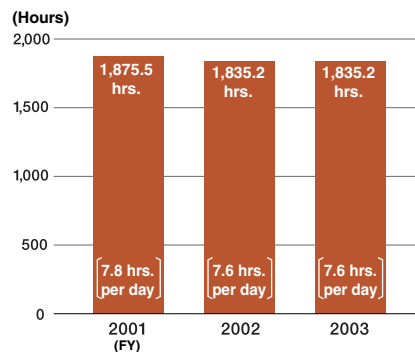


Ricoh Employee-Management Central Meeting in fiscal 2003

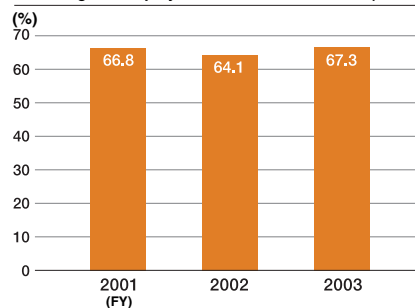
● Working hours

Working hours are set based on the review and report from the Central Social Meeting. In this process, trends in the world and the situation within the company are examined from all sides to compile a report on a draft plan on working hours. After taking into full account the wishes of employees and the efficiency of the company, a draft of the basic calendar is prepared, which sets the number of working days and holidays for the year, and a report is then made. Ricoh puts a comfortable working environment as a top priority, and has introduced flextime and the four-seasons holiday system as part of its flexible working hours system. The Ricoh Group is committed to a system in which its employees can continue to work in a mentally and physically healthy environment.

Normal Working Hours for the Year (Ricoh)



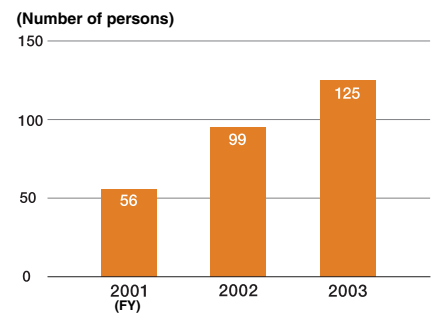
Percentage of Employees who Took Paid Leave (Ricoh)



● Post-retirement employment

Following the tendency towards depopulation in Japan, it is important to increase the competitiveness of the company by making use of the wealth of experience and skills of retired employees. Besides employing them on a part-time basis, Ricoh has established a system to send retired employees to workplaces where they can make the most of their expert knowledge and skills.

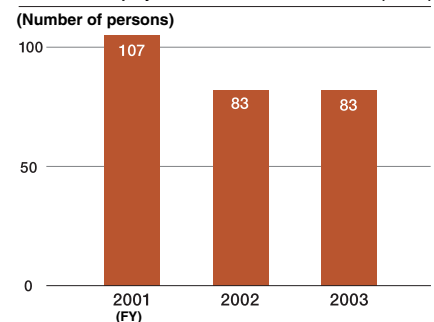
Number of Employed Retirees (Ricoh)



● Childcare support system

Ricoh has introduced several systems to support employees with children. They can take childcare leave for up to two years, work part-time for three years, or use both systems at the same time. Any employee who has been in the company for one year or longer can use any of these systems, regardless of their gender.

Number of Employees who Took Childcare Leave (Ricoh)



A Vital and Motivated Culture—Part 2

A Confidence Enhancing Working Environment

● Nurturing new leaders

In a new management environment, new leaders who have the vision to actively promote innovation and a group that possesses the originality to plan and implement those innovations are both necessary in 1998. Ricoh established the Development Program for Innovative Leaders (DPI) Program to form an innovation group around new leaders. This program is being carried out at Ricoh and its affiliates in Japan. In this system, the actions of the employees toward their subordinates and their basic position on issues are evaluated by their subordinates and their other business associates and the results are fed back to the employee. With the aim of selecting and nurturing new executives, Ricoh is conducting this innovative program with the participation of top management to strengthen its Global Core Leaders.

● Encouraging Inventiveness

The Ricoh Group encourages employees towards invention by offering various in-

centives including rewards for patent applications and disclosure. Ricoh also established the Business Model Patent Factory in fiscal 2000 to help with obtaining patents not related to research and development. The Patent Master Award was established in April 2004 to honor employees according to the number of patents that they obtained, and the total number of employees awarded reached 449.

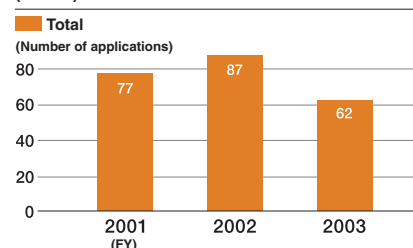
● Fair evaluation

The Ricoh Group has various systems to encourage its employees to set goals for their tasks, develop their own abilities, strive to attain those goals, and report the results, including the Goals Evaluation System and the Professional Development Program (PDP). Goals and results are reviewed at a meeting with a manager to set realistic goals and to obtain feedback. With these systems, Ricoh endeavors to establish an encouraging working environment in which every employee can challenge higher goals and get a fair evaluation.

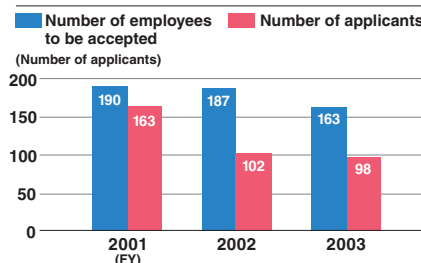
● Creating a challenging environment

Ricoh has implemented an internal job transfer application system to encourage employees to apply for new posts where they can actively develop their abilities. Ricoh also has an internal venture system, Challenge 21, to encourage employees to propose and launch their own new ventures.

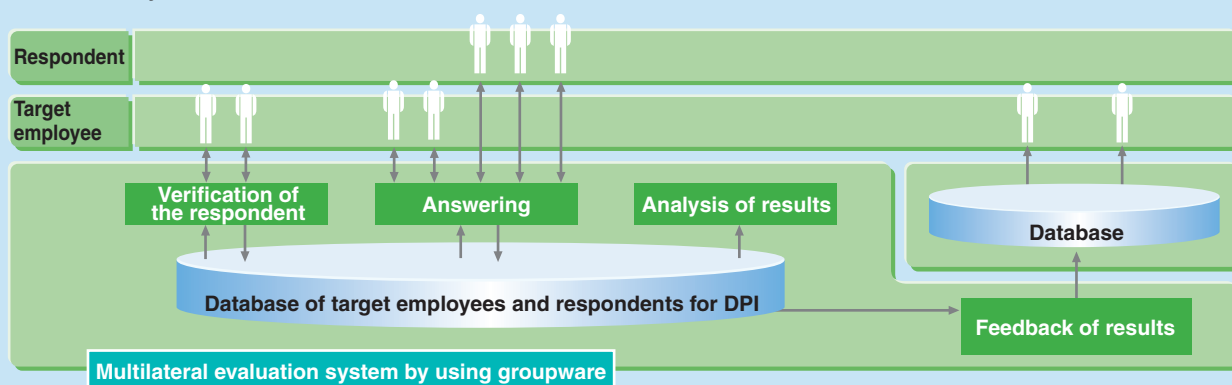
Number of Internal Job Transfer Applications (Ricoch)



Number of Job Transfer Applicants



Flow of the DPI System



- Daily activities of the employee are evaluated by their subordinates or business associates, based on the action items that are necessary for an innovative leader.
- Evaluation results are fed back to their manager, who improves the leadership actions with reference to the results.

Innovative Leadership Actions Required by Ricoh

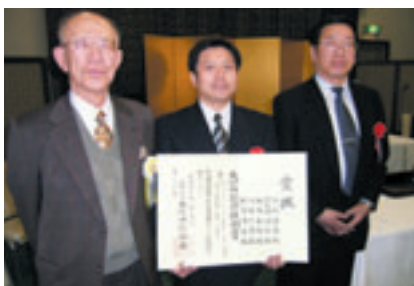
Elements of innovative leadership actions	
Vision (Show how it ought to be)	Empowerment (Enhance will to innovate)
Innovation (Break through the current situation and create a challenge)	Education (Promote progress)
Inclination to goal achievement (Pursue goal)	Basic attitude (Supply a model)

* Questions are made specifying three to five concrete actions for each of the above elements.

This system has been introduced at Tohoku Ricoh Co., Ltd., Ricoh Elemex Corporation, Ricoh Electronics Inc. (REI), Ricoh UK Products Ltd. (RPL), and Ricoh Industrie France S.A. (RIF) that have many employees, and at regional headquarters that have many strategic projects, such as Ricoh Corporation (RC) and Ricoh Europe B.V. (RE).

● The higher the goals, the greater the satisfaction

Attaining a difficult goal gives a great feeling of satisfaction. Social evaluation together with internal evaluation promotes development of the company, personal development, and an encouraging work environment. For example, on March 9, 2003, the 50th Okochi Memorial Award was given to Ricoh Optical Industries Co., Ltd. and Yokogawa Electric Corporation for their joint development of a microscope. On November 1, 2003, Ricoh Microelectronics Co., Ltd. (RME) in Tottori Prefecture was singled out as a manufacturing site having highly-skilled engineers who received a commendation for their skills at machining work. The Ricoh Group is committed to a working environment where the company and all of its employees can work in a cooperative and positive atmosphere.



The 50th Okochi Memorial Award

● CS staff were appointed as examiners for EFQM

In Europe, six CS staff from the Group companies were appointed as examiners for Fiscal EFQM (The European Foundation for Quality Management) for fiscal

2003, with two from Ricoh Industrie France (RIF), two from Ricoh Europe B.V., one from NRG, and one from Lanier. These admirable appointments are the results of the efforts that Ricoh has made to nurture CS staff skilled in assessment.

● KAIZEN (Improvement) activities

The KAIZEN conference is held to implement various activities to improve sales, production, and the environment including international benchmarking at local sites. Many participants are engaged in the exchange and sharing of information and the horizontal development of improvement activities. Because various creative activities are reported to participants and employed horizontally, employees engaged in those activities who make presentations can strengthen their awareness of improvement. The conference was held 77 times in Japan, giving good results including the unveiling of new products and the creation of a cooperative relationship between the production division and the marketing division.



The 77th KAIZEN conference in Japan



The 3rd KAIZEN conference in China

● Employee Satisfaction Survey

Ricoh surveys employee and makes use of their opinions in the corporate management and personnel system every year. Problems revealed as a result of the survey are classified into two groups; those to be dealt with by the entire Group and those to be dealt with by the related division. Improvement is carried out from both aspects, the personnel system and management. In fiscal 2003, the satisfaction level rose for the following items compared with fiscal 2002: "I can take an active part in my specific working environment, free from gender discrimination," and "I observe social norms as a businessperson and conduct myself in accordance with good sense." The survey is conducted not only at Ricoh but also at its affiliates. For example, at Ricoh UK Products Ltd. (RPL) in 2002, the ratio of participants in the survey increased to 81% from 79% the previous year. The degree of employee satisfaction increased to 73% in 2002 from 67% in 2001.

Commendations

● Minori Sho (Harvest Prize)

The Ricoh Group has its own commendation system, the Minori Prize, to honor employees not only for their work, but also for their volunteer, cultural, and athletic activities. Commendations are given both to people who are proposed by their peers and to people who propose themselves. Ordinary honest activities are evaluated in this system. Ricoh has also established a world's greatest product award, a world's greatest technology award, and an environmental management activity award to praise and promote autonomous and creative activities by the Ricoh Group employees.

Health and Safety

Promoting activities for health and safety under corporate social responsibility

The Ricoh Group is committed to a higher level of health and safety and to creating a more comfortable working environment. "To find personal value in our work" is one of Ricoh's management philosophy, which is always reflected in its health and safety activities. Efforts are being made to restructure the occupational health and safety management system to observe the laws of the country or the region where the business is operating as well as to reduce risks. At the same time, global efforts are being made to establish the Work Health and Safety Management System based upon OHSAS18001* and other standards, led by Ricoh.

* OHSAS18001: Specifications for Occupational Health and Safety Management Systems

The Ricoh Group's Approach to Health and Safety

● Basic Policy and Action Guidelines

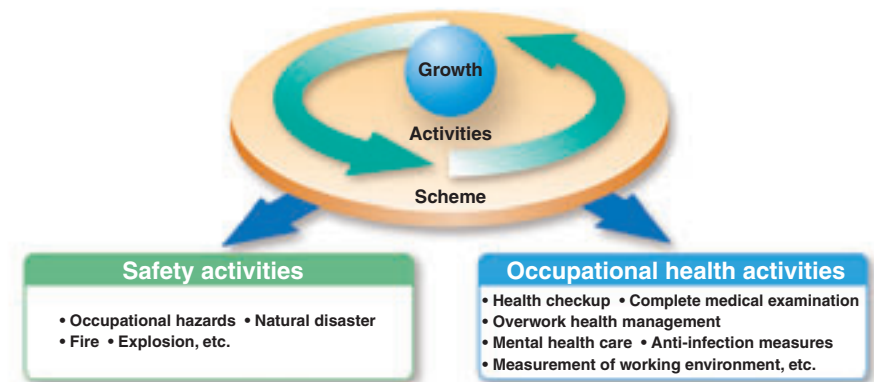
The direction of the Ricoh Group's health and safety activities has been made clear to all employees. It is also regarded as the group's commitment to society.

Basic Policy

By putting our management philosophy into practice, we are more aware of the need to secure employee health and safety, and we earnestly strive to achieve this, as well as to establish a comfortable work environment group wide.

Action Guidelines

- Not only do we comply with all domestic and overseas health and safety regulations, but we also set our own goals for employee health and safety and endeavor to achieve those goals.
- We shall continue to maintain and improve an independent health and safety promotion system to secure employee health and safety and to establish a comfortable work environment.
- By providing education in health and safety, we strive to raise the awareness of all our employees and support and encourage them to be interested in and to observe health and safety practices in all activities in society.
- In every country and region where we conduct business, we maintain close ties with local communities and widely contribute to their society by publicly disclosing our activities and assisting in health and safety activities.



● Concept of Health and Safety

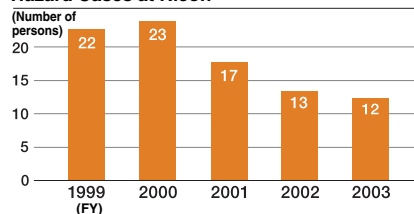
Ricoh believes encouraging more individually motivated activities is a necessary condition for continued and stable improvements. Accordingly, efforts are being made to create a system to make the processes of the different activities more transparent, which will lead to improved results. Efforts are being made to establish a system enabling the Ricoh Group's activities to be implemented on a global scale.

Occupational Hazards

● Shift to Preventive Activities

To reduce occupational hazards, voluntary safety activities closely related with the actual work sites are being implemented, mainly at production sites. The number of occupational hazards has steadily dropped as a result of the shift from after-the-fact activities to preventive measures by running the PDCA cycle on risk assessment, risk improvement for serious risks, and re-evaluation of risk.

Changes in Total Number of Occupational Hazard Cases at Ricoh



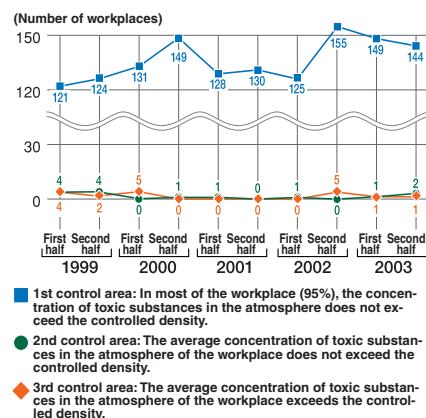
Working Environment is Also Checked Frequently

● Working Environment Measurement

The Ricoh Group continues to monitor its work environment to prevent work-related

health problems. The Ricoh Group endeavors to improve the work environment by measuring not only those substances that are required to be measured by law but also those substances that are not required to be measured by law but may be hazardous to employees' health.

Results of Working Environment Measurement (Ricoh and its affiliates in Japan)



Infectious Diseases

● Combating Infectious Diseases

In the spring of 2003, severe acute respiratory syndrome (SARS), which is an emerging infectious disease, spread through the world. Although the disease is calming down this year, there are no established diagnoses or treatments for the disease, while new infectious diseases such as bird influenza have emerged. This has made it necessary for us to continue taking adequate preventive measures that will be effective against all types of infectious diseases. What is more, recent progress in globalization has increased the risks of infectious diseases spreading rapidly to all parts of the world. The Ricoh Group,

which has business sites all over the world, is taking thorough measures against infectious diseases for all Ricoh Group employees working all over the world, as well as for their families.

● The Ricoh Group's Response to SARS

Ricoh has sent medical appliances such as masks and clinical thermometers to regions where the disease is active, organized a SARS Committee, established an information communication network, and set risk levels based upon three classifications: preventive measures, early detection, and preventing the disease from spreading. We have also prepared two manuals for the Ricoh Group, one for the company and another for employees (Japanese, Chinese, and English versions available). The manuals clarify the concrete responsibilities to be fulfilled by employees and make this known to all employees.

Mental Health Care

● Establishing a System

Guidelines for Promoting Workers' Health at Workplaces (Directive No. 522 dated August 9, 2000*) was published, clarifying the efforts to be made by our companies. Ricoh regards the care of employees' mental health as a contemporary issue in occupational health and safety and is striving to establish the concept of an EAP (Employee Assistance Program), where employees will be supported by the whole company, but with privacy given to individuals.

* Directive No. 522: Issued by the Ministry of Health, Labour and Welfare—Notification of August 9, 2000

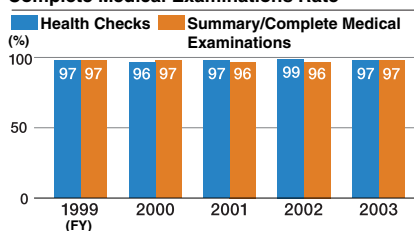
● Compilation of a Database

The mechanism of stress development, methods for stress relief and other information are provided in the Mental Health Care Database, which is available on the in-house LAN. Through stress checks, employees can monitor their own mental state and care for their own mental health. Thus, the database is being used to educate people. To raise the interest level of employees, basic education is given to new employees as well as administrative staff, while efforts are being made to cooperate closely with industrial physicians at business sites, psychiatrists, industrial counselors and clinical psychotherapists. Such efforts have led to early detection and treatment of patients.

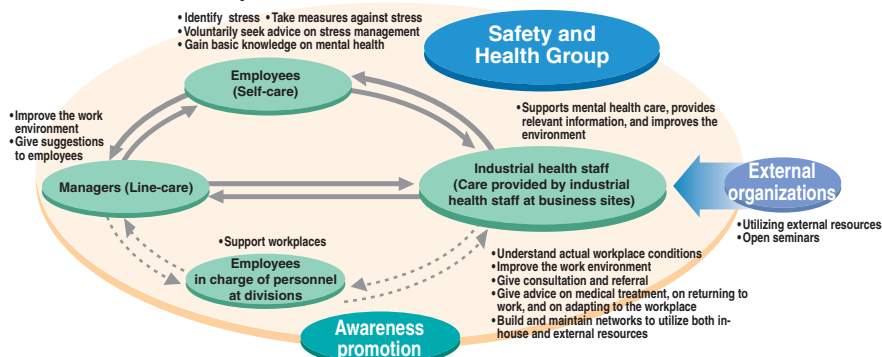
● Health Checkups and Complete Medical Examinations

Ricoh makes it compulsory for all employees between the ages of 35 and 40 to have a health check and summary medical examination, and those aged 40 or older to have a complete medical examination, as part of its continued efforts towards prevention and early detection of disease. Ricoh's health management system also covers the family members of employees, with complete medical examinations offered to spouses. All personal information is held according to strict confidentiality requirements.

Health Checkup Rate/Summary/Complete Medical Examinations Rate



Ricoh's Mental Health Care System



Health Management

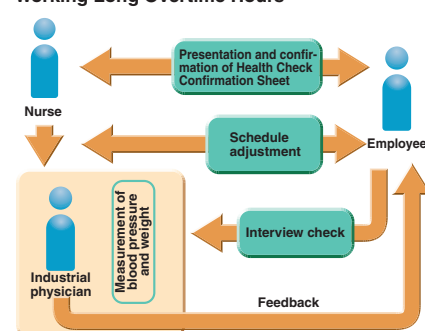
● Health Management in Compliance with the Guidelines

Comprehensive Measures to Prevent Health Disorders Due to Overwork (Directive No. 0212001 dated February 12, 2002) clarified measures to be taken by companies for their employees working long overtime hours. In addition to the Health Checkups for Employees Working Long Overtime Hours guidelines, which are already in place, Ricoh has run its health management in accordance with the guidelines presented by the Ministry of Health, Labour and Welfare since 2002. The physical health of employees are recorded on Health Check Confirmation Sheets, which are used together with the results of past health checkups for interviews with industrial physicians. Such efforts have contributed to early detection of physical and mental disorders.

● Protecting the Privacy of Individuals and the Health Management Database

At some of the business sites, the in-house LAN is used by individuals for filling documents related to health checkups and for setting interview dates, and this has contributed to the protection of the privacy of individuals and improved efficiency in administrative work. In the future, efforts will be made to improve the quality of health management, by developing a company-wide database and increasing the frequency of interviews. At the same time, group standards for health management to avoid overwork will be established, and these will be introduced throughout the Group to improve quality.

Chart of Health Checkup for Employees Working Long Overtime Hours



Social Contribution Activities of the Ricoh Group

Companies, employees, and shareholders cooperate to contribute to the creation of a more affluent society.

As long as a business follows the conventional approach, the ultimate goal of corporate activities will be only to increase a market share. However, expanding society's viewpoint of corporate activities beyond the existing framework would see companies contributing to people's lives and communities, something that has been outside the business framework. The Ricoh Group regards social contribution activities as part of CSR, and Group companies, employees, and shareholders cooperate to promote activities to contribute to the creation of an affluent society based on community principle. Examples of such activities in Japan and abroad are reported below. In the meantime, social contribution activities for environmental conservation, which have an effect on environmental conservation in communities, will be described in the "Harmony with the Environment" section.

Concept of Social Contribution Activities

● Emphasis on both Corporate and Individual Activities

The Ricoh Group contributes to society through close cooperation among the Group companies, employees, and shareholders. The Group does not stick to the traditional framework of social contribution activities that include donations, offering products, and opening facilities to the public. The Group believes that in its fundamental meaning, the company, and people who make up the company should contribute their individual knowledge, abilities, time, money, etc. Companies not only contribute to society as organizations on a large and continuous scale, but also provide systems to support contributions by individuals and small groups where employees take the initiative, allowing for a continuous stream of contributions.

● Four Types of Social Contribution Activities

- 1) **Support using the social contribution reserve**/The amount of funds used for such activities reaches a high level of 1% of the current profits for the relevant accounting year after deduction of dividends paid (with a ceiling of ¥200 million). With these funds, we conduct continuous global support activities to contribute to the solution of social problems.
- 2) **Support through social contribution club/FreeWill**, which was proposed and organized by employees and managed and run mainly by employees, is a support organization giving priority to grass-roots activities. The club reserves the fractions of salaries and bonuses to be paid to employees as funds for its activities. Therefore, they cannot engage in large-scale activities but can be very flexible. In the meantime, the company pays an amount equal to that used for its activities under a gift-matching system.
- 3) **General support by companies**/Besides the two important activities described above, business sites and Group companies actively engage themselves in general support activities such as by general donations, offering products, and opening facilities to the public.
- 4) **Time offered by individuals**/Also, some of the employees offer their own free time for volunteer work in supporting activities.



Kids' Workshop



Kids' Workshop

Social Contribution Activities for Youth

● Kids' Workshop

On February 14 and 15, 2004, a workshop for kids, "You are a Ricoh machine," was held as part of the Youngster's Science Festival. The workshop was jointly organized by Ricoh, Ricoh Tohoku Co., Ltd., Aomori Ricoh Co., Ltd., and NBS Ricoh Co., Ltd. The festival is held every year in various cities in Japan including Tokyo, to encourage children to take a keen interest in science, and Ricoh has participated since the national festival (Tokyo) in 2003*. The Ricoh Group holds these activities with the aim of involving the Group company employees in contribution activities, and to encourage all the employees to participate in such activities through volunteer activities, or offer their free time.

* Ricoh Kids' Workshops held in 2003/ 7th Ricoh Kids' Workshop was held on March 22 and 23 at the Science and Technology Museum. On July 27 and 28, another workshop was held as part of the Youngster's Science Festival at the Science and Technology Museum. A workshop was also held at Jichi Kaikan in Kagoshima City on December 20 and 21.

● Ichimura Nature School

A graduation ceremony for the Ichimura Kanto School of Nature was held on December 6, 2003. The second class to graduate, elementary or junior high school students who entered the school on March 30, consisted of 27 boys and 24 girls. Including the 30 students in the first



Graduation ceremony of the Ichimura Kanto School of Nature



Graduation ceremony of the Ichimura Kanto School of Nature

class, 57 boys and 24 girls, a total of 81 students, have graduated from the Ichimura Kanto School of Nature so far. The Ichimura Nature School is an NPO founded on the basic idea of “learning how to earn a living from mother earth through growing crops and other experiences.” The Ichimura Kyushu School of Nature was also opened in March 2003.

● Ichimura Idea Award

The awards ceremony for the 34th Ichimura Idea Award sponsored by the New Technology Development Foundation was held on November 7, 2003 at Toranomon Pastoral in Tokyo. The award was created to nurture children’s originality and ingenuity. Every year, elementary and junior high school students from all over Japan are invited to present their ideas and awards are given for outstanding work. There were 6,639 entries this year, from which “Hikari-no Hidokei (photo-solar clock)” made by a 5th-grade elementary school student in Fujiyoshida, Yamanashi Prefecture won the highest award. Instead of the position or length of a shadow, the student used light for direct measurement of the movements of the sun. This counterintuitive idea was highly evaluated by the judges.



“Hikari-no Hidokei” which won the highest award

● Nature School for Children

Ricoh’s Fukui Plant held a nature school course on October 9, 2003, inviting 65 4th-grade stu-



Nature school course (Ricoh’s Fukui Plant)

dents from neighboring elementary schools. The motto of the Fukui Plant, “seeing rather than hearing; touching rather than seeing,” was put into practice. The participating children had a chance to actually touch Indian Fritillary in the course, whose habitat is moving northwards due to global warming.

Support for Social Contribution Activities by Employees

● NPO Seminar

The first NPO Seminar was held on January 21, 2004 in the hall of Ricoh’s Ohmori Office, with Kazuho Seko, instructor at the Tama Institute of Management and Information Sciences and Tokyo Keizai University and Representative Director of the NPO Training and Resource Center invited as a lecturer. This was one of the Group’s activities aimed at active expansion and support for social contribution activities by employees.

● Relief Donations for the Earthquake in the Southeastern Part of Iran

On January 30, 2004, Ricoh made a donation to the Japanese Red Cross Society to support the speedy reconstruction of the quake-hit area. Reportedly, 41,000 people died in this major earthquake that hit the southeastern part of Iran before dawn on December 26, 2003, causing great misery and damage.

● Participation in Ashinaga P Walk 10

After talking with people from the Ashinaga Scholarship Society, a private organization that provides material and emotional support for children who have lost their parents due to disease, disaster, or suicide, it was agreed that all the active members of the social contribution activity club would participate in “Ashinaga P Walk 10” that is held twice a year.



Ashinaga P Walk 10 (Ashinaga Scholarship Society)

● Campaign to Collect Unsent New Year Cards

About 500 million New Year postcards are not sent as a result of being spoiled, or remain unused. The collective value of these unsent postcards is about 22.5 billion yen, and a number of NPOs and NGOs are engaged in collecting and using them. The Ricoh Group has participated in the campaign since 2000 through an international cooperation NGO, Hunger Free World. Through company magazines, the Group invites employees to participate in the campaign, and the postcards collected are used for activities to create a hunger-free world.

● Social Contribution Club: FreeWill

The Social Contribution Club: FreeWill was founded in January 1999 with the aim of putting small acts of kindness together to contribute to society. It has more than 2,000 members now and makes donations four times a year, mainly for grass-roots support activities. Funds are collected and are covered by a gift-matching system, under which an equal amount is paid to the club by Ricoh, to support the social contribution activities of employees. A total of 19 donations have been made so far. The organizations receiving donations include an international cooperation NPO for educational and medical support, a social welfare association that supports people with physical disabilities, and an NPO that supports exchanges among children in Asia and Japan.

Number of Organizations Receiving Donations

Fields of activities	Number of organizations (total 22)
Social welfare	6
Fostering youth	5
International cooperation	8
Environmental conservation	3

Social Contribution Activities of the Ricoh Group (Japan)

Ricoh's social contribution activities as a corporate citizen and a member of the local community

As a global citizen, the Ricoh Group is promoting social contribution activities at home as part of CSR, to contribute to the further development of society and culture. In business activities, the Group contributes to welfare activities by providing even better products, systems, and services. It is committed to community-oriented social contribution activities as well, from an international point of view, with the aim of supporting development that respects the cultures and customs of individual people, regions, and countries by creating employment and providing technology, thus contributing to the constructive development of markets, and supporting the economic development of international society. At the same time, we are endeavoring to leave an even better community for our children, who are the support and driving force of tomorrow's Japan.

Accessibility

● Efforts for Easier Access for People with Dichromatic Vision

Ricoh is making active efforts for mitigating the inconvenience for people with dichromatic vision, which has recently attracted much attention. This is in line with our efforts to harmonize with society and expand the field of view in activities. Some examples follow.

Sales materials/Ricoh Human Creates Co., Ltd. launched its efforts to avoid color printing that might confuse people with dichromatic vision into written proposals in fiscal 2003.

Educational lectures/Ricoh Technosystems Co., Ltd. added the introductory course on accessible* web pages to its school courses.

LED switch/Ricoh Appliance Promotion Office exhibited an easily identifiable trial LED switch at a lecture meeting and plans to develop it.

Lecture meeting/A lecture meeting titled the "Color printing to eliminate confusion for people with dichromatic vision" was held on June 2, 2003 at the Omori Office, inviting as lecturer Mr. Hiroshi Ito, Assistant Professor at the Institute of Molecular and Cellular Biosciences of the University of Tokyo, who is dealing with this issue.

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* Accessibility: products and commodities that can be used by people with disabilities.

Community-Oriented Contributions (Japan)

● Participation in Bunkyo Volunteer Festival 2003

Software R&D Group of Ricoh participated in the Bunkyo Volunteer Festival 2003 which was held on November 22, 2003 at Bunkyo-ku Social Welfare Center of Tokyo, right from the planning stage. A reading machine for physically challenged people was exhibited, which utilizes Ricoh's letter recognition technology and voice technology, and the experiences of physically challenged people working in the Software R&D Group were introduced, further contributing to good communication with local people. The School for the Blind at Tsukuba University in Myogadani has agreed to use the reading system on an experimental basis.



Bunkyo Volunteer Festival 2003 (Software R&D Group)

● Friendship Concert by Tohoku Ricoh

Tohoku Ricoh Co., Ltd. held their 2nd Tohoku Ricoh Friendship Concert in Tsukigi Culture Center in Shibata-machi, Miyagi Prefecture on January 19, 2003, following last year's concert. This was organized by a volunteer group of Ricoh employees, and a guitarist who lives in

Sendai and a locally famous brass band also played there. People from a local facility for the people with mental disorders also enjoyed the two-hour concert.



Friendship Concert (Tohoku Ricoh)

● Donated Wheelchairs Bought with Proceeds from Aluminum Cans

Ricoh's Numazu Plant donated three wheelchairs to Numazu City on February 13, 2004. The wheelchairs were bought with the proceeds from collecting aluminum cans, which has been continuing since fiscal 1998. The donation was the result of the 6th year of collection activities, bringing the total number of wheelchairs donated to 15. "Mutual cooperation between corporate efforts and administrative officials will improve the community. I hope that this kind of cooperation will make Numazu City a place where people can live fulfilled lives," said the mayor.



Donation of wheelchairs (RicoH Numazu Plant)

● Donation of Special Equipment to Welfare Facilities in Okazaki City

The Okazaki Plant of Ricoh Elemex Corporation is running various activities, and these are led by the RE Recycling Club consisting of members involved in environmental activities. The plant collected about 90,000 aluminum cans over two years and used the proceeds to buy and donate to the welfare facilities in Okazaki City on May 27, 2003 special cushions that children stricken with poliomyelitis can use to maintain a relaxed posture, and using which they can change their body position to prevent pressure sores. For this social contribution, the Mayor of Okazaki City sent the plant a letter of appreciation. Okazaki Plant continues discussions with neighboring elementary schools on the subject of the environment. Thus the plant is cooperating with people in peripheral regions to make further efforts in environmental conservation and social contribution.



Collection of aluminum cans
(Okazaki Plant of Ricoh Elemex)



Donated special cushions

● Donation of Aging Simulation Kits

Ibaraki Ricoh Ltd. has supported volunteer activities to collect aluminum cans since 1999, to promote environmental conservation and social contribution. As a result of the 3rd Aluminum Can Collection Volunteer Campaign conducted between August 2001 and July 2002, about 380,000 cans were collected, generating about 310,000 yen. With the proceeds of the campaign, Ibaraki Ricoh donated 16 aging simulation kits to the Ibaraki Welfare Association on January 23, 2004. Each kit contains six items, including a pair of goggles to narrow the field of vision and weights to be attached to the hands and legs. Younger people can experience how physical changes due to aging may affect daily living. The 4th campaign started in August 2002.

● Donation to the Japan Guide-dog Association

On March 27, 2003, the motorist club consisting of car commuters from Ricoh Research and Development Center made a donation to the Japan Guide-dog Association, which sent a letter of appreciation to the club. Car commuting was abandoned at the end of December 2002, which resulted in the dissolution of the club. After discussions about how to use the surplus funds from member fees, members of the club unanimously decided to donate the funds to an organization related to traffic safety, as their contribution to society. The Ricoh Group tends seeds of goodwill in individual employees so that they may grow into flowers and fruits; that is, into social contributions.



Donation to Japan Guide-dog Association
(Rico Research and Development Center)

● Riverhead Forest Gathering

Eighteen people, including employees of Ricoh Group companies such as Ricoh Research and Development Center, Kanagawa Ricoh Co., Ltd. and Ricoh Technosystems Co., Ltd, and their families, participated in the Riverhead Forest Meeting on October 25, 2003 as forest partners. This was an environmental event sponsored by Kanagawa Prefecture, with the participation of about 200 people. They spent a meaningful day, enjoying trekking while watching nature and thinning the forest, enjoying a forest concert of anklung, an Indonesian musical instrument, and taking part in an exchange meeting of water resource forest partners. The circle of social contributions by individual employees is being expanded to include their families and friends.



Ricoh Group employees and their families
participating in the Riverhead Forest Meeting

● Support for the Children of Car Accident Victims

Ricoh Logistics System Co., Ltd. (RLC) made a donation to the Foundation for Orphans from Automobile Accidents. This was one of the events to commemorate the 40th anniversary of the foundation of RLC, a logistics company which aims to support children of victims of car accidents. All RLC employees who endorsed the objectives made donations to the foundation, as well as the company itself, in support of its employees' efforts.

Social Contribution Activities of the Ricoh Group (International)

Developing social contribution activities in various parts of the world in light of economic development

Some of the global activities for harmonization with communities are reported below. Examples that contributed to the economic development of the community include the cacao project in Ghana, which paved the way for an unprompted reduction in the rate of tree felling in virgin forests, and support for suppliers in China who have expanded their business chances through technical assistance. Community-oriented contributions include Ricoh Europe B.V.'s support for sporting events, including World Cup Skiing and the Berlin Marathon, and support activities by Ricoh Hong Kong including donations to combat SARS.

International Contributions for Spontaneous Development

● Tropical Rain Forest Recovery Project in Ghana

In areas where it used to be necessary to cut down virgin forest every time fields became barren, a project is under way to cultivate another type of cacao that grows in the shade, which does not require the forest to be cleared. This project has spread sustainable forest agriculture without clearing trees, leading to the recovery of the forest. Also, local communities who grew this kind of cacao in forests have been able to increase their harvests and became better off than before, which has revitalized those communities.

* See page 38.

● Supporting Suppliers in China

The Ricoh Group provides suppliers with technical support and know-how so that they can meet the Green Procurement Guidelines. As a result of attaining Ricoh's environmental standards, suppliers in China have learned to satisfy the procurement re-

quirements of other companies, resulting in an expansion of their business chances. This support helps the groups' suppliers and their employees raise their consciousness of environmental conservation, while contributing to corporate activities aimed at ISO 14001 certification.

[Europe]

● Ricoh UK Products Ltd. Won the Highest CSR Award

The Group's British manufacturing subsidiary, Ricoh UK Products Ltd. (RPL), won the highest award in the CSR section at the UK Excellence Awards held in London on October 28, 2003. This follows their winning of the Management Quality Award for the Midlands in Britain. The CSR award is given to the company that has contributed most to the community and paid the most careful attention to the environment.

● Forest Ecosystem Conservation Activities Started at Ricoh Europe B.V.

On March 10, 2003, Ricoh Europe B.V. (REBV), the regional headquarters for Europe, decided to support the primitive forest campaign for the recovery of woodland biodiversity conducted by the WoodLand Trust, an environmental NPO in the United Kingdom, for three years. The WoodLand Trust has 250,000 supporters and cares for about 1,100 sites (19,000 hectares) under the National Trust (a scheme to purchase land for nature preservation).



Collection of waste under the Pelican Project (Ricoch Italia)

● Supporting Environmental Conservation Activities in Venice

On January 22, 2004, Ricoh Italia S.p.A. announced that the company would assist in the Pelican Project in Venice. Under this project, two boats collect waste floating on the Grand Canal from St. Mark's Square to Rome Square for about five hours each day.

● Donation of Wheelchairs at Ricoh Industrie France

Ricoh Industrie France S.A. (RIF) is participating in donations from the national program to collect used plastic caps, donating wheelchairs and making contributions to an orphanage in Madagascar. The company also set a date for opening its facilities to the public in 1991 in order to encourage exchanges with local people. A total of 11,000 people have visited its facilities so far.



Collecting plastic caps for donation (RIF)

● Support for the Nelson Mandela Children's Fund by Nashua Ltd.

Nashua Ltd. in South Africa, a sales agency of Ricoh Europe B.V., is supporting the Nelson Mandela Children's Fund, a charity organization that was started by Nelson Mandela, the Nobel Prize-winning ex-president, and which has captured the best at-



Support for the Nelson Mandela Children's Fund (Nashua Ltd.)

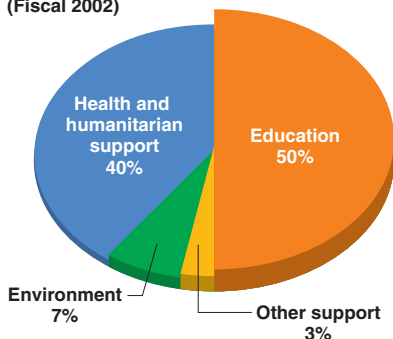
tention of the people of South Africa. In close cooperation with sales companies, Nashua South Africa participated in activities to raise over 200,000 rands (about 3.6 million yen) for a pickup car for children who spend two hours commuting to school.

[Americas]

● Financial Aid for Health and Education in the United States

Ricoh Electronics, Inc. (REI) in the United States is engaged in a variety of local contribution activities. Financial aid is being given to support activities closely related with living in the community, and these are used for education, health management, supporting the Red Cross, and so forth. These activities are varied, including the provision of funds to elementary and high schools and health and humanitarian support.

Breakdown of Support Given by REI
(Fiscal 2002)



● Participation in Recycle Day

In line with the America Recycles Day program in the United States, on November 14, 2003 employees of Ricoh Corporation (RC) cooperated in recycling home electronic appliances. Ricoh Group companies



Employees coming together on America Recycles Day with electronics appliances that are no longer used.

in New Jersey participated in the event, collecting computers, facsimiles, printers, scanners, TV sets, projectors, etc. that were no longer in use, to a total weight of 2 tons, thus contributing to the recycling campaign.

[Asia Pacific]

● Donation of Benches to Schools

Ricoh Australia Pty., Ltd. (RAP) donates park benches to local schools, colleges and business entities. The benches are made of recycled materials that are recovered through a toner bottle collection program.

● Environmental Art Exhibition Held in Australia

In September 2003 Ricoh Australia Pty., Ltd. (RAP) held a competition to select pic-



Environmental Art Exhibition (RAP)

tures for an Environmental Art Exhibition for children aged 8 to 12. The theme was "Our Earth, Our Tomorrow," and many unique works of art were exhibited. In this way, the event contributed to environmental education for children.

● Elderly Visit Activities in Hong Kong

A staff club (formerly called Ricolity Club) of Ricoh Hong Kong Ltd. (RHK) visited a center for the elderly in Kowloon in September 2002, together with members of a family welfare association in Hong Kong, and gave gifts of cake and fruit to people aged 60 or older. In December, the club visited a center for children with mental disorders and talked with them, played games, and gave them Christmas presents. It also participated in the Kowloon Charity Walk in January 2003.

● Ricoh Hong Kong Donation to Combat SARS

SARS, an emerging infectious disease, spread rapidly across Asia including China in the spring of 2003. The Ricoh Group, which has business bases in Asia, offered material support for aggressive action in the affected regions, including preventive measures and measures to prevent the disease from spreading. In this, Ricoh Hong Kong Ltd. played a key role. Although general face masks were available locally, they donated 25,000 masks suitable for SARS.

[China]

● Children's Photography Class in China

Ricoh China Co., Ltd. has supported photographic education for young people sponsored by Youth Publishing Co., Ltd. in China for more than six years (including the period when it was in charge of Ricoh Hong Kong). This helps to develop artistic appreciation in the young people of China, as part of the group's social contribution to the education of young people.

Relationship between Companies and the Global Environment

We need to reduce the environmental impact of society to a level that the Earth's abilities to recover can deal with.

Ricoh introduced its General Principles on the Environment in February 1992, containing the following declaration: "Based on our management principles, we recognize environmental conservation as one of the most important missions given to mankind, and we regard environmental conservation as an integral element in all our business activities. We therefore assume responsibility for environmental conservation and approach this on a companywide basis." Accordingly, the Group mapped out Basic Policy and Action Guideline, while a sustainable management system covering the whole Ricoh Group was launched in April 2002.

Three P's Balance™

● Global Environment and Society

The Ricoh Group engages in activities with a clear concept of environmental conservation under their "Three P's Balance," which shows the relationships between the global environment and society. The three P's represent planet (environment), people (society) and profit (economy). By analyzing and having a better understanding of the relationships among the economy, society, and the earth since the Industrial Revolution, the Ricoh Group clearly shows its vision for the world we should pursue.

● Society Growing beyond the Global Environment

Before the Industrial Revolution/The environmental impact of economic activities was small enough for the natural environment to restore itself.

From the Industrial Revolution to date/We entered an age of mass production, mass consumption, and mass disposal and started acting as if we were unrelated to the natural environment. The environmental impact exceeded the ability of the natural environment to restore itself, resulting in stresses on both the environment and society. As a result, companies could no longer obtain the support of society without committed support for environmental conservation. Society's impact on the environment, which used to be small enough for the natural environment to recover itself, has grown rapidly and steadily since the Industrial Revolution. Consequently, companies are being required to play more and more important roles, and achieving reduction targets is no longer our only goal. The Ricoh Group is engaged in resource-recirculating environmental conservation activities with a clear vision in its mind, to move towards a world in which environmental impact is controlled to a level that is within the abilities of the natural environment to restore itself.

● Present Activities Including Environmental Conservation Activities

The separation of refuse, recycling activities, and energy conservation activities have spread. In the manufacturing sector, efforts are being made to develop products with longer lives and that require less energy, as well as towards downsizing, energy conservation, and recycling. It has become an important issue to gen-

erate the largest social and corporate profits with the minimum resources. Global companies are being required to provide support for and educate people in developing countries and regions efficiently, causing only the minimum environmental impact, while making efforts to preserve forests and allow the natural environment to regenerate itself through its own powers (see Figure A below).

● Towards a Society that is Part of the Global Environment

To preserve the global environment for future generations, people need to recognize that they are part of nature and should strictly limit their environmental impact to a level that is within the abilities of the natural environment to restore itself. It is therefore important to set clearer goals to prevent global warming and pollution and to save resources. The Ricoh Group will establish the 2010 long-term environmental goals as a milestone on the path to its long-term vision of the ideal sustainable society. We need to face these challenges with a new attitude in order to overcome the most serious threats to our own existence (see Figure B below).

Comet Circle

● Development of a Sustainable Society that Recirculates Resources

The Ricoh Group's efforts to create a society that recirculates resources are based upon the Comet Circle concept (see the figure at the bottom of the next page). The upper route represents the arteries of the system, which is used for marketing products, while used products take the lower route, along the veins of the system. The spheres depict partners in a society that recirculates resources.

Figure A

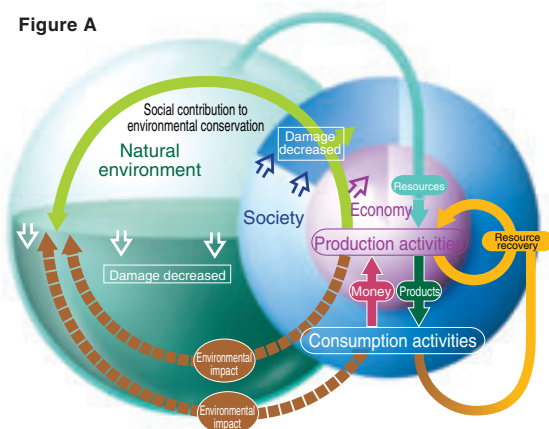
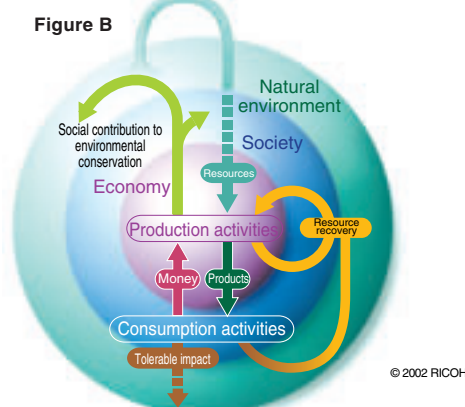


Figure B



© 2002 RICOH

● Towards Sustainable Environmental Management

To achieve a sustainable society that recirculates resources, it is necessary to recycle products through the inner loops of the Comet Circle as much as possible and promote recirculation that is highly economical and causes less environmental impact. The Ricoh Group places much emphasis on the development of products with less environmental impact, contributing to customers' efforts to reduce environmental impact and make recycling activities profitable, to make the Comet Circle more effective. Also, efforts are being made to establish an infrastructure in which arteries and veins are combined, as well as to improve designs that facilitate recycling. Thus, efforts are underway globally to make the recycling business profitable. The Group will contribute to creating a resource-recirculating society under a system where goals can be clearly set.

Major Activities Based upon the Comet Circle Concept

(1) Determine and Reduce Environmental Impact at All Stages

Because a society must minimize the total environmental impact it causes, the Ricoh Group, suppliers, customers, and recycling companies must first determine the degree of environmental impact at all stages, including the transportation stage, by using an sustainable environmental management information system

and then reducing it by using the latest environmental conservation technologies and promoting recycling and collection systems all over the world.

(2) Priority on Inner Loop Recycling

Resources have the highest economic value when they are manufactured into products and used by customers. The Ricoh Group puts priority on reducing, reusing, and recycling products on the inner loops of the Comet Circle, aiming at minimizing the resources, cost, and energy needed to return used products to their highest economic value.

(3) Promoting a Multitiered Recycling System

Repeated recycling to the greatest extent possible (i.e., multitiered recycling) reduces the consumption of new resources and the generation of waste. The Ricoh Group is promoting the effective use of resources by establishing a system in which products recovered from the market are supplied to the market again.

(4) More Economically Rational Recycling

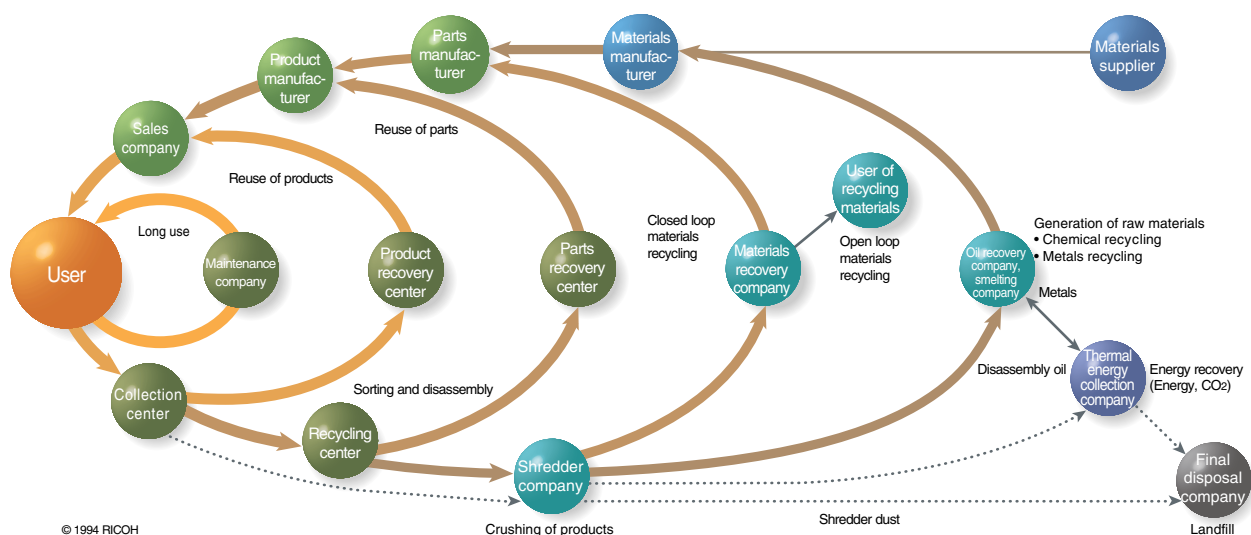
A society that recirculates resources must also establish a recycling system in which products and money flow in opposite directions in both post-product-use stages and original production and marketing stages. The Ricoh Group, making use of an upgraded design, is promoting a

more economically rational recycling system in partnership with recycling companies. At the same time, it is important to establish a social system that helps people to be aware of environment-friendly business activities and buy products with less environmental impact.

(5) Partnership at Every Stage

The Ricoh Group is limited in what it can do to reduce the environmental impact at each stage of production. In order to reduce the environmental impact effectively, partnerships are essential. The Ricoh Group can effectively reduce the environmental impact from all its business areas just by decreasing the amounts of chemical substances it uses in cooperation with materials and parts manufacturers. It also urges its customers to use products that have less environmental impact, and to use those products in ways that produce less environmental impact. Improving efficiency when transporting products to their markets, as well as when transporting used products, and reducing recycling costs and the environmental impact generated by recycling are also important. Thus, environmental impact can be reduced effectively in an economically rational way by forming partnerships at every stage. Also, the Ricoh Group helps reduce the environmental impact caused by society as a whole by disseminating and sharing the information and know-how it has obtained through its activities in the community.

Concept for Realizing a Society that Recirculates Resources: The Comet Circle™



Year 2010 Long-Term Environmental Goals and Promotion of Sustainable Environmental Management

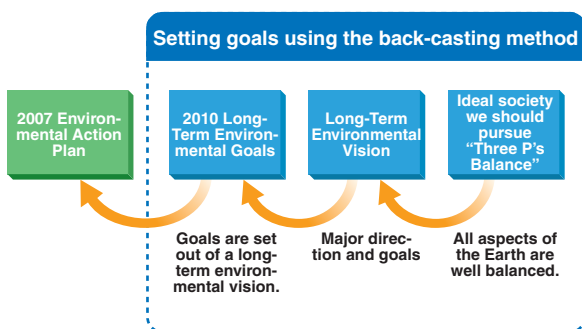
The Ricoh Group sets goals using absolute values to reduce the integrated environmental impact of its entire business activities.

Developing a Sustainable Society

To conserve the global environment and achieve a sustainable society, it is necessary to limit environmental impact to a level that is within the abilities of the natural environment to restore itself. The world has now embarked on efforts to achieve a sustainable, recycling-based society. This trend is quite evident in the adoption of the Kyoto Protocol and recent developments relating to environmental laws and regulations in Japan and Europe. However, our goal is not just to comply with these conventions and regulations. Looking ahead as far as we can and reviewing the current situation from a point in the future, we need to share our vision of the ideal society and global environment, set goals to realize our ideals, and aggressively promote environmental conservation activities. The Ricoh Group has described its long-term vision of the ideal society it pursues by its “Three P’s Balance,”* and will establish “the Year 2010 Long-Term Environmental Goals” by the end of fiscal 2004 as a milestone on the journey to these ideals.

* See page 33.

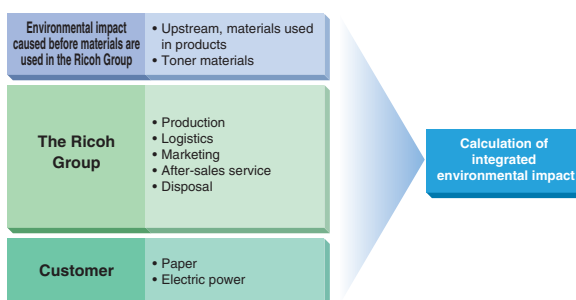
How to Set Environmental Goals



Reducing the “integrated environmental impact” of our entire business activities using “absolute values”

The first step in conserving the global environment is to comprehensively assess the impact that energy use and the use of chemical substances have on the global environment and to determine reduction goals accordingly. If reduction of CO₂ and resource conservation is promoted separately, environmental impact reduction goals might be achieved in a defined area, but the environmental impact might increase more than the amount reduced in other areas or processes. Also, relative goals set based on efficiency such as units and factors alone might not be effective for environmental conservation in practical terms. Therefore, it is necessary to set goals using “absolute values” for environmental impact as well. Above all, environmental impact should be reduced not only in the Ricoh Group but also across our entire business activities through partnerships, covering all areas of collection of resources, manufacturing of parts by suppliers, manufactur-

Reduction Areas of Environmental Impact (Eco Balance)



Considerations in Preparing an Environmental Action Plan



ing of products, transportation, marketing, use of products by customers, and recycling. Based on these ideas, the Ricoh Group will establish the Year 2010 Long-Term Environmental Goals by the end of fiscal 2004, which clearly state the reduction goals using “absolute values” for “integrated environmental impact”^{*} that cover all environmental impact caused in all business areas. The Environmental Action Plan that forms part of the medium-term management plans for fiscal 2005 through 2007 will be prepared based on the Year 2010 Long-Term Environmental Goals.

^{*} Integrated environmental impact is obtained by integrating all environmental impact caused by CO₂ emissions, use of chemical substances, etc. Currently, the Ricoh Group is calculating the integrated environmental impact using EPS, which is an integrated analysis method developed in Sweden. The unit is the ELU. The integrated analysis method used is subject to change as necessary.

Sustainable Environmental Management of the Ricoh Group From Passive Stage to Proactive Stage and Responsible Stage

To continue its efforts to reduce environmental impact from a long-term perspective, the Ricoh Group needs to continue business and grow as a company by promoting sustainable environmental management that generates economic values through environmental activities. In its past environmental conservation efforts, there were three stages. The Ricoh Group first went through a Passive Stage, and then a Proactive Stage, and now it is in the

Responsible Stage of sustainable environmental management. In the Passive Stage, the Ricoh Group coped with social pressures by dealing with laws and regulations and competing with other companies. In the Proactive Stage, however, it began to take voluntary actions to reduce the environmental impact of its business activities and products with a sense of mission as a global citizen. In the current Responsible Stage, the Ricoh Group aims to achieve continuous environmental conservation by pursuing economic values while aggressively reducing the environmental impact of its business activities.

Working towards the ideal society

To move closer to the ideal society, the Ricoh Group has improved the level of sustainable environmental management by developing environmental technologies and encouraging all employees to participate in environmental activities. Each employee in the Group is encouraged to have a strong environmental awareness and set higher goals voluntarily. The Ricoh Group will continue to work to realize the ideal society it is pursuing by aggressively developing environmental technologies, encouraging all employees to participate in environmental activities, and providing customers around the world with products and services with less environmental impact.

Three Steps in Environmental Conservation Activities (From Passive Stage to Proactive Stage and Responsible Stage)

	Passive Stage	Proactive Stage	Responsible Stage
Purpose	Coping with social pressures <ul style="list-style-type: none"> • Laws and regulations • Competition • Customers 	Carrying out its mission as a global citizen <ul style="list-style-type: none"> • Self-imposed responsibility • Voluntary planning • Voluntary activities 	Simultaneously achieving environmental conservation and profits
Activities	Passive measures to meet laws and regulations, competing with other companies, and satisfying customer needs	<ol style="list-style-type: none"> 1. High-aiming, aggressive activities to reduce environmental impact <ul style="list-style-type: none"> • Energy conservation • Resource conservation and recycling • Pollution prevention 2. Improved awareness of all employees 	Environmental conservation activities ≙ QCD activities [*] <p>Ex.: Reduced number of parts Reduced number of process steps Improved yield and operation rate</p>
Tools		<ol style="list-style-type: none"> 1. ISO 14001 2. LCA 3. Training program for environmental volunteer leaders 	<ol style="list-style-type: none"> 1. Strategic goal management system 2. Environmental accounting 3. Sustainable environmental management information system

^{*}Activities to improve quality, control costs, and manage delivery times

Social Contribution Activities toward Environmental Conservation

We are making efforts to conserve global forest ecosystems and enhance our employees' global citizen awareness.

To conserve the global environment, it is important not only to reduce environmental impact, but also to maintain and enhance the resilience of the global environment. The Ricoh Group is promoting forest ecosystem conservation projects at many places all over the world in partnership with environmental NPOs and local communities. In Japan, the Ricoh Group is implementing an Environmental Volunteer Leader Development Program to enhance each employee's global citizen awareness and support environmental conservation activities conducted by local communities.

Forest Ecosystem Conservation Projects

<Rico Group/Global>

On the earth, various life habitats exist and unique ecosystems are maintained in forests, grasslands, lakes and ponds, coral reefs and oceans. If these ecosystems are damaged, the possibility would be extremely high that the natural environment including water, air, climate, soil, etc. that is indispensable for maintaining the life of human beings would be harmed. Ricoh places priority on forest ecosystems with

rich biodiversity and is promoting forest ecosystem conservation projects in partnership with environmental NPOs and local communities. For details, see the ECO TODAY* environmental web site.

* http://www.ricoh.co.jp/ecology/ecotoday/index_e.html

Environmental Volunteer Leader Development Program

<Rico Group/Japan>

To conserve the global environment, it is important for each employee to volunteer for both company-run and outside environmental conservation activities as a global citizen. However, at present, in comparison with the United States or Europe, very few people in Japan participate in citizens' groups or volunteer activities. To encourage employees to participate in such volunteer activities, it is important, among other things, that companies enhance the environmental awareness of their employees. It is also effective to seek assistance from environmental conservation NPOs, which are pioneers in environmental conservation, in order to conduct training programs that can motivate employees and continually remind them to preserve nature. In June 1999, the Ricoh Group launched an Environmental Volunteer Leader Development Program as part of its employee training program. In fiscal 2001, the program was expanded to include Ricoh Group employees and retirees. By the end of fiscal 2003, as many as 245 persons, including executives, became environmental volunteer leaders. The leadership-training program consists of the elementary and intermediary courses at

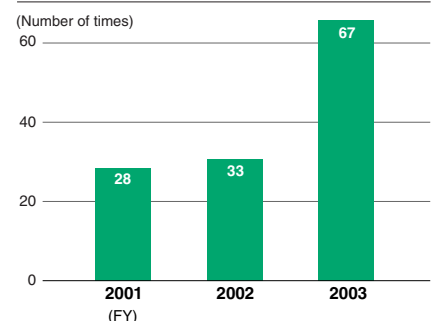
Ricoh nature seminars, forest seminars and Ricoh Company Meetings for Environmental Volunteer Leaders. Actual environmental activities of these leaders will be followed up after they have attended the training program. Following the elementary course, each leader will develop environmental volunteer activities in close cooperation with their divisions or local communities.

Expansion of Environmental Volunteer Activities

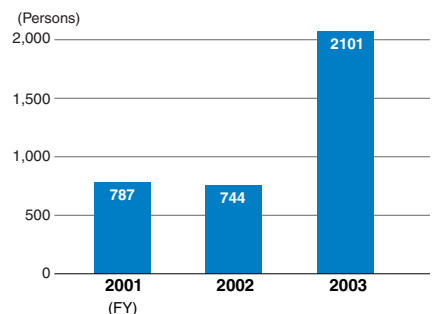
<Rico Group/Japan>

Activities of environmental volunteer leaders have increasingly expanded from those of employees and their family members/friends to those of these persons and local communities, including children. Volunteer activities are expanding from production sites to sales companies across the country.

Number of Environmental Volunteer Activities



Number of Participants in Environmental Volunteer Activities



Environmental Volunteer Leader Development Program



Examples of Project Activities for Preserving Forest Ecosystems

Sample Activities (International)

● Project to Recover Tropical Rain Forests in Ghana

<The Ricoh Group/Ghana>

Ghana is the second largest exporter of cacao. In the country, however, cacao used to be grown in fields created by clearing the virgin forest. Ricoh has supported a project to recover the tropical rain forest by spreading the method of growing cacao in the forest since 2002. By preserving the local environment, Ricoh is contributing to revitalizing the community.



Ricoh employees are co-operating with local community in Ghana



Ricoh Corporation employees and the WWF afforestation team visiting the Sierra Tarahumara

● Riverhead Forest Conservation

<Ricoh Corporation/Mexico>

In February 2004, Ricoh Corporation, the regional sales headquarters for the Americas, began supporting the conservation of the Sierra Tarahumara forest in Mexico with the World Wide Fund for Nature (WWF). The forest covers 60,000 square kilometers and is the source of several rivers. It is the habitat of pine and oak trees indigenous to the area. The aim of the forest conservation is to protect precious riverheads that supply water to the entire North Mexico region of 1.5 million residents and 600,000 hectares of agricultural land.

● Supporting the Corporate Afforestation Scheme

<Ricoh Hong Kong/Hong Kong>

Since 2001, Ricoh Hong Kong Ltd. has worked with Friends of the Earth (FoE) in the Corporate Afforestation Scheme in support of the Hong Kong Special Administrative Region Government's initiatives in restoring the woodland in Sai Kung, Hong Kong, that was destroyed in a fire. On December 7, 2003, 197 employees and their families re-visited the woodland and took care of the saplings they had planted.



Ricoh Hong Kong employees and their families who took care of saplings

Sample Activities (Japan)



Club members and their family members planted Buna (Japanese beech)

● Planting of Buna (Japanese beech) at Tomeyama, Hachimori-machi

<Akita Ricoh Co., Ltd.>

176 employees (about 95% of all employees) of Akita Ricoh belong to the Akita Ricoh Environmental Conservation Club. Contributions from club members and matching funds from Akita Ricoh are provided to environmental groups. The club members participate in forest conservation activities. On September 5, 2003, the club members participated in tree-planting activities organized by the Shirakami Nature Association.

● Citizens' Forest Project in Nagano City

<Nagano Ricoh Co., Ltd.>

Employees of Nagano Ricoh participated in the citizens' forest creation project implemented under Nagano City's Agenda 21 Nagano Environmental Action Plan. They are promoting activities with citizens to create a forest that will be a place of play, relaxation, recreation, and learning.



Employees of Nagano Ricoh and their families who participated in the project

● Activities to Conserve Fureai Forest

<Ricoh Kyushu Co., Ltd.>

Together with local residents, employees of Ricoh Kyushu are promoting activities to conserve the national forest named Fureai-no Mori, which is located in Sefuri village, Saga Prefecture. They improved footpaths and cut down dead trees. They plan to organize a nature seminar for local children in the future.



Volunteer activities by Saitama Ricoh employees

● Mt. Kannon Environmental Improvement Volunteer Activities

<Saitama Ricoh Co., Ltd.>

On June 29, 2003, 12 employees of Saitama Ricoh participated in environmental improvement activities organized by the Saitama Council of Nature Conservation Instructors, The Nature Conservation Society of Japan. They conducted activities to conserve Nikko Kisuge (a kind of day-lily), Katakuri (dogtooth violet), and Wasurenagusa (forget-me-not) habitats.



Employees of Ricoh Kyushu participated in activities to improve forest conditions

Fiscal 2002–2004 Environmental Action Plan and Fiscal 2003 Results

In fiscal 2001, the Ricoh Group compiled an environmental action plan for the period from fiscal 2002 to fiscal 2004. The plan sets 17 environmental impact reduction goals and activity targets in the following areas: improved environmental performance of products (ener-

gy conservation, prevention of global warming, resource conservation and recycling, and pollution prevention), environmental conservation activities at plants and offices (energy conservation, prevention of global warming, resource conservation and recycling, and pollution

The Ricoh Group's Environmental Action Plan (FY 2002–2004)

1. Improving environmentally-friendly functions and promoting technological development*

- 1) Promote the use of energy-saving technologies in products.
 - Achieve Ricoh's energy-saving goals.
- 2) Promote pollution-preventing measures with regard to products.
 - Completely eliminate the use of environmentally-sensitive substances (i.e., lead, hexavalent chromium, polyvinyl chloride, and cadmium) in products.
 - Reduce noise levels by at least 2 dB (weighted average value for the number of units sold out of the number of units marketed in fiscal 2000).
 - Observe Ricoh standards that cover environmentally-sensitive substances emitted by products, including styrene, ozone, and dust.
- 3) Develop new environmental technologies.
 - Develop practical application technologies for alternative paper and rewritable paper.

2. Increasing the resource conservation rate by improving the productivity of products and materials as well as profitability in the recycling business*

- 1) Improve the quantity of reusable parts used by a factor of at least 20 (compared to fiscal 2000 in Japan).
- 2) Improve the collection rate of used products and toner cartridges by at least 10% in terms of the number of units collected (the Ricoh Group as a whole, compared to fiscal 2000 figures.)
- 3) Increase the number of resource-recirculating-type products marketed by a factor of at least 20 (in Japan, compared to fiscal 2000 figures).
- 4) Improve the resource recovery rate for used products and toner cartridges.
 - The resource recovery rate for equipment and toner cartridges rises to 98% (in Japan).
 - The resource recovery rate for equipment and toner cartridges rises to 85% (in Europe).
 - The resource recovery rate for equipment rises to 95% and that of toner cartridges to 100% (in the Americas).
 - The resource recovery rate for equipment rises to 85% and that of toner cartridges to 85% (in the Asia-Pacific region).

3. Environmental conservation activities at plants and offices*

- 1) Reduce the amount of energy used.
 - Reduce CO₂ emissions at plants and offices by 62% in terms of CO₂ emissions per sales unit and by 13% in terms of total amount emitted (RicoH in Japan, compared to fiscal 1990 figures).
 - Reduce CO₂ emissions by 20% per sales unit (all Ricoh business sites in Japan, compared to fiscal 2000 figures).
 - Reduce CO₂ emissions by 2% (the Ricoh Group in Japan, compared to fiscal 2000 figures).
 - Reduce CO₂ emissions by 2% (RicoH Group manufacturing subsidiaries outside of Japan, compared to fiscal 2000 figures).
- 2) Promote pollution prevention.
 - Reduce environmentally-sensitive substances (RicoH Group's target substances to be reduced) to 8% of those used and 50% of those emitted (RicoH and RicoH Group manufacturing subsidiaries in Japan and RicoH Group manufacturing subsidiaries outside of Japan, compared to fiscal 2000 figures).
 - Completely eliminate the use of dichloromethane (RicoH and RicoH Group manufacturing subsidiaries in Japan and RicoH Group manufacturing subsidiaries outside of Japan).
 - Restrict the increase in greenhouse gas emissions to a maximum of 1% (RicoH and RicoH Group manufacturing subsidiaries in Japan and RicoH Group manufacturing subsidiaries outside of Japan, compared to fiscal 2000 figures).
 - Reduce emissions of ozone-depleting substances by 60% (RicoH and RicoH Group manufacturing subsidiaries in Japan and RicoH Group manufacturing subsidiaries outside of Japan, compared to fiscal 2000 figures).
- 3) Promote resource conservation and recycling.
 - Reduce generated waste by at least 13% (RicoH and RicoH Group manufacturing subsidiaries in Japan and RicoH Group manufacturing subsidiaries outside of Japan, compared to fiscal 2000 figures).
 - Improve the waste recycling rate to at least 90% (RicoH Group non-manufacturing subsidiaries in Japan).
 - Reduce water consumption by at least 10% (RicoH and RicoH Group manufacturing subsidiaries in Japan and RicoH Group manufacturing subsidiaries outside of Japan, compared to fiscal 2000 figures).
 - Reduce paper purchase by at least 10% (RicoH and RicoH Group manufacturing and non-manufacturing subsidiaries in Japan, RicoH Group manufacturing subsidiaries outside of Japan, compared to fiscal 2000 figures).

4. Promoting Green Partnerships to increase the number of customers and reduce costs*

- 1) Promote green marketing.
 - Improve the recycled pulp use rate for paper products to 60% (in Japan).
- 2) Promote green procurement.
 - Identify the environmental impact at suppliers' sites to set goals for reducing that impact (RicoH Group purchasing divisions).
 - Completely eliminate designated environmentally-sensitive substances in the suppliers' manufacturing process (RicoH Group purchasing divisions).
- 3) Promote green purchasing.
 - Improve the green purchasing rate (for office supplies) to 100% (the RicoH Group in Japan).

5. Improving the sustainable environmental management system

- 1) Establish an environmental management indicator.
- 2) Construct a companywide audit system.
- 3) Construct an environmental management information system.

6. Promoting environment-conscious social contribution activities

- 1) Promote forest conservation activities to preserve the ecosystem (the RicoH Group).

prevention), promotion of Green Partnerships, improved sustainable environmental management system, and further contributions to the environment-conscious social contribution activities. This plan is regarded as the Ricoh Group's commitment to its employees and society at large.

Progress (FY 2003 Performance)

- ▶ The imagio Neo 752/602 series of high-speed multifunctional digital copiers (with a copying productivity of 60/75 pages per minute) equipped with improved energy conservation technologies and highest energy consumption efficiency were put on the market.
- ▶ For products marketed in fiscal 2003, the volume of lead, hexavalent chromium, polyvinyl chloride (PVC), and cadmium was further reduced. Products in which lead, hexavalent chromium, PVC, and cadmium are completely eliminated are scheduled to be marketed from fiscal 2004.
- ▶ The level of noise emitted from color copiers during operation and while on standby was reduced 1.6 dB and 8.6 dB, respectively.
- ▶ All 81 models of copiers, facsimiles, and printers marketed in fiscal 2003 follow Ricoh's standards concerning styrene, ozone, and dust.
- ▶ The RECO-View™ IC tag sheet, which enables information recorded on IC tags to be displayed and rewritten, was developed and put on the market.
- ▶ Quantity of reusable parts used reached 2.3 times that used in fiscal 2000.
- ▶ Collection rates of used products (compared to those in fiscal 2000)
 - Increased 28% in Japan; 92% in Europe; 26% in the Americas; and 35% in the Asia and Pacific region.
- ▶ Thanks to an expanded lineup, the number of resource-recirculating-type products marketed increased steadily, reaching 10.4 times that in fiscal 2000.
- ▶ Current status of resource recovery rate
 - Equipment: 99.2%; toner cartridges: 99.6% (Japan)
 - Equipment: 95.5%; toner cartridges: 94.7% (Europe)
 - Equipment: 95.0%; toner cartridges: 100% (the Americas)
 - Equipment: 84.6%; toner cartridges: 97.0% (Asia and Pacific)
- ▶ Current status of CO₂ emissions
 - Ricoh in Japan: Reduced 29.1% per sales unit and 8.3% in terms of total amount emitted (compared to fiscal 1990 figures).
 - Ricoh in Japan: Reduced 0.8% per sales unit (compared to fiscal 2000 figures).
 - Ricoh and Ricoh Group manufacturing subsidiaries in Japan: Reduced 0.6% in terms of total amount emitted (compared to fiscal 2000 figures).
 - Ricoh Group non-manufacturing subsidiaries in Japan: Reduced 9.8- 19.7% in terms of total amount emitted (except Ricoh Leasing Company: increased 3.3%) (compared to fiscal 2000 figures; each subsidiary's goal was 2.0%).
 - Ricoh Group manufacturing subsidiaries outside of Japan: Reduced 1.5% in terms of total amount emitted (compared to fiscal 2000 figures).
- ▶ Progress in pollution prevention (compared to fiscal 2000 figures)
 - Environmentally sensitive substances used were reduced 37% and those emitted 73%.
 - Efforts were made to replace the dichloromethane used in Organic Photo Conductor (OPC) with a substitute.
 - Greenhouse gas emissions other than CO₂ were reduced 4%.
 - The emissions of ozone depleting substances were reduced 80%.
- ▶ Progress in resource conservation and recycling (compared to fiscal 2000)
 - The amount of waste generated was reduced 6.8%.
 - The waste recycling rate went up to 77.9%–97.5%.
 - Water consumption was reduced 1.8%.
 - Paper purchase was reduced 15.1%.
- ▶ The recycled paper use rate for paper products improved to 52% (mass ratio).
- ▶ A trial method for calculating environmental impact in the processing of parts was chosen.
- ▶ Out of 754 domestic Group suppliers, 407 submitted certificates indicating the nonuse of chloric organic solvents.
- ▶ The green purchasing rate in fiscal 2003 was 96% in terms of money value.
- ▶ A trial evaluation using sustainable environmental management indicators was conducted on designated products.
- ▶ Some of the issues that were identified in the sustainable environmental management system will be the basis for another action plan to improve performance and streamline the process.
- ▶ A data collection system necessary for the evaluation using sustainable environmental management indicators was developed at the Group's overseas business sites.
- ▶ Regional headquarters took part in forest preservation projects, which were expanded to regional sales companies and their plants.
 - Europe: 1 (started in fiscal 2002)
 - The Americas: 1 (started in fiscal 2003 in cooperation with Ricoh Latin America, Inc.)
 - Former Asia-Pacific region¹: 1 (started in fiscal 2002 in cooperation with Ricoh Australia Pty, Ltd.)
 - Former China region²: 1 (started in fiscal 2001)
 - Japan: 8 (started in fiscal 1999-2001), 3 (started in fiscal 1999-2001 and has now ended)

1: Asia (except Japan, China, Hong Kong, and Taiwan) and Oceania
 2: China, Hong Kong, and Taiwan
 * Number of projects driven by regional headquarters

Outline of Reporting Organization

Ricoh Co., Ltd. was established in Japan on February 6, 1936. The Ricoh Group consists of Ricoh Co., Ltd., 360 subsidiaries, and 21 affiliates.* 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 73,000 employees.

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*The definition of an affiliate follows the U.S. Generally Accepted Accounting Principles (U.S. GAAP), which differ slightly from the definition given in Japan's GAAP.

Ricoh Group Brands

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

Brand logos

RICOH

savin®

nashuatec

Rex-Rotary

Gestetner

LANIER

Major Product Lines of the Ricoh Group

[OFFICE EQUIPMENT]

Imaging solutions

- Digital imaging equipment:
Digital copiers, color copiers, printers, facsimiles, related supplies and maintenance services, others
- Other imaging equipment:
Analog copiers, diazo copiers, related supplies and maintenance services, thermal paper, others

Network Input/Output (I/O) systems

- Printing systems:

Multifunctional printers (MFPs), laser printers, related supplies and maintenance services, related software, others

- Other I/O systems:

Optical-disk products, systems, scanners, others

Network system solutions

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

[OTHERS]

Other businesses

Digital cameras, semiconductors, others



Aficio 2075 (Imagio Neo752)



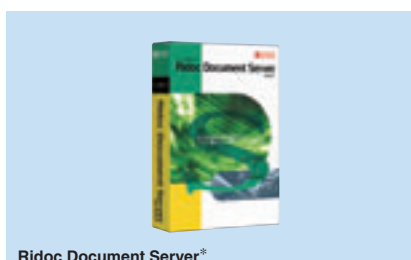
IPSIO G707*



Imagio Neo C385it*



Aficio CL7100 (IPSIO CX9000)



Ridoc Document Server*



Aficio AP600N (IPSIO NX850)



Caplio RX



MP5308D

* Japan only

■ Profile

The Ricoh Group's major production sites in Japan are its plants in Atsugi, Gotemba, Numazu, and Fukui, as well as plants belonging to related companies. It also has major overseas plants in China, the United States, the United Kingdom and France. In the meantime, under the Group's marketing system, the world is divided into five regions: Japan, the Americas, Europe, Asia-Pacific, and China. The regional headquarters located in each region administer the whole of that region.

Market Evaluation Results and Economic Performance

In 2003, Ricoh held the largest share of the office-use black-and-white copier market and the second largest share of the color copier market in Japan. In the same year, the Ricoh Group held the second largest share of the office-use black-and-white copier market and the largest share in the color copier market in the United States¹. In the office-use black-and-white copier market in Europe², the Group held the largest share for the seventh year in a row. Consolidated sales for the Ricoh Group rose for the 10th consecutive year, and net income increased for the 12th consecutive year (10th largest increase in a row)³.

1. Total number of products marketed under the Ricoh, Savin, Gestetner, and Lanier brand names (excluding the segment for up to 10 ppm copiers)
2. Including products marketed under the Ricoh, Gestetner, Nashuatec, Rex-Rotary, and Lanier brand names as well as OEM products (excluding the segment for personal copiers)
3. For details, see the IR section of Ricoh's website. (<http://www.ricoh.com/IR/>)

Source: Gartner Dataquest, February 2004, GJ04229 (Data for Japan and the United States)

Outline of the Report

● Report period

This is a report for fiscal 2003 in principle. However, it is our first CSR report, and therefore it includes some previous activities.

● Report range

The data appearing in this report is from Ricoh, while examples show both Ricoh and the Ricoh Group.

● Past and Future Reports

The 2004 Report in Japanese was issued in June 2004. The 2005 Report in Japanese will be issued in June 2005.

● Important Organizational Changes Made

During the Report Period

In December 2003, 85.5% of the total shares of Taiwan Ricoh Co., Ltd. (Taiwan) were transferred to Asia Optical Co., Inc.

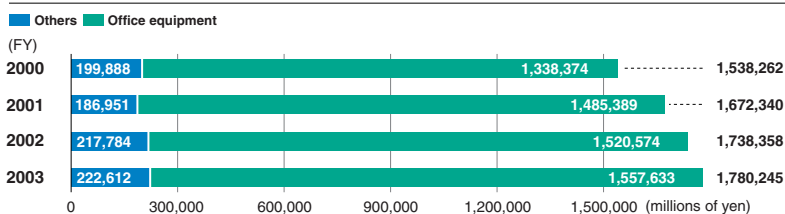
In March 2004, a basic agreement for a stock transfer was signed with Hitachi, Ltd. All of the shares of Hitachi Printing Solutions, Ltd. (sales: approx. 60 billion yen, consolidated number of employees: 2,200), which is a wholly-owned subsidiary of Hitachi, Ltd., will be transferred to Ricoh. The agreement will become effective in October 2004.

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

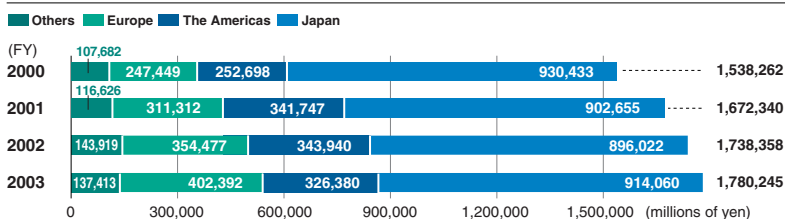
The Ricoh Group's Five-Region System to Develop Community-Oriented Business Activities



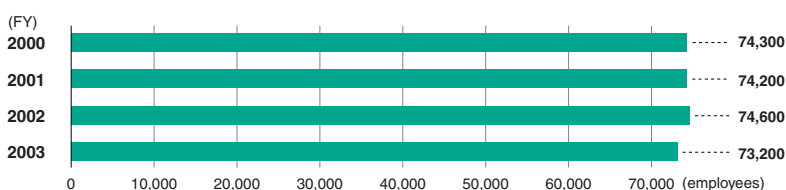
The Ricoh Group's Sales Classified by Business



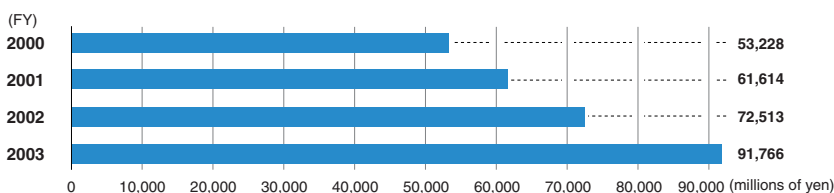
The Ricoh Group's Sales Classified by Region



The Number of the Ricoh Group's Employees



The Ricoh Group's Net Income



* Figures are from the Ricoh Group's securities report.

Please send all comments and inquires regarding this report to:

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