

**Corporate
Governance**

April 11, 2019

**Nobuo Inaba
Chairman of the Board
Ricoh Company, Ltd.**

- Hello, I'm Nobuo Inaba, Chairman of the Board.
It is a pleasure to be here today.

Simultaneously deploy growth strategies, enhance returns on capital, and reform governance

Growth strategies deployment

Implement RICOH Ignite growth strategies, reaching targets for FY2022 and generating sustainable growth thereafter

Enhance returns on capital

Enhance returns on capital and materialize growth strategies by deploying appropriate capital policies and investments

Corporate governance reforms

Driving growth strategies by properly evaluated and incentivized corporate governance system

- Mr. Yamashita spoke about the implementation of our growth strategies, while Mr. Matsuishi talked about improving returns on capital. I will now speak about corporate governance, which is the platform to execute our strategies.
- I will explain Ricoh's governance reforms and our future based on my role as chairman of the board.

Building a world-class governance structure

- 2000 First management reorganization**
Outside directors appointed
Executive officer system introduced
- 2005 Second management reorganization**
Nomination and Compensation Committee formed

Effective governance reforms to overcome poor performances

- 2015 Director appointed to oversee corporate governance**
- 2016 Governance system reviewed**
Nomination and Compensation Committee separated
Chairman of the Board made non-executive director
Number of outside directors and auditors increased
- 2017 Nomination and Compensation Committee structures reviewed**
(chaired by outside directors, with majorities of members being non-executive directors)
- 2018 Director terms limited to one year**
Management advisory system for retired senior executives reviewed
Annual evaluation system deployed for CEO and directors
Governance Review Meeting established
- 2019 Reinforced executive officer selection process**
Introducing stock price-linked remuneration
(subject to shareholder approval in June 2019)
Increased independence of auditor appointments
Established Risk Management Committee

Product and services progress

Digitization
Colorization
Solutions services expansion

Sales channel and business expansion

Lanier Worldwide made wholly owned subsidiary
Hitachi Printing Solutions acquired
IBM Printing Systems acquired
IKON acquired

Results growth

FY2006
Sales exceeded ¥2 trillion
FY2007
Sales up for 14th consecutive year
Record earnings for third straight year

Business climate deterioration

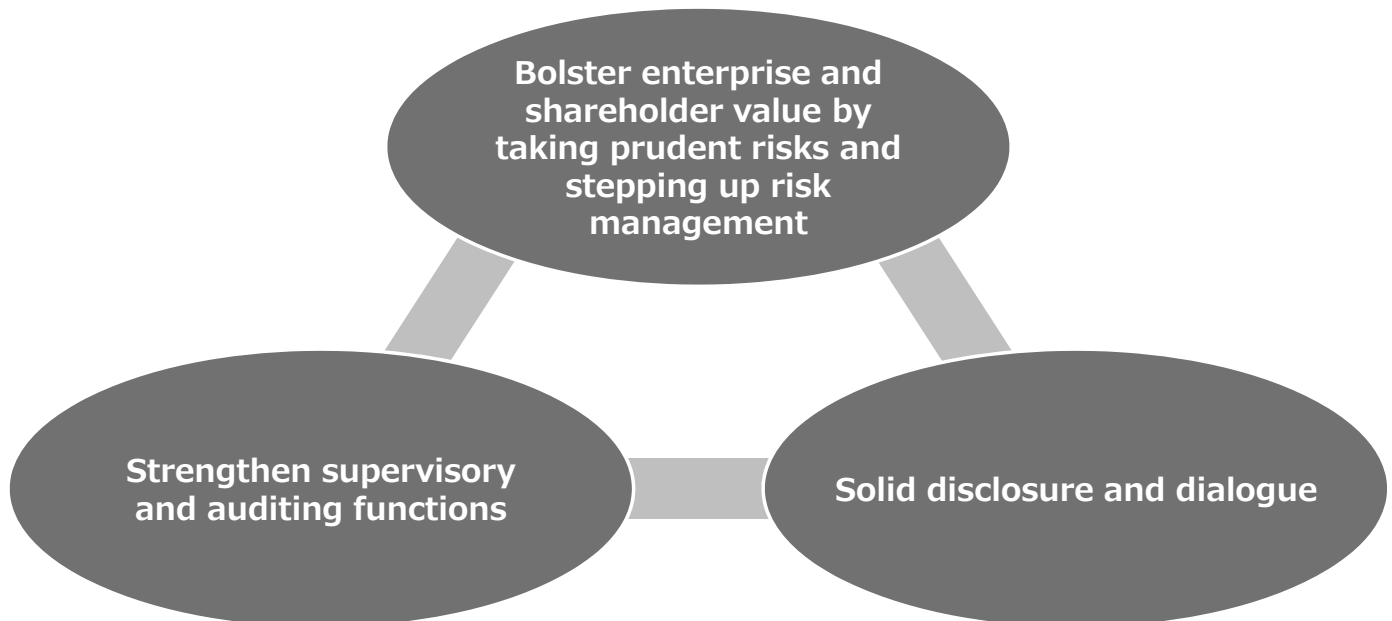
Lehman Shock
Paperless processes
Declining prices

Sluggish performances

FY2008
Net sales down 5.8% (YoY)
Operating profit down 58.9% (YoY)
Impairment Losses
2012 ¥36.9 bn, Production printing business
2016 ¥9.4 bn, Camera business
2017 ¥178.9 bn, North American operations
Ricoch India issue

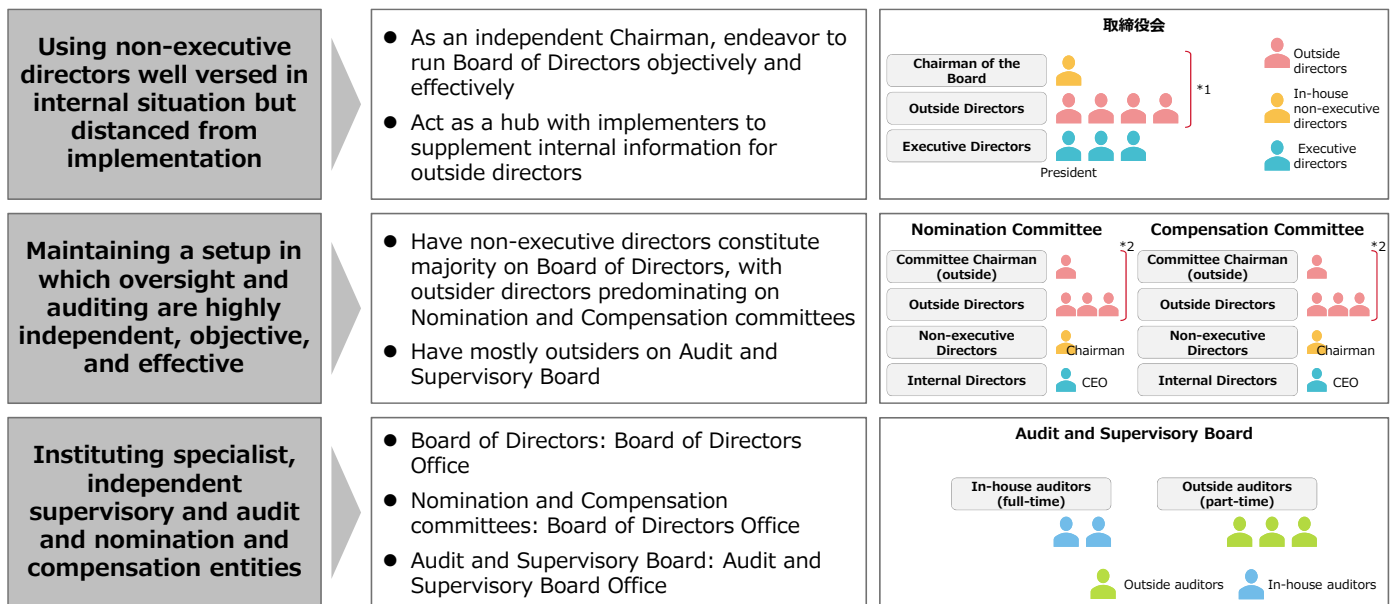
- Here, we show Ricoh's governance reforms in line with the Company's circumstances.
- Ricoh's sales exceeded 2 trillion yen in FY2006. In FY2007, sales and earnings rose for the 14th consecutive year, while we posted record earnings for the third straight year.
- But our performances thereafter deteriorated. One factor was the 2008 financial crisis. Structural causes included the shift toward paperless trend and declining prices.
- We have continued to push forward our governance reforms even during growth periods.
- But we also realized the necessity to implement further reforms during our difficult times in order to increase the effectiveness of governance, and also to make it work more.
- From such background, I became in-charge of Ricoh's corporate governance since 2015. I came up with plans to resolve the company's management difficulties, examined and driven the necessary governance reforms since then.

Pursue world-class governance reforms as befitting a global player



- I will share the basic stance we took while pushing forward our governance reforms.
- As Ricoh being a global business enterprise, we pursue to outplay other global-class players through strong governance reforms. In order to pursue this goal, practical and effective corporate governance is necessary. Therefore, we have worked on enhancing our corporate governance through innovative approaches that other companies had never tried before.
- We focused on three elements.
- The first element was to take risks prudently and to strengthen the risk management. It is naturally important for companies to undertake necessary risk if it were to grow. Supporting managements through such perspective is crucial to improve corporate and shareholder value.
- The next element was to create a structure that is independent from the corporate executive to ensure proper supervision and auditing.
- The third element was the importance of transparency. This is all about communicating and receiving opinions by disclosing decisions, actions, and issues we face. I believe that such routine will help enhance the corporate value.

Ricoh's governance structure



*1 : Majority of non-executive directors
April 11, 2019

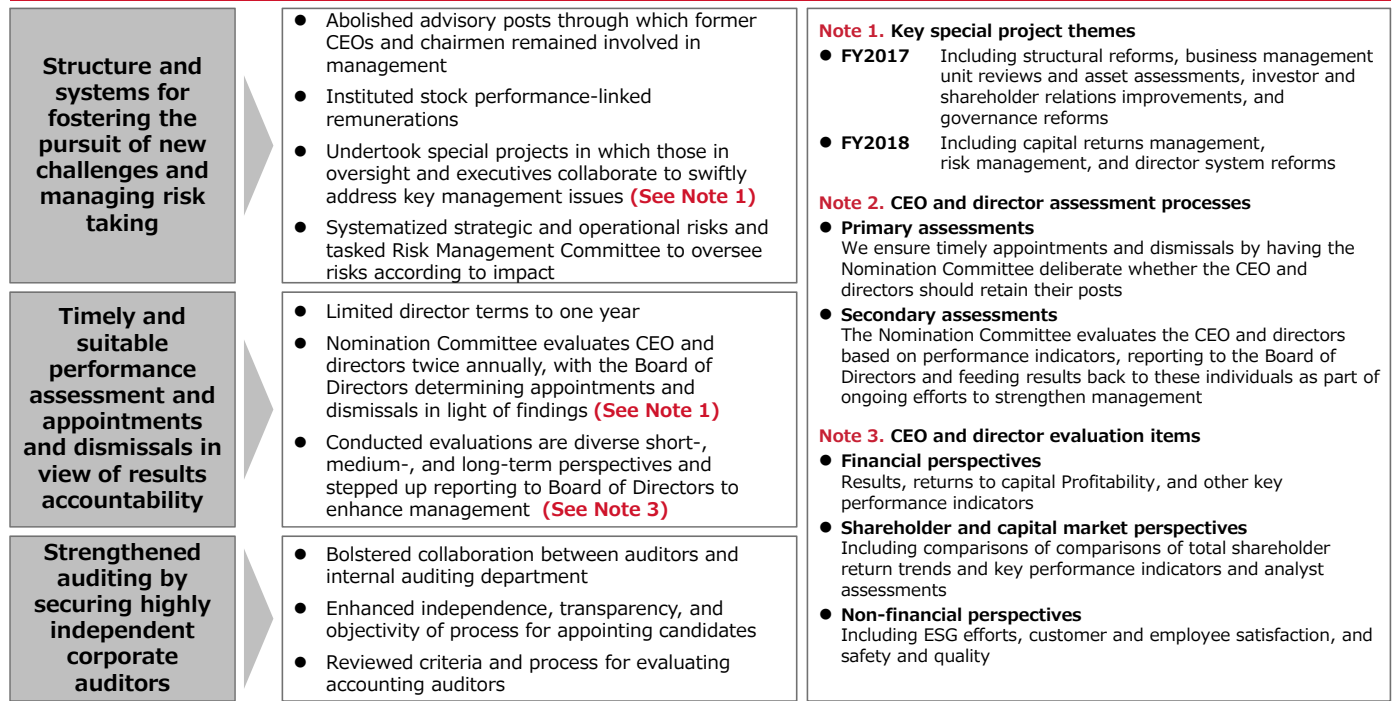
*2 : Majority of outside directors

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- From hereon, I will cover the specifics of Ricoh's corporate governance.
- I will first explain Ricoh's unique methods to strengthen governance by leveraging non-executive directors. The basic stance that I explained earlier was to ensure independence of supervisory and auditing. This is essential for directors and auditors to fully perform their roles and responsibilities.
- Fundamentally, issues raised against executives, evaluations, remuneration, decisions on director appointments and dismissals, or investigations into fraud allegations can only function through independent structure and personnel.
At the same time, it is vital to understand the actual internal situation in order to effectively function such role.
- The characteristic of Ricoh's governance is that it utilizes non-executive directors who understands the internal situation but are distanced from implementation.
Most companies may have two categories of directors, one being internal directors who possess operating responsibilities, the other being outside directors who does not have operating responsibilities.
- At Ricoh, we have a third category, which is an internal non-executive director who does not have operating responsibilities. They play an essential role on maintaining an effective and practical governance structure, for instance by chairing the Board of Directors meeting.
- With us taking such approaches, the Board of Directors, non-executive officers, particularly outside directors, are the engine of the Nomination Committee, Compensation Committee, and the Audit and Supervisory Board. They help us strengthen supervisory and auditing.

Reforms Fostering Healthy Risk Taking



- Next, I will explain reforms that encourages to take prudent risks. Encouraging decisive decision making is the most important aspect of governance. One example is to abolish advisory posts which former CEOs and chairmen took role to involve in management.
- In order to make decisive decisions, clarifying the responsibilities and authority of senior management is essential.
- By abolishing the advisory posts, unnecessary consensus-building is no longer necessary. This will lead to decisive decision making. I believe that enabling decisive decision making by eliminating unwanted interference will lead to better business outcomes.

Proactively disclosing supervisory and audit effectiveness, companywide governance issues, and related deliberations and initiatives

Engaging with shareholders and other stakeholders through shareholder and investor relations efforts based on ample disclosure

Examples of disclosure at Ricoh

- Detailed findings of Board of Directors effectiveness assessments
 - Annual
 - Presented in corporate governance report and shareholder meeting convocation notices
 - Directors and auditors clarify issues for the current fiscal year and present them as the improvement agenda for the next term as part of detailed disclosure of the PDCA situation to enhance the effectiveness of the Board of Directors
- Details of governance review panel deliberations
 - Semiannual
 - Recorded in governance reports
 - Presenting overviews of panel agendas, deliberations, and issue consciousness in comprehensive governance assessments of this panel of directors and auditors
- Auditing results report
 - Annual
 - Included in shareholder convocation notice
 - Augmenting audit reports with information encompassing such aspects as the content and structure of audit activities and issues being closely monitored

- Our third governance element is to ensure solid disclosure and dialogue. This is fundamentally about ensuring transparency.
- In specific, apart from those shown in this slide, we aim to initiate a good cycle of reflecting feedback from shareholders to corporate management through Investor Relations and Stakeholder Relations activity.

RICOH

imagine. change.

- I would like to conclude my presentation as the chairman of the Board by thanking everyone for attending today.
- Now, after the presentation from our CEO and CFO, executive managers will explain each businesses' strategic plan. As the chairman of the Board, I reiterate that we will increase the corporate and shareholder value by making sure each strategic plans are to be pushed forward and achieved.
- Our fundamental technology of "Printing" has infinite capability to apply in multiple businesses. We believe that our corporate value will permanently increase by proper management and allocation of recourses. This is a consensus of the Board of Directors.
- We believe that the Board of Directors needs to support, encourage and provide firm advice to our CEO and managements.
- Thank you.

Forward-Looking Statements

The plans, prospects, strategies and other statements, except for the historical events, mentioned in this material are forward-looking statements with respect to future events and business results. Those statements were made based on the judgment of Ricoh's Directors from the information that is now obtainable. Actual results may differ materially from those projected or implied in such forward-looking statements and from any historical trends. Please refrain from judging only from these forward-looking statements with respect to future events and business results. The following important factors, without limiting the generality of the foregoing, could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements:

- a. General economic conditions and business trend
- b. Exchange rates and their fluctuations
- c. Rapid technological innovation
- d. Uncertainty as to Ricoh's ability to continue to design, develop, produce and market products and services that achieve market acceptance in hot competitive market

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**Note: In this document, fiscal years are defined as follows:
FY2018 = Fiscal year ended March 31, 2019, etc.**