

## **To Our Shareholders**

### **Aiming to be a trusted and compelling global company**

We would like to take this opportunity to express our sincere appreciation for our shareholders' continuous support with the delivery of this convocation notice for the 119th Ordinary General Meeting of Shareholders.

FY2019 is the final year of the 19th Mid-Term Management Plan. We implemented structural reform under "RICOH Resurgent" in FY2017, the first year of the plan. As a result, we increased the profitability of our core businesses, made progress in the transformation of our businesses and assets, and established a foundation on which the Ricoh Group can achieve future growth.

Our growth strategy "RICOH Ignite" is based on the principle that "businesses that do not contribute to Sustainable Development Goals (SDGs) will be eliminated." We will strive for business activities that help to solve social issues and make Group-wide efforts so that all our business activities contribute to the 17 development goals under the SDGs.

With the announcement of "RICOH Ignite," we were able to steadily establish our earnings capability as we steered towards growth in FY2018. Consolidated sales for FY2018 amounted to ¥2,013.2 billion. This represents a decrease of 2.4% from the previous fiscal year, while profit attributable to owners of the parent recovered from the loss in the previous fiscal year, amounting to a gain of ¥49.5 billion.

We will increase the divide for FY2018 to ¥13 per share at the 119th Ordinary General Meeting of Shareholders. Combined with the interim dividend already disbursed, the annual dividend for the fiscal year under review will amount to ¥23 per share.

In FY2019, the Ricoh Group expects to achieve sales of ¥2,010.0 billion and profit attributable to owners of the parent of ¥62.0 billion. We will work as a company to add further profitability that has improved thus far, and achieve the initial goals of our 19th Mid-Term Management Plan.

We look forward to your continued support.

Sincerely,

May 2019

Yoshinori Yamashita  
*Representative Director,  
President and CEO*

**(Translation)**

**NOTICE OF  
119TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

**Date and Time:** Friday, June 21, 2019, from 10:00 a.m.  
(Reception will start at 9:00 a.m.)

**Venue:** Head Office of the Company  
3-6, Nakamagome 1-chome, Ohta-ku, Tokyo  
(Please note that the venue is different from last year. Please refer to the access map at the end of this document (only in the Japanese original ) for the location of the venue.)

**Purpose:**

**Items to be reported:**

1. The Business Report, Consolidated Financial Statements and the results of the audit of the Consolidated Financial Statements by Independent Auditor and the Audit & Supervisory Board for FY2018 (from April 1, 2018 to March 31, 2019)
2. The Non-Consolidated Financial Statements for FY2018 (from April 1, 2018 to March 31, 2019)

**Items to be resolved:**

Agenda 1:	Appropriation of surplus
Agenda 2:	Election of eight (8) Directors
Agenda 3:	Payment of bonuses to Directors
Agenda 4:	Determination of the introduction, amount and content of stock-based incentive system with stock price conditions, etc., for Directors
Agenda 5:	Election of an Independent Auditor

**Treatment of voting rights**

- (1) Those who will not be able to attend the meeting on the day are kindly requested to consider the appended “Reference Material for Ordinary General Meeting of Shareholders” and exercise their voting rights in writing or via the Internet by no later than 5:30 p.m., Thursday, June 20, 2019.
- (2) When voting rights are exercised both in writing and via the Internet, the vote received later shall be deemed effective. However, if votes are received on the same day, the vote registered via the Internet shall be deemed effective.
- (3) When voting rights are exercised via the Internet more than once, the last vote shall be deemed effective.

## Reference Material for Ordinary General Meeting of Shareholders

### Agenda 1: Appropriation of surplus

The appropriation of surplus will be as follows:

The Company prioritizes expanding profit returns to shareholders through medium- to long-term increases in its stock price as a result of sustainable growth as well as stable dividend payments. To that end, the Company is striving to expand profits through strategic investments aimed at sustainable growth. In striving for stable dividends, the Company will adopt a total return ratio of 30% as the benchmark for determining dividends after comprehensively taking into consideration financial strength and other matters reflecting profit forecasts, investment plans and credit ratings.

The year-end dividends for the current fiscal year will be ¥13 per share.

As a result, the annual dividend for the current fiscal year including the interim dividend will be ¥23 per share.

### Year-end dividends

(1) Type of dividend assets

Cash

(2) Matters concerning allocation of dividend assets and the total amount

¥13 per common share of the Company

Total: ¥9,423,214,424

(3) Effective date of the surplus distribution

June 24, 2019

## Basic Capital Policy

The Ricoh Group strives to improve corporate value in a sustainable manner while maintaining a relationship of trust with all stakeholders, and will implement appropriate capital policies with a good understanding of its capital costs, and aim to realize returns that exceed capital costs.

In the 19th Mid-Term Management Plan, which will conclude in FY2019, we announced our target value for return on equity (ROE). To achieve this goal, we are working on management reforms to further improve capital efficiency and are promoting the reinforcement of specific mechanisms to implement PDCA\* group-wide, targeting a return on invested capital (ROIC) that exceeds our understanding of the Company's capital costs. In our investment initiatives, an Investment Committee has been established to verify investment plans from a financial perspective based on capital costs and a business strategy perspective based on medium- to long-term profitability, growth potential and risks and has developed a system to make decisions while pursuing investment efficiency.

The Company places prioritizes on expanding profit returns to shareholders through medium- to long-term increases in its stock price as a result of sustainable growth as well as stable dividend payments. To that end, the Company is striving to expand profits through strategic investments aimed at sustainable growth. In striving for stable dividends, the Company will adopt a total return ratio of 30% as the benchmark for determining dividends after comprehensively taking into consideration financial strength and other matters reflecting profit forecasts, investment plans and credit ratings. The Company will also flexibly repurchase its stock according to factors including the surrounding business environment.

\*The Plan-Do-Check-Act cycle

**Agenda 2: Election of eight (8) Directors**

The tenure of office of all the eight (8) Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders.

Accordingly, the Company proposes the appointment of eight (8) Directors, including four (4) Outside Directors.

In order to build a Director election process that is more objective and transparent in an aim to strengthen competitiveness, improve corporate value, and strengthen corporate governance, the Company has established an optional Nomination Committee, a majority of members of which are Non-executive Directors and half or more of members of which are Outside Directors. For FY2018, the Nomination Committee consisted of three (3) Outside Directors, one (1) Internal Non-executive Director and one (1) Internal Executive Director, with a majority of Outside Directors and was chaired by an Outside Director. The Nomination Committee selected candidates based on the election criteria for Directors and reported the candidates to the Board of Directors. Subsequently, following discussions by the Board of Directors, the candidates for Directors were determined for proposal to the General Meeting of Shareholders. (Refer to pages 31 to 33 for the election criteria for Directors and election process for Directors.)

If this agenda is approved as originally proposed, the structure of the Board of Directors will be a total of eight (8) members consisting of four (4) Internal Directors and four (4) Outside Directors (including one (1) female Director), making half of the Directors to be Outside Directors. The Company will continue to enhance its oversight function and speed up decision-making through this structure.

The candidates for Directors are on pages 6 to 21.

No.		Name	Current positions at the Company	Years of service as Director (at the conclusion of this Meeting)
1	Reappointment Male	Yoshinori Yamashita	Representative Director	7 years
2	Reappointment Male	Nobuo Inaba	Chairperson of the Board	9 years
3	Reappointment Male	Hidetaka Matsuishi	Director	1 year
4	Reappointment Male	Seiji Sakata	Director	1 year
5	Reappointment Male	Makoto Azuma	Outside Director Independent Director	5 years
6	Reappointment Male	Masami Iijima	Outside Director Independent Director	3 years
7	Reappointment Female	Mutsuko Hatano	Outside Director Independent Director	3 years
8	Reappointment Male	Kazuhiro Mori	Outside Director Independent Director	1 year

No.	Name (Date of birth)	Brief personal profile, positions and responsibilities at the Company and significant concurrent positions	
1	Yoshinori Yamashita (August 22, 1957)	Mar. 1980	Joined the Company
		Apr. 2008	President of Ricoh Electronics, Inc.
		Apr. 2010	Group Executive Officer, Corporate Vice President
		Apr. 2011	Corporate Senior Vice President
		June 2012	General Manager of Corporate Planning Division
	Reappointment	June 2012	Director
	Male		Corporate Executive Vice President
	Number of the Company's shares held 32,000	Apr. 2013	In charge of Internal Management and Control
	Years of service as Director 7 years (at the conclusion of this Meeting)	Apr. 2014	General Manager of Business Solutions Group
	Board of Directors meeting attendance during fiscal year ended March 31, 2019 12/12 (100%)	Apr. 2015	In charge of core business
		June 2016	Deputy President
		Apr. 2017	Representative Director (Current)
			President (Current)
			CEO (Chief Executive Officer) (Current)
		[Responsibilities as a Director of the Company] Nomination Committee Member / Compensation Committee Member	
		[Responsibilities as an Executive Officer of the Company] CEO	
		[Reasons for nomination as a candidate for Director] Mr. Yoshinori Yamashita has extensive experience and deep insight into the management of production and global marketing as well as into management strategy and overseeing the Company's core business, which he gained through many years of service. He also serves as President of Japan Business Machine and Information System Industries Association, an executive member of the public interest incorporated association Japan Association of Corporate Executives and as the Chairperson of the Regional Revitalization Committee, and he actively participates in activities outside of the Company. Since assuming the post of Representative Director, President and CEO on April 1, 2017, under "RICOH Resurgent," he promoted structural reforms, growth strategies and management reforms in a top-down manner to improve corporate value with a strong will to remove all factors that hamper growth. As a result, in FY2018, profits are on a sharp recovery trend in line with a "shift to focus on profitability from expansion of scale," the policy that he adopted upon taking office as CEO. In addition, from perspective of improving shareholder value, ever since Mr. Yamashita took office as President & CEO in April 2017, the stock price has picked up and total shareholder return (TSR) in FY2018 was 109.2%, on a recovery track since FY2017. Furthermore, from the perspective of environment, society and governance (ESG), he has actively worked for environmental management and solution of social issues and is showing steady results toward achieving long-term goals. Lastly, also in the governance field, he has demonstrated his strong leadership to ensure and strengthen appropriate governance in cooperation with the Company's Board of Directors. Based on the above, in order to ensure sustainable growth and further development of the Company in the future, it is determined to be appropriate for the Company to continue to be managed under his leadership, and thus the Company's Board of Directors renominates him as a candidate for Director.	

Notes:

1. There are no special interests between candidate Mr. Yoshinori Yamashita and the Company.
2. The term of office of candidate Mr. Yoshinori Yamashita shall be up to the conclusion of the Ordinary General Meeting of Shareholders with respect to the final fiscal year that ends within one (1) year of his election in accordance with the Company's Articles of Incorporation.
3. The numbers of the Company's shares held by the candidate Mr. Yoshinori Yamashita are as of March 31, 2019.

## Message to our shareholders from the candidate for Director

Under the “RICOH Resurgent” strategy in FY2017, we prioritized business structural reforms, and as a result, we were able to lay the foundations for transitioning to a more stable earnings structure.

In FY2018, we built on those foundations and further solidified the recovery in business profitability. In addition, we worked on the execution of each growth strategy under “RICOH Ignite,” which shows our direction in the future, by utilizing external resources through M&A and capital alliances as strategic moves for growth and “Take Off.”

In FY2019, we will accelerate the realization process of our growth strategy by proceeding with business investments that benefit the Company’s focus areas while shifting to a management structure that is more conscious of capital costs. In addition, we will strengthen our efforts to achieve future sustainable growth through a variety of measures, such as training the leaders of the next-generation and reforming our corporate structure. We will promote innovation and transition to a management structure that can continuously generate new business by continuing to tap into the strengths of our employees through measures such as expanding our in-house venture system. We will further enhance our corporate value so that the Ricoh Group can continue to survive and grow supported by the expectations of our stakeholders.

No.	Name (Date of birth)	Brief personal profile, positions and responsibilities at the Company and significant concurrent positions	
2	<p>Nobuo Inaba (November 11, 1950)</p> <p>Reappointment</p> <p>Male</p> <p>Number of the Company's shares held 21,000</p> <p>Years of service as Director 9 years (at the conclusion of this Meeting)</p> <p>Board of Directors meeting attendance during fiscal year ended March 31, 2019 12/12 (100%)</p>	<p>Apr. 1974</p> <p>May 1992</p> <p>May 1994</p> <p>May 1996</p> <p>Apr. 1998</p> <p>Apr. 2000</p> <p>June 2001</p> <p>June 2002</p> <p>May 2004</p> <p>May 2008</p> <p>Apr. 2010</p> <p>June 2010</p> <p>June 2012</p> <p>Sep. 2015</p> <p>Apr. 2017</p>	<p>Joined the Bank of Japan</p> <p>Director, Head of Securities Division, Credit and Market Management Department of the Bank of Japan</p> <p>Director, Head of Planning Division Policy Planning Office of the Bank of Japan</p> <p>Deputy Director-General, Policy Planning Office of the Bank of Japan</p> <p>Deputy Director-General (Adviser), Policy Planning Office of the Bank of Japan</p> <p>Adviser to the Governor Monetary Policy Studies Department, Policy Planning Office of the Bank of Japan</p> <p>Director-General, Information System Services Department of the Bank of Japan</p> <p>Director-General, Bank Examination and Surveillance Department of the Bank of Japan</p> <p>Executive Director of the Bank of Japan</p> <p>Joined the Company</p> <p>Executive Adviser</p> <p>President of Ricoh Institute of Sustainability and Business</p> <p>Director (Current)</p> <p>Corporate Executive Vice President</p> <p>CIO (Chief Information Officer)</p> <p>In charge of corporate governance promotion</p> <p>Chairperson of the Board (Current)</p>
		<p>[Responsibilities as a Director of the Company]</p> <p>Chairperson of the Board / Nomination Committee Member / Compensation Committee Member</p> <p>[Reasons for nomination as a candidate for Director]</p> <p>Mr. Nobuo Inaba has deep insight concerning socioeconomic matters through his extensive experience over many years as a head of Ricoh Institute of Sustainability and Business (the Company's think tank function), in addition to his broad experience and advanced insight into financial and economic matters garnered over a long period of time. He actively participates in activities outside the Company, including serving as an executive member of the public interest incorporated association Japan Association of Corporate Executives and as the Chairperson of the Business Conditions Research Committee.</p> <p>For FY2018, as a non-executive Chairperson of the Board who is dedicated to the oversight function, he played a leading role in areas such as (1) review of the selection and dismissal process for senior management, (2) introduction of a stock-based incentive system with stock price conditions, and (3) strengthening training for Directors, in order to further strengthen corporate governance which is the foundation of the Company's sustainable growth.</p> <p>Based on the above, it is determined that he can be expected to contribute to supervision of the Company's management and continuous strengthening of corporate governance as a Non-executive Director, and thus the Company's Board of Directors renominates him as a candidate for Director.</p>	

Notes:

1. There are no special interests between candidate Mr. Nobuo Inaba and the Company.
2. The term of office of candidate Mr. Nobuo Inaba shall be up to the conclusion of the Ordinary General Meeting of Shareholders with respect to the final fiscal year that ends within one (1) year of his election in accordance with the Company's Articles of Incorporation.
3. The numbers of the Company's shares held by the candidate Mr. Nobuo Inaba are as of March 31, 2019.



## Message to our shareholders from the candidate for Director

Leveraging our printing and optical future technologies, we established our growth strategies not only in the office segment but also in the application areas of infinite potential such as commercial and industrial printing, 3D printers, vehicle-mounted stereo cameras, medical devices etc. I am confident that we can strive to further enhance corporate value and our stock value in a sustainable manner through appropriate resource allocation and management.

With the belief that companies cannot survive without a sustainable society, we will contribute to society by solving global environmental issues and by implementing ESG initiatives ahead of other major companies following Ricoh's tradition.

The Board of Directors is made up of four (4) Internal Directors and four (4) Outside Directors, with a majority being Non-executive Directors. The Nomination Committee and Compensation Committee are primarily composed of Outside Directors and a majority of the Audit & Supervisory Board Members are Outside Audit & Supervisory Board Members. In this way, we will perform oversight functions and capitalize on the fruits of our past governance reforms. As such, I believe it is important to (1) firmly support resolute decision-making and execution by the management team, provide them with support and sometimes make strong remarks to demonstrate oversight functions and (2) disclose as accurately as possible the Company's situation and decision-making process to enhance dialogue with stakeholders. We will enhance corporate value and realize sustainable growth by committing to a management cycle that directly reflects your feedback.

No.	Name (Date of birth)	Brief personal profile, positions and responsibilities at the Company and significant concurrent positions	
3	<p>Hidetaka Matsuishi (February 22, 1957)</p> <p>Reappointment</p> <p>Male</p> <p>Number of the Company's shares held 5,266</p> <p>Years of service as Director 1 year (at the conclusion of this Meeting)</p> <p>Board of Directors meeting attendance during fiscal year ended March 31, 2019 10/10 (100%)</p> <p>*Took office in June 2018</p>	<p>Apr. 1981    Joined the Company</p> <p>Oct. 2000    General Manager of SCM Innovation Center, Marketing Group</p> <p>Jan. 2003    President of Nishi Tokyo Ricoh Co., Ltd.</p> <p>Apr. 2005    President of Ricoh Tohoku Co., Ltd.</p> <p>Apr. 2008    General Manager of Business Strategy Center, Marketing Group</p> <p>Apr. 2009    General Manager of Major Accounts Marketing Division, Marketing Group</p> <p>July 2009    Representative Director and President of Ricoh IT Solutions Co., Ltd.</p> <p>Apr. 2014    Group Executive Officer (Corporate Senior Vice President) Representative Director, President and CEO of RICOH LEASING COMPANY, LTD.</p> <p>June 2016    Corporate Senior Vice President General Manager of Japan Marketing Group Representative Director, President and CEO of RICOH JAPAN CORPORATION</p> <p>Apr. 2018    Corporate Executive Vice President and CFO (Chief Financial Officer) (Current) General Manager of Business Planning Division (Current)</p> <p>June 2018    Director (Current)</p> <p>[Responsibilities as an Executive Officer of the Company] CFO / General Manager of Business Planning Division</p> <p>[Reasons for nomination as a candidate for Director] Mr. Hidetaka Matsuishi has extensive experience and deep insight concerning corporate management such as President of five subsidiaries of the Company. As President of the above companies, he effectively and swiftly promoted various reforms and produced achievements such as improving corporate performance. The companies that he has served as President of include RICOH LEASING COMPANY, LTD., which is listed on the first section of TSE, where he cultivated abundant knowledge regarding the financial industry. In addition to the knowledge and experience he has cultivated so far, he has led management reform to further enhance capital efficiency since his assumption as the Company's CFO in FY2018. Based on the above, it is determined that he is an appropriate person to continue management oversight at the Company, and thus, the Company's Board of Directors renominates him as a candidate for Director.</p>	

Notes:

1. There are no special interests between candidate Mr. Hidetaka Matsuishi and the Company.
2. The term of office of candidate Mr. Hidetaka Matsuishi shall be up to the conclusion of the Ordinary General Meeting of Shareholders with respect to the final fiscal year that ends within one (1) year of his election in accordance with the Company's Articles of Incorporation.
3. The numbers of the Company's shares held by the candidate Mr. Hidetaka Matsuishi are as of March 31, 2019.

## Message to our shareholders from the candidate for Director

Since taking office as a Director in June 2018, while serving as a CFO and taking charge of Corporate Planning, I worked to revise the performance management process and raise the effectiveness of business administration in order to speed up management decisions. In addition, with the goal of promoting a management structure taking into consideration capital costs, I proceeded with initiatives including the launch of the Investment Committee, studies to adopt return on invested capital (ROIC) as a management indicator and revision of the risk management system. Furthermore, as a CFO, I was actively involved in enhancing information disclosure to shareholders and investors and dialogue with them.

The business environment surrounding us is about to change dramatically. In this so-called Fourth Industrial Revolution, the digital revolution is globally expanding with ICT technologies such as AI, IoT and 5G regardless of business or industry. Amid a whirlwind of changes, future growth depends on our ability to foresee changes and respond in a timely manner. To achieve this, it is increasingly vital to conduct management heeding the voices of employees and customers. Drawing on my experience managing affiliated companies in the areas of sales, marketing and operations, I will strive to contribute to the realization of the Ricoh Group's medium- to long-term sustainable growth and improved corporate value.

No.	Name (Date of birth)	Brief personal profile, positions and responsibilities at the Company and significant concurrent positions	
4	Seiji Sakata (September 12, 1958)  Reappointment  Male  Number of the Company's shares held 12,200  Years of service as Director 1 year (at the conclusion of this Meeting)  Board of Directors meeting attendance during fiscal year ended March 31, 2019 10/10 (100%)  *Took office in June 2018	Apr. 1981	Joined the Company
		Apr. 2006	General Manager of 1st Design Center, MFP Business Group
		Apr. 2008	Deputy General Manager of MFP Business Group
		Apr. 2009	General Manager of Controller Development Division and Deputy General Manager of MFP Business Group
		Apr. 2010	Corporate Vice President
		Apr. 2011	General Manager of Human Resources Division
		Apr. 2012	Corporate Senior Vice President
		Apr. 2014	General Manager of Japan Management Division
		Feb. 2015	General Manager of Japan Management Division and General Manager of Imaging Systems Development Division
		Apr. 2017	General Manager of Office Printing Development Division, Deputy General Manager of Office Printing Business Group
		Apr. 2018	Corporate Executive Vice President (Current) General Manager of Office Printing Business Group
		June 2018	Director (Current)
		Apr. 2019	CTO (Chief Technology Officer) (Current)
			[Responsibilities as an Executive Officer of the Company] CTO
			[Reasons for nomination as a candidate for Director] Mr. Seiji Sakata has extensive experience and deep insight as a leader of the design and development division of printers and multifunctional printers, and is well versed in the office printing business, which is the Company's core business. Furthermore, he has experience serving as a responsible person in charge of the Company's human resources division. As a responsible person in charge of the design and development division of the Company's core business, he has led reforms including the establishment of design subsidiaries and the integration of production subsidiaries. In addition, he has produced achievements as a responsible person in charge of the Company's human resources division, such as establishing a global human resources system. In addition to the extensive experience and deep insight he has cultivated so far regarding the Company's core business centered on the design and development division, he has sought advanced technologies and developed competitive technologies since taking office as the Company's CTO in FY2019. It is determined that he is an appropriate person to continue management oversight at the Company, and thus the Company's Board of Directors renominates him as a candidate for Director.

Notes:

1. There are no special interests between candidate Mr. Seiji Sakata and the Company.
2. The term of office of candidate Mr. Seiji Sakata shall be up to the conclusion of the Ordinary General Meeting of Shareholders with respect to the final fiscal year that ends within one (1) year of his election in accordance with the Company's Articles of Incorporation.
3. The numbers of the Company's shares held by the candidate Mr. Seiji Sakata are as of March 31, 2019.

## Message to our shareholders from the candidate for Director

Workstyle reforms are accelerating worldwide, and customer expectations on the Ricoh Group are becoming even greater. Under these circumstances, we named the value the Ricoh Group provides to customers “Empowering Digital Workplaces” in our resolution to make our customers “work” smarter and revolutionize their workplaces.

In order to improve the corporate value of the Ricoh Group, we must first secure stable earnings in the office printing business, which is our current core business. In FY2018, as the supervisor of the office printing business, I worked on the launch of a new-generation multifunction printer that links workplaces and the cloud seamlessly and without boundaries, providing an environment that promotes “workstyle reform” regardless of where and when our customers work. Furthermore, striving to increase earnings by offering new value to working customers, we linked the cloud platform “RICOH Smart Integration” with printers, which accelerates digitalization not only for customers working in an office, but also customers working on various frontlines such as logistics, education, manufacturing and retail.

In FY2019, as CTO, drawing on years of experience in R&D and human resources, I will actively promote not only the stable growth of the core businesses but also the discovery and launch of new businesses in order to realize the “Take Off” of the Ricoh Group, perform management oversight and decision-making from a shareholder perspective and strive to improve the corporate value of the Ricoh Group.

No.	Name (Date of birth)	Brief personal profile, positions and responsibilities at the Company and significant concurrent positions	
5	<p>Makoto Azuma (May 25, 1945)</p> <p>Reappointment</p> <p>Male</p> <p>Outside Director</p> <p>Independent Director</p> <p>Number of the Company's shares held 10,100</p> <p>Years of service as Director 5 years (at the conclusion of this Meeting)</p> <p>Board of Directors meeting attendance during fiscal year ended March 31, 2019 12/12 (100%)</p>	<p>Apr. 1972    Joined TOSHIBA CORPORATION</p> <p>Apr. 1989    Director of Basic Research Laboratory, Research and Development Center of TOSHIBA CORPORATION</p> <p>Apr. 1994    Director of Materials and Devices Laboratory, Corporate Research &amp; Development Center of TOSHIBA CORPORATION</p> <p>July 1998    Chief Technology Executive of Storage Media Business Group of TOSHIBA CORPORATION</p> <p>Apr. 1999    Director of Corporate Research &amp; Development Center of TOSHIBA CORPORATION</p> <p>June 2000    Corporate Vice President (Director of Corporate Research &amp; Development Center) of TOSHIBA CORPORATION</p> <p>June 2003    Executive Officer, Corporate Senior Vice President (General Executive of Technology) of TOSHIBA CORPORATION</p> <p>June 2005    Executive Officer, Corporate Executive Vice President (Chief Technology Officer) of TOSHIBA CORPORATION</p> <p>Dec. 2005    Advisory Professor of Tsing Hua University (China) (Current)</p> <p>June 2008    Adviser to TOSHIBA CORPORATION</p> <p>Aug. 2008    Councilor of TOSHIBA INTERNATIONAL FOUNDATION (Current)</p> <p>Apr. 2010    Advisor of TDK Corporation</p> <p>June 2011    Professor of Graduate School of Innovation Studies, Tokyo University of Science</p> <p>Oct. 2011    Member of Science Council of Japan (Current)</p> <p>June 2014    Outside Director (Current)</p> <p>[Responsibilities as a Director of the Company] Nomination Committee Member / Chairperson of the Compensation Committee</p> <p>[Significant concurrent positions] Member of Science Council of Japan / Advisory Professor of Tsing Hua University (China) / Councilor of TOSHIBA INTERNATIONAL FOUNDATION</p> <p>[Reasons for nomination as a candidate for Outside Director] Mr. Makoto Azuma has high managerial competence and extensive knowledge and experience in technologies based on his experience as Executive Officer, Corporate Executive Vice President and Chief Technology Officer of TOSHIBA CORPORATION and a professor at the Graduate School of Innovation Studies of Tokyo University of Science. He is currently serving as Outside Director of the Company and plays an important role in decision-making and supervising of execution at the Company's Board of Directors. In addition, as Chairperson of the Compensation Committee, he has led the operation of the committee, encouraged lively discussions among members, and concluded discussions from an objective position. Moreover, he has actively made proposals and engaged in discussions on the selection and dismissal of senior management as a Nomination Committee Member, based on his experience as senior management in the technology field. Furthermore, taking advantage of advanced knowledge and extensive experience unique to senior management in a technical field, he has also actively pointed out and given advice on the Company's long-term business strategy. Based on the above, it is determined that he is an appropriate person to continue management oversight at the Company, and thus the Company's Board of Directors renominates him as a candidate for Outside Director.</p>	

Notes:

1. There are no special interests between candidate Mr. Makoto Azuma and the Company.
2. The term of office of candidate Mr. Makoto Azuma shall be up to the conclusion of the Ordinary General Meeting of Shareholders with respect to the final fiscal year that ends within one (1) year of his election in accordance with the Company's Articles of Incorporation.
3. With the expectation that Outside Directors can fully fulfill the roles associated with their positions, the Company has executed a contract with Mr. Makoto Azuma to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥10 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act. If approval is given for Mr. Makoto Azuma to be reelected as Outside Director, the Company plans to continue the said liability limitation contract with him.
4. Candidate Mr. Makoto Azuma has been registered as an Independent Director as stipulated in Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, and if approval is given for him to be reelected as Outside Director, he will remain registered as Independent Director.
5. The numbers of the Company's shares held by the candidate Mr. Makoto Azuma are as of March 31, 2019.

Message to our shareholders from the candidate for Director

Many past examples have taught us that corporate sustainability cannot be achieved simply by maintaining the status quo. For a company to survive, it should implementing various measures such as new market development, selection of business, and business process reform. It is essential to create new businesses and foster innovation for a company to continue growing on top of survival.

The Ricoh Group has been taking on a variety of challenges since FY2017 under “RICOH Resurgent” and “RICOH Ignite.” As an Outside Director, I oversaw management from the perspective of whether or not top management is making fair decisions and boldly tackling challenges for the future. The efforts of employees including the management team have solved the greater part of our challenges, and now we can see our future path.

On the other hand, I understand that the growth strategies at the center of “RICOH Ignite” are still in progress. I hope my experience as a corporate Chief Technology Officer (CTO) and a graduate school professor in technology management will contribute to taking on this challenge. Fortunately, the Ricoh Group has excellent technological assets and human resources. In addition, we have approached open innovation with external organizations from various aspects. By actively supporting these efforts, I will strive to contribute to the Ricoh Group in its transformation to a company that constantly pursues the creation of new value.

No.	Name (Date of birth)	Brief personal profile, positions and responsibilities at the Company and significant concurrent positions	
6	<p>Masami Iijima (September 23, 1950)</p> <p>Reappointment</p> <p>Male</p> <p>Outside Director</p> <p>Independent Director</p> <p>Number of the Company's shares held 6,100</p> <p>Years of service as Director 3 years (at the conclusion of this Meeting)</p> <p>Board of Directors meeting attendance during fiscal year ended March 31, 2019 12/12 (100%)</p>	<p>Apr. 1974      Joined MITSUI &amp; CO., LTD.</p> <p>June 2000      General Manager of Ferrous Raw Materials Division, Iron &amp; Steel Raw Materials Business Unit of MITSUI &amp; CO., LTD.</p> <p>Apr. 2004      General Manager of Metals Administrative Division of MITSUI &amp; CO., LTD.</p> <p>Apr. 2005      General Manager of Metals &amp; Energy Administrative Division of MITSUI &amp; CO., LTD.</p> <p>Apr. 2006      Managing Officer, Chief Operating Officer of Iron &amp; Steel Raw Materials and Non-Ferrous Metals Business Unit of MITSUI &amp; CO., LTD.</p> <p>Apr. 2007      Managing Officer, Chief Operating Officer of Mineral &amp; Metal Resources Business Unit of MITSUI &amp; CO., LTD.</p> <p>Apr. 2008      Executive Managing Officer of MITSUI &amp; CO., LTD.</p> <p>June 2008      Representative Director, Executive Managing Officer of MITSUI &amp; CO., LTD.</p> <p>Oct. 2008      Representative Director, Senior Executive Managing Officer of MITSUI &amp; CO., LTD.</p> <p>Apr. 2009      Representative Director, President and Chief Executive Officer of MITSUI &amp; CO., LTD.</p> <p>Apr. 2015      Representative Director, Chairperson of the Board of Directors of MITSUI &amp; CO., LTD. (Current)</p> <p>June 2016      Outside Director (Current)</p> <p>June 2018      Outside Director of SoftBank Group Corp. (Current)</p> <p>[Responsibilities as a Director of the Company] Chairperson of the Nomination Committee / Compensation Committee Member</p> <p>[Significant concurrent positions] Representative Director, Chairperson of the Board of Directors of MITSUI &amp; CO., LTD. / Outside Director of SoftBank Group Corp.</p> <p>[Reasons for nomination as a candidate for Outside Director] Mr. Masami Iijima has accumulated outstanding achievements and extensive experience as a management executive of MITSUI &amp; CO., LTD., which operates on a global scale. He is currently serving as Outside Director of the Company and plays an important role in decision-making and supervising of execution at the Company's Board of Directors. In addition, as Chairperson of the Nomination Committee, he has led the operation of the committee, encouraged lively discussions among members, and concluded discussions from an objective position. Moreover, as a Compensation Committee Member, he has actively made proposals and engaged in discussions from his point of view based on his responsibility as top management of a company. Furthermore, taking advantage of his deep expertise, he has provided advice mainly from the perspectives of global governance and risk management, etc. on the development of the Company's global business, and he has also contributed substantially to business activities for improving the corporate value of the Company. Based on the above, it is determined that he is an appropriate person to continue management oversight at the Company, and the Company's Board of Directors renominates him as a candidate for Outside Director.</p>	

Notes:

- There are no special interests between candidate Mr. Masami Iijima and the Company.  
Candidate Mr. Masami Iijima is Representative Director, Chairperson of the Board of Directors of MITSUI & CO., LTD. The Company has business relations with MITSUI & CO., LTD. such product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and MITSUI & CO., LTD., respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his



duties as Outside Director.

In addition, he is an Outside Director of SoftBank Group Corp. The Company has business relations with SoftBank Group Corp., such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and SoftBank Group Corp., respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Director.

2. The term of office of candidate Mr. Masami Iijima shall be up to the conclusion of the Ordinary General Meeting of Shareholders with respect to the final fiscal year that ends within one (1) year of his election in accordance with the Company's Articles of Incorporation.
3. With the expectation that Outside Directors can fully fulfill the roles associated with their positions, the Company has executed a contract with Mr. Masami Iijima to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥10 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act. If approval is given for Mr. Masami Iijima to be reelected as Outside Director, the Company plans to continue the said liability limitation contract with him.
4. Candidate Mr. Masami Iijima has been registered as an Independent Director as stipulated in Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, and if approval is given for him to be reelected as Outside Director, he will remain registered as Independent Director.
5. The numbers of the Company's shares held by the candidate Mr. Masami Iijima are as of March 31, 2019.

#### Message to our shareholders from the candidate for Director

My role as an Outside Director is to conduct management oversight and guidance to the management of the Ricoh Group from a shareholder perspective with the breadth and long-term viewpoint I developed in managing MITSUI & CO., LTD.

As the Group operates business globally in approximately 200 countries and regions world-wide, we need to keep up with various events around the world and maintain a broad perspective to make the best decisions. In recent years, there are rising calls for companies to contribute to the sustainability of society as exemplified by the "Sustainable Development Goals (SDGs)" set out by the United Nations. Providing new value and contributing to society through digital transformation and innovative business activities is directly linked to the sustainability of the Company.

As an Outside Director, I will continue to commit myself to carrying out oversight functions as a member of the Board of Directors so that the Ricoh Group may be a company that is always trusted by society, and will work to realize effective corporate governance for our shareholders and stakeholders.

No.	Name (Date of birth)	Brief personal profile, positions and responsibilities at the Company and significant concurrent positions	
7	Mutsuko Hatano (October 1, 1960)	Apr. 1983	Joined Hitachi, Ltd.
		Sep. 1997	Visiting Researcher at the University of California, Berkeley (until August 2000)
		Apr. 2005	Chief Researcher of Central Research Laboratory, Hitachi, Ltd.
		July 2010	Professor at the Department of Electrical and Electronic Engineering, School of Engineering, Tokyo Institute of Technology (Current)
	Reappointment	Oct. 2014	Council Member of Science Council of Japan (Current)
	Female	June 2016	Outside Director (Current)
	Outside Director	[Responsibilities as a Director of the Company] Compensation Committee Member	
	Independent Director	[Significant concurrent positions] Professor at the Department of Electrical and Electronic Engineering, School of Engineering, Tokyo Institute of Technology / Council Member of Science Council of Japan	
	Number of the Company's shares held 3,000	[Reasons for nomination as a candidate for Outside Director] Ms. Mutsuko Hatano has experience of working as a professor at the Department of Electrical and Electronic Engineering, Graduate School of Science and Engineering of Tokyo Institute of Technology and serving as a committee member of many administrative bodies. She is currently serving as Outside Director of the Company and plays an important role in decision-making and supervising of execution at the Company's Board of Directors. At the Board of Directors, she has actively made queries and proposals from many perspectives taking advantage of her experience and has also pointed out and provided advice on the Ricoh Group's strategy by utilizing her expertise. Furthermore, she has made proposals and engaged in discussions from a position different from corporate executives regarding the details of compensation and the compensation system as a Compensation Committee Member. Based on the above, it is determined that she is an appropriate person to continue management oversight at the Company, and thus the Company's Board of Directors renominates her as a candidate for Outside Director.	
	Years of service as Director 3 years (at the conclusion of this Meeting)		
	Board of Directors meeting attendance during fiscal year ended March 31, 2019 12/12 (100%)		

Notes:

- There are no special interests between candidate Ms. Mutsuko Hatano and the Company.  
The Company had entered into a consignment contract with candidate Ms. Mutsuko Hatano from April 1, 2016 to June 16, 2016, and had paid ¥1.5 million to her as commission. The purpose of this agreement was to have Ms. Mutsuko Hatano attend the Group Technology Management Meetings to provide advice and recommendations from an outsider's point of view on the management of technology at the Company. However, because this agreement was terminated before her appointment as the Company's Outside Director and the Company's Standards for Independence of Outside Directors and Audit & Supervisory Board Members (refer to page 38) do not apply, it has been deemed that this agreement will have no impact on the independence of the Outside Director.
- The term of office of candidate Ms. Mutsuko Hatano shall be up to the conclusion of the Ordinary General Meeting of Shareholders with respect to the final fiscal year that ends within one (1) year of her election in accordance with the Company's Articles of Incorporation.
- With the expectation that Outside Directors can fully fulfill the roles associated with their positions, the Company has executed a contract with Ms. Mutsuko Hatano to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥10 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act. If approval is given for Ms. Mutsuko Hatano to be reelected as Outside Director, the Company plans to continue the said liability limitation contract with her.
- Candidate Ms. Mutsuko Hatano has been registered as an Independent Director as stipulated in Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, and if approval is given for her to be reelected as Outside Director, she will remain registered as Independent Director.
- The numbers of the Company's shares held by the candidate Ms. Mutsuko Hatano are as of March 31, 2019.

## Message to our shareholders from the candidate for Director

In FY2018, after much discussion at the Board of Directors to make it a year of improving earning power and vastly advancing the growth strategy “RICOH Ignite,” we made progress in reforming the management foundation to support our growth strategies, including strengthening governance and the business administration system. We exchanged opinions outside of the Board of Directors as well, which led me to rediscover the potential of Ricoh. I think this is because the aspirations of all employees to provide new value to global society through Ricoh have come together as a single force. The demand for and role of printing is changing, global trade friction and commotion in the EU are causing uncertainties, and contributions to achieving SDGs as well as workstyle reforms are called for. Amid such drastic changes in the environment and social challenges, it is essential to create and expand new businesses that lead to the next stage “RICOH Take Off” with a framework to make that happen, such as management speed and a consistent process from R&D to marketing and sales. In addition, I believe that it is necessary to continue to promote fast-paced and highly-transparent discussions and decision-making from a global perspective.

As an Outside Director, based on my corporate and academic experience, I will strive to contribute to business growth through innovation that is compatible with improvement of sustainability through the Board of Directors, and offer a diverse perspective and insight different from those within the Company. I am confident that Ricoh has a grand design for society through true innovation, and will achieve sustainable growth and further development.

No.	Name (Date of birth)	Brief personal profile, positions and responsibilities at the Company and significant concurrent positions	
8	Kazuhiro Mori (October 7, 1946)  Reappointment  Male  Outside Director  Independent Director  Number of the Company's shares held 2,100  Years of service as Director 1 year (at the conclusion of this Meeting)  Board of Directors meeting attendance during fiscal year ended March 31, 2019 10/10 (100%)  *Took office in June 2018	Apr. 1969	Joined Hitachi, Ltd.
		Feb. 1999	General Manager of Chubu Area Operation, Hitachi, Ltd.
		June 2003	Executive Officer, Hitachi, Ltd.
		Apr. 2004	Vice President and Executive Officer, General Manager of Electronics Group & CEO, Hitachi, Ltd.
		Aug. 2005	Vice President and Executive Officer, Hitachi, Ltd. President and Director, Hitachi Displays, Ltd.
		Apr. 2006	Senior Vice President and Executive Officer, Hitachi, Ltd.
		Jan. 2007	Representative Executive Officer, Executive Vice President and Executive Officer, Hitachi, Ltd. (until March 2012)
		June 2007	Outside Director, Hitachi Capital Corporation
		June 2010	Chairperson of the Board, Outside Director, Hitachi Capital Corporation Outside Director, Hitachi Medical Corporation
		Apr. 2011	Director, Hitachi Maxell, Ltd. (Current Maxell Holdings, Ltd.)
		Apr. 2012	Executive Vice President and Executive Officer, Hitachi, Ltd.
		June 2013	Chairperson of the Board, Outside Director, Hitachi High-Technologies Corporation Outside Director, Hitachi Transport System, Ltd.
		June 2014	Outside Director, Isuzu Motors Limited (until June 2018)
		June 2018	Outside Director (Current)
		Dec. 2018	Trustee, Toyo University (Current)
		[Responsibilities as a Director of the Company] Nomination Committee Member / Compensation Committee Member	
		[Significant concurrent positions] Trustee of Toyo University	
		[Reasons for nomination as a candidate for Outside Director] As a manager of the Hitachi Group who has served in various posts including Representative Executive Officer, Executive Vice President and Executive Officer of Hitachi, Ltd., Mr. Kazuhiro Mori has extensive experience as one of the persons in charge of carrying out the said company's reforms as well as broad knowledge regarding technologies and marketing. He is currently serving as Outside Director of the Company and plays an important role in decision-making and oversight of execution at the Company's Board of Directors. In addition, as a Nomination Committee Member and Compensation Committee Member, he has actively made proposals and engaged in discussions based on his experience as a top manager of companies. Furthermore, he has provided guidance on matters such as the development of the Company's global business and strengthening earning capabilities by exercising his sophisticated judgment and leadership in management backed by his extensive experience. He is greatly contributing to business activities toward the enhancement of the Company's corporate value. Based on the above, it is determined that he is an appropriate person to continue management oversight at the Company, and the Company's Board of Directors renominates him as a candidate for Outside Director.	

Notes:

- There are no special interests between candidate Mr. Kazuhiro Mori and the Company.  
Candidate Mr. Kazuhiro Mori was an Outside Director of Isuzu Motors Limited until June 2018. The Company has business relations with Isuzu Motors Limited, such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Isuzu Motors Limited, respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Director.  
In addition, the Company has business relations with Hitachi, Ltd. where Mr. Kazuhiro Mori had belonged to until March 2013, such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Hitachi, Ltd., respectively, which is considered extremely insignificant. Thus, there are no special

- business relations that could affect him in executing his duties as Outside Director.
2. The term of office of candidate Mr. Kazuhiro Mori shall be up to the conclusion of the Ordinary General Meeting of Shareholders with respect to the final fiscal year that ends within one (1) year of his election in accordance with the Company's Articles of Incorporation.
  3. With the expectation that Outside Directors can fully fulfill the roles associated with their positions, the Company has executed a contract with Mr. Kazuhiro Mori to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥10 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act. If approval is given for Mr. Kazuhiro Mori to be reelected as Outside Director, the Company plans to continue the said liability limitation contract with him.
  4. Candidate Mr. Kazuhiro Mori has been registered as an Independent Director as stipulated in Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, and if approval is given for him to be reelected as Outside Director, he will remain registered as Independent Director.
  5. The numbers of the Company's shares held by the candidate Mr. Kazuhiro Mori are as of March 31, 2019.

#### Message to our shareholders from the candidate for Director

While uncertainties in the global economy are mounting with concerns over the emergence of currency exchange and geopolitical risks, globalization and digital transformation have steadily progressed. In the copier industry, the market is sluggish and competition is intensifying, with developed countries going paperless and emerging countries seeing pressures on prices.

Responding to such changes in the business environment, the Ricoh Group formulated a mid-term business plan starting FY2017, and has been making steady progress under the strong leadership of the CEO, Yoshinori Yamashita. We have improved our earning capability through structural reforms in FY2017, and are changing gears to the growth strategy "RICOH Ignite" in FY2018.

In terms of governance, we have been assisting in strengthening risk management in response to the globalization of business as well as monitoring and decision-making to achieve management indicators. In addition, Outside Directors have been playing an important role in the voluntary committees established for the nomination and compensation of Directors, at which the Outside Directors drive active and constructive discussions.

In this highly competitive environment, in order to give appropriate returns to shareholders, we need to stably improve profitability in our core businesses and achieve growth to generate profit. To that end, we are striving to ensure effective oversight and recommendations to management from an independent and objective standpoint, along with timely and appropriate information disclosure.

I will strive to contribute to management oversight and decision-making from a shareholder perspective, drawing on my experience in business execution at an electronics manufacturer and management experience as an outside director in various industries including automobile manufacturing with an aim to achieve sustainable growth and increase corporate value over the medium- to long-term.

**Agenda 3: Payment of bonuses to Directors**

The Company proposes that bonuses amounting to ¥68.95 million be paid to the eight (8) Directors (excluding Outside Directors) in office during the current fiscal year, reflecting the Company's earnings results. The Company requests that the details such as specific amount to be paid to each Director, timing and method of payment be left to the decision of the Board of Directors.

Compensation for Directors (excluding Outside Directors) consists of basic compensation, bonuses, compensation for acquiring stock and stock price-linked compensation. Bonuses payment requires the resolution of the general meeting of shareholders each year as it fluctuates depending on business performance.

Notes:

1. Bonuses were not paid to six (6) Directors (excluding Outside Directors) in the previous fiscal year.
2. The eight (8) Directors (excluding Outside Directors) who served in the current fiscal year include four (4) Directors who retired at the conclusion of the 118th Ordinary General Meeting of Shareholders.
3. If Agenda 4 "Determination of the introduction, amount and content of stock-based incentive system with stock price conditions, etc., for Directors" is approved as proposed, stock price-linked compensation will be abolished and a stock-based incentive system with stock price conditions will be introduced.

[Reference] Please find "Policy of Compensation for Directors" stated on pages 34 to 35.

#### **Agenda 4: Determination of the introduction, amount and content of stock-based incentive system with stock price conditions, etc., for Directors**

##### **1. Reason and grounds for proposal**

Compensation for the Company's Directors consists of "basic compensation," "bonuses," "compensation for acquiring stock" and "stock price-linked compensation," all of which are monetary compensation, and so far, the Company currently does not have a stock-based incentive system. This Agenda proposes to abolish the subsequent payment of "stock price-linked compensation" and to introduce a new "stock-based incentive system with stock price conditions" (the "System") for the Company's Directors (excluding Outside Directors and Non-executive Directors as described below). Furthermore, the Company requests that the determination of the details of the System be left to the Board of Directors, within the scope described in 2. below.

The goals of adopting the System are to help improve corporate earnings over the medium and long term and to enhance an awareness of contributions to corporate value gains by more clearly linking Company Director's compensation to corporate earnings. This will expose the Company's Directors to the same benefits and risks associated with share price fluctuations as shareholders, therefore, the Company believes that the System is reasonable.

The System is separate from the remuneration approved at the 116th Ordinary General Meeting of Shareholders held on June 17, 2016 (¥46.0 million per month, of which ¥7.0 million per month for Outside Directors; director remuneration does not include employee salaries; hereinafter, the "Monetary Compensation") for incumbent Directors for the three consecutive fiscal years until March 31, 2022 ("the Period"). (Stock compensation for the Company's Directors under the System does not include the employee salary portion of Directors concurrently serving as employees, as is the case with the Monetary Compensation.)

Furthermore, if Agenda 2 "Election of eight (8) Directors" is approved as proposed, three (3) Directors will be eligible for the System.

##### **2. Amount and content of compensation to be provided under the System**

###### **(1) System Overview**

Ricoh will establish this System by paying cash through a trust (the "Trust") to acquire the Company's shares. Through the Trust, the Company's Directors would be granted Ricoh shares equivalent to points conferred to them.

In principle, shares would be granted upon retirement of a Company Director.

(i) Beneficiaries	Ricoh Directors (excluding Outside Directors and Non-executive Directors)
(ii) Period	Three consecutive fiscal years through to March 31, 2022
(iii) Maximum amount of money to be contributed by the Company as funds for acquiring the Company's shares for delivery to Directors in (i) during the Period in (ii)	Total amount of ¥300 million
(iv) Method of acquiring the Company's shares	Acquisition through the stock market (including off-floor trades)
(v) Maximum total number of points to be granted to Directors in (i)	<ul style="list-style-type: none"> <li>• 100,000 points per fiscal year</li> <li>• The upper limit of the total number of points to be granted during the three applicable fiscal years shall be 300,000 points</li> </ul> *1 point equals 1 share of the Company
(vi) Standard for granting points	Points are to be granted in a number of points corresponding to that person's position, Ricoh's share price growth rate relative to that of TOPIX (Tokyo Stock Price Index)
(vii) Timing of the delivery of the Company's shares to Directors in (i)	Upon retirement, in principle

###### **(2) Maximum contribution by the Company**

The initial Trust term of the Trust shall be approximately three years, and, the Company will contribute no

more than ¥100 million per fiscal year in remuneration for the Company's Directors serving during the Period in order to fund purchases of Ricoh shares for delivery to the Company's Directors under the System, thereby establishing the Trust, whose beneficiary Directors would meet certain requirements. The Trust would use Ricoh-entrusted funds to acquire Ricoh shares from the stock market (including off-floor trades).

Note: The money that Ricoh actually entrusts to the Trust will be the sum of the aforementioned funds for acquiring Ricoh shares and the estimated required expenses, including Trust and Trust administrator fees.

Based on a resolution of the Board of Directors, Ricoh can extend the Period up to five fiscal years and accordingly extend the Trust term to continue the System (including through transferring Trust assets to another Ricoh-established trust for the same purpose as the Trust, thereby effectively extending the Trust Period; hereinafter the same). In such a case, the Company will, to secure funds needed to acquire shares for the Company's Directors under the System, additionally contribute to the Trust during the extended Period an amount not exceeding that calculated by multiplying the number of fiscal years during the extended Period by ¥100 million, and will continue to grant points and Ricoh shares as described in (3) below.

If the Period is not extended as described above, thus discontinuing the System, and a Company Director granted points remains in service at the expiry of the Trust term, that term could extend until the delivery of Ricoh shares is completed upon that Director's retirement.

(3) Method for calculating the number of Ricoh shares delivered to directors, and the maximum amount thereof

(i) Method of granting points to Company Directors

The Company will, pursuant to the Share Grant Regulations that Ricoh's Board of Directors has determined, grant each Company Director a number of points corresponding to that person's position, Ricoh's share price growth rate relative to that of TOPIX (Tokyo Stock Price Index), and other factors on the grant date set out under the Share Grant Regulations during the Trust term.

The total number of points granted each fiscal year to Company Directors as compensation for each year during the Period, will not exceed 100,000.

(ii) Delivery of Ricoh shares corresponding to points granted

Directors will, pursuant to the procedure in (iii) below, receive Ricoh shares corresponding to the number of points granted in (i) above.

One point would equal one Ricoh share. If, however, it is deemed reasonable to adjust the number of Ricoh shares for delivery, such as for a share split or reverse share split, such an adjustment would reflect share splits, reverse share splits, or other factors.

(iii) Delivery of Ricoh shares to Company Directors

The Trust will, in principle, deliver Ricoh shares to a Director under (ii) above upon retirement in accordance with a prescribed beneficiary determination procedure.

However, a certain proportion of Ricoh shares can be converted into cash through sale within the Trust for Ricoh to make deductions at source to fund such tax payments as withholding income tax, with payments to Directors being in lieu of Ricoh shares. Payments can also be made in cash to Directors in lieu of Ricoh shares if shares in Trust are converted to cash, notably upon settlement of shares held in Trust owing to acceptance of a tender offer.

(4) Exercise of voting rights

Voting rights for Ricoh shares in Trust will not be exercised altogether, and will be subject to trust administrator instructions. The goal of such a policy would be to ensure the neutrality regarding Ricoh's management in exercising voting rights in Ricoh shares held in Trust.

(5) Treatment of dividends

The Trust will receive dividends on Ricoh shares, appropriating them to cover such payments as the costs of acquiring the shares and trust fees.



## Agenda 5: Election of an Independent Auditor

KPMG AZSA LLC, the Company's independent auditor will retire due to expiration of its term of office at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, the Company proposes the election of a new independent auditor based on the resolution of the Audit & Supervisory Board.

As the current independent auditor has been serving for an extended period of time, the Audit & Supervisory Board considered several candidates. Upon comprehensively evaluating its global audit structure, independence, expertise, and efficiency, Deloitte Touche Tohmatsu LLC has been selected as a candidate for independent auditor because it is deemed to have a system to ensure accounting audits are performed appropriately. In addition, a new independent auditor will provide a new perspective in audits, and overall, the candidate may contribute to strengthening of the Company's governance.

The name, main office location, history, etc., of the candidate for independent auditor are as follows.

(As of February 28, 2019)

Name	Deloitte Touche Tohmatsu LLC	
Office	Main office: Marunouchi Nijubashi Building, 2-3, Marunouchi 3-chome, Chiyoda-ku, Tokyo	
History	May 1968: Tohmatsu Awoki & Co. established May 1975: Joined Touche Ross International (TRI) (currently Deloitte Touche Tohmatsu Limited (DTTL)) alliance Feb. 1990: Changed name to Tohmatsu & Co. July 2009: Transitioned to a limited liability company and changed name to Deloitte Touche Tohmatsu LLC	
Summary	Capital: Partners (CPAs): Non-CPA partners: Staff	¥1,007 million 532 persons 54 persons CPAs: 2,797 persons Successful CPA exam candidates, etc.: 1,143 persons (including junior accountants) Other specialists: 2,125 persons Other staff: 166 persons Total: 6,817 persons Companies involved in audits: 3,339 companies (as of May 31, 2018)

Although the candidate has received fees, etc., relating to advisory services which are services other than those defined in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services) from the Company and the Company's subsidiaries during the past two years, upon election, the Company will not conclude the non-audit service agreements with the candidate which impair its independence, just as with the current Independent Auditor.

## <Reference> Initiatives for Corporate Governance

### Basic Policies for Corporate Governance

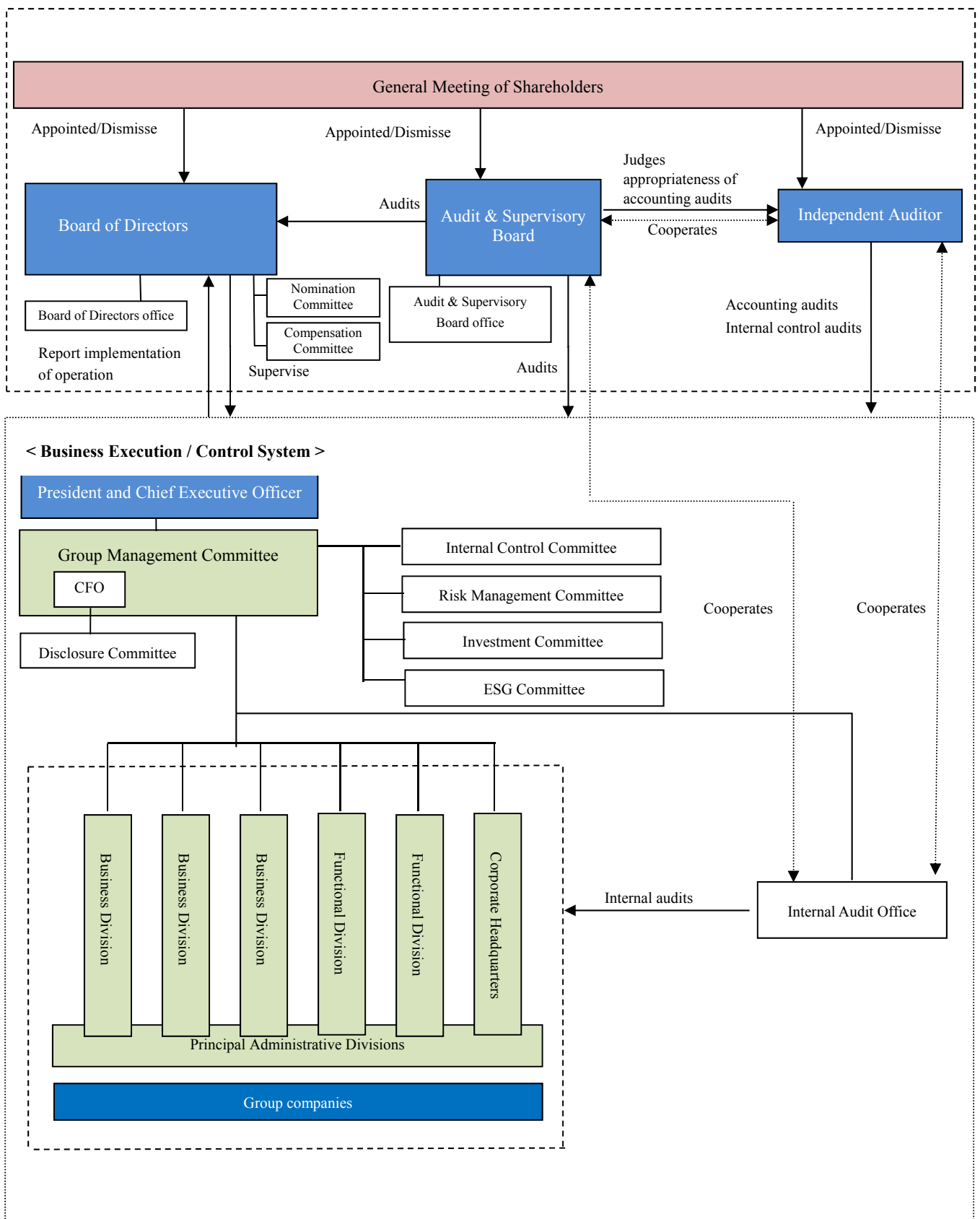
The Ricoh Group is working to enhance its governance system in accordance with social awareness and various stakeholders aimed at strengthening competitiveness and continuously improving the system while ensuring transparency based on corporate ethics and legal compliance. In this way, the Ricoh Group will achieve continuous growth, and improve corporate value and shareholder value.

The Ricoh Group established The Ricoh Way as a set of guiding principles and values that serves as the foundation for all our business activities. The RICOH Way, which comprises our founding principles and Management Philosophy (Mission Statement, Vision Statement and Values Statement), is the foundation of the Ricoh's management policy and strategy, and also is the basis of the corporate governance.

The Company has introduced a corporate audit system. In addition, the Company is making efforts toward enhancing oversight of executive management by the Board of Directors and enhancing execution of operations by the executive officer system. Furthermore, by appointing Outside Directors, the Company is making efforts toward further enhancement of corporate governance by decision-making and oversight of executive management through discussion from their independent perspectives.

The nomination of Directors and Executive Officers and their compensation are deliberated by the Nomination Committee and the Compensation Committee, advisory bodies which comprise a majority of Outside Directors. The results are reported to the Board of Directors.

## [Corporate Governance Structure]

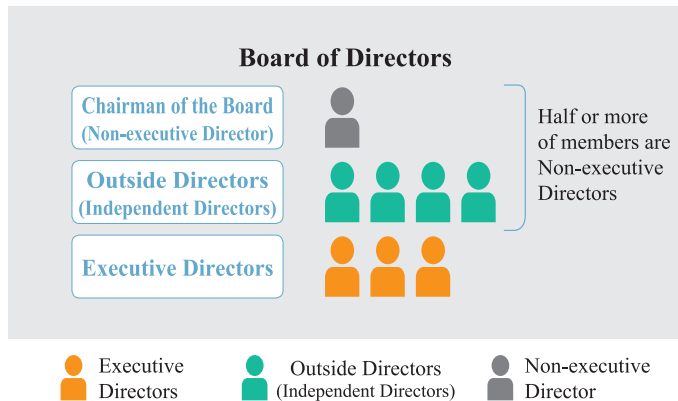


## The Board of Directors

The Board of Directors is responsible for management oversight and important decision-making concerning Group management. By appointing highly independent Outside Directors, the Group ensures greater transparency in its management and decision-making.

By leveraging the expertise and experiences of each Outside Director, Non-executive Director, and Executive Director in holding profound discussions on important issues, the Company encourages challenges in new areas of growth, creating a structure that allows for management oversight from the viewpoints of various stakeholders, including shareholders.

Four of the Board's eight Directors are Outside Directors (Independent Directors) – part of an effort to incorporate various views and opinions and to eliminate arbitrary decision-making in management.



### Board of Directors structure

Maximum number of Directors: 15

Current number of Directors: 8  
(including 4 Outside Directors)

Term: 1 year

As of May 17, 2019

## Audit & Supervisory Board

Audit & Supervisory Board members hold discussions to determine audit and supervising policies and the assignment of duties, and monitor corporate management.

Audit & Supervisory Board members attend important meetings, including but not limited to the Board of Directors meetings, and exchange information regularly with the representative director.

For details on the status of activities by Audit & Supervisory Board Members and the Audit & Supervisory Board, please see **Notes on the Audit Performance** (pages 93 to 97 in this Notice).

### Audit & Supervisory Board structure

Maximum number of Audit & Supervisory Board Members: 5

Current number of Audit & Supervisory Board Member: 5 (including 3 Outside Audit & Supervisory Board Members)

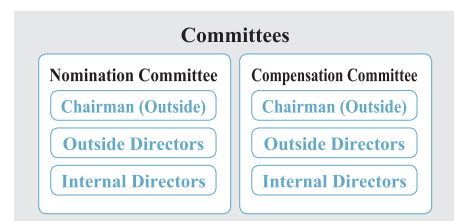
Term: 4 years

As of May 17, 2019

## Nomination Committee / Compensation Committee

As part of the strengthening of management oversight functions by the Board of Directors, the "Nomination Committee," which is chaired by a Non-executive Director, and the "Compensation Committee," which is chaired by an Outside Director, with the majority of members on both committees being Non-executive Directors and at least half of the members being Outside Directors, were established to ensure transparency and objectivity of nomination, dismissal, and compensation of Directors and executive officers, etc.

For FY2018, the Nomination Committee was comprised of three Outside Directors, one Internal Non-executive Director, and one Internal Executive Director; and the Compensation Committee was comprised of four Outside Directors, one Internal Non-executive Director, and one Internal Executive Director, and both committees are comprised of a majority of Outside Directors and are chaired by an Outside Director.



Non-executive Directors account for a majority of the members of each Committee, and more than half of them are Outside Directors.

As of May 17, 2019

### **Training for Directors and Audit & Supervisory Board Members**

Training for the Company's Directors and Audit & Supervisory Board Members has the objective of enabling constructive discussion that contributes to improving corporate value and shareholder value via the oversight functions of the Board of Directors. It is conducted by acquiring and updating knowledge specific to the duties and environment for each of the Company's internal and external Directors and Audit & Supervisory Board Members. The goal of the training is to enable them to fulfill their roles and responsibilities fit for an executive that undertakes a position in the Company's important governing bodies.

Upon appointment of Internal Directors and Audit & Supervisory Board Members, training is provided to allow these persons to confirm their expected roles and duties, as well as acquire knowledge necessary to carry out duties, including knowledge regarding corporate governance, law, and finance. Even after appointment, training opportunities are provided via internal/external training and e-learning initiatives suited to each Director and Audit & Supervisory Board Member so they can update their knowledge.

Outside Directors and Audit & Supervisory Board Members are appointed from among those who have adequate insight and experience necessary to carry out duties. Upon appointment, to enable them to deepen their understanding of the Company's current status, they are briefed on topics such as business strategy, financial conditions, and organizational structure as well as make site visits to key locations as required. Even after appointment, by providing and sharing information on the Company's current status and management environment, etc., efforts are made to secure and improve the oversight functions of the Board of Directors and the effectiveness of audits by Audit & Supervisory Board Members.

To confirm that the above measures are being conducted appropriately, their results are reported to the Board of Directors.

### **Group Management Committee**

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

### **Disclosure Committee**

The Disclosure Committee performs appropriate disclosure of information which may influence the decisions of investors in addition to promoting dialogue with shareholders and capital markets by proactively disclosing corporate information that contributes to investment decisions, and thereby seeks to develop relationships of trust with shareholders and capital markets as well as to achieve an appropriate recognition of the Ricoh Group.

This committee is composed of representatives from the disclosure management division, accounting division, legal division, information-generating and acknowledging departments, the principal administrative divisions managing affiliates, the internal control division, and the CFO, who is responsible for information disclosure.

The Disclosure Committee makes decisions on the necessity of information disclosure through the disclosure procedures and the appropriateness and accuracy of disclosed content as well as monitors the decisions of the CFO, who is responsible for information disclosure. Furthermore, the internal control division regularly evaluates the timeliness of information disclosure, the accuracy and validity of disclosure statements, and the validity of disclosure decisions, etc., and reports its findings to the Internal Control Committee and the Board of Directors.

### **Internal Control Committee**

The Internal Control Committee is an organization to deliberate and make decisions on the internal control system of the whole Ricoh Group.

This committee is composed of GMC members and is chaired by the CEO.

Delegated by the CEO, the committee determines the policies for internal control activities of the entire Ricoh Group in accordance with internal control principles, and periodically evaluates and rectifies the internal control development and operation status. In consideration of environmental changes, the committee makes proposals to the Board of Directors to revise the internal control principles as necessary.

### **Risk Management Committee**

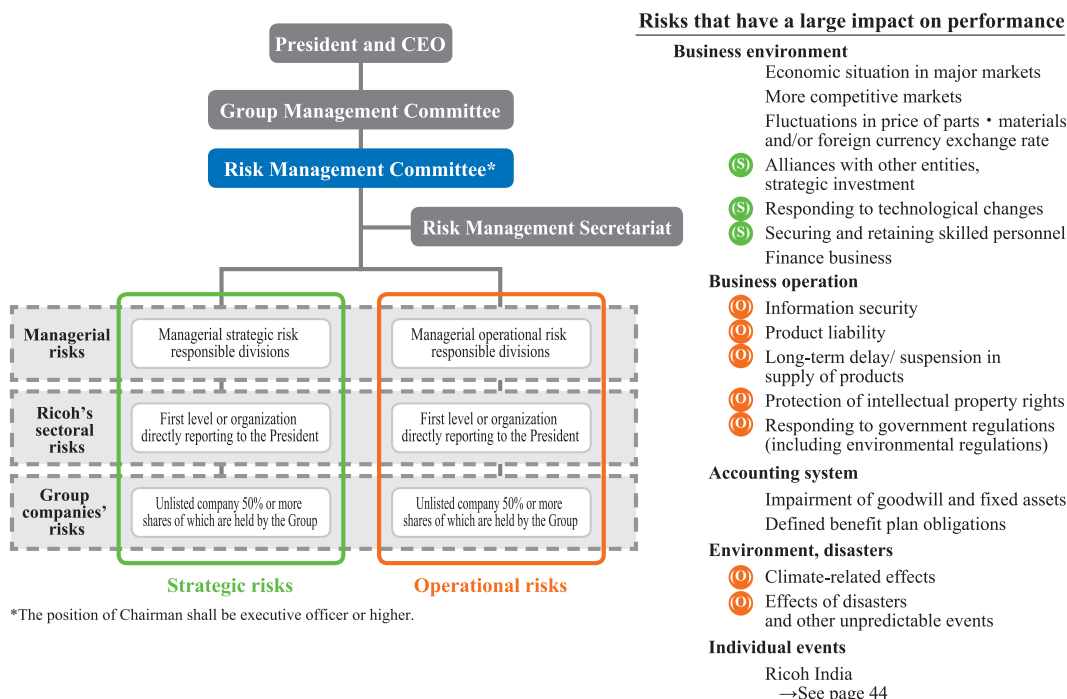
The Risk Management Committee is positioned as an advisory committee to the GMC and supports the decision-making of the GMC in the Group's risk management activities. It also promotes risk management activities of the entire Group and creates a highly feasible mechanism in line with the actual conditions by periodically revising the risk management system.

[Roles of the Risk Management Committee (Chairperson) in the risk management system]

1. Risks are roughly classified into 1) management issues faced during the execution of strategies amid the diversifying business environment (strategic risks), and 2) risks that may arise during the operation of business (operational risks). After systematically and comprehensively extracting and evaluating risk factors, the committee proposes a list of potential “management priority risks” to the GMC and provides support on its subsequent decisions.
2. The committee sets up a response division for each “managerial risk” and supports the risk management PDCA activities of the division. The committee also assigns a GMC member respectively to each “managerial risk” to evaluate these activities, and promotes the evaluation and proposal process of each risk management activity, that is pursuing both the management team’s involvement in risk management as well as the effectiveness of the countermeasures.
3. In addition to “managerial risks”, the committee cooperates with the risk management systems of each division and Group company to identify individual risks, share and roll out “managerial risks”, thereby to lead enhanced risk management activities of the entire Group.

The committee chairperson is appointed by the CEO, and comprises representatives from each organization mainly undertaking the headquarters function. With its basic stance of “always be open to risks,” the committee convenes meetings as needed, and makes recommendations to the GMC even if risks are implied by parties outside the committee.

## ■ Risk Management System: Correlation with risks that have a large impact on performance



## Investment Committee

The Investment Committee is positioned as an advisory committee to the GMC, and verifies investment plans based on the validity of financial aspects including capital costs, and strategic aspects such as profitability and growth risks, etc. Members with expertise perform prior reviews and discussion on diversifying investment projects to external entities in order to ensure consistency with management strategies and raise the efficacy of the investment while improving the speed and accuracy of investment decisions.

The committee mainly discusses investments from the aspects of strategies, finances, and risks, and its members include a chairperson appointed by the CEO, representatives from the business planning, accounting, legal, and internal control functions as specialists on each aspect as well as various experts depending on the project. The committee receives prior inquiries from planning departments to provide evaluations and advice after performing comprehensive discussion on the investment value of a project. Although the committee is not authorized to approve or disapprove of any investment projects, it assists the decision-maker in making objective decisions by clarifying the results of the committee’s discussions on each project.

In order to improve the accuracy of decisions made in the entire Group to invest in external entities, the

committee, which is an advisory body to the GMC, also handles projects below the minimum investment amount set out by the GMC. This is intended to strengthen the investment decision-making capabilities of the planning department as well as maintaining the flexibility of amending the minimum investment amount through recommendations to the GMC as necessary.

### **ESG Committee**

The ESG Committee aims to respond promptly and appropriately to the expectations and needs of stakeholders by continuously discussing medium- to long-term environmental, social, and governance issues faced by the Ricoh Group at a management-level and leading the discussions to the quality enhancement of the entire Group.

The ESG Committee plays the following specific roles:

1. Formulate the Ricoh Group Sustainability Strategy to resolve social issues through business, such as initiatives toward achieving SDGs, into the foundation of the Company's management
2. Identify medium- to long-term sustainability risks and opportunities as well as material issues faced by the entire Group (including those regarding investment decisions on risks and opportunities related to climate change recommended by the TCFD\*)
3. Supervise and advice on sustainability strategies, material issues, and progress on KPIs for each business division throughout the entire Group
4. Identify sustainability issues to be submitted for discussion at the Board of Directors

The committee is chaired by the CEO, and is composed GMC members, an Audit & Supervisory Board Member, and the Head of the Sustainability Management Division. The committee convenes quarterly and invites representatives of the business divisions associated with the subject of discussion, and provides a system to examine and discuss sustainability issues across the board.

\* TCFD: Task Force on Climate-related Financial Disclosures. Established by the Financial Stability Board (FSB), the TCFD provides stability to financial markets by promoting information disclosure of climate-related risks and opportunities by companies, and facilitating a smooth transition to a low-carbon society.

### **Policy for constructive engagement with shareholders**

- The Company engages energetically and constructively with shareholders. We maintain a cycle in which we reflect feedback from those shareholders in our activities to cultivate trust through mutual understanding. In operating based on that cycle, we endeavor to innovate and deliver value that is useful for everyone, everywhere, helping to enhance their lives and create social sustainability while increasing medium- and long-term corporate value.
- The President and CEO is the person responsible for engagement with shareholders, and an executive in charge may be appointed as required.
- A department in charge of IR shall be set up to promote engagement with shareholders, and takes charge of liaising with related departments.
- In general, engagement with shareholders shall be conducted by the department in charge of IR. However, when a request is made individually, the President and CEO or the executive in charge shall conduct engagement activities where appropriate.
- In addition to engagement activities with shareholders, presentations on the Mid-term Management Plan, financial results briefings and small meetings are held for institutional investors. The Company participates in IR events, etc., hosted by a third party to conduct briefings to individual investors. Also the Company hosts an investors' meeting and gathering following General Meetings of Shareholders.
- Opinions obtained through engagement with shareholders are passed on to the management team on a quarterly basis.
- The Company strictly complies with its internal regulations concerning handling of insider information, and no insider information is disclosed to shareholders during individual engagement. To prevent the leak of insider information and ensure fairness in information disclosure, the Company observes a quiet period from the day following the final day of each fiscal year to the day of financial results announcement.

### **Approach to Election of Directors**

#### **Election Criteria for Directors**

<Management capabilities>

Superior insight and judgment necessary for management functions

1. Knowledge of a wide range of businesses and functions, and has the ability to think and make decisions appropriately from a company-wide and long-term perspective
2. Insight into the essence of issues

3. Vision to make best decisions on a global level
4. Judgment and insight based on extensive experience, as well as excellent track record leading to significant improvements in corporate value and competitive strength
5. Ability to think and make decisions appropriately from the perspective of various stakeholders including shareholders and customers based on a firm awareness of corporate governance

#### <Character and personality>

Positive trust relationships between Directors and management team for smooth performance of the oversight function

1. Integrity (honesty, moral values and ethics); exemplifies fair and honest decisions and actions based on a high sense of morality and ethics in addition to the strict observance of laws, regulations, and internal rules.
2. Interacts with others with respect and trust based on a spirit of respect for humanity and sets an example for decisions and actions that respect the personality and individuality of others based on a deep understanding and acceptance of diverse values and ideas.

#### **Election criteria for Outside Directors**

In addition to the same election criteria as for Internal Directors stated above, the election criteria for Outside Directors include having excellence in areas such as expertise in different fields, problem discovery and solving capabilities, insight, strategic thinking capabilities, risk management capabilities, and leadership.

#### **Diversity**

Candidates for Directors shall not be excluded from selection due to their attributes such as their race, ethnicity, gender or nationality.

#### **Election Process and Evaluation Process for Directors**

The Company is making ongoing efforts to strengthen and enhance corporate governance for the Company's sustainable growth and improvement of corporate value and shareholder value.

#### <Nomination Committee>

To secure objectivity, transparency, and timeliness for procedures to appoint, dismiss, and evaluate Directors, the CEO, and other members of the management team, the Board of Directors has in place the Nomination Committee, which is an advisory body to the Board of Directors.

To increase objectivity and independence, the Nomination Committee comprises a majority of non-executive Directors with at least half of the members being Outside Directors, and is chaired by a non-executive Director.

(During FY2018, the committee was chaired by an Outside Director with three Outside Directors, one internal non-executive Director, one internal executive Director, and a majority of Outside Directors.)

The Nomination Committee deliberates on the following inquiries and reports on the deliberation and conclusions to the Board of Directors.

(Inquiry items)

- 1) Nomination of candidates for CEO and Directors
- 2) Evaluation of the soundness of the CEO and Directors to continue in their duties
- 3) Evaluation of achievements of the CEO and Directors
- 4) Confirmation of status of CEO succession plans and development of future CEO candidates
- 5) Confirmation of appointment/dismissal proposals and reasons thereof for Corporate Vice Presidents, Group Executive Officers, Advisors, and Fellows
- 6) Approval or disapproval on the formulation, revision or abolishment of appointment/dismissal systems for Directors, Corporate Vice Presidents, and Group Executive Officers

#### <Election process>

Director candidates are nominated based on management ability, personality, and character, with emphasis on qualities that will improve the oversight functions of the Board of Directors. The Nomination Committee deliberates twice on the qualification of the candidates, and reports to the Board of Directors clarifying the basis for nomination. Subsequently, based on the reporting from the Nomination Committee, the Board of Directors deliberates from a shareholder perspective, and determines the candidates to be submitted to the General Meeting of Shareholders.



#### <Evaluation process>

Directors are evaluated annually by the Nomination Committee. From FY2018, the former one-step evaluation was modified to a two-step evaluation. In the first evaluation, careful and appropriate deliberations are made on the soundness of Directors to continue in their duties, ensuring timeliness of appointment and dismissal. In the second evaluation, Directors' achievements are evaluated with a multifaceted approach, and their issues are clarified through feedback in an effort to improve the quality of management. The Nomination Committee's deliberations and conclusions on the evaluation of Directors are reported to the Board of Directors to thoroughly oversee whether the Director is sound to continue in their duties.

Furthermore, evaluations are based on such standards as "Management oversight status as a Director," "Financial aspects including key management indicators regarding business results, return on capital, etc.," and "Contribution to shareholders and evaluation by capital markets."

#### **Evaluation of CEO and CEO Succession Plan**

The CEO succession plan is an important initiative for improving shareholder value and corporate value of the Ricoh Group in a continuous manner over the medium to long-term and continuously fulfilling the social responsibilities of the Group as a member of society.

From the viewpoint of strengthening corporate governance, the Group works to establish a CEO succession plan with procedures that are objective, timely, and transparent.

##### 1) CEO Evaluation

The CEO is evaluated annually by the Nomination Committee. From FY2018, a two-step evaluation has been adopted. In the first evaluation, careful and appropriate deliberations are made on the soundness of the CEO to continue in his/her duties, ensuring timeliness of appointment and dismissal. In the second evaluation, the CEO's achievements are evaluated with a multifaceted approach, and his/her issues are clarified through feedback in an effort to improve the quality of management. The Nomination Committee's deliberations and conclusions on the evaluation of the CEO are reported to the Board of Directors to effectively oversee the CEO.

##### <Key items for the CEO evaluation>

##### (1) Financial viewpoint

- Business results, return on capital, other key management indicators, etc.

##### (2) Shareholder and capital market viewpoint

- Stock-related indicators including TSR, analyst evaluations, etc.

##### (3) Non-financial viewpoint

- ESG measures, customer and employee satisfaction, safety and product quality, etc.

##### 2) Selection, development and evaluation of CEO candidates

Once a year, the CEO prepares a list of potential future CEO candidates together with a development plan for them and elaborates on the proposals at the Nomination Committee. The Nomination Committee deliberates on the validity of the CEO candidate list and development plans, provides advice to the CEO on candidate development, and reports the findings to the Board of Directors. The Board of Directors confirms the validity of the candidate selection and development plans upon reporting from the Nomination Committee and is actively involved in the selection and development of CEO candidates.

##### <Selection of candidates>

CEO candidates are selected by terms as follows according to the timing of the change. The backup candidate in case of accident in the table below is determined via resolution of the Board of Directors at the same time the CEO is selected.

Terms	Number of persons selected
Backup candidate in case of accident	One
First candidate in line	Several
Second candidate in line	Several

##### <Development of candidates>

The Nomination Committee deliberates on the development plan for future CEO candidates and gives guidance to the CEO, who provides growth opportunities suited to each candidate according to their individual targets, allowing the candidates to accumulate experience. The CEO also gives direct guidance to promote the candidate's development based on individual assessment.

### <Evaluation of candidates>

CEO candidates are evaluated annually, and the CEO reports to the Nomination Committee regarding the status of achievements and growth of the CEO candidates. The Nomination Committee reviews the selection of CEO candidates, and reports the results to the Board of Directors. Upon reporting from the Nomination Committee, the Board of Directors evaluates the CEO candidates and confirms the validity of deliberations on which candidates are to remain, and is actively involved in the process.

### Policy of Compensation for Directors

Director compensation used as an effective incentive to achieve sustainable increases in corporate earnings for the medium- to long-term, in the pursuit of increased shareholder value of Ricoh and the Ricoh Group. In addition, from the viewpoint of strengthening corporate governance, measures to secure objectivity, transparency, and validity are taken in setting up compensation levels and determining individual compensation. The Company determines executive compensation based on the following basic policies:

- 1) Compensation is composed of three elements: i) basic compensation that reflects roles and performance of Directors, ii) bonuses that reflect business results (performance-linked compensation), and iii) compensation that reflects medium- to long-term increase in shareholder value.
- 2) When compensation levels are set up and individual compensation are determined, objectivity, transparency and validity must be secured through proper external benchmarks and deliberation by the Compensation Committee.

#### [Breakdown and ratio of Director Compensation]

Fixed		Short-term		Medium to long-term	
i) Basic compensation (reflects roles and capabilities)	+	ii) Bonuses *1 *1 Excludes Outside Directors	+	iii) - Compensation for acquiring stock *2 - Stock-based compensation with stock price conditions *3	= 6:3:1 *4
				*2 Excludes Outside Directors and non-executive Directors *3 Excludes Outside Directors and non-executive Directors	*4 The above ratios are rough estimates based on the business results for fiscal 2018.

- i) Basic compensation consists of compensation pertaining to management oversight and compensation reflecting the importance of individual roles and management responsibilities.  
In addition, compensation based on positions is additionally provided for the Representative Director, Chairperson of the Board, Chairperson of the Nomination Committee and the Compensation Committee, etc. A total of ¥276,300,000 was paid in FY2018.

- ii) The amount of bonuses paid to Directors is determined based on operating income. By setting operating income as the key performance indicator, which is strongly correlated with market capitalization, it further clarifies responsibilities of Directors for the business results of the entire Ricoh Group and the improvement of shareholder value.

In addition, regardless of the results calculated through this framework, whether or not a bonus will be paid reflecting the status of governance and non-financial factors will be discussed by the Compensation Committee and decided by the Board of Directors.

(Reference)

The amount of bonuses is calculated by the following formula, which has been judged as appropriate and determined through deliberation by the Compensation Committee.

Directors' bonuses = Base compensation for calculation (Basic monthly compensation) × Profit factor (Number of months determined in accordance with consolidated operating income \*5)

\*5 Number of months = consolidated operating income (millions of yen) / 20,000

- iii) Among compensation that reflects the stock price, compensation for acquiring stock is allocated in full for the acquisition of stock in the Ricoh Executive Stock Ownerships Plan as an incentive for increasing shareholder value over the medium- to long-term. As stated in Agenda 4 (page 23), subsequent provision of stock price-linked compensation will be abolished, and stock-based incentive with stock price conditions will be introduced. At the same time, in the event of any misconduct that may harm the Company during the office of a Director, stock-based incentive may be taken back upon a Board of Directors resolution and other necessary procedure as stipulated in the so-called clawback provision. Compensation for acquiring stocks and stock price-linked compensation are paid to Directors by the Company in cash. As for FY2018, a total of ¥23,250,000 was paid.

Outside Directors with positions that are independent from business execution are only paid basic compensation, and they do not receive contingent compensation such as performance-linked compensation.

The retirement benefit plan was abolished as of the date of the 107th Ordinary General Meeting of executive Shareholders held on June 27, 2007.

Total compensation amount for Directors paid in FY2018 was ¥394,000,000 (refer to page 69).

### **Future revisions to Director Compensation**

The Company places emphasis on securing objectivity, transparency, and suitability of elements such as Directors' compensation levels and ratio of basic compensation to variable compensation. The Compensation Committee deliberates on the matter including peer company benchmarks for Director Compensation in October each year and considers revising compensation levels and ratios as required.

### **Compensation Evaluation Process**

The Company has established a voluntary Compensation Committee in order to build an objective and transparent compensation valuation process in order to improve competitiveness corporate value, and corporate governance. The Compensation Committee decides (i) the individual compensation amount regarding basic compensation, compensation for acquiring stock and stock price-linked compensation (excluding bonuses), and (ii) the individual compensation plan for bonuses, based on corporate performance, the compensation criteria for Directors and individual evaluations after holding several discussions. Subsequently, with regard to bonuses, following discussions by the Board of Directors, it is determined whether or not to submit a proposal on the payment of bonuses to Directors to the General Meeting of Shareholders. The new stock-based incentive with stock price conditions will be determined by the Compensation Committee upon setting the individual number of shares to be delivered based on comparison of the compensation levels of Directors and Ricoh's share price growth rate relative to that of TOPIX.

### **Results Summary of the Evaluation of Effectiveness of the Board of Directors held during FY2018**

On May 9, 2019, the Company evaluated the effectiveness of the Board of Directors held during FY2018 (from April 2018 to March 2019), and disclose the results as outlined below.

#### **I. Evaluation of the Effectiveness of the Board of Directors**

FY2019 is an important year to achieve the goals of the 19th Mid-Term Management Plan (the "19th MTP") and to formulate the upcoming 20th Mid-Term Management Plan (the "20th MTP"). The Board of Directors evaluated its effectiveness in order to further enhance its function and governance for the purpose of continuing to provide appropriate oversight and support for the management, and to further increase RICOH's corporate value through the achievement of the 19th MTP and growth strategy.

The effectiveness of the business execution was discussed along with that of the Board of Directors upon sharing written evaluations by the Directors and the Audit & Supervisory Board Members, similar to the previous year.

Following the evaluation of effectiveness in FY2017, the Board of Directors worked to improve its effectiveness by establishing a basic policy for FY2018, and has set three improvement items outlined below in order to make steady improvements.

#### **<Basic policies for FY2018>**

- 1) Conduct oversight and support to improve earning power and secure execution of our growth strategy.
- 2) Promote environmental improvement to manage risk appropriately in global business development.

#### **<Improvement items for FY2018>**

- i) Monitor the progress of our Growth Strategies #0, #1 and #2, and conduct appropriate discussions and support according to circumstances.
- ii) Inspect and improve governance and risk management to support global business activities.
- iii) Promote prompt and accurate response to remaining major management issues such as optimization of our North American sales structure and cost reduction, through monitoring and encouragement of execution.

## II. Results summary of the “Evaluation of Effectiveness of the Board of Directors” for FY2018

The following results summary outlines the contents of the evaluations and discussions by the Directors and the Audit & Supervisory Board Members.

### 1. Evaluation of the effectiveness of oversight by the Board of Directors

- ◎ Evaluations concerning the effectiveness of the Board of Directors, the Nomination Committee, and the Compensation Committee are as follows.
  - The composition of the Board of Directors and its advisory bodies, the Nomination Committee, and the Compensation Committee is appropriate. The discussions are active, centered on Outside Directors with highly effective oversight function.
  - Important themes are well planned with sufficient timeframe and deliberations. The decisions are made from a shareholder perspective, securing effectiveness of management oversight.
- ◎ Meanwhile, there were remarks calling for improvement on enhanced and efficient reporting according to the business condition. There were also remarks on the necessity to increase discussions which relates to a medium- to long-term corporate value development.

### 2. Evaluation of appropriate discussions and support in line with the progress of our growth strategies (Improvement Item i)

- ◎ Appreciated for the fact that the following points crucial in developing the growth strategies were identified and steadily determined/implemented through the deliberation of the Board of Directors.
  - Organizational reform and clarification of the person responsible for each business area to implement the growth strategies.
  - Continuous enhancement of governance and headquarter function to support the growth strategies.
- ◎ Meanwhile, there were remarks on needs to improve discussions of personnel strategies, technological strategies, and sustainable enhancements of corporate value based on a medium- to long-term stand point.

### 3. Evaluations on the inspection and improvement of governance and risk management (Improvement Item ii)

- ◎ Appreciated for reviewing the appointment and dismissal process of the CEO and officers, and enforcing the governance system from a shareholder perspective by introducing the stock compensation system. There were also good feedback on risk management, being inspected and streamlined, and also on its prompt decision making and execution of system development, such as the establishment of its expert committee. .
- ◎ Meanwhile, there were remarks on the importance of continuing defense measures such as the inspection and improvement of the governance and risk management systems as well as offense measures such as discussion to maximize corporate value for the Ricoh Group.

### 4. Evaluation of monitoring and encouragement of business execution for important management issues (Improvement Item iii)

- ◎ Appreciated for the optimization and performance recovery of the North American sales structure as a result of appropriate monitoring based on detailed reporting from frontline managers, as well as the prompt decisions and implementation of important structural reform themes such as business reorganization of the RICOH Group following the previous year.
- ◎ Meanwhile, there were remarks that the Board of Directors needs to continue monitoring cost reductions as an effort that can immediately address changes in business structure and earnings structure.

### 5. Evaluation of execution

- ◎ Following evaluations were made concerning the response of executives confirmed at the Board of Directors
  - Management is shifting to a more Cost of Capital-oriented regime, and other ongoing measures such as setting the IR Day and strengthening SR to improve shareholder/investor relations.
  - Under our CEO’s leadership, the oversight and executive functions continue to discuss important management issues even outside of the Board of Directors, making efforts to form prompt and appropriate consensus.
  - The system and corporate structure are transforming to enable key indicators conducive to decision-making and quantitative administration to be promptly shared with the management team.
- ◎ Meanwhile, there were remarks calling for ongoing improvement of the management system covering administrative accounting, investment and risks, which accommodates the changes in business and profit structures as the growth strategies unfold.

### III. Efforts to improve the effectiveness of the Board of Directors in FY2019

In response to the above evaluation, the Board of Directors works to improve its effectiveness by establishing a basic policy for FY2019, and has set three improvement items outlined below in order to enhance the corporate value through execution of the 19th MTP and formulation of the 20th MTP.

#### <Basic policies for FY2019>

- 1) Monitor and support the achievement of our mid-term goals as the final year of the 19th MTP.
- 2) Formulate the 20th MTP with emphasis on discussion with a medium- to long-term perspective to enhance corporate value.

#### <Improvement items for FY2019>

- i) Monitor the progress of the priority measures in the 19th MTP, the achievement level of financial and non-financial targets as well as key management indicators, and conduct appropriate discussions and support according to circumstances.
- ii) Continue discussions from a medium- to long-term perspective on important themes, such as growth, human resources and technological strategies, and reflect in the 20th MTP.
- iii) Monitor the continuous improvement of the management system targeted towards the 20th MTP, creating an environment for the full-scale development of growth strategies.

### **Approach and Process for Election of Audit & Supervisory Board Members**

Candidates for the Audit & Supervisory Board Members shall be elected with emphasis on ensuring their independence, and their qualification shall be confirmed objectively based on the election criteria of Audit & Supervisory Board Members.

The Audit & Supervisory Board nominates candidates for the Audit & Supervisory Board Members following the prescribed election criteria, and proposes to the Board of Directors, upon which the Board of Directors resolves on the candidates to nominate respecting the proposal of the Audit & Supervisory Board.

## **Standards for Independence of Outside Directors and Outside Audit & Supervisory Board Members**

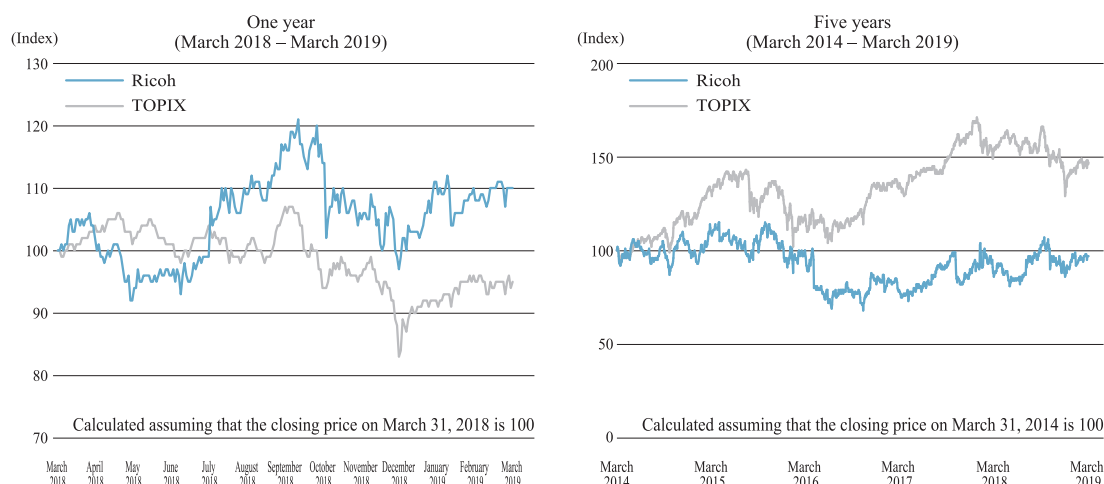
1. In principle, Outside Directors and Outside Audit & Supervisory Board Members of the Company should be independent from the Company and should satisfy all of the items set out below. The Ricoh Group refers to the corporate group that comprises the Company and its subsidiaries.
  - (1) A person who is not a shareholder holding 10% or more of the total voting rights of the Company (a “major shareholder”), or a person who is not a director, audit and supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee of the major shareholder of the Company.
  - (2) A person who is not a director, audit and supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee of a company of which the Ricoh Group is a major shareholder.
  - (3) A person who is not a director, audit and supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee of the Ricoh Group, or a person who was not a director, audit and supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee of the Ricoh Group within 10 years preceding the assumption of the office of Outside Director.
  - (4) A person of which the Ricoh Group was not a major business partner (whose sales to the Ricoh Group accounted for 2% or more of its consolidated net sales) in the immediately preceding fiscal year or any of the three fiscal years prior to such fiscal year, or a person who is not a director (excluding outside directors who are independent), audit and supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee thereof (including its parent company and subsidiaries).
  - (5) A person who was not a major business partner of the Ricoh Group (to which sales of the Ricoh Group accounted for 2% or more of consolidated net sales of the Ricoh Group) in the immediately preceding fiscal year or any of the three fiscal years prior to such fiscal year, or a person who is not a director (excluding outside directors who are independent), audit and supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee thereof (including its parent company and subsidiaries).
  - (6) A person who is not a consultant, certified public accountant, certified tax accountant, lawyer or any other professional who received money or other property other than executive compensation, either directly or indirectly, from the Ricoh Group in an amount of ¥10 million or more in the immediately preceding fiscal year or per year in average over the past three fiscal years.
  - (7) A person who does not belong to an organization, such as a law firm, auditing firm, tax accounting firm, consulting firm or any other professional advisory firm, that received money or other property, either directly or indirectly, from the Ricoh Group in an amount equivalent to 2% or more of its total revenue in the immediately preceding fiscal year or per year in average over the past three fiscal years.
  - (8) A person who is not a spouse, a relative within the second degree of kinship or a relative who lives in the same household of a person who falls under the items (1) through (7).
  - (9) A person who is not a director, audit and supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other important employee of a company, its parent company or subsidiary that has directors dispatched from the Ricoh Group.
  - (10) A person who is unlikely to cause a substantial conflict of interests with the Company.
2. The Company may appoint a person as Outside Director or Outside Audit and Supervisory Board Member if it determines that the person is qualified for the post, even though he/she fails to satisfy any of the above items (1) and (4) through (9) in the preceding paragraph, provided that the Company explains to external parties the reason for its determination that the person qualifies for the post.

## Stock price and TSR trends

In the fiscal year under review, the Company made progress in structural reforms under “RICOH Resurgent” since FY2017 and conducted business process reforms under the growth strategy “RICOH Ignite” during FY2018. Through these efforts, profitability steadily improved, and the Company’s stock price outperformed that of TOPIX, showing that the market took notice.

In the last five years, while the overall market recovered from the global financial crisis of 2008, as the Company’s stock price did not sufficiently meet market expectations in terms of business results due to the prolonged harsh business environment, our stock price underperformed TOPIX. As a result, our total shareholder return (TSR) over the five years underperformed TOPIX (including dividends). Nevertheless, under CEO Yamashita’s leadership since April 2017, the stock price has turned upwards and has recently been performing better than the market.

### Stock price trend



\* The stock price is based on that in the First Section of the Tokyo Stock Exchange.

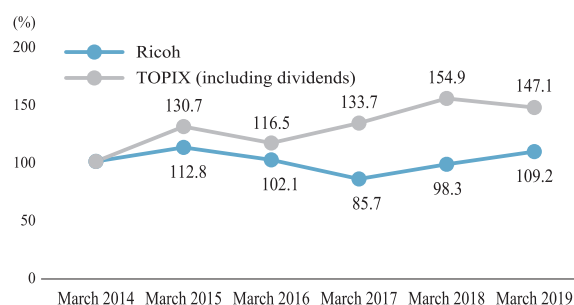
## TSR<sup>\*1</sup> and comparative indicators for the last five years

\*1 TSR is the sum of capital gains and dividends, showing the comprehensive yield on investment for shareholders.

	RICOH	TOPIX
Mar. 2014	100.0%	100.0%
Mar. 2015	112.8%	130.7%
Mar. 2016	102.1%	116.5%
Mar. 2017	85.7%	133.7%
Mar. 2018	98.3%	154.9%
Mar. 2019	109.2%	147.1%

\*March 31, 2019 is the record date for TSR

\*Stock prices at the beginning and end of each fiscal year are used for calculating TSR



To evaluate the CEO and directors, as listed on pages 32 to 33, we adopt TSR as one of the standards to define the level of their contribution to shareholders and evaluation of capital markets. However, to avoid the impact of sudden fluctuations in stock prices, we use TSR incorporating the average stock price (see table below).

Holding period	1 year	3 years	5 years	10 years
RICOH	108.9%	95.5%	108.7%	97.7%
TOPIX	101.9%	117.3%	156.9%	194.8%

## Business Report

(April 1, 2018 - March 31, 2019)

*(The following is an unofficial English translation of the Reports for FY2018 of the Company. The Company provides this translation for reference and convenience only and without any guarantee as to its accuracy or otherwise.)*

### 1. Business condition of the Ricoh Group

#### (1) Status of assets and profit/loss

##### ■ Assets and profit/loss of the consolidated Ricoh Group

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Sales (billions of yen)	2,151.4	2,209.0	2,028.8	2,063.3	2,013.2
Operating profit (loss) (billions of yen)	115.7	102.2	33.8	(115.6)	86.8
Profit (loss) before income tax expenses (billions of yen)	112.2	95.6	29.9	(124.1)	83.9
Profit (loss) attributable to owners of the parent (billions of yen)	68.5	62.9	3.4	(135.3)	49.5
Earnings (loss) per share attributable to owners of the parent (yen)	94.58	86.87	4.81	(186.75)	68.32
Total assets (billions of yen)	2,730.2	2,776.4	2,759.2	2,641.0	2,725.1
Equity attributable to owners of the parent (billions of yen)	1,084.1	1,077.8	1,042.1	909.5	932.5

Notes:

1. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).
2. From FY2015, 2016, presentation for some of the lease transactions was changed from total amount basis to net amount basis. Due to this change, figures for FY2014 are presented in those after retrospective application.

#### (2) Business situation in year under review

##### Operating progress and results

Overview

##### Business Environment

In FY2018, the global economy continued its recovery from a year earlier and expanded overall. Growth remained moderate in Japan and the United States. Notwithstanding uncertainties stemming from such factors as Brexit and rising populism, growth was generally steady in Europe. The impact of Sino-American trade friction created concerns about China, while growth in other emerging economies picked up.

The exchange rate between the yen and dollar was basically unchanged. The yen was up slightly against the euro.

It was against this backdrop that for a second year running demand in the Ricoh Group's mainstay office equipment business was down slightly in developed nations but expanded in emerging markets. While demand again decreased for A3 multifunctional printers (MFPs), which accounted for 80% of demand on a revenue basis, demand for A4 models likely rose in developed and emerging nations. Consumables revenue was down slightly in developed countries but up in emerging markets owing to expanding hardware demand.



Demand for information technology (IT) services grew solidly amid rising demand worldwide for office IT systems.

### **Results for the Year**

We introduced our “RICOH Ignite” growth strategy in this second year of our 19<sup>th</sup> Mid-Term Management Plan, covering the period from April 1, 2017 through March 31, 2020. Efforts to ensure future expansion encompassed increasing profitability in the core Office Printing field while developing new businesses that could ultimately become key areas. At the same time, we reviewed our business management structure to build operational underpinnings for our overall growth strategies. We also stepped up business selectivity and reformed corporate governance while marshalling all employees in the drive to overhaul our business processes.

In core businesses, we reassessed our copier and MFP sales and maintenance services structure, integrated or closed production sites, and narrowed our model development focus. We also deployed robotic process automation to help enhance business processes. Such efforts bore considerable fruit, driving a major profitability turnaround in Office Printing. On the growth business front, we continued to steadily expand Office Services earnings and invested strategically to secure resources to focus on operational expansion in the Office Services and Industrial Printing areas. Efforts included transferring shares in subsidiary Ricoh Logistics System Co., Ltd. to a partner whose main business is logistics, the goal being to strengthen supply chain management through collaboration with that partner.

Consolidated sales for FY2018 decreased 2.4%, to ¥2,013.2 billion. This decline was despite gains in the Office Services, Industrial Printing, Thermal, and other growth fields, and reflected reduced hardware and related consumables revenues, principally overseas’ unprofitable sales. Other factors in reduced sales included the adoption of equity method accounting for consolidated semiconductor and logistics subsidiaries whose shares we transferred and the removal of Ricoh India Limited from consolidated results. Consolidated sales would have risen 0.4% after excluding the equity method adoption, consolidation removal, and foreign exchange impacts.

In Japan, sales were up from a year earlier on steady growth, particularly in Office Services, reflecting expanded demand for IT equipment as companies overhauled work practices and due to higher revenues in such areas as industry solutions services. Sales in the Americas, Europe, the Middle East, and Africa declined because of Office Printing downturns that overshadowed growth in Industrial Printing. Sales in other regions were off owing to an Office Printing drop and a decrease in Office Services from the removal from consolidation of Ricoh India.

Gross profit was down 3.0%, to ¥766.8 billion. This was despite an improvement in Office Services. A prime factor was a decrease in Office Printing because of the impact of sales reforms implemented in the previous year, lower sales from emphasizing more profitable business sales, and a sales drop ahead of new MFP model launches. The adoption of equity-method accounting for some consolidated subsidiaries and the removal from consolidation of Ricoh India detracted from earnings in other areas. There were also downturns in the Industrial Printing and Thermal businesses amid a deteriorating market climate in China.

Selling, general and administrative expenses fell 9.6%, to ¥702.9 billion. This stemmed from progress in

containing expenditure through structural and business process reforms.

We posted ¥19.3 billion in structural reform expenses in the year under review. Structural reforms proceeded swiftly, generating savings of ¥46.9 billion. The Ricoh Group posted ¥14.9 billion in Ricoh India expenses that include a provision for doubtful accounts relating to Group holdings of Ricoh India receivables at the end of the year under review. Other revenue decreased from a year earlier owing largely to the transfer of Ricoh Logistics System shares. Goodwill impairment was down dramatically from the ¥145.8 billion impairment charge posted in the previous fiscal year.

Ricoh therefore posted ¥86.8 billion in operating profit after incurring an operating loss of ¥115.6 billion in the previous fiscal year. After excluding structural reform expenses, one-time income, and other transient factors, operating income would have been ¥105.1 billion, underscoring solid progress in effectively improved profitability from a year earlier.

Interest expense and foreign exchange loss were lower than a year earlier, reducing non-operating expenses. Ricoh posted ¥83.9 billion in income before income taxes, compared to a loss before income taxes in the previous year of ¥124.1 billion.

As a result of these factors, profit attributable to owners of the parent was ¥49.5 billion, compared with a ¥135.3 billion loss attributable to owners of the parent a year earlier.

## **Financial Position**

Total assets rose ¥84.1 billion from the close of fiscal 2017, to ¥2,725.1 billion. Other investments declined in line with a planned divestment of shares in Coca-Cola Bottlers Japan Holdings Inc., while cash and cash equivalents increased owing to the transfer of shares in Ricoh Logistics System. Inventories were higher, reflecting initial stockpiling for MFPs launched in the fourth quarter and additions to available supplies of consumables to cover the impact of Sino-American trade friction and the prospective exit of the United Kingdom from the European Union. Leased assets rose on the ongoing expansion of the finance business, particularly in Japan, while other financial assets increased.

Total liabilities were up ¥53.8 billion, to ¥1,706.1 billion. Bonds and borrowings were up from a year earlier, as we repaid long-term debt that had matured and undertook extensive reborrowing. Another factor was that debt from affiliated companies increased with finance business expansion.

Retained earnings were up from the end of the previous year as a result of higher earnings and changes in accounting policy. Total Ricoh shareholders' equity therefore advanced ¥23.0 billion, to ¥932.5 billion. The equity ratio was again stable, at 34.2%.

The Ricoh Group aims to establish new growth businesses by strengthening profitability in core businesses and investing extensively while pursuing returns that exceed capital costs to sustainably enhance corporate value. Under the 19th Mid-Term Management Plan, which ends in FY2019, it is a top priority to use shareholders' equity in running our business, while carefully investing in growth strategies that lift corporate value over the medium- to long-term we seek to boost capital efficiency. Return on equity (ROE) is a key performance indicator. Our benchmark is a ROE target of more than 9.0% by FY2022.

In FY2018, the second year of our current mid-term management plan, we endeavored to raise ROE to more than 5.0%. Profit attributable to owners of the parent company increased well beyond our initial forecast,

as we strengthened profitability in core businesses and generated growth in new businesses while bearing fruit from structural reform efforts earlier than planned. Our ROE for the year thus exceeded our target, at 5.4%.

### **Free Cash Flow**

The Ricoh Group aims to transform its business structure and generate growth over the medium and long terms by improving the profitability of core businesses to produce cash, using that cash to invest extensively in new businesses. In FY2019, the final of three years under the 19th Mid-Term Management Plan, we target a free cash flow of ¥100 billion in total of three years, excluding finance business. Furthermore, the three-year free cash flow excluding the finance business under the next plan, ending FY2022, is ¥250 billion.

At the end of FY2018, net cash provided by operating activities was ¥81.9 billion, down ¥28.3 billion. A key factor was a major earnings turnaround that stemmed from a profitability gain in the core Office Printing field and higher income in the Office Services and other growth areas. Another element was an increase in inventories from a year earlier. This owed to initial stockpiling for MFPs launched in the fourth quarter and additions to available supplies of consumables to cover the impact of Sino-American trade friction and the prospective exit of the United Kingdom from the European Union.

Net cash used in investing activities was ¥45.9 billion, down ¥35.1 billion. This reduction reflected income from transfers of shares in subsidiaries as a result of structural reform activities, which offset the impacts of capital investments to expand and upgrade production facilities, ongoing investments in information technology, and acquisitions to drive growth.

Free cash flow (net cash provided by operating activities plus net cash used in investing activities) totaled ¥36.0 billion, up ¥6.8 billion, reflecting greater business profitability from structural reform initiatives and operational reviews. Free cash flow excluding the finance business was ¥85.4 billion. Consequently, we produced ¥151.3 billion in free cash flow excluding the finance business in the first two years of our current mid-term management plan, so we are well positioned to exceed or match the ¥100 billion targeted by FY2018.

Net cash provided by financing activities was ¥42.4 billion, up ¥36.0 billion. On the liabilities front, we repaid long-term debt that had matured and undertook extensive reborrowing. On top of that, debt from affiliated companies increased with finance business expansion. We paid cash dividends as initially planned in light of results, cash flows, and growth investments.

As a result of the above factors, cash and cash equivalents at the end of the period were ¥240.0 billion, up ¥79.5 billion from a year earlier.

## **Regarding the Circumstances and Response to the Financial Irregularities at a Sales Subsidiary in India and the Subsequent Conditions**

### **1. The impact on financial results for FY2018**

In the consolidated financial results for FY2018, the Company posted a loss of ¥14.9 billion in relation to our overseas consolidated subsidiary Ricoh India Limited (“Rico India”).

On January 29, 2018, Rico India filed an application to initiate the corporate insolvency resolution process with the National Company Law Tribunal, Mumbai (NCLT), pursuant to Section 10 of the Insolvency and Bankruptcy Code of India, 2016<sup>(\*)</sup>. The NCLT admitted the insolvency petition on May 14, 2018 and had directed initiation of corporate insolvency resolution process in Rico India.

Pursuant thereto, a moratorium<sup>(\*)</sup> was imposed by the NCLT, and a Resolution Professional was appointed to manage Rico India’s affairs. The Resolution Professional invited applicants to submit resolution plans. Since May 2018, after the appointment of the Resolution Professional, Rico India no longer remained a part of our consolidated company, even though Rico Group owns 73.6% shares of Rico India.

Then on February 15, 2019, the Committee of Creditors (COC) of Rico India approved one of the plans, amongst the several resolution plans submitted. The Resolution Professional filed this Resolution Plan with the NCLT for its approval. The submitted resolution plan is presently pending consideration of the NCLT.

At this stage, Rico Company, Ltd. estimates that if the submitted resolution plan is approved by the NCLT the credits of Rico India are likely to become uncollectible, thus it has allocated additional losses of ¥14.9 billion.

Moving forward, if the necessity arises, we will disclose information in a timely manner, including changes based on legal proceedings.

Notes:

\*1...About the Insolvency and Bankruptcy Code of India, 2016: After the NCLT admits an application filed under Section 10 of the Code, it appoints a resolution professional to be vested with the management of the company and there is a prescribed time period during which a resolution plan is to be prepared and submitted to the committee of creditors and to the NCLT for their respective approvals. In the event a resolution plan is not submitted to the NCLT within the time period, or where the NCLT does not approve the plan, the NCLT will pass an order requiring the corporate debtor to be liquidated.

\*2...About the moratorium: The NCLT issues a moratorium simultaneously with the decision to commence the corporate insolvency resolution process for a period of 180 days, and which may be extended to 270 days. During the moratorium period, actions such as the recovery of assets owned by debtors, judicial or other procedures against debtors, granting of security interest, and the disposal of debtors’ assets or rights are prohibited.

### **2. Background**

Following the filing of its first quarter financial results ended June 30, 2015 to the Bombay Stock Exchange, Rico India, in line with good governance, changed its auditors. In order to meet its required reporting obligations with the Bombay Stock Exchange, the auditors undertook a limited review of the results for the second quarter ended September 30, 2015 as part of their new auditor processes. During this review the auditors raised concerns with Rico India’s management and Rico India’s audit committee regarding financial irregularities. While the Rico India’s audit committee appointed external experts to conduct an in-house investigation, new senior management were appointed on April 13, 2016 to make the necessary changes to the operating structure of the business. The delayed results for the second quarter ended September 30, 2015 were filed on May 18, 2016 to the Bombay Stock Exchange.

Following this, Ricoh India continued to investigate the financial irregularities. On July 19, 2016, Ricoh India disclosed the expected loss for the year and revised their results. Ricoh filed a petition with the NCLT in India regarding a capital increase with the aim of restructuring Ricoh India's business (the capital increase was executed on October 15 of the same year).

In addition, by dispatching a new executive officer from Ricoh as Chairperson of Ricoh India, we endeavored to normalize accounting and finance functions, execute appropriate reporting of accounts and implement recurrence prevention measures under the new management. Under these circumstances, Ricoh India's relationship with its major vendor deteriorated, and further disputes with this vendor began to surface.

Given these circumstances, in April 2017, under Ricoh's newly-appointed President and CEO, Yoshinori Yamashita, and based on the "RICOH Resurgent" policy, which aims to implement global structural reform across each and every business unit, without exception, we reevaluated our support to Ricoh India. As a result, we have decided not to provide any additional financial support going forward, to minimize the consolidated losses of the Ricoh Group, and disclosed this fact on October 27, 2017. At the same time, the Company took this incident related to Ricoh India gravely, and made disciplinary actions to partially reduce the monthly basic compensation of the Representative Director and President as well as three Directors and one Corporate Vice President, as well as compensation of the former Representative Director and President.

As stated above, on January 29, 2018, Ricoh India made a resolution and filed an application to initiate corporate insolvency proceeding with the NCLT pursuant to Section 10 of the Insolvency and Bankruptcy Code of India.

Ricoh India has been trying to effectuate management reforms, cost reductions and other measures for the purpose of rehabilitating its business; however, Ricoh India's relationship with its major vendor has deteriorated, and it resulted in default of contracts by the vendor and failure to collect receivables from business partners. Subsequently, Ricoh India announced that, since Ricoh India has now reached a position where it is unable to meet its liabilities, it decided to file the application to initiate corporate insolvency proceeding in the best interests of its customers, employees, minority shareholders, creditors and all other stakeholders.

As the largest supplier, creditor and shareholder of Ricoh India, the Company has been working together with the Resolution Professional to ensure that we may continue to provide products and services to our customers in India and maintain the quality of those services, while closely monitoring the decisions of the NCLT.

On February 15, 2019, the COC of Ricoh India approved one of the plans, amongst the several resolution plans submitted. The Resolution Professional filed this Resolution Plan with the NCLT for its approval. The submitted resolution plan is presently pending consideration of the NCLT.

Under these circumstances, the Company allocated expenses which relate to Ricoh India of ¥6.9 billion, ¥11.7 billion and ¥14.9 billion in consolidated operating results for the fiscal years ended March 31, 2017, 2018 and 2019, respectively. As a result of allocating an additional loss in the consolidated operating results for FY2018, the Ricoh Group has allocated all the credits of Ricoh India.

### 3. Factors behind the issues in Ricoh India

Unlike other emerging countries, India has a market expanding around IT services, and our sales grew without an adequate understanding of the regional characteristics and business models. This led us to believe that the business was successful, and we did not recognize the rapid expansion of business to be unnatural growth, resulting in the delay of the discovery.

Also, regional headquarters which had authority delegated to them by the headquarters (4 HQs: Japan, the Americas, Europe, Asia) were in charge of managing overseas sales subsidiaries in each region.

Among them, Ricoh India is our only overseas subsidiary that is listed on the local stock market, and in accordance with listing rules in India, a management governance system has been put in place. As such, unlike other overseas subsidiaries, it is our understanding that checks by regional headquarters became lenient.

In addition, as Ricoh India did not have its mission critical system unified, it was difficult to find this fraud. Furthermore, our whistleblowing system did not have a mechanism for making direct reports from overseas subsidiaries to the headquarters in Japan.

### 4. Efforts to prevent recurrence

As we disclosed in October 2017, we acknowledge the gravity of the situation of having to change the financial support policy for Ricoh India, and, with the aim of strengthening group governance, we have been undertaking the following measures to prevent recurrence through strengthening cooperation between Japan headquarters and regional headquarters/overseas subsidiaries.

In addition, in January 2018, in light of the fact that Ricoh India filed a petition for initiating corporate insolvency resolution process with the NCLT, we are working on the following measures to prevent recurrence, from the viewpoint of business management and organizational enhancement.

#### 1) Strengthen business management

- (A) Establishing a mechanism to review risk evaluation items with awareness of regional and business characteristics when planning and approving mid-term management plans and business plans.
- (B) Managing subsidiaries in a way that corresponds to the emerging country business risks and risks of new and growing businesses that they are exposed to.
- (C) Strengthening business management of overseas subsidiaries and globally standardizing purchasing processes.
- (D) Building frameworks to expose shortcoming and implement best practices in new business domains.

#### [Progress]

We set forth risk evaluation items for FY2018, and established a mechanism to review them. Since FY2017, businesses in emerging countries are under the direct control of headquarters through the Focused Region Marketing Division.

In FY2017, we began the formulation and application of operational standards in the purchasing process and issued guidelines to share failure cases and implement best practices in FY2018. Each sales subsidiary has completed the establishment of their own operational system. In addition to that, we established the Investment Committee in FY2018 and conduct regular monitoring to manage subsidiaries according to the

business risks of investment projects.

## 2) Business administration enhancement

- (A) Strengthening the management of overseas subsidiaries under the unified effort of regional headquarters, the supervisory department for subsidiaries and affiliates, and the accounting department of Japan headquarters.
- (B) Establishing a mechanism that enables the headquarters function to check the status of business in each country.

### [Progress]

In FY2017, we established control items in each country for financial statements such as balance sheets and cash flows, and constructed a mechanism to implement monthly reviews. Furthermore, we created and subsequently operate a mechanism to visualize and share detailed information on sales per business and sales subsidiary.

## 3) Strengthen the organizational structure

- (A) Establishing an organization to control sales subsidiaries in the headquarters, and redefining the scope of responsibilities and roles between the new organization, the regional headquarters and sales subsidiaries.
- (B) Integrating the headquarters accounting and finance functions to clarify the report line and management responsibility.

### [Progress]

From April 2017, we established the Focused Region Marketing Division in headquarters to control the Sales and Marketing Group that manages HQs and sales subsidiaries and the regional efforts in emerging countries, and redefined the scope of responsibilities and roles. In addition to that, we integrated the reporting line to the Chief Marketing Officer (CMO) from FY2019. Furthermore, we established the Finance and Legal Division in April 2018 to integrate accounting and finance functions, and have clarified the division of management responsibility.

## 4) Compliance enhancement

- (A) Educating those seconded to our overseas subsidiaries as senior officers with particular emphasis on compliance and internal control, and clarification of their roles and responsibilities.
- (B) Strengthening the evaluation and supervision of senior management through the establishment of a nomination and compensation committee in the Asia Pacific region.
- (C) Enhancing the development of a whistleblowing system in group companies and thoroughly notifying all employees accordingly, as well as establishing a shared internal reporting desk enabling all group employees to report directly to the headquarters.

### [Progress]

From FY2017, we provided prior training to those to be seconded as senior officers, and from FY2018 we provided the same training for employees to be newly stationed.

Through the nomination and compensation committee established at the Asia Pacific HQ in March 2016,

we strengthened the process of evaluation for senior management in the region. In October 2018 we established and began operating a shared internal reporting desk enabling direct reporting to the headquarters, offering support in multiple languages.

#### 5) Audit enhancement

- (A) Conducting internal audits by the global audit team to improve the effectiveness of internal audits, such as checking transaction details.
- (B) Unifying the independent auditor of overseas subsidiaries into those affiliated with the auditing firm adopted by Japan headquarters and strengthening cooperation with the independent auditor of overseas subsidiaries.

#### 6) IT governance enhancement

- (A) Implementing assessments of the core system in the Asia-Pacific region and reconstructing the system with effective IT governance.

#### [Progress]

We completed IT assessments of all nine sales subsidiaries under the Asia Pacific HQ in FY2018, and plan to start integrating the ERP system from 2019 to maintain IT governance.

### **5. Moving forward**

The Company respects the decision of the NCLT and will proceed with necessary procedures. We believe that it is crucial that services to customers currently using our products and services not be impaired, and will make every effort to continue to provide services to our customers in India and maintain its quality.

India is one of the most important markets for us. The Company will identify business areas that would benefit from Ricoh's strengths and develop optimal market and channel strategies. Any information that needs to be reported regarding future situations will be promptly reported.



■ Consolidated sales and operating profit/loss by category

Segment	Product/Services
Office Printing	Multifunctional printers, copiers, printers, digital duplicators, wide format printers, facsimile machines, scanners, related supplies, customer service, support and software, etc.
Office Services	Personal computers, PC servers, network equipment, related customer service, support and software, document related services and solutions, etc.
Commercial Printing	Cut sheet printer, production printer, continuous feed printer, related supplies, customer service, support and software, etc.
Industrial Printing	Inkjet heads, inkjet modules, industrial printers, etc.
Thermal Media	Thermal paper and thermal media, etc.
Other areas	Industrial optical components, modules, electronic components, precision device components, digital cameras, 3D printing, environment, healthcare and financial services, etc.

		FY2018 (billions of yen)	YoY change (%)
Office Printing	Sales	1,086.4	(5.0)
	Operating profit (loss)	117.9	-
Office Services	Sales	481.3	7.5
	Operating profit (loss)	14.7	-
Commercial Printing	Sales	185.2	(0.3)
	Operating profit (loss)	27.2	8.1
Industrial Printing	Sales	20.6	7.8
	Operating profit (loss)	(7.1)	-
Thermal Media	Sales	66.3	8.0
	Operating profit (loss)	4.2	(15.7)
Other*	Sales	173.0	(15.5)
	Operating profit (loss)	17.3	72.5
Corporate and eliminations	Operating profit (loss)	(87.5)	-
Total	Sales	2,013.2	(2.4)
	Operating profit (loss)	86.8	-

\*Sales consists only of those to external customers, and operating profit/loss includes those from external customers as well as intersegment transactions.

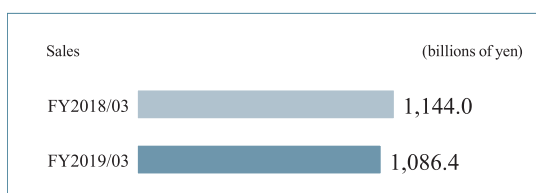
**Office Printing** (Sales down 5.0% year on year to ¥1,086.4 billion, comprising 54.0% of total)

#### Businesses Outline

In Office Printing segment, as our core business, we supply multifunctional printers for use in offices, for which we have the top market share worldwide, as well as imaging devices such as printers and related services.

#### Products and Services

Multifunctional printers, copiers, printers, digital duplicators, wide format, facsimile machines, scanners, related supplies, customer service, support and software, etc.



Under the 19th Mid-Term Management Plan, we have shifted focus from gross revenue to profitability in this business while strategically transforming and optimizing our structure and boosting profitability to generate new value.

In January 2019, we launched the RICOH IM C series of advanced MFPs. Another Customers can use the large touch panels on their machines to choose and install corporate workflow support services. This setup enables small and medium-sized enterprises to employ more information technology in their businesses by making it simple for them to use cloud services. We keep these systems constantly up to date based on a smartphone concept of remotely updating firmware and software after installation.

FY2018 Office Printing sales declined 5.0%, to ¥1,086.4 billion. This was largely because we strategically prioritized profits over gross revenue in negotiating deals, lowering hardware and consumables revenues, particularly overseas. Segment operating profit was ¥117.9 billion, from an operating loss of ¥44.3 billion a year earlier. One factor in this turnaround was the absence of the previous year's impairment charges for goodwill and other non-current assets. Other key contributors were sales price optimization from a profitability focus and lower operating expenses owing to structural reforms.

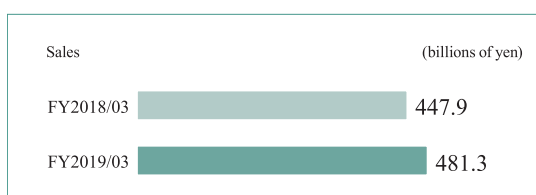
**Office Services** (Sales up 7.5% year on year to ¥481.3 billion, comprising 23.9% of total)

#### Businesses Outline

In addition to providing visual communication products that support new workstyles, the Office Services segment also contribute in solving customer issues in offices through total solutions that combine building of IT environment, operation support of network environment, user support, and more.

#### Products and Services

Personal computers, PC servers, network equipment, related customer service, support and software, document related services and solutions, etc.



Here, we pursue business growth by enhancing the value we offer customers, notably by leveraging our global customer base to deliver solutions services that support work practice reforms.

In FY2018, we captured IT demand from small and medium-sized enterprises while streamlining operations, stepping up efforts to form business and capital alliances. We endeavor to expand the value we offer in several ways. One is that we draw on our strengths in the office space to provide services that transform enterprise workflows and communications. Others are that we digitize tasks to connect workflows between companies or extend them to frontline operations.

Office Services sales in the year under review advanced 7.5%, to ¥481.3 billion. This growth reflected gains in Japan, where demand expanded for IT equipment in line with enterprise work practice reforms and revenues grew for industry and business solutions and IT services. Overseas, we expanded customer business support services, including for document management services in the Americas.

Segment operating profit was ¥14.7 billion, from an operating loss of ¥25.6 billion a year earlier. This improvement was due to higher sales and profitability improvements and the absence of goodwill and other non-current asset impairment charges in the previous term.

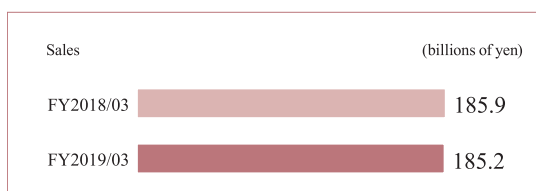
**Commercial Printing** (Sales down 0.3% year on year to ¥185.2 billion, comprising 9.2% of total)

#### Businesses Outline

The Commercial Printing segment provides customers in the printing industry with digital printing related products and services capable of high-mix, low-volume printing.

#### Products and Services

Cut sheet printer, continuous feed printer, related supplies, customer service, support and software, etc.



We expect this market to grow on the strength of the high image quality and productivity and large format paper support of our offerings and a rising need for systems that can deliver high-value-added printed materials that lead to new business opportunities. We aim to expand our business by catering to such customer needs in commercial printing while helping customers to develop their businesses.

During the year under review, we released the RICOH Pro C9210/C9200 and RICOH Pro VC70000 strategic systems for digital and on-demand needs among commercial printing customers. The RICOH Pro 9210/C9200 delivers production machine essentials as our flagship commercial printing model. Its image quality is comparable to that of offset printers. It also automates color and image position adjustments, thus saving labor while stabilizing print quality. The RICOH Pro VC70000 increases customer value by delivering outstanding productivity, broadens applications with its high image quality, and is easy to install because of its compactness and low initial costs.

FY2018 segment sales were down 0.3%, to ¥185.2 billion. This was because revenue downturns in the first half of the year during product cycle transitions outweighed a sales acceleration in the second half from demand for new products.

Operating profit increased 8.1%, to ¥27.2 billion, however, on new product sales growth, higher demand for consumables, and lower selling, general and administrative expenses.

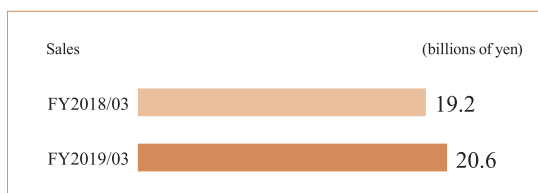
**Industrial Printing** (Sales up 7.8% year on year to ¥20.6 billion, comprising 1.0% of total)

Businesses Outline

The Industrial Printing segment manufactures and sells industrial inkjet heads, inkjet ink, industrial printers, etc., which enables a wide range of printing, including furniture, wallpaper, automobile exteriors, and furnishing fabric.

Products and Services

Inkjet heads, inkjet modules and industrial printers, etc.



In this segment, we seek to capture new markets and customers based on our strong position in inkjet heads that offer superior durability and are compatible with an array of inks. We believe that we can generate new value by drawing on our printing technologies, good examples being additive manufacturing and bioprinting in 3D printers.

In FY2018, we pushed ahead with acquisitions and capital alliances based on our growth strategies. We reinforced our software technology capabilities in acquiring ColorGATE Digital Output Solutions GmbH. We also bought LAC Corporation to secure high-viscosity ink coating technology.

Segment sales for the year rose 7.8%, to ¥20.6 billion. While Sino-American trade friction slowed inkjet head sales in the Chinese market, sales of key inkjet head offerings expanded solidly in Europe and the United States. In industrial printers, which we have positioned as a new growth area, we increased sales worldwide.

We posted an operating loss of ¥7.1 billion, however, as inkjet head sales slowed in China, the largest market for these offerings. Other important factors were higher product development expenses to fuel business growth and impairment charges on goodwill and other non-current assets.

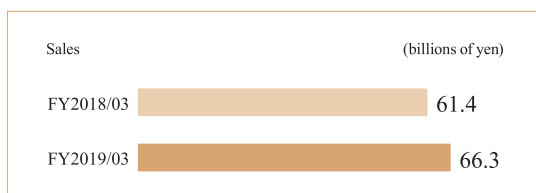
**Thermal Media** (Sales up 8.0% year on year to ¥66.3 billion, comprising 3.3% of total)

#### Businesses Outline

The Thermal Media segment manufactures and sells thermal paper used in POS labels for food products, barcode labels, delivery labels, etc., and thermal transfer ribbon used to print clothing price tags, brand tags, tickets, and the like.

#### Products and Services

Thermal paper and thermal media, etc.



Demand has risen solidly in this area on growth in e-commerce, which has driven demand growth worldwide for shipping labels. It is against this backdrop that we have drawn on the materials technologies that we acquired over the years to steadily expand our business, notably by supplying thermal paper, ribbons, and other products that ensure outstanding resistance to heat and abrasion resistance and delivery superior print definition and storage capabilities. We have also endeavored to create new value through such offerings as our proprietary rewritable contactless laser system.

Sales for the year under review increased 8.0%, to ¥66.3 billion, on steady growth in Japan and abroad. Segment operating profit decreased 15.7%, to ¥4.2 billion, however, as higher raw material costs increased operating expenses.

**Other areas** (Sales down 15.5% year on year to ¥173.0 billion, comprising 8.6% of total)

#### Businesses Outline

The Other segment comprises of “Industrial Products,” “Smart Vision,” and “Other,” which includes a wide range of other business segments. We use the technical strengths of the Ricoh Group to provide a wide range of products and services in everything from the commercial to the consumer sectors.

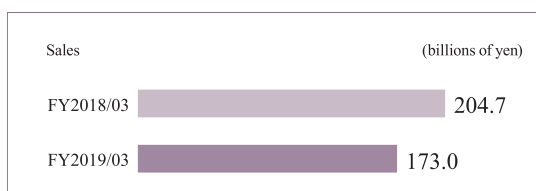
**Industrial Products:** We provide precision device components that utilize optical technologies and image processing technologies.

**Smart Vision:** We manufacture and sell unique and compelling products such as 360° cameras, DSLR cameras for professional use, and action cameras with exceptional waterproof, dustproof, and impact resistance properties.

**Other:** We create new business opportunities such as providing solutions that encompass everything from the introduction to operation of 3D printers, medical imaging (health care) business, focusing primarily on magnetoencephalography business, and creating environmental technologies and environmental business. This segment also includes businesses being expanded by individual affiliate companies.

#### Products and Services

Industrial optical components, modules, electronic components, precision device components, digital cameras, 3D printing, environment, healthcare and financial services, etc.



This segment encompasses the Industrial Products business, which focuses on the automotive sector, and the Smart Vision business, which is expanding its customer base by drawing on our strengths in capturing and image processing technologies to supply optical devices, primarily for the real estate sector. In Smart Vision, we launched the THETA 360.biz official partner program. Our application for virtual property tours has expanded business applications for our 360° camera, and has been very well received. The Other segment also covers finance and other operations among affiliates.

Sales for the term declined 15.5%, to ¥173.0 billion. This reflected the adoption of equity method accounting for consolidated semiconductor and logistics subsidiaries following share divestments. In the absence of such adoptions, revenues would have increased, including from steady growth in the domestic finance business and expanded Industrial Products sales of optical modules to the automotive sector.

Operating profit increased year on year, to ¥17.3 billion, a prime driver being a gain on sales of shares in Ricoh Logistics System.

### **(3) Ricoh's Challenges**

#### **Changing Times**

The Ricoh Group has grown with its customers since its founding in 1936 by supplying innovative products and services around the globe. We formulated the Ricoh Way based on our Founding Principles of *Love your neighbor; Love your country; Love your work*, as our corporate philosophy and guide to our decisions and activities. Our mission commits us to providing excellence to improve the quality of living and to drive sustainability.

We have grown over the years by developing ground-breaking products and services while building an industry-leading sales and maintenance structure, deepening our relationships with customers around the world. Customer value perceptions and demand patterns have changed dramatically, however, amid advances in digital technology and rapid technological innovations.

There have been two pivotal trends on top of that. First, companies face growing pressure to help resolve social issues. No matter how profitable they may be, businesses that fail to help achieve Sustainable Development Goals (SDGs)\* cannot hope to build their marketplace reputations or generate sustainable growth. Second, the lifestyles and values of individuals have diversified considerably. The Internet of Things and other advances have removed constraints on where people work, driving the acceleration of personalized work practices.

Such changes in the operating environment have made it a pressing challenge to overhaul existing systems and business processes to align them with future business environments. Ricoh recognizes the need to transform itself for tomorrow.

#### **\*Sustainable Development Goals (SDGs)**

In September 2015, the United Nations Summit adopted 17 Sustainable Development Goals and 169 targets as part of a universal agenda to ensure that nobody is left behind in the drive to free humanity from poverty and hunger and improve the human condition in such respects as health, sanitation, economic development, and the environment by 2030.

#### **From “Resurgent” to “Ignite”**

Following the global financial crisis of 2008, Ricoh failed to fully address the business environment changes described above, and its performances long languished. The resulting concerns prompted management to formulate the 19<sup>th</sup> Mid-Term Management Plan to transform the Ricoh Group over three years through FY2019.

Under this initiative, we rolled out “RICOH Resurgent” in 2017 to move away from our long-held strategy of prioritizing market share and machine-in-field expansion and embark on efforts to overhaul our cost structure and boost the profitability of our office products and services. At the same time, we improved our management systems. We also established five material issues (Intelligence creation, Productivity enhancement, QOL enhancement, Zero-carbon society, and Circular economy) in recognition of our need as corporate entity to accomplish both social issue resolution and business growth.



I In February 2018, we announced “RICOH Ignite” as our growth strategy. Under “RICOH Ignite”, we made Sustainable Development Goals (SDGs) central to management, formulating business strategies linked to the five material issues while establishing key performance indicators to help realize sustainable development goals by each business division and launching an administrative framework for all this. We have undertaken business initiatives to contribute to progress in these five material issues and help attain Sustainable Development Goals while enhancing our corporate value.

We formulated growth strategies #0, #1, and #2 to leverage our strengths under “RICOH Ignite”. Growth Strategy #0 entails expanding customer value in our core Office Printing domain and streamlining operations to become more profitable. Under Growth Strategy #1, we are combining the optical, image processing, mechanical, electrical, chemical, control, and other technologies that we have accumulated in core businesses over the years to broaden the value that printing can provide. Growth Strategy #2 draws on our base of 1.4 million corporate customers worldwide to cultivate fields that can become new earnings sources.

By implementing these strategies, we seek to deliver value in everything from regular offices to various industries and frontline sites. We accordingly created a unified global value proposition, called EMPOWERING DIGITAL WORKPLACES, which defines how we bring value to our customers. We are committed to smarter workplaces. We will deliver true value by collaborating with customers to transform workplaces through technology and service innovations. We will help resolve social issues through business by extending our efforts to society.

We will endeavor to eliminate all greenhouse gases from our value chain by 2050 to realize a decarbonized economy, which is an increasingly vital social need. In addition, we have expressed our support for the Task Force on Climate-Related Financial Disclosures, which the Financial Stability Board set up to encourage companies to disclose risks and opportunities stemming from climate change and stabilize financial markets to streamline transitions to low-carbon economies. We are exploring ways to make these disclosures.

### **Preparing for Ricoh Take Off**

Under the 19<sup>th</sup> Mid-Term Management Plan, we have progressed through the Resurgent and Ignite stages to strengthen profitability in core businesses and expand new businesses. For FY2019, the final year of this plan, we target ¥2,200 billion in sales, ¥100 billion in operating profit, a return on equity of 6.9%, and free cash flow excluding the finance business of ¥100 billion (aggregate for FY2017 through FY2019).

Under the next mid-term management plan starting in FY2020, which is the Take Off phase, our targets for FY2022 are ¥2,300 billion in sales, ¥185 billion in operating profit, a return on equity of more than 9.0%, and free cash flow excluding the finance business of ¥250 billion (aggregate for FY2020 through 2022).

We aim to expand in three growth areas and transform our business structure. In FY2016, Growth Strategy #0 businesses (Office Printing) accounted for 53% of sales, with Growth Strategy #1 (Commercial Printing, Industrial Printing, and Thermal) businesses contributing 12% and Growth Strategy #2 businesses (Office Services, Industrial Products, and Smart Vision) representing 24%.

Growth Strategy #0 businesses should account for 45% of sales in FY2019, with businesses under Growth Strategy #1 and Growth Strategy #2 representing 17% and 27%, respectively.

By fiscal 2022, the proportions should be 39% under Growth Strategy #0, 20% under Growth Strategy #1,

and 31% under Growth Strategy #2.

We are driving these transitions by strategically investing a total of ¥100 billion in Strategy #1 and Growth Strategy #2 businesses through FY2019.

### **Progress during Two Years of 19<sup>th</sup> Mid-Term Management Plan and Preparations for Ricoh Take Off**

In FY2017, the first year of the 19<sup>th</sup> Mid-Term Management Plan, “Ricoh Resurgent” encompassed basic policies of undertaking structural reforms, emphasizing growth businesses, and strengthening management systems, focusing on structural reforms to eliminate growth impediments to new growth. In our core Office Printing business in particular, we transitioned away from expanding sales to become more profit centric. We accordingly focused on changing our structure and rationalizing fixed and other costs. We also integrated and shut down operations to enhance asset efficiency, stepped up business selectivity, and accelerated profitability improvements.

In FY2018, we greatly improved business profitability based on structural reforms that we initiated in the previous fiscal term. It was also in FY2018 that we embarked on the “Ricoh Ignite” growth strategy, undertaking initiatives that put us on track for progress in the years ahead. In the core Office Printing business, in which profitability was a key focus, we made progress in strengthening profitability by managing prices and cutting fixed costs. In the Office Services business, we continued to steadily expand operations in Japan and abroad while rebuilding our sales structure and integrating or shutting down services sites. We thereby dramatically improved earnings and drove our overall profits.

### **Structural Reforms Bearing Fruit**

In FY2018, we continued to undertake structural forms that would properly position our copier and MFP sales and maintenance structures and business processes for the current and future business climates. In logistics, for example, we transferred our shares in subsidiary Ricoh Logistics System Co., Ltd., to SBS Holdings Co., Ltd., which focuses on logistics services. The logistics industry faces numerous challenges, notably growth in shipping volumes from the evolution of e-commerce and chronic labor shortages. After exploring ways to optimally reinforce Group logistics capabilities in view of this business environment, we concluded that we would be better off not going it alone in this area.

We also undertook business process reforms, deploying robotics process automation domestically and abroad. These efforts enabled us to automate 60 processes in-house, saving 16,000 man-hours annually. We will continue pursuing progress in this area in FY2019, reviewing and automating our operations.

Under the 19th Mid-Term Management Plan, we sought to save a total of ¥100 billion (from FY2016 levels) from structural reforms during FY2017 through FY2019. We made some progress in that regard in FY2017, undertaking relentless efforts to normalize fixed and other costs. We thereby generated structural reform savings of ¥88.5 billion by FY2018.

## **Ricoh Ignite Growth Strategy Initiatives**

In FY2018, we entered the full-fledged implementation phase for the three growth strategies of “Ricoh Ignite”, undertaking a range of initiatives to expand our business. In addition, we have explored new areas to create businesses that could help resolve social issues in the years ahead.

### *Growth Strategy #0: Building the strongest possible foundations for our business*

Under this strategy, we endeavor to reinforce the profitability of our core Office Printing business. In FY2018, we continued to put effort from the previous year to systematically streamline operations while generating added value by combining price management and solutions to improve profits on each business deal.

To streamline operations, we moved away from handling everything in-house, narrowing down the number of models under development and outsourcing production to significantly enhance quality and cost competitiveness. We also have reduced costs, so while Office Printing sales decreased from FY2017, its operating profit increased.

The RICOH IM C series, which we have launched in January 2019, enables customers to use large touch panels on their machines to select and install corporate workflow support services. Small and medium-sized enterprises can thus employ more information technology in their businesses by simplifying the use of cloud services. Customers can stay constantly up to date based on smartphone-style remote updates of firmware and software after installation. Our MFPs also incorporate features to predict the service lives and possible failures of replaceable parts, thereby reduces equipment downtimes and helps to streamline maintenance service operations.

While revenue of Office Printing business is predicted to decline continuously in developed nations, the demand of color and A4 MFPs are expected to grow. It is against that backdrop that we will accelerate efforts to streamline all our operations throughout the supply chain, from development through production, sales, and maintenance services. In addition, we will further enhance our MFPs and provide products and services that captures changes in customer information technology and environments, such as in cloud computing, thereby establishing a new earnings platform.

### *Growth Strategy #1: Driving industrial innovations through printing technologies*

We have accumulated myriad printing technologies in our core businesses, notably in the electric photography, inkjet, and thermal areas. We will draw on these technologies to expand the scope of value that we deliver to customers beyond the office arena.

In the Commercial Printing business, we expect that demand will expand for printing on demand and digitization in analog printing, principally in offset processes. Because we anticipate that increases in the number of machines in field will drive earnings expansion, we have positioned Commercial Printing as vital to our profitability. We rolled out several highly competitive new systems in April 2018. Nonetheless, sales in North America, our largest market for such machines, declined owing to inventory adjustments for preceding models. Sales have been favorable since the end of FY2018, however, and we look to expand sales in FY2019 by highlighting the on-demand printing advantages that digital technology can uniquely deliver.

The environmental impacts of what are largely analog mass printing processes have become a social issue

worldwide. Our Industrial Printing business can draw on our strengths in industrial inkjet technology to deliver digital printing solutions and thereby contribute to greater safety and reliability in the clothing, food, and housing environments. In FY2018, we pushed ahead with acquisitions and capital alliances to compensate for internal capability shortfalls as our business expands. We will continue to invest in contributing to earnings in the years ahead.

Our Thermal business should continue to expand solidly in view of growing demand worldwide for thermal labels used in displaying raw materials information and for shipping labels used in a growing Internet shopping market. In FY2018, we increased sales and secured operating profit despite rising raw materials costs. We raised production capacity in North America and Europe to position ourselves for demand growth in the years ahead. We are building a new business structure, notably through fast laser printing systems that enable direct rewriting of labels on products as they progress through production lines.

We will continue to cultivate new potential for printing in and beyond such display printing areas. Such efforts will encompass additive manufacturing that applies inkjet technology and bioprinting and other functional printing. In FY2018, we pushed ahead with developing DNA standard substance manufacturing techniques employing bioprinting technology and new secondary battery production techniques that leverage inkjet technology.

#### *Growth Strategy #2: Generating value that links offices and frontlines*

In the Office Services business, we have captured IT investment demand among small and medium-sized enterprises while streamlining operations. We have undertaken business and capital alliances to build capacity for our business expansion. In our mainline office area, we have transformed workflows and communications in regular offices while extending our focus to business-to-business workflows and frontline needs in delivering value for digitizing site work. We will broaden the value we deliver by offering workflows that link offices and frontline tasks.

Cloud-based work solutions that we provide through the RICOH IM C series are available under the RICOH Smart Integration platform. We will reinforce this platform and enhance work solutions in driving the Office Services business forward.

Drawing on our strengths in capturing and image processing technologies are the Industrial Products business, which focuses largely on the automotive sector, and the Smart Vision business, which is building a customer base in the real estate industry. In the industrial products business, we have greatly expanded sales our stereo cameras used in automotive safety support systems. The Theta 360.biz service of the Smart Vision business has broadened the applications of our 360° cameras, and our virtual property tour application has won high regard in the marketplace. In the years ahead, we will strengthen ties with the RICOH Smart Integration platform that provides services for these businesses, expanding the number of users and making the platform even more attractive.

### **Cultivating New Potential: Employing Ricoh's Core Competence to Resolve Social Issues**

We will cultivate new businesses to ensure that we can grow over the medium and long terms. We are broadening our presence in the healthcare field by leveraging our image and data processing technologies to support the treatment of nervous system illnesses. Contributions include magnetoencephalographs and spirographs and DNA standard plates that result from applying inkjet technology to precisely eject live cells.

Also using our inkjet technology is the additive manufacturing business, through which we provide modeling services and simple prototype production to manufacturers. By materializing small-lot, multi-product manufacturing at low costs, we are exploring ways to overhaul conventional manufacturing processes based on mass production approaches using molds and plates.

### **Corporate Governance Reforms Underpinning Our Growth Strategies**

Under our 19th Mid-Term Management Plan, we have aimed to reinforce the corporate governance underpinning our efforts to create value and drive sustainable growth. In fiscal 2017, we reviewed director terms, strengthened evaluations of the president and directors, reassessed our advisor system, and strengthened CEO succession planning.

In FY2018, we reviewed CEO and director appointments and dismissals by deploying two-stage evaluations every year from the perspectives of objectivity, timeliness, and transparency.

Our assessments encompass major financial and nonfinancial benchmarks, as well as such investor indicators as total shareholder returns. We have additionally resolved to deploy a performance-based stock compensation plan for directors, subject to approval at an Ordinary General Meeting of Shareholders, to align the interests of directors and shareholders in building corporate value over the medium and long terms.

### **Ensuring a Capital Cost-Aware Management**

We value stakeholder trust and aim to sustainably enhance corporate value. In keeping with that approach we aim to generate returns that exceed the cost of capital by identifying our capital costs and implementing the proper capital policies.

One key benchmark is the return on equity targets that we set under the 19th Mid-Term Management Plan ending in FY2019. We accordingly embarked on management reforms to further enhance capital efficiency. In FY2018, we set up the investment committee to evaluate our capital efficiency while verifying the investment plans we use in our decision-making structure.

In FY2019, we launched an in-house trial for deploying a specific framework for undertaking companywide PDCA cycles to drive returns on invested capital targets that exceed the capital costs that we have identified.

### **Realizing Sustainable Growth**

In FY2018, we generated ¥2,013.2 billion in sales, ¥86.8 billion in operating profit, a return on equity of 5.4%, and ¥85.4 billion in free cash flow excluding the finance business.

Our sales were lower than the initial target because of the impact of business selection, changes in the operating climate, and changes in accounting practices. At the same time, we lifted our operating profit and return on equity in view of progress in strengthening the profitability of core businesses, increasing earnings

from growth businesses, and generating results from structural reforms. After excluding one-time income and costs, operating profit would have been ¥105.1 billion, underscoring solid progress in effectively reinforcing profitability from FY2017.

In FY2019, the final year of our current mid-term management plan, we will continue striving to strengthen the profitability of core businesses while increasing earnings from growth areas. For the year, we target ¥2,010 billion in sales, ¥100 billion in operating profit and a return on equity exceeding 6.5%. While gross revenue would be less than initially envisaged under the 19th Mid-Term Management Plan, operating profit would be higher than targeted. And we will continue our efforts to achieve the target ROE of 6.9% for FY2019 set forth in the Plan.

We targeted ¥100 billion in free cash flow excluding the finance business for the entire three years of this mid-term management plan. We produced ¥151.3 billion in such cash flow in the first two years of that plan, and will continue endeavoring to generate cash to fund investments in growth businesses.

In making progress to reach “Ricoh Take Off”, our next stage of change, we will continue to overhaul our business structures by implementing our growth strategies, reinforcing corporate governance, and rolling out measures to enhance capital returns, thereby sustainably enhancing corporate value.

#### **(4) Status of plant and equipment investment and fund procurement**

##### **(i) Plant and equipment investment**

In the fiscal period under review, the Ricoh Group invested a total of ¥72.4 billion (including an investment of ¥15.1 billion by the Company) in plant and equipment, mainly comprising the following.

(a) Major equipment and facility expansions completed during the fiscal year:

- Production facility for equipment-related supplies (Numazu Plant)

(b) Major equipment and facility expansions in progress in the fiscal year:

- New production plant for office printing equipment (Dongguan, Guangdong Province, China)

##### **(ii) R&D activities**

The Ricoh Group is committed to providing excellence to improve the quality of living and to drive sustainability as our basic management philosophy.

Based on this management philosophy, the Ricoh Group conducts R&D activities under three key “RICOH Resurgent” objectives in the 19th Mid-Term Management Plan: “cost structure reforms,” “prioritizing growth businesses centered on our strengths,” and “reinforcing our management systems.”

With the adoption of IFRSs, part of the development costs incurred by the Company have been capitalized and reported as intangible assets. Consolidated R&D expenditures were ¥111.0 billion, including the development costs which were treated as intangible assets (¥16.9 billion).

##### **(iii) Fund procurement**

None applicable.

## (5) Major subsidiaries

### ■ Major subsidiaries (as of March 31, 2019)

Name	Paid-in capital	Investment ratio (%)	Principle business
RICOH INDUSTRY CO., LTD...	100 million JPY	100.0	Manufacturing of office equipment
RICOH JAPAN CORPORATION	2,517 million JPY	100.0	Sale of office equipment and provision of maintenance service
RICOH LEASING COMPANY, LTD...	7,897 million JPY	52.9	General leasing
RICOH ELECTRONICS, INC. (Note)	27 million USD	100.0	Manufacturing of office equipment and related supplies
RICOH USA INC. (Note)	885 million USD	100.0	Sale of office equipment
RICOH EUROPE HOLDINGS PLC	4.9 million GBP	100.0	Holding company of sales in the European region
RICOH ASIA PACIFIC PTE LTD.	31 million SGD	100.0	Sale of office equipment
RICOH ASIA INDUSTRY LTD.	180 million HKD	100.0	Sale of office equipment
RICOH ASIA INDUSTRY (SHENZHEN) LTD. (Note)	35 million USD	100.0	Manufacturing of office equipment and related supplies

Note:

The respective percentage of total investment ratio for RICOH ELECTRONICS, INC., RICOH USA INC., and RICOH ASIA INDUSTRY (SHENZHEN) LTD. include voting rights of those shares held by subsidiaries.

## (6) Principal offices and plants (as of March 31, 2019)

### ■ Major domestic offices and plants

The Company (location)	Subsidiaries (location)
Headquarters (Tokyo)	RICOH INDUSTRIAL SOLUTIONS INC... (Kanagawa Pref.)
Shin-Yokohama Office (Kanagawa Pref.)	RICOH INDUSTRY CO., LTD.. (Kanagawa Pref.)
Ricoh Technology Center (Kanagawa Pref.)	RICOH ELEMEX CORPORATION (Aichi Pref.)
Yokohama Nakamachidai Office (Kanagawa Pref.)	RICOH JAPAN CORPORATION (Tokyo)
Atsugi Plant (Kanagawa Pref.)	RICOH LEASING COMPANY, LTD.. (Tokyo)
Numazu Plant (Shizuoka Pref.)	
Fukui Plant (Fukui Pref.)	

### ■ Major overseas offices and plants

Subsidiaries (location)	Subsidiaries (location)
RICOH USA INC. (U.S.A.)	RICOH INDUSTRIE FRANCE S.A.S. (France)
RICOH EUROPE HOLDINGS PLC (U.K.)	RICOH ASIA INDUSTRY (SHENZHEN) LTD. (China)
RICOH ASIA PACIFIC PTE LTD. (Singapore)	SHANGHAI RICOH DIGITAL EQUIPMENT CO., LTD. (China)
RICOH ELECTRONICS, INC. (U.S.A.)	RICOH MANUFACTURING (THAILAND) LTD. (Thailand)
RICOH UK PRODUCTS LTD. (U.K.)	



**(7) Status of employees (as of March 31, 2019)**

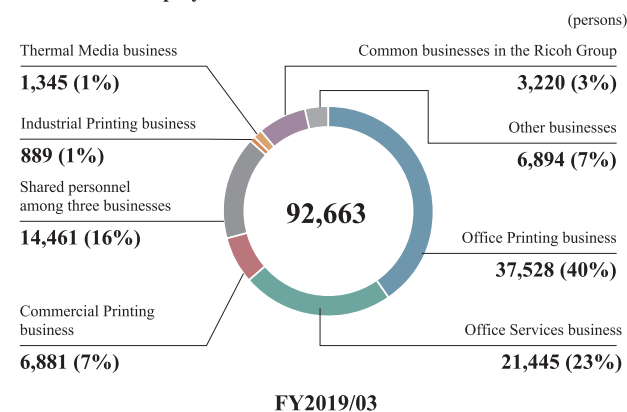
**(i) Employees of the Ricoh Group**

Categories	Number of employees
Office Printing business	37,528
Office Services business	21,445
Commercial Printing business	6,881
Shared personnel among the above three businesses	14,461
Industrial Printing business	889
Thermal Media business	1,345
Other businesses	6,894
Common businesses in the Ricoh Group	3,220
Total	92,663
YoY change	5,215 (decrease)

**(ii) Employees of the Company**

Categories	
Number of employees	7,925
Change from the end of the previous fiscal year	185 (increase)
Average age	44.6
Average length of service	20.0 years

**Number of employees**



**(8) Main creditors (as of March 31, 2019)**

Creditors	Amounts borrowed (millions of yen)
MUFG Bank, Ltd.	110,385
Mizuho Bank, Ltd.	87,647
Syndicated loans	72,700

Note: Syndicated loans are financed by the managing MUFG Bank, Ltd. and Mizuho Bank, Ltd.

## 2. Shareholders' Equity (as of March 31, 2019)

(1) Total number of shares authorized to be issued: **1,500,000,000**

(2) Total number of shares issued: **744,912,078**

(3) Number of shareholders: **47,909**

### (4) Major shareholders:

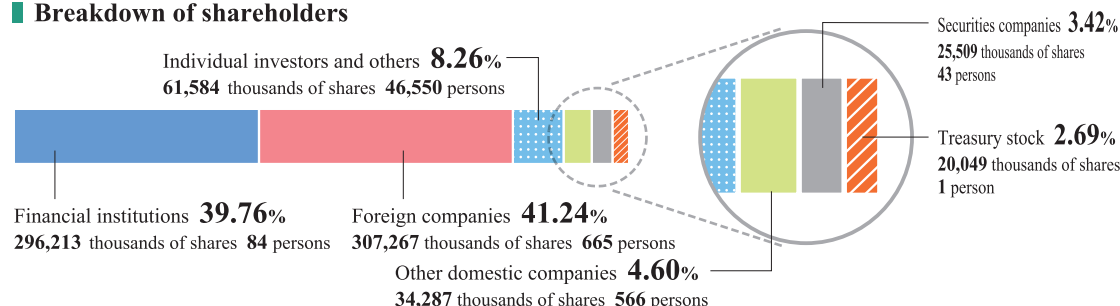
Name	The shareholders' stake in the Company	
	Thousands of shares	Percentage of ownership (%)
GOLDMAN SACHS INTERNATIONAL	77,038	10.63
The Masters Trust Bank of Japan, Ltd. (Trust Account)	71,741	9.90
Japan Trustee Services Bank, Ltd. (Trust Account)	51,543	7.11
Nippon Life Insurance Company	29,441	4.06
Japan Trustee Services Bank, Ltd. (Trust Account 9)	28,784	3.97
ECM MF	25,499	3.52
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	18,417	2.54
MUFG Bank, Ltd.	17,977	2.48
Ichimura Foundation for New Technology	15,839	2.19
Barclays Securities Japan Limited	12,791	1.77

Notes:

- The number of treasury stocks (20,049 thousand shares) is not included in the chart above.
- The percentage of ownership is calculated after deducting treasury stock.

### ■ Breakdown of shareholders

#### ■ Breakdown of shareholders



### Policy Regarding Cross-Shareholdings

From the viewpoint of streamlining and strengthening of business alliance and development of collaborative businesses, the Company shall be able to hold shares of the relating partners only when such holding of shares is deemed necessary and effective for the future development of Ricoh Group, while taking into consideration of the returns such as dividends.

Specifically, the Board of Directors will verify each issue whether the benefits and risks of the holding are worth the capital cost, and if the holding loses significance in the medium- to long-term, they will be reduced accordingly.

### Exercise Criteria for Voting Rights to Cross-Shareholdings

The Company will exercise voting rights attached to cross-shareholdings upon examining each agenda whether it enhances the corporate value of the investee in the medium- to long-term, or whether it impairs shareholder value, and determining approval or disapproval.

### 3. Status of Corporate Officers

#### (1) Directors and Audit & Supervisory Board Members (as of March 31, 2019)

Position	Name	Principal duty and significant concurrent positions	
		(as of March 31, 2019)	(Reference: as of April 1, 2019)
Representative Director:	Yoshinori Yamashita	CEO (Chief Executive Officer)	(Same as on the left)
Director:	Nobuo Inaba	Chairperson of the Board	(Same as on the left)
Director:	Hidetaka Matsuishi	CFO (Chief Financial Officer) General Manager of Business Planning Division	(Same as on the left)
Director:	Seiji Sakata	General Manager of Office Printing Business Group	CTO (Chief Technology Officer)
Director	Makoto Azuma	Chairperson of Compensation Committee Science Council of Japan (Member) Tsing Hua University (Advisory Professor) TDK Corporation (Advisor) TOSHIBA INTERNATIONAL FOUNDATION (Councilor)	Chairperson of Compensation Committee Science Council of Japan (Member) Tsing Hua University (Advisory Professor) TOSHIBA INTERNATIONAL FOUNDATION (Councilor)
Director	Masami Iijima	Chairperson of Nomination Committee MITSUI & CO., LTD. (Representative Director, Chairperson of the Board of Directors) KEIDANREN (Japan Business Federation) (Vice Chair) Outside Director of SoftBank Group Corp.	(Same as on the left)
Director	Mutsuko Hatano	Department of Electrical and Electronic Engineering, School of Engineering, Tokyo Institute of Technology (Professor) Science Council of Japan (Council Member)	(Same as on the left)
Director	Kazuhiro Mori	Trustee of Toyo University	(Same as on the left)

Position	Name	Principal duty and significant concurrent positions	
		(as of March 31, 2019)	(Reference: as of April 1, 2019)
Audit & Supervisory Board Member:	Katsumi Kurihara	(Full-time)	(Same as on the left)
Audit & Supervisory Board Member:	Hiroshi Osawa	(Full-time)	(Same as on the left)
Audit & Supervisory Board Member:	Takashi Narusawa	The Nisshin OilliO Group, Ltd. (Outside Director) Hirata Corporation (Outside Director) LOTTE Co., Ltd. (Outside Director)	(Same as on the left)
Audit & Supervisory Board Member:	Shigeru Nishiyama	Waseda Business School (Graduate School of Business and Finance) (Professor) UNIPRES CORPORATION (Outside Director) Pigeon Corporation (Outside Audit & Supervisory Board Member) Macromill, Inc. (Outside Director)	(Same as on the left)
Audit & Supervisory Board Member:	Yo Ota	Nishimura & Asahi (Partner) Denki Kogyo Company, Limited (Director (Outside)) Nippon Kayaku Co., Ltd. (Outside Director) Japan Association of Corporate Directors (Director) LOTTE Foundation (Councilor) Japan Association of Corporate Directors (Corporate Governance Committee) (Vice Chairperson)	(Same as on the left)

Notes:

1. Directors Makoto Azuma, Masami Iijima, Mutsuko Hatano and Kazuhiro Mori are Outside Directors stipulated in Article 2, Item 15 of the Companies Act.
2. Audit & Supervisory Board Members Takashi Narusawa, Shigeru Nishiyama and Yo Ota are Outside Audit & Supervisory Board Members stipulated in Article 2, Item 16 of the Companies Act.
3. Directors Makoto Azuma, Masami Iijima, Mutsuko Hatano and Kazuhiro Mori, Audit & Supervisory Board Members Takashi Narusawa, Shigeru Nishiyama and Yo Ota are Independent Directors / Audit & Supervisory Board Members stipulated in Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange.
4. Audit & Supervisory Board Member Hiroshi Osawa has abundant experience in the Company's accounting and finance divisions as well as in management administration of overseas subsidiaries. He has considerable insight into finance and accounting.
5. Audit & Supervisory Board Member Takashi Narusawa has served as a securities analyst and a management consultant, and has considerable insight into finance and accounting.
6. Audit & Supervisory Board Member Shigeru Nishiyama is a finance and accounting professional, serving as a certified public accountant and a professor at the Graduate School of Business and Finance, Waseda Business School, and has considerable insight into finance and accounting.
7. Five Directors, Shiro Kondo, Yohzoh Matsuura, Kunihiro Sato, Akira Oyama and Kunio Noji retired due to expiration of their terms of office at the conclusion of the 118th Ordinary General Meeting of Shareholders held on June 22, 2018.

## (2) Total compensation, etc. paid to Directors and Audit & Supervisory Board Members

Category	Number of recipients	Total compensation, etc. (millions of yen)	Total amount by type of compensation, etc.	
			Basic compensation (millions of yen)	Bonuses (millions of yen)
Directors [Outside Directors]	13 [5]	368 [57]	299 [57]	68 [-]
Audit & Supervisory Board Members [Outside Audit & Supervisory Board Members]	5 [3]	86 [28]	86 [28]	-
Total	18 [8]	454 [86]	385 [86]	68 [-]

### Notes:

- The above includes compensation paid to five Audit & Supervisory Board Members who retired at the conclusion of the 118th Ordinary General Meeting of Shareholders held on June 22, 2018.
- It was decided that aggregate basic compensation of Directors should not exceed ¥46 million per month (including ¥7 million per month for Outside Directors), according to the resolution of the 116th Ordinary General Meeting of Shareholders held on June 17, 2016. It was decided that aggregate basic compensation of Audit & Supervisory Board Members should not exceed ¥9 million per month, according to the resolution of the 84th Ordinary General Meeting of Shareholders held on June 29, 1984.
- The compensation, etc. paid to Directors excludes employee wages for Directors who are also employees.

## (3) Outside Directors and Audit & Supervisory Board Members

### (i) Significant concurrent jobs Outside Directors and Audit & Supervisory Board Members are engaged in at other companies

Position	Name	Significant concurrent positions
Outside Director	Makoto Azuma	Science Council of Japan (Member) Tsing Hua University (Advisory Professor) TDK Corporation (Advisor) TOSHIBA INTERNATIONAL FOUNDATION (Councilor)
Outside Director	Masami Iijima	MITSUI & CO., LTD. (Representative Director, Chairperson of the Board of Directors) KEIDANREN (Japan Business Federation) (Vice Chair) Outside Director of SoftBank Group Corp.
Outside Director	Mutsuko Hatano	Department of Electrical and Electronic Engineering, School of Engineering, Tokyo Institute of Technology (Professor) Science Council of Japan (Council Member)
Outside Director	Kazuhiro Mori	Trustee of Toyo University
Outside Audit & Supervisory Board Member	Takashi Narusawa	The Nisshin OilliO Group, Ltd. (Outside Director) Hirata Corporation (Outside Director) LOTTE Co., Ltd. (Outside Director)
Outside Audit & Supervisory Board Member	Shigeru Nishiyama	Waseda Business School (Graduate School of Business and Finance) (Professor) UNIPRES CORPORATION (Outside Director) Pigeon Corporation (Outside Audit & Supervisory Board Member) Macromill, Inc. (Outside Director)
Outside Audit & Supervisory Board Member	Yo Ota	Nishimura & Asahi (Partner) Denki Kogyo Company, Limited (Director (Outside)) Nippon Kayaku Co., Ltd. (Outside Director) Japan Association of Corporate Directors (Director) LOTTE Foundation (Councilor) Japan Association of Corporate Directors (Corporate Governance Committee) (Vice Chairperson)

**(ii) Major activities by Outside Directors and Audit & Supervisory Board Members**

Position	Name	Main activities
Outside Director	Makoto Azuma	<p>Provided proactive comments and advice in various areas including technological strategies and long-term management strategies based on his achievements and extensive experience as the Corporate Executive Vice President and the Chief Technology Officer of TOSHIBA CORPORATION and as a professor of the Graduate School of Innovation Studies of Tokyo University of Science.</p> <p>In addition, as the Chairperson of the Compensation Committee, he has led the operation of the committee, encouraged lively discussions among members, and reported its content to the Board of Directors.</p> <p>Furthermore, as a member of the Nomination Committee, he has actively made proposals and engaged in discussions based on his experience as a corporate Chief Technology Officer.</p> <p>Attendance rate for the Board of Directors meetings held during the fiscal year under review: 100% (12 out of 12)</p>
Outside Director	Masami Iijima	<p>Provided proactive comments and advice in various areas including global governance and risk management based on his outstanding achievements and extensive experience as management executive at MITSUI &amp; CO., LTD., a company with globally developed business network.</p> <p>In addition, as the Chairperson of the Nomination Committee, he led the operation of the committee, encouraged lively discussions among members, and reported its content to the Board of Directors. As a member of the Compensation Committee, he has actively made proposals and engaged in discussions from a corporate top executive viewpoint.</p> <p>Attendance rate for the Board of Directors meetings held during the fiscal year under review: 100% (12 out of 12)</p>
Outside Director	Mutsuko Hatano	<p>Provided proactive comments and advice from multifaceted perspectives in various areas including technology, education and policies based on her achievements and extensive experience as the professor of the Department of Electrical and Electronic Engineering, School of Engineering, Tokyo Institute of Technology and as a committee member of many administrative bodies.</p> <p>Concurrently, as a member of the Compensation Committee, she has made proposals and engaged in discussions regarding the details of compensation and its system from a viewpoint different from that of a corporate executive.</p> <p>Attendance rate for the Board of Directors meetings held during the fiscal year under review: 100% (12 out of 12)</p>
Outside Director	Kazuhiro Mori	<p>Provided proactive comments and advice in various areas including global business development with his high-leveled business judgment capability and leadership in management from his extensive experience in the Hitachi Group, having served in various posts including Representative Executive Officer, Executive Vice President and Executive Officer of Hitachi, Ltd. as well as the leader to carry out its structural reform.</p> <p>Concurrently, as a member of the Nomination Committee and the Compensation Committee, he has actively made proposals and engaged in discussions based on his experience as a corporate top executive.</p> <p>Attendance rate for the Board of Directors meetings held during the fiscal year under review: 100% (10 out of 10) (*Assumed office in June 2018)</p>
Outside Audit & Supervisory Board Member	Takashi Narusawa	<p>Proactively expressed opinions from a viewpoint based on his experience as securities analyst and management consultant, along with management experience at Nomura Research Institute, Ltd.</p> <p>Attendance rate for the Board of Directors meetings held during the fiscal year under review: 100% (12 out of 12)</p> <p>Attendance rate for the Audit &amp; Supervisory Board meetings held during the fiscal year under review: 100% (13 out of 13)</p>
Outside Audit & Supervisory Board Member	Shigeru Nishiyama	<p>Proactively expressed opinions from a viewpoint based on his professional activities and experience in the areas of finance and accounting, as certified public accountant as well as a university professor.</p> <p>Attendance rate for the Board of Directors meetings held during the fiscal year under review: 100% (12 out of 12)</p> <p>Attendance rate for the Audit &amp; Supervisory Board meetings held during the fiscal year under review: 100% (13 out of 13)</p>
Outside Audit & Supervisory Board Member	Yo Ota	<p>Proactively expressed his opinions from a viewpoint based on his rich experience as attorney and expert on corporate governance.</p> <p>Attendance rate for the Board of Directors meetings held during the fiscal year under review: 92% (11 out of 12)</p> <p>Attendance rate for the Audit &amp; Supervisory Board meetings held during the fiscal year under review: 92% (12 out of 13)</p>

**(iii) Outline of liability limitation contracts**

The Company amended its Articles of Incorporation regarding liability limitation contracts at the 115th Ordinary General Meeting of Shareholders on June 19, 2015, establishing the provision of contracts to limit liabilities of Directors (excluding Executive Directors) and Audit & Supervisory Board Members.

The outline of liability limitation contracts, which the Company concluded only with Outside Directors and Audit & Supervisory Board Members in accordance with the revised Articles of Incorporation, is as follows.

**(a) Liability limitation contracts with Outside Directors**

Under such contracts, the maximum liability of Outside Directors shall be the higher of either of ¥10.00 million or a minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.

**(b) Liability limitation contracts with Outside Audit & Supervisory Board Members**

Under such contracts, the maximum liability of Outside Audit & Supervisory Board Members shall be the higher of either of ¥5.00 million or a minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.

#### 4. Independent auditor

**(1) Name: KPMG AZSA LLC**

**(2) Audit Fee, etc.:**

	Amount to be paid
Audit Fee, etc. to be paid to the independent auditor by the Company	¥213 million
Total sum of audit fee, etc. to be paid to the independent auditor by the Company and its subsidiaries	¥346 million

Notes:

1. In the audit contract signed between the Company and the independent auditor, there is no classification between fee for audit services pursuant to the Companies Act and that in accordance with the Financial Instruments and Exchange Law. Accordingly, the above “Audit Fee, etc. to be paid to the independent auditor by the Company” represent the sum of these fees.
2. Among the Company’s major subsidiaries, RICOH ELECTRONICS, INC., RICOH USA INC., RICOH EUROPE HOLDINGS PLC, RICOH ASIA PACIFIC PTE LTD., RICOH ASIA INDUSTRY LTD., RICOH ASIA INDUSTRY (SHENZHEN) LTD., are audited by KPMG.
3. The Audit & Supervisory Board conducted necessary verifications to determine whether the details of the audit plan for auditing by the Independent Auditor, the state of execution of accounting audit duties, and the calculation basis for audit fee estimates are appropriate or not. Upon these verifications, the Audit & Supervisory Board concluded that the amount of audit fee, etc., of the Independent Auditor is reasonable and consent has been given to it.

#### **(3) Non-audit work**

Apart from the services provided in Article 2, Paragraph 1 of the Certified Public Accountants Act, the Company consigns the independent auditor services to prepare comfort letters for the issuance of bonds. Consideration for these services is included in the amount of the above Audit Fee, etc.

#### **(4) Policy regarding the decision to dismiss or not to reappoint the independent auditor**

The Audit & Supervisory Board, by unanimous agreement, will dismiss the independent auditor when confirmed that the independent auditor falls under any item of Article 340, Paragraph 1 of the Companies Act. In this case, the dismissal and its reasons will be reported at the first general meeting of shareholders to be held after the dismissal.

In addition to the above, the Audit & Supervisory Board will decide the contents of the proposal on dismissal or non-reappointment of the independent auditor, which will be proposed at the general meeting of shareholders when confirmed that it is difficult for the independent auditor to properly perform audit duties etc., or that it would be otherwise appropriate to change independent auditors.



## 5. System to secure appropriateness of operations and their operating status

Resolutions adopted by the Board of Directors for systems to secure the appropriateness of the Company's operations are as follows. The resolutions will be reviewed regularly on an ongoing basis in response to changes in the business environment. (The content was revised according to the resolution by the Board of Directors meeting held on May 9, 2019.)

<b>Internal Control System Basic Policy</b>	<p>The RICOH Way, which comprises our founding principles ("Sanai spirit" - love your neighbor, love your country, love your work) Mission Statement, Vision Statement, and Values Statement, is the foundation of the Ricoh Group's management policy, strategy, and internal control system.</p> <p>Inspired by the values incorporated in The RICOH Way, we are working to establish and implement an internal control system aimed at strengthening competitiveness and continuously improving the system while ensuring transparency based on corporate ethics and legal compliance.</p>
<b>(1) System to ensure appropriate compliance with laws and Articles of Incorporation concerning the implementation of Directors' and employees' duties</b>	<p>[Content of Basic Policy]</p> <p>Based on the principle of autonomous corporate governance, the Company promotes a corporate culture that values both a sense of duty to meet the various expectations of stakeholders and high ethics suited to good social conscience.</p> <p>1) Systems to ensure appropriate compliance with laws and Articles of Incorporation concerning the implementation of Directors' duties</p> <p>[Content of Basic Policy]</p> <ul style="list-style-type: none"> <li>(i) Management transparency and fairness of decision-making are strengthened by the presence of Outside Directors. In addition, the Board of Directors is composed of a majority of Non-executive directors to strengthen functions of overseeing from different perspectives.</li> <li>(ii) The Board of Directors is positioned as the highest decision-making organization for business management and is chaired by a Non-executive director, who leads the Board from a neutral position, in order to facilitate in-depth discussions for important matters to reach robust decisions.</li> <li>(iii) As part of the strengthening of management oversight functions by the Board of Directors, the "Nomination Committee", which is chaired by a Non-executive Director and the "Compensation Committee", which is chaired by an Outside Director have been established. In each committee, more than half of the members are Non-executive directors and half or more of them are Outside Directors, so that the transparency and objectivity of the selection of candidates and compensation of Directors and executive officers, etc. is secured.</li> <li>(iv) Policies regarding disclosure has been established to assure the accuracy, timeliness and comprehensiveness of disclosure of corporate information and the "Disclosure Committee", which is chaired by a CFO who is responsible for information disclosure, is established to verify and decide the importance of disclosure of information, necessity of disclosure and validity of the content.</li> </ul> <p>[Operating Status of Internal Control System]</p> <ul style="list-style-type: none"> <li>(i) The Board of Directors consists of 8 members, including 5 Non-executive Directors (which include 4 Outside Directors), held 12 meetings during FY2018 and focused on transparency of management and fair decision-making.</li> <li>(ii) The Nomination Committee held 5 meetings and the Compensation Committee held 4 meetings to secure transparency and objectivity through discussions with Outside Directors.</li> </ul>

	<p>2) Systems to ensure appropriate compliance with laws and Articles of Incorporation concerning the implementation of employees' duties</p> <p>[Content of Basic Policy]</p> <ul style="list-style-type: none"> <li>(i) In order to thoroughly implement the "Ricoh Group Code of Conduct" which articulates the general rules of conduct for Ricoh Group and its officers and employees, the Specialty Committee and a reporting line to report incidents and seek advice have been established. Also various training programs are set up to enhance compliance domestically and overseas. The Company prohibits unfavorable treatments of anyone who made the report to the reporting line due to such reporting.</li> <li>(ii) Efforts are being made to improve business processes and construct a framework for standardized internal control throughout the entire Group, with the goal of "complying with laws, norms and internal rules", "improvement of business effectiveness and efficiency", "maintaining high reliability of financial reporting" and "securing of assets", including compliance to the Financial Instruments and Exchange Law and other relevant laws and regulations.</li> <li>(iii) To ensure appropriate internal auditing, a division of internal management and control shall perform fair and objective examination and evaluation of how each division is executing its business based on legal compliance and rational criteria, and provide advice or recommendation for improvement.</li> <li>(iv) The Company shall establish a department specializing in enhancing and promoting the functions of (i), (ii) and (iii) above on an integrated basis. To establish and improve an internal control system of the Ricoh Group, the Company shall institute an "Internal Control Committee" within the Group Management Committee (GMC), which is expected to convene regularly to deliberate and decide on relevant matters.</li> </ul> <p>[Operating Status of Internal Control System]</p> <ul style="list-style-type: none"> <li>(i) Efforts were made in each region globally to spread awareness of the "Ricoh Group Code of Conduct" newly established in October 2018.</li> <li>(ii) A standard for the "Ricoh Group Whistleblowing System" has been established as the "Ricoh Group Standard" and was shared within the Ricoh Group. The standard prohibits unfavorable treatments of the whistleblowers. In addition, the "Ricoh Group Global Whistleblowing System" was established in November 2018, as a mechanism for reporting directly to Audit &amp; Supervisory Board Members. During the fiscal year under review, there were no reports that involved serious legal violations.</li> <li>(iii) The division of internal management and control conducts audit for the entire Ricoh Group, and provides advice to improve effectiveness and efficiency of compliance and business.</li> </ul>
<p><b>(2) Systems related to the retention and management of information related to the implementation of Directors' duties</b></p>	<p>[Content of Basic Policy]</p> <p>Records and proposals related to decisions by Directors in the course of their duties are created, retained and managed in compliance with applicable laws, regulations and internal rules. Documents are kept so that they can be retrieved and reviewed when a request from Directors and Audit &amp; Supervisory Board Members is made.</p> <p>[Operating Status of Internal Control System]</p> <p>Information related to Directors' duties and other important information are appropriately retained and managed in compliance with internal regulations for inspection by Directors and Audit &amp; Supervisory Board Members at any time.</p>

<p><b>(3) Regulations and other systems regarding risk management for losses</b></p>	<p>[Content of Basic Policy]</p> <ul style="list-style-type: none"> <li>(i) The occurrence of losses shall be proactively prevented based on risk management regulations.</li> <li>(ii) Should losses nevertheless arise, efforts shall be made to minimize damage (loss) based on standards for initial reaction.</li> <li>(iii) In order to respond to diversifying sources of uncertainty both inside and outside the Ricoh Group, the “Risk Management Committee” assesses critical risks and evaluates responses, and devises risk management measures. In addition, a risk management promotion division will be established to expand risk management activities globally.</li> </ul> <p>[Operating Status of Internal Control System]</p> <p>The Company has established the “Ricoch Group Total Risk Management Basic Regulation” to promote risk management effectively and efficiently and make preventive measures for the risk of loss. Additionally, the occurrences of and responses to incidents were reported four times to the Internal Control Committee and twice to the Board of Directors during the fiscal year under review. Risk management promotion plans are formulated each year and measures to prevent the occurrence of incidents are formulated and put into practice.</p>
<p><b>(4) System to ensure the efficient implementation of Directors’ duties</b></p>	<p>[Content of Basic Policy]</p> <ul style="list-style-type: none"> <li>(i) The executive officer system, its division of duties clarified, speeds up the decision-making process through the delegation of authority to each business division.</li> <li>(ii) The GMC is a decision-making organization delegated by the Board of Directors, and composed of executive officers who meet specific criteria. The GMC operates so as to accelerate deliberation and decision-making from the perspective of the optimum management of the entire Ricoh Group, concerning the most appropriate strategies for direction of each business division and the entire Ricoh Group, within the powers granted to it.</li> <li>(iii) The “Board of Directors office” realizes robust decision-making and management oversight with high transparency by supporting the Board of Directors.</li> </ul> <p>[Operating Status of Internal Control System]</p> <p>The executive officer system helps make efficient business execution. Deliberation details of the GMC are reported on a quarterly basis to the Board of Directors and the Directors monitor the status of implementation.</p>
<p><b>(5) Systems to ensure correct business standards at Ricoh and its Group companies</b></p>	<p>[Content of Basic Policy]</p> <p>The Ricoh Group shall devise a system that ensures adherence to correct business standards to improve business performance and enhance the prosperity of the Ricoh Group, while respecting each other’s independence, as follows:</p> <ul style="list-style-type: none"> <li>(i) The Company’s Board of Directors and the GMC make decisions and perform management oversight for the Ricoh Group as a whole.</li> <li>(ii) The Company establishes its management regulations concerning each Ricoh Group company, and prescribes a system for reporting matters regarding the performance of duties of the Directors of each Ricoh Group company, and the Directors’ authority for conducting such duties efficiently.</li> <li>(iii) Each Ricoh Group company conducts risk management for losses relating to the company. Should any incident arise, the company should strive to minimize damage and recover quickly, and promptly report to the Company.</li> <li>(iv) To ensure that the duties of Ricoh Group’s Directors and employees are performed in compliance with laws and regulations and Articles of Incorporation, we formulate a set of common rules which shall be followed as the Ricoh Group’s common standards, the “Ricoch Group Standard,” and promote compliance across the Ricoh Group.</li> </ul> <p>[Operating Status of Internal Control System]</p> <p>In compliance with the “Corporate Management Regulations for Ricoh Affiliates,” the Company receives reports on the implementation of duties of Directors of the Ricoh Group companies and such Directors efficiently conduct their duties subject to their authorities. The Ricoh Group strives to ensure that incident responses and</p>

	<p>reports are made pursuant to the “Incident Management Standard.”</p> <p>Audits for compliance to the “Ricoh Group Standard,” the Ricoh Group’s common standards, are conducted by the divisions for internal management and control.</p>
<p><b>(6) Systems established to ensure the effective performance of duties by Audit &amp; Supervisory Board Members</b></p>	<p>[Content of Basic Policy]</p> <p><b>1) Matters regarding measures to secure independence of employees whom Audit &amp; Supervisory Board Members request to assist them in the performance of their duties from Directors and efficacy of instructions given to such employees</b></p> <p>(i) The Company shall establish an Audit &amp; Supervisory Board office, where exclusively assigned employees assist Audit &amp; Supervisory Board Members in performing their duties under their command.</p> <p>(ii) Personnel evaluations regarding said employees shall be made by full-time Audit &amp; Supervisory Board Members. Furthermore, personnel changes regarding said employees shall be made only after gaining agreement of full-time Audit &amp; Supervisory Board Members.</p> <p><b>2) Systems for Directors and employees of the Ricoh Group to report to Audit &amp; Supervisory Board Members and other systems related to the reporting to Audit &amp; Supervisory Board Members</b></p> <p>(i) Directors or employees shall promptly report to Audit &amp; Supervisory Board Members concerning material violations of laws and the Articles of Incorporation at the Ricoh Group, as well as matters concerning wrongful acts or the possibility of significant damage to the Ricoh Group at the time of their discovery.</p> <p>(ii) Directors and employees shall cooperate when they are requested to report matters concerning operations required for auditing by Audit &amp; Supervisory Board Members.</p> <p>(iii) Directors shall provide Audit &amp; Supervisory Board Members with minutes and materials of important meetings, as well as important resolution documents for their review.</p> <p>(iv) The Company prohibits unfavorable treatments of any Directors or employees of the Ricoh Group, who made the report to Audit &amp; Supervisory Board Members due to such reporting.</p> <p><b>3) Other systems established to ensure effective performance of duties by Audit &amp; Supervisory Board Members</b></p> <p>Directors and employees of the Ricoh Group shall cooperate in facilitating the performance of the following items by Audit &amp; Supervisory Board Members.</p> <p>(i) Audit &amp; Supervisory Board Members attend important meetings such as the GMC and regularly exchange opinions with Representative Directors.</p> <p>(ii) Establish a cooperation system for effective auditing of each division of the Company and each Ricoh Group company by Audit &amp; Supervisory Board Members at the time of such audit.</p> <p>(iii) Create an environment that enables Audit &amp; Supervisory Board Members to conduct effective auditing through mutual cooperation with the Independent Auditor and the division of internal management and control.</p> <p>(iv) The Company shall pay expenses incurred from the performance of duties of Audit &amp; Supervisory Board Members.</p> <p>[Operating Status of Internal Control System]</p> <p>The Audit &amp; Supervisory Board office, which is composed of employees exclusively assigned to assist Audit &amp; Supervisory Board Members, acts under the command of Audit &amp; Supervisory Board Members.</p> <p>Auditing by Audit &amp; Supervisory Board Members is conducted for each division of the Company and each Ricoh Group company and at the same time, they attend regular meetings with the GMC and other important meetings. Meetings with the Representative Director are carried out, as well as monthly meeting with the division of internal audit and Independent Auditor to exchange opinions.</p>

The Company takes an uncompromising attitude toward antisocial activities and any organizations engaged therein in an effort to eradicate any antisocial activities and will not have any relationship with antisocial entities, as stipulated in the “Ricoh Group Code of Conduct,” a code of conduct for the Ricoh Group and its executive officers and employees.

Also, the Company has established an internal hotline and has been working closely with outside agencies, such as the police, and relevant organizations as well as making efforts to build trust with such organizations. In the future also, the Company will continue to strengthen its internal system so as to eradicate any antisocial activities or relationships with antisocial entities.

**Consolidated Statements of Financial Position** (as of March 31, 2019)

	Millions of yen	
	As of March 31,	
	2019	2018
<b>ASSETS</b>		
Current Assets:	<b>1,389,762</b>	1,327,978
Cash and cash equivalents	<b>240,099</b>	160,568
Time deposits	<b>70</b>	68
Trade and other receivables	<b>604,804</b>	589,741
Other financial assets	<b>294,351</b>	291,144
Inventories	<b>207,748</b>	180,484
Other investments	<b>-</b>	55,921
Other current assets	<b>40,107</b>	50,052
Assets classified as held for sale	<b>2,583</b>	-
Non-Current Assets:	<b>1,335,370</b>	1,313,052
Property, plant and equipment	<b>250,287</b>	250,005
Goodwill and intangible assets	<b>219,806</b>	217,130
Other financial assets	<b>708,295</b>	689,629
Investments accounted for using the equity method	<b>12,521</b>	3,703
Other investments	<b>22,443</b>	26,985
Other non-current assets	<b>38,006</b>	36,806
Deferred tax assets	<b>84,012</b>	88,794
Total Assets	<b>2,725,132</b>	2,641,030

**Consolidated Statements of Financial Position** (as of March 31, 2019)

	Millions of yen	
	As of March 31,	
	2019	2018
<b>LIABILITIES</b>		
Current Liabilities:	<b>844,198</b>	788,522
Bonds and borrowings	<b>266,957</b>	223,194
Trade and other payables	<b>306,189</b>	300,724
Other financial liabilities	<b>521</b>	453
Income tax payables	<b>15,455</b>	17,871
Provisions	<b>12,277</b>	12,235
Other current liabilities	<b>242,799</b>	234,045
Non-Current Liabilities	<b>861,946</b>	863,753
Bonds and borrowings	<b>666,462</b>	658,707
Other financial liabilities	<b>3,420</b>	3,788
Accrued pension and retirement benefits	<b>105,288</b>	104,998
Provisions	<b>6,610</b>	12,709
Other non-current liabilities	<b>77,619</b>	80,174
Deferred tax liabilities	<b>2,547</b>	3,377
Total Liabilities	<b>1,706,144</b>	1,652,275
<b>EQUITY</b>		
Equity attributable to owners of the parent:	<b>932,577</b>	909,565
Common stock	<b>135,364</b>	135,364
Additional paid-in capital	<b>186,086</b>	186,463
Treasury stock	<b>(37,394)</b>	(37,329)
Other components of equity	<b>73,645</b>	114,954
Retained earnings	<b>574,876</b>	510,113
Non-controlling interests	<b>86,411</b>	79,190
Total Equity	<b>1,018,988</b>	988,755
Total Liabilities and Equity	<b>2,725,132</b>	2,641,030

**Consolidated Statements of Profit or Loss** (for the year ended March 31, 2019)

	Millions of yen	
	For the year ended March 31,	
	2019	2018
Sales	<b>2,013,228</b>	2,063,363
Cost of sales	<b>1,246,345</b>	1,272,357
Gross profit	<b>766,883</b>	791,006
Selling, general and administrative expenses (Note)	<b>702,912</b>	777,917
Other income (Note)	<b>23,449</b>	17,062
Impairment of goodwill	<b>581</b>	145,827
Operating profit (loss)	<b>86,839</b>	(115,676)
Finance income	<b>4,598</b>	4,123
Finance costs	<b>7,965</b>	12,831
Share of profit (loss) of investments accounted for using the equity method	<b>492</b>	202
Profit (loss) before income tax expenses	<b>83,964</b>	(124,182)
Income tax expenses	<b>28,587</b>	5,457
Profit (loss)	<b>55,377</b>	(129,639)
Profit (loss) attributable to:		
Owners of the parent	<b>49,526</b>	(135,372)
Non-controlling interests	<b>5,851</b>	5,733

Note: Other income includes gain on sale of property, plant and equipment, gain on transfer of shares in RICOH LOGISTICS SYSTEM CO., LTD., etc.

Selling, general and administrative expenses include income from deconsolidation associated with loss of control of Ricoh India Limited (hereinafter “RicoH India”) and allowance for doubtful accounts for claims on RicoH India.



**Consolidated Statements of Comprehensive Income (Unaudited)** (for the year ended March 31, 2019)

	Millions of yen	
	For the year ended March 31,	
	2019	2018
Profit (loss)	<b>55,377</b>	(129,639)
Other comprehensive income (loss)		
Components that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plan	<b>(6,389)</b>	2,541
Net gain (loss) on fair value of financial assets measured through other comprehensive income	<b>(1,929)</b>	-
Components that will be reclassified subsequently to profit or loss:		
Net gain on fair value of available-for-sale financial assets	-	17,375
Net gain (loss) on fair value of cash flow hedges	<b>56</b>	(13,497)
Exchange differences on translation of foreign operations	<b>(10,979)</b>	10,737
Total other comprehensive income (loss)	<b>(19,241)</b>	17,156
Comprehensive income (loss)	<b>36,136</b>	(112,483)
Comprehensive income (loss) attributable to:		
Owners of the parent	<b>30,304</b>	(118,072)
Non-controlling interests	<b>5,832</b>	5,589

# Consolidated Statements of Changes in Equity

(for the year ended March 31, 2019)

(Unit: millions of yen)

	Equity attributable to owners of the parent								
	Common stock	Additional paid-in capital	Treasury stock	Remeasurement of defined benefit plan	Net gain (loss) on fair value of financial assets measured through other comprehensive income	Net gain (loss) on fair value of available-for-sale financial assets	Net gain on fair value of cash flow hedges	Exchange differences on translation of foreign operations	Total other components of equity
Balance as of April 1, 2018	135,364	186,463	(37,329)	-	-	51,581	(13,261)	76,634	114,954
Cumulative effects of changes in accounting policies	-	-	-	-	10,432	(51,581)	13,293	-	(27,856)
Restated balance	135,364	186,463	(37,329)	-	10,432	-	32	76,634	87,098
Profit (loss)									
Other comprehensive income (loss)				(6,385)	(2,001)		27	(10,863)	(19,222)
Total comprehensive income (loss)	-	-	-	(6,385)	(2,001)	-	27	(10,863)	(19,222)
Net change in treasury stock			(10)						
Dividends declared and approved to owners									
Transfer from other components of equity to retained earnings				6,385	(616)				5,769
Capital transaction with non-controlling shareholders		(377)							
Others			(55)						
Total transactions with owners	-	(377)	(65)	6,385	(616)	-	-	-	5,769
Balance as of March 31, 2019	135,364	186,086	(37,394)	-	7,815	-	59	65,771	73,645

	Equity attributable to owners of the parent		Non-controlling interests	Total equity
	Retained earnings	Total equity attributable to owners of the parent		
Balance as of April 1, 2018	510,113	909,565	79,190	988,755
Cumulative effects of changes in accounting policies	33,691	5,835	-	5,835
Restated balance	543,804	915,400	79,190	994,590
Profit (loss)	49,526	49,526	5,851	55,377
Other comprehensive income (loss)		(19,222)	(19)	(19,241)
Total comprehensive income (loss)	49,526	30,304	5,832	36,136
Net change in treasury stock		(10)		(10)
Dividends declared and approved to owners	(12,685)	(12,685)	(1,101)	(13,786)
Transfer from other components of equity to retained earnings	(5,769)	-		-
Capital transaction with non-controlling shareholders		(377)	2,490	2,113
Others		(55)	-	(55)
Total transactions with owners	(18,454)	(13,127)	1,389	(11,738)
Balance as of March 31, 2019	574,876	932,577	86,411	1,018,988

# Consolidated Statements of Cash Flows (Unaudited)

	Millions of yen	
	For the year ended March 31,	
	2019	2018
I. Cash flows from operating activities		
Profit (loss)	55,377	(129,639)
Adjustments to reconcile profit to net cash provided by operating activities:		
Depreciation and amortization	94,288	108,327
Impairment of property, plant and equipment and intangible assets	2,138	30,140
Impairment of goodwill	581	145,827
Other income	(23,449)	(17,062)
Share of profit (loss) of investments accounted for using the equity method	(492)	(202)
Finance income and costs	3,367	8,708
Income tax expenses	28,587	5,457
(Increase) in trade and other receivables	(6,595)	(17,106)
Decrease (increase) in inventories	(30,097)	22,720
(Increase) in lease receivables	(13,527)	(27,922)
Increase in trade and other payables	10,024	5,215
(Decrease) in accrued pension and retirement benefits	(6,937)	(11,506)
Other, net	553	32,808
Interest and dividends received	4,123	3,902
Interest paid	(5,007)	(5,025)
Income taxes paid	(30,987)	(44,354)
Net cash provided by operating activities	81,947	110,288
II. Cash flows from investing activities		
Proceeds from sales of property, plant and equipment	9,707	18,484
Expenditures for property, plant and equipment	(72,462)	(72,285)
Proceeds from sales of intangible assets	969	6,554
Expenditures for intangible assets	(29,589)	(34,698)
Payments for purchases of available-for-sale securities	(8,639)	(1,005)
Proceeds from sales of available-for-sale securities	63,830	186
(Decrease) in time deposits, net	458	8,062
Purchase of business, net of cash acquired	(5,133)	(458)
Proceeds from sales of investments in subsidiaries	10,223	7,788
Other, net	(15,295)	(13,705)
Net cash used in investing activities	(45,931)	(81,077)

	Millions of yen	
	For the year ended March 31,	
	2019	2018
III. Cash flows from financing activities		
Net proceeds (repayments) of short-term debt	26,236	(21,180)
Proceeds from long-term debt	152,234	134,819
Repayments of long-term debt	(139,399)	(109,877)
Proceeds from issuance of bonds	50,000	68,285
Repayments of bonds	(35,000)	(50,000)
Dividends paid	(12,685)	(14,498)
Payment for purchase of treasury stock	(10)	(11)
Proceeds from purchase of investments in subsidiaries without change in scope of consolidation	3,006	-
Other, net	(1,958)	(1,131)
Net cash provided by financing activities	42,424	6,407
IV. Effect of exchange rate changes on cash and cash equivalents	1,091	(1,479)
V. Net increase in cash and cash equivalents	79,531	34,139
VI. Cash and cash equivalents at beginning of year	160,568	126,429
VII. Cash and cash equivalents at end of year	240,099	160,568

**Non-consolidated Balance Sheets (as of March 31, 2019)**

	Millions of yen	
	As of March 31,	
	2019	2018
<b>ASSETS</b>		
Current Assets:	<b>418,158</b>	379,390
Cash on hand and in banks	<b>16,430</b>	17,466
Notes receivable – trade	<b>461</b>	619
Accounts receivable – trade	<b>109,134</b>	105,437
Marketable securities	<b>76,996</b>	20,000
Finished goods	<b>34,794</b>	29,760
Raw materials	<b>2,281</b>	1,795
Work in process	<b>2,741</b>	2,470
Supplies	<b>11,571</b>	9,017
Accounts receivable – other	<b>43,041</b>	42,331
Short-term loans receivable	<b>126,692</b>	154,502
Other current assets	<b>15,321</b>	13,822
Allowance for doubtful accounts	<b>(21,308)</b>	(17,833)
Fixed Assets:	<b>545,296</b>	647,386
Tangible fixed assets:	<b>98,230</b>	102,941
Buildings	<b>49,797</b>	50,681
Structures	<b>2,270</b>	2,348
Machinery and equipment	<b>14,601</b>	17,278
Vehicles	<b>79</b>	101
Tools, furniture and fixtures	<b>10,706</b>	12,069
Land	<b>18,884</b>	18,884
Leased assets	<b>60</b>	62
Construction in progress	<b>1,830</b>	1,514
Intangible fixed assets:	<b>29,868</b>	31,280
Goodwill	<b>3,410</b>	4,030
Leasehold right and others	<b>7,865</b>	8,171
Software	<b>18,591</b>	19,079
Investments and Other Assets:	<b>417,198</b>	513,164
Investment securities	<b>15,504</b>	92,650
Subsidiaries and affiliates' securities	<b>346,502</b>	352,199
Investment in subsidiaries and affiliates	<b>12,515</b>	12,515
Long-term loans receivable	<b>24,912</b>	42,084
Claims provable in bankruptcy, claims provable in rehabilitation and other	<b>449</b>	439
Deferred tax assets	<b>13,577</b>	7,866
Lease deposit	<b>2,844</b>	4,131
Other investments	<b>1,434</b>	1,846
Allowance for doubtful accounts	<b>(541)</b>	(569)
<b>Total Assets</b>	<b>963,455</b>	1,026,776

**Non-consolidated Balance Sheets (as of March 31, 2019)**

	Millions of yen	
	As of March 31,	
	2019	2018
<b>LIABILITIES</b>		
Current Liabilities:	<b>351,286</b>	395,063
Notes payable – trade	<b>218</b>	288
Electronically recorded obligations-operating	<b>19,792</b>	14,898
Accounts payable – trade	<b>105,639</b>	97,283
Bonds maturing within one year	<b>12,456</b>	15,000
Short-term borrowings	<b>60,684</b>	67,342
Current maturities of long-term borrowings	<b>46,648</b>	63,052
Leased obligations	<b>256</b>	326
Accounts payable – other	<b>64,121</b>	72,824
Accrued expenses	<b>13,320</b>	18,927
Accrued bonuses	<b>9,029</b>	7,127
Accrued Directors' bonuses	<b>68</b>	-
Warranty reserve	<b>811</b>	741
Other current liabilities	<b>18,238</b>	37,249
Fixed Liabilities:	<b>133,935</b>	149,618
Bonds	<b>32,456</b>	26,104
Long-term borrowings	<b>92,456</b>	115,936
Leased obligations	<b>212</b>	149
Retirement benefit obligation	<b>5,737</b>	4,247
Asset retirement obligations	<b>2,563</b>	2,642
Other fixed liabilities	<b>509</b>	538
Total Liabilities	<b>485,221</b>	544,681
(Net Assets)		
Shareholders' Equity:	<b>471,299</b>	433,036
Common Stock	<b>135,364</b>	135,364
Additional paid-in-capital:	<b>180,804</b>	180,804
Legal capital reserve	<b>180,804</b>	180,804
Retained Earnings:	<b>192,302</b>	154,029
Legal reserve	<b>14,955</b>	14,955
Other retained earnings	<b>177,347</b>	139,074
Reserve for deferral of capital gain on property	<b>3,031</b>	3,286
Reserve for social contribution	<b>-</b>	8
General reserve	<b>115,350</b>	215,350
Retained earnings brought forward	<b>58,965</b>	(79,570)
Treasury stock	<b>(37,172)</b>	(37,162)
Difference of appreciation and conversion	<b>6,934</b>	49,059
Net unrealized holding gains on securities	<b>6,934</b>	62,352
Deferred gains or losses on hedges	<b>-</b>	(13,293)
Total Net Assets	<b>478,233</b>	482,095
Total Liabilities and Net Assets	<b>963,455</b>	1,026,776

**Non-consolidated Statements of Operations** (for the year ended March 31, 2019)

	Millions of yen	
	For the year ended March 31,	
	2019	2018
Net sales	<b>889,341</b>	862,291
Cost of sales	<b>708,530</b>	667,527
Gross profit	<b>180,810</b>	194,763
Selling, general and administrative expenses	<b>201,881</b>	195,617
Total operating profit (loss)	<b>(21,070)</b>	(853)
Non-operating income:	<b>27,768</b>	23,999
Interest and dividend income	<b>26,124</b>	22,603
Other revenue	<b>1,643</b>	1,395
Non-operating expenses:	<b>5,298</b>	6,349
Interest expense	<b>2,829</b>	2,179
Foreign exchange loss	<b>1,273</b>	3,587
Other expenses	<b>1,195</b>	582
Ordinary income	<b>1,399</b>	16,796
Extraordinary income	<b>74,147</b>	10,403
Gain on sales of investment securities	<b>50,665</b>	-
Gain on sales of shares of subsidiaries and affiliates	<b>23,482</b>	10,403
Extraordinary loss:	<b>16,370</b>	129,864
Impairment of fixed assets	<b>1,899</b>	622
Loss on valuation of shares of subsidiaries and affiliates	<b>13,196</b>	109,232
Loss on business of subsidiaries and affiliates (Note)	<b>1,273</b>	20,010
Income (loss) before income taxes	<b>59,176</b>	(102,665)
Income taxes - current	<b>2,576</b>	253
Income taxes - deferred	<b>5,641</b>	(9,400)
Net income (loss)	<b>50,958</b>	(93,519)

Note: Loss on business of subsidiaries and affiliates mainly comprises provision of allowance for doubtful accounts covering lending to subsidiaries and affiliates.

# Statement of Changes in Shareholders' Equity (for the year ended March 31, 2019)

(Unit: millions of yen)

	Shareholders' equity						
	Common stock	Additional paid-in-capital	Retained earnings				
		Legal capital reserve	Legal reserve	Other retained earnings			
				Reserve for deferral of capital gain on property	Reserve for special depreciation Reserve for social contributions	General reserve	Retained earnings brought forward
Beginning balance	135,364	180,804	14,955	3,286	8	215,350	(79,570)
Changes of items during the period							
Dividends from surplus							(12,685)
Net income							50,958
Reversal of reserve for deferral of capital gain on property				(254)			254
Reversal of reserve for social contribution					(8)		8
Reversal of general reserve						(100,000)	100,000
Purchase of treasury stock							
Disposal of treasury stock							(0)
Net changes of items other than shareholders' equity							
Total changes of items during the period	-	-	-	(254)	(8)	(100,000)	138,535
Ending balance	135,364	180,804	14,955	3,031	-	115,350	58,965

	Shareholders' equity			Difference of appreciation and conversion			Total net assets
	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized holding gains on securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Total retained earnings						
Beginning balance	154,029	(37,162)	433,036	62,352	(13,293)	49,059	482,095
Changes of items during the period							
Dividends from surplus	(12,685)		(12,685)				(12,685)
Net income	50,958		50,958				50,958
Reversal of reserve for deferral of capital gain on property	-		-				-
Reversal of reserve for social contribution	-		-				-
Reversal of general reserve	-		-				-
Purchase of treasury stock		(9)	(9)				(9)
Disposal of treasury stock	(0)	0	0				0
Net changes of items other than shareholders' equity				(55,418)	13,293	(42,125)	(42,125)
Total changes of items during the period	38,273	(9)	38,263	(55,418)	13,293	(42,125)	(3,861)
Ending balance	192,302	(37,172)	471,299	6,934	-	6,934	478,233



**Independent Auditor's Report**

May 14, 2019

The Board of Directors  
Ricoh Company, Ltd.

KPMG AZSA LLC

Isao Kamizuka (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Katsunori Hanaoka (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Shingo Iwamiya (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the notes to consolidated financial statements of Ricoh Company, Ltd as at March 31, 2019 and for the year from April 1, 2018 to March 31, 2019 in accordance with Article 444-4 of the Companies Act.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the second sentence of Article 120-1 of the Ordinance of Companies Accounting that prescribes some omissions of disclosure items required under designated International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements referred to above, which were prepared in accordance with the second sentence of Article 120-1 of the Ordinance of Companies Accounting that prescribes some omissions of disclosure items required under designated International Financial Reporting Standards, present fairly, in all material respects, the financial position and the results of operations of Ricoh Company, Ltd. and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared.

**Other Matter**

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

**Notes to the Reader of Independent Auditor's Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

## **Independent Auditor's Report**

May 14, 2019

The Board of Directors  
Ricoh Company, Ltd.

KPMG AZSA LLC

Isao Kamizuka (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Katsunori Hanaoka (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Shingo Iwamiya (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

We have audited the financial statements, comprising the balance sheet, the statement of operations, the statement of changes in shareholders' equity, the notes to financial statements and the supplementary schedules as at March 31, 2019 and for the 119th fiscal year from April 1, 2018 to March 31, 2019 in accordance with Article 436-2-1 of the Companies Act.

### **Management's Responsibility for the Financial Statements and Others**

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of Ricoh Company, Ltd. for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

### **Other Matter**

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

### **Notes to the Reader of Independent Auditor's Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

## Audit & Supervisory Board's Report

The Audit & Supervisory Board has prepared this Audit Report upon discussion based on the audit reports prepared by each Audit & Supervisory Board Member concerning the execution of duties by the Directors for the fiscal year from April 1, 2018 to March 31, 2019, and hereby reports as follows:

### 1. Methods and contents of the Audit employed by the Audit & Supervisory Board Members and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board prescribed audit policies, activity plans, assignment of duties and other relevant matters, received reports from each Audit & Supervisory Board Member on their implementation of audits and results thereof, as well as reports from Directors, etc. and the Independent Auditor on the performance of their duties, and requested explanations from them whenever necessary.
- (2) Each Audit & Supervisory Board Member complied with the auditing standards of Audit & Supervisory Board Members established by the Audit & Supervisory Board, followed the audit policies, activity plans, assignment of duties, etc., communicated with Directors, staff of the internal management and control division, and other employees, etc., strove to collect information and establish the environment for auditing, and conducted audits based on the methods below.
  - (i) Each Audit & Supervisory Board Member attended Board of Directors and other important meetings, received reports from Directors, employees, etc. on the execution of their duties, requested explanations from them whenever necessary, inspected important written approvals, etc., examined the status of operations and assets at the headquarters and principal offices. With regards to the subsidiaries, we strove to communicate and exchange information with the principal administrative divisions of each subsidiary, and received explanations from Directors and employees regarding their business and exchanged opinions by visiting the subsidiaries whenever necessary.
  - (ii) We also regularly received reports, from Directors, employees, etc., requested explanations from them whenever necessary, and expressed our opinions, for ensuring that the execution of duties by Directors described in the Business Report conforms to the related laws and regulations and the Articles of Incorporation, the details of the resolution of the Board of Directors concerning the establishment of the system stipulated in Article 100, Paragraph 1 and Paragraph 3 of the Enforcement Regulations of the Companies Act aiming to secure the appropriateness of the operations of the corporate group consisting of the Company and its subsidiaries; and the construction and operation status of a system (internal control system) established in accordance with the said resolution.
  - (iii) With regard to accounting audits, we received explanations on audit plans from the Independent Auditor in advance and made discussions, as well as received audit reports. Furthermore, we monitored and verified whether the Independent Auditor implemented appropriate audits while maintaining independence, received reports from the Independent Auditor on the execution of their duties, and sought explanations whenever necessary. Furthermore, we received notice from the Independent Auditor that "System for ensuring that the execution of duties is performed properly" (matters set forth in each item of Article 131 of the Company Accounting Regulations) is organized in accordance with the "Quality Management Standards Regarding Audits" (Business Accounting Council; October 28, 2005), etc., and sought explanations whenever necessary.

Based on the above methods, we examined the business report and its supplementary schedule, non-consolidated financial statements (the balance sheet, the statement of operations, the statement of changes in shareholders' equity and the notes to financial statements) and the supplementary schedules for the fiscal year under review, as well as consolidated financial statements (the consolidated financial statements, comprising the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the notes to consolidated financial statements).

### 2. Audit results

#### (1) Results of audit of Business Report, etc.

- (i) We hereby state that the Business Report and the supplementary schedules fairly represent the Company's conditions in accordance with the related laws and regulations and the Articles of Incorporation.
- (ii) With regard to the performance of duties by Directors, we find no significant evidence of wrongful act or violation of related laws and regulations, nor the Articles of Incorporation.
- (iii) We hereby state that the content of the resolution by the Board of Directors concerning the internal control system is proper. In addition, we find no issue on which to remark in regard to the contents of Business Report and the execution of duties by the Directors regarding the internal control system. On the other hand, we acknowledge the importance of ongoing initiatives to enhance the effectiveness of the internal control system of the Ricoh Group from the viewpoint of strengthening corporate governance.

**(2) Results of audit of non-consolidated financial statements and the supplementary schedules**

We hereby state that the audit methods of the Independent Auditor, KPMG AZSA LLC, and the results are appropriate.

**(3) Results of audit of consolidated financial statements**

We hereby state that the audit methods of the Independent Auditor, KPMG AZSA LLC, and the results are appropriate.

May 17, 2019

The Audit & Supervisory Board, Ricoh Company, Limited

Audit & Supervisory Board Member (Full-time)	Katsumi Kurihara (seal)
Audit & Supervisory Board Member (Full-time)	Hiroshi Osawa (seal)
Outside Audit & Supervisory Board Member	Takashi Narusawa (seal)
Outside Audit & Supervisory Board Member	Shigeru Nishiyama (seal)
Outside Audit & Supervisory Board Member	Yo Ota (seal)

## Notes on the Audit Performance

### 1. Purpose of these Notes

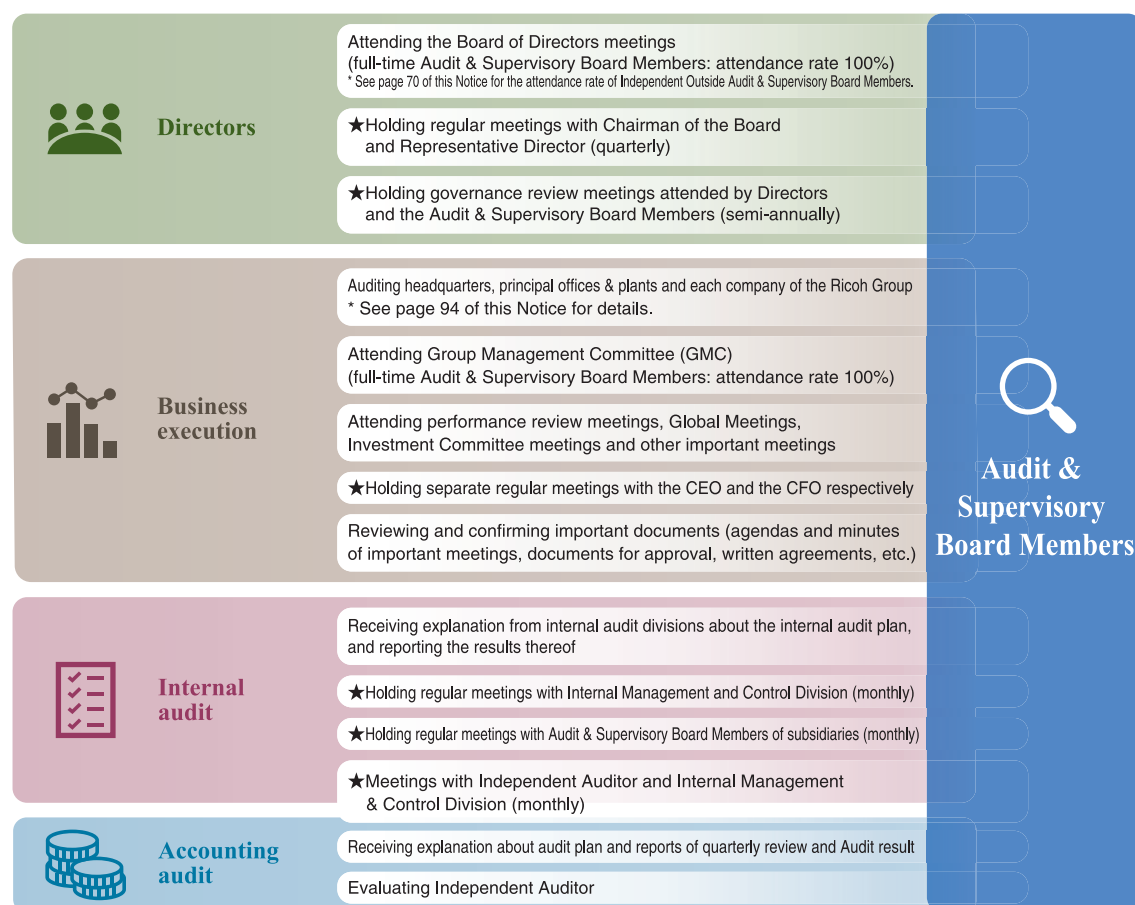
We, the Audit & Supervisory Board, prepared the Audit Report on the following; (i) Methods and contents of the Audit employed by the Audit & Supervisory Board Members and the Audit & Supervisory Board, and (ii) Audit results (please refer to pages 91 to 92 of this Notice).

With respect to (i) Methods and contents of the Audit employed by the Audit & Supervisory Board Members and the Audit & Supervisory Board, we decided to voluntarily prepare and disclose these Notes in FY2017, as complementary material to the Audit Report, in order to enhance the effectiveness of the dialogue with stakeholders including shareholders, based on the belief that it is crucial to provide more concrete explanation, to enhance audit transparency. As in FY2017, we disclose these Notes for FY2018 under review. We also plan to disclose the outline of these Notes in the Securities Report (for FY2018).

### 2. Outline of audit activities

We reviewed risks and issues in the four areas, namely (1) Directors, (2) Business execution, (3) Internal audit, and (4) Accounting audit, and formulated annual activity plans. Outline of audit activities in each of these areas are illustrated in Chart 1 below. Audit & Supervisory Board Members pointed out the issues and provided suggestions to Directors and business divisions, concerning the matters brought to our attention through these audit activities.

■ Chart 1: Outline of audit activities



★Meetings organized by the Audit & Supervisory Board Members

With respect to the issues described in “Regarding the Circumstances and Response to the Financial Irregularities at a Sales Subsidiary in India and the Subsequent Conditions” in the Business Report (pages 44 to 48 in this Notice), etc., Audit & Supervisory Members made sure to stay updated on the latest development, by requesting explanation from the Directors, Executive Officers, and the employees concerned, etc., as well as attending the relevant meetings, in addition to the audit activities as illustrated in Chart 1.

### **3. Areas of focus and actions for FY2018**

In FY2018 as the second year of the 19th Mid-Term Management Plan, the company aimed to accelerate its “RICOH Ignite” growth strategy and made concerted Group-wide efforts to reach the highly set goals. We reviewed predictable risks and set out three areas of focus for FY2018 apart from the audit activities as illustrated in Chart 1, namely:

- Review of the business management system and effective management of overseas subsidiaries
- Business risks in new and growing businesses such as M&A risk

(above two items were listed as issues to be monitored in the Notes of FY2017)

- Examining the election of an Independent Auditor”.

#### **Area of focus (i) Audit on “review of the business management system and effective management of overseas subsidiaries”**

Audit & Supervisory Board Members implemented audits on site, particularly focusing on the following points in FY2018.

#### **Audit on effectiveness of measures aiming to strengthen the business management system**

- Effectiveness of measures for strengthening the management of subsidiaries with cooperation among regional headquarters and the principal administrative divisions<sup>\*1</sup>
- Effectiveness of measures for strengthening evaluation of financial status of each subsidiary by the accounting division of Japan headquarters

\*1: principal administrative divisions - Headquarters administrative divisions in charge of subsidiaries

#### **Audit on establishment and operation status of the internal control system for management of overseas subsidiaries**

In addition to annual audits on site, measures as listed below were added for improving audit quality further.

#### *Reinforced preparation for audits*

- Identifying interview items on site based on the checklist to confirm the functions of the internal management and control divisions in subsidiaries
- Identifying the potential risks by schematizing the risk management process of the Risk Responsible divisions<sup>\*2</sup>

\*2: Risk Responsible division - Corporate headquarters functions such as legal and accounting (Divisions that are responsible for promotion and development regarding Managerial Risks)

#### *Enhanced audits on site*

- Implementing audits on new divisions established in FY2018 by utilizing expertise of the Independent Outside Audit & Supervisory Board Members
- Confirming the implementation status of risk reduction measures on site promoted by the Risk Responsible divisions for Managerial Risks
- Providing suggestions for correction of insufficient auditing items on site by accompanying the “global internal audit” which is a measure for strengthening internal audits
- Identifying outliers with data analysis by experts and auditing based on the outlier data on site

#### *Strengthened follow-ups*

- Organizing follow-up meetings based on the results of the audits implemented by Audit & Supervisory Board Members and the statutory audits of subsidiaries (with the Risk Responsible divisions and principal administrative divisions)
- Sharing the results of the audits implemented by Audit & Supervisory Board Members and providing suggestions of the points to be improved in a speedy manner through separate monthly meetings with the CEO and the CFO respectively

#### **Area of focus (ii) Audit on status of measures against business risks in new and growing businesses such as M&A risk**

Audit & Supervisory Board Members implemented audits on the status of measures against business risks in new and growing businesses (such as M&A risk) based on the following perspectives.

- Monitoring the actual operation status by attending the “Investment Committee” which verifies investment plans from perspectives of finance and business strategies
- Interviewing by the Audit & Supervisory Board members with divisions which supervise and operate the “Investment Committee” and providing suggestions towards the future
- Implementing audits on new and growing business divisions by utilizing the expertise of Independent Outside Audit & Supervisory Board Members
- Implementing audits on the actual status of the management process of the Risk Responsible divisions in new and growing business areas

#### **Area of focus (iii) Examining the election of an Independent Auditor**

We conducted comparative assessment based on proposals from several audit firms in FY2017. We once again verified the “risks of having the same Independent Auditor undertake audits for consecutive years” and conducted a comparative assessment adding the following items in FY2018 as well to aim for further improvement of audits.

- Evaluating the audit firm’s global grip (structure for identifying risks globally, coordination with independent auditors of subsidiaries, etc.)
- Evaluating the data analysis ability based on the result of the analysis for overseas subsidiaries accounting

data over several years→ The analysis results were used for audits on site.

Based on the comprehensive consideration of results of comparative assessment as described in addition to evaluation in FY2017, Deloitte Touche Tohmatsu LLC was nominated as a candidate for Independent Auditor for FY2019, in place of KPMG AZSA LLC. (refer to Agenda 5 on page 25 of this Notice for the reason of selection).

#### **4. Operation of the Audit & Supervisory Board and Execution Framework for the Audit & Supervisory Board Members**

To ensure effective execution of duties by the Audit & Supervisory Board Members, we carries out the following activities based on the Audit & Supervisory Board Regulations. In addition, their responsibilities are appropriately allocated, while the framework to assist their duties work is in place.

##### *(1) Operation of the Audit & Supervisory Board*

13 Audit & Supervisory Board meetings were held in FY2018. Each full-time Audit & Supervisory Board Member attended all the meetings (refer to pages 70 of this Notice for attendance status of Independent Outside Audit & Supervisory Board Members).

Key matters and information shared and considered in the Audit & Supervisory Board meeting and main items improved in FY2018 are as follows.

Key matters and information shared and considered:

- Audit policy, audit plan, and division of duties
- Evaluation of the Independent Auditor
- Review of audit standards of Audit & Supervisory Board Members
- Reinforcement of governance at overseas subsidiaries
- Status of execution of duties by full-time Audit & Supervisory Board Members (monthly)

Main items improved:

- Newly started conducting the “audit performance review meeting” from FY2018 to clarify the audit performance evaluation process
- Changed the process of nominating candidates for Audit & Supervisory Board Members so it is under the initiative of the Audit & Supervisory Board
- Revised the election criteria in accordance with the above change in the nomination process (requirements for internal and outside members have been separately clarified)
- Established an “information sharing website” for Audit & Supervisory Board Members and enabled information sharing regardless of time or place using smart devices
- “Minutes of the Audit & Supervisory Board” features key comments made by Audit & Supervisory Board Members during the discussion, in addition to the conclusions



### *(2) Allocation of responsibilities of the Audit & Supervisory Board Members*

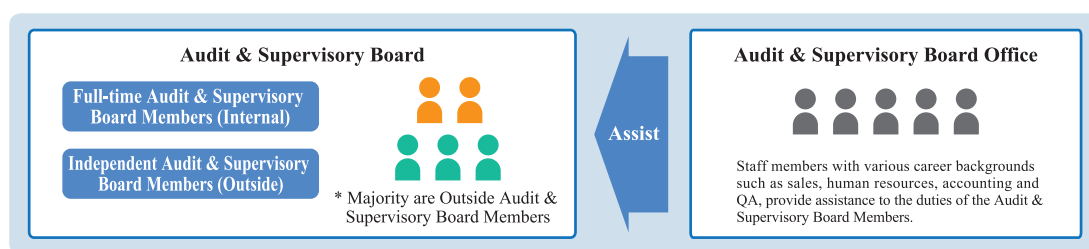
The full-time Audit & Supervisory Board Members were engaged in the audit activities as illustrated in Chart 1, and the detail of such activities were communicated to the Independent Outside Audit & Supervisory Board Members, as appropriate.

The Independent Outside Audit & Supervisory Board Members conducted audits, drawing on the respective individual expertise and background, on new divisions established in FY2018, new and growing business divisions, and the Risk Responsible divisions for Managerial Risks together with the full-time Audit & Supervisory Board Members. They also received detailed explanations about the management policies, growth strategy, etc. and expressed opinions from the standpoint of Independent Audit & Supervisory Board Members at the regular meetings with Chairperson of the Board and Representative Director.

### *(3) Framework for the Audit & Supervisory Board Office to assist the execution by Audit & Supervisory Board Members*

The Audit & Supervisory Board Office has been established as shown in Chart 2, staffed by five full-time employees dedicated to this office with a certain degree of guaranteed independence from the business divisions and assists the work of the Audit & Supervisory Board Members, such as collection and analysis of global information and support for on-site investigation. In addition, staff is allocated in a well-balanced manner to respond to increasingly sophisticated auditing, taking into consideration qualities required by the Audit & Supervisory Board Office of such employees. In FY2018, QA member was replaced to assist audits from a new perspective.

■ Chart 2: Framework for the Audit & Supervisory Board Office to assist the execution by Audit & Supervisory Board Members



## **5. Issues to be monitored during FY2019**

Self-assessment for our audit performance was made by each Audit & Supervisory Board Member, as well as the Audit & Supervisory Board, while the issues to be closely monitored during FY2019 were considered. We are committed to the following as the issues to be closely monitored:

- Effective management of overseas subsidiaries (continued)
- Actual state of governance of subsidiaries acquired through M&A

Meanwhile, the comprehensive audit quality of the new Independent Auditor will be monitored on a global basis.