

**We are promoting participatory sustainable management by all employees based on the Plan-Do-Check-Action (PDCA) cycle for the entire Group, including each business site and division.**

The Ricoh Group's environmental management system (EMS) is an important tool in facilitating sustainable environmental management on a global scale. The Ricoh group as a whole, and each of its business sites and division, is promoting participatory sustainable environmental management by all employees based on the PDCA cycle. The achievements of the environmental action plan prepared by each business site or division are evaluated in management reviews\* using environmental accounting. Furthermore, based on the Group-wide Strategic Management by Objectives (SMO), which takes an environmental conservation perspective, the Ricoh Group continually evaluates the business performance of its divisions. Recently, all sales companies in Japan, Asia, and Europe have developed and are now promoting their own programs to evaluate sustainable environmental management performance.

\* The review is conducted by management to ensure the appropriateness and efficiency of EMS.

### Participatory Approach by All Employees

The Ricoh Group is making an effort to improve sustainable management based on a "all-employee participatory approach." This "all-employee participatory approach" means that all employees in all divisions, such as R&D, product design, materials procurement, manufacturing, transportation, sales, maintenance/services and collection and recycling, participate in environmental activities. These activities are regarded as just as important as "QCD activities,"\* which involve pursuing profitability. To improve environmental activities, internal benchmarks and know-how are provided to all employees from time to time to make them more environmentally aware.

\* QCD means activities to improve the management of Quality, Cost, and Delivery.

#### EMS of the Ricoh Group

##### SMO

Divisional evaluation under the Strategic Management by Objectives

##### ACTION

Review of the Company's EMS

##### CHECK

Achievements under environmental action plans  
Eco-Balance  
Environmental accounting

##### PLAN

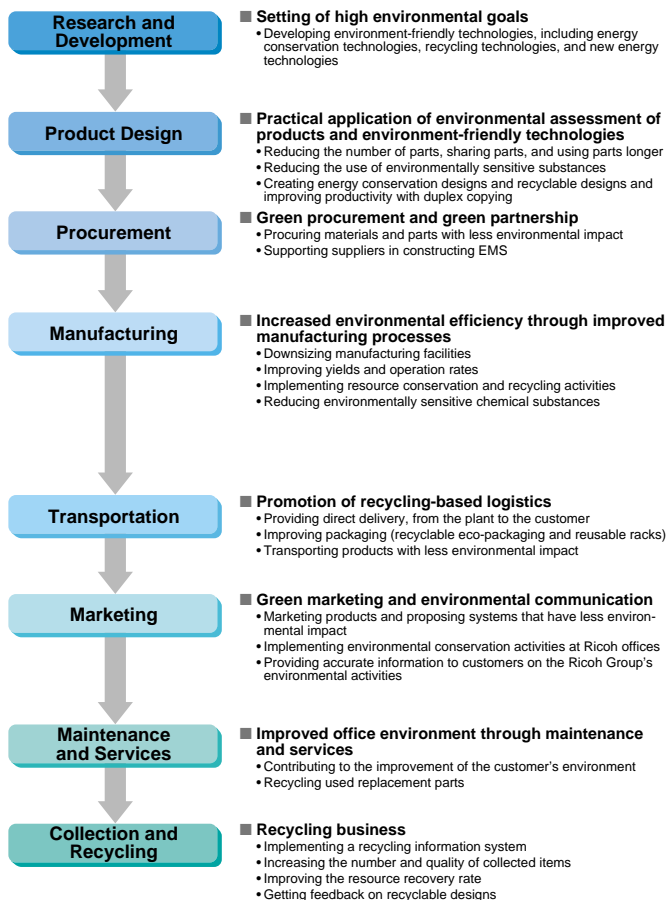
General principles on the environment  
Environmental action plans

EMS at business sites/divisions

DO  
Company regulations, environment training and promotion of awareness, and development of environmental technologies

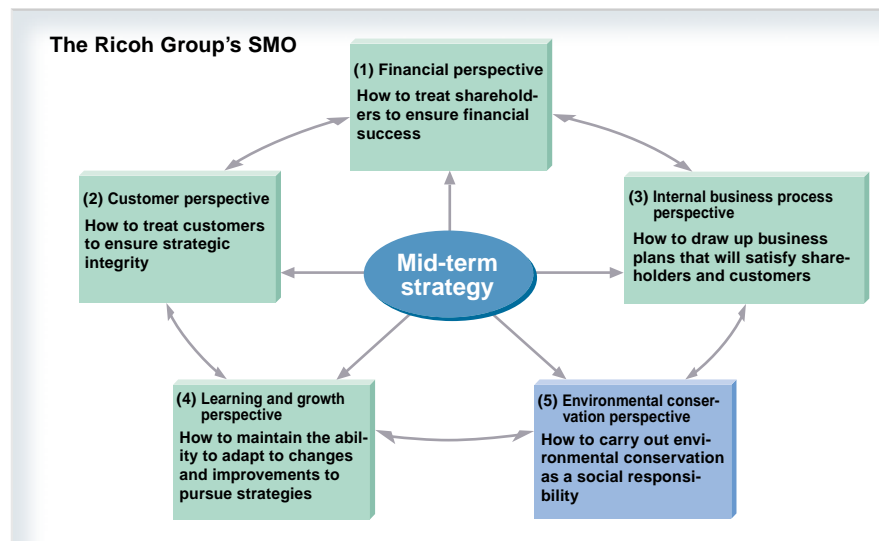
EMS of the Group as a whole

#### Sustainable Environmental Management Activities Participated in by All Employees



## Strategic Management by Objectives (SMO)

Ricoh introduced SMO in 1999 to clarify evaluation standards for environmental conservation activities that are used in divisional performance evaluations. This system is based on the Balanced Scorecard system, a performance management system developed in the 1990s in the United States and characterized by the use of four perspectives. Ricoh has added a specific environmental conservation perspective to the system and is promoting SMO for global sustainable environmental management.



## Acquisition of ISO 14001 Certification

To realize sustainable environmental management, the Ricoh Group has been making every effort to establish its Environmental Management System. Starting with Ricoh Gotemba Plant, which received ISO/DIS 14001 certification in 1995, all the major production sites in the world were ISO 14001 certified as of March 2000. In 2001, the domestic sales group as a whole was ISO 14001 certified. Sales companies other than those in Japan are also making every effort to acquire ISO 14001 certification. As of the end of fiscal 2003, 78 bases and 939 sites are ISO 14001 certified. Those companies and sites that have newly joined the Ricoh Group are aiming at acquiring ISO 14001 certification within three years. The Ricoh Group has clarified the standards by size of organization to promote companywide activities for the acquisition of ISO 14001 certification.

\* For a list of companies and sites that have acquired ISO 14001 certification, please refer to the Ricoh Group Web site. (<http://www.ricoh.com/environment/system/iso.html>)

## Environmental Auditing

The Ricoh Group has internal environmental auditors who carry out the environmental accounting at the Ricoh Group's business sites and report the results to the heads of the sites to help them improve their environmental activities through more effective PDCA cycles.

## Risk Management

In October 2003, the Ricoh Group established the Basic Regulations of Ricoh Group's Business Process Risk Management. In accordance with these regulations, the following PDCA cycle-based management steps are undertaken: Establishment of Basic Objectives and Targets; Establishment of Measures to Prevent the Occurrence of Crises and Initial Responses; Implementation of Measures to Prevent the Occurrence of Crises and Initial Responses; Evaluation of Effectiveness of Measures to Prevent the Occurrence of Crises; Initial Responses; Risk management System, and Establishment of Corrective Measures; Implementation of Corrective Measures. As for Initial Responses to Be Taken in the Event of a Crisis, the Ricoh Group has clarified those units that are responsible for reporting the occurrence of the crisis. If a risk of natural disaster or an accident (risk of earthquake, typhoon, fire, or explosion), or a financial

risk (risk of investment or asset management), or an enterprise risk (risk at management strategy level) should occur, appropriate responses will be taken and a report will be made to senior management.

## Promotion of Sustainable Environmental Management by Sales Companies

All sales companies in Japan, Europe, and the Asia-Pacific region have developed, and are promoting their own programs to evaluate the performance of sustainable environmental management based on the PDCA cycle. European and Asia-Pacific sales companies have been implementing the Sustainability Self-Assessment Program (SSAP\*) and the Sustainable Environmental Management Evaluation, respectively, since fiscal 2002. In fiscal 2003, sales companies in Japan conducted evaluations based on the Sustainable Environmental Management Improvement Evaluation System. The evaluation results of these sales companies are disclosed to all companies and sites in the Ricoh Group so that their benchmarking may be easily made and their sustainable environmental management improved.

\* See page 21.