Emerging Risks

While "emerging risks" may not have an immediate and significant impact on Ricoh Group's business, their potential effects remain uncertain. Ricoh Group recognizes them as new risks spanning the medium to long term and is actively working on mitigation strategies.

1. Securing Human Resources for the Growth of Digital Services

Ricoh Group views the rapid evolution of IT and AI technologies, coupled with the swift changes in work styles and communication brought on by the COVID-19 pandemic, as business opportunities. Ricoh Group is transforming into a digital services company. In the midst of increasing global digital competition driven by these technological changes, the inability to secure appropriate human resources as needed presents an unknown potential impact on Ricoh Group's business. Ricoh Group considers this a new long-term risk.

Impact on Business:

To increase revenues and stock earnings in the digital services sector and achieve a highly capital-efficient management, it is essential for Ricoh Group to provide services aligned with the progress in IT and AI technologies and to streamline internal operations. Failure to secure the necessary foundational human resources appropriately and in a timely manner could impede the long-term sustainable growth of Ricoh Group's core digital services business, potentially having a significant impact on Ricoh Group's management.

Countermeasures:

Human Resources System Reform:

Ricoh Group is advancing reforms in its HR system, including the establishment of a professional HR system, to continuously attract, develop, and retain talented digital personnel.

Formulating and Implementing a Human Capital Strategy:

Beyond enhancing the skills of employees across the group, Ricoh Group is committed to developing practical process DX personnel and digital experts through the establishment and execution of digital academies and reskilling programs.

Mergers & Acquisitions (M&A):

Ricoh Group is proactively acquiring companies that possess the IT and AI technologies, resources, and customer bases necessary for its business. Ricoh Group will continue to secure human resources to support business growth in various regions globally.

2. Security Risks from a Global Perspective

In global companies, incidents of security breaches affecting related companies or business partners, or attacks on the headquarters via these entities, are on the rise. Ricoh Group's domestic and international operations are not exempt from this trend, leading to an expansion in the scope of security measures. This situation structurally puts defenders at a significant disadvantage. Additionally, as remote work becomes more entrenched and diverse work styles become possible due to work style reforms, threats to consider are not limited to cyber-attacks; the risk of information leaks by employees or internal stakeholders is also increasing.

Impact on Business:

Ricoh Group conducts business activities globally, and if appropriate security measures from a global perspective are not implemented, temporary vulnerabilities may arise, leading to the risk of unauthorized access to servers and information systems within Ricoh Group. Such unauthorized access could result in the leakage of customer and business partner information, compromising Ricoh Group's ability to fulfill its responsibilities as a company and leading to a loss of trust from society.

Countermeasures:

With the support of its management team, Ricoh Group will execute a thorough assessment and implement a roadmap for measures, taking into account the latest trends in centralized and decentralized security governance from a medium to long-term perspective.

3. Responding to ESG/SDGs – Decarbonization and Resource Circulation

Ricoh Group operates primarily in the office and digital services sectors in Europe, North America, and Japan. In these regions, initiatives related to Environmental, Social, and Governance (ESG) and the Sustainable Development Goals (SDGs) are becoming increasingly important. Particularly, there is a growing need for efforts towards achieving a decarbonized society and promoting resource circulation. In Europe, regulations such as the EU Carbon Border Adjustment Mechanism (EU CBAM) [1], which will be fully implemented in 2026, and the EU Packaging Regulation[2], scheduled to take effect in 2024, are advancing. Ricoh Group views the trend of tightening regulations not just within the EU but potentially spreading globally as a new risk.

Impact on Business:

Should such regulations extend beyond Europe and become global, it could lead to increased costs and, if timely and appropriate responses are not made, negatively impact Ricoh Group's performance through competitive disadvantages. For instance, if the carbon footprint (CFP) of Ricoh Group's products remains high or the usage rate of recycled materials is low, the risk of being excluded as an option by customers and investors is anticipated to increase.

Countermeasures:

Introduction of Renewable Energy at Production Sites:

Ricoh Group is reducing the carbon footprint of products by introducing renewable energy at its production sites.

Reduction of Scope 3 Emissions:

Ricoh Group is striving to reduce Scope 3 emissions throughout the supply chain through sustainable procurement activities to reduce greenhouse gas (GHG) emissions, thereby lowering the carbon footprint.

Disclosure of Product Carbon Footprint (CFP) Information:

By transparently disclosing the results of its CFP reduction activities, Ricoh Group aims to meet the needs of regulations and customers seeking products with the minimum CO_2 emissions possible and simultaneously enhancing the value of Ricoh Products.

Effective Use of Resources:

Ricoh Group is enhancing resource efficiency at all stages of the product lifecycle, promoting the use of recycled materials, and encouraging the reuse and recycling of products.

*1 The EU CBAM imposes a carbon price on products imported from outside the EU to align with the carbon price imposed on products produced within the EU.

*2 The EU Packaging Regulation requires design considerations for reuse and recycling of packaging materials from the design stage, including the reduction of plastic usage and increase in the proportion of recycled materials.