

Social Responsibility Report

June 2006

RICOH

Ricoh Electronics, Inc.



**Our earth,
Our tomorrow**



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Ricoh Electronics, Inc. Environmental Policy

At Ricoh Electronics, Inc. we believe environmental protection is an important part of our operations. We continually work to develop and implement environmental protection activities that will lead to prevention of pollution and more efficient use of our natural resources. Additionally, we will meet or exceed applicable environmental laws and regulations, as well as other established requirements.

Data in this report reflects FY 2005 (April, 2005 – March, 2006).



President's Message

During my time here in the States, I have enjoyed traveling to various places and have been captivated by the large scale natural beauty found here. In America, and around the world, our earth is full of these breath-taking scenes of nature and wildlife. I feel stronger year by year that Ricoh must continue to safeguard the environment so that our children will face a brighter, cleaner future.

At Ricoh Electronics, Inc., we believe that every action, whether large or small, that reduces our environmental "footprint" is important. That is why we encourage our employees to continually improve work processes to reduce our environmental impact. We will continue to make environmental conservation a top priority in order to make a positive difference in this world.

We recognize environmental conservation as one of the most important missions given to mankind, and an essential part of our business activities. We hope individuals and other business organizations around the world will join us in this endeavor to preserve our earth for future generations.

Shunsuke "Sean" Nakanishi
President



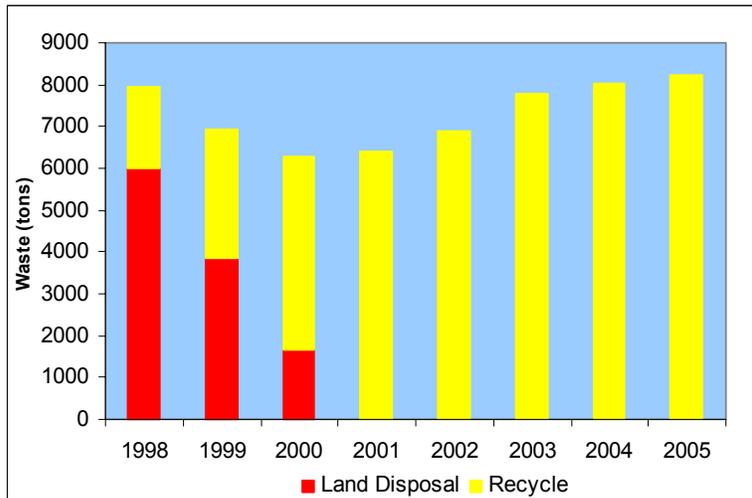


Zero Waste to Landfill

Ricoh Electronics, Inc. became a zero waste to landfill facility in February 2001. But we continue to find new and improved methods of reusing and recycling waste from our office and manufacturing operations. Every year, we give tours and seminars to outside companies, schools, and other organizations, giving them information and tips - from how to become environmentally-responsible, to providing them a “road map” for achieving zero waste to landfill status. One of our suppliers recently became a zero waste to landfill company with help from Ricoh Electronics, Inc. They received a special commendation from the City of Cerritos for contributing to a sustainable city.

Internally, we conduct four Earth Connection Tours per year. During these tours, employees benchmark the best waste reduction and recycling practices found throughout our facilities. Employees highlight their waste-reduction achievements for senior management and their co-workers from other departments throughout the company. Tour participants then apply the ideas learned in their own departments.

Waste Recycling Trend



Thermal Media Group (TMG) Direct Thermal (California and Georgia) increased from 150 million cubic meters of production in FY 2004 to 172 million cubic meters of production in FY 2005, a 15 percent increase. For Reprographic Supply Group (RSG), Georgia had a 22 percent increase in the amount of toner manufactured and California had a 71 percent increase.



From 1978 to 1997, photo optical drums for copy machines were manufactured at the Irvine facility by coating aluminum tubes with a selenium and arsenic alloy. During the late 1990s, this technology was replaced by an organic coating that is less toxic, and we discontinued this manufacturing operation but we maintained a recycle operation to remove the alloy coating and send the aluminum tubes for recycling. This process was stopped in 2004 due to the very small number of drums returning from the market. In 2005 we cleaned the equipment that was used to remove the alloy and sent it to a metal recycle company. Cleaning the equipment resulted in two drums (900 lbs.) of waste that contained selenium and arsenic. We contacted many metal recycle companies throughout North America but no company wanted to recycle the waste due to employee health and safety concerns from processing the arsenic in their operations. Even though sending waste for land disposal is against Ricoh policy, we determined that it was the safest option and allowed us to comply with U.S. environmental regulations. The waste was treated to bind the metals and disposed of in a secure hazardous waste landfill.

FY 2005 continuous improvement activities included:

- We introduced one of our suppliers, Triple A Containers, to our Zero Waste to Landfill program. The president of Triple A Containers embraced the 5Rs (Refuse, Return, Reduce, Reuse, Recycle) and the cultural mindset of zero waste to landfill. With our help and guidance, they implemented the infrastructure to support Zero Waste to Landfill and passed an audit certifying them as a Zero Waste to Landfill company. In addition, the City and Mayor of Cerritos extended a Special Commendation to Triple A Containers for contributing to a sustainable city.
- Our facility in Georgia is using water from a local lake to irrigate their grounds. This improvement not only saves city water and money, but irrigates the grounds without any adverse affects to the lake or wildlife.
- Ricoh Industrial de Mexico worked with a neighbor company to consolidate shipments from the United States to their facility in Mexico to reduce CO₂ output. Each consolidated shipment saves fossil fuels and about one metric ton of CO₂.
- Our Thermal Media Group discovered an innovative technology to join together rolls of paper to produce customer-friendly and environmentally-friendly rolls of paper. This new splicing technology saves over 20,000 lbs. of paper per month.
- Our Sustainability Promotion Group conducted a number of seminars and sessions for local private and public organizations.



Green Procurement/Chemical Management System

The Ricoh Group's Green Procurement Policy, third edition (Policy) was established to reduce the environmental impacts of Ricoh's products by banning the use of certain hazardous substances and controlling the use of others. Ricoh Electronics, Inc. reached Ricoh's target of obtaining signed Banned Substances Non-use Certifications from all suppliers of parts or materials used in Ricoh products. We are now working with all of these suppliers to implement a Chemical Management System (CMS), to ensure that these substances are not introduced into Ricoh products. Ricoh Electronics, Inc. has audited and approved 34 local suppliers' CMS. All new suppliers will be required to implement a CMS and participate in an audit.

Green Office Supplies

Definitions

Ricoh Electronics, Inc. defines Green Purchasing as purchasing products or services that have a reduced or lesser effect on human health and the environment, compared to competing products or services. This comparison takes into account all aspects associated with providing a product or service, including acquiring raw materials, manufacturing, packaging, distribution and disposal.

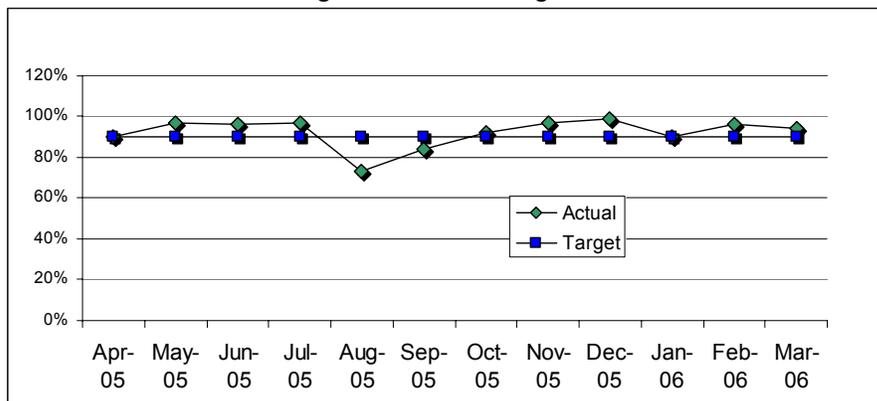
Goods that satisfy one or more of the following items are defined as Green Purchasing Standard Products at Ricoh Electronics, Inc.:

- Use recycled materials
- Use reusable materials
- Easy to recycle after use
- Low energy consumption during production
- Require little energy to operate
- Contain no materials hazardous to humans or the environment

Program

Ricoh Electronics, Inc. continues to implement the Green Purchasing Initiative (GPI) program launched in April 2004 to ensure that at least 90 percent of expenditures on targeted office supplies are spent on "green" products as defined by the U.S. Environmental Protection Agenda. Targeted items include paper products (copy paper, tablets, envelopes, etc.), office products (tape, binders, etc.), cleaning products and office furniture. All dips below target are due to non-green office furniture purchases; finding a green furniture supplier continues to be a challenge. Ricoh Company, Ltd. has set a target of 100 percent green purchasing by March 31, 2008.

FY 2005 Green Purchasing: Results vs. Target





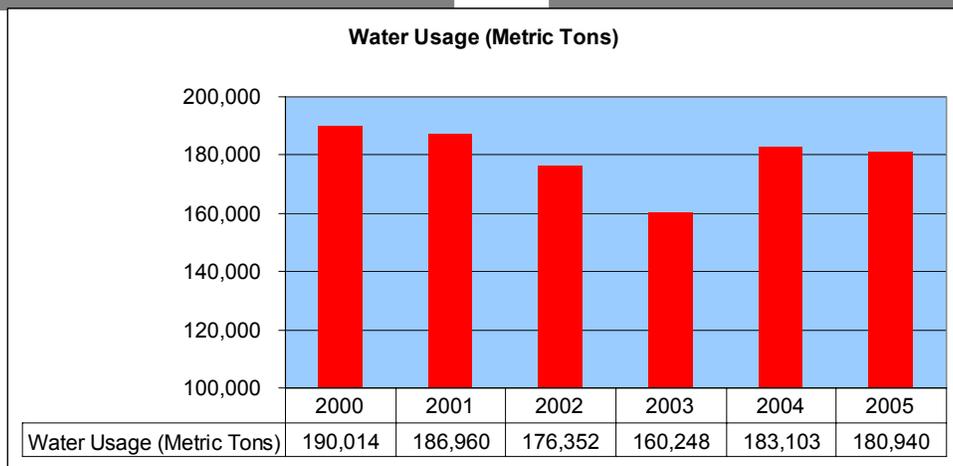
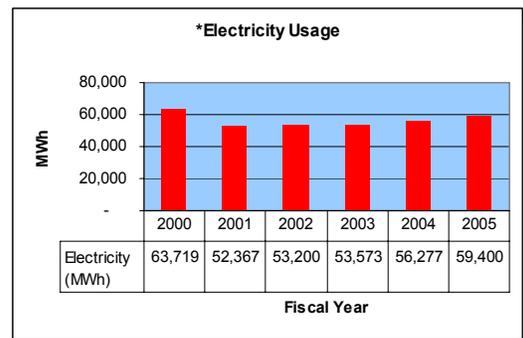
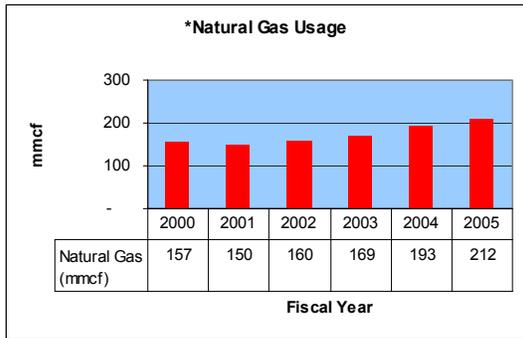
Energy Reduction Activities

A variety of energy reduction activities took place throughout the company in FY 2005.

FY 2005

- Reduced 3,606,957 kWh/year (2,435 metric tons of CO₂) through activities such as
 - Installing a new, more energy-efficient surface mount technology (SMT) topside line in the printed circuit board production operation.
 - Increasing the air conditioning set point from 72 degrees Fahrenheit to 75 degrees Fahrenheit at the Tustin #3 facility.
 - Installing three pulse cooling units for injection molding machines.
 - Removing the B7 sifter in Georgia.
 - Replacing lighting fixtures with T-8 lamps (less costly and more efficient lamps) in the headquarters building and the Irvine facility warehouse, and replacing lighting fixtures with T5 lamps (smaller diameter fluorescent lamps) at the Georgia facility.
 - Installing a compressor control unit at the Georgia facility.
 - Speeding up the A1 coater at the Georgia facility and the E3 coater at the Santa Ana facility to produce more material (KMSI) per kWh.

Energy Usage Trends



*In general, the energy trend shows increases the last four years. This is due to increases in production at many of the facilities.



Irrigation Using Lake Water

From left to right, Paul Tsai, Amy Hendrix, Bill Adamson and Stephen Campbell are credited with installing equipment to use lake water instead of city water to irrigate the grounds at the Georgia facility.

Our Georgia facility has greatly reduced the use of city water by using lake water on the company's property to irrigate the grounds. Equipment was installed to use the lake water for the sprinkler system around the facility, saving almost \$25,000 per year in city water costs by using over 5 million gallons of water from the lake.

Rideshare Program

Ricoh Electronics, Inc.'s Georgia plant has maintained an active partnership with the Clean Air Campaign that began in May 2004. The Clean Air Campaign establishes partnerships with businesses throughout Atlanta to support better air quality in the metro-Atlanta area by encouraging employees to use cleaner commute alternatives. Smog season runs from May 1 through September 30 in Atlanta. Since the expansion of the rideshare points program to the Georgia facility in April 2005, 16 employees regularly participate in the program.

While the California facilities have seen a decrease in the average vehicle ridership (AVR) over the past three years, the actual number of employees participating in the program has grown from 490 in 2003 to 679 in 2005. To counteract the decline in AVR, Ricoh Electronics, Inc. conducted Rideshare Days from June 1 - 3, 2005 to encourage employees to try carpooling and to reward employees who carpoled. Carpoolers' names were entered in a drawing for three mountain bikes, four tickets to an Angels game, three Target gift certificates, three In-n-Out Burger gift certificates and three sets of movies passes. Also in FY 2005, quarterly drawings were begun to further reward carpoolers. Each quarter, three carpoolers' names are drawn and the three prizes include a \$100 Macy's gift card, \$75 Target gift card, and a \$50 Wal-Mart gift card. Quarterly drawings will continue to be conducted in California to further encourage carpooling. Seven additional carpool parking spaces were added in May 2006 at the Santa Ana and Tustin facilities, and four new rideshare information kiosks were added in the Irvine, Santa Ana and Tustin facilities to correct deficiencies noted by AQMD. We are also looking into growing the number of vanpools offered in California during FY 2006.

	Average Vehicle Ridership (AVR)	Number of employees participating in the rideshare program (California only)
2005	1.12	679
2004	1.19	575
2003	1.27	490



Awards and Recognition

Company Awards

Our commitment to the environment garnered the following recognition in FY 2005:

[2005 Waste Reduction Awards Program \(WRAP\) Winner](#)

For protecting the environment by using innovative, cost-effective and creative methods of reducing waste.



[Ricoh Group Sustainability Award for Excellent Activity](#)

For work done by Ricoh Electronics, Inc.'s Reprographic Supply Group to utilize toner waste to create a super low cost toner product.

[Clean Air Campaign 2005 PACE Award](#)

For effectively promoting employee programs such as ridesharing and purchasing gasoline before sunrise and after sunset to reduce emission of VOCs in the air at the Georgia plant to improve air quality.



The Georgia plant was recognized for their efforts to promote carpooling and other clean air activities at The Clean Air Campaign 2005 Pace Awards. From left to right: Bobbi Shingleton, Frantz Pierre and Erin Oxford with The Clean Air Campaign.

[Tustin Business of the Year \(in the large company category\)](#)

For accomplishments in the areas of community service, community involvement, ethics in business practices, environmental stewardship, employment practices, company growth and stability.

Employee Recognition

Sustainability and environmental excellence is a way of life at Ricoh Electronics, Inc. Our sustainability improvement program encourages and rewards employees for implementing waste reduction and recycling ideas. In FY 2005, this program generated nearly 500 improvements with over \$1 million in savings. The best sustainability improvements are recognized with an Environmental Excellence Award at the end of the year. One idea saved nearly \$250,000 of wasted materials; another idea, in cooperation with one of our sister companies, saved resources and recycled materials to save over \$300,000.



Charitable Contributions

Recognizing the need to improve the quality of life in our local communities, Ricoh Electronics, Inc. contributes to a variety of organizations aimed at making our communities a better place to live. The following is a list of organizations on which our executives serve on the board of directors or that received cash or in-kind contributions during FY 2005.

Civic Recipients:

- Gwinnett Chamber of Commerce
- Irvine Chamber of Commerce
- Orange County Workforce Investment Board
- Santa Ana Chamber of Commerce
- Tustin Chamber of Commerce

Education Recipients:

- Atlanta Journal Constitution News for Kids
- Century High School
- Dyer Elementary School
- Gwinnett Technical College
- Irvine Public Schools Foundation
- Madison Elementary School
- Orange County Community Foundation (Philanthropist Program)
- Thorman Elementary School
- Tustin High School

Employee Matching Contributions Recipients:

- American Cancer Society
- American Heart Association
- American Red Cross
- Doheny Eye Institute
- Food Finders
- March of Dimes
- NAMI Orange County
- Orange County Rescue Mission
- We Care of Los Alamitos
- Western Medical Center

Environment Recipients:

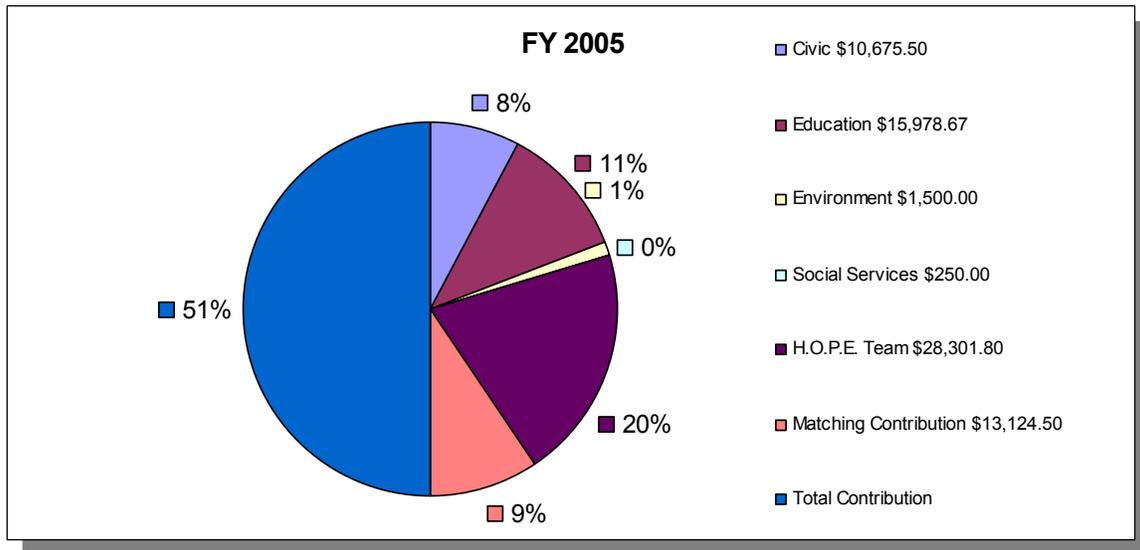
- Orange County Children's Water Education Festival
- Orange County Coastkeeper

Social Services Recipient:

- American Red Cross, Orange County Chapter



FY 2005 Contributions



Employee Volunteer Activities

Ricoh Electronics, Inc.'s H.O.P.E. (Helping Others and Protecting Our Environment) Team coordinates employee volunteer projects aligned with the company's environmental activities. Employees from all parts of the company serve on the team. The team coordinated the following projects during FY 2005.

Location	Project	Date	Results	Number of H.O.P.E. Team hours spent planning project	Value of employee volunteer hours spent on actual project
California	March of Dimes WalkAmerica	May 2005	Raised over \$1,800 in pledges	116	\$2,688.48
California	Red Cross blood drive	July 2005	70 volunteers participated in the drive	62	\$1,316.24
California	Acacia Adult Day Services collection drive	August 2005	Collected items valued at over \$1,380	57	\$326.73
California	Upper Newport Bay clean-up	September 2005	Collected 16,000 pounds of trash at event	78	\$5,227.60
California	Orange County Rescue Mission collection drive	December 2005	Collected items valued at \$3,750	14	\$261.38
California	Huntington Beach clean-up	February 2005	Collected 2,200 cigarette butts and 500 pounds	65	\$6,441.15



Georgia	March of Dimes WalkAmerica	April 2005	of trash Raised over \$13,000 in pledges	22	\$2,000.70
Georgia	Dyer Elementary School Earth Day clean-up	April 2005	Beautified garden areas	5	\$236.93
Georgia	Adopt-a-Road	June 2005	22 volunteers cleaned debris	10	\$965.25
Georgia	EcoPhones collection drive	June 2005	Collected 17 cell phones	3	\$87.75
Georgia	Bookbag drive	July 2005	Collected \$750 in donated school supplies	6	\$1,272.38
Georgia	Grady Holt senior housing complex beautification and cleanup	August 2005	19 volunteers maintained a common park area for residents	10	\$1,000.35
Georgia	America Recycles Day	November 2005	47 employees contributed home electronics for recycling	8	\$824.85
Georgia	Grady Holt Thanksgiving collection drive	November 2005	90 volunteers donated food for over 33 meals	18	\$2,062.13
Georgia	Adopt-a-Road	November 2005	17 volunteers picked up over 2,000 cigarette butts	10	\$596.70
Georgia	Senior's Angel Tree	December 2005	Sponsored holiday gifts for 170 seniors	10	\$2,106.00
Georgia	Red Cross blood drive	February 2006	22 volunteers participated in the drive	10	\$386.10
Georgia	Adopt-a-Road	March 2006	18 volunteers cleaned debris from the road	10	\$789.75
Mexico	Valle del Conejo planting project	August 2005	91 volunteers planted 1,300 trees	25	\$929.98
Mexico	Student ecological visit	September 2005	26 students toured RIM	5	\$8.76
Mexico	Xonacatlan road clean-up	March 2006	12 volunteers removed 1,500 pounds of debris	9	\$152.46
Mexico	San Juan Yauatepec clean-up	March 2006	13 volunteers removed 1,400 pounds of debris	9	\$235.95
TOTAL				562	\$29,917.62

Ricoh Volunteers Making a Difference



March of Dimes WalkAmerica – California



Huntington Beach cleanup - California



Grady Holt Thanksgiving collection drive – Georgia



Dyer Elementary clean-up - Georgia



Xonacatlan road clean-up – Mexico



Valle del Conejo planting project - Mexico



Information Security

As an active member in the global information society, Ricoh Electronics, Inc. promotes the effective use of information in our business practices. To ensure the accuracy and protection of information used, we recognize the importance of securing information assets against potential threats as well as complying with relevant security laws, regulations, and international standards.

We have established an information security management system (ISMS) company-wide according to our business strategy and our role in Ricoh's supply chain. Critical to Ricoh Electronics, Inc.'s success, establishing information security measures maximizes value to our customers globally and promotes trust from society at large.

The ISMS project at Ricoh Electronics, Inc. was officially begun in May 2004 with the goal of becoming Ricoh's first overseas company to be certified, and on September 15, 2005, the BSi America external audit team announced they would recommend Ricoh Electronics, Inc. for certification after a seven-day audit starting in Georgia and ending in California.

The BSi auditors returned in January 2006 for five days to verify continued compliance according to BS7799-2:2002 standards. At the conclusion of the continuous audit visit, Ricoh Electronics, Inc. was lauded for making great progress, especially in the areas of management review, business continuity planning, internal audit and awareness activities.

On October 15, 2005, the BS 7799-2:2002 standard was replaced by the international standard – ISO/IEC 27001:2005.



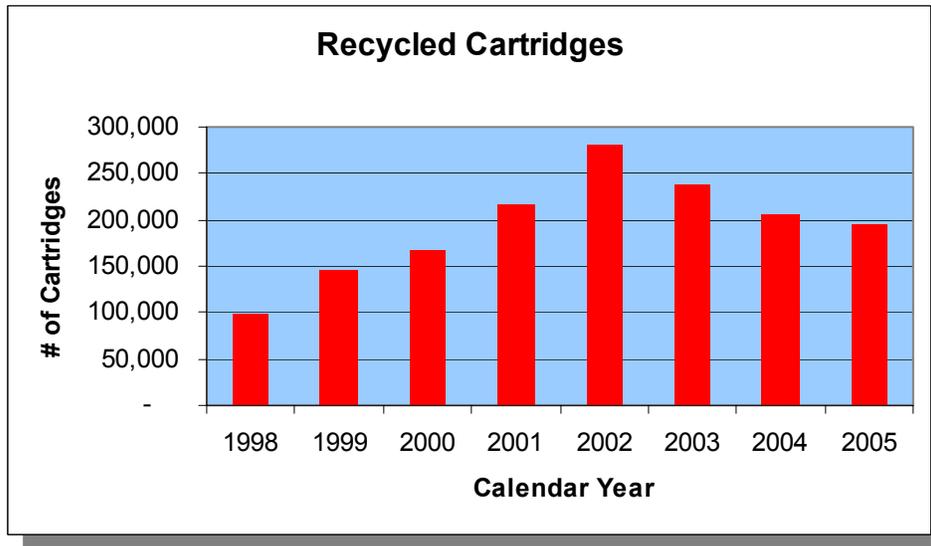
Simon Chen, ISMS project leader (left), holds the paperwork declaring our recommendation for certification with two of the BSi auditors, Mahesh Vayas (middle) and Chuck Herold (right).

Recycling Operations

The number of toner cartridges recycled for parts reuse has decreased the last three years because fewer cartridges are returned from the customer due to the decrease in the demand for the models we recycle. Ricoh Electronics, Inc. started reusing photo conductor units (PCU) returned from customers in May 2005. We are constantly evaluating toner cartridges and PCUs for reuse and recycling of additional parts.



Cartridge Recycle History



Copier Refurbishing

In June 2005, Ricoh Industrial de Mexico (RIM), Ricoh Electronics, Inc.'s subsidiary in Toluca, Mexico, began refurbishing the following copier models: 350/450, 1035/1045 and SP5 families. Accessories such as automatic document feeders, sorters and large capacity trays for these models are also refurbished at RIM.

Used copiers from the United States and Puerto Rico are shipped to RIM's facility where they go through a very thorough refurbishment process: inspection, disassembly, replacement of standard parts plus any damaged parts, cleaning and lubrication, washing and painting of plastic covers, reassembly, adjustment of copy quality parameters, quality control inspection and packaging. Parts that can no longer be used are handled through the zero waste to landfill program. These refurbished copiers are then sold throughout Mexico and South America.

Remediating Environmental Contamination

Ricoh Electronics, Inc. has operated a ground water recovery and treatment system at the Irvine facility since April 2000. Each quarter, we sample and analyze water from 16 monitoring wells on and around the site. The contaminate concentration data trends are analyzed to evaluate the effectiveness of the treatment system. A subsurface investigation performed at the site during 2005 confirmed that not all of the contaminated soil was removed during the 1999 excavation of soil from under the building. The remaining contaminated soil is impacting the ground water; therefore, contamination levels in the monitoring wells are not significantly decreasing. We are working with an environmental consulting company to determine the most effective technologies that can be used to treat or remove the remaining contamination under the building and clean the contaminated ground water.



Foreign Trade Subzone (FTZ)

Ricoh Electronics, Inc.'s facilities in Santa Ana, Irvine and Tustin are designated as a foreign trade subzone (FTZ). An FTZ is a manufacturing area within the U.S. borders, but is treated by U.S. Customs and Border Protection as an area outside of the U.S. to provide various incentives for the manufacturer to maintain its presence within the United States as well as to provide the benefits of jobs and financial investment for the local and surrounding communities.