

**Ricoh New Zealand
Sustainability Report
2014**

5 Star Green Credentials

RICOH
imagine. change.



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Front cover image: Ricoh's new 5 Star Green building in Auckland's CBD

About this report

Since 2008 Ricoh New Zealand has developed five consecutive Sustainability Reports using the Global Reporting Initiative (GRI) G3 framework. This year we are proud to release our sixth report based on the new GRI G4 guidelines.

This report provides an overview of our triple bottom line performance for the period 1 April 2013-31 March 2014. This year, in order to create a smaller report, we have removed the GRI Index from this report and instead hosted it online at www.ricoh.co.nz/sustainability/griindex2014.pdf

We trust you'll enjoy perusing our 2014 Sustainability Report. Do let us know what you think. You can email your thoughts to Charley Peace, our Sustainability and Communications Manager, at CPeace@ricoh.co.nz



Foreword

Mike Pollok, Ricoh New Zealand, MD

Hello, Mike Pollok here

It gives me great pleasure to introduce our sixth Sustainability Report

This year we've done things a bit differently and I hope you're as pleased with the results as we are.

Sustainability to me means built to last. It's about organisations that can stand the test of time, but not stand still. We're a technology company and so new ideas and innovation are in our DNA. However, we need to ensure we're around tomorrow, next year and well into the future, which is where my view of sustainability stems from.

Being a financially successful business is a key plank of effective triple bottom line performance, and this year Ricoh New Zealand has another great report card to share. Sales have increased from \$111m to \$130m and we continue toward our growth target of \$150m gross revenue.

We need to make a profit so we can continue to invest in new ideas and technology, continue to provide jobs for our 369 staff and invest in the communities we operate in.

During the year ending 31 March 2014, we signed a lease on a building in the Auckland CBD. The building has achieved a 5 Star Green Rating, which we're extremely proud of. We are investing in a healthy work environment for our staff and a technology hub for our customers – as well as a building that produces its own sustainability report card.

Part of the new building houses a demonstration area that showcases the latest technology, something Ricoh has become known for. We're no longer just the photocopier guys. You might have seen our ads, which simply state: "We run the things that run your business". This lets you get on with your job knowing the back office (those all-important systems and processes) is being taken care of.

I invite you to learn more about us as we continue to develop and strengthen the sustainability of our business so it can support yours.

Regards,

A handwritten signature in black ink, appearing to read 'Mike Pollok'. The signature is stylized with long, sweeping strokes.

Mike Pollok | Managing Director

Profile of Ricoh New Zealand

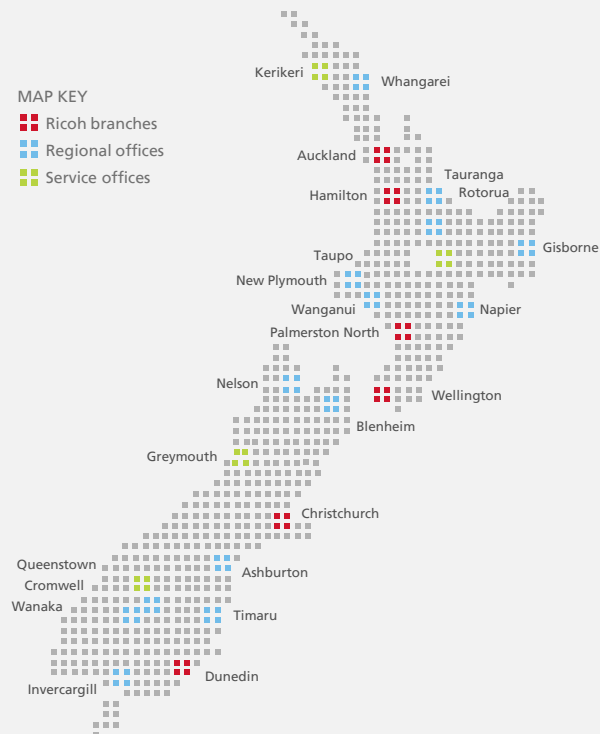
Ricoh New Zealand Ltd is the local subsidiary of Ricoh Company Ltd Japan and was **established in New Zealand on 5 December 1970.**

Our head office is located in Auckland, and we have a comprehensive network of branch offices and exclusive Ricoh dealerships providing sales, service and support in all areas of the country.

We are where you are

MAP KEY

- Ricoh branches
- Regional offices
- Service offices



Our mission

The supply and support of innovative and value-adding document solutions.

Through constant innovation we provide our customers with value-adding business solutions matched to specific needs. Ricoh has remained profitable, both internationally and in New Zealand, even performing strongly through the recent global economic turmoil.

Our vision

To be the undisputed market leader in document solutions.

It's worth noting that we now define 'document solutions' in its widest sense i.e. paper-based and electronic documents. In fact, you could say our vision is to be the undisputed market leader in information management.

Ricoh New Zealand has **369** employees located in the company's HQ and Auckland branch, its warehouse and operations hub in Penrose and branch offices in Hamilton, Palmerston North, Wellington, Christchurch and Dunedin.

Values

R

REMARKABLE people

One team, highly skilled and with a 'can do' attitude'



I

INNOVATION everywhere

Focused on innovation and creativity



C

CUSTOMERS for life

Have exceptional relationships with our customers



O

OUTSTANDING performance

Exceeding our customers' expectations



H

with HARMONISE the environment

Consideration for the environment



Profile of Ricoh Global

Ricoh is the **eighth largest IT company** in the world and the global leader in digital office solutions with more than **108,000 employees** and **offices in over 200 countries**. Ricoh holds the number one market share for multifunctional devices in the US, Europe and Asia Pacific (Sources: Gartner Research, Infosource, IDC, BIAA and JBMIA).

Ricoh also leads the industry in technological advancement having pioneered many innovations, including the world's first digital copier in 1987. We have gained 44,972 patents worldwide (as of December 2012).

- ▷ Voted one of the 'Global 100 Most Sustainable Corporations in the World' for ten consecutive years
- ▷ Included in the Morningstar Socially Responsible Investment Index for the tenth consecutive year
- ▷ A Fortune 500 Company
- ▷ Recognised by the FTSE4Good Index Series for the tenth consecutive year
- ▷ Recognised by the Dow Jones Sustainability Index (DJSI) and obtained the industry best score in three categories: Innovation Management, Product Stewardship and Digital Inclusion

Ricoh's high level YE March 14 financial results

Revenue and profit before tax have nearly doubled during the last six years.

Ricoh Group

YE Mar 14	Amount in ¥bn
Net sales	2,236.9
Shareholder equity	1,017.9
Number of employees worldwide	108,195

Approximate exchange rate at 31 March 2014: ¥89 = NZ\$1

Our results at a glance

Highlights



Growth on track

We are continuing toward our growth target of \$150m gross revenue; our sales increased from **\$111m to \$130m** and we saw a **20% increase** in Machines in Field.



Toner cartridge recycling on the up

We recycled **20% more toner cartridges** than the previous year and diverted almost **30% more waste from landfill**.
We assume the life of a toner cartridge is about six months and therefore when you look at recycling rates against six monthly sales we are at 65%, up 14% on last year.



Securing new premises

During the reporting year we signed a lease on a building in the Auckland CBD that has achieved a 5 Star Green Rating.



It will provide a healthy working environment for our staff and will also include a state-of-the-art showroom.



Helping to spread the 3D printing revolution

Since Ricoh was named the local agent for New York-based **MakerBot®'s range of desktop 3D printers in December 2013**, there's been a 3D printing revolution! We're proud to be able to provide this innovative solution to our customers.



Recognised by our suppliers internationally

In January 2014 we were awarded the **Laserfiche Run Smarter Award** and in March, Ricoh Group was announced as the **Kofax Global Partner** of the Year. At the same time, Ricoh New Zealand was recognised by Kofax for its depth of technical and consulting expertise, its significant sales across Australasia, its continued commitment to training and for the innovative solutions it has designed for its customers.

Our key concerns

Competitiveness

Competitiveness was highlighted as a key concern in the 2013 reporting year and it has continued into the 2014 year, impacting both the hardware and IT areas of the business. We've seen continued pressure to reduce prices due to the strength of the New Zealand dollar. We do our best to avoid engaging in a price war; we stand by our products and the strength of our service.

Business transformation

The transformation of our business to being more solution-focused and with a competitive full-service IT offering has required us to upskill staff to enable them to sell across our broader business base. This was a particular focus in quarter four in the lead up to 1 April 2014, when all of our IT Managed Services were made available to sales staff.

Innovation

We've continued to focus on developing a point of difference. As the market continues to remain competitive and with machines continuing to be viewed as commodities, we've harnessed our innovative spirit to create even more compelling reasons for people to do business with us. The focus has been on our service (and automating it as much as possible), our 360° technology offering (a single trusted supplier), and responding to trends like 3D printing.

2013 Goals

How did we do?



2015 Goals

Looking forward

In the 2013 Sustainability Report we identified three goals:

01	02	03
Further growth of IT Services	Market awareness and education	Improvements in e-waste capability

At the end of the reporting year we'd launched a range of IT Managed Services and trained sales staff from across the business so they were ready to introduce them to our existing customers. Recognising that we are still perceived as predominantly a copier business, we advertised our IT Services division extensively, both internally and externally and trained sales staff about the offering so they could educate customers.

Sadly, we lost an e-waste recycler during the year in review, which had an impact on the end of life of machines from our Christchurch branch, meaning only the metal components were able to be recycled. Work is underway to establish a nationwide e-waste recovery programme. We are pleased to report that solid progress has been made with an existing partner with a view to having the system rolled out at the beginning of 2015.

01	02	03
 <p>To drive efficiencies by consolidating head office, which is currently spread over three locations.</p>	 <p>To continue to focus on expanding the Business Solutions and IT Services divisions</p>	 <p>Continued growth in the print space, particularly in production printers.</p>



The bottom line

Sales have increased from **\$111m** to **\$130m** on the back of a number of major account deals in the copier and printer business and growth in the IT Services division. We have seen a **20%** increase in machines in field and we continue toward our growth target of **\$150m gross revenue**. Following the IT Services acquisitions made late in the last reporting year, we now have a New Zealand-based workforce of 369, which equates to an increase of 10% year-on-year.

Ricoh Group

	YE Mar 14
Shareholder equity	¥1,017.9bn
Number of employees worldwide	108,195

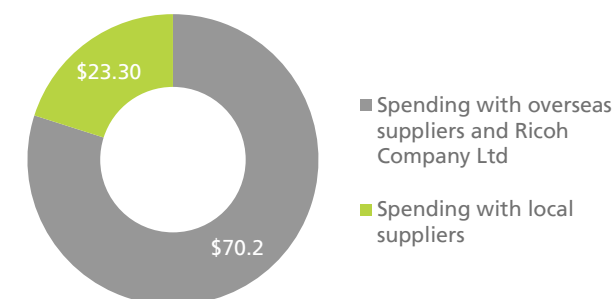
Approximate exchange rate at 31 March 2014: ¥89 = NZ\$1

In the financial year ending March 2014, Ricoh Group had worldwide sales of ¥2,195bn based on the IFRS accounting standard, which equates to approximately NZ\$25bn.

Ricoh New Zealand

YE Mar 14	Amount in NZ\$m
Net sales	130.1
Profit before tax	10.3
Shareholder equity	52.1
Number of offices nationwide	8
Number of exclusive dealerships nationwide	14
Number of customers	Not reported
Number of employees	369
Amount spent on wages	23.7
Amount spent with local suppliers	23.3
Tax expenses	3.7

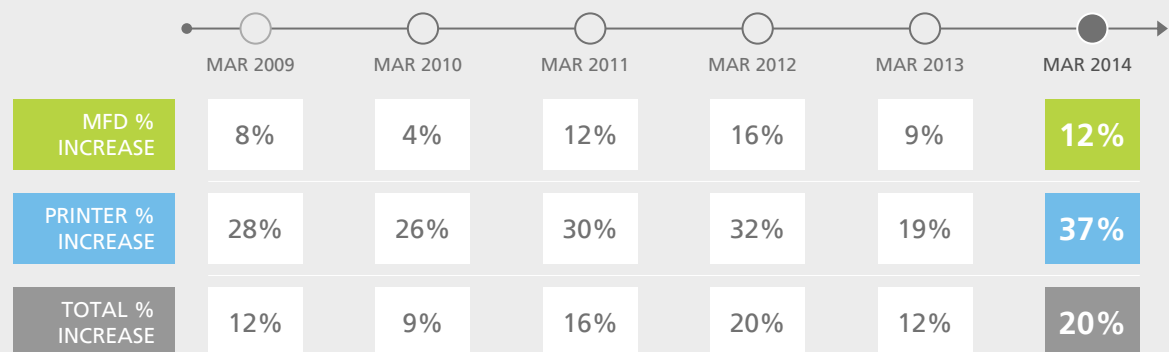
Spending with local suppliers (NZ\$m)



We spent \$93.5m purchasing products and services in the year to 31 March 2014, predominantly from our parent company as well as other overseas suppliers. Spending with local suppliers totalled \$23.3m, an increase of \$1m on the previous year. This figure consists mostly of professional services and business expenses such as rent, utilities, travel, freight, logistics and warehousing, telecommunications and stationery.

Machines in field

We measure growth in our copier business by the number of contracted machines (multi-functional devices and printers) in the field. This year saw a 20% increase overall, which is a true reflection of growth from the point of view of both customer retention and new business. It's interesting to note we had an increase in the number of printers in the field of more than 35%, which is the result of winning some major accounts. The end result is that we have successfully continued to grow the print component of our business while also developing our Business Solutions and IT Services divisions.



Our people

At the end of the reporting year we had 369 employees; 33 more than in the previous year.

The table below shows the total number of permanent employees by job type and gender. A few points to note:

- All staff are on individual employment agreements
- Staff numbers are not subject to variations
- The numbers include permanent employees and full-time contractors who work 40 hours/week
- Staff are predominantly full-time, permanent employees.

Ricoh New Zealand

Employee type	Number	Gender split %	
		Male	Female
Sales	83	86%	14%
Customer Service technicians	75	100%	0%
Other customer-facing roles	95	69%	31%
Support (non-customer facing)	116	77%	23%
Total	369	82%	18%

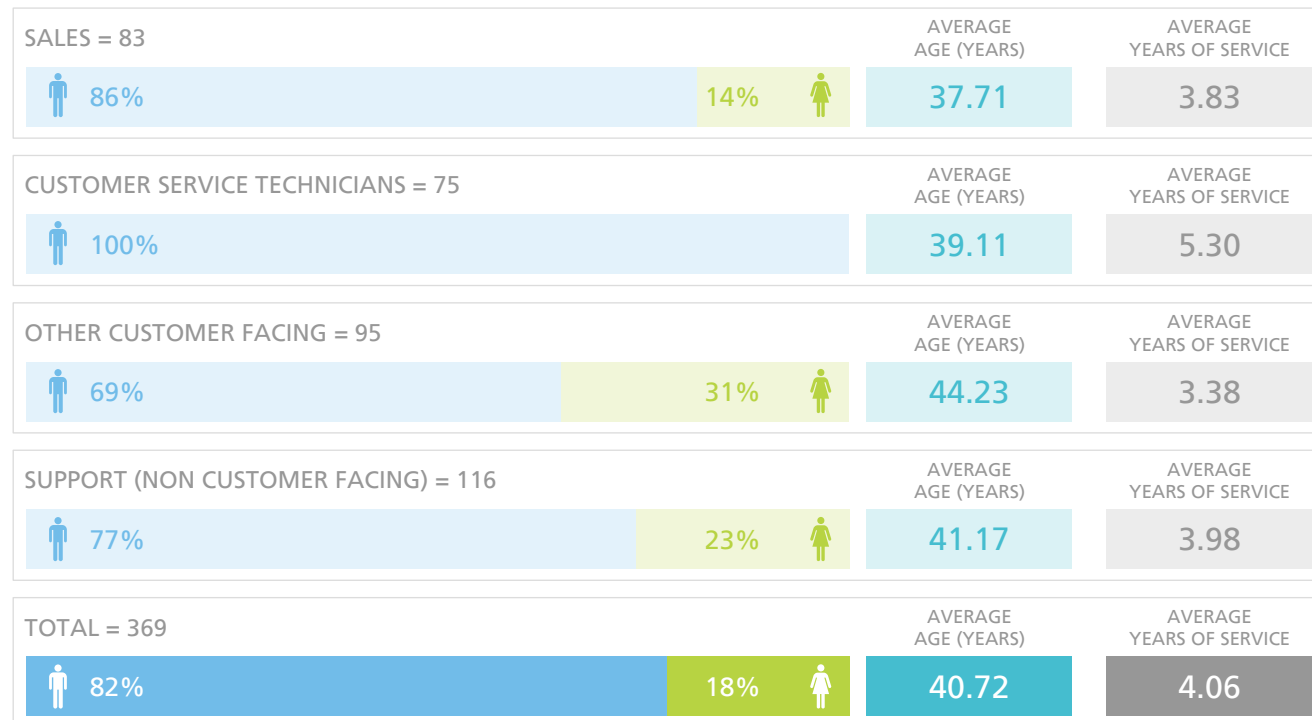
Diversity of our workforce

Ricoh New Zealand is pleased to report there are now 68 females on staff, an increase of 12 from the previous year. In a change from previous years, we now have two female employees reporting to the leadership team: Surjit Anderson, Human Resources Manager and Linda Wright, General Manager Business Solutions.

Our industry has traditionally been male dominated and so these results are particularly pleasing. In addition, 25% of our staff in the IT Services division are female, including the National Sales Manager.



A profile of our people in 2014



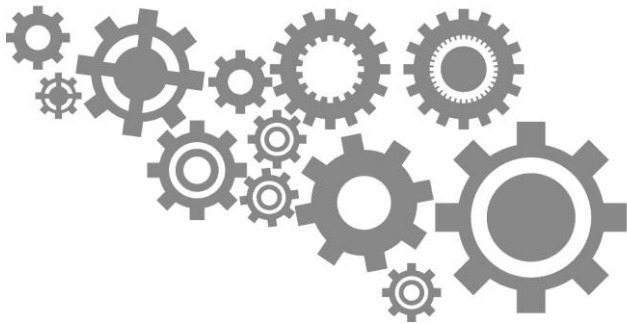
Why Ricoh?

We run the things that run your business.

We live in the information-age and whether it's getting information into your business or getting it out, everyone wants to do it more efficiently.

At Ricoh this is second nature to us. We're a global technology partner that has been sharing success with our customers since 1936.

We have already re-engineered our traditional business model to encompass change and we will continue to do so to stay sustainable. It is the very essence of our new global brand and something we make central to everything we do: **imagine. change.** It's this future focus, applied to your business, that will help us make your business more efficient, more productive and most importantly, more profitable.



Our evolution

Five years ago our business was almost 100% print focused. Today we have three distinct divisions covering the full range of essential business technology and service needs, including: document management and workflow, IT services and our traditional printing technology business.

Hardware

When you choose Ricoh technology you're investing in the most advanced and reliable office equipment available today.

And to further optimise your investment, we provide you with industry-leading service and support, like our automated toner ordering, meter-reading and servicing, and our proactive maintenance programme.

Business Solutions

Ricoh's Business Solutions team exists to assist organisations to streamline their processes around the receipt of documents and business information.

We focus on current and future use of data, reducing costs, increasing productivity, and improving security and compliance of document content.

The nationwide division has the largest team of certified consultants in Kofax, Scannervision and Laserfiche technologies in New Zealand.

IT Services

Ricoh's IT Services division provides a fixed-price, managed IT service to monitor and maintain desktops, servers, networks and end-user systems; this allows you to focus on your core business.

Ricoh IT Services' suite of managed services is the future of IT, particularly for SMEs without technology departments.

Top 10 reasons

01 Customers first

Ricoh makes your business our focus.

03 Needs analysis

Ricoh listens to what you need and want for your business.

05 Dovetailed solutions

Ricoh can dovetail our business with yours so that we are running the things that run your business, seamlessly.

07 Global standards

Ricoh is ISO14001 (environmental management standard) and ISO27001 (information security management) accredited.

09 Total value

Ricoh offers one point of contact for your hardware, software and IT.

02 Sustainability

If Ricoh is sustainable, so are you. We are an internationally recognised leader in sustainability.

04 Future focus

Ricoh watches developments in the technology, IT and Business Solutions space so you don't have to.

06 Adaptability

Ricoh continuously improve and adapts to change to thrive.

08 Location

Ricoh are in six main centres and 14 regional offices.

10 Community

Ricoh is involved in the communities we operate in.



We have approximately **50,000 machines in field** serving some of New Zealand's largest corporate' as well as government departments, universities, local councils and SMEs.



Superior service: it's in our DNA Some Machine in field (MiF) statistics...

99.5%
machine up-time

25%
of queries resolved
over the phone

1.87 hours
average on-site
response time

2.67 hours
average resolution
time

RIDE | Ricoh Intelligent Despatch Engine

RIDE is a unique, locally-developed online system, which ensures that we **despatch the right engineer**, with the **right skill set** and the **right information about the fault**, in the **minimum time**. We can also **minimise travel** and we should be able to despatch an engineer with the **right parts**.



Ricoh: a business of innovation

- We launched the **first high speed office facsimile** – better known as a 'fax machine' – in 1973
- We pioneered the **multi-functional device** in 1987
- We were the first document solutions company to become **carboNZero certified** in New Zealand in 2008
- Registered **44,972 patents worldwide (to December 2012)**



Our awards cabinet

Laserfiche International Run Smarter Award (January 2014)

Kofax Global Partner of the Year 2014

Kofax Diamond Partner one of only 13 worldwide and the only one in New Zealand

Ricoh in the community

We get behind many great causes throughout the country and this year we focused on two main sponsorships, The Attitude Awards and TEAR Fund. In addition to nationwide causes, staff can apply to have Ricoh sponsor their child's sports team, which means we support many schools and community sports clubs throughout the country.

Here's a selection of organisations that we supported during the 2014 financial year:



The Attitude Group Promoting possibility

Ricoh's sponsorship of the Attitude Awards in December 2013 and AttitudeLive, the innovative web portal that secured the local rights to broadcast the Sochi 2014 Paralympic Winter Games, has helped the Attitude Group raise awareness around accessibility and promote possibility.

The Attitude Group is a multi-media company; a global thought leader and social agent passionate about promoting possibilities. It delivers engaging video stories, and connects people in 172 countries to high-quality web content and information with a focus on humanity, but primarily about disability and chronic health.

The Group's focus fits with Ricoh's corporate tagline imagine.change. which is about imagining – and supporting – a world of possibility and opportunity. Attitude Pictures' documentaries challenge the viewer to look at people and situations differently and to be open minded about changing the way we do things so as to enable everyone to participate.

A selection of our regional sponsorships

Auckland: Awapuni Partnership, CSI Trust Sponsors, Formula Challenge, Michael Hill Tournaments, Mt Richmond Special School, Rapo, St Kentigern Trust Board, The Attitude Awards Trust, Young Enterprise Trust. **Hamilton:** Cambridge Childcare Centre Trust, Cambridge High School, Cambridge Primary School, Cambridge Principal Association, Fairfield Schools Management, Hukanui School, Kio Kio Primary School, Lions Club of Hamilton Chartwell, Ngahinapouri School. **Palmerston North:** International Pacific College, The Fred Hollows Foundation, Manawatu College, Ohau School, Roslyn School, Youngheart Manawatu. **Wellington:** NZ Festival, Rotary Club of Paraparaumu, Victoria University of Wellington, Wellington Zoo Trust, Worser Bay School. **Christchurch:** Addington Raceway, Aranui High School, Ellesmere Principal's Association, Leithfield School, Christchurch South Intermediate School, Banks Avenue School. **Dunedin:** Forbury Park Trotting Club, Papakaio School, South Otago Principal's Association, St Brigid's School, Taiari College, Tohoiti School, Wakari School.



When you consider that 60% of people with a disability are unemployed it makes the work of the Attitude Group even more important. Everyone has a role to play in our communities and I like to think of the Attitude Group as promoting accessibility and inclusiveness rather than disability or difference."



Attitude awards

Ricoh was proud to be a first-time sponsor of the 2013 Attitude Awards. The awards salute artists, sportspeople and other talented individuals with intellectual, physical and mental disabilities. The awards celebrate the achievements of the thousands of Kiwis who live with disability and also pays tribute to the employers who work alongside them to ensure they are able to contribute their skills to society and live full and satisfying lives.

For more information, and to see a list of the 2013 award winners, visit www.attitudedeawards.org



TEAR Fund

Poverty Cycle and Live Below the Line

Ricoh partners with TEAR Fund to raise money through TEAR Fund's Poverty Cycle event. To date, we have raised \$15,000 towards helping stop human trafficking in Nepal and South East Asia.

TEAR Fund's work also struck a personal chord for Mike after his 22-year-old daughter Amy completed the charity's 'Live Below the Line' challenge, eating and drinking only what \$2.25 can buy for a week, raising \$3,500.

Amy was subsequently invited to the Philippines to see how the funds were put to use. She visited the Green Minds project, which targets farming, taking it back to basics to ensure it's sustainable for locals.

TEAR Fund was formed in Britain in the 1950s in response to African famine. The New Zealand group was formed in 1975. TEAR Fund partners with local organisations that are put through a rigorous accountability process to make sure they really do help individuals in their home country.

Amy says, *"The whole trip was an eye opener. I knew we were lucky in New Zealand before I went, but now I know we're outright privileged."*



Amy Pollok, centre, visits the Philippines

Determining our key sustainability issues

This year, to determine what to report on, we agreed a list of key (material) sustainability issues internally and then tested them with stakeholders. We set up an online survey and invited selected customers, external parties (including representatives from the Sustainable Business Network, Sustainable Business Council and carbonZero), all staff and our dealer managers to participate.

Top five sustainability issues for Ricoh New Zealand

	Identified by the Internal Team	Ranked by our Stakeholders
1 = most important 5 = less important		
Declining print volumes	①	①
E-waste	②	④
Security of customer data	③	②
Use of resources (paper/toner)	④	③
Our environmental footprint (carbon footprint)	⑤	⑤

More detail about the survey results appear in our online GRI Index www.ricoh.co.nz/sustainability/griindex.pdf

Online it is!

We also asked stakeholders how they'd like to read Ricoh's Sustainability Report and the resounding answer was online. This year we will again publish the report as an online e-book and downloadable PDF and reduce our print run.

More detail about our key sustainability issues appear in our online GRI Index www.ricoh.co.nz/sustainability/griindex.pdf

Other issues

We also asked our stakeholders whether there were any other issues they thought were important for us to consider. Responses to this question varied, of course, but some consistent themes were: technology change, industry commoditisation, use of resources in the business (leaving PCs on overnight, correctly sorting waste, using recyclable packing, more video conferencing), waste disposal (landfill and e-waste), influencing the value chain, and staff welfare issues.

Key issues and their boundaries

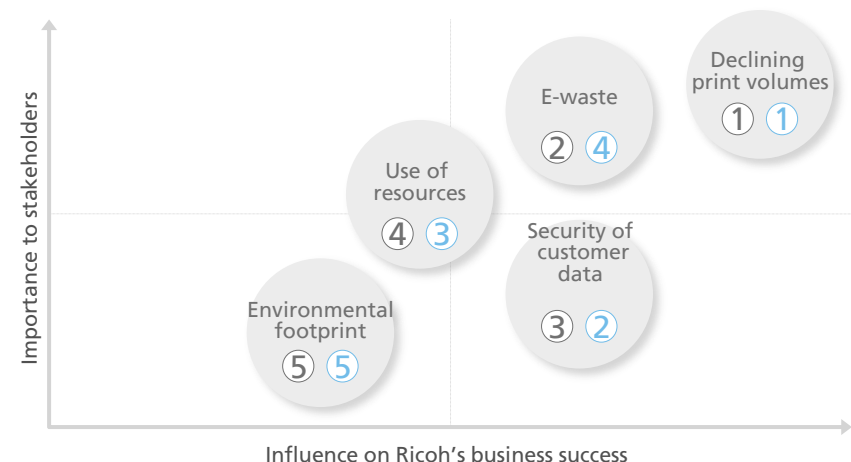
KEY ISSUES	Declining print volumes	Security of customers data	Use of resources, e.g. paper and toner	Electronic waste (e-waste)	Our environmental footprint
BOUNDARY	OUTSIDE Ricoh NZ	INSIDE and OUTSIDE Ricoh	MOSTLY OUTSIDE Ricoh NZ	INSIDE and OUTSIDE Ricoh NZ	INSIDE Ricoh NZ

More detail about our issue boundaries appear in our online GRI Index www.ricoh.co.nz/sustainability/griindex.pdf

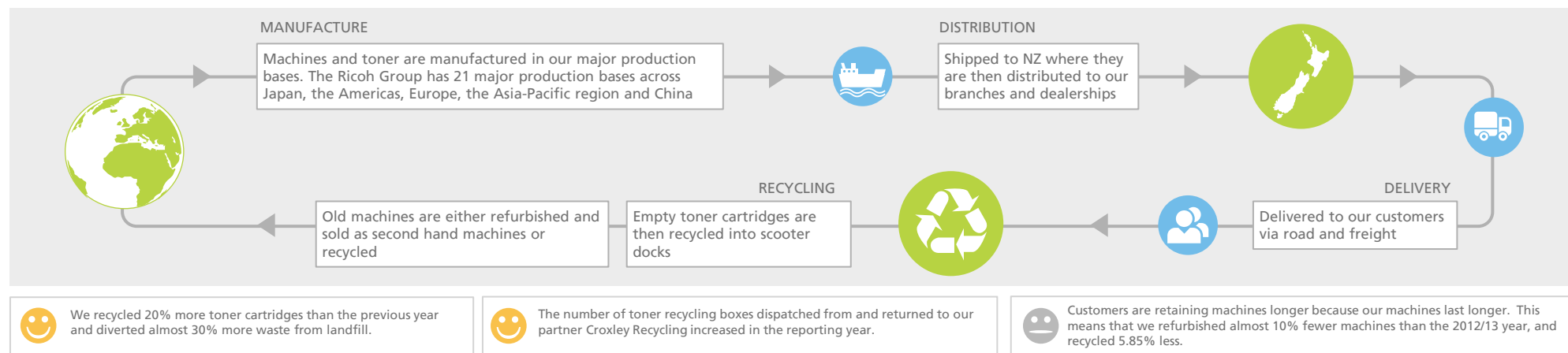
This year's focus

Following the survey and in order to determine what to focus on, the reporting team completed a materiality matrix based on an issue's importance to stakeholders and its influence on Ricoh's business success. From here we prioritised issues based on those we thought were important for reflecting our relevant economic, environmental and social impacts. The result of this process means the 2014 report will focus on declining print volumes (which is effectively as a result of technology change in the document solutions industry) and security of customer data.

Materiality matrix



Spotlight on our supply chain



Supply Chain Management: a core focus for the Ricoh Group

The Ricoh Group has 21 major production bases across Japan, the Americas, Europe, the Asia-Pacific region and China. The Group's business activities give it a large sphere of influence and with that, significant responsibility or social accountability.

A significant amount of work has been undertaken in the past few years to reorganise the Group's Supply Chain Management (SCM), coordinating design, information systems and procurement through to collection and recycling. The SCM structural reform has advanced the Group's goal of creating value, while fulfilling its social responsibility; to enhance the business in ways that bring benefits to both society and the planet.

Some examples of the Ricoh Group's responsible SCM include the development of:

- A global online procurement system that optimises costs and suppliers
- A basic policy in purchasing activities
- The Ricoh Group Supplier Code of Conduct
- Green Procurement Standards
- A Supplier Code of Conduct Guidebook
- A CSR Self-Assessment System (Japan 2009, China 2010, Thailand 2013).

Visit www.ricoh.com/csr for more information.

The Ricoh New Zealand supply chain

As a subsidiary of Ricoh Global, we source Ricoh products from the global operation for our six branches and exclusive dealerships to on-sell to customers.

Apart from machines and toner, other material products and services in our supply chain (excluding our exclusive dealerships) include:

- Other hardware supplied to customers e.g. card readers, cabling etc.
- Office products and consumables purchased by Ricoh New Zealand
- Vehicles purchased or leased by Ricoh New Zealand
- Travel and accommodation purchased by Ricoh New Zealand.

We aim to work with local businesses wherever possible. At this stage, we don't mandate sustainability credentials as a requirement for our purchase decisions, but it is factored into the decision-making process. We look at price, the product/service provided and longevity – we work hard to make sure we're financially sustainable and we want to do business with suppliers with a similar focus. We also make a judgement call on 'best fit', so we think about whether we consider the business to be ethical and a good fit. In addition, we like to work with suppliers who are open to receiving feedback and focused on continuous improvement.

Environmental performance

We are proud of our strong environmental performance and remain committed to reducing our impact wherever possible. Three of our top five sustainability issues, as identified by our stakeholders, have an environmental focus and form the basis of this chapter.

01

Use of resources
(in particular paper and toner)

02

E-waste

03

Our environmental
footprint (carbon
footprint)

Use of resources (in particular paper and toner)

Use of resources – particularly paper and toner – was number three in our stakeholders' top five key sustainability issues. Given we sell hardware that encourages the use of paper and toner, it is definitely an important issue. Waste is also an important issue, too. As a business we strive hard to reduce the amount of waste we create and the amount we send to landfill. During the year in review we undertook a waste audit and have made a concerted effort to improve recycling rates at our Penrose Distribution Centre.

Emissions associated with our customers

Paper usage is included in our service footprint. In 2013 the carbon associated with the service aspect of our business was measured in accordance with PAS2050: 2011. Prior to this it was combined with our organisational carbon footprint and was not a full lifecycle measurement, nor did it include paper related emissions. This change means that our base year was reset to 2012/13 and as a result comparisons to previous years are no longer applicable.

As part of the service measurement, we are required to use a defined productivity measure of carbon otherwise known as a functional unit. In our case, the functional unit is defined as a 'click' or a printed page and the measurement is equal to 0.0084 kg of carbon dioxide equivalent (CO₂e) per click. This means that anyone using a Ricoh printer emits 8.4 grams of carbon every time they press print. The good news is that by printing double-sided (duplex) we can reduce this by up to a quarter.

How customers can help to reduce our service footprint

We have little control over our service footprint as machine manufacture is offshore and freight is fairly fixed coming from Japan to New Zealand, mostly by sea. However, our customers have the potential to make a significant influence in reducing the printing component by choosing the duplex or double-sided print option. This is because almost half of the footprint is as a result of paper consumption. Although we cannot control this directly, we try to influence paper consumption as much as possible by ensuring machines are set to duplex by default.

One of the ways we think we could improve the rate of duplex printing is to promote the cost savings of doubled-sided printing and encourage customers to continue to set it as their default. The fact is, we do currently encourage duplex, but don't accurately explain why, and it's the explanation that would justify a customer making a conscious decision to change their position.

It's worth noting that our calculations assume an actual duplex printing rate of 10.38%, which was based on actual usage statistics from Ricoh Australia. It could be that actual duplex printing with our New Zealand customers is much higher than this.

The measurement also assumes that 51% of all printed paper is recycled post use. Again, this is something we can encourage, but ultimately it's up to our customer.

Key points about our service footprint

Percentages are in accordance
with PAS2050

46%

of the carbon footprint of printing on a Ricoh machine
is associated with paper consumption

25%

is end of life
(recycling and disposal)

20%

is from energy
consumption

Waste

During the reporting year we engaged Auckland-based recycling company Reclaim to conduct a waste audit of our Penrose Distribution Centre

Following the audit, we've focused on educating staff at the Penrose site about what they can recycle and how to do it. To this end we have:



Updated our Environmental Induction programme with new procedures.



Acquired a compost bin to keep food and compostable items out of the general waste (including the paper hand towels used in the kitchen and bathroom).



Cut broken pallets into smaller pieces for staff that want firewood.



Updated our internal audit process to include checking the general waste bins for recyclables and introduced periodic locking of all but one bin to encourage people to sort their waste.

8%

is from 'other materials', including toner

Less than 1%

is from machine distribution

Toner cartridge reuse and recycling

Our commitment to the environment extends to ensuring that obsolete machines and used toner cartridges are recycled. Some of our activities include:



Collected **84,000** used toner cartridges and bottles from customers at no charge.



Extracting and recycling aluminium components and circuit boards from used machines.



Recycling any paper, cardboard, polystyrene and polyethylene (plastic bags and wrap) used in packaging.



Delivering machines to customers wrapped in recyclable PE wrap only, which is brought back to the Ricoh branch for recycling.

We recycled 20% more toner cartridges than the previous year and diverted almost 30% more waste from landfill. We assume the life of a toner cartridge is about six months and therefore when you look at recycling rates against six monthly sales we are at 65%, up 14% on last year.

We are pleased to report that the number of toner recycling boxes dispatched from and returned to our partner Croxley Recycling increased in the reporting year. We anticipate this was as a result of the online ordering system making it easy for customers to order boxes and have them picked up.

The many lives of the SP4100N

They say cats have 9 lives. We'd like to think some of our toner cartridges could be as fortunate enough to have if not 9 lives, at least 3



SP4100N laser printer cartridge recycling programme begins



Since early 2013, 2 x 20ft containers have been sent to Ricoh's Thailand refurbishment factory – a total of 2,040 cartridges



To be refurbished, and to limit damage, cartridges must be returned in their original packaging



To increase the programme, pre-paid courier return tickets are included in the box to make the process as seamless as possible for customers

Approx. 300 a month are being received without their original packaging. While they are unable to be refurbished, we ensure they are recycled

What can we do to improve? We have started to promote the scheme with customers via our face-to-face channels which includes our sales representatives and technical staff. We've also reminded call centre staff to mention it to those customers who log a call about an SP4100N machine.

Environmental performance

We are proud of our strong environmental performance and remain committed to reducing our impact wherever possible. Three of our top five sustainability issues, as identified by our stakeholders, have an environmental focus and form the basis of this chapter.

01

Use of resources
(in particular paper and toner)

02

E-waste

03

Our environmental footprint (carbon footprint)

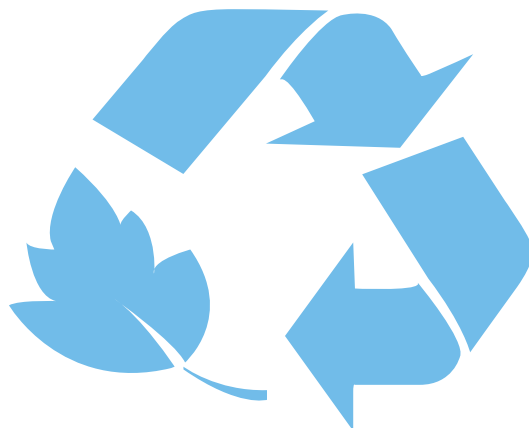
E-waste

E-waste is a critical issue. As outlined earlier, we are in the final stages of setting up a nationwide e-waste recovery programme which will significantly improve our performance in this area. In the reporting year we refurbished almost 10% fewer machines than the 2012/13 year, and recycled 5.85% less.

The reasons for the reduction are varied and it's difficult to pinpoint them exactly. However, factors include: the age of the machines in field, the date contracts come up for renewal and how soon customers wish to upgrade. In addition, we've made a concerted effort in previous years to get very old machines out of the field so we may find these rates remain low in the near future.

Machine re-use and recycling

	2013-14	2012-13	% change
Re-sold machines (includes MFD, printer and fax)	1,722	1,967	(9.91)%
Machines sent for recycling	2,190	2,326	(5.85)%



Our environmental footprint

As explained earlier, we have split our environmental footprint (also known as our carbon footprint) into service and organisation. We covered our service footprint earlier, regarding paper use, and will now examine our organisational carbon footprint.

It's worth noting again that the service data was removed from the organisational footprint last year. As a result of this change our base year had to be reset from 2007/08 to 2012/13. Unfortunately this means we're unable to look back at data beyond this period because it no longer provides an accurate comparison. What we do know, however, is that between 2012/13 and 2013/14 our overall organisational emissions have increased and this is likely to have resulted from company growth.

Key points about our organisational carbon footprint:

Overall emissions have increased by **338.09 tCO₂e** from 2012/13

However, emissions per \$m revenue have decreased by 3.66% (from 24.89 tCO₂e /\$m in 2012/13 to 23.98 tCO₂e /\$m in 2013/14). This means that for every \$m revenue we have earned, **we have emitted less carbon than the previous year.**

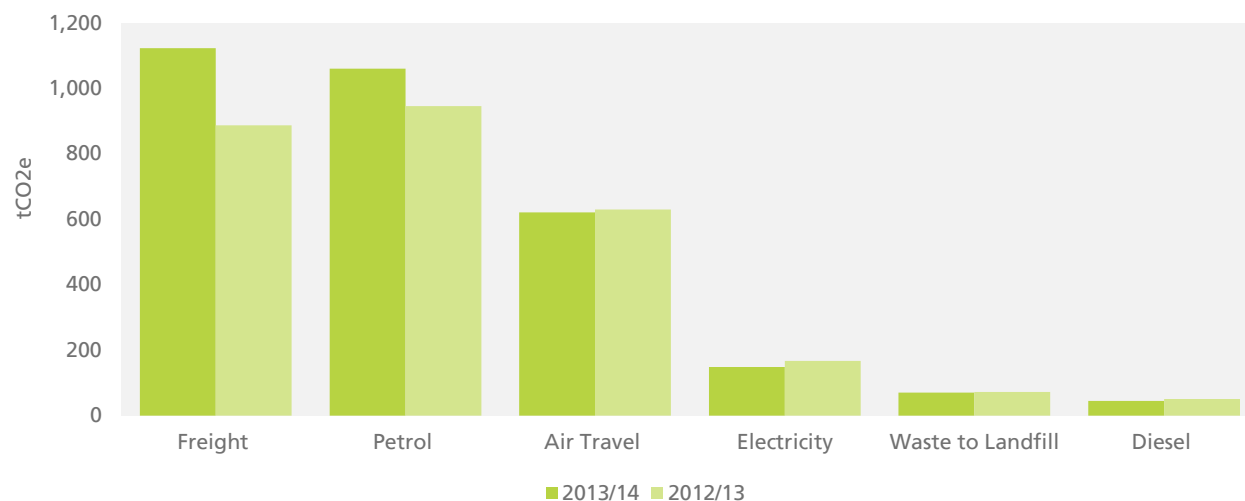
Emissions from freight have increased by **26.6%** and emissions from petrol have increased by **12.12%**

Emissions from electricity have decreased by **11.59%** and emissions from diesel **by 12.06%**

There have also been **small reductions** in emissions from air travel and waste to landfill.

Our top six emissions sources

This graph compares our top six organisational emissions sources from the reporting year (2013/14) with our new base year, 2012/13.



Reducing our load

For the 2014/15 year Ricoh has agreed to two main reduction targets: one overall target for our service and one overall target for our organisation footprint. These are included in our GRI Index (see G4-EN19 at www.ricoh.co.nz/sustainability/griindex.pdf and are based on key performance indicators (tCO₂e /\$M and kgCO₂e per click), not gross emissions.

Meeting our targets

Our service target is to print less using technology like 'Follow Me Print' and digital Storage. To meet this target we must work with customers to increase duplex printing rates and obtain more accurate figures around the actual percentage of duplex printing with our New Zealand customers as currently the 10.39% assumed rate is based on actual usage statistics from Ricoh Australia.

Our organisation target, allowing for growth, is to reduce emissions by 3% per annum for three years. However, we are also committed to reducing overall emissions and implementing plans to make greater reductions in the longer term.

Currently freight, petrol and air travel are the largest emissions sources and so programmes to reduce emissions will be focused on these areas. We are currently considering: efficiencies in freight logistics and reducing airfreight to bare minimums as well as looking for opportunities to reduce air travel by video conferencing, combining multiple business trips, and reviewing the efficiency of company vehicles and how routes are planned.

Our environmental credentials

We work hard to make sure our environmental credentials are robust and reflect our sustainable approach to business.

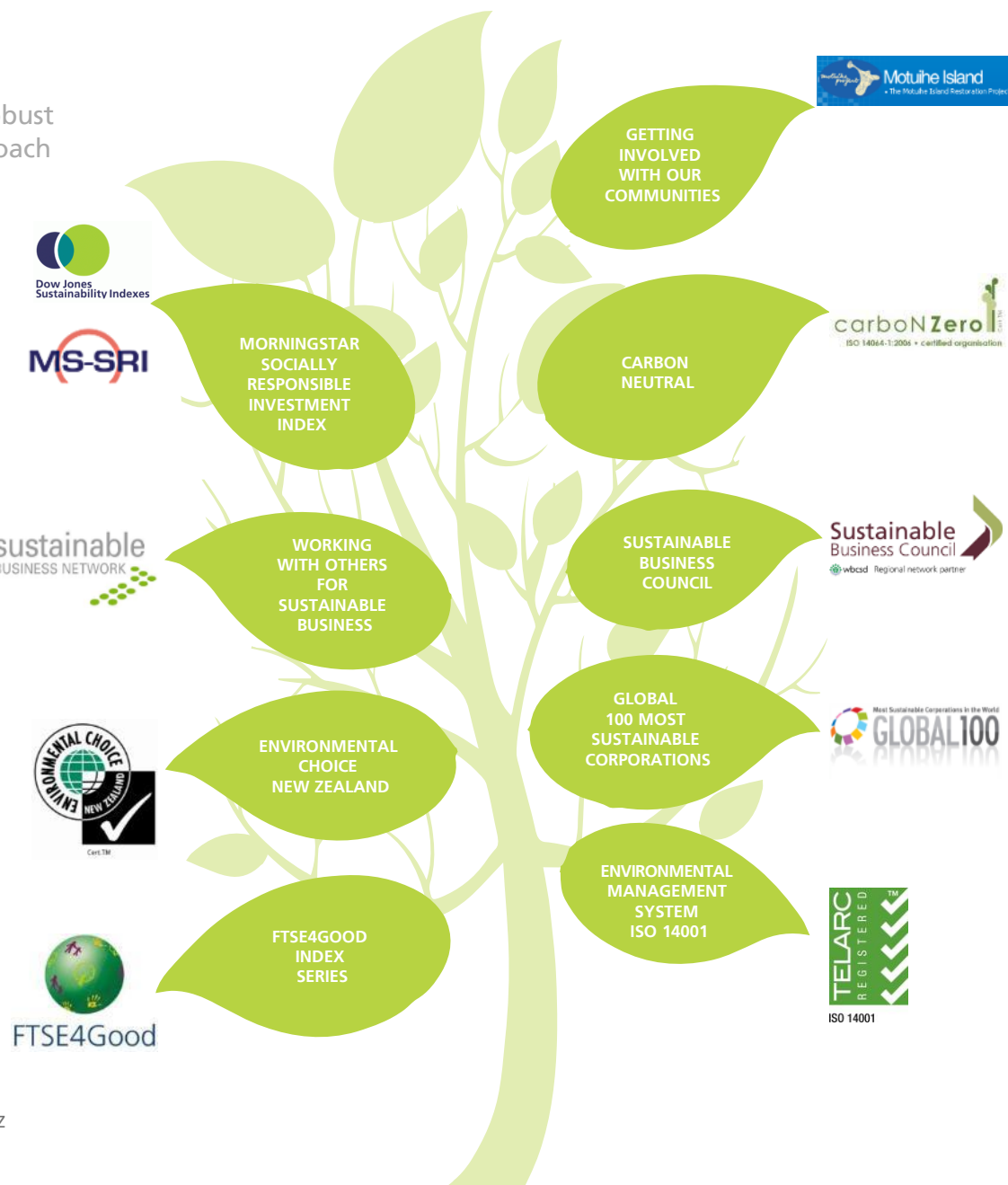
Ricoh was included in the Morningstar Socially Responsible Investment Index for the tenth consecutive year and recognised by the Dow Jones Sustainability Index (DJSI). We obtained the industry best score in three categories: Innovation Management, Product Stewardship and Digital Inclusion.

Ricoh New Zealand is a member and sponsor of the Sustainable Business Network (SBN), which provides practical advice and support to businesses facing the challenge of sustainability.

Ricoh is the category sponsor for the SBN Awards 'Mega efficiency – Innovation Award 2013'.

Ricoh is New Zealand's first office equipment supplier to have our products accredited with the Environmental Choice Tick of Approval.

Ricoh has been recognised for the tenth consecutive year by FTSE4Good for its good corporate responsibility practice.



Annually, since 2004, Ricoh staff and customers have carried out beach clean-ups and native bush planting on Auckland's Motuihe Island where we have planted more than 19,000 seedlings.

Ricoh is the first document solutions company in New Zealand to become carbon neutral and accredited under the CarbonZero certification programme.

The Sustainable Business Council (SBC) is a CEO led group of companies that takes a leading role in creating a sustainable future for business, society and the environment.

In January 2014, for the tenth year running, Ricoh Group was named in 'The Global 100 Most Sustainable Corporations in the World'; the only document solutions company to take that honour.

Ricoh became New Zealand's first office equipment supplier to be ISO 14001 accredited. ISO 14001 is a worldwide certification, focused on what the organisation does to reduce the harmful effects on the environment caused by its activities.

Mega efficiency in Newlands

Ricoh sponsors the popular Mega-Efficiency - Innovation award at the NZI National Sustainable Business Network awards, which was won by New World Supermarket Newlands and Foodstuffs NZ in 2013.

Newlands New World was built in 2012 and has a major 'green' claim to fame: it's the first supermarket in the Southern Hemisphere to be built with a completely natural refrigerant system.

The system reduces greenhouse gas emissions that result from refrigerant leakage by 99%, compared to a standard HFC-based system, and has reduced the store's overall carbon footprint by 40% compared to an average supermarket.

Ricoh's Managing Director, Mike Pollok says every year the number of entries into the category grows with increasingly impressive projects.

"Mega efficiency and innovation are aspects of sustainability that are understood by many and make business sense. Innovation that creates bottom-line savings and has a positive impact on a business's environmental or social performance is a no brainer.

// Well done to the team at New World Newlands and Foodstuffs"



Independent viewpoint

Ricoh responds to change

Meet Rachel Brown, CEO, Sustainable Business Network

Sustainability is truly part of Rachel Brown's DNA.

Growing up in the 1970s with parents who weren't afraid to protest, Rachel and her siblings learned first-hand about political, social and environmental issues.

"I grew up in Howick, east Auckland, and you could say we were the hippies of Howick. We went to protests, joined Mum as she took sediment samples adjacent to new roading developments and drove a VW van when everyone else had a BMW," says Rachel.

"But the best part was that I had balance. While Mum and Dad were teachers, many of my friends' parents were business people so I got to see both sides," added Rachel.

Rachel set up the Sustainable Business Network in 2002 based on the belief that the business community could create market solutions that improve environmental outcomes: "I believed, and still do, that the business community could come up with the solutions to environmental issues, but not in isolation."

While opinion on sustainability can wax and wane, Rachel is adamant it remains a critical topic for business.

There are so many signals these days (the big ones being climate change, biodiversity and resource scarcity), and I believe that if business leaders are not aware of the ones that are going to affect their business, now and into the future, they won't survive."

"She points to Ricoh as an example of reading the signals and moving with the market.

"If Ricoh wasn't reading the signals around reducing paper use and the zero waste office, they'd be out of business. Business has to respond because, in reality, sustainability is just smart business."

Rachel says she's been impressed with her interactions with Ricoh's Managing Director, Mike Pollok over the past few years.

"Mike knows there's a massive technology shift that Ricoh needs to stay ahead of and his way of summing it up is simple: instead of selling machines like they have done for years, it's now about selling information and support systems alongside."

"Mike and his team are taking on the challenge with excitement and vigour, which is refreshing to see," says Rachel.

Ricoh has been a member of the SBN since 2005 and a sponsor of the Mega-Efficiency - Innovation Award since its inception in 2013. www.sustainable.org.nz

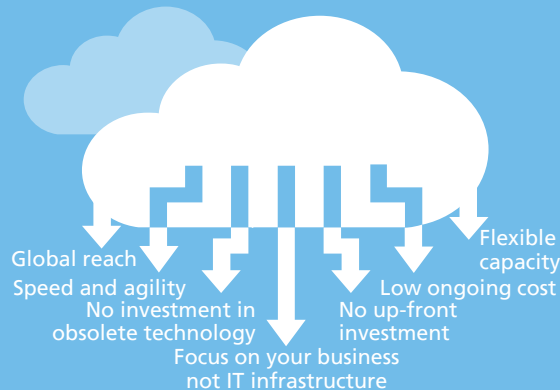


What is cloud computing?

In its simplest form, cloud computing is the delivery of computing as a service not a product – it's a 'pay as you use' model.

Benefits of 'the cloud':

- Low ongoing cost
- No up-front investment
- No investment in obsolete technology
- Focus on your business not IT infrastructure
- Flexible capacity
- Speed and agility
- Global reach



Embracing the cloud and 'UFB'

Two sustainability enablers

Meet Roly Smoldon, GM, Ricoh IT Services

Embracing the cloud and UFB – two sustainability enablers. Being nimble is one of the biggest green benefits of IT. Over the years information technology has evolved so much so that businesses are now able to be more flexible than ever.

This was highlighted to me in December last year when my team and I were faced with a critical decision: to keep up with growing demand we had to either invest approximately \$50,000 in building new server infrastructure or move to the cloud.

We chose the latter and in doing so, not only saved money and resources, but also a 12- week timeframe.

Like many other IT providers, using the cloud has aligned our cost with our revenue and given us much more flexibility. Under the old server model, if a customer's needs changed or they moved on, we faced being left with capacity no one wanted; the age-old issue of obsolete technology. Now, with our cloud partner Amazon Web Services (AWS), if a customer's needs change we simply turn on or off the extra capacity.

I truly believe that we can only be a digital economy if we fully embrace the cloud. My team is living this mantra for our customers and is an AWS consulting partner, one of a handful in New Zealand at present. In my view, limits such as an Internet data cap and requiring data to be hosted in New Zealand are counterproductive to ranking equally on the world stage.

The cloud is the green future of IT and it brings with it efficiencies and a 'Jack be nimble' approach – companies can now focus on their business rather than their IT infrastructure.

But flexibility isn't the cloud's only sustainable advantage. More concrete 'green' benefits of the cloud can be seen in an example from our operation in Europe. Ricoh removed more than 1,000 servers across its Europe, Middle East and Africa region by moving to a secure private cloud, which resulted in a reduction of 16,800 tonnes of CO₂, the equivalent emissions from 3,350 cars.

Another critical green aspect of IT is ultra-fast broadband (UFB).

In my opinion, UFB is the single biggest enabler to growth. It gives businesses the ability to truly transform the way they operate. For example, if you want to run Xero or Office 365 you need a quality internet connection. However, if you're constantly running up against a data cap, you won't get the full benefits of these internet-based programmes.

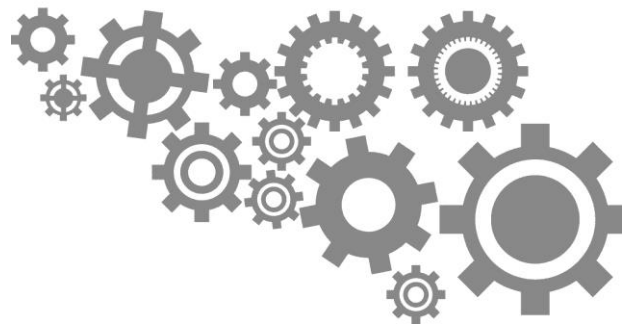
The internet has created smarter and greener ways of doing business and with the flexibility of the cloud and the 'grunt' of UFB, we can embrace them in their entirety.

Roly Smoldon is the GM of Ricoh's IT Services division, which was formed in 2011 to provide certainty around IT costs for clients and increase their operating efficiencies.

Phone 0800 RICOH IT (0800 742 644) or email RicohITServices@ricoh.co.nz

To view our GRI Index please visit
www.ricoh.co.nz/sustainability/griindex.pdf

The GRI Index includes comprehensive information about
our triple bottom line performance for the period 1 April 2013 – 31 March 2014
and has been prepared to meet the GRI G4 'In accordance' – Core option.



RICOH

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For more information or to provide feedback please contact:
Charley Peace, Sustainability and Communications Manager

Ricoh New Zealand Ltd

Phone: 09 368 6082

Email: CPeace@ricoh.co.nz

www.ricoh.co.nz

www.ricoh.com



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