

## Corporate Governance

# Corporate Governance at ORIX

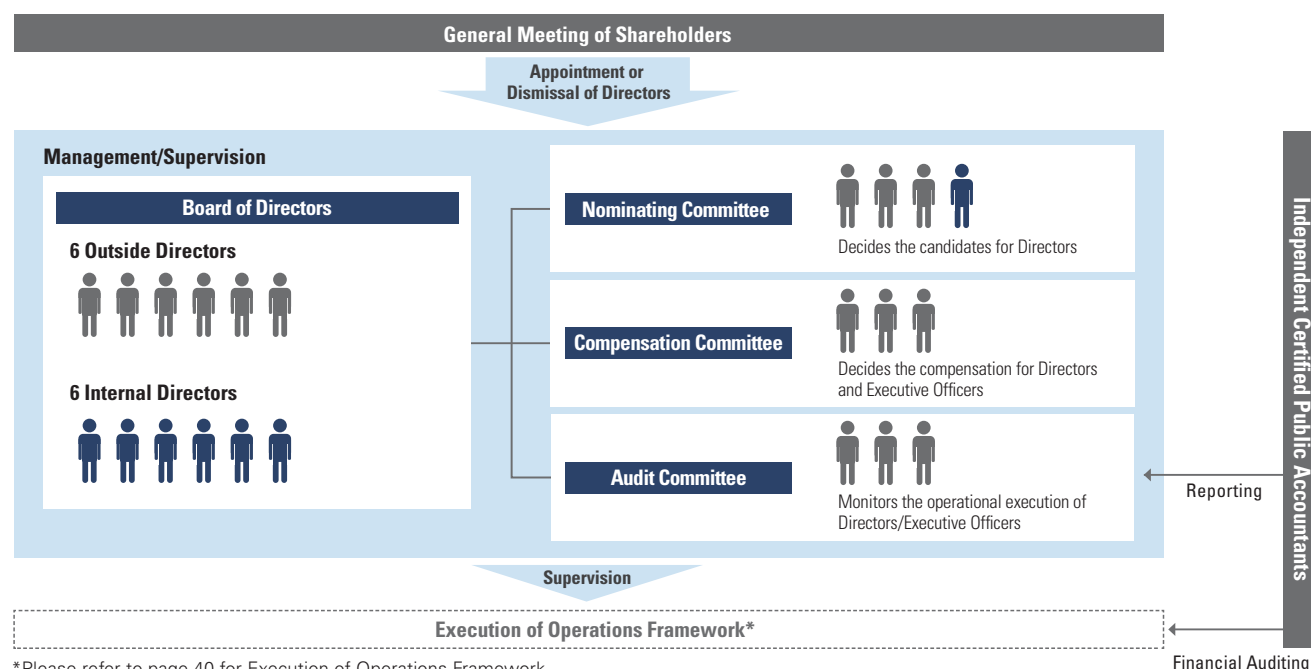
### Approach to Corporate Governance

- ORIX believes that a robust corporate governance system is essential for ensuring objective management and carrying out appropriate business activities in line with its core policies. We have therefore established a sound and transparent corporate governance system.
- Corporate governance is a system for management oversight. It involves setting management objectives for managers, performance analysis and evaluation, and supervision in order to ensure that management strives to attain outstanding results. The tension inherent in corporate governance encourages management to perform to the best of its ability and facilitates innovation in pursuit of corporate objectives. Such an approach is conducive to the achievement of consistently high ROE.
- Outside Directors have a crucial role to play in corporate governance. From various perspectives reflecting their diverse professional backgrounds, Outside Directors are able to objectively evaluate management's performance in ways that transcend the industry's conventional wisdom and the company's ingrained practices. Moreover, by virtue of their external perspectives, Outside Directors are in the position to objectively evaluate the risk of management not taking adequate levels of risk.

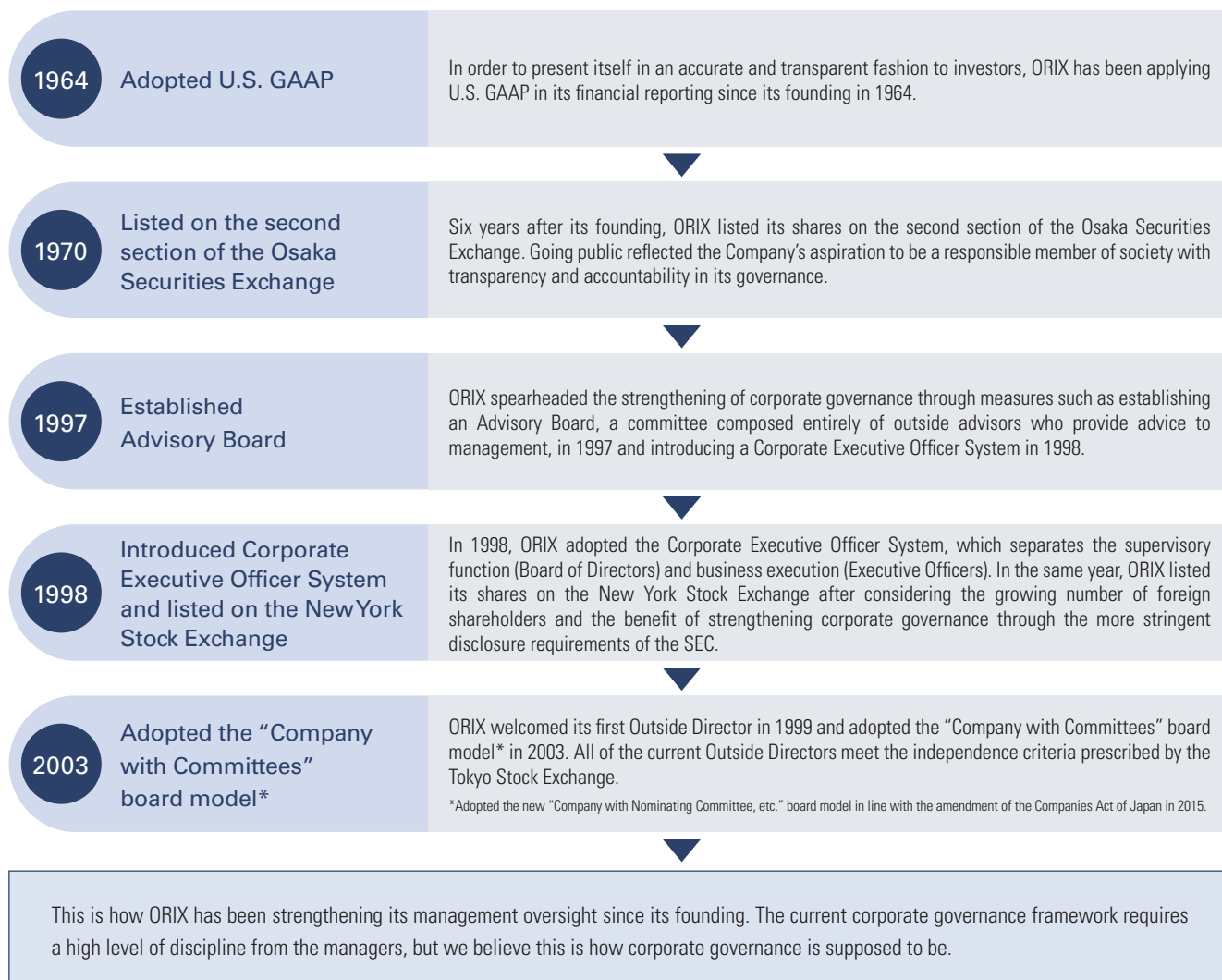
### ORIX's Vision of Corporate Governance

	Desirable	Undesirable
Viewpoints of supervision and operation at Board of Directors meetings	<ul style="list-style-type: none"> <li>• Supervision of management pursuing enhancement of corporate value</li> <li>• Operation led by Outside Directors</li> </ul>	<ul style="list-style-type: none"> <li>• Supervision of legal compliance only</li> <li>• Operation led by Executive Officers</li> </ul>
Orientation of the way the Board of Directors meetings are conducted	<ul style="list-style-type: none"> <li>• Productive debate with a healthy degree of tension</li> <li>• Healthy risk appetite to facilitate innovation</li> <li>• Risk evaluation from an objective perspective</li> <li>• Appointment of management and determination of compensation from shareholders' viewpoint</li> </ul>	<ul style="list-style-type: none"> <li>• Unproductive discussion lacking a degree of tension</li> <li>• Lack of innovation due to excessive risk aversion</li> <li>• Excessive risk appetite lacking an objective perspective</li> <li>• Appointment of management and determination of compensation entirely from an internal perspective</li> </ul>
Result	High ROE sustainable over the long term	Low ROE over the long term

### Corporate Governance Framework (As of July 1, 2019)



## Evolution of Corporate Governance



### Differences with Respect to the New York Stock Exchange Corporate Governance Standards

ORIX's American Depositary Shares have been listed on the New York Stock Exchange (NYSE) since 1998. As an NYSE-listed company, ORIX is required to comply with certain corporate governance standards under Section 303A of the NYSE Listed Company Manual. However, as a foreign private issuer, ORIX is permitted to follow home country practice. Our corporate governance practices differ in certain respects from those that U.S. listed companies must adopt. A summary of these differences is as follows:

- ORIX is not required to meet the NYSE's independence requirements for individuals on its Board of Directors or its Nominating, Audit and Compensation committees. ORIX's Nominating Committee has determined its own "Conditions for Director Independence."
- ORIX is not required to have the majority of its Board of Directors comprised of Outside Directors nor is ORIX required to compose its committees exclusively of Outside Directors. Of ORIX's twelve Directors, six are Outside Directors.  
All members of the Audit Committee and Compensation Committee, and a majority of the members of the Nominating Committee are Outside Directors, and the chairperson of each committee is appointed from among the Outside Directors.

For more detailed information on corporate governance, please refer to the following:

- Form 20-F filed with the U.S. Securities and Exchange Commission ►►► <https://www.orix.co.jp/grp/en/ir/library/index.html>
- Corporate Governance ►►► <https://www.orix.co.jp/grp/en/ir/governance>

## Corporate Governance

# Management Team (As of June 26, 2019)

● Nominating Committee ● Audit Committee ● Compensation Committee

### Members of the Board of Directors



#### Makoto Inoue

Age: 66

- Nominating Committee
- Member of the Board of Directors
- Representative Executive Officer
- President and Chief Executive Officer
- Responsible for Group Strategy Business Unit

Joined ORIX in 1975. After serving in positions including Deputy Head of Investment Banking Headquarters and Head of Global Business & Alternative Investment Headquarters, appointed Director, Representative Executive Officer, President and Chief Executive Officer in June 2014 (to present).

#### Yuichi Nishigori

Member of the Board of Directors  
Senior Managing Executive Officer  
Head of Energy and Eco Services Business Headquarters  
Director, Ubiteq, INC.



#### Shuji Irie

Age: 56

Member of the Board of Directors  
Managing Executive Officer  
Head of Investment and Operation Headquarters

Joined Mizuho Securities Co., Ltd. In 2001. Joined ORIX in 2011. After serving in positions including Deputy Head of Investment and Operation Headquarters, appointed Director and Managing Executive Officer in June 2018 (to present).



#### Shoji Taniguchi

Member of the Board of Directors  
Managing Executive Officer  
Responsible for Treasury and Accounting Headquarters  
Assistant to CEO

### Outside Directors



#### Eiko Tsujiyama

Age: 71

- Audit Committee (Chairperson)
- Compensation Committee
- Emeritus Professor, Waseda University
- Corporate Auditor, Lawson, Inc.
- Audit & Supervisory Board Member, NTT DOCOMO, INC.
- Audit & Supervisory Board Member, Shiseido Company, Limited

#### Main Career History

Has served in positions including financial accounting advisor for domestic and foreign governments and institutions and Dean of the Graduate School of Commerce at Waseda University. Appointed Outside Director in June 2010 (to present).

**Main Area of Expertise**  
Accounting



#### Ryuji Yasuda

Age: 73

- Compensation Committee (Chairperson)
- Nominating Committee
- Adjunct Professor, Graduate School of Business Administration, Hitotsubashi University Department of International Corporate Strategy
- Outside Director, Yakult Honsha Co., Ltd.
- Outside Director, Benesse Holdings, Inc.
- Outside Director, Kansai Mirai Financial Group, Inc.

#### Main Career History

Has served in positions including Director, McKinsey & Company and Chairman, A.T. Kearney, Asia. Appointed Outside Director in June 2013 (to present).

**Main Area of Expertise**  
Corporate strategy



#### Michael Cusumano

Age: 64

- Compensation Committee
- Professor, Faculty of Management, Sloan School of Management at Massachusetts Institute of Technology
- Outside Director, Ferratum Plc

#### Main Career History

Has served as Professor, Faculty of Engineering Systems, School of Engineering at Massachusetts Institute of Technology and Special Vice President and Dean, Tokyo University of Science. Appointed Outside Director in June 2019 (to present).

**Main Area of Expertise**  
Business strategy and technology management

Age: 62

Joined the Japan Industrial Bank, Ltd (currently Mizuho Bank, Ltd.) in 1980. Joined ORIX in 2003. After serving in positions including Head of Investment and Operation Headquarters, appointed Director and Senior Managing Officer in January 2016 (to present).



## Stan Koyanagi

Age: 58

Member of the Board of Directors  
Managing Executive Officer  
Global General Counsel

Joined SHEPPARD, MULLIN, RICHTER & HAMPTON LLP in 1985. After serving in positions including General Counsel at ORIX USA Corporation (currently ORIX Corporation USA), joined ORIX in 2013. Appointed Director and Managing Executive Officer in June 2017 (to present).



Age: 55

Joined ORIX in 1987. After serving in positions including president of RBS Securities Japan Ltd., he rejoined ORIX in 2018 as Senior Advisor. Appointed Director and Managing Executive Officer in June 2019 (to present)

## Satoru Matsuzaki

Age: 53

Member of the Board of Directors  
Managing Executive Officer  
Head of Corporate Business  
Headquarters

Joined Crown Leasing Corporation in 1989. Joined ORIX in 1997. After serving in positions including Head of Eastern Japan Sales Headquarters, appointed Director and Managing Executive Officer in June 2019 (to present)



## Nobuaki Usui

Age: 78

- Nominating Committee (Chairperson)
- Audit Committee
- Corporate Auditor, MIROKU JYOHU SERVICE CO., LTD.

### Main Career History

Has served as Administrative Vice Minister, Ministry of Finance and Governor and CEO, National Life Finance Corporation (currently Japan Finance Corporation). Appointed Outside Director in June 2012 (to present).

**Main Area of Expertise**  
Finance and taxation



## Heizo Takenaka

Age: 68

- Audit Committee
- Professor, Faculty of Global and Regional Studies at Toyo University
- Chairman and Director, PASONA Group Inc.
- Director, Academyhills
- Director, Center for Global Innovation Studies at Toyo University
- Outside Director, SBI Holdings, Inc.

### Main Career History

Has served in positions including Minister of State for Economic and Fiscal Policy, Minister of State for Financial Services, Minister of State for Communications and Privatization of Postal Services, and Minister for Internal Affairs. Appointed Outside Director in June 2015 (to present).

**Main Area of Expertise**  
Economics and finance



## Sakie Akiyama

Age: 56

- Nominating Committee
- Founder, Saki Corporation
- Outside Director, Sony Corporation
- Outside Director, JAPAN POST HOLDINGS Co., Ltd.

### Main Career History

Founded Saki Corporation after serving at Arthur Andersen & Co. Appointed Outside Director in June 2019 (to present)

**Main Area of Expertise**  
Corporate management





## Corporate Governance

# Comments from Outside Directors

**The ability to adapt to changes in the operating environment is the source of ORIX's growing corporate value.**

The ability to adapt to changes in the operating environment has been an ORIX strength in increasing profits for 10 consecutive years. The business environment is changing dramatically, so a business model that can generate profits continuously is a wellspring of corporate value for ORIX.

Corporate governance at ORIX involves a Board of Directors where members with sophisticated expertise engage in frank, deeply meaningful discussions. ORIX's Board of Directors excels at balancing its roles as a body that verifies the validity and legality of management decisions, and as a venue for providing objective advice and support for proposals.

At the same time, the Audit Committee that I chair always focuses on risk, and performs business and accounting audits that investigate beyond the tip of the iceberg. In particular, for overseas subsidiaries with a higher risk of scandals than Group companies in Japan, ORIX's meticulous approach includes reconfirming the comprehensive reach of overseas whistle-blower channels to minimize potential risks. However, the most important point in corporate risk management is the sensitivity of senior management to compliance. I appreciate that ORIX has upgraded its enterprise risk management (ERM) based on CEO Inoue's sophisticated awareness of compliance and is working to strengthen the risk management system from a global perspective.

**I will play a role that supports improvement in corporate value, with a constant commitment to drawing attention to overlooked spots.**

ORIX has always provided new value to society through its diverse businesses. For example, ORIX launched a solar power generation business ahead of other companies, and operates a waste recycling business that is helping to create a society that reuses and recycles. Recently, ORIX has also earned recognition for services that help prevent dangerous driving among elderly drivers. In addition, ORIX has a personnel system that has made important contributions by taking a multifaceted approach to the international goals of the SDGs, such as introducing advanced systems that empower women, and establishing workplaces that support diverse work styles.

ORIX will continue to maintain its commitment to sustainable growth, always aware of the demands of society and the perspectives of shareholders. As an Outside Director, I will remain committed to drawing attention to the spots others may overlook to play a role in supporting increased corporate value.



**Sophisticated awareness of compliance among senior management has strengthened the ORIX Group's risk management system.**

**Eiko Tsujiyama**

Chairperson  
Audit Committee

**By exchanging opinions with internal officers and employees, I intend to assist in appointing Directors based on a broad perspective.**

CEO Inoue assumed office in 2014 and is now in his sixth year. The ORIX DNA created during the tenure of CEO Miyauchi was passed along properly in a smooth transition of senior leadership, and CEO Inoue has demonstrated his own style for management decisions and corporate governance at every turn in responding to changes in the environment both inside and outside the company.

The Nominating Committee, which I chair, keeps an eye on the effective functioning of the current management system in responding to circumstances that are changing both substantially and rapidly as we deepen debate on how to develop and select the future key players at ORIX. As an Outside Director, I intend to assist in appointing Directors from a broad perspective by exchanging opinions as much as possible with the officers and employees who actually conduct ORIX's businesses.

**A systemically reviewed human resource strategy is the key to achieving further growth.**

ORIX started out in the leasing business and expanded into adjacent businesses where it could exercise its expertise. ORIX has complemented this unique business model with an outstanding ability to identify opportunities with agility, determine risk from all angles, and generate profits. This has driven ORIX's growth over the past half century and its

rapid growth as a global company in recent years. We have entered an era that is clearly different from the past, with the Fourth Industrial Revolution under way and risks in the global economy rapidly growing. Given these circumstances, the most important theme for the foreseeable future is for ORIX to demonstrate its unique strengths and grow its businesses with a sense of urgency. Human resource strategy is the key. Bringing on people who are deeply familiar with advanced fields such as IT is representative. ORIX must consider and review its personnel and salary system, and hold company-wide discussions on how to reconcile the upgrades necessary to attract such talent with the current system.

These days, listed companies are required to address ESG management and SDG initiatives. Since its founding, ORIX has gained stakeholder trust by quickly identifying new issues and services that the world needs and converting them into businesses. You could say that ORIX's history itself has fulfilled its corporate social responsibility. I am confident that ORIX will continue to contribute to a sustainable future by leveraging its corporate culture and vitality to create businesses that society needs. This will also further improve ORIX's corporate value.

**ORIX is a company  
that contributes to a  
sustainable future by  
creating businesses  
that society needs.**

**Nobuaki Usui**  
Chairperson  
Nominating Committee



## Corporate Governance

### Board of Directors

The Board of Directors is responsible for deciding and monitoring ORIX's policies on a regular basis, which include corporate planning such as capital management, fund procurement, hiring and recruitment strategies and internal controls. Aside from such items, the Board of Directors delegates

decision-making regarding operations to Representative Executive Officers to facilitate better efficiency and swiftness of such process. The Board of Directors also receives reports from Executive Officers and committees regarding the status of business operations and finances.

#### Evaluation of Effectiveness of the Board of Directors

The Secretariat of the Board of Directors conducts a survey of all Directors. The effectiveness of the Board of Directors is evaluated and analyzed, and actions to improve the administration of the Board of Directors are implemented.

An overview of the effectiveness of the Board of Directors for FY2019.3 follows.

##### Evaluation Process

- The Secretariat of the Board of Directors provided a questionnaire (details below) to the Directors.
- Based on the results of the questionnaire, the Secretariat of the Board of Directors personally interviewed each Director to gather additional information including opinions not available from the questionnaire alone and requests concerning the operations of the Board of Directors.
- The Secretariat of the Board of Directors reported the results of the questionnaire and interviews to the Board of Directors. The Board of Directors formulated action plans for the issues raised by the report.

##### Process

May 2019: Questionnaire conducted  
 June 2019: Interviews conducted based on the questionnaire  
 July 2019: Final results of the evaluation presented to the Board of Directors, and action plan formulated

##### Questionnaire Contents

- Composition of the Board of Directors
- Operation of the Board of Directors
- Agenda of the Board of Directors and other bodies
- Effectiveness of the Board of Directors discussions
- Board of Directors support system

##### Evaluation Results

- The results of the questionnaire confirmed the effectiveness of the Board of Directors in terms of its composition, operation, agenda, effectiveness of discussion, and support system.
- The operation of the Board of Directors and the effectiveness of its discussions received highly positive evaluation, with many respondents indicating that the Board has effectively enhanced monitoring and check-and-balance functions and risk management.
- At the same time, the questionnaire identified "IT-related knowledge," "international business experience" and "senior management experience at other companies" as areas with a lack of experience and knowledge in the composition of the Board. In addition, although the overall evaluation of the agendas of Board of Directors and other meetings were generally highly positive, the questionnaire indicated the "succession plan," "divisional reporting meetings\*" and "sharing of information about the results of communication with investors and shareholders" as areas with room for improvement.

\* Meetings held to explain and report to Outside Directors on projects and strategies in each division. Convened separately from Board of Directors meetings.

##### Action Plan

The Board of Directors formulated the following policies for improving effectiveness based on the results of the above evaluation.

- Continue to enhance discussions that contribute to the improvement of corporate value, such as human resource strategies, medium- to long-term strategies, and company vision.
- Continue to create opportunities to exchange opinions with Outside Directors to promote greater understanding of the management environment.
- Fully share the details of discussions with investors and rating agencies and deepen discussions on progress toward medium-term management targets and future directions.

## Nominating Committee

- The Nominating Committee decides and produces proposals to appoint or dismiss Directors, which are then submitted at the general meeting of shareholders.
- The Nominating Committee also deliberates on the appointment or dismissal of Executive Officers, although this is not required under the Companies Act of Japan.
- The Nominating Committee has determined the “Conditions for Director Independence.”\*
- The Nominating Committee ensures appropriate selection of candidates for Director appointments through “Nomination Criteria for Director Candidates.”\*

\* For detailed information on “Conditions for Director Independence” and “Nomination Criteria for Director Candidates” determined by the Nominating Committee, please refer to the following:

- Form 20-F filed with the U.S. Securities and Exchange Commission  
▶▶▶ <https://www.orix.co.jp/grp/en/ir/library/index.html>

## New Outside Directors

**Michael Cusumano**

### Global Authority on Business Strategy and Technology Management

Michael Cusumano is a Professor with the Faculty of Management of Sloan School of Management at Massachusetts Institute of Technology and a global authority on business strategy and technology management. He has served as a consultant and board member of several major companies in the high-tech industry, and as Special Vice President and Dean of Tokyo University of Science until May 2017, where he oversaw the transformation



of the university’s business school. ORIX expects that his knowledge and experience enable him to effectively supervise management from an independent and objective standpoint.

**Sakie Akiyama**

### Extensive Management Experience

Sakie Akiyama founded Saki Corporation, an industrial inspection robot company, after working as an international management consultant, and has an extensive track record as president and CEO. She has also served on various councils and working group committees, including in government. ORIX expects that her knowledge and experience enable her to effectively supervise management from an independent and objective standpoint.



## Audit Committee

- The Audit Committee monitors the execution of the duties of the Directors and Executive Officers and creates audit reports. The Audit Committee decides the content of proposals to appoint, dismiss or refuse the reappointment of the Company’s Independent Certified Public Accountants, which are submitted to the general meeting of shareholders.

## Compensation Committee

- The Compensation Committee formulates the policy for determining compensation of each Director and Executive Officer (“Policy for Determining Compensation of Directors and Executive Officers”) and also decides the specific compensation for each individual Director and Executive Officer.

\* Please refer to page 44 for detailed information about Director compensation.

## Board of Directors and Committee Meetings in FY2019.3

	Number of Meetings	Attendance Rate
Board of Directors	8	97%
Nominating Committee	3	94%
Audit Committee	8	100%
Compensation Committee	4	100%



## Corporate Governance

# Execution Framework

### Organization of Executive Officers

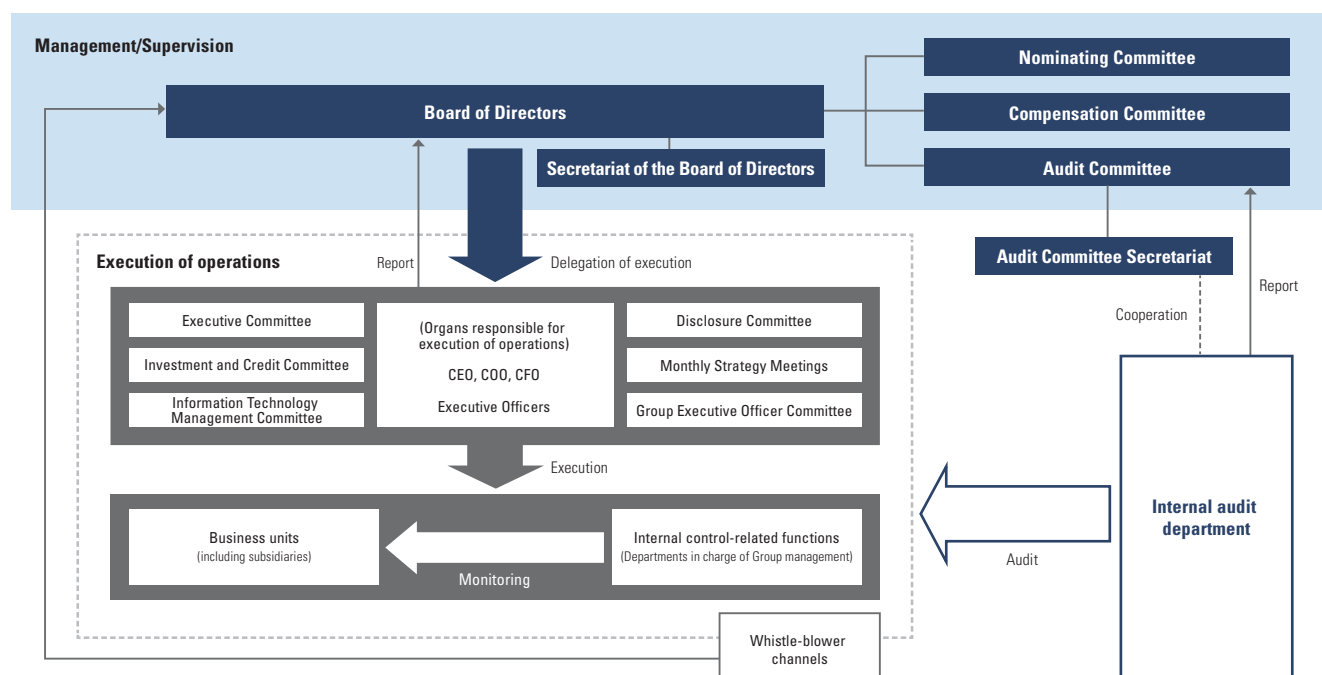
The Representative Executive Officers of ORIX make important business execution decisions after deliberations by the Executive Committee, the Investment and Credit Committee and other bodies in accordance with ORIX's various rules.

The duties of Executive Officers are decided by the Board of Directors and the Representative Executive Officers and are carried out in accordance with ORIX's various rules. Group Executives are appointed by the Board of Directors from among the Directors and Executive Officers of the Group companies.

#### Characteristics of the Executive Officer System

- Supervision of management and execution of operations are separated through a "Company with Nominating Committees, etc." board model.
- Top management (CEO, COO and CFO) are involved in all processes for evaluating individual transactions and monitoring the progress of strategies and plans of business units as well as the progress of strategies and plans of the Group as a whole.
- Executive Officers and Group Executives regularly report and share information with top management about progress of strategies and plans of business units they are responsible for.
- Executive Officers and Group Executives along with top management share information about strategies and plans of the Group as a whole.

### Execution of Operations Framework (As of July 1, 2019)



#### Control by Business Unit

- Each business unit evaluates material risks in light of the business strategies and plans, and exercises its own risk management.

#### Control by the Internal Control-related Functions (Departments in Charge of Group Management)

- Each department of internal control-related functions assesses not only the material risks but the risks that it controls and manages on an across-the-board basis, and assists in the risk management conducted by each business unit.

## Individual Executive Bodies

Important decision-making, monitoring and discussions regarding the execution of business and sharing of information are conducted by the following bodies.

In July 2019, the Executive Committee was newly established.

Executive Body	Meeting Frequency	Attendees*	Contents
<b>Executive Committee</b>	Two times a month in principle	Top management, Executive Officers and others	<ul style="list-style-type: none"> <li>• Deliberates on important matters related to management such as management policy.</li> </ul>
<b>Investment and Credit Committee (ICC)</b>	Three times a month in principle	Top management and Executive Officers involved in projects	<ul style="list-style-type: none"> <li>• Deliberates on matters related to investment and financing such as projects that exceed certain specified investment or credit amounts.</li> <li>• The content of the matters and the items deliberated on by the ICC are reported to the Board of Directors as necessary given their importance.</li> </ul>
<b>Group Executive Officer Committee</b>	Every three months in principle	Executive Officers and Group Executives	<ul style="list-style-type: none"> <li>• Meets to share important information related to the business administration of the ORIX Group.</li> </ul>
<b>Monthly Strategy Meeting</b>	Once a month in principle	Top management and each divisional head	<ul style="list-style-type: none"> <li>• Meets to discuss matters such as the state of achievement of strategic targets of each division and changes in the business environment, and make necessary strategic changes.</li> <li>• Matters of high importance on the agenda are deliberated on by the Executive Committee and the ICC and reported to the Board of Directors as necessary.</li> </ul>
<b>Information Technology Management Committee</b>	Once a month in principle	Top management and the President of ORIX Computer Systems Corporation	<ul style="list-style-type: none"> <li>• Meets to deliberate on important matters concerning fundamental policies for IT operations and IT systems.</li> <li>• Ensures that IT decisions are consistent with business strategies and works to realize IT investments that contribute to business growth and reduce risk.</li> </ul>
<b>Disclosure Committee</b>	As necessary	CFO (Chairperson) and Executive Officers in charge of Treasury and Accounting department, Credit and Investment Management department, Enterprise Risk Management department, Group Human Resources and Corporate Administration department and Group Internal Audit Department	<ul style="list-style-type: none"> <li>• Meets to discuss important information reported by persons in charge of individual departments and matters related to disclosure of important information, including the necessity of timely disclosure and the disclosure method, and takes necessary steps.</li> <li>• The committee controls information disclosure and facilitates the appropriate and timely disclosure of information to stakeholders.</li> </ul>

\* Please refer to Management Team on pages 42-43 for information about attendees.

## Other Meetings Related to Business Execution

Liaison Meetings and Division Kickoffs are meetings for sharing management information and business plans decided by executive bodies and other important ORIX Group information.

Top management, Executive Officers, and executives from Group companies throughout Japan participate in Liaison Meetings twice a year to share a wide range of information about results, new products and services, compliance, and other topics.

Each division conducts a Division Kickoff once a year with the participation of the division's executives. Under the supervision of the top management, the division manager (Executive Officer) explains business strategies and plans.

The online edition of the Groupwide internal newsletter also presents the content of these meetings, enabling all employees to share information.

## Corporate Governance

# Management Team: Executive Officers and Business Unit Managers

(As of July 1, 2019)

Executive Officers and Business Unit Managers execute operations through six executive bodies. The following table presents the members of each executive body, but Executive Officers who are not members of these bodies and Business Unit Managers also participate in discussions of strategies, plans and individual projects and contribute to reports and other actions as appropriate for each executive body.

Business units other than the CEO are divided into the 16 business units belonging to one of the six segments, and Corporate. The color coding of business units is as follows.

6 Segments: ■ Corporate Financial Services ■ Maintenance Leasing ■ Real Estate ■ Investment and Operation ■ Retail ■ Overseas Business ■ Corporate

	Business Unit	Name	Positions	Executive bodies* (☆: Committee chairman; ○: Committee member)					
				ICC	ExCo	GEOC	MSM	ITMC	DC
	CEO	Makoto Inoue	Representative Executive Officer President and Chief Executive Officer	☆	☆	○	○	☆	
	Domestic Sales	Satoru Matsuzaki	Managing Executive Officer Head of Corporate Business Headquarters	○	○	○	○		
	Yayoi	Koichiro Okamoto	President, Yayoi Co., Ltd.						
	Auto	Katsunobu Kamei	Group Senior Managing Executive Chairman, ORIX Auto Corporation			○			
	Auto	Yuji Kamiyauchi	Group Executive President, ORIX Auto Corporation			○			
	Rentec	Shinichi Obara	Group Executive President, ORIX Rentec Corporation			○			
	RE Investment and Facilities Operation	Toshinari Fukaya	Executive Officer Head of Real Estate Headquarters Responsible for Finance and Investment Department			○			
	RE Investment and Facilities Operation	Toyonori Takahashi	Group Executive President, ORIX Real Estate Corporation			○			
	RE Investment and Facilities Operation	Michio Minato	Group Executive Director, ORIX Real Estate Corporation			○			
	RE Investment and Facilities Operation	Takaaki Nitani	Group Executive Deputy President, ORIX Real Estate Corporation			○			
	DAIKYO	Kazuo Kojima	Representative Director and President DAIKYO INCORPORATED						
	Environment and Energy	Yuichi Nishigori	Senior Managing Executive Officer Head of Energy and Eco Services Business Headquarters	○	○	○	○		
	Investment and Operation/ Concession	Shuji Irie	Managing Executive Officer Head of Investment and Operation Headquarters	○	○	○	○		

\*Executive body names

ICC: Investment and Credit Committee


ExCo: Executive Committee

GEOC: Group Executive Officer Committee

MSM: Monthly Strategy Meeting

ITMC: Information Technology Management Committee

DC: Disclosure Committee

	Business Unit	Name	Positions	Executive bodies* (☆: Committee chairman; ○: Committee member)					
				ICC	ExCo	GEOC	MSM	ITMC	DC
	Life Insurance	Kazunori Kataoka	President, ORIX Life Insurance Corporation						
	Banking	Haruyuki Urata	Representative Director and President, ORIX Bank Corporation						
	Credit	Hiroko Yamashina	Group Executive President, ORIX Credit Corporation			○			
	OCU	Hideto Nishitani	Managing Executive Officer Chairman and President, ORIX Corporation USA		○	○			
	OCU	Yoshiteru Suzuki	Managing Executive Officer Deputy President, ORIX Corporation USA		○	○			
	OCE	Yoshiaki Matsuoka	President, ORIX Corporation Europe N.V.						
	Aircraft, Ships/ Asia, Australia and other	Kiyoshi Fushitani	Senior Managing Executive Officer, Head of Global Business Headquarters, Head of East Asia Business Headquarters, Head of Global Transportation Services Headquarters	○	○	○	○		
	Asia, Australia and other	Harukazu Yamaguchi	Executive Officer Deputy Head of Global Business Headquarters			○			
	Treasury and Accounting Planning and Public Relations	Shoji Taniguchi	Managing Executive Officer Responsible for Treasury and Accounting Headquarters Assistant to CEO	○	○	○	○	○	☆
	Treasury and Accounting Planning and Public Relations	Hitomaro Yano	Executive Officer Head of Treasury and Accounting Headquarters	○	○	○			○
	Corporate Administration and Human Resources	Yasuaki Mikami	Executive Officer Head of Group Human Resources and Corporate Administration Headquarters	○	○	○			○
	Legal and Compliance (Overseas)	Stan Koyanagi	Managing Executive Officer Global General Counsel	○	○	○	○		○
	Legal and Compliance (Overseas)	Yoshiko Fujii	Executive Officer Responsible for Global General Counsel Office	○		○			
	ERM	Takayuki Okamoto	Executive Officer Head of Enterprise Risk Management Headquarters	○		○			○
	Credit and Investment Management	Kazutaka Shimoura	Managing Executive Officer Head of Credit and Investment Management Headquarters	○	○	○			○
	Credit and Investment Management	Yasuhiro Tsuboi	Executive Officer Deputy Head of Credit and Investment Management Headquarters	○		○			
	Computer Systems	Yasuo Ueki	President, ORIX Computer Systems Corporation					○	
	Audit	Tomoko Kageura	Executive Officer in charge of the Group Internal Audit Department						○

## Corporate Governance

# Compensation System

## Compensation for Directors and Executive Officers

The Compensation Committee believes that Directors and Executive Officers should place importance not only on performance during the current fiscal year, but also on medium- and long-term results. The fundamental policy is to ensure that compensation is designed in a way that provides effective incentives to Directors and Executive Officers. Based on this principle, the Committee then establishes specific policies for each Director and Executive Officer in accordance with his/her respective role.

### Compensation Policy for Directors (those who do not concurrently serve as Executive Officers)

- The compensation policy for Directors who are not also Executive Officers aims for compensation composed in a way that is effective in maintaining the supervisory and oversight functions of Executive Officers' performance in business operations, which is the main duty of directors, and consists of fixed compensation and share component of compensation.\*
- Fixed compensation is, in principle, a certain amount that is added to the compensation of the chairperson and members of each committee.
- For share component of compensation reflecting medium- to long-term performance, Directors are granted a fixed amount of points on an annual

basis for their period of service, and they are paid in ORIX shares corresponding to the amount of points they have accumulated at the time of retirement. This compensation is intended to align medium- to long-term results of the Company with the individual's performance.

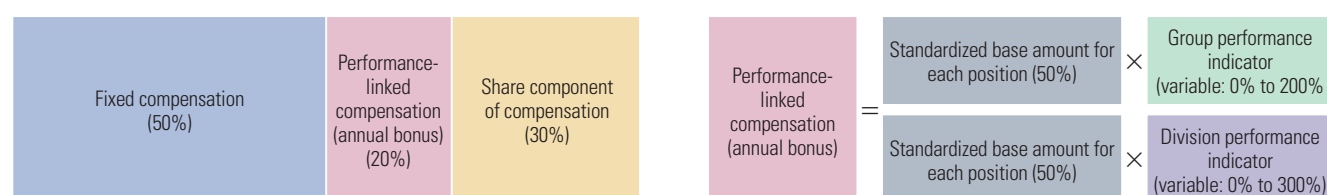
\* Share component of compensation is a program in which points are annually allocated to Directors and Executive Officers based upon prescribed standards while in office, and the actual number of ORIX shares calculated based on the number of accumulated points is provided at the time of retirement. Points granted to the members of each position are determined based on the guidelines set by the Compensation Committee.

### Compensation Policy for Executive Officers (including those who concurrently serve as Directors)

- The compensation consists of fixed compensation, performance-linked compensation and share component of compensation.
- The ratio of fixed compensation, performance-linked compensation (annual bonus) and share component of compensation is set at 5:2:3 as a performance-linked composition that encourages Executive Officers to execute their primary responsibility for business execution. The basic policy is to make the variable component 50% of total compensation.
- Fixed compensation is decided based on the standardized base amount for each position followed by an adjustment in accordance with each position's respective role and responsibility.
- Compensation linked to business performance for the fiscal year ended March 2019 uses the level of achievement of the consolidated net

income growth target as a company-wide performance indicator, adjusting 50% of the position-based standard amount within the range of 0% to 200% while, at the same time, using the level of achievement of the target of the division for which the relevant Executive Officer was responsible as a division performance indicator, adjusting 50% of the position-based standard amount within the range of 0% to 300%. In the case of the Representative Executive Officers, the consolidated net income growth target is used as a sole performance indicator, adjusting the standard amount within the range of 0% to 200%.

- For share component of compensation reflecting medium- to long-term performance, Executive Officers are granted a fixed amount of points based on their position, and they are paid in ORIX shares corresponding to the amount of points they have accumulated at the time of retirement.



### Compensation for Directors, Executive Officers and Group Executives (FY2019.3)

Category	Fixed Compensation		Performance-linked Compensation (Scheduled amount)		Share Component of Compensation		Total Amount Paid (Millions of yen)
	Number of Recipients	Amount Paid (Millions of yen)	Number of Recipients	Amount Paid (Millions of yen)	Number of Recipients	Amount Paid (Millions of yen)	
Directors	7	100	—	—	7	14	115
(Outside Directors)	(6)	(92)	—	—	(6)	(14)	(107)
Executive Officers and Group Executives	28	577	28	289	28	416	1,282
Total	35	677	28	289	35	430	1,398

1. There were three new Executive Officers (including those serving concurrently as Directors and Executive Officers), one new Group Executive, one resigning Director, three resigning Executive Officers (including those serving concurrently as Directors and Executive Officers) and one transferred resigning Group executive in FY2019.3. There were a total of 12 Directors (including six Outside Directors), 17 Executive Officers (including those serving concurrently as Directors and Executive Officers) and seven Group Executives as of March 31, 2019. The number of people and amounts paid in the table above include one Director, three Executive Officers (including those serving concurrently as Directors and Executive Officers) and one Group Executive who retired during FY2019.3.

2. At ORIX, no Directors serving concurrently as Executive Officers received compensation as Directors. Total compensation for the six people serving concurrently as Directors and Executive Officers is shown in the Executive Officers and Group Executives line.

3. The amount of share component of compensation paid listed in the table above is calculated by multiplying the number of points confirmed to be provided as the portion for FY2019.3 by the stock market price paid by the trust when ORIX's shares were acquired (¥1,594.7 per share). The total amount of share component of compensation actually paid in FY2019.3 is ¥358 million for one director and two Executive Officers (including those serving concurrently as Directors and Executive Officers) who retired during the fiscal year.

4. Figures shown are rounded down by truncating figures of less than ¥1 million.

For detailed information on compensation for Directors and Executive Officers, please refer to the following:

• Form 20-F filed with the U.S. Securities and Exchange Commission ▶▶▶ <https://www.orix.co.jp/grp/en/ir/library/index.html>



# Dialogue with Shareholders and Investors (IR Activities)

ORIX is committed to timely, appropriate and easily understood disclosure, and energetically engages in interactive dialogue with shareholders and investors. We conduct financial results briefings, small meetings, individual interviews and business briefings for sell-side analysts and institutional investors, and make presentations to individual investors throughout Japan. The opinions obtained through these and other direct dialogue opportunities are shared

with management and used to increase corporate value.

Our IR activities are proactive and geared to the needs of shareholders and investors. They include easily understood disclosure and presentations to help people understand our growth strategies and business models, and periodic presentations about business units that are of particular interest to shareholders and investors.

## Main IR Activities

Activity	FY2017.3	FY2018.3	FY2019.3
Financial results briefings	4	4	4
Small meetings with sell-side analysts and institutional investors	8	8	8
Individual interviews with institutional investors	267 (88 overseas)	320 (152 overseas)	271 (106 overseas)
Conferences sponsored by securities companies	5 (0 overseas)	8 (3 overseas)	6 (1 overseas)
Business unit presentations for investors  Business unit presentation themes Please refer to the following link for presentation materials. ▶▶▶ <a href="https://www.orix.co.jp/grp/en/ir/library/event/index.html">https://www.orix.co.jp/grp/en/ir/library/event/index.html</a>	1  Concession	0  —	3  Environment and energy Banking (real estate investment loans) Aircraft leasing
Presentations for individual investors	14	14	10



Presentation of financial results



Presentation for individual investors



General meeting of shareholders

## General Meeting of Shareholders

	FY2017.3	FY2018.3	FY2019.3
Attendees	784	738	928
Questioners (Questions)	11 (17)	16 (21)	15 (26)
Time required	98 minutes	104 minutes	113 minutes
Voting rights exercised	76.7%	78.9%	80.3%

## Corporate Governance

# Risk Management System

## Risk Management System Upgrades

ORIX believes effective risk management is vital to the continuity of its business activities and manages risks relating to Group businesses through its risk management system. To adequately assess risk on a global basis, we have established the Enterprise Risk Management Headquarters to control and manage risk throughout the ORIX Group and facilitate centralized risk management. Risk analysis and management are

conducted in coordination with internal control departments including the Credit Department, which monitors risks related to individual transactions. Results are reported to the Executive Committee, Investment and Credit Committee, Audit Committee, and Board of Directors, which use these reports to assess risk. Relevant executive bodies then implement measures deemed appropriate to address identified risks.

## Risk Control

ORIX allocates management resources by taking into account Group-wide risk preferences based on management strategies as well as the strategies of individual business units. Our Board of Directors and Executive Officers evaluate the performance and profitability of each business unit, and the Executive Officers take responsive measures they deem necessary to control risk. This process enables us to control our balance sheet and allocate more management resources to business units viewed as having greater growth potential.

ORIX monitors each business unit, and also monitors risks on an individual transaction and total portfolio basis.

For individual transactions relating to business transactions, the Credit Department evaluates the operating environment, strategies, and potential risks and profitability of each transaction prior to execution, and the Investment and Credit

Committee reviews such individual transactions. Changes to the operating environment and cash flow are monitored after transaction execution, and transactions for which there has been a major change in circumstances or strategy are then reported to the appropriate Executive Officers. In addition, individual business units conduct their own risk analysis by analyzing trends in relevant industries to control risks for individual transactions.

In analyzing a portfolio, the Credit Department monitors the following characteristics from a Group-wide perspective: business type, region, transaction type, risk type, asset quality and concentration of risk among major debtors. The Corporate Planning Department monitors risks at the corporate level, including market risk and liquidity risk, in cooperation with the Treasury Department and the Credit Department.

## Management of Principal Risks

ORIX has established a system to appropriately identify and manage the characteristics of various risks related to Group businesses. The following are our eight primary risks, and we manage each of them according to their features.

### Main Risks and Methods for Managing Group Businesses

Main Risks	Risk Definition	Examples of Risk Management Methodologies
Credit risk	Uncertainty regarding future recovery of investments caused by fluctuations in cash flow from debtors and investees.	<ul style="list-style-type: none"> <li>• Obtain adequate collateral and guarantees</li> <li>• Securitize receivables</li> <li>• Diversify debtors and their business types</li> </ul>
Business risk	Uncertainties related to new business areas, potential obsolescence of the products or services we offer or a decline in their quality, and variability in market prices for the types of products or services we offer.	<ul style="list-style-type: none"> <li>• Conduct scenario analyses and stress testing</li> <li>• Monitor business plans and operations</li> </ul>
Market risk	The risk of changes in the fair value of assets and liabilities caused by changes in market variables, such as interest rates, exchange rates and stock prices.	<ul style="list-style-type: none"> <li>• Set Groupwide rules for comprehensive asset and liability management (ALM)</li> <li>• Comprehensively understand and verify market risks</li> </ul>

Main Risks	Risk Definition	Examples of Risk Management Methodologies
<b>Liquidity risk</b> (risk relating to fund procurement)	The risk that we will be unable to obtain required funds or that we will be forced to procure funds at an unusually high rate of interest due to market turmoil, a sharp decline in the financial condition of the ORIX Group or other reasons.	<ul style="list-style-type: none"> <li>• Diversify fund procurement methods and sources</li> <li>• Manage liquidity on hand</li> <li>• Analyze liquidity risk using hypothetical stress scenarios</li> </ul>
<b>Compliance risk</b>	The risk of damages, losses, adverse effects or damage to our reputation resulting from a failure by the ORIX Group to comply with applicable laws and regulations regarding the ORIX Group's business activities or corporate philosophy, internal policies, social norms, rules and procedures which may also encompass legal risk when applicable laws and regulations are violated.	<ul style="list-style-type: none"> <li>• Formulate and implement an annual compliance plan</li> <li>• Implement programs that support a corporate culture of compliance</li> <li>• Raise awareness for compliance matters among executives and employees by establishing and disseminating various regulations</li> </ul>
<b>Legal risk</b>	The risk of legal liability and business disadvantages that may arise from failure to comply with laws and regulations applicable to ORIX Group's business and corporate management; the establishment and amendment of such laws and regulations; and regulatory oversight.	<ul style="list-style-type: none"> <li>• Involve the Credit Department, the Legal Department and the Compliance Department to avoid, reduce and conduct measures to prevent risks</li> <li>• Employ internal and outside legal counsel</li> </ul>
<b>Information asset risk</b>	The risk of loss caused by destruction, damage or leakage of information or failure of our information systems.	<ul style="list-style-type: none"> <li>• Establish policies for information management systems</li> <li>• Maintain and manage internal systems and build a system to respond to information security incidents when they occur</li> </ul>
<b>Operational risk</b>	The risk of loss resulting from damages, losses, adverse effects or damage to our reputation caused by inadequate or failed internal processes for business execution or prevention of human error or by a failure in operations due to external events such as natural disasters.	<ul style="list-style-type: none"> <li>• Establish internal rules to manage risks associated with natural disasters</li> <li>• Monitor based on an annual internal audit plan</li> </ul>

## Individual Business Risk Management

The ORIX Group has a broadly diversified portfolio of businesses, including financial service operations. We target comprehensive and transparent monitoring and risk management according to the characteristics of each business segment.

The main risks recognized in each business segment are as follows.

Segment	Main Risk
<b>Corporate Financial Services</b>	<ul style="list-style-type: none"> <li>• Credit risk</li> </ul>
<b>Maintenance Leasing</b>	<ul style="list-style-type: none"> <li>• Business risk and credit risk</li> <li>• Cost fluctuation risk when providing various services such as outsourcing</li> </ul>
<b>Real Estate</b>	<ul style="list-style-type: none"> <li>• Business risk</li> </ul>
<b>Investment and Operation</b>	<ul style="list-style-type: none"> <li>• Credit risk, market risk and business risk</li> <li>• Operational risks associated with the operation of public facilities in the concession business</li> </ul>
<b>Retail</b>	<ul style="list-style-type: none"> <li>• Market risk and business risk (underwriting risk) in the life insurance business</li> <li>• Credit risk associated with housing loans, corporate loans and card loans</li> </ul>
<b>Overseas Business</b>	<ul style="list-style-type: none"> <li>• Credit risk in the leasing and loan businesses operated by local subsidiaries, primarily in Asia</li> <li>• Business risk in the aircraft and ship businesses</li> <li>• Credit risk and market risk, such as those arising from corporate loans and securities investment in the investment and finance business in the United States</li> <li>• Business risk and operational risk in the asset management and advisory businesses</li> </ul>

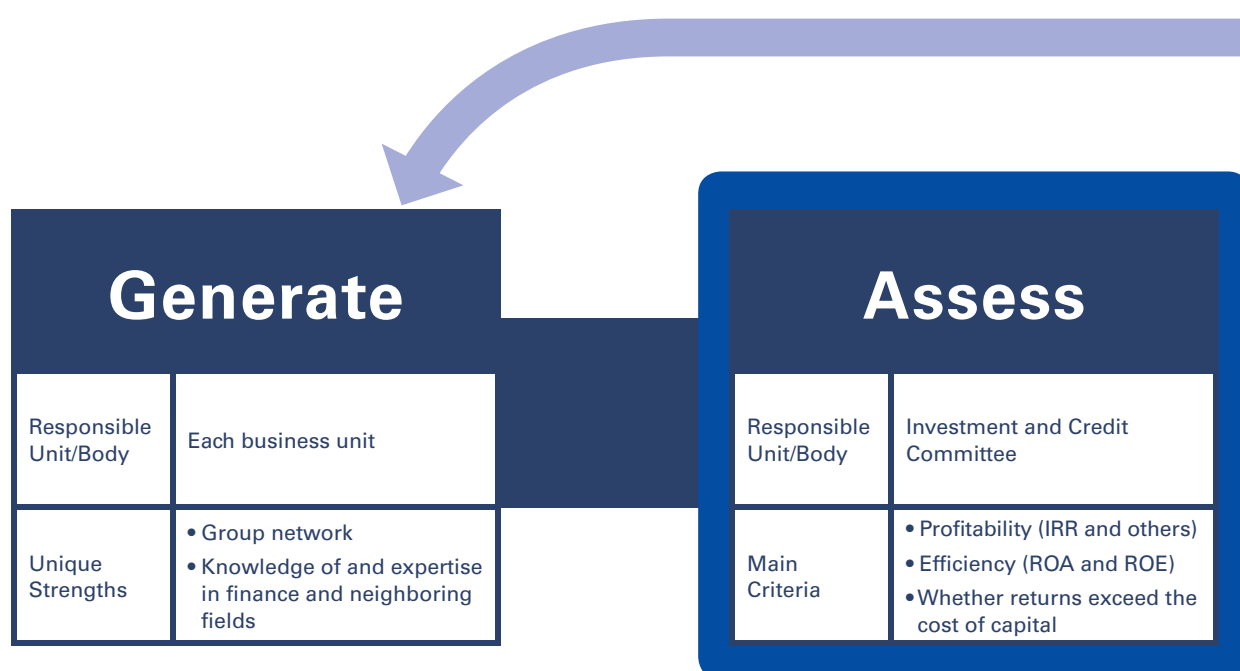
For detailed information on risks, please refer to the following:

• Form 20-F filed with the U.S. Securities and Exchange Commission ►►► <https://www.orix.co.jp/grp/en/ir/library/index.html>

## Corporate Governance

# Investment Risk Management

**Properly assess and control risk.  
Support growth by taking healthy risks.**



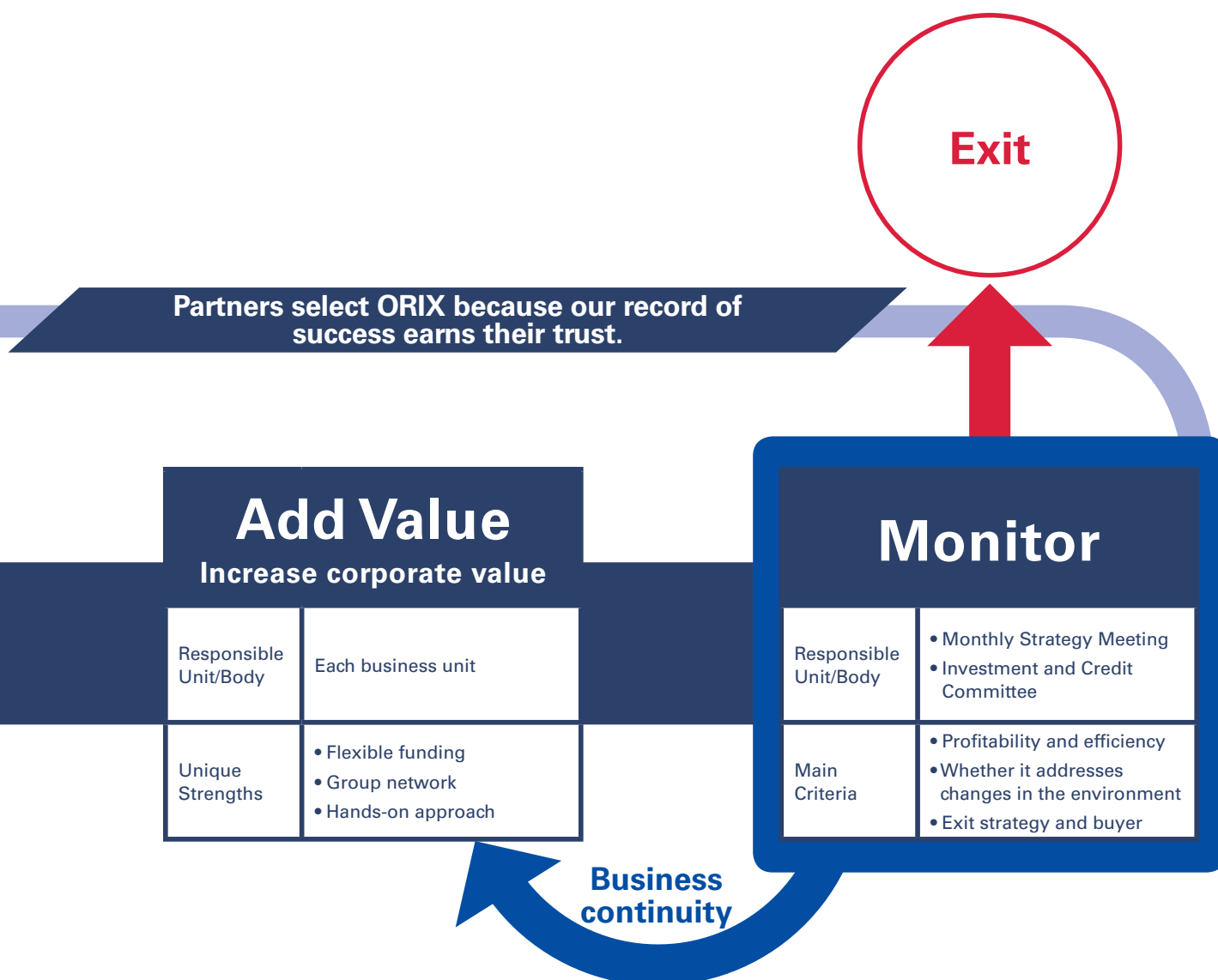
### Sales Locations Generate Deals

ORIX takes a bottom-up approach to identifying investments. Fundamentally, we use our Group network in Japan and around the world to identify investments driven by frontline sales in our six segments and 16 units. We do not limit ourselves to a single investment theme or business. We explore a broad range of investments without constraint so that we can adapt quickly to our operating environment.

The knowledge of and expertise in finance and neighboring fields we have developed since our establishment is instrumental to the success of our diverse investment portfolio. We have built a system for screening investment projects that examines investee potential and controls risk. Frontline sales operations lead projects, leveraging specialized financial knowledge in collaboration with teams that have expertise ranging from accounting and law to taxation and compliance.

### Investment Decisions by Top Management

The Investment and Credit Committee, which comprises top management and Executive Officers associated with projects, deliberates and decides on investment deals that exceed set capital parameters. In principle, each business unit submits investment proposals to the committee, which meets three times a month. The key to investment is a sharp focus on entry price. Whether we are making a strategic or a pure financial investment, we focus on profitability indicators including internal rate of return and net operating income and efficiency indicators including ROA and ROE, premised on an exit strategy for five to seven years in the future. We do not incorporate ancillary businesses or synergies in price. ORIX makes investment decisions after confirming that discrete projects will generate returns that are commensurate with their risks and exceed our cost of capital.



## Medium-to-Long-Term Growth in Corporate Value

Business units in charge of projects act independently in our process for adding value, which emphasizes medium-to-long-term growth in investee corporate value. We invest our own capital, so we can be flexible about investment period. Each of our units can also leverage our Group network to help investees find new customers and expand sales channels. We emphasize a hands-on approach in which we integrate with investees to increase their corporate value. This involves business administration and deployment of expert personnel.

## Regular Monitoring and Selling at the Right Price and Time

We conduct periodic checks after we invest. Monthly Strategy Meetings take up the status of investments in each of our businesses, then the Investment and Credit Committee further deliberates and makes decisions about critical matters including additional investments and exit timing. We also properly assess risk by testing for impairment and calculating the cost of withdrawal from a business as necessary.

Our know-how, experience and expertise empower us to look at markets and pick the right time to sell our investments. At the time of sale we choose the method and buyer with due respect for the intentions of the investee management team. Investees often choose ORIX as a business partner because of our record of results. We will maintain our thoroughgoing focus on each of our projects with the goal of generating sustainable earnings.