



Introducing ORIX

Corporate Philosophy

ORIX is constantly anticipating market needs and working to contribute to society by developing leading financial services on a global scale and striving to offer innovative products that create new value for customers.

Management Policy

1. ORIX strives to meet the diverse needs of its customers and to deepen trust by constantly providing superior services.
2. ORIX aims to strengthen its base of operations and achieve sustained growth by integrating its resources to promote synergies amongst different units.
3. ORIX makes efforts to develop a corporate culture that shares a sense of fulfillment and pride by developing personnel resources through corporate programs and promoting professional development.
4. ORIX aims to attain stable medium- and long-term growth in shareholder value by implementing these initiatives.

Action Guidelines

Creativity

Develop the flexibility and foresight to constantly take actions that are creative and innovative.

Integration

Enhance ORIX Group strength by actively exchanging knowledge, ideas, and experiences.

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About Integrated Report 2023

Applicable Scope

ORIX Corporation and its Group companies in Japan and around the world

Reporting Period

The fiscal year ended March 2023 (April 1, 2022 to March 31, 2023)

Note: Some activities and information contained in this report are from before or after the reporting period.

Reference Guidelines

- The International Financial Reporting Standards (IFRS) Foundation (the former Value Reporting Foundation), “International Integrated Reporting Framework”
- The Ministry of Economy, Trade and Industry, “Guidance for Collaborative Value Creation”



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Information Disclosure

Primary Disclosure Channels

ORIX discloses information through multiple platforms and media so a wide range of stakeholders, including shareholders and investors, can acquire a multifaceted understanding of its sustainable growth.

Main Content	Annual Reports	Latest Information
Non-Financial		 Group website Sustainability section
Financial	 Integrated Report	 Group website Investor Relations section

[Securities Report \(Japanese only\) / Form 20-F](#)

Editorial Policy

ORIX issues integrated reports to give shareholders, investors, and a wide range of other stakeholders a comprehensive understanding of ORIX as an enterprise and of its continuing growth.

Starting in 2023, we have consolidated information from our Sustainability Report into the Integrated Report. By compiling financial and non-financial information into one concise report, we believe that we can convey our roadmap for mid- to long-term value creation in a

more easily understood manner. For broader and more detailed information, please refer to the “Investor Relations” and “Sustainability” sections of the ORIX Group website.

ORIX will continuously enhance its information disclosure to achieve a deeper dialogue with all its stakeholders through the Integrated Report. We look forward to hearing your valued opinions on this report and other matters.

Key Points of Integrated Report 2023

The CEO Message contains CEO Makoto Inoue’s self-assessment of his role since taking office in 2014, his approach to capital recycling and thorough due diligence learned through his duties, the importance of learning from failures, passing the torch to the next generation, and ORIX’s future management structure, as well as his thoughts on promoting sustainable business and human resources. The message also includes an update on the corporate purpose statement that is currently being formulated, and his thoughts on disseminating the purpose statement so that ORIX can achieve new growth.

The Value Creation Story uses two business case studies to explain ORIX’s unique model for adding value, which is the most important aspect of our value creation model.

The sections on our Medium-term Direction and Initiatives for ESG describe and review our business strategies and progress toward ESG goals from a Group-wide perspective, as well as our growth strategies and initiatives for sustainability in each business unit, including a review

of the fiscal year ended March 2023.

The Messages from Outside Directors section offers varied perspectives on issues and expectations for ORIX, including digitalization, succession, sensitivity to financial markets, our approach to ESG initiatives, and the pursuit of “the ORIX Way.”



ORIX by the Numbers

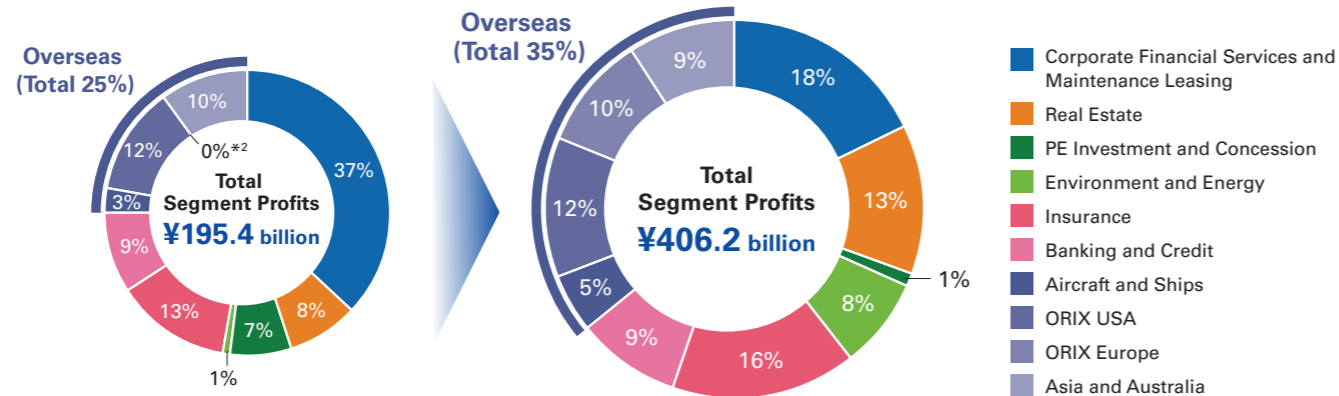
ORIX has been entering new business fields since its founding as a leasing company in 1964, and has emerged as a unique corporation unlike any other worldwide. We have realized sustainable growth by building a diversified business portfolio while responding to changes in the environment.

	Fiscal year ended March 2013	Fiscal year ended March 2023
Net Income* ¹	¥111.9 billion	¥290.3 billion
ROE	7.4 %	8.5 %
Dividends per Share	¥13.0	¥85.6
Number of Employees	19,043	34,737

As of March 31, 2023	
Continuous Profitability	58 years
Global Network	28 countries and regions
Financial Soundness	Single A credit rating or higher

Net Income
¥290.3 billion

Profits by Segment



Net Income

1964

1975

1980

1985

1990

1995

2000

2005

2010

2015

2020

2023

Years ended March 31

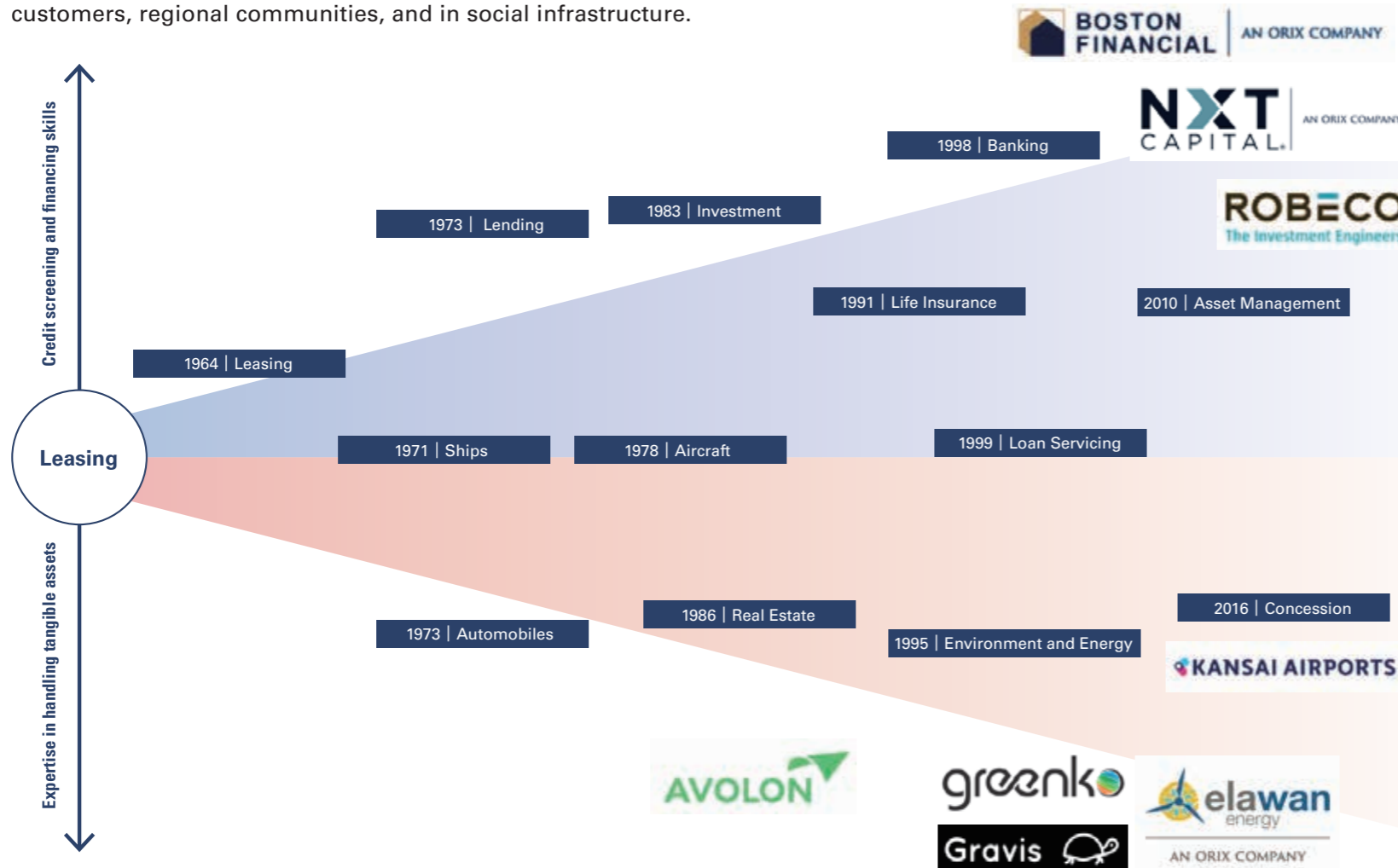
*1 Net income refers to net income attributable to ORIX Corporation shareholders.

*2 There was no segment profit for ORIX Europe for the fiscal year ended March 2013. ORIX acquired the Robeco Group in July 2013.

A Diverse Portfolio of Businesses

ORIX's expertise and breadth of businesses continue to grow as we meet customer needs and respond to changes in the economic environment.

We have expanded from our original leasing business into a diverse array of areas, delivering a wide variety of products and services to corporate and individual customers, regional communities, and in social infrastructure.



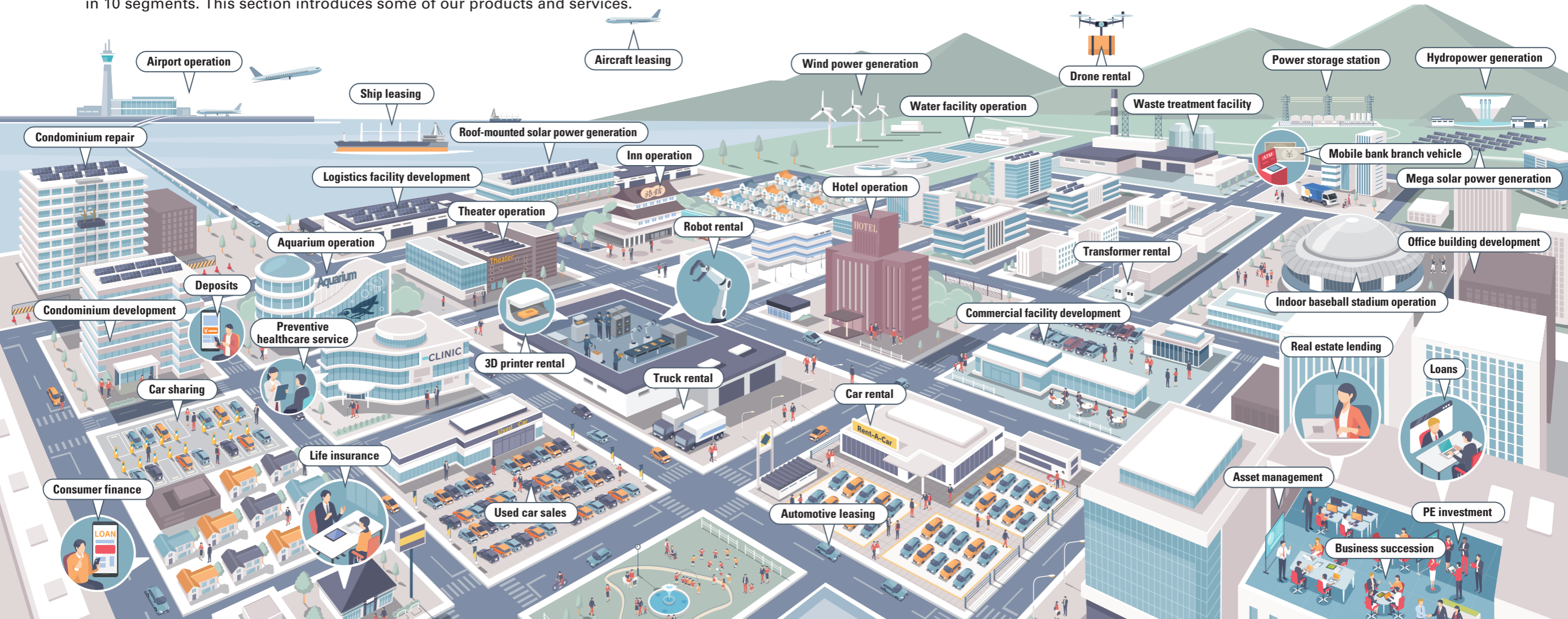
Segments	Main Businesses
Corporate Financial Services and Maintenance Leasing	Financing and fee businesses, leasing and rental of automobiles, electronic measurement instruments, ICT-related equipment, etc.
Real Estate	Real estate development, rental, and management, facility operation, and real estate asset management
PE Investment and Concession	Private equity investment, operation of airports and water businesses
Environment and Energy	Renewable energy in Japan and overseas, electric power retail, energy-saving services, sale of solar panels and electricity storage systems, recycling and waste management, and resource recycling
Insurance	Life insurance, including medical insurance and death insurance
Banking and Credit	Real estate investment loans, corporate loans, consumer finance, trust business, guarantees of unsecured loans handled by other financial institutions, and housing loans (Flat 35)
Aircraft and Ships	Leasing and asset management services for aircraft and ships
ORIX USA	Finance, investment, and asset management in the Americas
ORIX Europe	Asset management of global equity and fixed income
Asia and Australia	Finance and investment businesses in Asia and Australia



ORIX in Society

Note: The illustration on this page represents a fictitious location created to introduce the products and services of each segment.
▶ Please refer to pages 64 to 80 for details on the businesses of each segment.

Based on an approach of contributing to society through our business activities, we provide a variety of products and services in a broad range of businesses in 10 segments. This section introduces some of our products and services.



Examples of Products and Services by Segment

● **Corporate Financial Services and Maintenance Leasing:** Loans, business succession, preventive healthcare service, auto leasing, car rental, truck rental, car sharing, used car sales, mobile bank branch vehicle, drone rental, 3D printer rental, robot rental, transformer rental

● **Real Estate:** Office building development, logistics facility development, commercial facility development, aquarium operation, inn operation, hotel operation, theater operation, condominium development, condominium repair, asset management

● **PE Investment and Concession:** Private equity investment, airport operation, water facility operation

● **Environment and Energy:** Mega solar power generation, roof-mounted solar power generation, wind power generation, hydropower generation, power storage station, waste treatment facility

● **Insurance:** Life insurance

● **Banking and Credit:** Deposits, loans, real estate lending, consumer finance

● **Aircraft and Ships:** Aircraft leasing, ship leasing

● **ORIX USA:** Loans, real estate lending, asset management, private equity investment

● **ORIX Europe:** Asset management

● **Asia and Australia:** Auto leasing, loans, private equity investment

Responding to Social Issues and SDGs

ORIX aims to bring new vitality to companies and people in order to realize a sustainable society.

Uncertainty in society is increasing due to a complex interplay of factors, including deepening environmental problems and changes to industrial structures. This opaque outlook makes predictions difficult. In this age of uncertainty, ORIX is using its diverse business portfolio to help resolve various social issues.

Social Issues We Can Help Resolve

Environmental Issues



Climate change / Reducing GHG emissions

Conserving energy / resources

Promoting a circular economy

Waste treatment and reduction

Climate change / Spreading and promoting renewable energy generation

Biodiversity / Environmental conservation

Social Issues



Aging society

Disaster recovery

Safe working environment

Promoting health / Extending healthy life expectancy

Investments and lending that take ESG into account

Improving labor productivity

Addressing aging public infrastructure

Vitalizing small and medium-size enterprises

Safe and secure mobility solutions

Stable energy supply

Regional vitalization

Promoting innovation and technological change

Decreasing workforce

▶▶▶ [Contributing to Society through Our Business Activities](#)

Material Issues and Key Goals

ORIX has identified material issues and key goals related to ESG.

▶ Page 28 ESG-related Material Issues and Key Goals



The Society We Envision

We aim to realize a vibrant and sustainable society by resolving social issues through our diverse business activities.

SUSTAINABLE DEVELOPMENT GOALS



CEO Message



Makoto Inoue

Member of the Board of Directors
Representative Executive Officer
President and Chief Executive Officer

What We've Accomplished

Self-assessment as CEO

In the fiscal year ended March 2023, net income decreased 8.5% year-over-year to ¥290.3 billion. Segment profits totaled ¥406.2 billion, and would have increased ¥38.4 billion year-over-year excluding the impact of the gain on the sale of Yayoi in the previous fiscal year. The economic environment continues to be challenging due to the COVID-19 pandemic, the Russia-Ukraine conflict, global inflation, and interest rate hikes in various countries, but ORIX's performance remains solid.

Founded in 1964, ORIX will celebrate 60 years in business in 2024, and this will also mark the tenth year as CEO since my appointment in June 2014. In Integrated Report 2019, I candidly assessed my performance for my first five years as CEO and gave myself 50 points out of 100. Four years have passed, and I would now give myself 60 out of 100.

One issue I identified in 2019 that needed to be addressed was stronger back and middle office corporate functions. Although dashboards and other approaches have added sophistication to our risk management system, I am still not entirely satisfied. I am promoting digital transformation (DX) as chairman of the Information Technology Management Committee to ensure that we properly incorporate our front-line expertise and the knowledge of technology experts. However, I feel we need to move faster, so I dock myself points in this area.

On the business front, the timely sale of Yayoi and owned shipping vessels exemplifies ORIX's ability to adeptly anticipate change. However, we still have challenges. Examples include evolving our business model by enhancing our U.S. asset management business

and other operations. In terms of rising U.S. dollar interest rates brought on by changes in fiscal policy, we need to adjust our market timing even more nimbly. For these reasons, I currently give myself 60 out of 100 this time around. ORIX started out in the leasing business and has grown by deploying capital and assets in neighboring businesses. We have evolved our portfolio into its present form while transforming market changes into opportunities for growth. Our history of selectively diversifying our business portfolio and our experience drive our ability to maintain dialogue with markets and generate growth.

Lessons from Ship Leasing about Capital Recycling and Thorough Due Diligence

ORIX was called Orient Leasing Co., Ltd. when I joined in 1975, and it had only several hundred employees. My first assignment as a new employee was in the shipping business, which was in dire straits because of a global shipping recession. Ship lending accounted for a large percentage of total assets, and a concerted companywide effort was required to recover outstanding debts. Most of my work as a new employee involved repossessing ships. Repossessing a vessel used to collateralize credit generates no value in and of itself, so in 1977 ORIX created a ship maintenance and management company called Perseus Shipping Co., Ltd. (now ORIX Maritime Corporation) where I was also involved in ship operation. Ship leasing led ORIX to launch a business that monetized repossessed assets by operating them, and this experience has significantly influenced ORIX's approach to expanding its business portfolio.

CEO Message

Moreover, ship leases generally have long-term durations of ten years or more, and something almost always happens during the lease term. Back in the 1970s, many ship lease contracts were non-cancellable, and stipulated substantial penalties that the customer, as lessee, would bear in the event of cancellation. As a result, customers that no longer needed leased vessels for business for whatever reason would let them sit in port, rather than cancel the deal and pay the large penalty. This ultimately damaged the asset value of the collateral and created credit problems. I felt that contractually prohibiting customers from returning unwanted vessels was an unreasonable business model. Rather, I saw value in a financial business model with mechanisms that allowed us to treat leased vessels as operating assets we could recycle for subsequent lease to other customers. This is a capital recycling mindset. Both asset and capital turnover require committed effort, and there is no “dream deal” that generates profits without effort. However, no one knows when and to what extent market changes will occur, so ORIX must always be prepared to turn over and recycle assets and capital on a daily basis.

Furthermore, the manager initially responsible for long-term deals such as ship leases is not necessarily responsible for that deal until its maturity. In many cases, someone else assumes responsibility in the midst of the deal term. Ever since my days handling ship lease deals, I have been highly focused on thoroughly checking contracts at the beginning of the deal and at the time of handover to eliminate problems for the new manager. “Always Be Thorough” just might be my motto. The last thing I wanted was for a new manager to run into

an issue and ask why Inoue had let it happen on his watch. Even now, when hearing presentations about investment and credit deals, I often point out concerns I may have, and then check the draft of the contract with my own eyes and let the people responsible know about the importance of checking contracts in advance and conducting thorough due diligence. People on the front lines do not want the CEO looking over their shoulder, and I also do not think a CEO necessarily needs to do that. At the same time, my experience with ship leasing deals during an industry downturn drove home the need to thoroughly confirm details and conduct due diligence prior to committing to contracts, and I like to share that experience with the people of ORIX when the opportunity arises.

Finding the Strength to Grow after Experiencing Failure

I also had challenges when I was responsible for aircraft leases that were similar to the troubles I faced while starting a new business handling ship operations during a shipping industry recession. At one point I went to South America to repossess aircraft that ORIX had leased to an airline company that went bankrupt. A coup d'état had taken place and soldiers with machine guns were at the airport. People were demanding money, and I felt I was in danger. I had no choice but to resolve this failed deal, and at the time, I felt as though no one in ORIX could ever have had such an experience of wrapping up such a deal where so many things went wrong. In retrospect, I learned much from this failure.

ORIX has experienced a period of relative calm in the 15 years since

“ The experience of failure gives rise to a company’s growth. ”

the 2008 global financial crisis, and the number of ORIX people who have not had the experience of recovering from failures or resolving major crises during this time is slowly increasing, which gives me cause for concern. Other companies may often remove people responsible for failed deals, but at ORIX, these individuals are neither dismissed nor penalized. The reason is simple: a committee had approved those failed deals, so the failure was not simply a result of the responsible manager’s judgment. ORIX acquires expertise by keeping people even if they experience failure during execution. The expertise we gain from failure is invaluable. People may experience the unpleasant feeling of having their back against the wall when they fail, but that experience will help ORIX grow in the future. A committee initially approves deals, and also stays in touch with them through reports on progress and any problems, and all relevant parties discuss and share their experiences. When a problem arises, I tell the responsible manager that I have no problem if ORIX loses ¥100 million but ends up gaining ¥10 billion. Failure is not bad in and of itself, but I do expect people to grow by rebounding from it.



CEO Message

Passing the Torch onto the Next Generation

People Who Evolve Rather than Follow

Nine years have passed since I became CEO, but I have always been aware of the need to pass the torch to the next generation. Some feel that a successor who follows in the current leadership's footsteps should be selected, but I think otherwise. Our next CEO should have enough self-confidence to even reverse my way of doing things, if necessary.

The mindset of a company's leader, the CEO, changes the corporate culture to some extent. ORIX's corporate culture is manifested in how everyone coalesces around the CEO. Our corporate culture has the flexibility to accept that ORIX will continue to grow under a new CEO with a somewhat different approach. I would like to see the next leader effectively express their management style on the way to shaping the next iteration of ORIX's corporate culture.

The Right Management System for the Future

Given the extent to which the Group's business portfolio has expanded, ORIX's next CEO will most likely not be able to take a granular view of things as I do. We delegate authority for our businesses to the head of each segment within a system that enables the CEO to concentrate on overall portfolio management and the Board of Directors, including outside directors, to supervise execution. This is a management system suitable for the next generation. Given the responsibilities of the next generation of senior management, any person qualified to be CEO will have excellent knowledge of and a strong desire to protect governance

and compliance, along with the ability to objectively evaluate talent. I am not breaking any new ground here by saying this—these qualities are simply crucial for ORIX to generate sound growth in the future.

“Management intuition is honed through practice, not learned from a teacher.”

Corporate managers need to consider a wide array of stakeholders. ORIX has a wide range of investors, some of whom push for short-term returns. At the same time, many others call for sustainable growth. Satisfying all stakeholders at all times is not easy, but we have to maintain a reasonable and mutually agreeable relationship. We make decisions about short-term results while gaining understanding of growth strategies to guide us in the future. Management is responsible for determining how to fulfill both long-term and short-term missions. This is something we always have to think about because no single answer is correct. Honestly, nobody can learn this from a teacher, so everybody has to hone their management intuition through practice. The Nominating Committee will decide how to proceed with the CEO succession plan, but my hope is that the successful candidate will be fully responsible for leadership once I have shared everything I can about being the CEO.

ORIX Today

The Post-COVID Business Environment

Japan reclassified COVID-19 as a less-severe, Class 5 infectious disease in May 2023, and economic activities are returning to normal. COVID-19 significantly impacted airport concession, domestic inn and hotel operations, and aircraft leasing. However, the recovery in inbound demand, growth in international passengers, and higher occupancy rates at inns and hotels will contribute to a steady recovery in performance in these businesses. The diminishing talent pool due to demographic trends is a major concern in Japan. We are improving compensation to attract more people, but stable hiring is a pressing issue. The aircraft leasing business may also need some time to restore earnings even though people are traveling more frequently again.

Negative or zero Japanese yen interest rates may take some time to turn positive. When rates rise, however, I am confident that our Corporate Financial Services segment will be able to fully demonstrate the value of its customer base in Japan, talent pool, and nationwide network.

When I first started at ORIX, the leasing business's sources of profits consisted of about 15% lease fee income, which earned a 5-6% margin on funding costs of 7-8%. At that time, profits could cover losses even if one or two credit receivables out of a hundred became nonperforming. Leasing margins in the current financial environment are in the 0.2% to 0.3% range, so even a single mistake can be fatal. Taking risks and learning after bouncing back from mistakes has become untenable in leasing and finance. Therefore, we have difficulty generating profits from leasing and senior loans collateralized by



CEO Message

movable assets, leaving us no choice but to shift to businesses with higher returns and higher risks, such as mezzanine and subordinated investments and equity investments. We simply could not commit to investments in the equity business if we did not have the ability to make complex and specialized risk assessments. This exemplifies how ORIX has grown by transitioning its business portfolio while reflecting on the cumulative lessons gained from failures. More recently, we have the view that higher Japanese yen interest rates would create more opportunities to secure spreads on leasing and loans, which led us to maintain our nationwide network of Corporate Financial Services personnel. Corporate Financial Services has also collaborated with other ORIX businesses and emphasized cross-selling, allowing it to generate 3% ROA without relying solely on interest income. Today, ORIX is the only finance company in Japan that still has a nationwide network, and I am confident that we will be able to contribute to our customers again in the finance business and that our network will be exceptionally valuable if interest rate spreads widen and once again create room for profits.

Capital Recycling Progress

We are turning over capital by replacing businesses and assets in all segments, and we have reined in the pace of asset expansion to improve profitability. We call this “capital recycling,” and it is not an intrinsically difficult strategy. All we have to do is continuously track changes in market conditions and our balance sheet, determine the optimal balance between debt and equity, keep our experience during

the financial crisis of 2008 in mind, and adjust our portfolio while communicating with the market. Remaining constantly aware of assets, liabilities, and capital in each of our 10 segments enables us to immediately identify anomalies and make management decisions on exits and other deals together with the head of each segment.

As a result of capital recycling, we typically realize about ¥100 billion in investment gains annually. We are devising ways to better present our past performance and future investment pipeline in our financial reporting, but incomplete understanding of the reproducibility and sustainability of our results is an issue. Many of the stock analysts who cover ORIX are experts in the financial sector, in which stable earnings tend to be a particularly important driver of higher valuations. The investment gains we generate from portfolio replacement are reproducible, not temporary, so we will further improve how we present our business and performance so that our audience better understands this aspect of ORIX.

Sustainable Businesses and Sustainable Earnings

Open capital markets expect companies to go beyond generating sustainable profits by being of use to society, which supports both sound corporate growth and the achievement of a sustainable society. This is the sustainability mindset of ORIX, which contributes to society through business activities. One example of this is ORIX’s renewable energy business, which we launched in the wake of the Great East Japan Earthquake in 2011. We decided this business would be a focus for us because we predicted that Japan’s energy business and power

supply mix would change, and recognized that global warming was becoming a serious problem worldwide. We launched the business by fully mobilizing the Group’s network and knowledge, and had 3.7 GW of renewable energy power generation capacity in operation globally as of March 2023. This business makes a stable contribution to earnings and contributes significantly to the reduction of CO₂ emissions.

Japan has a feed-in tariff (FIT) system for solar power generation, so we had initially been considering strategies to sell our renewable energy business when its cash flow stabilized. However, we expect to retain exceptional environmental value in these investments when the FIT period ends. Rather than committing to a sale at this point, we are comparing several approaches to optimize growth for ORIX and support for a sustainable society.

Overseas, our renewable energy business has invested mainly in three companies: Elawan Energy S.L. (headquartered in Spain), Greenko Energy Holdings (headquartered in India), and Ormat Technologies, Inc. (listed on the New York Stock Exchange). We constantly examine whether continuing to hold these companies is the best option, as we consider the optimal way for ORIX to operate its renewable energy business globally. We will flexibly determine whether holding or selling is the best option while considering various factors, ranging from the business strategies and locally relevant governance policies of each company to the operating and investment environment and relationships with other stakeholders.

Our Sustainability Policy is common to all 10 segments, not just Environment and Energy. We believe sustainability that supports sound

CEO Message

corporate growth and business profits is key to resolving social issues in step with the characteristics of our business.

Corporate Ideals

Strengthen Risk and Portfolio Management Systems and Deploy Dashboards

Business units are of central importance for ORIX, and an attitude persists that the back and middle office exist solely to provide sales support. ORIX has been this way for more than 50 years, so immediate change is difficult. However, as I said at the beginning, management departments will serve an increasingly important role in ORIX's growth going forward, so we are implementing proactive initiatives to enhance these departments for further growth.

I mentioned that a desirable next-generation management structure transfers authority to the segment heads and has the CEO focus on portfolio management. However, segment heads tend to perceive things in terms of their own segments. Aside from that, segment heads also need to think about portfolio management from a Group-wide perspective in considering issues such as whether the portfolio is too large and the need for capital recycling. We are working to strengthen the portfolio and credit management departments that have these functions, but they still need to improve. Ideally, we aim to establish a portfolio management system that will allow us to actively direct capital recycling for sales operations, and we are implementing various measures towards this.

“ Head office functions optimized for global growth. ”

We have been enhancing our risk management sophistication by implementing dashboards and DX initiatives. Delineating the status of our overseas portfolio required a particularly significant amount of time, but progress has been made in this area. We are making progress with the volume of quantitative data visible on dashboards and integrated through DX, but analysis and information on asset quality and outlook are still insufficient. For example, if changes in the status of a watchlist item could be monitored in a timelier fashion, the head office could immediately issue a cautionary warning. Addressing these warnings as soon as they appear would enable front-line operations to initiate collection and preclude unnecessary losses. Even a slight delay in dealing with a problem can make loss recovery impossible and increase losses. Improving the sophistication of the dashboard to a level that can present asset quality in real time will enable us to achieve a satisfactory portfolio management system.

Corporate Governance

Outside directors are very active participants in the meetings of ORIX's Board of Directors, and the discussions can be intense. The Board of

Directors supervises execution, which is an extremely important function. We help outside directors understand ORIX's diverse operations with presentations by business units, meetings with people on the front line, and opportunities for outside directors to talk among themselves. I will encourage supervision and execution initiatives to continue with even better Board discussions.

I currently serve as Chairman of the Board of Directors, but I am aware of the opinion that an outside director should assume that role, and I think this topic deserves consideration. However, I can say that any Chairperson would have trouble executing their duties if they did not fully understand ORIX's diverse portfolio and the global operations of the Group as a whole. Further discussion by the Board of Directors about this topic is therefore necessary.

In addition, some executive officers who currently lead business units also serve as directors. Looking forward, we are targeting a corporate governance system in which outside directors play a central role in supervising selected directors responsible for execution including the CEO, CFO and general counsel. Moreover, we are also considering a system for monitoring execution with emphasis on the CEO and management department leaders. The key is to continue discussing corporate governance ideals to evolve a highly effective system.

Human Resources, Mid-career Hires, Appropriate Personnel Evaluation, and a Diverse Personnel System

The contributions of mid-career hires have accelerated growth for ORIX. In the fiscal year ended March 2023, the 10 Group companies in Japan



CEO Message

hired approximately 650 people, of whom about 70% were mid-career hires. The ability of these people with diverse backgrounds to play an active role in our firm depends on whether they can successfully create an internal network. ORIX has a broad business portfolio, so mid-career hires need to build a network of effective relationships within a year or two of joining the Company. I would like to continue to support these efforts in helping people inside and outside the Group alike to capitalize upon their unique expertise.

The current responsibilities of our Human Resources Department center on personnel operations, leaving room for improvement in terms of human resources strategy and talent management. This department can also effectively involve itself in determining whether individual personnel evaluations conducted by sales departments are truly appropriate. While positive evaluations are great, Human Resources should fully identify the root causes of negative evaluations and proactively implement personnel measures that are optimal for both employees and ORIX. I have been discussing this kind of proactive personnel strategy with Human Resources. We need to gather and analyze objective data to properly structure human resource management functions. Digitalization to collect and effectively deploy data will therefore be another key to strengthening the Human Resources Department.

We are gradually reforming personnel and salary systems to align them with the markets in each segment, rather than having a uniform system for the Group. This approach to reform considers the characteristics of the industry to which each segment belongs, and

Insurance and PE Investment have already introduced such reforms. We need to make agile reforms to our personnel system in order to attract more highly competitive, specialized people.

Defining Our Purpose

I often wonder about the effect on Group integration if each segment, each Group company, and our operations in each region of the world implemented the optimal business strategy for themselves and transformed their personnel system to suit the characteristics of their industry. Developing a corporate purpose is one of the ways in which business units and individual companies can make the most of their independence and excel while still enhancing a sense of unity as a Group. We were motivated to launch the Purpose Project in June 2022 because we learned that a number of employees, especially at overseas subsidiaries, thought that ORIX was just a shareholder in their company. This ongoing project has employees from Japan and around the world participate in discussions as project members. This process is meaningful because many participants indicated these global discussions made them clearly aware that they are members of ORIX Group. The project has taken more time than initially planned because the discussions have been so lively, and we need to carefully choose the words in the Purpose Statement so that the message is clear for all employees.

Formulating and announcing our purpose is not the end of the process, but the real beginning. The challenge is sharing that purpose in every part of the Group and building a corporate culture that can

communicate globally based on that purpose. For example, a management meeting that brings together the leaders of each segment at the head office and empowers thorough discussion would be a good start. COVID-19 kept us from meeting in person for extended discussion, so now we should actually meet face-to-face and deepen discussions to inculcate our purpose so that it does not end up being just a slogan.

I hope that all of our stakeholders will look forward to the execution of our Purpose Project and the new growth ORIX will generate because of it.

Conclusion

The markets ORIX serves are changing at a whirlwind pace, and we cannot let our guard down. ORIX is growing larger and more complex, but we will successfully encourage a more appropriate valuation from capital markets by emphasizing dialogue with the market while steadily turning each of the plans I have discussed here into realities. By doing so, I am confident that ORIX will be able to continuously grow as a company.

In closing, we have integrated the contents of the previously separately issued Sustainability Report into our Integrated Report. I will be pleased if this Integrated Report helps to deepen your understanding of ORIX.