



Strategies by Business

This section presents strategies in each of ORIX's businesses in light of opportunities, risks, and strengths. It also discusses our approach to sustainability.

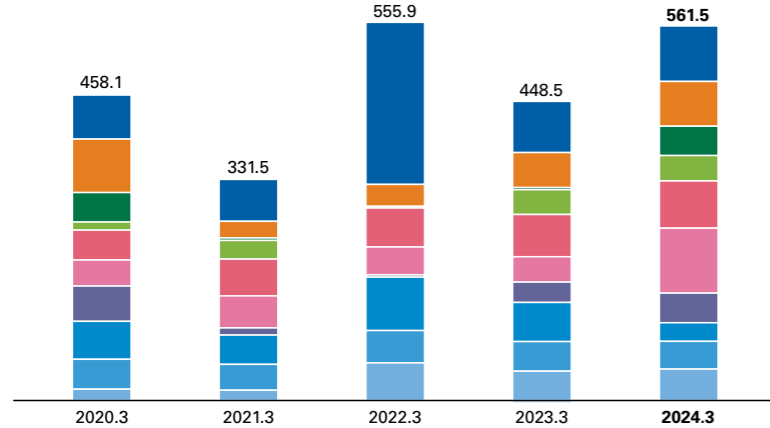
Segments	Units	Features	Page
Corporate Financial Services and Maintenance Leasing	Corporate Financial Services	Sales network throughout Japan. Provides optimal solutions for corporate customers as a core platform for Group sales.	▶ Page 71
	Auto	One-stop provider of every kind of automobile-related service. World leader in vehicles under management.	▶ Page 72
	Rentec	Japan's largest equipment rental company. Provides equipment along with technology and expertise.	▶ Page 73
Real Estate	RE Investment and Facilities Operation	Wide range of real estate expertise. Diversified operations encompass development, investment, asset management, and facility operation.	▶ Page 74
	DAIKYO	Development and brokerage of real estate and building maintenance and management, with a focus on condominiums.	▶ Page 75
PE Investment and Concession	PE Investment	Enhancement of investee corporate value through hands-on management that leverages the Group's expertise and network.	▶ Page 76
	Concession	Operation of public facilities and other properties while public entities retain ownership. Kansai Airports operates three airports* in Kansai.	▶ Page 77
Environment and Energy	Environment and Energy	Development of renewable energy businesses globally. In Japan, we have built a value chain of collection and transportation of waste, intermediate waste processing, and recycling. We also operate a biogas power generation facility.	▶ Page 78
Insurance	Life Insurance	A lineup of products that meet needs such as death insurance and medical insurance. Highly rated by customers and external parties.	▶ Page 79
Banking and Credit	Banking	Decades of experience in real estate investment loans. Primarily Internet-based transactions, does not own branch or ATM network.	▶ Page 80
Aircraft and Ships	Aircraft and Ships	Expertise in aircraft and ship leasing and asset management. One of the world's largest aircraft leasing companies.	▶ Page 81
ORIX USA	ORIX USA	Provides funding solutions to U.S. companies encompassing financing to private equity utilizing own and third-party capital.	▶ Page 82
ORIX Europe	ORIX Europe	Robeco and several other brands in the asset management business. Robeco has extensive expertise in ESG investment.	▶ Page 83
Asia and Australia	Asia and Australia	Primarily provision of financial services to local customers in Asian countries. Expanding PE investment in Greater China and South Korea.	▶ Page 84

* Kansai International Airport, Osaka International Airport, and Kobe Airport.

Segment Summary (Profits, Assets, ROA and Employees)

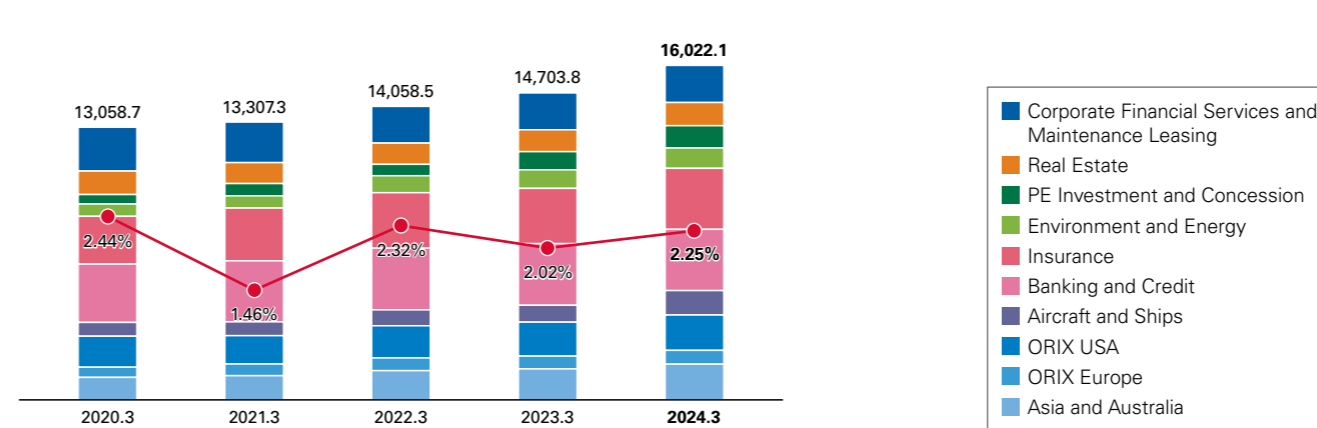
Five-Year Summary

Segment Profits (Billions of yen)



In the fiscal year ended March 2021, profits declined due to the impact of the COVID-19 pandemic. In the fiscal year ended March 2022, we recognized a gain of ¥163.0 billion on the sale of Yayoi in Corporate Financial Services. In the fiscal year ended March 2023, post-COVID reopening and gains on sales contributed to earnings. Profits increased year on year excluding the gain on sale of Yayoi in the previous fiscal year. In the fiscal year ended March 2024, profits increased due to strong performance in domestic Real Estate and PE Investment and Concession, as well as a gain on the transfer of a portion of our shares in ORIX Credit Corporation.

Segment Assets (Billions of yen) / Return on Segment Assets (ROA) (%)



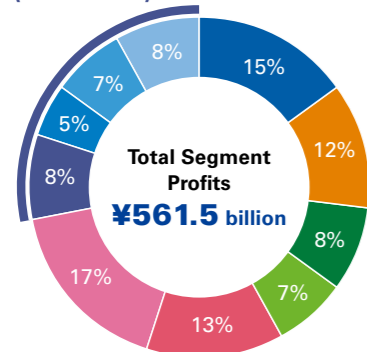
Assets at March 31, 2024 increased by ¥1,318.3 billion from the end of the previous fiscal year. The main factors for the increase were investment in and loan to Toshiba, the acquisition of Santoku Senpaku in its business succession, the purchase of aircraft, and the execution of new investments in Asia and Australia. There was also a positive exchange rate effect.



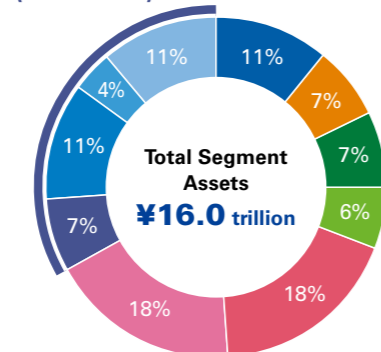
Fiscal Year Ended March 2024

Composition of Segment Profits Composition of Segment Assets

Overseas (Total: 29%)*1

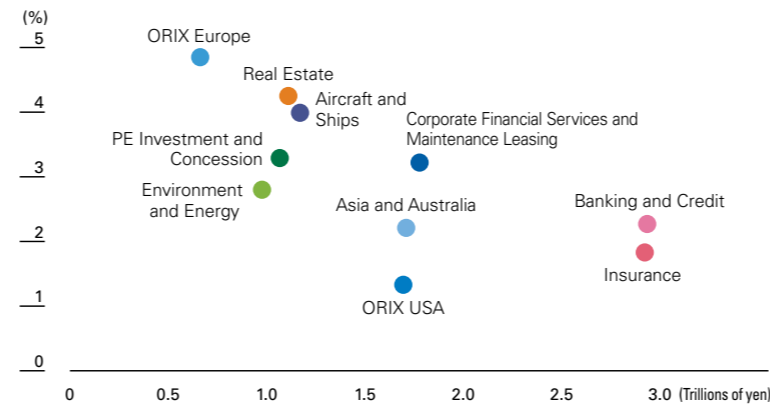


Overseas (Total: 33%)*1



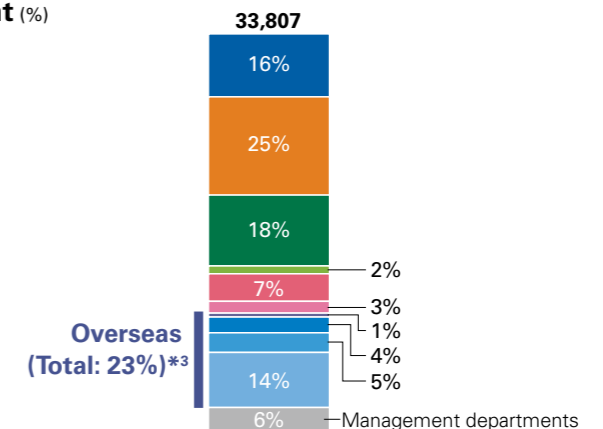
*1 Excludes overseas results in Environment and Energy

Segment Assets (Trillions of yen)/ROA*2 (%)



*2 Segment asset ROA is calculated using after-tax profits for each unit.

Number of Employees and Employee Composition by Segment (%)



*3 Total of four segments: Aircraft and Ships, ORIX USA, ORIX Europe, and Asia and Australia. Does not include management departments.

Note: 2024.3 denotes the fiscal year ended March 2024.



Corporate Financial Services and Maintenance Leasing

Corporate Financial Services

Business ▶ Leasing, financing, and various solutions (products and services) for small and medium-size enterprises

Opportunities

- Expanding assets and increasing earnings from fees while maintaining profitability and credit quality
- Business succession needs among SMEs due to the lack of a successor
- Capital investment needs with the themes of DX, ESG, and supply chains

Risks

- Adverse impact on client earnings due to the weaker yen, higher costs, and labor shortages
- Intensifying competition in corporate lending due to a rising interest rate environment

Strengths

- Sales network rooted in each region of Japan
- Strong customer base built on a track record of providing financial services to SMEs

Growth Strategy:

Expand Financial Assets that Provide Base Profits and Further Accumulation of Earnings from Fees

Fiscal Year Ended March 2024 in Review

We carefully selected projects in the challenging business environment, and the asset balance remained at the same level as in the previous year. Services income grew as we accurately identified customer needs for supplementary support for their core businesses, asset management, and business succession. We recorded profit following IPOs of venture capital investees.

- For finance revenues, we will enhance our market presence by providing the financing that our customers need to address environmental change, including support for a shift to digital technology and achieving carbon neutrality. Further, we will build up the asset balance through financing initiatives that capture changes in the market environment amid a rising interest rate environment.
- We will grow services income by gaining a multifaceted understanding of the various issues our customers face in order to better propose comprehensive services that address them. We are a single source for a wide range of services to address an array of issues encompassing supplementary support for our customers' core businesses, asset management, and business succession. Examples include M&A intermediation, real estate brokerage, and life insurance sales.

▶▶▶ See [here](#) for information on how we help to resolve social issues through our business activities.

Approach to Sustainability

Fiscal Year Ended March 2024 in Review

We focused on decarbonization support, business succession support, the preventive healthcare business, and the electronic storage business. In decarbonization support, we helped customers to decarbonize through the introduction of subsidized energy-saving equipment and investment in solar power generation. In business succession support, we have put a system in place that provides a comprehensive range of services to address various business succession issues. In the preventive healthcare business, we supported health management among SMEs through a members-only medical club. In the electronic storage business, we launched a cloud storage service for business documents to support corporate digitalization.

As a core platform for Group sales, we will create new ESG-related services that meet customer needs. We will also fully deploy our network in Japan in initiatives to resolve social issues.

- We support business succession among SMEs and help local economies develop, maintain, and create employment. We also continue to strengthen our framework for being a single source for services including M&A intermediation, real estate brokerage, share transfer, and inheritance tax minimization.
- Our preventive healthcare business helps to extend healthy life expectancy, reduce medical expenses, and protect the ongoing integrity of Japan's medical insurance system. We support health management at SMEs with a focus on preventive healthcare services provided at medical examination centers.
- We help customers decarbonize by supporting the introduction of subsidized energy-saving equipment and investment in solar power generation.
- We invest in DX and ESG-related startups with the goal of creating new services by supporting growth and collaboration.

Focus ▶

Electronic Storage Business and Preventive Healthcare Business

Supporting Corporate Digitalization and Health Management



We are working to resolve social issues through services that meet the needs of our customers.

(Upper photo) ORIX is helping businesses go digital by providing [PATPOST](#), a storage service that uses our proprietary AI-OCR technology to store documents in the cloud.

(Lower photo) Consolidated subsidiary CMC Corporation operates [Central Medical Club Setagaya](#), a members-only medical service established in March 2023. In partnership with a clinic equipped with advanced diagnostic imaging equipment, the service supports SME management from a health perspective through preventive healthcare services such as physical check-ups and other tests related to the three major diseases of cancer, heart disease, and cerebrovascular disease, as well as routine health consultations.

See [here](#) more information on the above initiatives.



Corporate Financial Services and Maintenance Leasing

Auto

Business ▶ Leasing and rental of automobiles, car sharing, purchase and sales of used automobiles

Opportunities

- Increase in demand for mobility and transport due to resumption of economic activity and revival of inbound demand
- The need to switch to next-generation vehicles*1 to achieve a decarbonized society
- Responding to DX and ESG in automobiles

*1 Hybrid vehicles (HV), plug-in hybrid vehicles (PHV), electric vehicles (EV), and fuel cell vehicles (FCV)

Risks

- Rising energy and resource prices due to the weakening of the yen and the emergence of geopolitical risks, as well as rising material and logistics costs related to the "2024 problem" (possible driver shortages due to new overtime regulations)
- A reduction in the number of vehicles in Japan due to the decline in the productive population and the optimization of corporate vehicle fleets

Strengths

- Comprehensive and optimized service lineup that goes beyond simple provision of vehicles
- Global leader in terms of vehicles under management and volume of vehicle data

Growth Strategy:

Strengthen the Customer Base and Respond to Social Needs

Fiscal Year Ended March 2024 in Review

Leasing remained strong as we captured demand for re-leasing and used cars, despite a continuing supply shortage of new cars. Car rentals were similarly buoyant, benefiting from a sharp recovery in inbound travel on the back of the weak yen and rising demand for domestic travel. We are promoting an enhanced service lineup that contributes to a decarbonized society in response to social needs.

- In addition to growing existing businesses, we will expand services related to vehicle management, EV introduction support, and car sharing in response to changes in customer needs and the business environment, including changes in legislation. We will strengthen relationships with various partners, such as maintenance shops and car rental franchises, to stabilize the business base. These measures will improve one-stop services for customers and strengthen our customer base.
- In leasing, we will accumulate quality assets with profitability in mind. We will also respond to customer needs by adding new services to meet new demands for a decarbonized society, compliance with laws and regulations, and work style reform. Other measures include stepping up initiatives in the retail market.
- In car rentals and car sharing, we will make efforts to enhance profitability through the use of digital technology to save labor at outlets (including the transition to unmanned operations), improvements in operational efficiency, and flexible pricing.
- We will expand our range of next-generation vehicles and look into providing associated energy management services to meet the needs of a decarbonized society.

Approach to Sustainability

Fiscal Year Ended March 2024 in Review

The number of next-generation vehicles in the leasing business increased because of higher fuel prices and a growing orientation toward decarbonization. At the same time, the proportion of next-generation vehicles in the car rental and car sharing businesses increased due to active efforts to replace fleets to contribute to long-term CO₂ emissions reduction. Further, we completed the greening of electricity sources used at all passenger car rental outlets*2.

*2 Excludes outlets at airports and other locations where the company does not have direct contracts with electricity providers.

We will promote services that help to reduce environmental impact and ensure compliance with laws and regulations. We will also continue to promote and accelerate decarbonization in our own facilities and businesses.

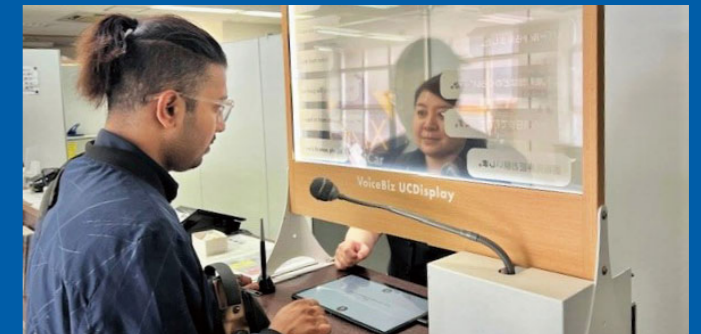
- By increasing the number of EV models on offer as well as proposing the installation of charging facilities, we will provide an environment where customers can easily introduce EVs on lease.
- We will continue to transition our rental car and car-sharing vehicle fleets to next-generation vehicles.
- We will transition to green sources of electricity used at truck rental outlets, U-Car outlets, and bidding venues.
- We will increase the use of rebuilt and used parts and components for vehicle maintenance to promote the circular economy and reduce environmental impact.
- We will develop services in response to mandatory pre-driving alcohol checks. This will help eliminate dangerous driving such as driving under the influence and will promote DX in corporate fleet management.

▶▶▶ See [here](#) for information on how we help to resolve social issues through our business activities.

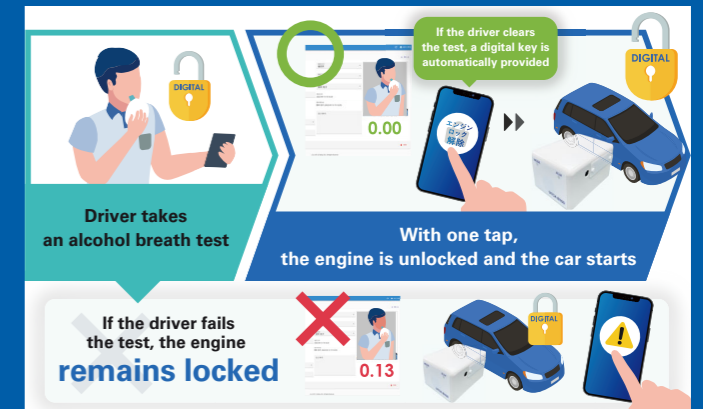
Focus ▶

Strengthening Outlet Support and Business for Corporate Customers

Expanding Services for Both Retail and Corporate Customers



In response to the rapid increase in the use of rental cars by foreign visitors to Japan, we have set up dedicated foreign-language counters and introduced displays supporting 13 languages. The dedicated counters will ease congestion at outlets and improve customer satisfaction for both domestic and overseas customers.



Amendments to the law now require companies to strictly control the driving of company vehicles by requiring the use of alcohol detectors and record-keeping before and after trips. To assist companies with these management tasks, we have begun to introduce a service developed by ORIX Group company Ubiteq that releases the engine lock of a vehicle only when the driver clears an alcohol check. The service provides support to both strengthen compliance and improve operational efficiency.



Corporate Financial Services and Maintenance Leasing

Rentec

Business ▶ Rental and leasing of electronic measurement instruments and ICT-related equipment

Opportunities

- Full-scale replacement demand accompanying the transition to Windows 11
- Expansion of defense and space-related national budgets and related needs against a backdrop of international developments
- Accelerated development of GX*¹-related technologies toward the realization of a decarbonized society

*¹ Green transformation (GX): Innovations for using clean energy while minimizing the use of fossil fuels, and measures to put such innovations into practice.

Risks

- Soaring costs due to price increases
- Reduced need for hardware due to equipment downsizing and technological innovation

Strengths

- Wide range of rental products and vendors
- Technical ability to maintain and manage the quality of rental equipment
- Logistics service enabling next-day delivery
- Broad customer network that includes large manufacturers

Growth Strategy: Become a Sharing Service Platform**Fiscal Year Ended March 2024 in Review**

We expanded the handling of cloud services that eliminate the need for maintenance, kitting, and other tasks to capture growth in replacement demand for Windows 11 and conducted activities to capture replacement demand in the market. In the 3D printer business, we were the first in Japan to acquire domestic sales rights for 3D printers manufactured by BLT*², and have established a support system to solve problems faced by customers by permanently installing equipment for real machine verification. Yodogawa Transformer received robust orders for demand associated with the Osaka/Kansai Expo 2025 and social infrastructure renewal (construction of the maglev Chuo Shinkansen bullet train and other projects).

*² Xi'an Bright Laser Technologies Co., Ltd.

- In the ICT field, we anticipate replacement demand associated with the transition to Windows 11 to appear in earnest in the fiscal year ending March 2025 and peak in the fiscal year ending March 2026. In preparation for this, we plan to accumulate assets by providing high value-added services alongside hardware.
- In the measuring instrument market, we will continue to target needs related to GX and the resumption of nuclear power plant operations, as well as promote the use of communications measuring instruments in the defense and space industries.
- In the 3D printer business, in addition to starting sales and rentals of BLT products, we will provide post-sales maintenance support. We will also provide comprehensive support for the introduction of 3D printers in companies by offering training in operation methods and lectures on modelling techniques.
- We plan to expand Yodogawa Transformer's market share by launching new products. We will establish a production system for fully custom-made cubicles, which require high technical capabilities, to achieve further differentiation from competitors.

Approach to Sustainability**Fiscal Year Ended March 2024 in Review**

We began introducing Zero Board, a cloud service for CO₂ emissions visualization. In wind measurement-related services, in addition to providing wind doppler lidar, we started to consider expanding this lineup to include offshore wind measurement equipment and peripheral equipment such as fuel cells. We also developed a rental service with carbon credits (to be launched in the fiscal year ending March 2025) and conducted a survey of suppliers and contractors with a view to establishing a procurement system that incorporates ESG perspectives. Moreover, we prepared for the publication of our own procurement policy.

We contribute to customer sustainability by providing technical knowledge and rental capabilities.

- We will continue to develop products and services that promote a circular economy, climate change mitigation, and technological innovation. We will also consider linking our cloud service for visualizing CO₂ emissions with reduction solutions inside and outside ORIX Group. In addition, we will consider promoting the introduction of rentals for equipment used in R&D projects for new GX technology.
- We will formulate and publish procurement policies that effectively incorporate ESG perspectives. We will conduct regular surveys of suppliers and contractors. We will also set up internal committees on several topics, such as health and safety and human rights, and implement a PDCA cycle to promote sustainability.

▶▶▶ See [here](#) for information on how we help to resolve social issues through our business activities.

Focus ▶**3D Printer Business**

Supporting Customers' Product Development in Advanced Fields



ORIX Rentec supports customers' product development through 3D printer technology, which is expected to be applied to manufacturing in various advanced fields, including automobiles, aerospace, and medicine. With 3D-FABs, our free, online, AI-based 3D printing simulation tool, the customer uploads 3D CAD data and specifies conditions, and automatically receives feedback on whether printing is possible along with an estimate of fees. This service quickly provides answers that help customers realize their ideas and shorten development lead time.



Real Estate

RE Investment and Facilities Operation

Business ▶ Development and rental of office buildings, commercial facilities, logistics centers, and other properties; operation of businesses such as inns, hotels, and aquariums, in addition to asset management

Opportunities

- Recovery in domestic and overseas tourism demand following the end of the COVID-19 pandemic
- Firm domestic and overseas investor trends against a backdrop of relatively low interest rates and a weak yen
- Growing demand for properties with high environmental value

Risks

- Personnel shortages and rising operating costs at operating facilities
- Rising construction and equipment costs
- Market turmoil caused by sharp interest rate rises

Strengths

- Extensive expertise in the real estate business
- Information volume and proposal capabilities that fully leverage the Group's network

Growth Strategy: Expand the Earnings Base through Both Recurring (Operation and Asset Management Business) and Sales/Fee (Turnover-Based Logistics and Rental Condominium Business) Revenue

Fiscal Year Ended March 2024 in Review

In the development and rental business, we continued to invest in logistics facilities and rental condominiums, and sold them as part of our "develop and sell" model. In the facility operation business, inbound accommodation demand recovered significantly after the COVID-19 pandemic subsided, contributing to profits, and we opened a second hotel under our luxury onsen resort brand, Atami Izusan KARAKU. In the asset management business, assets under management increased as well as management fees due to timely sales.

- In the development and rental business, we will continue our "develop and sell" model business by carefully selecting properties, including logistics facilities and rental condominiums. Tenant demand for logistics facilities is strong, so we will carefully assess locations, costs, and plans, and work on development. We will add environmental value to our portfolio properties through appropriate capital investment and replace them while keeping an eye on the market.
- In the facility operation business, we will continue with a sales strategy that focuses on prioritizing higher room rates while maintaining occupancy rates. We will continue to promote community co-creation initiatives with the goal of increasing added value of the facilities and improving brand recognition.
- In the asset management business, we will strive to continuously increase assets under management through the formation of a new fund and other measures.

▶▶▶ See [here](#) for information on how we help to resolve social issues through our business activities.

Approach to Sustainability

Fiscal Year Ended March 2024 in Review

We promoted reduction of CO₂ emissions from portfolio properties by upgrading energy-saving equipment, installing photovoltaic panels at logistics facilities, and sourcing electricity from renewable sources. We reduced food waste in the facility operation business by approximately 27% year on year at 15 targeted facilities. We meanwhile recycled 100% of food waste at Beppu SUGINOI HOTEL, and installed a waste disposal machine at Hakone Ashinoko HANAORI. We began serving Japan's first*1 sustainable seafood**2 at 16 of our operating facilities.

*1 According to MSC Japan, this was Japan's first initiative to offer sustainable seafood at multiple accommodation facilities.

**2 Internationally certified seafood produced and distributed through sustainable fisheries and aquaculture, with due consideration for fisheries resources and the environment. International certification is based on the Marine Stewardship Council (MSC) or Aquaculture Stewardship Council (ASC) certification system.

We do business with a policy that prioritizes safety, security, and comfort as we decarbonize in consideration of the environment and coexist with communities. We provide products and services with sustainability in mind to help achieve a sustainable society.

- We place importance on obtaining explicit third-party certification of the environmental performance, safety, and security of newly developed properties. We are also upgrading to energy-saving equipment and increasing our use of renewable energy as part of our plan to reduce CO₂ emissions from portfolio properties.
- Our facility operation business provides environmentally friendly furnishings and is committed to reducing food waste and loss. We use locally sourced food and ingredients, hire local people, and collaborate with tourism-related organizations and local companies in initiatives to promote the appeal of the areas we serve. Our inns and hotels prioritize the safety and security of guests and meticulously ensure consistently excellent hygiene.
- We will start building a supply chain management system.

Focus ▶

Opening Atami Izusan KARAKU

Promoting Sustainable Tourism at Directly Managed Facilities



We have developed Atami Izusan KARAKU, which opened in December 2023, as an environmentally friendly facility through measures such as achieving a B+ CASBEE*3 rating for comprehensive building quality and installing EV charging facilities in the customer parking area. Further, we have launched the [Tsunagu-Hagukumu Tourism project](#) for directly managed inns, hotels, and training facilities to promote sustainable tourism**4, offering customers experiences that lead to the achievement of SDG targets in various forms, including accommodation plans, meals, and exhibitions.

*3 A system that comprehensively evaluates the quality of buildings, including environmental friendliness such as energy conservation and use of materials and equipment with low environmental impact, as well as indoor comfort and consideration for the landscape.

**4 Sustainable tourism means "tourism that takes full account of its current and future economic, social, and environmental impacts, while addressing the needs of visitors, industry, the environment, and host communities" (Source: [United Nations World Tourism Organization](#)).



Business ▶ Development and brokerage of real estate and building maintenance and management, with a focus on condominiums

Opportunities

- Continuing strong demand in the new condominium market, despite rising sales prices
- Continuing growth in both prices and number of contracts concluded in the pre-owned market

Risks

- Rising land prices due to intensifying competition for site acquisitions
- Rising construction and equipment costs

Strengths

- Development expertise and brand recognition of THE LIONS and SURPASS condominiums
- Stable revenues from building management, rental management, sales brokerage, repair work, remodeling, and other businesses originating from the condominium business

Growth Strategy: Expand the Earnings Base through Both Recurring (Condominium and Office Building Management and Construction) and Sales/Fee (Condominium Development and Brokerage) Revenue

Fiscal Year Ended March 2024 in Review

The real estate development business performed well, partly due to sales of large properties in favorable locations. Despite the continued competitive environment for purchasing land, we continued to carefully select investments, focusing on urban centers and favorable locations. The real estate management business strengthened its operations while strategically canceling less profitable contracts. The real estate brokerage business promoted the purchase and resale of pre-owned condominiums.

- In the real estate development business, we will work on condominium development, purchasing select properties in prime urban locations.
- In the real estate management business, we will improve competitiveness by reducing the number of managers and increasing operational efficiency to expand the number of units under management. In the construction business, we will strengthen orders by securing and training technical personnel.
- In the real estate brokerage business, we will improve sales efficiency through store consolidation. We will also expand purchase and sales channels for brokering the purchase and resale of premium properties in the Tokyo metropolitan area to improve profitability.
- In the building management business, we will increase annual contract amounts and orders for ancillary work based on our existing customers and focus assets (hospitals, hotels, logistics facilities, and government facilities).

Approach to Sustainability

Fiscal Year Ended March 2024 in Review

We are developing condominiums that are ZEH-M Oriented*¹. The Ministry of the Environment has selected company projects for the six years through the fiscal year ended March 2024 as High-Rise ZEH-M Support projects. By March 31, 2024, the number of ZEH-M Oriented condominium buildings completed by DAIKYO and ANABUKI CONSTRUCTION had reached 51 nationwide. DAIKYO and ANABUKI CONSTRUCTION signed a collaboration agreement with Nissan Motor Co., Ltd. and other companies to use EVs to turn model condominium showroom facilities into disaster prevention centers.

*¹ Net zero energy house. Refers to housing that aims to keep the balance of annual energy consumption to zero or less by conserving energy with outstanding thermal insulation performance and the use of highly efficient facilities, and by creating energy with solar power generation. ZEH-M Oriented refers to condominiums that reduce primary energy consumption by 20% or more from the baseline value.

We do business with a policy that prioritizes safety, security, and comfort as we decarbonize in consideration of the environment and coexist with communities. We provide products and services with sustainability in mind to help achieve a sustainable society.

- We will use ZEH-M Oriented specifications in developing condominiums as the basis for reducing the energy consumption of properties.

▶▶▶ See [here](#) for information on how we help to resolve social issues through our business activities.

Focus ▶ THE LIONS Setagaya Hachimanyama

Japan's First ZEH-M Condominium



THE LIONS Setagaya Hachimanyama is the first condominium in Japan*² to be certified as ZEH-M, the highest rank in the ZEH category, and all units are built to ZEH standards. Primary energy consumption was reduced by more than 120% for all units and more than 110% for the building by conserving energy with outstanding thermal insulation performance and the use of highly efficient facilities, and by generating energy with solar power. In addition, the property adopts an energy creation storage system that allows life to continue during disasters, and a landscaping plan that takes into consideration coexistence with the local community and biodiversity. The rebranded "THE LIONS" will create new value in the lives of our customers to achieve "lifestyle one step beyond."

*² Calculated from the [official website of the Association for Evaluating and Labeling Housing Performance](#). The property was the earliest condominium built with reinforced concrete construction to obtain the BELS evaluation certificate.



PE Investment and Concession

PE Investment

Business ▶ Private equity investment

Opportunities

- Business succession needs and an increase in carve-outs, privatization, and other deals involving listed companies
- Increasing investment opportunities due to M&As aiming to improve productivity and acquire human resources, and accelerating industry reorganization

Risks

- Soaring acquisition prices and increased difficulty in obtaining bilateral deals due to an intensifying competitive environment
- Exits at lower prices than expected resulting from the emergence of risks and investee underperformance because of poor due diligence

Strengths

- Ability to add value with a hands-on approach that enhances management and administration systems and leverages synergies with ORIX Group's sales network and products
- Flexibility in deal flow because ORIX invests its own capital

Growth Strategy:

Achieve Constant New Investments and Exits

Fiscal Year Ended March 2024 in Review

We exited from TENKOUSHA Co., Ltd. (funeral service business) and Primagest, Inc. (corporate DX support and outsourced operations). Meanwhile, we executed investments in WHITE ESSENCE Co., Ltd. (teeth whitening business) and Toshiba Corporation.

- Key industries for our increased investment focus include healthcare, business process outsourcing, IT, and information services, as well as logistics and rental sectors. These markets are highly compatible with existing ORIX Group businesses, driving synergies, so ORIX will collaborate with its investees with the goal of mutual success. We will also proactively promote investee roll-ups to expand market share and add value to the services we provide.
- We will carefully select and consider deals with clear strategies for adding value to counter rising acquisition prices resulting from an increasingly competitive environment.
- In addition to small and medium-size business succession projects with an enterprise value of ¥50 billion or less, we will also focus on doing carve-outs and privatization deals involving listed companies with the aim of securing large projects with an enterprise value of ¥50 billion or more.
- We will recycle capital by systematically replacing existing assets with superior assets, while also considering co-investment and fund schemes with a view to utilizing outside capital for further investment expansion.

Approach to Sustainability

Fiscal Year Ended March 2024 in Review

We continued to monitor the CO₂ emissions of investees. Initiatives to reduce CO₂ emissions among investees included updating aging equipment, improving air conditioning energy efficiency, and switching to low CO₂ emission power plans.

We are committed to management for sustainability among investees as a means to improve corporate value.

- We recognize the importance of reducing CO₂ emissions among investees, and engage in collaboration by jointly advancing relevant initiatives such as replacing equipment and switching to renewable energy.
- We will start conducting risk analysis of each investee to address supply chain management and medium- and long-term ESG issues set by the investees.
- Enhancing compliance and governance among investees is a priority. We emphasize optimized labor management and thorough fraud prevention and safety management.
- We focus investment on industries that contribute to resolving social issues. Our goal is to contribute to the SDGs through the businesses in which we invest.

▶▶▶ See [here](#) for information on how we help to resolve social issues through our business activities.

Focus ▶

Next-Generation Construction Sites

Contributing to Construction Site Safety and Work Efficiency



(Left)
Ryo Sugiyama,
Representative
Director, SUGIKO
& Chief Executive
Officer,
SUGIKO CO., LTD.
(Right)
Kentaro Kamata,
Director, SUGIKO
CO., LTD.
(Senior Vice
President, Business
Development and
Investment Group I,
Investment
and Operation
Headquarters,
ORIX Corporation)

SUGIKO is a major rental company that supplies scaffolding and other temporary equipment to construction sites. Since joining ORIX Group in 2020, the company has greatly expanded the scale of its business by accelerating investment in the replacement of scaffolding with new models. SUGIKO has earned high praise from major construction companies for its work in automating scaffold quantity calculations and web-based ordering using digital technology, and for the development of educational tools, such as one leveraging the metaverse to instruct on assembly technique, and one providing hazard simulation. Through its investments in companies that provide construction-related services, ORIX Group is contributing to the productivity improvement at construction sites and the creation of safe and secure social infrastructure.



PE Investment and Concession

Concession

Business ▶ Operation of airports and water businesses

Opportunities

- Focus in Japan on concessions as a way to resolve social issues and reduce debt
- The potential size of concession target areas

Risks

- Closure or disruption of operations due to an act of God, such as a drop in passenger volume due to a pandemic
- Changes in policies, laws, and regulations regarding concession promotion

Strengths

- Extensive expertise and experience in business operation
- Solid network of relationships with leading companies in and outside Japan

Growth Strategy:

Help Reduce the Financial Burden on National and Local Governments while Providing High-Quality Public Services

Fiscal Year Ended March 2024 in Review

Kansai Airports turned a profit for the first time in four fiscal years as international flights recovered in earnest from the COVID-19 pandemic. In December 2023, the duty-free store area at Kansai International Airport was reopened after renovations. In the water supply and sewage market, we operated in compliance with laws and regulations throughout the year. We established a stable earnings base by reducing costs, including bringing outsourced operations in-house, to minimize the impact of recent price hikes. In the stadium and arena market, Kawasaki Todoroki Park Corporation began operating in April 2023 as the operating rights holder of the Todoroki Ryokuchi Park Redevelopment, Operation, Etc. Project.

- Kansai Airports will work with related parties to further enhance airport functions, including the renovation of Kansai International Airport Terminal 1 in preparation for the Osaka/Kansai Expo 2025.
- The Japanese government is aiming to implement the Water PPP program to renovate and maintain water facilities in a way that makes more use of private-sector funds and know-how. We will use this trend as a business opportunity to further expand our water business.
- We will also consider new projects for other public infrastructure, while discussing with the parties concerned the best scheme to resolve issues faced by the national and local governments.

Approach to Sustainability

Fiscal Year Ended March 2024 in Review

Kansai Airports is actively promoting initiatives to reduce its environmental impact. Details are published in its [Environmental Report 2023](#) (issued in September 2023). In our water supply, industrial waterworks, and sewage project in Miyagi Prefecture, our introduction of concessions won the Minister of Land, Infrastructure, Transport and Tourism Award (Ingenuity at Maintenance Sites) at the 7th [Infrastructure Maintenance Awards](#) organized by various government ministries.

- Kansai Airports will continue with its environmental plan, [Environmental Vision 2050 and Environmental Goals 2030](#), launched in April 2023. The plan addresses greenhouse gas emissions reduction, resource recycling, environmental monitoring, and biodiversity. We have set specific goals for 2030 as milestones for achieving our long-term vision and goals, centered on decarbonization, circular economy, and environmental symbiosis.
- In water supply and sewage concessions in Hamamatsu City and Miyagi Prefecture, ORIX will be proactively involved in building a circular economy and sustainable local communities. We are committed to preserving water quality, preventing air pollution, controlling odors, conserving energy, and reducing and recycling sludge with management that includes voluntary standards that are more rigorous than relevant laws and regulations.

▶▶▶ See [here](#) for information on how we help to resolve social issues through our business activities.

Focus ▶

Hamamatsu International Sewage Seminar

Helping to Improve the Knowledge and Technical Skills of Sewerage Professionals



(Photo courtesy of Hamamatsu Water Symphony K.K.)



(Photo courtesy of Veolia Japan GK)

In the water and sewage field, the Hamamatsu International Sewage Seminar was held to introduce advanced domestic and overseas initiatives in the sewage business (upper photo). Under the theme of decarbonization, the seminar introduced efforts to realize a decarbonized society, including decarbonization initiatives in the sewage concession project (Hamamatsu, lower photo) and examples of decarbonization at overseas sewage treatment plants.



Environment and Energy

Business ▶ Renewable energy in Japan and overseas, electric power retail, energy-saving services, sale of solar panels, waste management, and resource recycling

Opportunities

- Expansion of the global renewable energy market
- Rising customer awareness of environmental value in areas such as decarbonization and the transition to a recycling-oriented economy
- Needs for advanced waste treatment and recycling, and waste treatment needs among local governments

Risks

- Supply chain disruptions and material price hikes
- Increased volatility in electricity market prices
- Shutdowns due to accidents at large-scale facilities and natural disasters
- Policy and legislative changes related to the environment and energy

Strengths

- Comprehensive capabilities from operating diverse energy businesses in Japan
- Global business operations
- One-stop service from waste collection and transportation to final disposal

Growth Strategy: Expand Business in Response to New Trends in Japan and Abroad

Fiscal Year Ended March 2024 in Review

In the renewable energy business, Kansai Airports concluded one of the largest corporate power purchase agreements (PPAs) in Japan. Overseas, Elawan Energy concluded a corporate PPA for Amazon in Spain. In the operation and maintenance (O&M) service business for solar power plants, we launched a new O&M service for energy storage plants.

- In the domestic energy market, we will accelerate business development in areas where we can demonstrate our strengths, such as large-scale energy storage plants, off-site PPA*1, and asset management.
- Internationally, we will use Elawan Energy as a strategic platform to expand and diversify our portfolio. This will include expansion into Europe, North America, and other regions we do not yet serve; diversification into energy storage plants, offshore wind power generation, and other power sources; and development of green hydrogen and other types of next-generation energy.
- In the domestic environmental market, we will not stick to conventional businesses, but will hasten to establish new business models in line with the transition to a society that reuses and recycles. We also aim to expand the scale of our business, including M&A and business alliances with other companies.

*1 A system whereby power generators provide electricity to specific general consumers via the general power grid.

▶▶▶ See [here](#) for information on how we help to resolve social issues through our business activities.

Approach to Sustainability

Fiscal Year Ended March 2024 in Review

We expanded our renewable energy business in Japan and around the world while considering ways to decarbonize our coal-biomass co-fired power plants by using different fuels. We also expanded installed capacity*2 in operation to 4.3 GW at March 31, 2024 from 3.7 GW at March 31, 2023.

ORIX Eco Services has begun efforts to recover and recycle chlorofluorocarbons from air conditioning equipment and promoted initiatives to reduce CO₂ emissions and contribute to the reduction of environmental impact through the recycling and utilization of chlorofluorocarbons. ORIX Environmental Resources Management increased the number of agreements with municipalities for combustible waste disposal and provides a backup function in case municipalities are unable to dispose of their waste.

*2 Adjusted for factors including ORIX's equity stake in subsidiaries and affiliates in Japan and overseas.

We are working toward a sustainable society through businesses that contribute to a decarbonized society that reuses and recycles.

- We will expand the renewable energy business globally because it contributes to a decarbonized society. Outside Japan, we will grow our business using Elawan Energy as a strategic platform. In Japan, we will promote the nationwide use of the PPA model for third-party ownership of solar power generation systems.
- We will expand businesses that recycle and properly dispose of waste to contribute to a society that reuses and recycles. ORIX Eco Services buys and resells pre-owned solar panels to promote reuse and reduce waste.
- We will study and implement measures to reduce CO₂ emissions at our two coal-biomass co-fired power plants by changing the equipment and fuels they use, and will consider shutting down the plants if we determine that these cannot reduce emissions by March 2030.

Focus ▶

Minami-Kayabe Geothermal Power Plant Comes Online

Largest Binary Cycle Geothermal Power Plant in Japan



We developed the Minami-Kayabe Geothermal Power Plant in the Minami-Kayabe area of Hakodate City, Hokkaido, and began commercial operation on May 1, 2024. With an installed capacity of 6,500 kW (6.5 MW), it is the largest geothermal power plant in Japan using binary cycle power generation, in which heat from hot water extracted from underground is used to boil a medium with a lower boiling point than water, the steam of which turns a turbine to generate electricity. This method makes it possible to generate electricity even from low-temperature (mainly below 200°C) geothermal resources. ORIX Group owns and operates a private power plant at the Beppu SUGINOI HOTEL (Beppu, Oita Prefecture), an onsen resort operated by the Group, and is promoting development at several locations in Japan, including a study for the construction of a power plant for a geothermal power generation project on Hachijo-jima adopted through a public tender.



Insurance

Life Insurance

Business ▶ Life insurance, including medical insurance and death insurance

Opportunities

- Rising asset formation, asset management, and lifetime security needs in the age of 100-year lifespans
- Advances in digital technology such as AI

Risks

- Contraction of the domestic life insurance market due to the declining population
- Intensifying competition in the life insurance industry

Strengths

- Strong ability to develop products that address customer needs
- Multi-channel business development
- High-quality call centers (high external evaluation)

Growth Strategy: Further Strengthen Price Competitiveness and Product Development Capabilities

Fiscal Year Ended March 2024 in Review

We increased the new policy balance from the previous year by strengthening sales of first-sector insurance (death and savings insurance). Sales were driven by *Candle*, a U.S. dollar-denominated whole life insurance policy, and *Rise*, a yen-denominated whole life insurance policy, both of which revised their premium rates. The expense ratio declined due to efforts to improve operational efficiency, including digitalization of the administrative department.

- We provide products that meet the inheritance and asset management needs of older customers, the asset-building needs of the working-age population for their retirement, and the business security needs of business owners.
- In the agent channel, we will strengthen the support system for agents through hybrid sales (face-to-face and telephone support).
- We will enhance the customer experience by providing services that customers feel they truly need in order to increase customer loyalty.

Approach to Sustainability

Fiscal Year Ended March 2024 in Review

We compared [ORIX Group's ESG-related Material Issues](#) to ORIX Life Insurance's material issues to identify issues in common and assessed the status of ORIX Life Insurance's efforts to address these issues. We established rules for divestment of assets with high stranded asset risk.

ORIX Life Insurance has formulated a [Sustainability Policy](#) and identifies five material issues (materialities) to be given priority. By working to resolve these material issues based on this policy, we will contribute to the realization of a sustainable global environment and society for future generations.

ORIX Life Insurance's Material Issues (Materialities)

- To provide security through the insurance business to people of all generations who will live in the age of 100-year lifespans.
- To realize a sustainable society through the promotion of responsible investment as an institutional investor.
- To build mutually beneficial relationships with business partners.
- To create an environment in which each and every employee can maximize his or her potential in various situations.
- To strengthen corporate governance for sustainable growth.

See [here](#) for details on initiatives for each material issue.

▶▶▶ See [here](#) for information on how we help to resolve social issues through our business activities.

Focus ▶

Providing Security through the Insurance Business

Lower Coverage Premiums and High Potential Savings



We lowered premiums for the U.S. dollar-denominated whole life insurance *Candle* and the yen-denominated whole life insurance *Rise* as an initiative to provide security through the insurance business to people of all generations in the age of 100-year lifespans. By reviewing premium rates considering the favorable investment environment for U.S. dollar-denominated assets and rising long-term interest rates for the yen, we have been able to provide coverage at lower premiums than before and realize high savings potential.



Banking and Credit

Banking

Business ▶ Real estate investment loans, corporate loans, consumer finance, and trust business

Opportunities

- Growing demand for funding for corporate sustainability initiatives
- Strong investor appetite in the real estate investment market
- Diversifying customer needs for asset management and administration

Risks

- Aggressive sustainability-related investments and loans by other financial institutions
- Contraction in the core real estate investment loan market due to rising real estate and construction prices
- Rise in market volatility and emergence of credit risk associated with interest rate and price hikes and monetary policy trends

Strengths

- High profitability from efficient operations with demonstrated strength in clearly defined markets
- Able to provide diverse products and services using trust banking functions

Growth Strategy: Take on Challenges in New Strategic Areas Based on Sustainability

Fiscal Year Ended March 2024 in Review

In real estate investment loans, the market was solid as real estate investment needs of individual investors remained strong. Despite intense competition, we promoted new lending while maintaining healthy lending standards. In corporate loans, new lending was focused on financing projects in the sustainability field, such as renewable energy and logistics-related facilities. We also promoted our asset securitization business by commercializing loan assets into financial products and selling them to institutional investors. As a new initiative, we began offering e-Direct Family Trust, which supports asset management services for customers concerned about developing dementia.

- Our real estate investment loan business will maintain a target market share while ensuring soundness by carefully screening projects. We will also facilitate the proliferation of environmentally responsible real estate.
- We will continue to focus on financing for renewable energy, green buildings, and other environmental areas, as well as taking on the challenge of new strategic areas. We will also enhance our asset securitization business that addresses the asset management needs of investors.
- We are targeting sustainable growth and higher profitability (ROA and ROE) while appropriately controlling the quality and volume of assets.

Approach to Sustainability

Fiscal Year Ended March 2024 in Review

We promoted management based on sustainability. In addition to our mainstay real estate investment loan business, we focused on providing loans for renewable energy projects and logistics facility-related projects. In July 2023, we made our first sustainability linked loan*¹ and in December of the same year, we implemented positive impact financing*² for the first time.

*1 A financing method that aims to promote economic activities that lead to the realization of a sustainable society by offering preferential interest rates and other conditions to borrowers based on their progress in furthering sustainable economic activities.

*2 A financing method that comprehensively analyzes and evaluates the impact of corporate activities on the economy, the environment, and society, and supports the increase of positive impacts and the reduction of negative impacts.

In accordance with ORIX Bank's [material issues \(materialities\)](#), we will provide products and services that help resolve social issues, and implement initiatives to be a sustainable company.

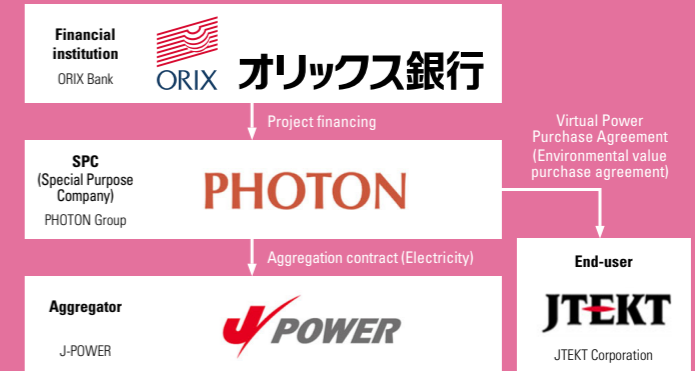
- We will continue with initiatives addressing material issues (materialities).
- We will strengthen support functions for sustainability management, including energy transitions at business partners, in environmental fields such as renewable energy and green buildings, centered on the promotion of sustainable finance.
- We will continue to promote DE&I, strategically develop IT personnel in the area of human capital, and enhance our sustainability promotion system and disclosure.

▶▶▶ See [here](#) for information on how we help to resolve social issues through our business activities.

Focus ▶

Contributing to the Formation of a Sustainable Society

Supporting Cutting-edge Initiatives from the Financial Side



In November 2023, we provided non-recourse project financing for a virtual power purchase agreement (VPPA) for a solar power generation project. The VPPA allows customers to receive the environmental value of renewable electricity generated from a high-voltage solar power plant developed on previously unused land in the Chubu and Shikoku regions.

ORIX Bank has promoted financing for solar power plants in the past, and will continue to support advanced initiatives like VPPAs from a financing perspective that will lead to the expansion of the renewable energy market, thereby contributing to the resolution of social issues such as climate change.



Aircraft and Ships

Business ▶ Leasing and asset management services for aircraft and ships

Opportunities

Aircraft Business

- Increased use of leasing among airlines and increase in low-cost carriers
- Greater demand for aircraft remarketing and asset management

Ship Business

- Increased logistics demand worldwide
- Investment to decarbonize and digitally transform shipping

Risks

Aircraft Business

- Decrease in passenger demand due to a global economic slowdown, war, terrorism, or infectious diseases
- Airline bankruptcies

Ship Business

- Decrease in the volume of trade due to accelerating protectionism caused by geopolitical risk (decrease in volume of goods shipped internationally)
- Decrease in investor demand due to a global economic slowdown

Strengths

Aircraft Business

- Aircraft sourcing ability and high-quality asset management services
- Avolon's business model of ordering from aircraft manufacturers

Ship Business

- Ship operations and management (Santoku Senpaku, ORIX Maritime)
- Diversified portfolio encompassing owned vessels, financing, and fee businesses

Growth Strategy: Improve Portfolio Quality and Expand Scale

Fiscal Year Ended March 2024 in Review

Aircraft business: We replaced assets to benefit from the recovery in passenger demand, thus improving portfolio quality and expanding the business.

Ship business: We acquired the shares of Santoku Senpaku Co., Ltd., a leading Japanese shipowner, related to its business succession. We diversified ship types owned and expanded into the ship asset management business.

Aircraft Business

- We will continue to improve the quality of our portfolio and further expand our business while actively replacing assets.
- Utilizing our know-how and high level of expertise, we will expand asset management services for domestic and overseas investors in aircraft.

Ship Business

- We will move forward with PMI* for Santoku Senpaku to expand our business domain and improve profitability. We will also seek to identify new M&A opportunities.
- In addition to our three core businesses of owned vessels, financing, and fee businesses, we will expand our business domain by further diversifying our ship types and engaging in comprehensive ship operation and management.

* Post-merger integration (PMI). Consists of the integration of management (philosophies, strategies, and frameworks), operations (work processes, infrastructure, human resources, organization, and bases), and awareness (corporate culture).

▶▶▶ See [here](#) for information on how we help to resolve social issues through our business activities.

Approach to Sustainability

Fiscal Year Ended March 2024 in Review

Aircraft business: New fuel-efficient models accounted for 78% of ORIX's portfolio as of March 31, 2024 (64% as of March 31, 2023) and 60% of Avolon's portfolio as of December 31, 2023 (55% as of December 31, 2022; all figures based on book value).

Ship business: As part of the acquisition of Santoku Senpaku, we acquired six dual-fuel vessels (state-of-the-art, environmentally low-impact vessels) for LNG and fuel oil on order from the company (delivery scheduled for 2025 to 2027).

Aircraft Business

- Recognizing the strong social demand for reduced CO₂ emissions in the airline industry, we will provide supplementary support for meeting the emissions reduction targets of airline companies as an operating lease provider. We therefore aim to increase the ratio of new fuel-efficient models in our aircraft portfolio. At Avolon, we aim to achieve 75% new models by 2025.
- We will continue to consider investments and loans related to sustainable aviation fuel (SAF).

Ship Business

- ORIX bases vessel ownership on specifications that improve fuel efficiency and reduce environmental impact. Along with the sale of older vessels with poor fuel efficiency, we will consider the introduction of next-generation fuel vessels such as LNG dual-fuel vessels and methanol- and ammonia-fueled vessels. We will also discuss and examine biofuel and energy-saving technologies for demonstration tests and trial voyages.
- We will increase sustainability linked loans.

Focus ▶

Business Succession of Santoku Senpaku

Diversification of Ship Types and Expansion of Business Domain



In February 2024, ORIX acquired all the shares of Santoku Senpaku. Santoku Senpaku is a shipping company that was established in 1972 and built up by its founding president over a single generation, which owns, manages, and crews ships. It is one of the top-class shipowners in Japan, owning 67 ships of various types, including bulk carriers, car carriers, and container carriers (as of March 31, 2024, of which six are on order), and leasing them to major resource companies and grain companies in Japan and abroad. In addition to training and dispatching crew members and performing ship maintenance and management in-house, the company also undertakes ship management services for ships owned by other companies, thereby operating an international and diversified shipping business.



Business ▶ Finance, investment, and asset management in the United States

Opportunities

- More opportunities to provide financing as banks tighten lending standards
- Growth of assets under management as interest in specialized private credit grows

Risks

- Extended period of high interest rates and inflation
- Counterparties and clients negatively impacted by macroeconomic environment
- Decreased investment and credit opportunities due to reduced M&A activity

Strengths

- A broad, integrated private markets platform
- Our teams are known for their long-term client partnership focus and deep industry expertise

Growth Strategy: Find Opportunities Where We Can Excel Based on Our Strengths and Deep Bench of Expertise

Fiscal Year Ended March 2024 in Review

We worked to strengthen our risk management, portfolio management, and governance structures, given the uncertain financial and economic outlook in the United States. We remained selective in underwriting deals and making new investments, while growing our asset management platform in anticipation of future growth.

- We will further grow our hybrid asset management businesses across our private credit and real estate platforms, combining balance sheet investments with increased third-party capital.
- Our plan is to continue to strengthen and diversify our business lines with new capabilities and products. For example, Boston Financial, the largest Low-Income Housing Tax Credit (LIHTC) syndicator in the United States, will continue to leverage its expertise in tax credits to develop new products in other sectors.
- In this environment, we will take advantage of credit dislocation and improving market conditions to invest in high-quality assets. We will continue to manage our downside risks in an extended high-interest-rate environment, while being opportunistic and innovative.

Approach to Sustainability

Fiscal Year Ended March 2024 in Review

ORIX Corporation USA (OCU) enhanced its proprietary Sustainability Scorecard*¹; assessed and monitored sustainability scores for over 720 investment positions; updated OCU Group's Corporate Sustainability Policy, integrating sustainability considerations in its investment activities as well as business practices; submitted its first private report as a UN PRI signatory; incorporated TCFD-related indicators into periodic internal risk reporting dashboards; successfully conducted an external independent review of its sustainability practices in preparation for future sustainable investment funds; made progress in developing sustainable investment products; and provided training to OCU Group employees and raised awareness.

*¹ The Sustainability Scorecard is influenced by the guidance of the U.S. Sustainability Accounting Standards Board (SASB). OCU assigns a sustainability score for all assets intended to be held on balance sheet.

We believe that investment decisions incorporating sustainability considerations are essential to contributing to society, generating sustainable growth, managing risk, and maintaining the trust and respect of our stakeholders. As we continue to evolve, we aim to:

- Continue to evaluate and monitor sustainability scores and conduct annual reviews;
- Develop a new policy on stewardship and engagement;
- Provide training on climate change to all OCU Group employees; and
- Move forward with the launch of sustainable investment products.

▶▶▶ See [here](#) for information on how we help to resolve social issues through our business activities.

Focus ▶ Affordable Housing Project

Environmentally Friendly Development



OCU subsidiary Boston Financial was proud to work with Affirmed Housing Group on the development of Vitalia Apartments in San Jose, California, an affordable housing project built with a focus on sustainable energy. The project is GreenPoint Platinum Rated*², with extensive use of photovoltaic (PV) solar panels and designed to eliminate approximately 14.6 tons of carbon. Vitalia is an all-electric building with energy-efficient appliances and a PV array to offset 50% of total load and a 75% offset of residential load. The project's landscape design prioritizes water-efficient landscaping, low-flow plumbing storm water design to reduce run-off and any run-off will be treated naturally at multiple on-site treatment areas.

*² A certification program accredited by Fannie Mae's Green Certification Program, which certifies sustainable and environmentally friendly facilities.



ORIX Europe

Business ▶ Asset management of global equity and fixed income

Opportunities

- Expansion of assets under management in line with growth in the asset management market
- Inflow of funds into ESG investing
- Market expansion in the area of alternative investment products

Risks

- Shift from active to passive management and rising pressure on fees
- Weakened investment management organization due to an outflow of talented personnel

Strengths

- Broad product lineup and investor base
- Extensive experience backed by a long track record, an excellent research system, and expertise in ESG investing

Growth Strategy: Develop into an Asset Management Business with a Presence in Europe, Asia, and North America

Fiscal Year Ended March 2024 in Review

Assets under management increased year over year due to the recovery of the stock market. Robeco underwent a major sales reorganization and strengthened its sales structure; Boston Partners launched its first ETF with John Hancock, a major U.S. insurance company; and Harbor Capital restructured its business and enhanced its product offering (active ETFs).

- ORIX Europe will promote growth strategies, including M&A, to increase assets under management and develop into an asset management business with a presence in Europe, Asia, and North America.
- While strengthening our distribution base, we aim to establish a business model that cross-sells ORIX's unique alternative products to this base, thereby improving profitability.

▶▶▶ See [here](#) for information on how we help to resolve social issues through our business activities.

Approach to Sustainability

Fiscal Year Ended March 2024 in Review

Robeco: Our impact investment AUM as of March 31, 2024 was EUR 23.5 billion, an increase of 6% compared to the end of the previous year. In accordance with our Net Zero Roadmap, we reduced our CO₂ emissions from our investment activities by 43.7% as of December 31, 2023 compared to December 31, 2019. In accordance with our Biodiversity Roadmap, we launched a pilot version of a framework for assessing contributions to biodiversity. Finally, we also strengthened our engagement with states and state-owned enterprises.

Robeco: We will continue our activities in accordance with our Net Zero Roadmap and Biodiversity Roadmap. In particular, we plan to expand our Biodiversity Framework. We also aim to increase impact investment AUM, as exemplified by our introduction of a range of transition investment funds.

Transtrend: Our ambition is to further refine the measuring and reporting of our carbon footprint. We will also monitor the debate on the effectiveness of carbon offsetting initiatives to enhance our offsetting program where possible. Additionally, we will continue our role as a responsible investor, including our engagement activities on issues around market functioning.

Harbor Capital: We will continue to apply our proprietary framework to provide various sustainable investing options to our clients.

Boston Partners: We will continue to leverage our sustainability and engagement team's expertise to make sustainability-informed investment decisions and advocate for change.

Focus ▶ Approach to Sustainability

Fiscal Year Ended March 2024 in Review



Transtrend: We published our first [Sustainability Report](#) at the end of 2023. Among other topics, the report describes our operational carbon footprint and how it is offset through participating in certified carbon offset projects. It also describes our role as a responsible investor, aiming to contribute to well-functioning markets, and how we engage with exchanges, regulators, and financial industry associations on issues around market functioning.

Harbor Capital: We maintain a proprietary framework for rating each of our funds based on the level of integration of ESG factors into its investment strategy. There are five categories, and we have AUM in each category.

Boston Partners: Our dedicated sustainability and engagement team provided original ESG research to assist in our investment decisions and also implemented our proxy voting and engagement activities to drive improvement in our investee companies. The team also provided carbon footprint data for each product and shared this information on a quarterly basis with our portfolio managers.



Asia and Australia

Business ▶ Finance and investment businesses in Asia and Australia

Opportunities

- Strong potential for growth due to factors including the expansion of the middle class in emerging Asian countries
- High population growth prospects in Australia, India, and Indonesia

Risks

- Relatively high interest rates and exchange rate volatility
- Political uncertainty in individual countries

Strengths

- Local expertise and networks developed over the long term
- Use of ORIX Group's expertise in business diversification

Growth Strategy: Promote Business Diversification

Fiscal Year Ended March 2024 in Review

We achieved continued growth in Asia and Australia by selecting quality projects and reducing costs. We implemented a global training program to create new businesses and develop future management personnel.

In Greater China, we reviewed the management structure to improve profitability, and took an inventory of existing investments, prioritizing them to prepare for exits.

- In Asia and Australia, in light of market opportunities and economic conditions, we will promote new investments in Australia and Indonesia as our top priority countries. We will seek investment and credit opportunities in the real estate sector in particular.
- In Greater China, we will focus on identifying new business opportunities in the renewable energy, consumer finance, and infrastructure-related sectors, which have high market potential in China. In existing private equity investments, we will promote capital recycling.

▶▶▶ See [here](#) for information on how we help to resolve social issues through our business activities.

Approach to Sustainability

Fiscal Year Ended March 2024 in Review

The balance of credit extended to industries with high environmental impact*¹ by subsidiaries in Malaysia, Indonesia, and Australia decreased on a local currency basis compared to the fiscal year ended March 2020.

In Greater China, we promoted green finance*² at our subsidiary in China. In addition, each portfolio company promoted ESG initiatives.

*¹ Fossil fuel mining, palm oil plantations, and forestry.

*² Leasing initiatives for solar power generation, electric vehicles, etc.

- Subsidiaries in Malaysia, Indonesia, and Australia will reduce the balance of credit extended to industries with high environmental impact by 50% through 2030 compared to 2020, and to zero by the fiscal year ending March 2040. To achieve this target, we will continue monitoring the reduction of the balance of credit extended to industries with high environmental impact, closely examining credit recipients and credit amounts.
- Based on the laws and regulations of each country, we will take stock of issues and organize the situation at each local subsidiary with regard to human rights risks, supplier management, and compliance.
- Among local subsidiaries, we will share measures expected to have a positive impact and discuss their feasibility. Measures include electric vehicle conversion, provision of sustainable loans, and provision of products to unbankable customers.
- In Greater China, we will continue to examine methods for measuring GHG emissions of major portfolio companies. In addition, we will encourage investees that have not yet issued ESG reports to do so.

Focus ▶

Global Training Program

Deepening Group Understanding and Creating New Businesses



The Global Business Group conducted its third Global Training Program in June 2024. This program, which began in January 2023, selects executives from ORIX Group overseas subsidiaries (in Asia and Australia) and provides them with approximately one month of training in Japan. The program offers an opportunity for participants to deepen their understanding of the ORIX Group and to generate and share new business ideas through training at ORIX's specialized departments, such as the Credit Evaluation Department and Investor Relations and Sustainability Department, and Group companies such as ORIX Auto and ORIX Rentec.