



Answers,
Custom Fit.

ORIX Corporation

ESG at ORIX: A Quiet Pioneer

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December 8, 2022

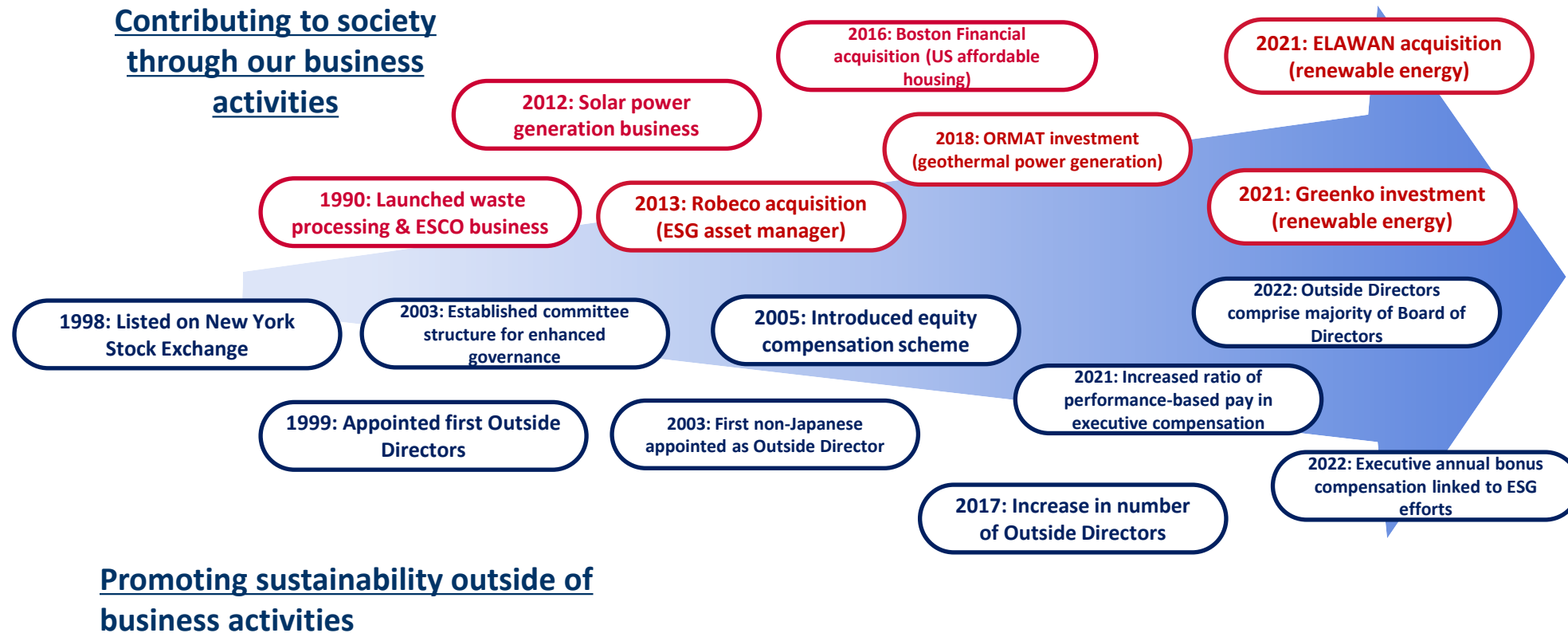
Morgan Stanley Japan ESG Conference 2022

- 1. History of ORIX's Sustainability Promotion Efforts
(1990~)**
- 2. Recent Sustainability Promotion Efforts**

History of ORIX's Sustainability Promotion Efforts (1990~)

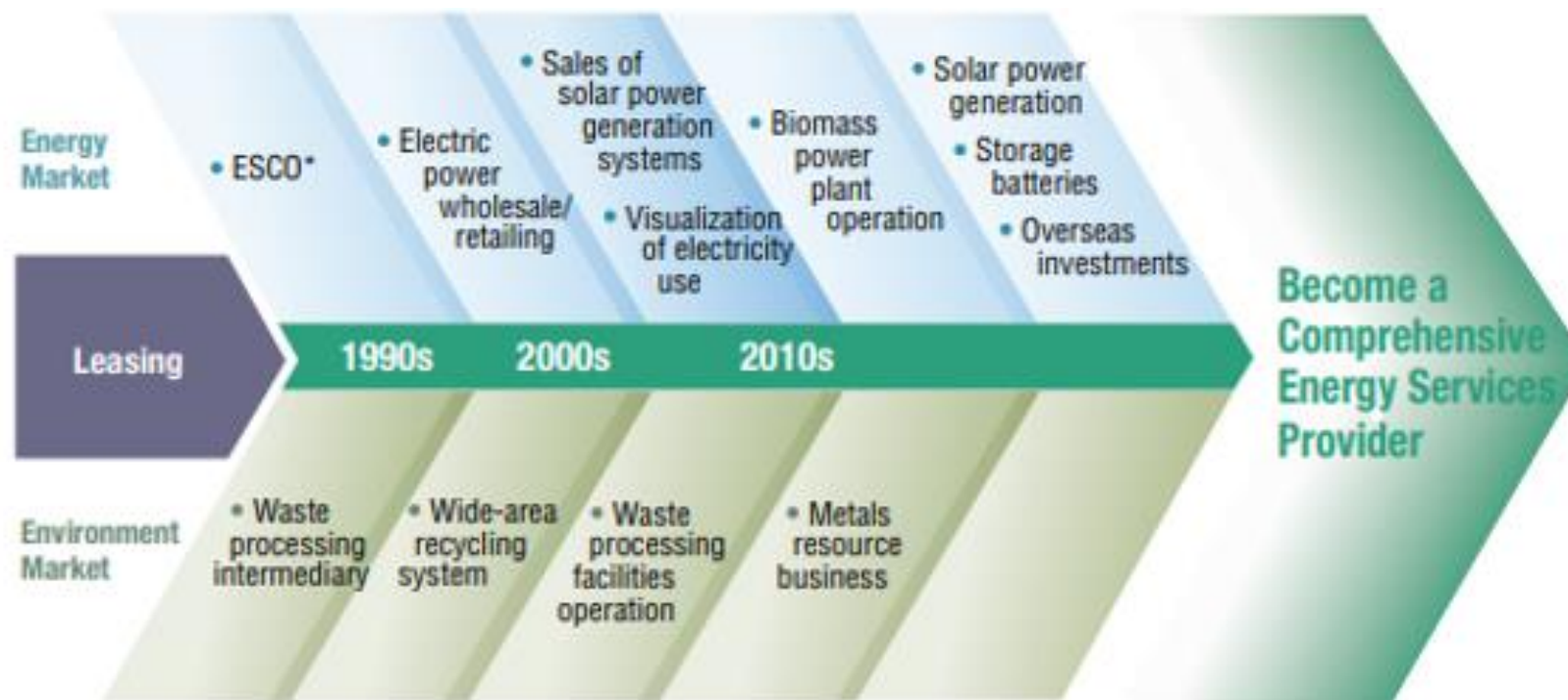
History of ORIX's Sustainability Promotion (1990s and Beyond)

- ✓ Sustainability pioneer: ORIX aggressively promoted sustainability before it became a major trend
- ✓ Efforts in Environment & Energy business began in the 1990s



Contributing to Society through our Businesses: Environment and Energy (1)

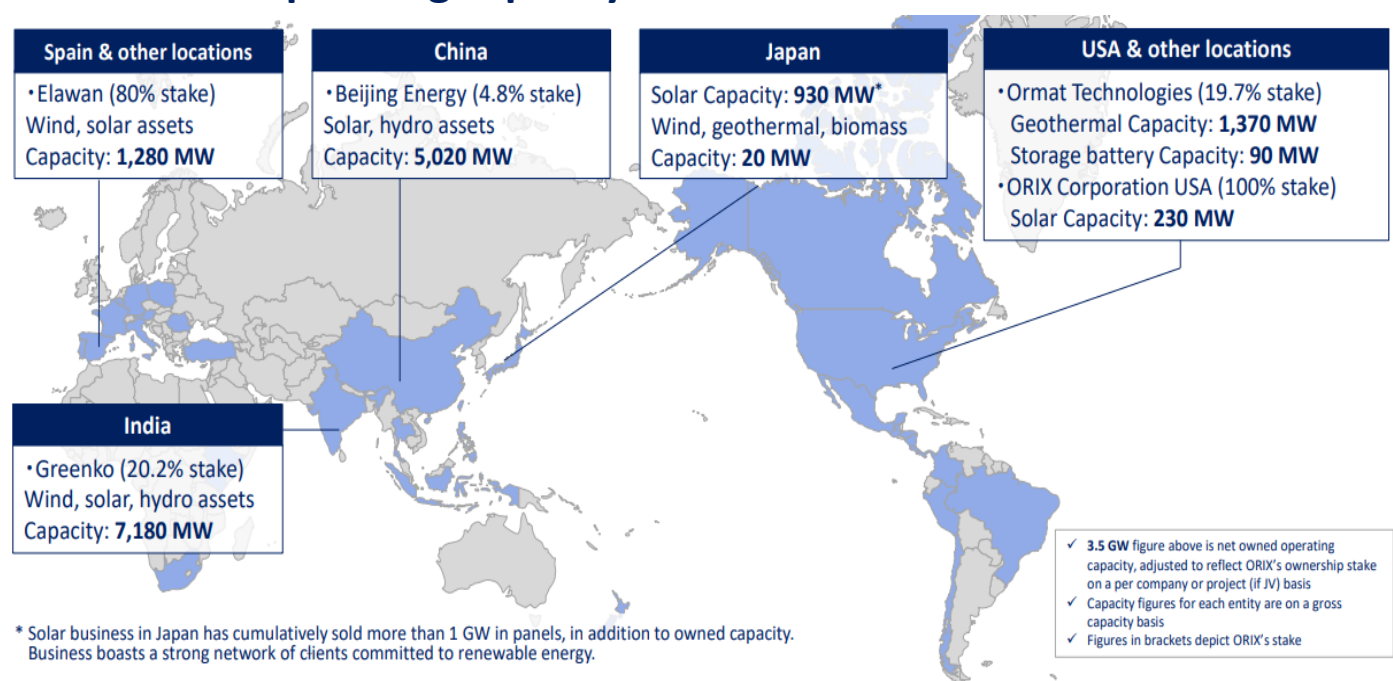
- ✓ Business founded in 1995 with capital participation in wind power generation business
- ✓ Currently have long track record in wide variety of business areas, including renewable energy in Japan and overseas, electric power retailing, energy saving services, solar panel and storage battery sales, waste processing, and resource recycling



Contributing to Society through our Businesses: Environment and Energy (2)

- ✓ Leading renewable energy provider with total net owned operating capacity of 3.5 GW* worldwide
- ✓ CO₂ avoided emissions through renewable energy totaled approximately 4.3 million t-CO₂, much larger than ORIX Group's actual GHG emissions

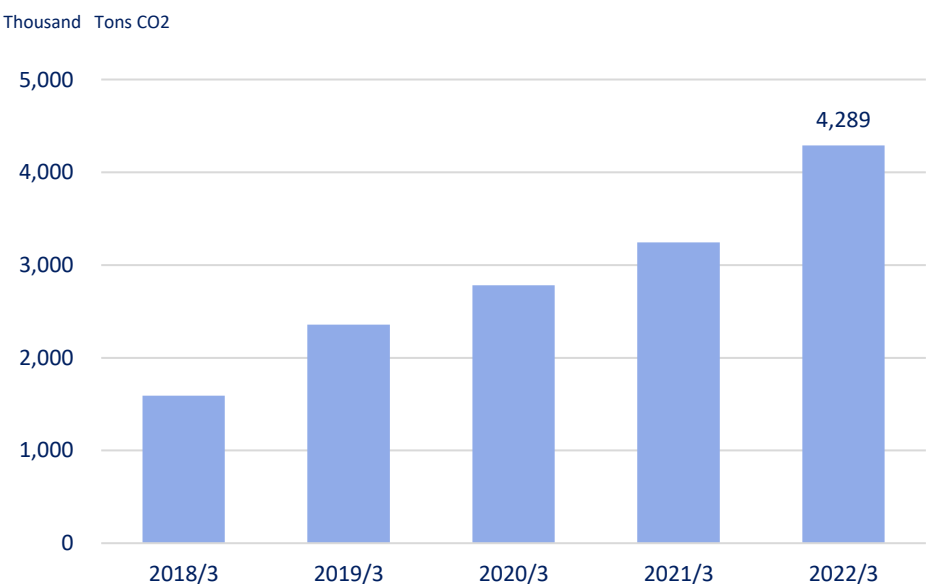
Net owned operating capacity



(as of end-September 2022)

*Adjusted to reflect ORIX's ownership stake

CO₂ avoided emissions* through renewable energy business



*Calculated by multiplying power generation volume by national & regional grid factors. Grid factors are reevaluated each year.

Contributing to Society through our Businesses: Asset Management

- ✓ Robeco (acquired in 2013) has been an ESG pioneer since the 1990s, and is a leader in sustainable investing
- ✓ Utilizes asset management strategies integrating ESG elements to promote sustainable investment

An ESG pioneer since the mid-1990s, Robeco is recognized as a global leader in sustainable investing

Robeco Parent AUM

(as of 30 June 2022)

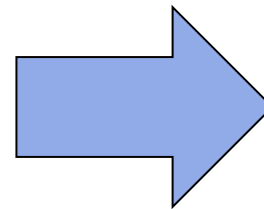


178 Bn EUR

ESG-Integrated AUM



171 Bn EUR



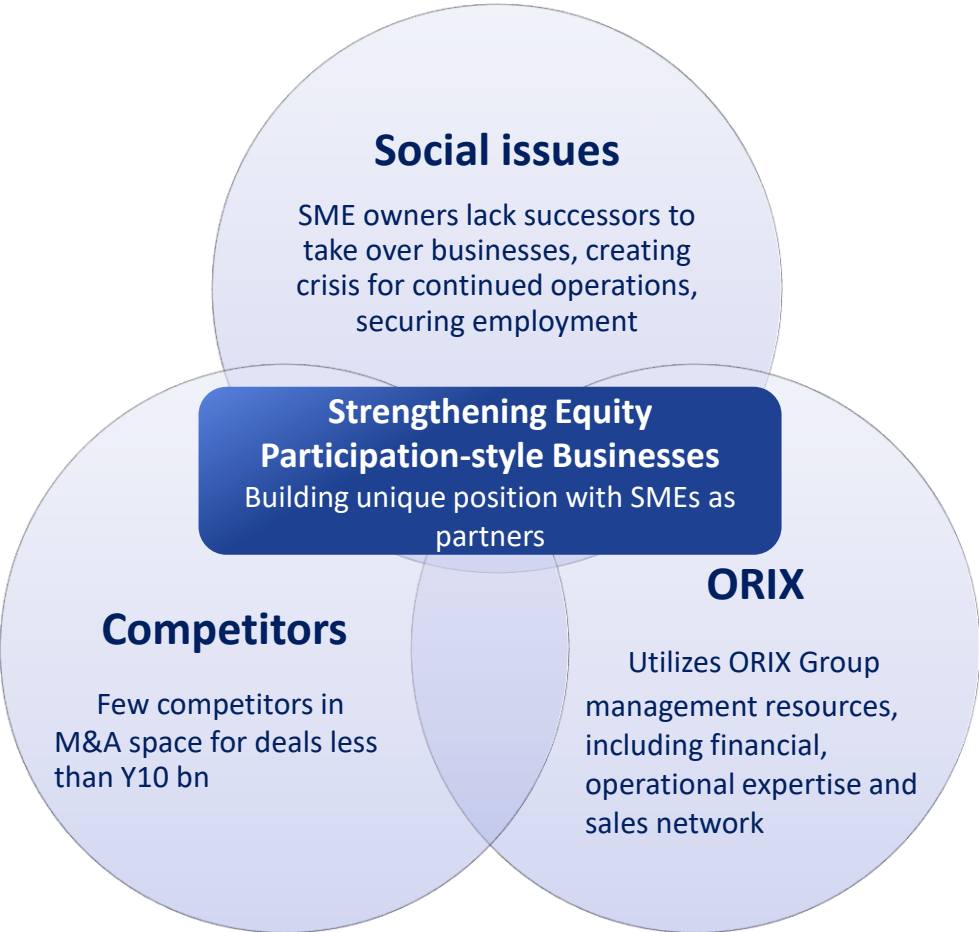
Asset management strategies integrating ESG elements

- ① Sustainability inside strategies: These incorporate the use of proprietary research, exclusions, and voting and engagement
- ② Sustainability focused strategies: These strategies have more specific sustainability targets for ESG profiles.
- ③ Impact investing strategies: These strategies aim to make a discernible impact by investing in measurable sustainable themes.

Announced support of Net Zero Asset Managers Initiative in Dec 2020, aims to achieve net zero GHG emissions across all assets under management by 2050

Contributing to Society through our Businesses: Succession Support

- ✓ Addressing needs for SME succession support, in addition to existing PE investment business
- ✓ Unlike M&A advisories, can directly acquire equity in investee firms using own capital



ORIX offers investees more flexible options than competitors

	ORIX	M&A advisories	
	SME succession support business	Fund	Operating company
Investee size	SME or larger	Middle market or larger	Middle market or larger
Holding period	No limit	3 – 5 years	Usually don't exit
Exit method	Sale to regional SME MBO, EBO	Sale to peer, fund or IPO	Usually don't exit
Funding	Own capital	Own capital, loans	Own capital, loans

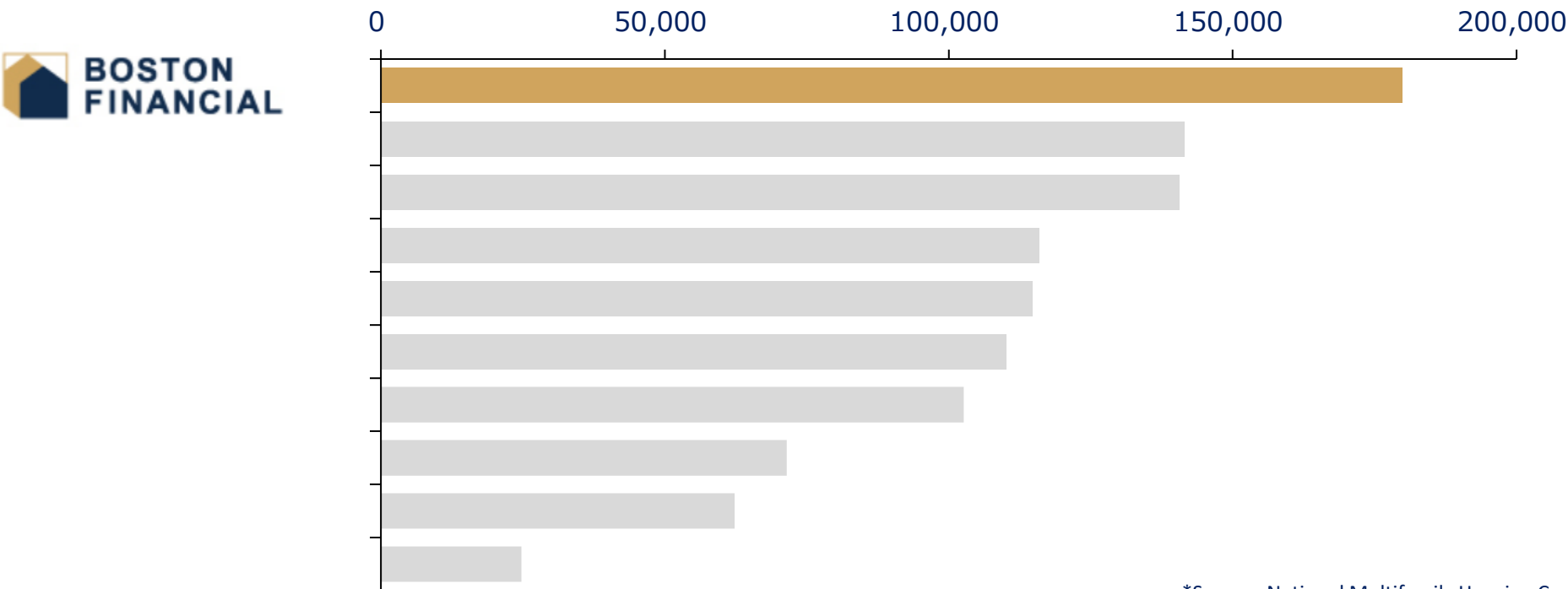


Capitalize on strength network comprising 70 regional offices, 1,500 relationship managers, and overseas Group businesses

- ✓ Boston Financial (acquired in 2016) is the largest Low Income Housing Tax Credit* (LIHTC) syndicator in the US , has a history of over fifty years in business
- ✓ Manages approximately 15.9 billion USD of funds invested in 2,000 affordable housing properties with 176,000 homes across the U.S.

*Low Income Housing Tax Credits (LIHTC) were established in 1986 as a U.S. federal tax credit program designed to promote the supply of affordable housing.

Top 10 LIHTC Syndicators in the US (No. of Homes, 2022)



*Source: National Multifamily Housing Council

Recent Sustainability Promotion Efforts

Recent Sustainability Promotion Efforts

- ✓ Reflecting increased focus on ESG globally, ORIX formalized our founding principals supporting sustainable growth as our Sustainability Policy
- ✓ Set group-wide ESG-related material issues and key goals
- ✓ Enhanced communication with stakeholders through improve disclosure, including annual Sustainability Report

Oct 2018	Established team in charge of sustainability promotion
Sept 2019	Adopted the ORIX Corporate Sustainability Policy, ORIX Human Rights Policy, and ORIX Sustainable Investing and Lending Policy
Oct 2019	Issued first Sustainability Report (published annually thereafter*)
Oct 2020	Announced support for TCFD (Task Force on Climate-related Financial Disclosures)
Nov 2021	Set ESG-related material issues and key goals, established Sustainability Committee
June 2022	Achieved goal for Outside directors to account for over half of the composition of the ORIX Group Board of Directors ahead of schedule

*Link to 2022 Sustainability Report is [here](#)

✓ ORIX Group has established the following ESG-related key goals based on our material issues and focus areas

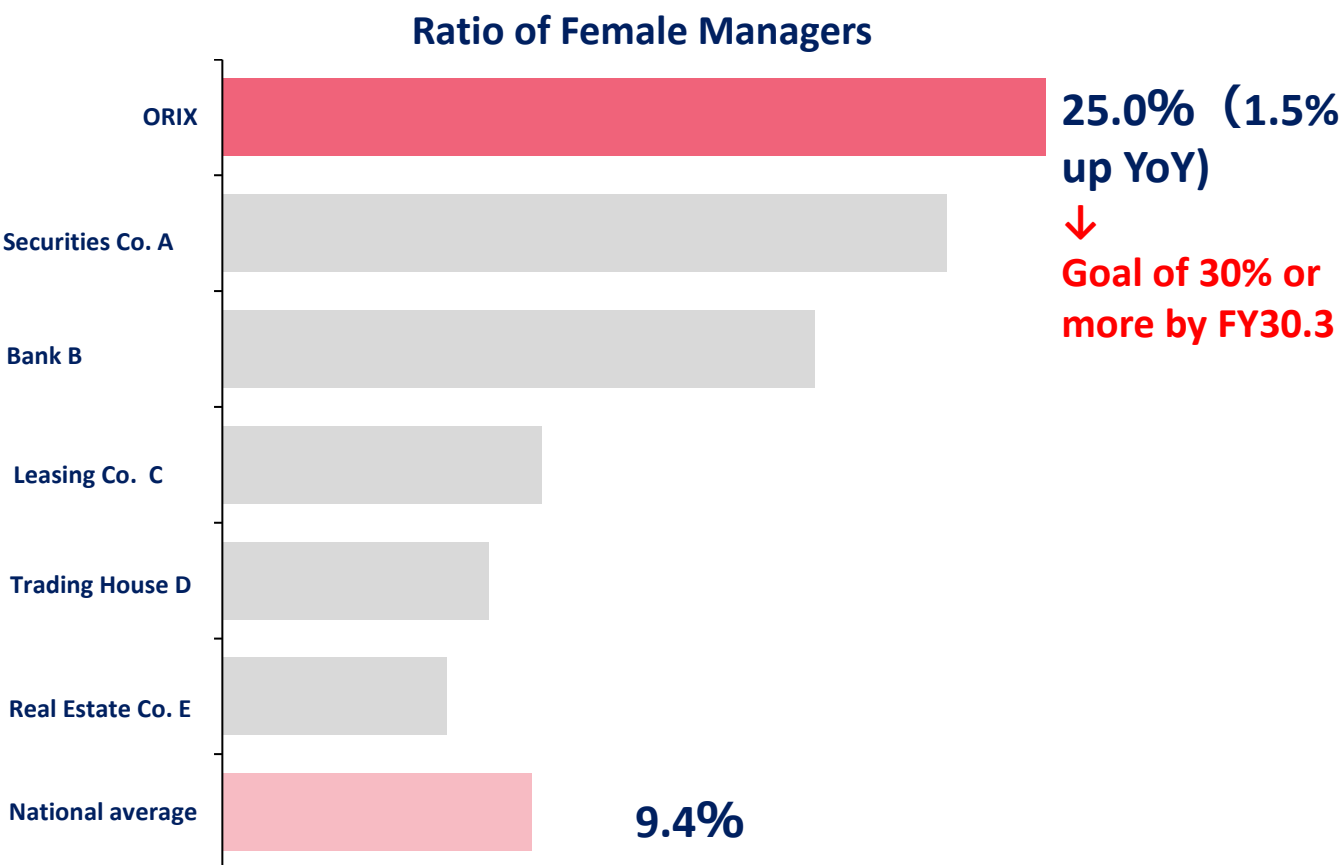
1. **Outside directors to account for over half of the composition of the ORIX Group Board of Directors** by the General Meeting of Shareholders set to be held in June 2023.
2. **Female directors to account for over 30% of the composition of the ORIX Group Board of Directors** by the end of the fiscal year ended March 31, 2030.
3. **Female employees to account for over 30% of management positions at ORIX Group** by the end of the fiscal year ended March 31, 2030.
4. **Reduce ORIX Group GHG (CO₂) emissions by 50%** compared to the fiscal year ended March 31, 2020 by the end of the fiscal year ended March 31, 2030.
5. ORIX Group to **achieve net zero GHG (CO₂) emissions by the end of the fiscal year ended March 31, 2050.**
6. Reduce **ORIX Group's investment and credit balance in GHG (CO₂) emitting industries* by 50%** compared to the fiscal year ended March 31, 2020 by the end of the fiscal year ended March 31, 2030.
7. **ORIX Group to achieve a zero investment and credit balance in GHG (CO₂) emitting industries*** by the end of the fiscal year ended March 31, 2040.

* Refers to the fossil fuel mining, palm oil plantations, and forestry financed by some ORIX Group overseas subsidiaries

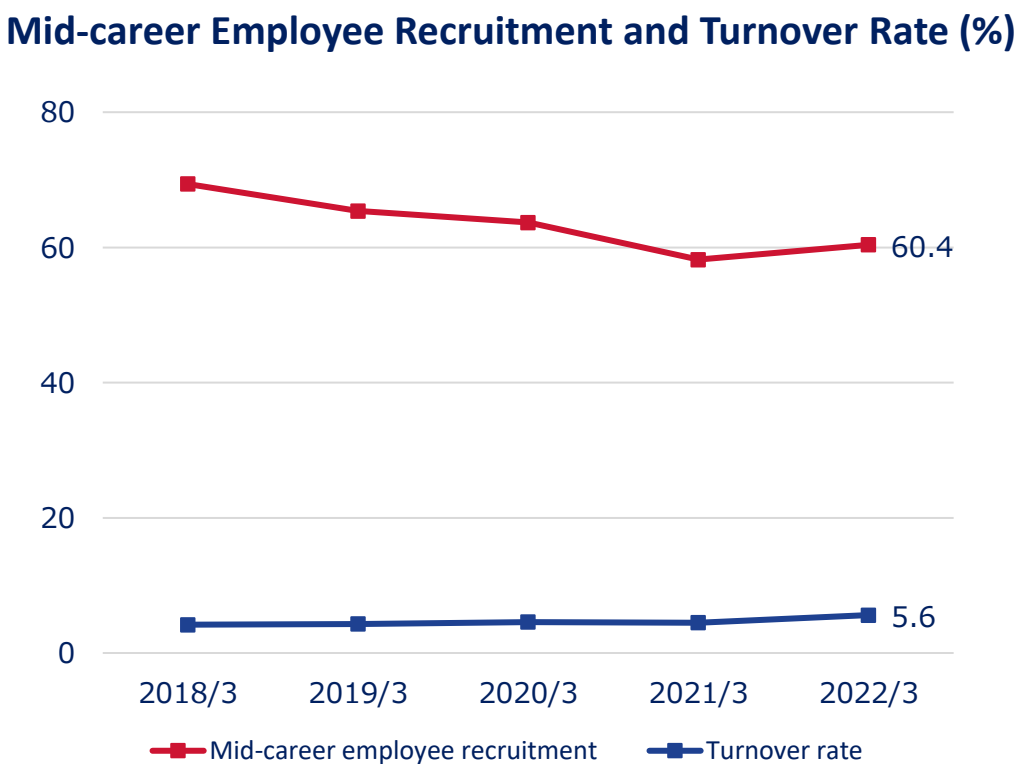
*See Appendix (P 18) for ESG-Related Material Issues and Key Goals

Promotion of Diversity, Equity and Inclusion

- ✓ Hiring talent of varying nationalities, ages, genders, and work experience is the key to blending diverse values and skills in addition to creating new value, which is the backbone of ORIX’s growth



* ORIX data is average for 10 ORIX Group companies as of end-March 2022. National average taken from Teikoku Databank’s *Survey of Corporate Attitudes towards promotion of women (2022)* (Aug 2022).



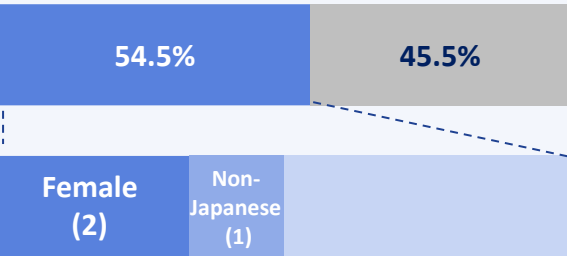
**Mid-career employee recruitment data is calculated by dividing the percentage of mid-career employee hires by the total number of new employee hires for the 10 Group firms. Turnover rate includes retirees and employees transferred within the ORIX Group.

Strengthening Corporate Governance

- ✓ Outside Directors comprise majority of Board of Director seats (achieving key ESG-related goal ahead of schedule), ratio of female Directors is 18.1%
- ✓ All Committees comprised entirely of Outside Directors

Board Composition

Outside Directors (6) Internal Directors (5)



Ratio of Female Directors: 18.1%

(As of June 30, 2022)

Outside Directors come from a variety of professional backgrounds

Committee Composition - % of Outside Directors



Nominating Committee



Compensation Committee

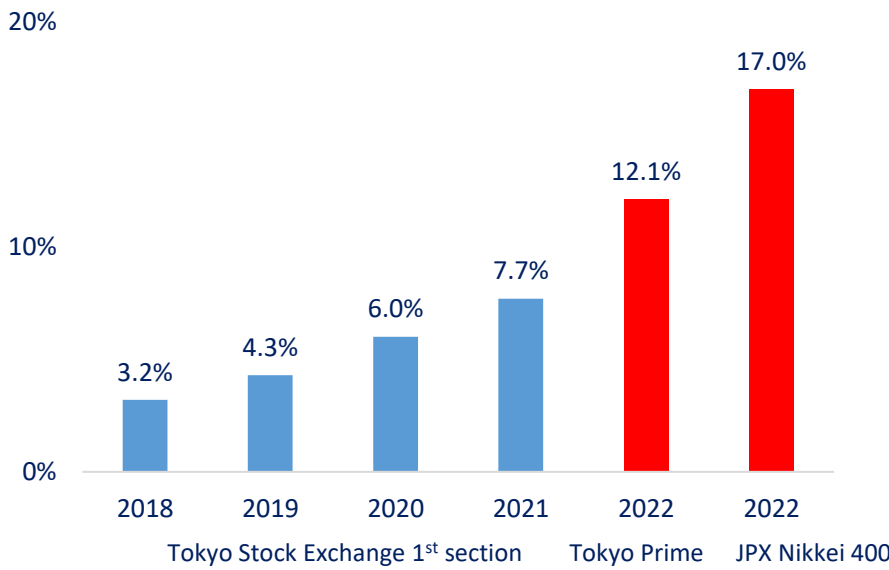


Audit Committee

(From June 2022)

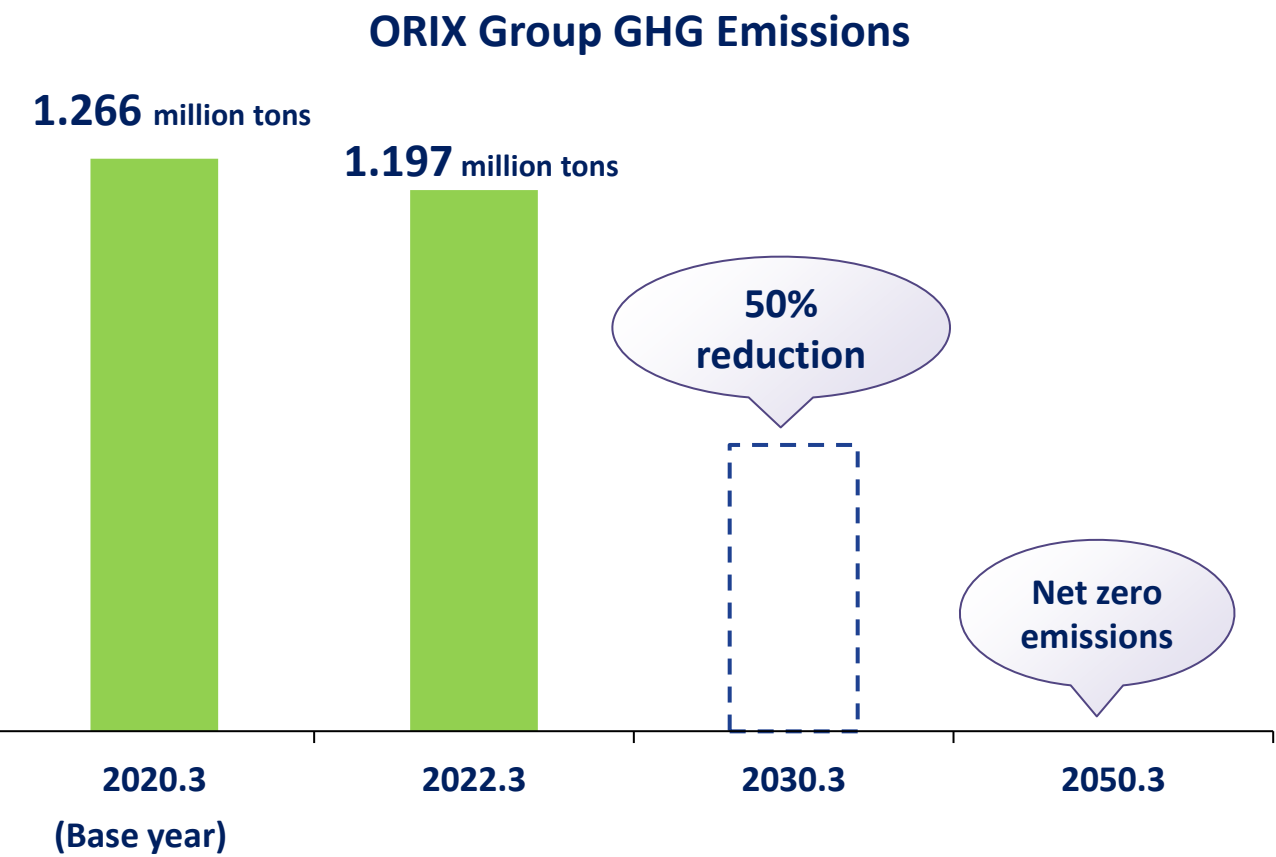
All three Committees are comprised entirely of Outside Directors, as part of efforts to continually improve Board execution

Ratio of Companies with Majority Independent Board of Directors



*Source: Tokyo Stock Exchange (Aug 2022) Response of Listed Companies regarding Revised Corporate Governance Code (as of July 14, 2022).

✓ Reduce ORIX Group GHG emissions by 50% by end-FY30.3, achieve net zero GHG emissions by end-FY50.3



Measures to Reduce GHG Emissions

- ① Through facility improvements at Coal and Biomass Power Plants, considering conversion 100% biomass power generation or use of next-generation fuel sources (including black pellets, ammonia)
- ② Considering implementing carbon capture technology at waste processing facilities
- ③ Replacing older equipment with energy-saving models at real estate owned or operated by ORIX Group, utilizing carbon credits
- ④ Considering reducing GHG emissions at PE investees

Note: Booked 19.6 JPY Bn in impairments for two Coal and Biomass Power Plants in FY22.3

Improved Ratings by ESG Ratings Agencies



- ✓ Setting ESG-related key goals and issues and strengthening disclosure have led to improved ratings by ESG rating agencies, wider inclusion by ESG indices
- ✓ ORIX now included in four of five ESG indices (for Japanese stocks) adopted by Government Pension Investment Fund (GPIF)

Improved Ratings by ESG Rating Agencies

ESG Rating Agency	Rating changes (Timing of upgrade)
MSCI	<u>A</u> → AA (Feb 2021) “Leader among 44 diversified financial industry peers”
FTSE	<u>2.1</u> → 3.4 (Sept 2022) Selected as Sector Relative Index constituent
Sustainalytics	<u>28.4</u> → 20.3 (Oct 2022) Ranked 168 out of 899 in industry
DJSI	<u>35</u> → 47 (Sept 2022) Industry avg. score: 21
CDP	<u>D</u> → B- (Dec 2021) Progress in efforts to combat climate change recognized

* For Sustainalytics, a lower score indicates a lower risk (under 20.0 considered ‘low risk.’)

Five ESG Indices Adopted by GPIF (Japanese stocks)

Index	Constituents (#)	ORIX inclusion
MSCI Japan ESG Select Leaders Index	222	Yes
S&P/JPX Carbon Efficient Index	1,855	Yes
MSCI Japan Empowering Women Index	352	Yes
 FTSE Blossom Japan Index	229	No
 FTSE Blossom Japan Sector Relative Index	493	Yes

Appendix

✓ Identified material issues and focus areas for promoting sustainability, announced in November 2021

Material issues and focus areas to reduce climate change risk	
1	Set greenhouse gas (GHG) emissions reduction goals.
2	Continue to lead in renewable energy investment and production.
3	Quantify and reduce our climate-related risks and continue to implement TCFD recommendations.
4	Continue to promote a circular economy and reduce and appropriately manage waste.
5	Formulate an exit strategy for existing exposure to high environmental risk business areas, and create bright-line exclusion criteria in any new investing or lending
6	Work with stakeholders to promote a healthier environment through goods and services that help mitigate adverse environmental impacts.

Material issues and focus areas to reduce social risks, including human rights risk	
1	Continue to strengthen our Sustainable Investing and Lending Policy, Code of Conduct, and risk management system to adequately cover new and emerging social risk areas.
2	Share a common and agreed respect for fundamental human rights with all of our stakeholders such as support for the UN Universal Declaration of Human Rights, worker health and safety, diversity, inclusion, and non-discrimination.
3	Continue to improve employee satisfaction by respecting the diversity of our employees and creating an inclusive working environment that promotes flexible working styles and provides career development support, fair performance review and compensation schemes, and employee health support systems.

Material issues and focus areas to strengthen governance based on transparency, compliance, and integrity	
1	Continue to strengthen the independence of the Board of Directors so that the Board may provide an appropriate and effective oversight over the management's business execution from an independent and objective perspective.
2	The Group CEO will be responsible for all execution matters including responding to these material issues under the oversight of the Board of Directors.
3	Emphasis on client satisfaction and developing and offering sustainable products and services.
4	Endeavor to gain and keep the trust of our clients in all of our business areas.
5	Promote a strong culture of compliance with all applicable laws and regulations, including paying our fair share of taxes.

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- Some of the financial information in these materials is unaudited.
- The Company believes that it will be considered a “passive foreign investment company” for United States Federal income tax purpose in the year to which these consolidated financial results relate and for the foreseeable future by reason of the composition of its assets and the nature of its income. A U.S. holder of the shares or ADSs of the Company is therefore subject to special rules generally intended to eliminate any benefits from the deferral of U.S. Federal income tax that a holder could derive from investing in a foreign corporation that does not distribute all of its earnings on a current basis. Investors should consult their tax advisors with respect to such rules, which are summarized in the Company’s annual report.
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