



Governance

Corporate Governance at ORIX

ORIX's approach to corporate governance and its corporate governance framework are explained in detail on the ORIX Group website or in the Integrated Report. This report describes our sustainability governance structure regarding the promotion of sustainability.

▶▶▶ [Corporate Governance](#)

▶▶▶ [Integrated Report](#)

Approach to Promoting Sustainability

At ORIX, we are focusing on the following in promoting sustainability.

- **Understand our sustainability priority issues:**
Identify and understand priority sustainability issues.
- **Identify and pursue sustainability opportunities:**
Seek out new business opportunities in sustainability issues, including where collaboration across business lines could contribute to solving societal problems.
- **Identify and manage sustainability-related risks:**
Introduce analysis of sustainability issues in risk management, both at the Group level and for individual businesses.
- **Engage with our stakeholders:**
Engage with all stakeholders, maintain transparency in our operations, and adequately consider stakeholder feedback in our activities; encourage business partners and suppliers to support the Sustainability Policy.

- **Develop employee awareness:**
Develop employees' awareness of the Sustainability Policy, and, when necessary, provide guidance on how to implement it; develop employee awareness and knowledge of priority sustainability issues.

Approach to Sustainability Issues

Since our business is diverse, different parts of it could have an impact on, or be impacted by, entirely different sets of sustainability issues. As such, our analysis and the responses to our priority sustainability issues take a layered approach consisting of a corporate level and a business unit level.

<Sustainability Approach>

| | Corporate Level | Business Unit Level |
|----------------|---|--|
| Applicability | Group-wide | Specific to each business unit |
| Governance | Executive Committee | Executive Committee and respective business unit heads |
| Administration | Sustainability Team Corporate Planning Department | Sustainability Team Corporate Planning Department Sustainability contact at respective business unit |
| Key Terms | Unifying culture, minimum standards, zero tolerance, transparency | Tailored approach and ownership |

Sustainability Governance Structure

Core Principles of Our Sustainability

Care for the natural environment:

We measure and minimize our environmental impacts and look to provide solutions to society's environmental issues through our business.

Respect human and labor rights:

We uphold human and labor rights as defined in international standards such as the Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

Promote diversity and care for the well-being of our employees:

We respect the diversity of our employees and provide opportunities and environments maximizing their professional development. Furthermore, ORIX is committed to respecting the culture, customs and environment of countries and regions where we operate, and positively contributing to those economies and societies. We are also committed to creating safe and secure workplaces where our employees can thrive and where no forms of discrimination are tolerated.

Uphold the highest business ethics:

At all times we conduct our business in accordance with all laws and promote fair competition. This includes rejecting all forms of corruption and bribery, not engaging in unethical transactions, associating with anti-social forces, or engaging in activities that could lead to conflicts of interest.

For details of our core principles

▶▶▶ [ORIX Corporate Sustainability Policy](#)

Sustainability Governance Structure

The Sustainability Team, which is part of the Corporate Planning Department, reports to and seeks approvals, instructions and advice from the Board of Directors, CEO, the Executive Committee, and Executive Officer in charge of Corporate Planning Department on sustainability initiatives. The team coordinates with the various departments within ORIX and promotes sustainability group-wide.



(As of October 31, 2020)

Promotion of Sustainability

ORIX has addressed social issues and needs through its businesses since its founding. We conduct an array of businesses with the objective of contributing to society as one of our driving motivations. However, we can do more to fully clarify this mindset in order to raise the awareness of officers and employees and share our vision with our stakeholders. Therefore, we established the ORIX Corporate Sustainability Policy in September 2019 to promote sustainability and further increase the transparency of our initiatives. This policy is the basis for our approach to sustainability, with specific initiatives over the past year as follows:

Investing and Lending Screening (Screening investment and lending from the perspective of environment, social, and governance)

ORIX established its ORIX Sustainable Investing and Lending Policy in September 2019 to promote sustainable investing and lending. This policy is the basis for screening investment and lending projects submitted to the Investment and Credit Committee (“ICC”)*¹ from an ESG perspective. The department raising the project for approval evaluates the project using the Sustainable Investing and Lending Checklist*² and includes this checklist in its application materials to the ICC. The ICC decides on the project after fully considering the environmental and social impact of the project in question and may disallow a matter if it judges that the target company poses environmental or social risks.

*1 The Investment and Credit Committee is an executive body composed of senior managers and Executive Officers responsible for investment and lending; the committee discusses proposals that exceed specified amounts.

*2 A proprietary ORIX checklist based on international sustainability guidelines.

Business Unit Sustainability Programs Now under Consideration

In formulating the business plan for the fiscal year ended March 31, 2021, each business unit considered climate and social change to identify events that could affect it over the medium and long term. We then identified potential business opportunities and risks in drafting an action plan and goals for sustainability. Business units and the Sustainability Team will collaborate in evaluating action plans and aims to finalize them during the fiscal year.

First Green Bond*³ Issued

In January 2020, ORIX issued its first green bond, an unsecured straight bond totaling ¥10 billion. We will use all the proceeds for our solar power generation business. ORIX received a second-party opinion*⁴ of its green bond eligibility from Sustainalytics, a global third-party ESG assessment company.

ESG requirements are increasing among investors, so interest in our green bond issue was strong. We will consider future green bond issues, which help to diversify our funding base.

*3 Bonds issued by companies and other parties to fund green projects, which are projects that have a positive effect on the environment such as renewable energy, construction and repair of energy-saving structures, and prevention and management of environmental pollution.

*4 ▶▶▶ [Second-party opinion from Sustainalytics](#)

Embedding Sustainability into ORIX Group

■ Messages from the CEO

We have consistently shared the following messages from the CEO to Group officers and employees through New Year’s greetings and online internal communication.

“Sustainability for ORIX Group involves accurately identifying changes in society over the medium and long term and deciding how to address them.”

“Our Sustainability Policy sets the direction for medium-term management and is a guide for ORIX to continue growing.”

■ Sustainability Training

We conducted sustainability training geared towards business units. We also plan to hold SDG-themed training.

■ Sustainability Library for Internal Use

We have created a sustainability library on our intranet to improve basic understanding of sustainability among Group officers and employees. It provides fundamental knowledge about sustainability and ORIX’s sustainability initiatives.

Dialogue with Shareholders and Investors

ORIX engages in energetic dialogue with its shareholders and investors. This dialogue has provided additional opportunities for investors and shareholders to ask questions and express opinions regarding ORIX’s sustainability. Interest in this area has steadily increased and we take this dialogue seriously and use lessons learned from such dialogue in promoting sustainability internally and in shaping our sustainability disclosure.

We are considering the following initiatives to complement the sustainability programs above.

Enhanced Sustainability Disclosure

Although ORIX already discloses sustainability information, we recognize a need to enhance our disclosure and set Group-wide and business unit level sustainability goals and monitor progress towards such goals. We are considering governance enhancements to collect sustainability information accurately and speedily in order to further enhance our sustainability disclosure.

Initiatives by ORIX Corporation USA

Founded in 1981 as the investment arm of ORIX Corporation in the Americas, ORIX Corporation USA (“ORIX USA”) has been successfully serving the middle market segment with innovative and customized capital solutions that have helped clients transform their businesses.

Focused on sectors that may be underserved by traditional capital providers, ORIX USA and our subsidiaries have collectively become a leading senior lender to small-to-medium sized U.S. companies and one of the largest underwriters of affordable housing mortgages in the U.S.

As a corporate credit, real estate, and private equity investor and manager, rigorous underwriting and due diligence are the foundation of ORIX USA’s investment and portfolio management processes, and we are committed to integrating environmental, social, and governance (“ESG”) factors into our investment and portfolio management processes.

We believe that corporate management teams that can demonstrate strong ESG and sustainability credentials are more likely to reduce risks and boost economic development and financial performance over time. By focusing on a broader group of stakeholders, ESG

analysis can capture remote, less quantifiable risks and opportunities that may not be immediately material to a company’s value or creditworthiness at that time, but can be material in the future.

At ORIX USA, we believe that a sustainable investment approach not only benefits society and our communities but also help us identify value during our investment diligence process and allows us to build a deeper level of trust and respect with our investors, clients, employees, and business partners.

In my view, actively managing ESG risks and pursuing related sustainable opportunities helps us make smarter financial decisions and become better stewards of the capital we manage for our shareholders and investors.

We believe that incorporating ESG considerations into our investment processes will be profitable and beneficial for society and our stakeholders.

Terry Suzuki

Member of the Board of Directors
Senior Managing Executive Officer
President and Chief Executive Officer, ORIX Corporation USA

Business Continuity Planning (Disaster Risk Management System)

ORIX's Basic Disaster Risk Management Rules stipulate our response in the case of unforeseen incidents, including disasters or accidents, including basic tenets, specific responses and systematic risk management. We define disasters largely as damage from: i) natural phenomena such as earthquakes and typhoons; ii) terrorism; iii) accidents; iv) fires and (v) infectious diseases, and have laid out our fundamental responses in a disaster response manual and a manual for countering new influenza strains.

We have established systems for confirming the safety and status of employees if our offices are closed due to an event such as a disaster or the spread of an infectious disease. We have also prepared for situations in which working from our offices is impossible or inadvisable by introducing systems that enable employees to work remotely so that our business operations are not disrupted.

As a general matter, we confirm the safety of employees in Japanese prefectures affected by an earthquake with a seismic intensity of 5 or higher, and conduct safety confirmation training several times per year. We have also set up disaster response headquarters at the Osaka head office in case damage in the greater Tokyo area incapacitates the Tokyo head office, and we are conducting training in collecting appropriate information in such a scenario. In addition, each office has a stockpile of food and drinking water for three days per employee.

Response to the COVID-19 Pandemic

Japan's first confirmed case of infection in January 2020 prompted ORIX to position COVID-19 as a crisis that requires a Group-wide response and initiated countermeasures Group-wide. When the Japanese government declared a state of emergency in April 2020, we established the COVID-19 Headquarters. Since the state of emergency was lifted in May 2020, we have been putting the health and safety of our employees first and foremost and are aiming to operate responsibly to prevent the spread of COVID-19 by referring to the policies of the local governments of the areas in which we operate and incorporating the necessary "new normal" lifestyle changes.

Measures for Employees

■ Remote work

During February 2020, we recommended remote work and from April we required remote work as a rule. The majority of employees at locations both inside and outside Japan worked remotely, and helped prevent the spread of the virus in various ways such as setting up shifts and rotation schedules for employees who had to be on-site for business purposes. Since May, we continue to work remotely as much as practicable.

In response to the expansion of remote work, we improved the remote work environment by distributing various IT resources including personal computers, smartphones, and communication devices, and swiftly expanded virtual private networks (VPN) so that employees can access the company intranet from home.

■ Daily confirmation of employee health and attendance

We use a daily safety confirmation system covering about 29,000 full-time, temporary and part-time employees (as of September 30, 2020) at ORIX Group companies in Japan to understand their work situation and identify people who have developed symptoms and missed consecutive days of work.

■ Additional measures

We provide special disaster leave for people with health issues or who are forced to be on call at home, encourage staggered schedules for on-site work, prohibit business trips, discourage face-to-face meetings and instead recommend the use of video conferencing.

Measures for Customers

- Accommodations and aquariums operated by ORIX Hotel Management and ORIX Aquarium, both wholly owned by ORIX Real Estate, were closed temporarily due to the COVID-19 pandemic. Operations have resumed on a rolling basis since June 2020 following the formulation of our own hygiene guidelines.
- ORIX Auto is operating its rental car and car sharing businesses with hygiene measures put in place to prevent the spread of infection.
- ORIX Life Insurance is prioritizing payment of hospitalization benefit claims, among other measures.
- ORIX participates in operating Kansai International Airport, Osaka International Airport and Kobe Airport, which are implementing an array of counter-infection measures.

Business Activities during COVID-19

We are committed to contributing to society through our businesses, even during the COVID-19 pandemic. The following are examples from ORIX Hotel Management (within our real estate business), which is implementing measures designed to prevent infection and allow our staff to continue to provide their services in a safe manner, and from ORIX Rentec (within the rental business), which has launched new services to address the increased use of telecommuting.

ORIX Hotel Management

ORIX Hotel Management manages accommodations totaling approximately 5,400 rooms throughout Japan, including 13 hotels and inns under the direct management of the ORIX Hotels & Resorts brand.

ORIX implemented its own policies for operations and services in the “new normal” associated with COVID-19, which are based on new lifestyle guidelines issued by the Ministry of Health, Labour and Welfare and other relevant industry organizations. As of September 2020, these policies have been renamed the Cleanliness Policy, setting forth the priority items of (1) hygiene management, (2) avoidance of the “three Cs” (closed spaces, crowded places and close-contact settings) and (3) employee health management. An operation manual has been established at each facility based on the Cleanliness Policy. At the same time, we established the position of hygiene promotion manager. The manager works to promote understanding and dissemination of the manual among employees and confirms that hygiene management is being conducted regularly and according to the manual at all

times. Through these activities, we strive to operate facilities that maintain good hygiene so that guests can spend their time safely and with peace of mind.

ORIX Rentec

Founded in 1976 as the first measuring instrument rental company in Japan, ORIX Rentec is an industry leader and one of the largest companies of its kind in Japan, with 32,000 types of rental equipment and 2.0 million units (as of March 31, 2020).

The increased use of telecommuting due to the COVID-19

pandemic has created challenges for companies such as implementing security countermeasures for information leaks from lost personal computers and unauthorized access to the network, creating a smooth remote communication environment and structuring systems to manage employees. In August 2020, ORIX Rentec launched “Secure Telework Package,” which reduces initial investment by being a rented, not purchased, service, which pre-installs various functional and service solutions on personal computers. This service helps customers ranging from large companies to SMEs create optimal telecommuting environments.

A sticker will be attached to the door to indicate that the room has been cleaned and sanitized.



Measures undertaken by ORIX Hotel Management