

A Message from the CEO

In October 2019, ORIX published its first Sustainability Report—since, we have continued to examine concrete measures by which we can contribute to the creation of a sustainable society through our business activities. In this latest publication, we have identified our Group-wide material issues and described the pathway of our corporate sustainability.

In November 2021, the Board of Directors deliberated on matters to be addressed by the Group regarding sustainability, formulated basic policies for sustainability, and approved our ESG-related material issues and key goals. We have also established a new executive body, the Sustainability Committee, to accelerate the promotion and implementation of sustainability at ORIX. Under the supervision of the Board of Directors, ORIX aims to implement specific measures and clearly defined mid- to long-term objectives in each business segment to address our material issues and attain our ESG-related key goals.

The key ESG-related material issues and focus areas that will enable ORIX to grow sustainably can be found on the following page.



Makoto Inoue

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



ESG-related Material Issues and Key Goals

ESG-related Material Issues

1. Material issues and focus areas to reduce climate change-related risks.

- 1 Set GHG emissions reduction goals.
- 2 Continue to lead in renewable energy investment and production.
- 3 Quantify and reduce our climate change-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 our stakeholders to promote a healthier environment through goods and services that help mitigate adverse environmental impacts.

2. 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.

3. 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 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 Endeavour 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.

ESG-related Key Goals

- 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 ending March 31, 2030.
- 3 Female employees to account for over 30% of management positions at ORIX Group by the end of the fiscal year ending 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 ending March 31, 2030.
- 5 ORIX Group to achieve net zero GHG (CO₂) emissions by the end of the fiscal year ending 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 ending 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 ending March 31, 2040.

* Refers to fossil fuel mining, palm oil plantations, and forestry financed by ORIX Group overseas subsidiaries (page 22)

ORIX Group Sustainable Investing and Lending Policy

ORIX makes decisions regarding investments, lending, and other financial transactions based on the ORIX Group Sustainable Investing and Lending Policy formulated in September 2019. The policy applies to potential investing and lending transactions submitted to the Investment and Credit Committee, and to transactions to be determined by the responsible party for each segment to whom authority has been granted. The company or department applying for the transaction must conduct an evaluation using the Sustainable Investing and Lending Checklist before submitting their case to the Investment and Credit Committee or relevant approver.

The basis for this decision is linked to thorough consideration regarding the environmental and social effects of each individual transaction. In addition to sovereign risks such as financial affairs and legislation, human rights risks are also key factors in investment and credit-related decisions in countries/regions determined as high risk in relation to human rights violations.

The following items indicate all cases in which transactions are prohibited, including companies with human rights risks or grounds for suspicion for such risks, sectors in which transactions are prohibited, and sovereign transactions in which there are concerns of or confirmed cases of human rights issues.

- 1) Organizations that carry out forced labor, child labor, human trafficking, or any other practices defined as human rights offenses by the UK Modern Slavery Act 2015
- 2) Organizations that are operating in countries/regions determined as high risk in relation to human rights violations and have participated in human rights violations
- 3) Sectors/business practices in which new transactions are prohibited

| No. | Sectors/Business practices in which new transactions are prohibited |
|-----|---|
| 1 | Manufacturing, using, storing, and importing/exporting controversial weapons, including cluster munitions, anti-personnel landmines (violation of the Oslo/Ottawa Treaties), chemical weapons, biological weapons, depleted uranium ammunition, nuclear weapons, and firearms |
| 2 | Manufacturing, using, supplying, and importing/exporting asbestos and other prohibited hazardous chemicals (violation of the Japanese Industrial Safety and Health Act) |
| 3 | Manufacturing, using, and importing/exporting internationally prohibited agricultural chemicals, pesticides, and herbicides (violation of the Stockholm Convention on Persistent Organic Pollutants) |
| 4 | Engaging in dynamite fishing, otherwise known as blast fishing (violation of the Act on the Protection of Fishery Resources) |
| 5 | Handling specific prohibited wildlife (violation of the Convention on International Trade in Endangered Species of Wild Fauna and Flora, otherwise known as the Washington Convention) |
| 6 | Engaging in business practices involving pornography or the sex trade |
| 7 | Engaging in business practices involving illegal casinos |

Human Resources Strategy

Human Resources Strategy at ORIX

People are ORIX's most important resource. Hiring diverse human resources regardless of nationality, age, gender, or work history nurtures diverse values, and fusing expertise in various fields is a key driving force for sustainable growth. Our personnel strategy prioritizes bringing on diverse human resources to create new value and ensuring a workplace that maximizes the abilities and expertise of each employee.

We continuously reform our human resource system ahead of current social conventions and create fulfilling workplaces by establishing a working environment that respects diverse working styles. Moreover, we offer opportunities for employees who embrace challenges and are augmenting training and hiring of talent capable of performing on a global scale regardless of nationality.

ORIX Group operates a wide range of businesses in more than 30 countries, so it requires people with expertise in various fields. We customize personnel systems and career development programs for each business area so that employees can independently build their careers and deepen their expertise. At the same time, we seek talented professionals from the market who can make an immediate contribution.

Sustainable growth for ORIX Group requires systems that can flexibly accommodate a wide range of businesses, which means that the Group requires a unique personnel strategy. Our diversity, equity, and inclusion initiatives for hiring, employee development, and career support enable employees with diverse areas of expertise to maximize their abilities.

ORIX knows that in order for employees to fully

develop their skills and maximize their contributions, employee initiative is important, but support from the company is also essential. ORIX therefore takes responsibility for employee training and for providing programs to support employees in their efforts to develop skills and expertise.

A work environment that protects the health and safety of employees is integral. We have systems and infrastructure such as remote work capabilities that increase the flexibility of where and when employees work. Throughout the spread of the COVID-19 pandemic, each department has been able to tailor their employee work styles to their specific circumstances and needs, including utilizing remote work capabilities and staggered schedules.

Hiring Diverse People

To address the changing business environment in order to maintain and grow ORIX's diverse business portfolio, acquiring talent capable of adapting to new markets is key. We hire both new university graduates and mid-career professionals in structuring our personnel portfolio. The ratio of new graduate to mid-career hires was 4:6 for the fiscal year ended March 31, 2021. New graduate hires build their careers through our personnel development system, and mid-career hires hone their expertise as needed to adapt to the changing business environment. Both lend strength to ORIX's corporate DNA, and a primary mutual objective is to fully and synergistically exercise their capabilities to maximize ORIX Group's corporate value.

In addition to our mainstay business areas such as environment and energy and private equity investment,

we dynamically bring on external mid-career professionals with expertise in digital transformation, IT and information security as well as governance functions such as risk management needed to support our diverse business portfolio.

1. Promoting the Advancement of Women in the Workplace

ORIX has been promoting women's participation in the workplace from an early stage. We began recruiting female university graduates for comprehensive work positions in 1982, before the enforcement of Japan's Equal Employment Opportunity Law in 1986. The ratio of new female graduates has risen to 48.5% for ORIX Corporation and 53.8% for Group companies in Japan.

We have systems to provide support to help our female employees navigate various life events such as childbirth and childcare after they join the Group and have been focusing on enhanced career support so that women can advance their careers, expand their roles, and demonstrate their abilities. We offer training programs for female manager candidates and workshops for young employees as they accumulate experience in their work. As a result, 26.2% of managers at ORIX Corporation and 23.5% of managers at Group companies in Japan overall are women.

As of June 30, 2021, 4 of the 29 directors, executive officers, and Group executives of ORIX Corporation were female, accounting for 13.7% of all officers. As part of our ongoing initiatives to make participation in decision-making and equal leadership opportunities available to a diverse group of employees, we have set a goal to raise the ratio of female managers to 30% or higher as soon as

possible but by no later than the fiscal year ending March 31, 2030.

2. The Advancement of Seniors in the Workplace

We raised the retirement age from 60 to 65 in 2014 to allow people with diverse experience and abilities to participate in the workplace regardless of age. We concluded that the active participation of senior employees—who have acquired much experience and expertise through many years of work—can enhance the vitality of the Group. Therefore, we have established a system that empowers senior employees to utilize their wealth of experience and supports their success.

We have introduced a system that evaluates employees over the age of 60 in a manner that appropriately considers their roles and achievements along with systems that enable employees to map out their career paths through retirement age (age 65), such as our Career Challenge System, Self-Application System, and Internal Job Posting System.

3. Programs that Help Employees Take on New Challenges

We have established programs that help employees boldly take on challenges and experience various workplaces and jobs within ORIX. These include the Internal Intern System that allows employees to work in a department of their choosing for a certain period, and the Career Challenge System that allows employees to request a transfer to the department of their choosing.

Future Direction

ORIX Group has a wide range of financial businesses and

is raising corporate value by shifting its core emphasis to investment and operation businesses. Taking on the challenge of creating new value embodies ORIX's corporate culture, and flexibly adapting to changing environments and taking on challenges in new fields is embedded in ORIX's DNA. Diverse people doing their best together to create a Fusion of Intelligence for diversity-driven innovation is the source of our growth. Our human resources strategy helps our diverse people succeed to meet the expectations of all ORIX stakeholders.

We empower career satisfaction with an environment that gives employees opportunities to autonomously make career choices that build their futures. We provide support for various career paths, including providing practical information to help employees advance their careers over the mid- to long-term and opportunities to acquire necessary skills and expertise in new fields. Talent with appropriate, wide-ranging capabilities and expertise is essential for supporting and growing our diverse businesses. A standardized system is not sufficient for the wide range of career paths at ORIX; a variety of options will lead to growth not only for our employees but for the organization at large as well.

We want to build and maintain a personnel system that provides employees with a variety of career paths, including paths in specialized fields and not just generalized organizational management roles. At the same time, we are considering a flexible personnel system that accommodates the features of each business while maintaining a unified ORIX identity. We must appropriately reward employees who help increase corporate value with the goal of empowering an environment in which the people responsible for ORIX's future growth are motivated to achieve greater success.

ORIX respects the values and diverse backgrounds of all employees and emphasizes communication with employees for a workplace where all can work in health and with peace of mind. We have launched a Work Style Reform Project with the aim of creating a comfortable working environment that incorporates employee feedback; through its initiatives, we are implementing measures to foster a highly productive workplace culture that acknowledges diverse work styles.

The circumstances of each employee dictate the support required; therefore, we offer a wide range of options so employees can combine personnel system components according to their various circumstances. We have made the workplace flexible with features such as shorter regular working hours, a super flextime system that has no core hours, and annual paid leave that can be accrued on an hourly basis, all of which enable employees to select flexible work styles that include location freedom enabled by satellite offices and remote work capabilities. Our initiatives have enabled a smooth shift to remote work over the course of the COVID-19 pandemic and an environment where employees can continue to work without sacrificing their health or emotional security.

The environment surrounding ORIX and its employees will continue to change, and we are committed to continue adapting to these changes. Our highest priority will be to create a truly diverse, equal, and inclusive working environment, which we believe will facilitate proactive, motivated engagement among our employees.

■ For further details on our Human Resources Strategy:

- ▶▶▶ [Human Resources System](#)
- ▶▶▶ [Human Resource Development System](#)
- ▶▶▶ [Employee Health and Safety](#)

Corporate Governance

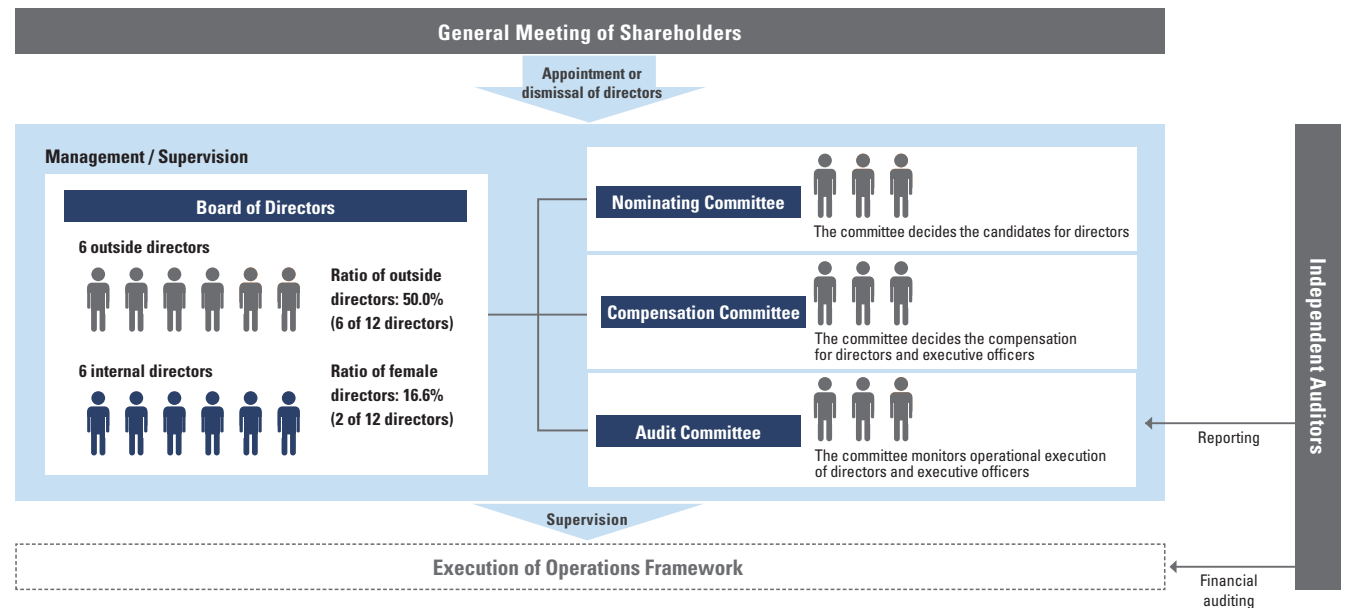
Corporate Governance at ORIX

ORIX endeavors to increase its corporate value and contribute to the sustainable development of society. We recognize that it is important to build a sound and transparent corporate governance system in order to earn the trust of our stakeholders.

Characteristics of ORIX's Corporate Governance System

- Separation of the supervisory function of the Board of Directors and the executive function that controls execution of operations through a "Company with Nominating Committee, etc." board model;
- The Nominating Committee, Compensation Committee, and Audit Committee are all constituted entirely of outside directors, with an outside director chairing each of these committees;
- All outside directors satisfy ORIX's strict conditions for independence; and
- All outside directors are highly qualified in their respective fields with an eye to board membership balance and diversity.

Corporate Governance Framework (As of June 30, 2021)



Future Directions for ORIX's Corporate Governance System

The Board of Directors primarily supervises executive officers and determines mid- to long-term management strategies, capital policies, and measures and directions for sustainable growth. The Board of Directors also provides leadership and guidance for the promotion of ORIX's sustainability by determining ESG-related material issues and key goals.

The Sustainability Committee will ensure Group-wide

consistency in implementing our ESG-related material issues and key goals. The committee will clarify strategic approaches, KPIs, and action protocols, and the results of its deliberations will then be reported to and approved by the Board of Directors.

The Group CEO will chair the Sustainability Committee, and the Sustainability Committee Secretariat will be responsible for practical implementation. Committee

members comprise people in charge of segments most directly related to ESG, and other participants will attend as needed so that the committee can flexibly accommodate an evolving agenda. The committee will also call on external experts as necessary.

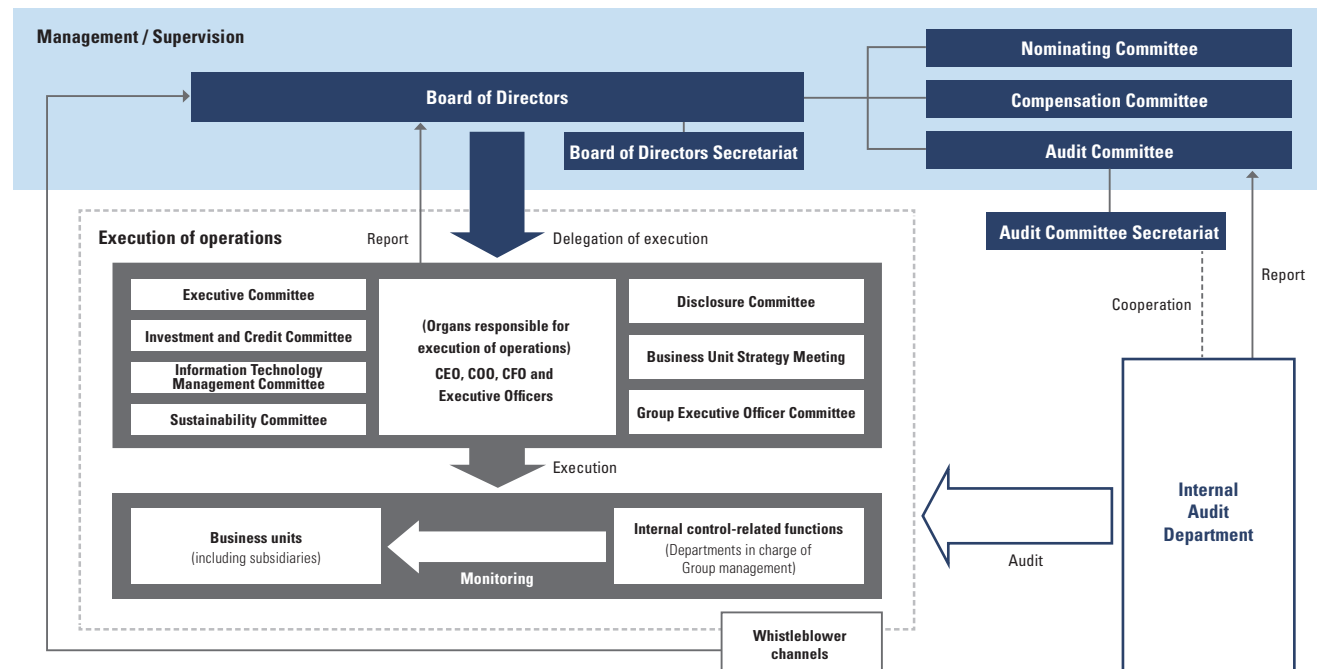
The role of the Sustainability Committee shall be as follows:

- A. Discussion of specific measures to achieve goals
- B. Discussion of any conflicts arising between short-term earnings and long-term growth
- C. Discussion of measures to reduce climate change risk following the TCFD framework
- D. Sharing of information on Japanese and international developments in corporate sustainability
- E. Discussion of matters to report to the Board of Directors

Regarding our ESG-related key goals, we will work to achieve a Board of Directors structure with a majority of outside directors by the General Meeting of Shareholders in June 2023. A key criterion for appointing outside directors is a high level of expertise in their respective fields as well as a thorough understanding of ORIX Group's diverse businesses.

As of October 2021, two of ORIX's 12 directors, or 16.6%, were women. Our goal is to increase the ratio of female directors to 30% or more by the fiscal year ending March 2030 or earlier if possible. We will also make the Board of Directors more diverse and enhance its effectiveness with the aim of increasing corporate value.

Execution of Operations Framework (As of November 2021)



GHG (CO₂) Emissions Reduction Goals

ORIX Group's GHG (CO₂) emissions were 1,266 thousand tons CO₂e in the fiscal year ended March 31, 2020. These emissions consisted primarily of 941 thousand tons from two coal-biomass co-fired power plants in the Environment and Energy segment, and 93 thousand tons from a waste incineration facility in Yorii Town, Saitama Prefecture. In addition, GHG (CO₂) emissions in the Real Estate segment totaled 85 thousand tons CO₂e.

One of our key goals is to reduce GHG (CO₂) emissions by 50% by the fiscal year ending March 2030 compared to the fiscal year ended March 2020, and to reduce GHG (CO₂) emissions to net zero by the fiscal year ending March 2050. Specific initiatives are as follows.

We own and operate two highly efficient coal-biomass co-fired power plants as a power producer and supplier. One is located in Soma City, Fukushima Prefecture and began operating in April 2018, and the other is located in Kitakyushu City, Fukuoka Prefecture and began operating in December 2018. Both have a capacity of 112 MW and provide a stable, long-term supply of power to corporate customers. The plants currently emit reduced GHG (CO₂) emissions compared to coal-fired power plants of the same class by co-firing with about 35% biomass fuel.

We will continue to examine ways to further reduce GHG (CO₂) emissions at the plants, such as by raising the biomass co-firing rate to as much as 40% through means

including the use of black pellets, which are an alternative to coal, manufactured by crushing, drying, and thermally treating wood.

ORIX is considering an array of options to address the GHG (CO₂) emissions from these plants. The plants may refit equipment to move from a fuel mix to pure biomass combustion, or switch to next-generation fuels such as hydrogen and ammonia; other options are divestment and the use of equipment to capture and use CO₂. However, we are prepared to scale back or close the plants if we determine that a 50% reduction in CO₂ emissions by 2030 is not feasible. The cost of retiring the plants would total approximately 17 billion JPY. We will determine specific countermeasures while keeping an eye on future approaches to reducing GHG emissions and trends in our avoided emissions from our renewable energy business.

ORIX Environmental Resources Management's Yorii waste incineration facility emits 93 thousand tons of CO₂e. It has achieved a high recycling rate by gasifying and melting municipal and industrial waste that it receives under contract with GHG (CO₂) emitting companies. In addition, while operating in accordance with strict environmental regulations for exhaust gas volume, it helps to resolve the social issue of proper waste disposal.

ORIX Environmental Resources Management properly disposes of waste as a third-party waste treatment provider. As such, we report GHG (CO₂) emissions from

incineration in our own emissions inventory according to the GHG Protocol, an international set of rules for calculating and reporting GHG (CO₂) emissions. We will consider the use of CO₂ capture equipment and other technologies, while paying close attention to discussions about the revision of international GHG calculation and reporting rules, as well as to discussions and trends relevant to the formulation of the carbon pricing rules being advocated by the Japanese government.

Our stance in ongoing dialogue with relevant government agencies is that current rules requiring ORIX Group to include GHG emissions from the Yorii waste incineration facility as part of its own GHG emissions should be reexamined.

In its renewable energy business, including the solar power generation business, ORIX Group has already contributed to over 3.6 million tons in avoided GHG emissions. In addition, Group companies Greenko Energy Holdings in India, Elawan Energy S.L. in Spain, and geothermal power generation company Ormat Technologies, Inc. in the United States are contributing to the resolution of climate change issues and the transition away from fossil fuels. ORIX Group will pursue an appropriate balance between GHG (CO₂) emissions and avoided emissions as it works to achieve its ESG-related key goals.

ORIX Group GHG Emissions (Baseline Emissions) in the Fiscal Year Ended March 31, 2020*

(Thousand tons CO₂e)

| | Share of emissions | Emissions | (Scope 1) | (Scope 2) |
|--|--------------------|-----------|-----------|-----------|
| Environment and Energy | 86.0% | 1,089 | 1,069 | 20 |
| —Energy in Japan (1) (2) (3) | 78.4% | 992 | 982 | 10 |
| —Environment (4) | 7.6% | 97 | 87 | 9 |
| Real Estate | 6.7% | 85 | 19 | 66 |
| —Facilities Operations Business | 4.7% | 60 | 16 | 44 |
| Corporate Financial Services and Maintenance Leasing | 0.9% | 12 | 1 | 11 |
| PE Investment | 4.1% | 52 | 14 | 38 |
| Insurance, Banking, and Credit | 0.7% | 9 | 0 | 9 |
| Outside Japan | 0.8% | 10 | 2 | 8 |
| Other management departments, etc. | 0.8% | 10 | 1 | 8 |
| ORIX Group total | 100.0% | 1,266 | 1,107 | 158 |

Environment and Energy Segment Breakdown

(Thousand tons CO₂e)

| | Emissions | (Scope 1) | (Scope 2) |
|--|-----------|-----------|-----------|
| (1) Agatsuma Biomass Power Plant (Agatsuma County, Gunma Prefecture) | 35 | 35 | 0 |
| (2) Soma Coal and Biomass Power Plant (Soma City, Fukushima Prefecture) | 452 | 451 | 1 |
| (3) Hibikinada Coal and Biomass Power Plant (Kitakyushu City, Fukuoka Prefecture) | 489 | 488 | 0 |
| (4) ORIX Environmental Resources Management's Yorii waste incineration facility (Yorii Town, Saitama Prefecture) | 93 | 85 | 8 |
| Total | 1,069 | 1,060 | 9 |

Real Estate Segment Breakdown

| Property type | Properties | CO ₂ emissions (t-CO ₂ e) | Share of emissions |
|----------------------------------|------------|---|--------------------|
| Facilities under management | 35 | 60,171 | 71.0% |
| Offices | 17 | 6,905 | 8.1% |
| Large-scale mixed-use facilities | 2 | 5,004 | 5.9% |
| Logistics centers | 8 | 3,160 | 3.7% |
| Commercial facilities | 21 | 2,151 | 2.5% |
| Rental condominiums | 8 | 206 | 0.2% |
| Other (incl. own use offices) | 330 | 7,175 | 8.5% |
| Total | 421 | 84,771 | 100.0% |

* From the calculation of ORIX Group GHG emissions for the fiscal year ended March 31, 2021. The calculation includes emissions from overseas subsidiaries and investees. We also reviewed the method for calculating GHG emissions from treatment of waste plastics at our waste incineration facility in Yorii Town, Saitama Prefecture. The resulting figures represent ORIX Group GHG baseline emissions for the fiscal year ended March 31, 2020. ORIX Group GHG baseline emissions: 1,266 thousand tons CO₂e (Scope 1 emissions: 1,107 thousand tons CO₂e; Scope 2 emissions: 158 thousand tons CO₂e)

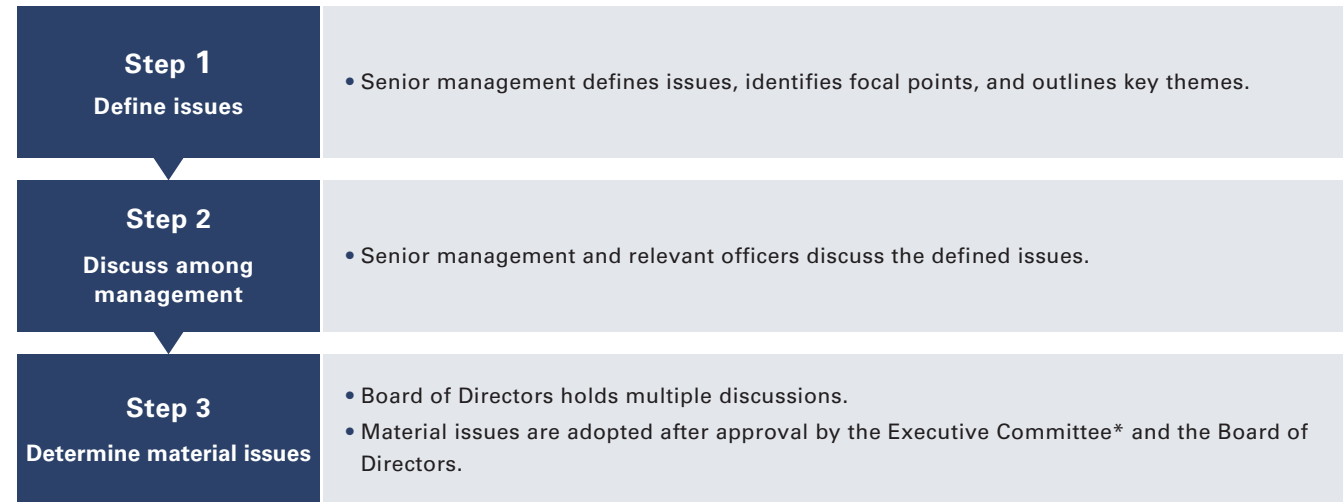
Review of Material Issues

ORIX has a diverse portfolio of businesses. In order to make our sustainability initiatives and contributions to society more meaningful, it is important that we focus our efforts on business areas with more pronounced social impact. To that end, we identified material issues in three business areas in 2019 and have been addressing social themes and needs through our business activities.

Given the global need to address climate change more urgently and the increasing importance of incorporating sustainability into all aspects of the business, as well as changes in our operating environment, we reviewed our material issues in 2021. In this evaluation, we identified Group-wide ESG-related material issues that need to be addressed in order for ORIX to continue to grow sustainably. We also set ESG-related key goals to link clearly defined actions to the material issues.

We will emphasize these material issues and key goals in our sustainability initiatives to proactively contribute to a sustainable society.

Process for Reviewing Our Material Issues



* An executive body for senior management and executive officers to discuss important matters related to ORIX's management and strategy