

Governance

Corporate Governance at ORIX

ORIX's approach to corporate governance and its corporate governance framework are outlined in detail on the ORIX Group website and in its Integrated Report published annually. The Sustainability Report describes our sustainability governance structure regarding the promotion and implementation of sustainability, information security, and compliance.

▶▶▶ [Corporate Governance](#) ▶▶▶ [Integrated Report](#)

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 inclusion, 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 further details regarding our core principles:

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

Approach to Promoting Sustainability

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

Understand our material issues

Identify and understand material sustainability issues for ORIX.

Identify and pursue opportunities

Seek out new business opportunities that arise from responding to and resolving sustainability issues.

Identify and manage sustainability-related risks

Analyze our sustainability issues from a risk management perspective.

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 our material sustainability issues.

Sustainability Governance Structure

ORIX established the Sustainability Team (currently the Investor Relations and Sustainability Department) in July 2019 to further promote and implement sustainability and make initiatives more transparent. This department exists within the Treasury and Accounting Headquarters of ORIX Corporation and works closely with senior management including the Board of Directors, the CEO, and the Executive Committee.

The Investor Relations and Sustainability Department reports on its activities to the Executive Committee and requests direction on how to proceed with promoting and implementing sustainability. It also reports to the Board of Directors as appropriate.

Progress During the Fiscal Year Ended March 2021

During the fiscal year ended March 2021, the Investor Relations and Sustainability Department reported to the Board of Directors and Executive Committee on the status of sustainability initiatives—including measures to counter climate change—a total of five times. In addition, the department initiated a discussion on sustainability with the heads of business units and management departments. The discussion was led by the executive officer responsible for the Treasury and Accounting Headquarters, within which the Investor Relations and Sustainability Department exists.

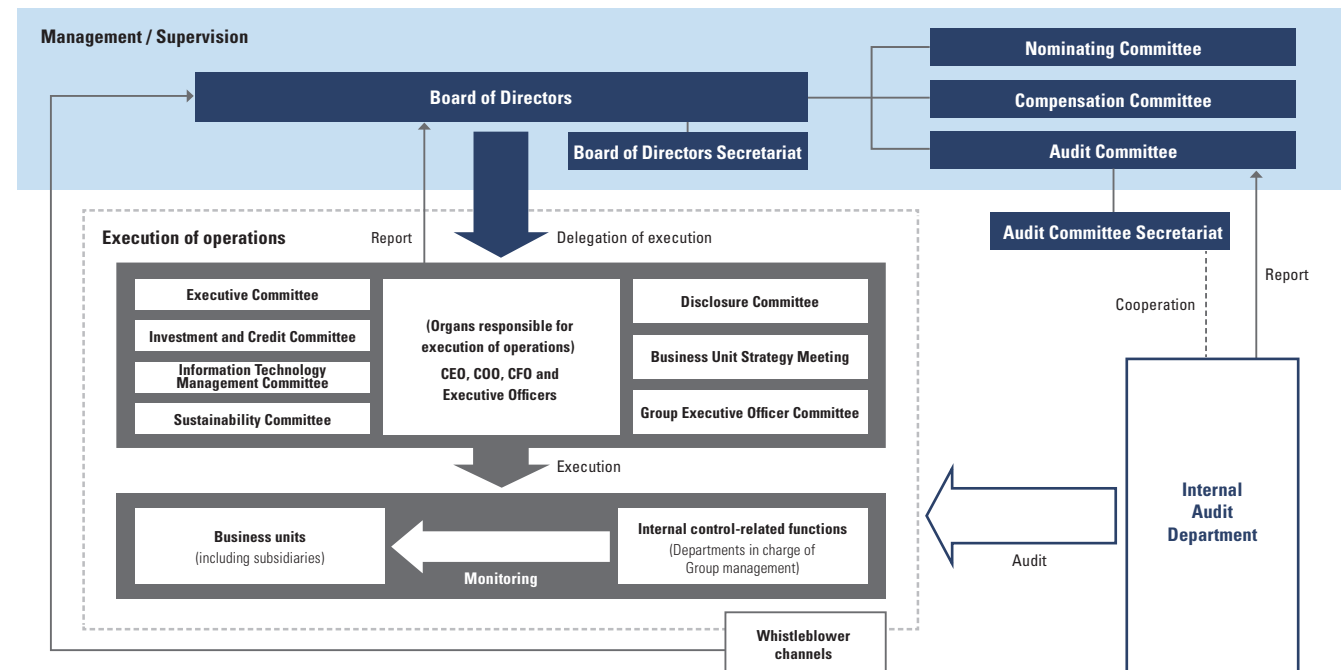
Sustainability Committee Established

The decision to establish the Sustainability Committee was made at a Board of Directors meeting in November 2021; it was established as an executive body that ensures Group-wide consistency in implementing our ESG-related material issues and key goals, chaired by the Group CEO. Committee members include those in charge of segments directly related to ESG, and the committee is configured flexibly so other stakeholders can participate as necessary depending on the topic/agenda. The committee also calls

on external experts to join as needed.

The Sustainability Committee discusses specific measures to achieve goals and address short-term earnings growth, long-term growth, and related conflicts. It also holds discussions on measures to reduce climate change risk based on TCFD recommendations, and shares information on developments in Japan and internationally that are relevant to sustainability. In addition, it discusses matters to report to the Board of Directors.

Execution of Operations Framework (As of November 2021)



Sustainability Promotion and Implementation

Sustainable Investing and Lending Screening (Investment and Lending Screening from an ESG Perspective)

ORIX formulated its ORIX Sustainable Investing and Lending Policy in September 2019 with the mission of implementing sustainable investing and lending. This policy applies to potential investing and lending transactions submitted to the Investment and Credit Committee (“ICC”)*¹ from an ESG perspective. The company or department applying for the transaction must conduct an evaluation using the Sustainable Investing and Lending Checklist*² before submitting their case to the ICC or relevant approver—the Investor Relations and Sustainability Department then conducts an additional assessment prior to submission to the ICC. The ICC decides whether to green light the project after thorough consideration regarding the environmental and social effects of each individual transaction, and may disallow a matter if it determines that the involved counterparty poses environmental or social risks. It is also increasingly common for the applying company or department to consult with the Investor Relations and Sustainability Department prior to proposing a project or transaction. Nearly two years since its introduction, the Sustainable Investing and Lending Checklist underwent a revision in August 2021.

*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 transaction proposals that exceed specified amounts

*2 A proprietary ORIX checklist based on international sustainability guidelines

Implementing TCFD Recommendations

Since ORIX announced its support for TCFD recommendations in October 2020, the Investor Relations and Sustainability Department has been conducting risk and opportunity analyses in the Environment and Energy, Real Estate, and Auto businesses.

Please see pages 26-29 for further details.

Embedding Sustainability into ORIX Group

• Messages from the CEO

We have consistently shared the following messages from the CEO with Group officers and employees through New Year greetings and online internal communication:

“We will appropriately disclose ESG-related information to stakeholders, including climate-related financial data.”

“We will take environmental, economic, and social impact into account for all initiatives and transactions conducted by each business unit, and engage in corporate activities with a mid- to long-term perspective.”

• Sustainability Training

We engaged an external moderator for a hands-on seminar titled “Businesses Changing for Sustainability.” We also provide sustainability e-learning programs for all ORIX Group employees.

Issuing Green Bonds*³

Our first green bond issued in January 2020 totaled 10 billion JPY of unsecured straight corporate bonds. ORIX deployed the funds in its solar power generation business. Our second green bond issued in June 2021 totaled 30 billion JPY of unsecured straight corporate bonds. ORIX applied all of the funding from the second green bond for ORIX Auto purchases of hybrid vehicle assets for lease over the past three years. ORIX obtained a second-party opinion*⁴ from Sustainalytics—a global third-party ESG assessment company—regarding the eligibility of the bond issues in terms of the Green Bond Framework.

It is an advantage for ORIX Group that our asset portfolio includes many assets that fit the requirements for issuing green bonds. We will consider issuing green bonds again in the future as a means to diversify our funding base.

*3 Bonds issued by companies and other parties to fund green projects—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](#)

Engagement with Shareholders and Investors

ORIX engages in energetic dialogue with shareholders, investors, and ESG ratings agencies. As interest in our approach to sustainability and ESG has increased, so have the number of questions and comments we have received. We take dialogue with stakeholders seriously and reflect it in future initiatives and information disclosures.

Advancing Sustainability-related Information and Disclosures

One of the Investor Relations and Sustainability Department’s key missions is effective communication, both with investors as well as with ESG ratings agencies. Conversations surrounding sustainability with such stakeholders are increasingly common, and ORIX feels it is imperative to enhance its communications and information sharing on how, as an organization, it intends to contribute to a more sustainable society through its various businesses in addition to the direction it intends to take in the mid- to long-term.

After announcing support for the Task Force on Climate-related Financial Disclosures (TCFD) in 2020, we have conducted multiple initiatives to review our sustainability such as analyzing risks and opportunities, actively initiating discussions under the CEO’s leadership regarding setting GHG emissions reduction goals, and revisiting ORIX’s material issues established within our Sustainability Policy in 2019.

Implementing sustainability across an organization as diverse in its business as ORIX is no small task. As the team responsible for this area, we intend to encourage internal discussions, disclose information appropriately and in a timely manner, and strengthen understanding of ORIX’s developing sustainability among our stakeholders.

Sachiko Nakane

General Manager

Investor Relations and Sustainability Department

Information Security

Information Security at ORIX

ORIX recognizes that risks related to information security are an important management issue, and strives to ensure the appropriate protection of information and safe management of information assets. These ideas and policies on information security are stipulated in the Information Security Policy. We established information security management rules as internal regulations, which stipulate appropriate handling of information and information related to the use of information systems by officers and employees, as well as information security management systems, basic policies, and management standards.

▶▶▶ [Information Security Policy](#)

Information Security Governance Structure



Compliant International Standards and Security Rating Services

ORIX's information security controls conform to the following international standards:

ISO31000, ISO27001, COBIT, NIST

We continuously evaluate the level of information security using an independent external security rating service.

Information Security Standard and Minimum Security Standards

ORIX has established an information security standard and minimum security standards, which stipulate control areas and measures for information security risks.

The information security standard sets 15 information security control domains and establishes risk control measures for each area. Each company and department makes a risk-based decision regarding what control measures are implemented. The nature of the business, information possessed, threats, and regulatory expectations are the key inputs considered when determining a risk-based decision.

Minimum security standards are 14 risk control measures that must be achieved by each company and department within the information security standard. They are set at risk countermeasure levels in accordance with social conditions and the risks that ORIX faces. The

Information Security Control Department provides security programs to each company and department that are necessary for achieving minimum security standards through global shared services.

Response to Information Security Incidents

The CSIRT* of each company and department establishes a reporting system and procedures for responding to information security incidents in advance, and conducts drills in accordance with the reporting procedures. In the event of an incident, the CSIRT of each company and department shall respond to the incident with the support or instructions of the Information Security Control Department. The director in charge of the Information Security Control Department shall report the status of response, measures to prevent recurrence, and measures to improve the incident according to the seriousness of the incident to the CEO and the Executive Committee.

* CSIRT (Computer Security Incident Response Team): computer and networking security incident response team

Cyber Security Training

Cyber security training is available to all Group officers and employees throughout the year. In the fiscal year ended March 31, 2021, approximately 30,000 people received training.

Crisis Management System

Systems for Addressing Crises and Complaints

ORIX has rules in place for addressing crises and complaints, responding to and managing crises according to the degree of impact.

As a general rule, each division of ORIX Corporation and all consolidated companies promptly report crises and complaints to the relevant designated division*¹ in accordance with the Group's common reporting standards. We then follow the basic policies for action prescribed by the regulations in taking responsibility for appropriate resolution.

The Risk Management Department of the Enterprise Risk Management Headquarters is in charge of the secretariat for reporting and managing crises and complaints. This department collaborates with relevant divisions and people*² responsible for managing specific risks to provide support to

the affected divisions and companies in accordance with the facts and degree of impact of each case and remains involved until resolution.

The CEO considers the situation based on facts and makes the final decision about establishing a crisis response headquarters, policies, and initiatives to address crises and complaints that are or may become material. The CEO then leads the crisis response headquarters if established.

We investigate the causes of incidents, implement measures to prevent recurrence, and use the experience to develop products and improve businesses with the goal of further enhancing customer satisfaction.

*¹ ORIX designates the relevant division to receive reports when an incident occurs according to the facts and degree of impact

*² ORIX puts people in charge of addressing incidents according to the facts and degree of impact

Business Continuity Planning (Disaster Risk Management System)

ORIX's Basic Disaster Risk Management Rules stipulate our basic stance in the case of unforeseen incidents, including natural disasters or accidents, along with specific responses and the framework for organizationally managing risk. Defining disasters largely as damage from natural phenomena such as earthquakes and typhoons, terrorism, accidents, fires, and infectious diseases, we have laid out our fundamental responses in a disaster response manual and a manual for countering new influenza strains or similar diseases.

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 our business operations can continue as usual

without any significant change.

As a rule, in Japan, we confirm the safety of employees in prefectures affected by an earthquake with a seismic intensity of 5 or higher, and conduct safety confirmation training several times annually. We have also set up a disaster response headquarters at the Osaka head office in case damage in greater Tokyo makes the Tokyo head office unable to function, and we are conducting relevant information gathering trainings as well. In addition, each base has enough stockpiled 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 the COVID-19 pandemic as a crisis and to respond by establishing the COVID-19 Headquarters. With this establishment, we have put the health and safety of officers and employees first to continue operating our business while preventing the spread of disease.

▶ Employee Response

Implementation of telecommuting: We recommend telecommuting insofar as it does not impede work. We help to prevent infection in ways such as setting up shifts and rotation schedules for employees who must be on-site for business purposes.

Daily confirmation of health and attendance: We use our safety confirmation system for daily confirmation of the health status and attendance of about 29,000 full-time, temporary, and part-time employees at ORIX Group companies in Japan (as of August 31, 2021).

Other measures: We provide special disaster leave for people with health issues or who are forced to be on call at home, encourage staggered schedules, voluntarily refrain from business trips and face-to-face meetings, and recommend the use of video conferencing at meetings.

▶ Measures for Customers and Business Partners

Each business unit is working to continue appropriate operations while giving top priority to the safety of customers and business partners and to preventing infection.



Compliance

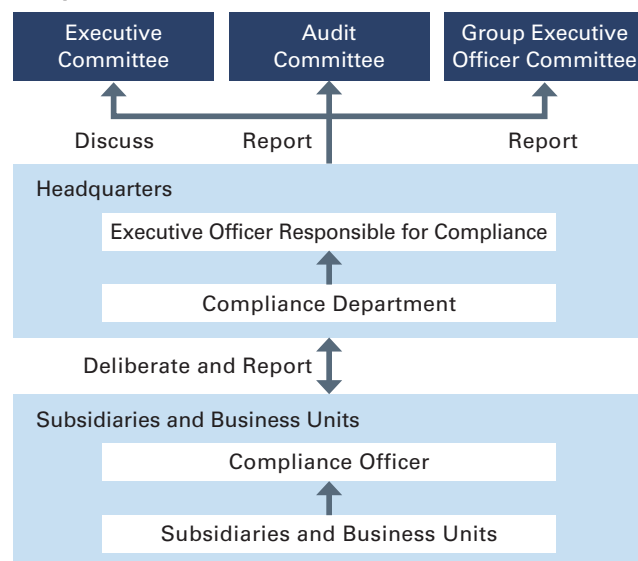
Compliance Basic Policy

ORIX has positioned compliance as one of its most important management issues, striving to build an effective compliance structure alongside a corporate culture that values high ethical standards, good faith, fairness, and transparency in all corporate activities.

Compliance Structure

ORIX reports important compliance matters to the Executive Committee, the Audit Committee of the Board of Directors, and the Group Executive Officer Committee. The Group Compliance Department, under the oversight of the Head of Enterprise Risk Management Headquarters, coordinates with compliance officers

Compliance Structure



appointed at subsidiaries and business units, promoting compliance initiatives across the Group.

Annual Compliance Plan

In order to prevent and mitigate compliance risks, ORIX establishes annual Group-wide compliance initiatives each fiscal year.

Pursuant to these compliance initiatives, subsidiaries and business units individually conduct risk assessments and formulate annual compliance plans for their respective businesses in accordance with such risk assessments, which are then reviewed by the compliance department for appropriateness and effectiveness. Following such review, the annual compliance plans are then put into practice at their respective subsidiaries and business units. Status reports are filed after annual plans are carried out, and the report contents are reviewed by the compliance department.

Efforts to Raise Compliance Awareness

At ORIX Group, members of senior management—including the CEO and Executive Officer responsible for compliance—regularly distribute messages to all Group officers and employees with the objective of enhancing and reinforcing compliance awareness. Additionally, the compliance department regularly distributes compliance-related information to comprehensively raise awareness among employees.

In order to promote understanding of the importance of compliance among ORIX employees and translate that awareness into day-to-day practices, compliance training is conducted periodically by way of e-learning, group training, and on-site courses. Additionally, multi-level and

customized training courses are available for all employees, including new hires and managers.

The e-learning courses provided annually to the officers and employees of ORIX Corporation and its subsidiaries in Japan are based on the ORIX Group Principles of Conduct, which are applicable to all Group employees and focus on risks, laws, and regulations that require special attention, as well as the Employee Core Principles—a set of values summing up the qualities and standards that should go into all behavior. Specifically, the courses focus on anti-bribery and corruption, anti-money laundering and combating the financing of terrorism (including international sanctions compliance), insider trading, and conflicts of interest. Over the fiscal year ended March 31, 2021, approximately 26,400 employees completed the e-learning courses.

As for ORIX's overseas subsidiaries, training courses on the ORIX Group Code of Conduct and Ethics are provided annually, and compliance training courses encompassing anti-bribery and corruption, anti-money laundering and combating the financing of terrorism (including international sanctions compliance), and other risks that require assessment and attention are also provided regularly.

In addition to trainings, employee surveys and workplace environment interviews on topics such as workplace harassment and work-life balance are in place as measures intended to help raise compliance awareness among employees of ORIX.

For further details on our compliance initiatives:

▶▶▶ [Compliance](#)

Internal Whistleblower System

ORIX has established an internal whistleblower system (the “Compliance Hotline”) with the aim of improving the governance of our Group through prevention, early detection, and timely responses to violations of laws, regulations, and ORIX internal policies and rules. Our Rules on the Compliance Hotline define the structure and operation of the internal whistleblower system.

The Compliance Hotline is available through three channels: an external channel retaining outside lawyers and specialists, a channel for reporting outside of the internal management structure straight to the ORIX Corporation Board Audit Committee, and an internal channel. These channels allow reporting by letter, personal interview, telephone, and email. Reporting by email is available 24 hours a day, 365 days a year.

We use posters and the company intranet as a means of informing officers and employees about the Compliance Hotline. For overseas Group companies, in addition to the local hotline established at each company, we set up the Compliance Hotline at ORIX Corporation Headquarters in Tokyo where information can be reported anonymously from our overseas Group companies. Through these initiatives, ORIX is aiming to comprehensively enhance its compliance on a global scale.

After receiving a report, under the management of the Compliance Hotline manager (the Executive Officer responsible for compliance), access to the information is strictly controlled and limited to the persons concerned, and investigations and corrective actions are conducted as appropriate. The Rules on the Compliance Hotline prohibit any retaliation against employees who report in good faith and those who cooperate with the investigation.

External Whistleblower System

As part of its efforts to promote compliance, ORIX has established a hotline channel for reports from business partners and other external parties. If you become aware of any conduct by officers and employees of ORIX Group that you believe is or may be in violation of our compliance policies, the Group Compliance Department is the point of contact that accepts these reports.

Enhancing Compliance Sophistication

The scope of compliance has universally broadened from the conventional management of legal violation risks to prevention of damage to shareholder value and mitigation of stakeholder trust decline. For this reason, we believe consistent updates to our compliance measures in response to the growing and diversifying demands of our stakeholders are crucial.

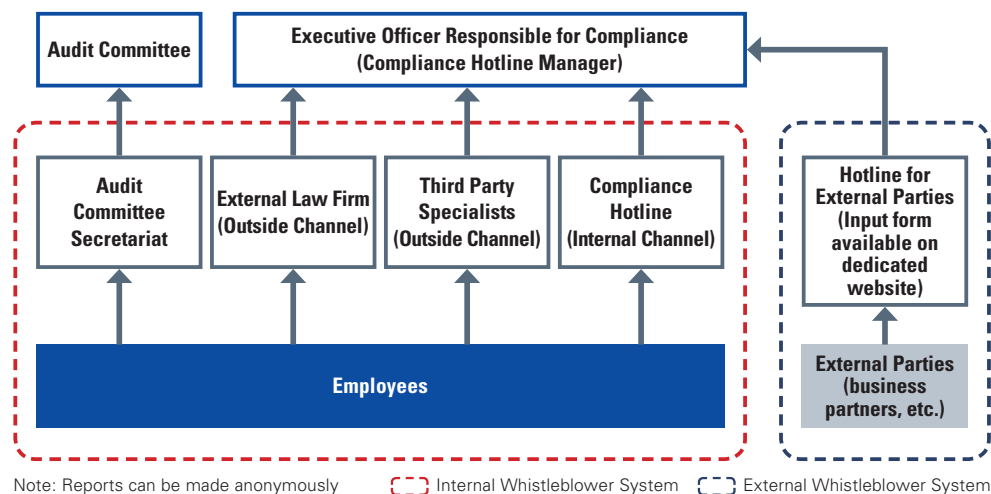
Measures unique to the compliance department include training and other initiatives intended to raise compliance awareness, appropriate responses to internal and external reports, and workplace environment improvement initiatives. We will continue to improve our compliance initiatives based on regulatory trends and examples of emerging risks.

Ensuring accountability by soundly responding to risks that are not only complex but have a significant impact on the Group at large is a key theme when it comes to enhancing compliance. Through implementing risk reduction measures by increasing collaboration between internal control-related departments and comprehensively strengthening monitoring, we will play our part in advancing ORIX’s corporate value.

Tomoko Hara

General Manager
Group Compliance Department
Enterprise Risk Management Headquarters

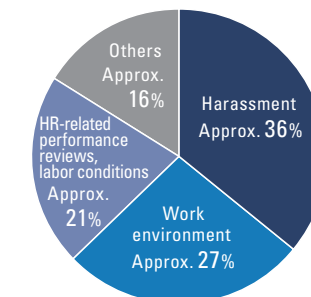
Reporting Routes



Number of Reports

In the fiscal year ended March 31, 2021, approximately 90 reports were received through the internal whistleblower system and approximately 20 reports were received through the external whistleblower system (the number of reports provided on a global basis).

Breakdown of Reports by Topic



The Initiatives We Support

Compliance-related Policies (As of October 2021)

ORIX Group has established Group-wide regulations on compliance and has prescribed and promoted rules and codes of conduct designed to keep officers and employees of ORIX Group in strict adherence to legal requirements, internal rules, and generally accepted standards of business conduct. The main compliance-related policies are as follows. Please refer to our website for details on other compliance-related policies including Policy on Prevention of Insider Trading.

Main Compliance-related Policies

- **ORIX Group Principles of Conduct**

- **ORIX Group Code of Conduct**

Shows ethical and compliance principles and specific explanations that all ORIX officers and employees should comply with.

- **ORIX Group Compliance Policy**

Sets out compliance requirements and compliance risk management systems.

- **ORIX Group Anti-Corruption Policy**

Sets out basic policy for preventing corruption such as bribery and conducting fair and transparent transactions.

- **ORIX Group Anti-Money Laundering Policy**

Sets out basic policy for preventing transactions related to profits generated from illegal activities and transactions that fund terrorist-related activities.

- **ORIX Group Conflicts of Interest Policy**

Sets out standards for avoiding conflicts of interest between ORIX and its officers, employees, and customers.

As of October 2021, ORIX Group and/or individual Group companies support the initiatives below:

Name	Participating/Member/Supporting Companies (Initial year of participation/membership/support)
UN Global Compact	ORIX Group (2014)
PRI (Principles for Responsible Investment)	Robeco (2011)
UNEP FI (UN Environment Programme Finance Initiative)	Robeco, ORIX Asset Management (2020)
TCFD (Task Force on Climate-related Financial Disclosures)	Robeco, ORIX Asset Management (2019), ORIX Group (2020)
Principles for Financial Action for the 21st Century	ORIX Corporation, ORIX Bank (2011), ORIX Asset Management (2019)
Japan Climate Leaders' Partnership (JCLP)	ORIX Group (2014)
Kansai SDGs Platform	ORIX Facilities (2015), ORIX Baseball Club, ORIX Corporation, ORIX Bank (2019)
SDGs for Regional Revitalization Public-Private Partnership Platform	ORIX Facilities (2015)

Inclusion in ESG Indices

As of October 2021, ORIX is included in the ESG indices below:

- MSCI Japan ESG Select Leaders Index
- MSCI Japan Empowering Women Index (WIN)
- S&P/JPX Carbon Efficient Index

For further details on our Compliance-related Policies:

▶▶▶ [Compliance-related Policies](#)