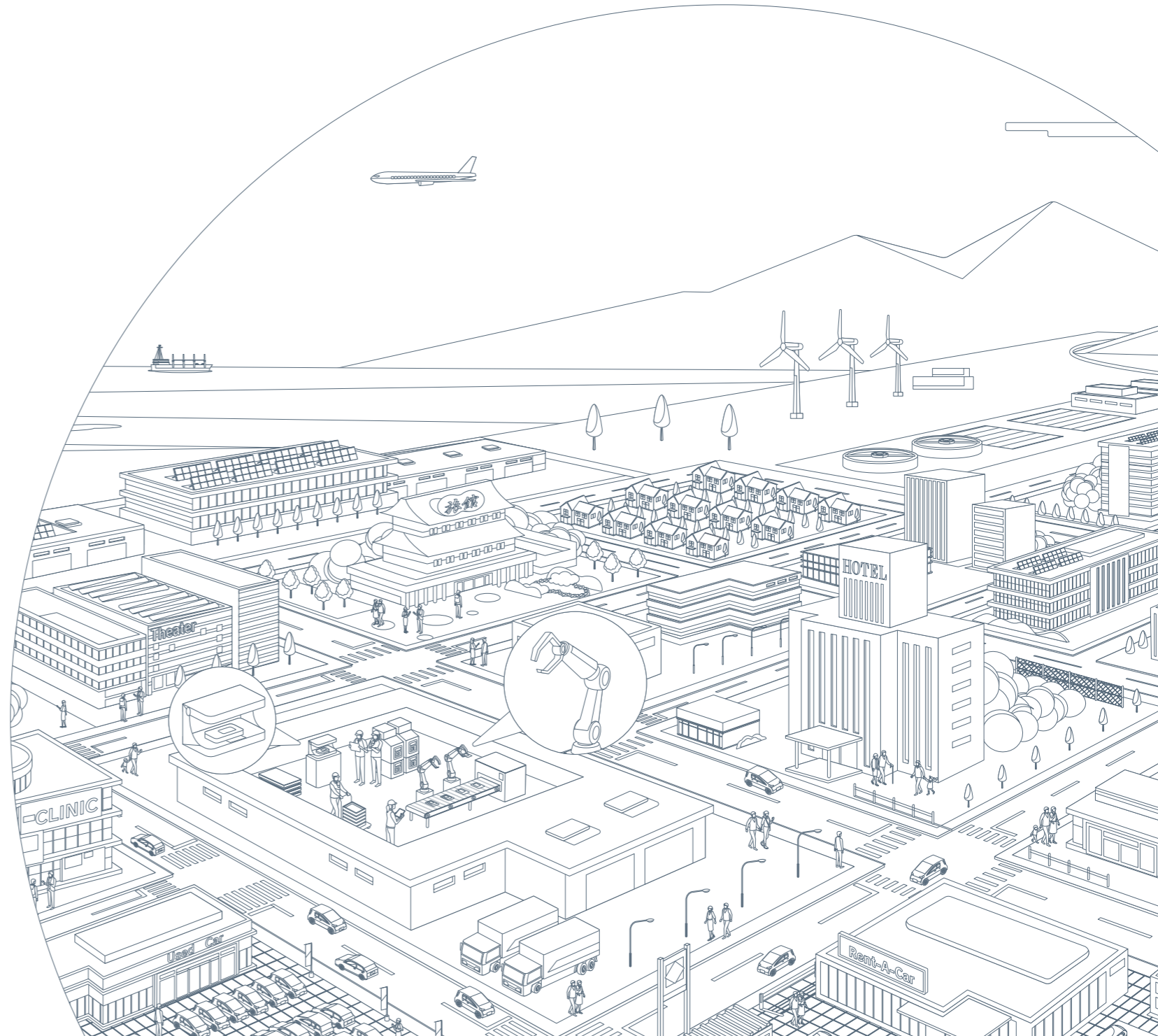


Creating Value

This section introduces the value creation that ORIX targets over the mid- to long-term.

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3. Information Disclosure Based on TCFD Recommendations	35
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Medium-term Direction

Results for the Fiscal Year Ended March 2023

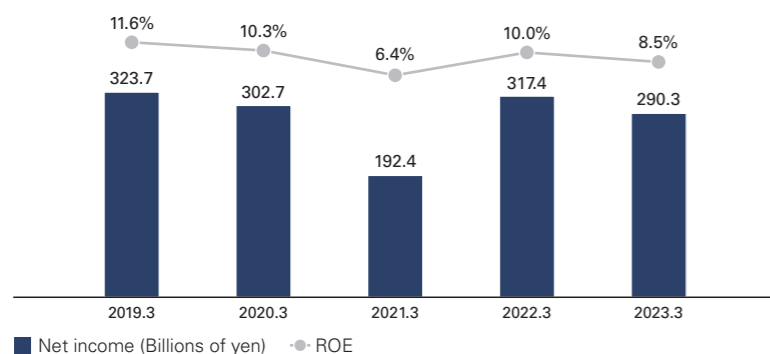
In the fiscal year ended March 2023, net income decreased 8.5% year-over-year to ¥290.3 billion and return on equity (ROE) was 8.5%. Segment profits decreased 24% year-over-year to ¥406.2 billion. Base profits decreased 7% year-over-year to ¥322.8 billion, holding firm despite an uncertain business environment. Although investment gains decreased 56% year-over-year to ¥83.5 billion due to the absence of ¥163.0 billion in gain on the sale of Yayoi Co., Ltd. recorded

in the previous fiscal year, ORIX continued its capital recycling program, which generates around ¥100 billion in investment gains in a typical year.

Excluding the impact of investment gains from the sale of Yayoi, segment profits for the fiscal year ended March 2023 increased by ¥38.4 billion, or 10% year-over-year. Fiscal year results varied from segment to segment. Profits decreased at ORIX USA and the asset

management business of ORIX Europe, among others, due to abrupt changes in the market. Meanwhile, some businesses continued on a recovery track due to reopening following the COVID-19 pandemic. Growth was apparent in areas of focus for ORIX, including Environment and Energy, PE Investment in Japan, and others. The Auto and Real Estate businesses also performed well.

Net Income* and ROE

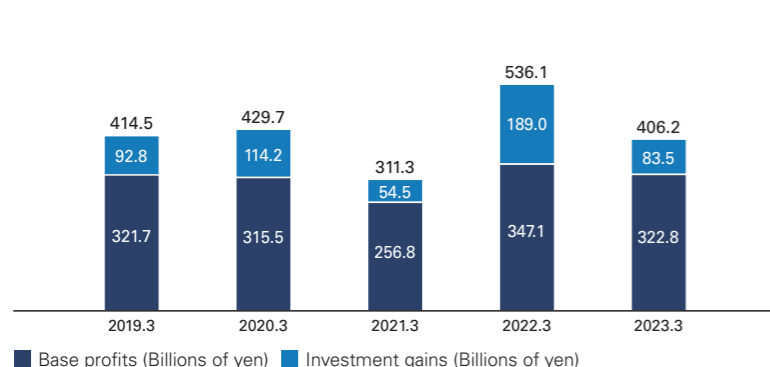


* Net income refers to net income attributable to ORIX Corporation shareholders.

Investment Gains and Major Components

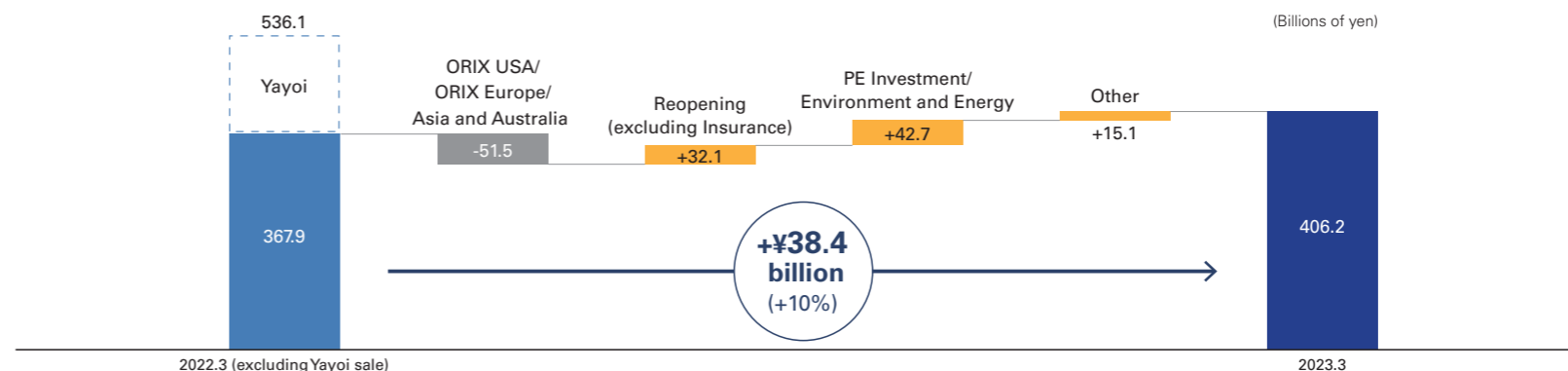
Segment	2018.3	2019.3	2020.3	2021.3	2022.3	2023.3
Real Estate	¥42.9 billion Mixed-use property	¥56.5 billion ORIX Golf Management	¥53.6 billion ORIX Living	¥16.9 billion	¥21.4 billion	¥29.5 billion Logistics facilities
PE Investment and Concession	¥26.9 billion ARRK	¥0.3 billion	¥16.4 billion QRACIAN	-¥0.7 billion	-¥19.1 billion Kobayashi Kako	¥2.6 billion NET JAPAN
ORIX USA	¥21.6 billion	¥33.7 billion Houlihan Lokey	¥37.6 billion	¥17.7 billion	¥45.9 billion RoadSafe	¥33.2 billion
Other	¥27.6 billion ORIX Electric Power	¥2.3 billion	¥6.7 billion RobecoSAM's ESG Ratings Division	¥20.6 billion	¥140.8 billion Yayoi	¥18.2 billion Ormat (partial stake)
Total	¥119.1 billion	¥92.8 billion	¥114.2 billion	¥54.5 billion	¥189.0 billion	¥83.5 billion

Breakdown of Segment Profits: Base Profits and Investment Gains



Note: 2023.3 denotes the fiscal year ended March 2023.

Segment Profits (From FY ended March 2022 to FY ended March 2023)



Medium-term Direction

Targets for the Fiscal Year Ending March 2025

The net income target set out in our Medium-term Direction is ¥400.0 billion for the fiscal year ending March 2025. In May 2022, we had originally set this target at ¥440.0 billion when results for the fiscal year ended March 2022 were announced. However, we revised this target downward in May 2023 after considering unstable market conditions. The net income target for the fiscal year ending March 2024 is ¥330.0 billion. The target for ROE has been set at 9.0% for the fiscal year ending March 2024 and 10.4% for the fiscal year ending March 2025.

Profit targets by segment for the fiscal years ending March 2024 and 2025 have been divided into four major categories (domestic financial, domestic non-financial, overseas – ORIX USA and ORIX Europe, and overseas – other).

Domestic financial profits are expected to grow steadily. In domestic non-financial businesses, the airport concession business, which includes Kansai International Airport, is expected to recover from the fiscal year ending March 2024 to the fiscal year ending March 2025 with the rebound in inbound passengers, and thereafter to steadily contribute to profits on par with other non-financial businesses.

Profit growth at ORIX USA and ORIX Europe has been forecast conservatively for the fiscal year ending March 2024 due to global inflation

Forecast for FY Ending March 2024 and Target for FY Ending March 2025

	2023.3 Actual	2024.3 Forecast	2025.3 Target
Net income	¥290.3 billion	¥330.0 billion	¥400.0 billion
EPS	¥246	¥285	¥351
ROE	8.5%	9.0%	10.4%
Financial soundness	A rating equivalent	A rating equivalent	A rating equivalent
Annual dividends (per share)	¥85.6	Payout ratio 33%	Payout ratio 33%+
Share buybacks	¥50.0 billion	¥50.0 billion	To be executed flexibly
Total return ratio	52%	48%	—

Note: 2023.3 denotes the fiscal year ended March 2023.

and interest rate hikes, as well as weak performance in some stock markets in Europe and elsewhere. Nevertheless, we will pursue recovery on a solid growth trajectory by selectively executing investments based on rigorous risk management for future growth.

In overseas – other businesses, growth drivers will be the contributions to profits from the aircraft business due to recovery in passenger demand and from the expansion of the renewable energy business.

The ratio of overseas businesses in segment profits is expected to be 40.8% in the fiscal year ending March 2024 owing to a conservative estimate of profit contributions from ORIX USA and ORIX Europe. However, in the fiscal year ending March 2025, when a recovery trend is forecast, this

ratio is expected to rise to 44.1%, surpassing the level in the fiscal year ended March 2023.

Medium-term Direction

- Net income target for the fiscal year ending March 2025: ¥400.0 billion
- Continued focus on capital recycling
- Continue flexible shareholder returns (share buybacks)
- Revisit dividend policy considering the shareholders' equity ratio and other factors, following the termination of shareholder benefit programs in the FY ending March 2024 and beyond
- Maintain financial soundness and search for new investment opportunities

Breakdown of Segment Profits (From FY ended March 2023 to FY ending March 2025)

(Billions of yen)

	2023.3		Increase / Decrease	2024.3		Increase / Decrease	2025.3		
	Actual	Percentage of total		Forecast	Percentage of total		Target	Percentage of total	
Domestic	Financial	175.6	43%	14.4	190.0	39%	10.0	200.0	34%
	Corporate Financial Services and Maintenance Leasing	75.0		5.0	80.0				
	Insurance	63.0		1.0	64.0				
	Banking and Credit	37.6		8.4	46.0				
	Non-financial	65.4	16%	34.6	100.0	20%	30.0	130.0	22%
	Real Estate	51.6		0.4	52.0				
	PE Investment and Concession	2.8		29.2	32.0				
Environment and Energy (domestic)	11.0		5.0	16.0					
Overseas	Europe and the United States	89.7	22%	5.3	95.0	19%	25.0	120.0	20%
	ORIX USA	49.0		6.0	55.0				
	ORIX Europe	40.7		-0.7	40.0				
	Other	75.5	19%	29.5	105.0	21%	35.0	140.0	24%
	Environment and Energy (overseas)	21.9		5.1	27.0				
	Aircraft and Ships	18.6		11.4	30.0				
	Asia and Australia	35.0		13.0	48.0				
(Overseas business ratio)		(40.7%)			(40.8%)			(44.1%)	
Segment profits total*	406.2	100%	83.8	490.0	100%	100.0	590.0	100%	
Pre-tax profit	392.2		82.8	475.0		100.0	575.0		
Net income	290.3		39.7	330.0		70.0	400.0		

* The difference between segment profits total and pre-tax profit is mainly selling, general and administrative expenses from administrative departments.

Note: Exchange rate USD1=¥130, Euro1=¥140

Medium-term Direction

Capital Recycling

Our basic strategy for ensuring continuous and stable profit growth while keeping asset size under adequate control is capital recycling. Portfolio replacement is a part of normal business operations at ORIX, and we will maintain this policy to improve profitability while controlling asset size within a certain level. We have been accelerating capital recycling for efficient and effective capital utilization since the fiscal year ended March 2014. As a result, overall net income for the fiscal year ended March 2023 was 2.6X that of

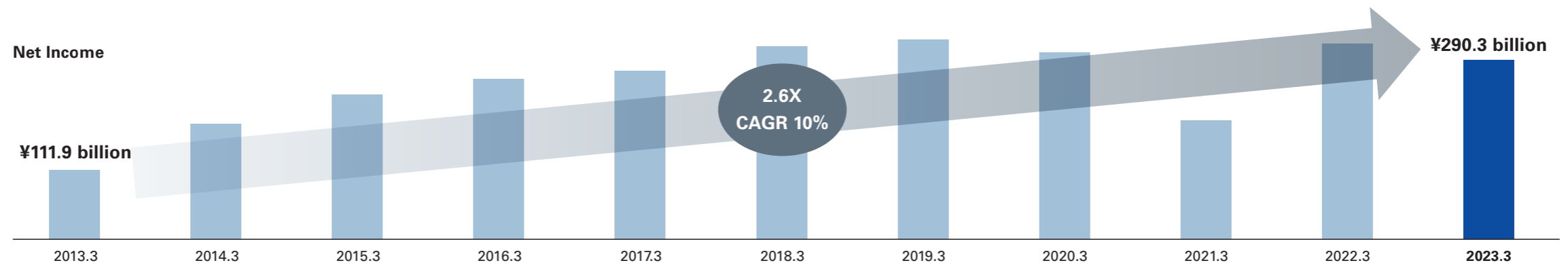
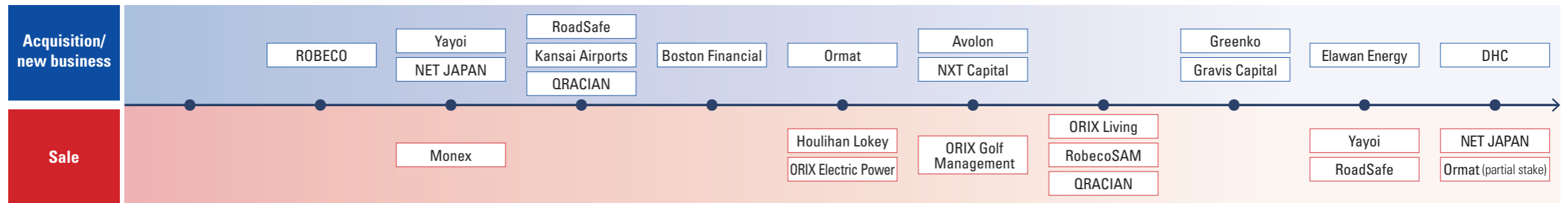
the fiscal year ended March 2013, for a compound annual growth rate (CAGR) of 10%.

In the fiscal year ended March 2023, ORIX made new investments totaling ¥470.0 billion (EV basis for private equity), which included the acquisition of shares of DHC Corporation (at an acquisition cost of ¥300.0 billion), private equity (PE) investment, and real estate development. These exceeded asset sales of ¥270.0 billion. From 2024 onward, we plan to manage capital recycling while maintaining a

balance between new investments and asset sales. In the fiscal year ending March 2024, we are considering exits primarily in Real Estate, Environment and Energy in Japan and overseas, U.S. businesses and PE investment in Japan, with an aim of achieving our typical annual level of around ¥100.0 billion in investment gains.

We have a high level of promising investments in our pipeline, at around ¥1.5 trillion (as of May 2023). Although investment opportunities have increased, we will carefully assess market conditions in pursuit of

Capital Recycling and Profit Growth



Note: 2023.3 denotes the fiscal year ended March 2023.

Medium-term Direction

high returns from taking on genuinely promising new investments while controlling for risk.

In domestic PE investment, we are considering investments of all sizes, including large-scale carve-outs and SME business succession, mainly in focus areas such as IT / information services and healthcare. Basically, we will seek investment opportunities involving a holding period between five and seven years and IRR between 15% and 20%.

Efforts in the domestic real estate business will focus on development of logistics centers and condominiums with sufficient profit potential in Tokyo, Osaka, and other metropolitan areas, while keeping in mind the challenges posed by rising construction costs.

In overseas renewable energy, we will move forward with initiatives at Elawan Energy and market research in the United States. However, in consideration of the current rising interest rate regime and increasing material prices, we will focus on selected investments which allow for arbitrage opportunities and present a clear exit strategy.

Our aircraft business covers not just leasing but also purchase, sale, and management of aircraft without involving external agents. We will promote a capital recycling-based strategy that pursues aircraft sales in the market alongside purchases and leasing.

In addition, we will make strategic investments to drive growth in existing businesses. We will continue to consider intriguing opportunities regardless of the field.

Note: For more details on our finances and shareholder returns, please refer to "Financial Strategy and Capital Policy" on page 38.

Pipeline (As of May 2023)

Target	Overview	Investment Amount
Domestic PE	<ul style="list-style-type: none"> IT / information services, healthcare, BPO and logistics Many deals under consideration, including large-size carve outs like Toshiba and business succession deals (SMEs) 	¥400.0 billion
Domestic real estate	<ul style="list-style-type: none"> Projects under construction were started when costs were lower New projects to be managed with strict cost controls to maintain high development NOI 	¥190.0 billion* ¹
Overseas renewable energy	<ul style="list-style-type: none"> Elawan Energy moving into new markets Aim to purchase new platform in the United States 	¥600.0 billion* ²
Aircraft	<ul style="list-style-type: none"> Invest primarily in new, narrow-body aircraft Aim to increase asset management business deals by timely sales of purchased aircraft 	¥130.0 billion
Other	<ul style="list-style-type: none"> Move forward with multiple strategic investments to drive growth in existing businesses 	¥300.0 billion* ³

*1 Amount includes total project value for logistics centers and rental condominium properties (including those for which payment was complete by FY ended March 2023).

*2 Pipeline figure primarily includes investments at Elawan Energy (wholly consolidated subsidiary) scheduled for execution through 2025, excluding renewable energy investments by Greenko (equity method affiliate).

*3 Excluding MICE-IR scheduled to launch in 2029 or later.

ESG-related Material Issues and Key Goals (Set in November 2021)

The ESG-related material issues that will enable ORIX's sustainable growth are as follows. We have also set key goals to link these material issues to specific actions.

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 2030.
- 3 Female employees to account for over 30% of management positions at ORIX Group by the end of the fiscal year ending March 2030.
- 4 Reduce ORIX Group GHG (CO₂) emissions by 50% compared to the fiscal year ended March 2020 by the end of the fiscal year ending March 2030.
- 5 ORIX Group to achieve net zero GHG (CO₂) emissions by the end of the fiscal year ending March 2050.
- 6 Reduce ORIX Group's investment and credit balance in GHG (CO₂) emitting industries* by 50% compared to the fiscal year ended March 2020 by the end of the fiscal year ending March 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 2040.

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

Sustainability Promotion and Governance Structure

ORIX has diverse businesses, and each business has a wide range of sustainability issues that either affect society or are affected by society. For this reason, we divide our approach to sustainability issues into two categories: the corporate (Group-wide) level and the business unit level.

Status of Recent Initiatives

The Sustainability Committee discussed and reported on items 1 and 2 below. Details of the Sustainability Committee meeting were submitted as a Progress Report on Sustainability Promotion Activities to the Board of Directors, where it was approved.

1. Group-wide themes

1) Performance report for the fiscal year ended March 2023

- (1) Progress toward ESG-related key goals
- (2) Expansion of the coverage of scenario analysis based on TCFD Recommendations
- (3) Commencement of preparations for surveys and risk assessments on the status of human rights
- (4) Improvement in ESG ratings and ORIX's selection as a constituent in ESG indices adopted by the Government Pension Investment Fund (GPIF) of Japan

2) Focus themes for the fiscal year ending March 2024

- (1) Inculcate sustainability promotion befitting ORIX among employees (increase job satisfaction, create a better corporate culture, close the generation gap in sustainability awareness)
- (2) Share sustainability-related business opportunities recognized by each business unit Company-wide and use them in business activities
- (3) Recognize growing concerns about supply chains and human rights and consider policy revisions that reflect them
- (4) Expand disclosure of non-financial information

▶ Pages 30-32 Status of Initiatives to Address ESG-related Material Issues and Key Goals

▶ Page 35 Scenario Analysis Based on TCFD Recommendations

2. Approach to and KPIs for sustainability in each business unit

We have reviewed the progress of the policy and KPIs set at the beginning of the fiscal year ended March 2023 to establish our approach for the fiscal year ending March 2024 and beyond.

Major initiatives for the fiscal year ended March 2023 were as follows.

- Considered calculation and data provision of customers' CO₂ emissions. Rental car stores improved their green electricity ratio. (Auto)
- Started providing products and services that contribute to the circular economy and climate change mitigation. Started supply chain management. (Rentec)
- Reduced CO₂ emissions from owned properties. Eliminated plastic and reduced food waste in operating businesses. (Real Estate Investment and Facilities Operation)
- Decided to install EV charging outlets as standard equipment in parking lots for condominiums to be developed in the future. (DAIKYO)
- Promoted a material recycling business for blister packaging sheets and a reuse and recycling business for solar panels. (Environment and Energy)
- Issued our first sustainability bond. (Banking)
- Assigned ESG scores to all investing and lending transactions that are assumed to be self-owned. (ORIX USA)
- Formed a stock fund specializing in biodiversity. (ORIX Europe)

Approach of Each Business Unit from the Fiscal Year Ending March 2024 Onward.

▶ Pages 66-80 "Approach to Sustainability" section for each business unit

Examples of Sustainability Initiatives in Each Business Unit.

▶▶▶ [Contributing to Society through Our Business Activities](#)

Sustainability Governance Structure

Sustainability Governance Structure



The Board of Directors supervises and guides sustainability governance.

The Sustainability Committee implements ESG-related material issues and key goals Group-wide. It formulates strategic approaches, KPIs, and action protocols, and the results of its deliberations will then be reported to and approved by the Board of Directors.

Members: Group CEO (chair), people in charge of segments most directly related to ESG

Attended by other participants depending on the agenda

Role of the Sustainability Committee

1. Discussion of specific measures to achieve goals
2. Discussion of any conflicts arising between short-term earnings and long-term growth
3. Discussion of measures to reduce climate change risk following the Task Force on Climate-related Financial Disclosures (TCFD) framework
4. Sharing of information on Japanese and international developments in corporate sustainability
5. Discussion of matters to report to the Board of Directors

▶▶▶ [Approach to Sustainability Issues](#)

Status of Initiatives to Address ESG-related Material Issues and Key Goals

Environment

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.

Key Goals

- Reduce ORIX Group GHG (CO₂) emissions by 50% compared to the fiscal year ended March 2020 by the end of the fiscal year ending March 2030.
- ORIX Group to achieve net zero GHG (CO₂) emissions by the end of the fiscal year ending March 2050.
- Reduce ORIX Group's investment and credit balance in GHG (CO₂) emitting industries* by 50% compared to the fiscal year ended March 2020 by the end of the fiscal year ending March 2030.
- ORIX Group to achieve a zero investment and credit balance in GHG (CO₂) emitting industries* by the end of the fiscal year ending March 2040.

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

Status of Initiatives to Address Issues and Goals

- 1 With the aim of reaching our GHG (CO₂) emissions reduction goals, we are considering reducing emissions by switching fuels used at our two coal-biomass co-fired power plants, which accounted for more than 70% of our emissions in the fiscal year ended March 2020. If it is deemed difficult to achieve the reduction, we will consider closing the facilities, so we recorded an impairment of ¥19.6 billion in the fiscal year ended March 2022. In the fiscal year ended March 2023, we held discussions on decarbonization, organized the items to be considered into the three points of equipment conversion, fuel procurement, and renewable energy demand, and began concrete deliberations.
 - Total Scope 1 and 2 GHG (CO₂) emissions in the fiscal year ended March 2023 were 1,121 thousand tons, a reduction of 145 thousand tons (11.4%) compared to the baseline emissions in the fiscal year ended March 2020.

▶ Page 33 GHG (CO₂) Emissions Reduction

- 2 The generation capacity (currently in operation) of our renewable energy business as of March 31, 2023 is 3.7 GW. We expect to expand it to 7.0 GW* by March 31, 2025, and our goal is to expand to 10 GW by March 2030.

* 1.0 GW of which is scheduled to be sold, so ORIX's holdings will be 6.0 GW.

▶ Page 34 Promoting the Renewable Energy Business

- 3 In November 2021, we began disclosing information in line with the TCFD information disclosure framework. We are conducting scenario analyses of our Environment and Energy, Real Estate, Auto, Aircraft and Ships, Finance (Japan, United States, and Asia and Australia), and Life Insurance businesses. Regarding Scope 3 (GHG emissions in the value chain), we have roughly estimated the scale of emissions from the Auto, Aircraft and Ships, and Real Estate businesses, and the power generation and electric power retail business in the Environment and Energy segment, as well as

emissions from investees and borrowers (Category 15).

- ▶ Page 35 Information Disclosure Based on TCFD Recommendations
- ▶ Page 83 ESG Data (Scope 3)

- 4 We are promoting a business that supports waste recycling and processing, as well as a business that facilitates the reuse, recycling, and proper processing of unwanted goods.

▶▶▶ [Promoting the Circular Economy and Reducing Waste](#)

- 5 Three local subsidiaries in the Asia and Australia segment (in Indonesia, Malaysia, and Australia) aim to reduce their credit balance in industries that have a high environmental impact. As part of this process, they consider both business and regional characteristics when ascertaining which borrowers to target, as well as assessing the possible reduction impact.

- The credit balance (on a local currency basis) to industries with high environmental impact as of March 31, 2023 decreased compared to the fiscal year ended March 2020 for all three local subsidiaries.

- 6 Each of our business units strives to provide environmentally friendly products and services.

▶▶▶ [Contributing to Society through Our Business Activities](#)



Status of Initiatives to Address ESG-related Material Issues and Key Goals



Social

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.

Key Goals

- Female employees to account for over 30% of management positions at ORIX Group by the end of the fiscal year ending March 2030.

Status of Initiatives to Address Issues and Goals

- 1 We prohibit investing and lending in projects related to organizations and sectors / business activities that are social risks. We have set a key goal of reducing the balance of investing and lending in business areas with high environmental risks.
 - ▶ Page 36 Sustainable Investing and Lending
- 2 We have formulated and disclosed a human rights policy that refers to the United Nations' Universal Declaration of Human Rights, the International Labour Organization's International Labour Standards, and the United Nations' Guiding Principles on Business and Human Rights, among other documents, and require all parties inside and outside the Company to respect human rights. Our Sustainable Investing and Lending Policy stipulates that human rights risk is a key factor in investment and credit-related decisions.

In 2019, we first analyzed the risk of human rights violations in the Group by business area. Since 2022, we have been undertaking human rights due diligence in line with norms such as the UN Guiding Principles on Business and Human Rights. We conducted desktop analysis to specify and assess negative impacts in the value chain by business area, business region, and stakeholder, and identified highly serious issues. We are considering starting a fact-finding survey to address items that are assumed to have a high priority.

In addition, the compliance department is discussing specific measures to prevent or mitigate the risk of human rights violations.

As a remedy system in the event of human rights violations, we have set up a compliance hotline for consultation and reporting that can be used not only by our own employees but also by external

parties such as clients and suppliers, and we have announced it on our website.

▶ Page 36 Initiatives for Human Rights

- 3 We are working to promote the creation of comfortable workplaces where diverse human resources can play an active role, rewarding workplaces where they can demonstrate their abilities and expertise, and workplaces where they can continue to work for a long time in good physical and mental health. We will achieve this through the development of various systems that incorporate the opinions of employees.

▶ Page 42 Human Resources Strategy

▶▶▶ [Human Resources Strategy to Support Sustainable Growth](#)

- As of March 31, 2023, the ratio of female managers in ORIX Group is 29.8% for ORIX Corporation and 25.7% for our 10 domestic Group companies.



Status of Initiatives to Address ESG-related Material Issues and Key Goals



Governance

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.

Key Goals

- 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.
- 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 2030.

Status of Initiatives to Address Issues and Goals

- 1 2 We have established a sound and highly transparent corporate governance system. We are also taking the following measures to strengthen our system:
 - Increase the diversity of directors.
 - Evaluate the effectiveness of the Board of Directors and implement an action plan to improve its effectiveness based on the evaluation results.
 - We have introduced a compensation scheme for executive officers that evaluates contributions to business performance as well as medium- to long-term results.
 - We have begun reflecting the status of ESG initiatives in executive compensation, with the aim of encouraging executives to take the initiative in addressing ORIX Group's ESG issues.
 - From the fiscal year ended March 2022, the status of ESG initiatives was added as a qualitative evaluation item for the division performance indicator for annual bonuses for executive officers.
 - From the fiscal year ending March 2024, ORIX Group's progress in achieving ESG-related key goals will be added to quantitative evaluation items for the president, senior managing executive officers, and managing executive officers.
- ▶ Page 50 Corporate Governance
- Since January 2022, the ratio of outside directors has been 54.5% (of all 11 directors, 6 are outside directors).
 - As of June 2023, the ratio of female directors is 18.1% (of all 11 directors, 2 are female directors).

- 3 4 We carefully ascertain our customers' intentions, so that they can select the most suitable products and services, and we strive to propose products and services that meet their objectives. In order to provide and recommend products and services that are suitable for customers, we strive to acquire excellent work experience, specialized knowledge, and skills as professionals. Each business unit is committed to providing sustainable products and services.
 - ▶▶▶ [Proper Consideration of Our Customers](#)
 - ▶▶▶ [Contributing to Society through Our Business Activities](#)
- 5 The Code of Conduct stipulates that ORIX employees must "comply at all times with all applicable laws, rules and regulations and ORIX Group policies and rules" and "understand and comply with tax laws, regulations and ORIX Group policies and rules."
 - ▶▶▶ [Tax Policy](#)



Addressing Climate Change

Addressing Climate Change

Confronting climate change is a key theme that must be addressed on a global scale. Ongoing global warming in the absence of effective countermeasures will cause drastic climate change that will significantly impact the global environment. Against this backdrop, carbon neutral initiatives to reduce greenhouse gas (GHG) emissions to virtually zero have swiftly been gaining traction worldwide.

ORIX has made addressing climate change one of its material issues, and has stated its intent to proactively promote the renewable energy business, reduce GHG emissions in its own businesses, and comply with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We have also set the key goals of reducing ORIX Group GHG (CO₂) emissions by 50% compared to the fiscal year ended March 2020 by the end of the fiscal year ending March 2030, and achieving net zero emissions by the end of the fiscal year ending March 2050.

ORIX will continue to proactively respond to the risks and opportunities brought about by climate change through its diverse businesses. We will also utilize the TCFD information disclosure framework to strengthen climate change-related governance and risk management through scenario analysis. Based on such measures, we will disclose more specific information on ORIX's climate change initiatives to our stakeholders.

Information Disclosure Based on TCFD Recommendations

ORIX announced its support for the TCFD in October 2020. In November 2021, we began disclosing information in line with the TCFD information disclosure framework.

▶ Page 35 Information Disclosure Based on TCFD Recommendations

1. GHG (CO₂) Emissions Reduction

GHG (CO₂) Emissions Reduction Goals and GHG (CO₂) Emissions

• GHG (CO₂) Emissions Reduction Goals

ORIX has set GHG (CO₂) emissions reduction goals as follows:

- (1) Reduce GHG (CO₂) emissions by 50% compared to the fiscal year ended March 2020 by the end of the fiscal year ending March 2030.
- (2) Achieve net zero GHG (CO₂) emissions by the end of the fiscal year ending March 2050.

ORIX Group GHG (CO₂) Emissions (Baseline Emissions) in the Fiscal Year Ended March 2020

(Unit: Thousand tons CO₂e)

	Emissions	(Scope 1)	(Scope 2)
Environment and Energy Segment	1,089	1,069	20
– Two coal-biomass co-fired power plants	941	939	1
Real Estate Segment	85	19	66
Total of other segments	93	18	74
Total	1,266	1,107	158

▶▶▶ See [here](#) for details on ORIX Group GHG (CO₂) emissions (baseline emissions) in the fiscal year ended March 2020.

• GHG (CO₂) Emissions

Total Scope 1 and Scope 2 emissions in the fiscal year ended March 2023 were 1,121 thousand tons. Compared to the baseline emissions, this was a decrease of 145 thousand tons. Emissions from the two coal-biomass co-fired power plants amounted to 793 thousand tons, accounting for 70.7% of the total.

ORIX Group GHG (CO₂) Emissions

(Unit: Thousand tons CO₂e)

	FY ended March 2020 (Baseline Emissions)	FY ended March 2023
Scope 1	1,107	982
Scope 2	158	140
Total	1,266	1,121

▶ Page 82 ESG Data ▶▶▶ [Environmental Performance Data](#)

We have roughly estimated the scale of Scope 3 emissions (GHG emissions in the value chain) for the following businesses:

Emissions from Auto, Aircraft and Ships, Real Estate, the power generation and electric power retail business in the Environment and

Energy segment, and investees and borrowers (Category 15).

▶ Page 83 ESG Data

Initiatives to Reduce Emissions

• Environment and Energy Segment: Coal-biomass Co-fired Power Plants*¹

Aiming for a 50% reduction in emissions by the end of the fiscal year ending March 2030, we are considering measures including refitting equipment to move to pure biomass combustion and switching to next-generation fuels such as hydrogen and ammonia. If it is deemed difficult to achieve the reduction, we will consider closing the facilities, so we recorded an impairment of ¥19.6 billion in the fiscal year ended March 2022. In the fiscal year ended March 2023, we held discussions on decarbonization, organized the items to be considered into the three points of equipment conversion, fuel procurement, and renewable energy demand, and began concrete consideration.

*1 Soma Coal-Biomass Power Plant (Soma City, Fukushima Prefecture, started operation in March 2018, with generation capacity of 112 MW), Hibikinada Coal-Biomass Power Plant (Kitakyushu City, Fukuoka Prefecture, started operation in December 2018, with generation capacity of 112 MW).

• Real Estate Segment

We have formulated a plan to make gradual reductions toward a 50% emissions reduction goal by the fiscal year ending March 2030. Our main reduction initiatives are as follows:

- (1) Make equipment upgrades ahead of schedule at properties we own or operate, and introduce energy-saving equipment, etc.*²
- (2) Adopt renewable energy at properties we own or operate*³
- (3) Use non-fossil certified renewable energy*⁴ and purchase J-credits*⁵

In the fiscal year ended March 2023, we achieved the target amount of reduction. Emissions are expected to increase in the fiscal year ending March 2024 due to an increase in the operation of operating facilities, and we will work toward a gradual reduction by conserving energy and introducing power from renewable energy.

*2 For properties where we have the authority to renovate facilities.

*3 Install solar panels in logistics facilities developed by ORIX Real Estate, and use renewable energy in those facilities, but if surplus power is generated, supply the environmental value of surplus power to other properties such as office buildings and lodging facilities.

*4 Appropriate for emissions based on electricity usage, which is difficult to reduce in (1) and (2) above.

*5 Appropriate for emissions based on usage other than electricity.

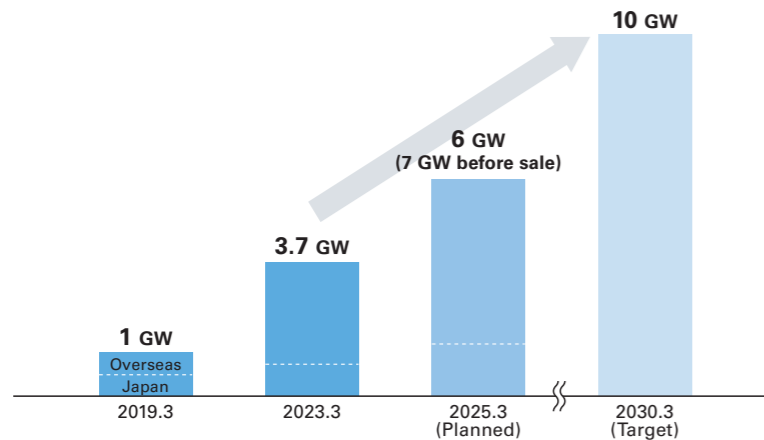
2. Promoting the Renewable Energy Business

Initiatives for Renewable Energy through Our Power Generation Business

ORIX operates power generation businesses around the world as a global renewable energy company. As of March 31, 2023, our generation capacity of power plants in operation around the world, including Japan, was 3.7 GW*¹. Elawan Energy (100% share) and Greenko (approx. 20% share) lead business growth, with Elawan Energy having 11 GW*² and Greenko having 18 GW*² in total generation capacity in operation, under construction, or in development. As of March 2025, we expect to expand the generation capacity of power plants in operation to 6 GW*¹ (7 GW*¹ before considering sale). Our goal is to expand to 10 GW*¹ by March 2030.

Also, in Japan, we are promoting broader adoption of renewable energy through our business of operation, management, and maintenance of power plants that use renewable energy, the energy storage plant business, and the introduction of a third-party ownership model for solar power generation systems.

Renewable Energy Business Generation Capacity (In Operation)*¹



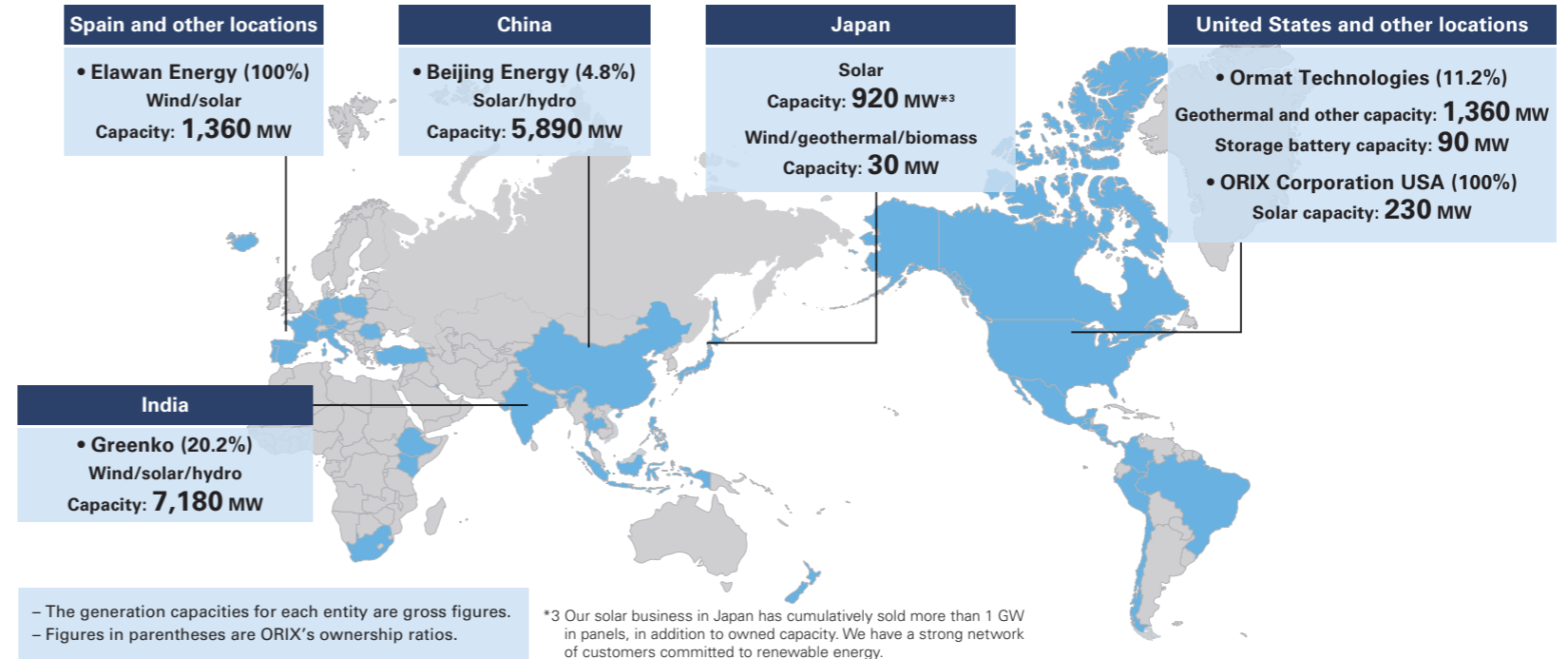
*¹ Net figures that take into account the Company's ownership ratio. If the individual project is a joint venture, we also consider the investment ratio.

*² Gross figures before taking into account the Company's ownership ratio.

Note: 2023.3 denotes the fiscal year ended March 2023.

▶▶▶ [Environment and Energy](#)

Global Expansion of Renewable Energy Business (As of March 31, 2023)



CO₂ Avoided Emissions

CO₂ avoided emissions at our renewable energy businesses totaled approximately 4.7 million tons for the fiscal year ended March 2023. The year-over-year increase was approximately 0.4 million tons. This was mainly due to both an increase in power generation and the start of operations of new renewable energy power plants at Elawan Energy, as well as an increase in ORIX's ownership ratio in the firm in the fiscal year ended March 2023.

Breakdown by country, region, and generation type is as shown in the chart on the right.

CO₂ Avoided Emissions through the Renewable Energy Business

(Unit: Thousand tons CO₂)

	Wind Power	Solar Power	Geothermal Power	Hydro Power	Biomass	Total
India	1,163	615	0	392	0	2,170
Japan	0	452	0	0	198	650
U.S.A.	301	31	289	0	0	621
China	39	114	0	0	0	153
Others	651	213	189	14	0	1,067
Total	2,155	1,425	477	406	198	4,661

▶ Page 83 ESG Data ▶▶▶ [Environmental Performance Data](#)

3. Information Disclosure Based on TCFD Recommendations

Information Disclosure Framework / Governance, Strategy, Risk Management, and Metrics and Goals

We disclose climate change-related information in line with the four TCFD pillars, as follows:

Governance

Board Oversight of Climate-related Risks and Opportunities

The Board of Directors provides leadership and guidance for ORIX Group's sustainability. It oversees climate-related risks and opportunities and determines ESG-related material issues and key goals

At a meeting in 2023, the Board of Directors heard performance reports for the fiscal year ended March 2023 in the following areas.

- (1) Progress toward ESG-related key goals
- (2) Expansion of the coverage of scenario analysis based on TCFD recommendations

Execution Framework for Assessing and Managing Climate-related Risks and Opportunities

The Group CEO chairs the Sustainability Committee. Committee members include people in charge of segments most directly related to ESG, and other participants will attend as needed so the committee can flexibly accommodate an evolving agenda.

The committee will also call on external experts as necessary.

The Sustainability Committee discusses specific measures to achieve goals as well as conflicts arising between short-term earnings and long-term growth. It also holds discussions on measures to reduce climate change risk based on TCFD recommendations, share information on developments in Japan and internationally that are relevant to sustainability, and discuss matters to report to the Board of Directors.

▶ Page 29 Sustainability Promotion and Governance Structure

Strategy

Climate-related Risks and Opportunities the Organization Has Identified

Climate-related risks and opportunities include physical risks and opportunities brought about by the increase in natural disasters associated with climate change. They also include transition risks and opportunities associated with the transition to a decarbonized society resulting from more stringent climate-related regulations and changes in corporate and consumer preferences.

We expect the following will materially impact ORIX Group:

• Physical Risks and Opportunities

ORIX is exposed to physical risks including higher costs due to business suspension and preventive measures or repairs for damage to operating facilities and offices, higher operating and construction expenses resulting from higher temperatures, higher credit costs from damage to customers, and loss of asset value from damage to investees.

• Transition Risks and Opportunities

ORIX is exposed to transition risks including business suspension, loss of asset value, stranded assets due to more stringent regulations, higher costs associated with carbon emissions, higher credit costs due to deterioration in customer performance, and decreased corporate value of high GHG-emission investees. Associated opportunities include increasing demand for renewable energy.

Scenario Analysis

We updated our scenario analysis in line with the update to the reference scenarios.

See [here](#) for scenario analysis assumptions and analysis results.

Risk Management

The Investor Relations and Sustainability Department has started discussions with departments that handle risk management on establishing a climate-related risk management framework.

Metrics and Goals

Metrics and Goals Used to Assess and Manage Relevant Climate-related Risks and Opportunities

ORIX identified the following four key goals related to climate:

- Reduce ORIX Group GHG (CO₂) emissions by 50% by the fiscal year ending March 2030 compared to the fiscal year ended March 2020.
- Reduce ORIX Group GHG (CO₂) emissions to net zero by the fiscal year ending March 2050.
- Reduce investment in and lending to industries* that emit GHG (CO₂) by 50% by the fiscal year ending March 2030 compared to the fiscal year ended March 2020.
- Reduce investment in and lending to industries* that emit GHG (CO₂) to zero by the fiscal year ending March 2040.

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

▶ Page 33 GHG (CO₂) Emissions Reduction

Scope 1, 2 and 3 GHG Emissions

▶ Pages 82-83 ESG Data

ORIX Group companies Robeco and ORIX Asset Management also disclose information as per TCFD recommendations. Please refer to their respective reports for further details:

▶▶▶ [Robeco](#)
▶▶▶ [ORIX Asset Management](#)

Initiatives for Human Rights

Policies and Principles

Core Principle of Our Sustainability: Respect human and labor rights

ORIX recognizes that it has a social responsibility to fulfill in its business activities as a corporation, and that respect for human rights is essential as part of that responsibility. The ORIX Group Sustainability Policy states "Respect human and labor rights" as one of our core principles that should be implemented in all aspects of 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.

Our Approach to Human Rights: Human Rights Policy

In September 2019, we established the ORIX Human Rights Policy as concrete action guidelines for respecting human rights. It expresses our commitment to promoting initiatives to respect human rights within the Group and to requesting that our clients and suppliers conduct business activities that respect human rights.

▶▶▶ [ORIX Human Rights Policy](#)

Our Response to the UK Modern Slavery Act 2015

ORIX annually renews and discloses its Modern Slavery Act Statement based on the UK Modern Slavery Act 2015.

▶▶▶ [Response to the United Kingdom's Modern Slavery Act 2015](#)

Issues/Initiatives

Material Issues

- 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.

Initiatives

- Since 2022, we have been undertaking human rights due diligence with reference to international norms such as the UN Guiding Principles on Business and Human Rights. We conducted desktop analysis to specify and assess negative impacts on human rights, and identified highly serious issues. We are considering starting a fact-finding survey to address items that are assumed to have a high priority. In addition, the compliance department is discussing specific measures to prevent or mitigate the risk of human rights violations.
- As a remedy system in the event of human rights violations, we have set up a hotline for consultation and reporting that can be used not only by our own employees but also by external parties such as clients and suppliers, and we have announced it on our website.

▶▶▶ [Our Efforts to Achieve Respect for Human Rights](#)

Sustainable Investing and Lending

Policies and Principles

ORIX recognizes that sustainability matters, which involve environmental, social, and governance themes, may have material impacts on the organization's long-term risks and opportunities, and that considering sustainability in decision-making is an extremely important and essential requirement for doing business. We believe that incorporating sustainability requirements into the consideration of investing and lending initiatives helps us better understand the risks and opportunities associated with our businesses and initiatives, resulting in benefits for our customers and shareholders.

ORIX formulated its ORIX Sustainable Investing and Lending Policy in September 2019 with the mission of implementing sustainable investing and lending. Based on this policy, potential investing and lending transactions submitted to the Investment and Credit Committee ("ICC")*1 go through screening from an ESG perspective using the Sustainable Investing and Lending Checklist. 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.

*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.

▶▶▶ [ORIX Sustainable Investing and Lending Policy](#)

Issues/Goals/Initiatives

Material Issues

- 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.
- 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.

Key Goals

- For investment and credit balance in GHG (CO₂) emitting industries*2, (1) reduce the balance by 50% compared to the fiscal year ended March 2020 by the end of the fiscal year ending March 2030, and (2) achieve a zero balance by the end of the fiscal year ending March 2040.

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

Initiatives

- See [here](#) for initiatives to promote sustainable investing and lending.