



SUSTAINABILITY REPORT  
2021

# Sustainability at ORIX

Since our founding, contributing to society by creating new value through our business activities has been fundamental to ORIX. While we believe it is essential for a company to be profitable, profitability is one of the many components that defines a company's overall success. It is also crucial to provide new value to society while consistently being needed by society, and the profit that results enables companies to experience enduring growth.

In addition, we believe operating with an awareness of sustainability is fundamental to corporate activities and to the survival of enterprises amid constant economic, social, and environmental change. This encompasses dramatic shifts in the natural environment due to climate change and correlating economic impacts. It also includes changes regarding the relationship between companies and society at large, such as shifts in expectations toward companies and the social responsibilities they must address.

Based on these views, ORIX endeavors to accurately assess and identify opportunities and risks arising from economic, social, and environmental shifts in order to work with our stakeholders and society at large to contribute to the economic development and sustainable growth of the global community, and to incorporate these opportunities and risks into our corporate management.

## Corporate Philosophy

ORIX is constantly anticipating market needs and working to contribute to society by developing leading financial services on a global scale and striving to offer innovative products that create new value for customers.

## Management Policy

1. ORIX strives to meet the diverse needs of its customers and to deepen trust by constantly providing superior services.
2. ORIX aims to strengthen its base of operations and achieve sustained growth by integrating its resources to promote synergies amongst different units.
3. ORIX makes efforts to develop a corporate culture that shares a sense of fulfillment and pride by developing personnel resources through corporate programs and promoting professional development.
4. ORIX aims to attain stable medium- and long-term growth in shareholder value by implementing these initiatives.

## Action Guidelines

### Creativity

Develop the flexibility and foresight to constantly take actions that are creative and innovative.

### Integration

Enhance ORIX Group strength by actively exchanging knowledge, ideas, and experiences.

## International Commitments

ORIX endorses the following international commitments, initiatives, and frameworks:

- The United Nations Global Compact
- Universal Declaration of Human Rights
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention against Corruption
- Task Force on Climate-related Financial Disclosures (TCFD)

### Participation in the United Nations Global Compact

ORIX became a participant in the United Nations Global Compact in July 2014. We support the ten principles in the four fields of human rights, labour, environment, and anticorruption, and we continue to promote initiatives in each of these fields.



**TCFD** | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

## Foreword

ORIX endeavors to actively address social themes and needs while providing its own unique value based on the commitment to contribute to society through business activities. Honoring this commitment, we began publishing our Sustainability Report in 2019 to present our environmental, social, and governance-related sustainability initiatives.

This year's report outlines our ESG-related material issues revised in November 2021 in addition to our newly established ESG-related key goals. Responding to climate change, the report discloses ORIX's GHG emissions

reduction goals and disclosures in accordance with TCFD (Task Force on Climate-related Financial Disclosures) recommendations. We also report on individual sustainability policies and initiatives by our main business segments, which showcase how ORIX is contributing to society through its many business activities.

Through this report, we hope that our many stakeholders will gain a deeper understanding of ORIX, which aims to achieve sustainable growth and realize a sustainable society.

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## About ORIX Sustainability Report 2021

### Applicable Scope

ORIX Corporation and its Group companies in Japan and around the world

### Reporting Period

Fiscal 2020 (April 1, 2020 to March 31, 2021)






Note: Some activities and information contained in this report are from before or after the reporting period.

### Inquiries

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### Information Diagram (See table on right)

ORIX discloses information through multiple platforms and media so a wide range of stakeholders, including shareholders and investors, can acquire a multifaceted understanding of its sustainable growth.

Main Content	Annual Reports	Latest Information
Non-Financial	 <b>Sustainability Report</b>	 <b>Group website Sustainability section</b>
Financial	 <b>Integrated Report</b>	 <b>Group website Investor Relations section</b>
	 <b>Securities Report (Japanese only)/ Form 20-F</b>	

# About ORIX

ORIX was founded in 1964. From our starting point in leasing, we have continued to enhance our expertise in finance and tangible assets as we synergistically expand our business.

(Data as of March 31, 2021)

History:

**57** years

Since introducing leasing as an advanced new service to Japan in 1964, we have continued to provide a wide variety of innovative services.

Global Network:

**31** countries and regions

We have expanded our global network since establishing our first overseas operations in Hong Kong in 1971.

Number of Employees:

**33,153**

ORIX began as a 13 person enterprise, and has since grown into a company that currently employs approximately 33,000 people around the world.

Diversified Portfolio:

**10** business segments

ORIX's 10 segments have the ability to achieve high profitability and growth while the organizational structure allows intersegment product and service provision.

Net Income:

**56** years of sustained, profitable growth






We are proud of more than 55 years of continuous profitability, which we believe to be reflective of the value placed on our innovative solutions by the market.






Segment Assets:

**11** trillion JPY

Without overstressing our asset size, we have continued to focus on improving profitability and strengthening financial soundness. Furthermore, we adjust our asset mix according to external factors and the surrounding environment.

Through 10 business segments, ORIX provides a wide array of products and services to corporate and individual customers, communities, and to social infrastructure.

Segments	Main Business
 <b>Corporate Financial Services and Maintenance Leasing</b>	Finance and fee business; leasing and rental of automobiles, electronic measuring instruments, and IT-related equipment; Yayoi
 <b>Real Estate</b>	Real estate development, rental, and management; facility operations; real estate asset management
 <b>Private Equity Investment and Concession</b>	Private equity investment in Japan as well as overseas; operation of airports and wastewater treatment plants
 <b>Environment and Energy</b>	Renewable energy in Japan and overseas, electric power retail, energy-saving services, sale of solar panels and electricity storage systems, recycling, and waste management
 <b>Insurance</b>	Life insurance, including medical insurance and death insurance

Segments	Main Business
 <b>Banking and Credit</b>	Real estate investment loans, corporate loans, trust business, consumer finance, guarantees of unsecured loans handled by other financial institutions, and housing loans (Flat 35)
 <b>Aircraft and Ships</b>	Aircraft and ship leasing and asset management services
 <b>ORIX USA</b>	Finance, investment, and asset management in the Americas
 <b>ORIX Europe</b>	Asset management focused on Europe and the United States
 <b>Asia and Australia</b>	Finance and investment with a focus on Asia and Australia







ORIX actively addresses social themes and needs, providing unique value based on a commitment to enrich society through its business activities.

<p><b>Renewable energy</b></p>  <ul style="list-style-type: none"> <li>• Environment and Energy ➔ Page 17</li> </ul>	<p><b>Waste recycling</b></p>  <ul style="list-style-type: none"> <li>• Environment and Energy ➔ Page 17</li> </ul>	<p><b>Vehicles with low CO<sub>2</sub> emissions</b></p>  <ul style="list-style-type: none"> <li>• Auto ➔ Page 20</li> </ul>	<p><b>Co-creation with local regions</b></p>  <ul style="list-style-type: none"> <li>• Real Estate ➔ Page 18</li> <li>• Concession ➔ Page 21</li> </ul>	<p><b>Support for SMEs</b></p>  <ul style="list-style-type: none"> <li>• Corporate Financial Services ➔ Page 22</li> </ul>	<p><b>Strengthening future welfare</b></p>  <ul style="list-style-type: none"> <li>• Banking ➔ Page 23</li> <li>• Life Insurance ➔ Page 24</li> </ul>
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# Environment



# Society

<p><b>Offices / housing with high environmental performance</b></p>  <ul style="list-style-type: none"> <li>• Real Estate ➔ Page 18</li> </ul>	<p><b>Transportation with low environmental load</b></p>  <ul style="list-style-type: none"> <li>• Aircraft and Ships ➔ Page 19</li> </ul>	<p><b>Reduction of initiatives with high environmental load</b></p>  <ul style="list-style-type: none"> <li>• Environment and Energy ➔ Page 17</li> <li>• Asia and Australia ➔ Page 22</li> </ul>	<p><b>Investing in and lending to businesses that help sustain society</b></p>  <ul style="list-style-type: none"> <li>• PE Investment ➔ Page 21</li> <li>• Banking ➔ Page 23</li> </ul>	<p><b>Safe driving and reduction of automobile accidents</b></p>  <ul style="list-style-type: none"> <li>• Auto ➔ Page 20</li> </ul>	<p><b>Industry leadership in sustainable investment</b></p>  <ul style="list-style-type: none"> <li>• ORIX Europe ➔ Page 16</li> </ul>
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# 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 (CO<sub>2</sub>) 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 (CO<sub>2</sub>) emissions by the end of the fiscal year ending March 31, 2050.
- 6 Reduce ORIX Group's investment and credit balance in GHG (CO<sub>2</sub>) 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 (CO<sub>2</sub>) 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

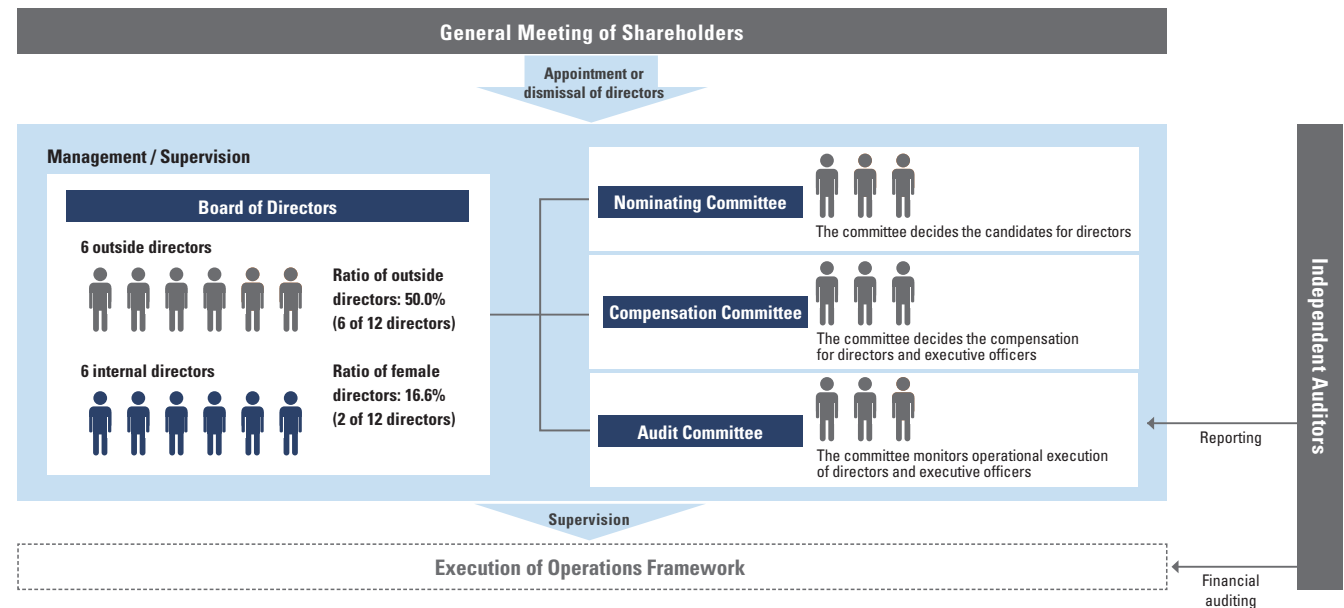
## Corporate Governance at ORIX

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.

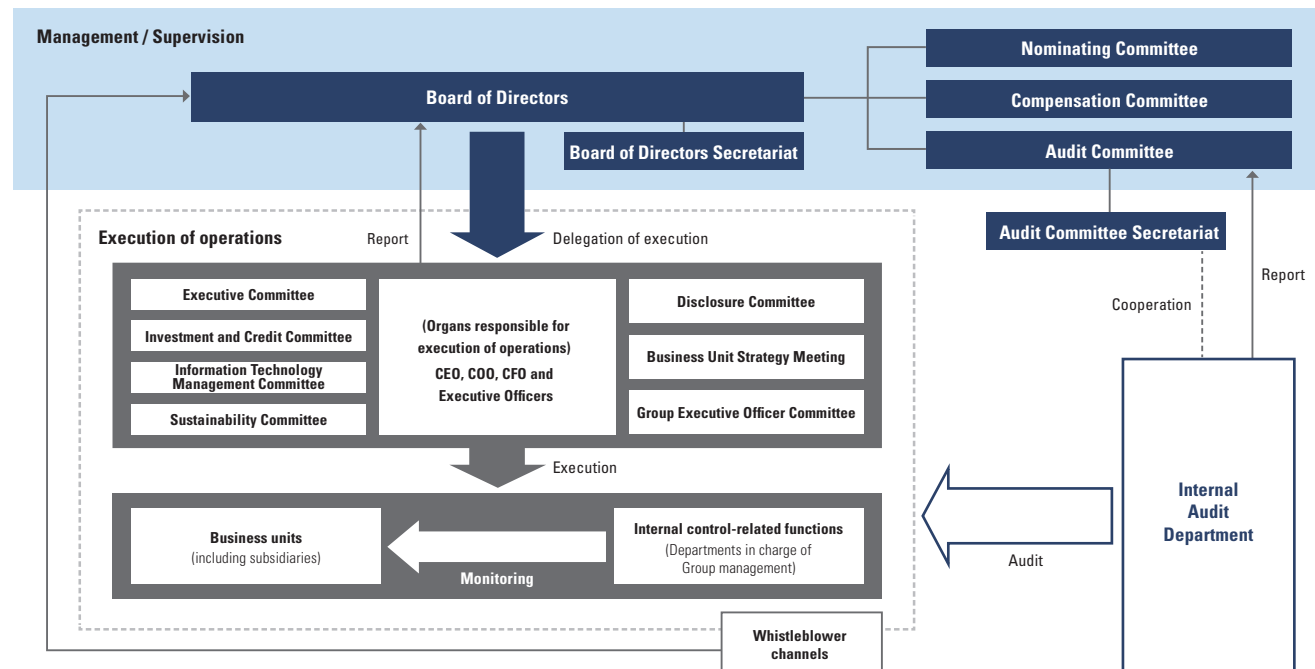
The role of the Sustainability Committee shall be as follows:

- 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 (CO<sub>2</sub>) Emissions Reduction Goals

ORIX Group's GHG (CO<sub>2</sub>) emissions were 1,266 thousand tons CO<sub>2</sub>e 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 (CO<sub>2</sub>) emissions in the Real Estate segment totaled 85 thousand tons CO<sub>2</sub>e.

One of our key goals is to reduce GHG (CO<sub>2</sub>) emissions by 50% by the fiscal year ending March 2030 compared to the fiscal year ended March 2020, and to reduce GHG (CO<sub>2</sub>) 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 (CO<sub>2</sub>) 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 (CO<sub>2</sub>) 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 (CO<sub>2</sub>) 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 CO<sub>2</sub>. However, we are prepared to scale back or close the plants if we determine that a 50% reduction in CO<sub>2</sub> 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 CO<sub>2</sub>e. It has achieved a high recycling rate by gasifying and melting municipal and industrial waste that it receives under contract with GHG (CO<sub>2</sub>) 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 (CO<sub>2</sub>) emissions from

incineration in our own emissions inventory according to the GHG Protocol, an international set of rules for calculating and reporting GHG (CO<sub>2</sub>) emissions. We will consider the use of CO<sub>2</sub> 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 (CO<sub>2</sub>) 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 CO<sub>2</sub>e)

	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 CO<sub>2</sub>e)

	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 <sub>2</sub> emissions (t-CO <sub>2</sub> 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 CO<sub>2</sub>e (Scope 1 emissions: 1,107 thousand tons CO<sub>2</sub>e; Scope 2 emissions: 158 thousand tons CO<sub>2</sub>e)

# 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

# Contributing to Social Themes Through Our Business Activities

ORIX Group's diverse businesses impact and are impacted by society with regard to a wide array of sustainability matters, which involve environmental, social, and governance themes. In each of its businesses, ORIX identifies sustainability matters that have material impacts on the organization's long-term risks and opportunities. By taking such matters into consideration in its decision-making, ORIX is able to contribute to social themes through its many business activities.

The following pages present ORIX Group's approach to sustainability across its key segments.

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# ORIX Europe

As of December 31, 2020, total assets under management at Robeco are 176.1 billion EUR, of which total assets under management integrating ESG elements are 160.3 billion EUR. This can be further broken down into three categories:

- 1) Sustainability inside strategies, which use ESG information to improve investment decisions. The goal of these strategies is to improve corporate behavior and therefore long-term investment returns. Robeco's standard Exclusion Policy applies. AUM under this strategy comprise 138.5 billion EUR.
- 2) Sustainability focused strategies, which build upon the sustainability inside strategies but add a focus on companies that score better on ESG footprints than their peers to whom a broader Exclusion Policy applies. These strategies are meant for investors who believe that good ESG performance leads to better returns or want to apply a reputational or values perspective to their investment portfolios. AUM under this strategy comprise 9.1 billion EUR.
- 3) Impact investing strategies, which target companies that are helping to solve specific sustainability issues or to the achievement of one or more of the SDGs. These strategies are meant for investors wanting to make a positive impact on society and/or those who want exposure to certain sustainable development areas. AUM under this strategy comprise 12.7 billion EUR.

Robeco has more than 20 years of experience integrating sustainability into the investment process and uses two powerful key tools in its approach: research and engagement.

All of Robeco's investment strategies are based on extensive research. The starting point of this research is a financial materiality framework in which Robeco's SI analysts conduct a financial materiality analysis to identify

the sustainability factors that drive business value and have the greatest impact on the long-term valuation assumptions used in financial analysis. This materiality analysis makes use of Robeco's quantitative research but also importantly employs the experience of the SI analysts who ultimately determine which long-term economic and ESG factors will likely have the most significant impact on a company's future financial performance.

In addition to this foundation of knowledge and expertise, ESG factors are systematically integrated into Robeco's highly disciplined investment process by using the ESG scores from the S&P Corporate Sustainability Assessment.

Robeco actively uses its ownership rights to engage with companies because it believes engagement leads to improvements in sustainable corporate behavior, creating a positive impact not only on its investment but also on society at large.

Robeco has two engagement strategies:

- 1) Value engagement, the objective of which is to create value for investors and society by improving sustainability conduct and corporate governance;
- 2) Enhanced engagement, the objective of which is to address companies that severely and structurally breach minimum behavioral norms in areas such as human rights, labor, environment, and anti-corruption.

Under both strategies, Robeco first uses constructive dialogue and its right to vote to encourage change, but will use adverse proxy voting, shareholder resolutions, director nominations or legal actions as escalation measures if the company does not respond to dialogue. As a last resort, Robeco or its clients can decide to exclude a company from its investment universe.

Robeco is an asset manager that has led sustainable asset management by pioneering investing in fields such as

emerging markets, ESG investing, and quantitative investing using the methodologies described above. Robeco's mission is to not only provide superior investment returns but to provide solutions that meet client needs by offering a client-oriented and distinctive range of actively managed investment strategies and pension/investment solutions.

Robeco recognizes sustainability as a major value driver and integrates ESG across its investment solutions, actively engaging with companies. Robeco achieves better returns while looking after the world we live in.

In 2021, the sustainable investing regulatory landscape shifted significantly with the EU's Sustainable Finance Disclosure Regulation (SFDR) coming into force. Robeco has made a strong start to implementation, with a large majority of the funds classified as aligned to Article 8 or 9 of the EU's new sustainability regulations.

At present, the importance of ESG is rising and client interest in sustainable funds is accelerating. ESG investment has been drawing attention in Europe for some time, but there is still room for expansion in the US and Asia. As a leader in sustainable investment, Robeco intends to continue promoting investments that contribute to the development of a sustainable society and economy.

■ For further details on Robeco's ESG initiatives:

▶▶▶ [Robeco](#)

Apart from Robeco, ORIX operates asset management businesses in the US, UK, and Japan, and excluding Robeco, assets under management are about 30 trillion JPY. The ORIX Group Sustainable Investing and Lending Policy and the ORIX Group ESG-related key goals serve as basic principles under which these asset management businesses operate, subject to the rules and regulations of their respective jurisdictions.

# Environment and Energy

The environment and energy business aims to help achieve a sustainable, decarbonized society that reuses and recycles. It has an operational structure of three units: Energy in Japan, Environment, and Energy Overseas. The Energy in Japan unit conducts businesses in the renewable energy, electric power retail, and energy-saving services; the Environment unit conducts businesses in areas including waste recycling and treatment; and Energy Overseas works to accelerate global expansion with a focus on the renewable energy business. The worldwide total installed capacity of ORIX's renewable energy business is 3GW.

Renewable energy demand from large corporations, small and medium-size enterprises, and individuals has expanded rapidly since the Japanese government's 2050 Carbon Neutral Declaration. We provide services that contribute to decarbonization through renewable energy power generation, electric power retail, and energy-saving support, and are developing new value-added services that use digital technology, such as electric power tracking systems and virtual power plants. Given that over the next 10 years, roughly 3,000GW of renewable energy is projected to come online worldwide, we will focus on expanding our renewable energy business.

The total capacity of our solar power generation facilities in Japan is 870MW (as of March 31, 2021). We are also involved in the development and operation of geothermal and wind power. We will contribute to the expansion of renewable energy as the potential main power source in Japan.

To meet increasing demand from corporations for captive consumption of renewable energy, we are promoting the nationwide rollout of the corporate power purchase agreement (PPA) model for solar power generation systems. Under this business model, a third party is loaned the site or rooftop of the power user, installs a solar power generation system, and supplies the generated power directly to the user. The customer is thereby able to switch a portion of their power consumption to renewable energy and contribute to the reduction of CO<sub>2</sub> emissions.

In India, we acquired a stake in Greenko Energy, a major renewable energy company. The Indian government is targeting 175GW of renewable energy capacity by 2022, and Greenko Energy can contribute by helping to meet India's renewable energy demand.

ORIX also acquired an equity stake in Elawan Energy in July 2021. This renewable energy company has the expertise and capabilities to comprehensively handle the development and operation of renewable energy facilities

worldwide such as in Europe, North America, and South America. It is positioned as a strategic platform for expanding ORIX's renewable energy business globally.

In Japan, we help to achieve a society that reuses and recycles through a business that facilitates the reuse, recycling, and processing of unwanted goods, and a business that supports waste recycling and treatment.

ORIX Environmental Resources Management's Yorii Plant—a waste incineration facility in Yorii Town, Saitama Prefecture—processes industrial waste for corporate clients. It also contributes to the treatment operations of municipalities and other local governments by processing household and other general waste in excess of the capacity of public waste treatment facilities. Our contribution to reducing CO<sub>2</sub> emissions also includes the construction of power plants fueled by food scraps and other waste. We will continue to operate these plants while petitioning for necessary changes in the system for assigning CO<sub>2</sub> emissions responsibility.

■ Details about the ESG initiatives of investees Elawan Energy S.L., Greenko Energy Holdings, and Ormat Technologies, Inc. are available via the following links:

- ▶▶▶ [Elawan Energy S.L.](#)
- ▶▶▶ [Greenko Energy Holdings](#)
- ▶▶▶ [Ormat Technologies, Inc.](#)

# Real Estate

ORIX has a comprehensive and diversified real estate business. This business spans widely and focuses on real estate development and investment—which includes properties such as office buildings, commercial facilities, and logistics centers—as well as facilities operations, which encompasses inns, hotels, and aquariums. Other business schemes include real estate asset management and comprehensive community development. In addition, Group company DAIKYO specializes in the development, brokerage, and maintenance/management of properties, primarily centering on condominiums.

Our basic operating policy is to put safety, security, and comfort first, to consider the environment, to decarbonize, and to coexist with communities. Committed to sustainability, our goal is to develop products and provide services that society values. We will continue to contribute to regional revitalization and a sustainable society through a wide range of real estate-related businesses.

The office building and logistics center properties we develop are equipped with environmental functions and prioritize safety and security. To communicate this quality to third parties, we acquire external certification including the Comprehensive Assessment System for Built Environment Efficiency (CASBEE). Properties in our portfolio currently emit 85 thousand tons of CO<sub>2</sub> annually; to reduce emissions, we have formulated a plan that includes installing new energy-saving equipment during facility renovation and repair and adopting renewable energy.

We develop condominiums according to ZEH-M Oriented specifications. This enables the reduction of annual primary energy consumption by 20% or more compared

to the 2016 baseline for residential buildings, including common areas. Annual primary energy consumption is the total energy used for facilities including ventilation, hot water supply, and lighting expressed as a heat equivalent.

The facility operations business takes an environmentally responsible approach to managing inns, hotels, and other facilities, with initiatives that include reducing food waste loss and providing amenities that do not use petroleum or plastic.

The facility operations business sources ingredients and hires locally. In May 2021, we launched the Regional Co-creation Project, where employees at 21 facilities we manage have been given responsibility for regional co-creation initiatives, such as planning and promotion ranging from events that highlight regional features and appeal to products developed in collaboration with local companies. Their objective is to make both the regions they serve and our facilities a standout choice for customers.

ORIX also operates aquariums in Sumida (Tokyo) and Kyoto, where we offer educational activities for nearby elementary schools. The activities focus on knowledge of and interest in the value of life and the natural environment.

Our logistics center development business has invested in the development of 43 properties. Backed by strong e-commerce demand, this business is currently developing eight properties. Plans for these centers include solar panels to provide the power they use and electric vehicle chargers.

ORIX Hotel Management manages accommodations totaling approximately 5,500 rooms throughout Japan,

including 13 hotels and inns under the direct management of the ORIX HOTELS & RESORTS brand. It plans to help reduce CO<sub>2</sub> emissions by phasing in energy-saving facilities. Committed to operating hygienic, well-managed facilities, it has also identified 1) hygiene management; 2) avoidance of the “three Cs” (closed spaces, crowded places, and close-contact settings); and 3) employee health management as priority areas. Hygiene promotion managers put the safety and security of customers first.

The real estate business is also involved in mixed-use urban development and redevelopment projects that encompass office space, commercial facilities, hotels, and training centers. These projects contribute to regional vitalization through community events, disaster prevention, and job creation.

ORIX Asset Management and ORIX Real Estate Investment Advisors manage assets totaling 1.3 trillion JPY through REITs and private equity funds. The investment philosophy of ORIX JREIT, which is managed by ORIX Asset Management, is to achieve stable growth in unitholder value. To that end, sustainable asset management with a commitment to ESG is essential, and ORIX Asset Management has established an ESG Policy aligned with the Task Force on Climate-related Financial Disclosures (TCFD) and the United Nations Environment Programme Finance Initiative (UNEP FI) and is implementing initiatives to counter climate change.

■ Further details about the ESG initiatives of ORIX Asset Management and ORIX JREIT are available via the following links:

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

# Aircraft and Ships

## Aircraft

In 1991, we established the aircraft leasing company ORIX Aviation Systems Limited (ORIX Aviation) in Ireland to facilitate our entry into the aircraft leasing business. ORIX Aviation leases aircraft it owns and also provides investors in Japan and around the world with asset management services that include arranging aircraft investments, aircraft sales, and re-leasing. ORIX Aviation also holds a 30% stake in aircraft leasing company Avolon Holdings Limited (Avolon). Together, these two companies own, manage, and have on order approximately 1,000 aircrafts.

Societal demand on the aviation industry to reduce CO<sub>2</sub> emissions is significant, and the entire industry has been formulating reduction targets and action plans to achieve these targets. Many airlines are also implementing measures such as setting preemptive reduction targets. In October 2021, the International Air Transport Association (IATA) announced a goal of net-zero carbon emissions by 2050.

In 2016, the International Civil Aviation Organization (ICAO) resolved to introduce a scheme that stipulates the obligation to set CO<sub>2</sub> emissions allowances for 193 countries. As of 2021, the scheme is in operation in 88 countries. In 2027, airlines in all member states will be required to purchase CO<sub>2</sub> emissions offsets in the form of carbon credits.

We provide aircraft operating leases, so we prioritize a higher ratio of new fuel-efficient models in our portfolio to coincide with airline emissions reduction targets. Another important theme for reducing emissions is accelerating the use of sustainable aviation fuel alternatives to fossil jet fuel.

In June 2021, Avolon placed an order for up to 500 electric vertical takeoff and landing (eVTOL) aircraft for a total investment valued at 2 billion USD.

## Ships

ORIX entered the ship leasing business in 1971. We now own and operate ships, offer ship investment and financing, leasing, management, operation, sales, and brokerage services for shipping companies in Japan and globally. We currently own 27 vessels and will continue to operate based on the ORIX Group Sustainable Investing and Lending Policy and our ESG-related key goals.

Ship operation gives rise to concerns about environmental impact including CO<sub>2</sub> emissions from fuel consumption and the effect of ballast water on marine ecosystems. However, all of the ships we own or have ordered are built in Japan to fuel-efficient specifications. We are also improving fuel efficiency and reducing environmental load based on a policy that includes using low-friction paint for the bottoms of ships and propeller attachments that improve propulsion efficiency. The ships we own or have ordered are at the leading edge of environmental responsibility and feature equipment to treat ballast water. From 2025, new international regulations will come into force that will require ships manufactured from 2025 and onward to emit 30% less CO<sub>2</sub> than the baseline. In principle, all owned ships to which these regulations apply, including two recently ordered vessels, must comply with these regulations.

# Auto

ORIX Auto is a one-stop provider of automobile-related services. Through automobile leasing, rental, and car sharing, we offer solutions that meet a broad array of needs ranging from compliance to environmental friendliness, safe driving, labor management, and accident prevention, as well as comprehensive vehicle management outsourcing and used vehicle leasing and sales.

ORIX Auto had approximately 1.42 million vehicles under management as of March 31, 2021—one the largest fleets in Japan. It has a social responsibility to provide services that reduce the environmental load of its vehicles, reduce traffic accidents, and ensure and enhance compliance associated with vehicle operation. It is implementing initiatives for addressing ESG matters and achieving a decarbonized society. These initiatives include promoting and enhancing support for the environmental initiatives of customers and programs to decarbonize its own facilities and operations.

In recent years, dramatic advances in automobile technology have put the spotlight on electric vehicles (EVs) and fuel cell vehicles (FCVs) as they do not emit CO<sub>2</sub> while in operation; however, EVs and FCVs represent less than 1% of the approximate 80 million vehicles owned in Japan. Key reasons for this include lingering concerns about vehicle price, cruising range, and charging/filling infrastructure. A core mission for ORIX Auto is creating an environment that steadily resolves customer concerns surrounding buying EVs and FCVs so people can purchase clean vehicles with confidence.

Our car rental business will purchase and provide vehicles with excellent environmental performance and will arrange for car rental branches to use green power and significantly reduce the CO<sub>2</sub> emissions of all facilities.

Our car sharing business is transitioning to zero emission vehicles (ZEVs) as recommended by the Tokyo Metropolitan Government. Moreover, we will gradually transition to clean cars that do not emit CO<sub>2</sub> in our car rental and sharing businesses.

## PE Investment and Concession

The private equity investment business emphasizes a hands-on approach to improve investee corporate value, which includes teaming up with investee administration and providing sales support.

The airport concession business is involved in the operation of Kansai International Airport, Osaka International Airport (Itami Airport), and Kobe Airport. In addition, we have been operating a public wastewater treatment plant in Hamamatsu City, Shizuoka Prefecture, and are participating in the Miyagi Prefecture integrated water supply, industrial waterworks, and a sewerage public-private partnership management project through a special purpose company as well as an operation and maintenance company established in conjunction with local firms and other partners.

We had private equity investments in 17 companies as of March 31, 2021, and we require investees to conduct their management sustainably as a means to increase corporate value. Reducing greenhouse gas emissions is a key theme for our businesses, so we have calculated GHG emissions at each consolidated investee and have begun to consider reduction initiatives.

GHG emissions by our 17 investee companies totaled 51 thousand tons. Three of them have manufacturing

facilities and one of them uses trucks and forklifts to transport materials. These four companies in total accounted for 41 thousand tons of emissions. They are addressing this matter in ways such as replacing production equipment, conserving fuel, using renewable energy (including installation of solar panels and captive consumption), and transitioning to LED lighting and EVs.

Focus areas for private equity investment include healthcare, business process outsourcing, IT and information services, logistics and rental, and dairy farming. We expect these industries to grow because they help resolve social dilemmas; therefore, we will focus on finding outstanding investees. Through our hands-on approach, we will continue contributing to the resolution of social dilemmas.

Airport concession operator Kansai Airports has set specific goals and initiatives for reducing environmental load in its Kansai Airports Environmental Statement. It is now diligently moving toward the goal it announced in March 2021 of reducing GHG emissions by 40% by the fiscal year ending March 2031 compared to the fiscal year ended March 2017, and to virtually zero in the fiscal year ending March 2051.

# Corporate Financial Services: Asia and Australia

## Corporate Financial Services

Our corporate financial services business serves as a core platform for Group sales in Japan. It is involved in equipment leasing and loans, provides a wide range of products and services to several hundred thousand SMEs, and proposes optimal solutions for customer needs and management themes. Making full use of our sales network throughout Japan, we are also developing new businesses stemming from societal requirements and deregulation.

Our new business initiatives target markets we expect to grow as a result of deregulation and changes in the business environment. We will actively help resolve social dilemmas through new businesses, such as preventive healthcare that extends healthy life expectancy and reduces medical expenses, and fintech that can fund small businesses and sole proprietors.

Many Japanese SMEs with aging top management choose to close their doors due to succession difficulties; even those with deep roots and ties in their communities and industries with stable business performance over many years face this dilemma. We provide succession

support services for business owners facing such difficulties, which can support the sustainable growth of local economies, maintain and create employment, and can thereby preclude losses to society.

We support decarbonization by helping customers invest in solar power generation facilities and selling solar panels for captive consumption. We also help customers decarbonize by providing environmentally responsible power supply services and solar power generation systems bundled with corporate power purchase agreements.

As Japanese society is, as a whole, aging rapidly, we are utilizing the evolution of medical technology and heightened public health awareness to enter the preventive healthcare market. Our business will help curb rising medical expenses and sustain Japan's National Health Insurance System. Healthcare is another way we will contribute to sustainable growth of SMEs through approaches such as providing health checkups, other preventive healthcare services, and establishing a new diagnostic imaging center.

## Asia and Australia

Outside Japan, we provide investments and loans, machinery and equipment leasing, and automobile leasing to sales finance and rentals in the United States, Europe, Southeast Asia, South Asia, Oceania, and the Middle East. The ORIX Group Sustainable Investing and Lending Policy is our foundational principle in moving forward with ESG-related initiatives while ensuring compliance with national policies and other policies in the countries in which we operate.

Committed to achieving our ESG-related key goals, we are working toward reducing our credit balance in industries such as fossil fuel mining, palm oil plantations, and forestry including timber processing and sales. In Australia, Indonesia, Malaysia, and other countries that are home to a large number of emissions-intensive companies, we will take appropriate actions while carefully monitoring government policies and the approaches and methods of other financial institutions.

- Our policy in Indonesia is to reduce our credit balance in the coal, plantation, and forestry industries to zero by 2040.
- In Malaysia, we have capped total credit to companies involved in coal-fired power generation, fossil fuels, palm oil, and clear-cut logging. We are also considering limiting our relationships with palm oil plantation companies to those certified by the Malaysian government (Malaysian Sustainable Palm Oil (MSPO) Certification Scheme and certification for smallholder oil palm producers).
- In Australia, we have capped total credit to the coal and oil industries. Our policy to reduce our credit balance to zero in fossil fuel companies by 2030 is aligned with that of major local banks.

# Banking

ORIX Bank does not have ATMs or a branch network. Instead, our services center on online transactions to reduce operating expenses and earn customer support with appealing interest rates on their deposits. Our lending business focuses on real estate investment loans, which is a trait that differentiates ORIX Bank from other banks. As we grow in the future, sustainability will be central to our operations as we will focus on providing products and services that help resolve social dilemmas. Strategic directions include financial services for industries that underpin sustainable societies, products, and services that support asset formation for retail customers.

In July 2021, we formulated the ORIX Bank Sustainability Policy to clarify our stance and philosophy in contributing to society and the direction of management. We also identified four themes and nine priority areas, or material issues, associated with them.

- I. Creating a sustainable economy and society
  - Responding to an aging society
  - Regional revitalization
  - Realizing a smart and resilient society
- II. Building safe and secure homes and lifestyles
  - Creating sustainable cities and communities
  - Resolving urban issues
- III. Realizing a society in harmony with nature
  - Responding to climate change
  - Creating a recycling-oriented society
- IV. Creating work environments in which everyone can work comfortably
  - Diversity and inclusion
  - Human resource development and self-realization

We will draw on these priority areas in providing financing. Our clients are primarily in industries that underpin sustainable societies, such as renewable energy, environment and recycling, disaster prevention and infrastructure, and the development and supply of high-quality housing. The products and services we provide include investment products that support long-term asset formation for retail customers in an age where more and more people will live to be 100. We will concurrently reform work styles and digitally transform to maintain our own sustainable growth.

One particular emphasis will be financing for environment-related businesses such as renewable energy. In addition, we will use our trust capabilities to securitize receivables and formulate financial products that meet the ESG investment needs of institutional investors. In August 2021, we extended our first green loan for a mega solar project—such initiatives will allow us to provide financial support for environment-related businesses.

We will help resolve social dilemmas through our businesses and help achieve a sustainable society thereby creating new value and generating sustainable growth.

■ Further details about sustainability at ORIX Bank are available via the following link:

▶▶▶ [Sustainability at ORIX Bank](#) (Japanese only)



# Life Insurance

Based on the philosophy of “Turning ideas into things that resonate with the heart,” ORIX Life Insurance sympathizes with customer sentiment and aspires to be comfortably present in peoples’ lives, providing a portfolio of insurance products and services attuned to customer sensibilities.

Customer lifestyles and values are becoming ever more diverse, and customer attitudes toward risk also vary. ORIX Life Insurance embraces change—we consistently consider what a life insurance company should do for customers to develop and deliver products and services that accommodate diverse lifestyles.

We have been expanding our product lineup in various insurance segments including death insurance, specified disease insurance, medical insurance, and cancer insurance. Recently, we have been concentrating on developing products for customers living in an age where more and more people will live to be 100.

We launched Wish cancer insurance in April 2021. Longer lifespans mean many people will have longer careers. Moreover, the evolution of medical technology has resulted in a diverse array of cancer therapies, with higher expectations for options in categories such as advanced medical treatment and out-of-pocket treatment. In this modern age, we developed Wish to offer sufficient, affordable coverage so people are not burdened by cancer and the costs that can compound as a result. ORIX Life Insurance will continue to develop products aligned with customer lifestyles.

We complement our insurance offerings and remain relevant to customers by offering valuable services that partner companies provide to our policyholders at preferential prices. These services range from lifestyle

support such as housekeeping and pet care to consultation with experienced professionals.

We are also improving our customer interface so that we can provide smooth, stress-free assistance to people in various situations when communication occurs. In addition, we have launched sign language and written interpreter services. Customers with hearing or speech difficulties are able to make inquiries about policy details and procedures by video call, and their inquiries are relayed to our customer service center in real time by voice call.

Our customer service center is also equipped with call assistance devices that allow us to take inquiries from senior citizens who have trouble hearing service representatives. This technology modulates the representative’s voice to a frequency and sound pressure that is easy for senior citizens to hear.

We are digitalizing various services to reduce CO<sub>2</sub> emissions through paperless operations and have structured a system capable of digitally processing insurance applications. Introducing this system increased the ratio of paperless applications through our primary agency sales channel to about 70% of all applications during the fiscal year ended March 31, 2021.

We have also introduced an online service for processing benefit claims; for claims that meet certain conditions, customers are able to complete benefit procedures by computer or smartphone. Other ongoing improvements include digitalizing in-house meeting materials.

We implemented a revised personnel system in April 2021, transitioning from a single-track system—in which the primary career path was toward a management position—

to a multi-track system, in which we evaluate and compensate employees with specific expertise on par with managers, even if they are not in managerial roles.

Our employees’ values are becoming increasingly diverse, and many need to balance work with family circumstances including childcare and nursing care. Each year, employees are able to set their job transfer eligibility to either nationwide or regional, which creates an environment where employees are able to work according to their individual values and circumstances.

ORIX Life Insurance had 2,237 full-time employees as of March 31, 2021, of whom 1,179 were women, and we continue to promote active advancement of women in the workplace. In the fiscal year ended March 2021, our Nagasaki Business Center received the grand prize at the Sixth Nagasaki Awards for Companies that Promote the Advancement of Women, which recognizes companies that actively promote and develop the skills and capabilities of women in Nagasaki Prefecture.

Life insurance companies must prudently manage their assets for stability, profitability, and liquidity to ensure future policyholder benefits from insurance premiums. Policyholder assets are the assets that are then managed and invested, so insurance companies have a public obligation to ensure they contribute to the economy and improve the quality of peoples’ lives. Cognizant of our responsibilities as an insurance company in managing our assets, we draw on the ORIX Corporate Sustainability Policy to make ESG investments that reflect environmental, social, and governance matters. Our objectives are to secure profitability over the mid- to long-term and to help achieve a sustainable society.

# Environment

## Core Principles of Our Sustainability “Care for the natural environment”

The ORIX Corporate Sustainability Policy states “Care for the natural environment” as one of our core principles that should be implemented in all aspects of our business.

### Care for the natural environment:

As detailed in our Environmental Policy, we measure and minimize our environmental impacts and look to provide solutions to society’s environmental issues through our business. ORIX takes a precautionary approach, as set out in the Rio Declaration, to environmental challenges, meaning we act proactively to manage environmental risks and do not use lack of full scientific evidence as a reason to postpone reasonable actions to prevent environmental damage.

## Environmental Policy and Goals

### Environmental Policy

ORIX Group strives to understand the needs of customers and society, contributing environmental and energy solutions through business. We will continue to adapt to changes brought by business expansion and growth.

### Goals

1. Provide new ecological services that contribute environmental and energy solutions.

2. Understand the impact of business activities on the environment, complying with environmental laws and regulations in order to reduce environmental impact.
3. Raise employee awareness and knowledge in order to respond to environmental issues based on the nature of our business.
4. Provide and disclose information on matters required by environmental laws and regulations.

## 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. Under these environmental circumstances, carbon neutral initiatives to reduce GHG emissions to virtually zero have swiftly been gaining traction worldwide. ORIX is contributing to this effort by actively implementing initiatives to mitigate climate change-related risks and help transition to a decarbonized society.

ORIX announced its support for the Task Force on Climate-related Financial Disclosures (TCFD)\* in October 2020. In addition, the Board of Directors identified ESG-related material issues and focus areas at a meeting held in November 2021. We also set ESG-related key goals in order to link ESG-related material issues to clearly defined actions.

Addressing climate change is one of the ESG-related material issues identified by the Board of Directors. ORIX will boldly build its renewable energy business, reduce the GHG emissions produced from its businesses, and

comply with TCFD recommendations. One of our ESG-related key goals is to reduce GHG (CO<sub>2</sub>) emissions by 50% by the fiscal year ending March 31, 2030 compared to the fiscal year ended March 31, 2020. We also intend to reduce GHG (CO<sub>2</sub>) emissions to net zero by the fiscal year ending March 2050.

ORIX implements TCFD recommendations and has begun to disclose information in line with TCFD framework involving governance, strategy, risk management, and metrics and targets. We also conducted a scenario analysis of three business segments with significant exposure to climate change impact.

Reducing GHG emissions will require initiatives not only by ORIX itself but throughout its value chain. For business segments with emissions-intensive value chains, we will examine the possibility of constructing specific action plans in collaboration with other companies to reduce emissions.

ORIX will continue to actively address the risks and opportunities posed by climate change through its diverse portfolio of businesses. In strengthening governance in relation to climate change and enhancing risk management through scenario analyses, we will also employ TCFD’s information disclosure framework. Additionally, we will conduct in-depth information disclosure to our stakeholders regarding climate change initiatives.

\* The Financial Stability Board established the Task Force on Climate-related Financial Disclosures (TCFD) at the request of the G20. The task force considers how to manage climate-related information disclosure, as well as matters concerning financial institutions. TCFD published its final report in June 2017, encouraging companies and other entities to disclose climate change-related risks and opportunities

■ Please also refer to the following pages:

ESG-related Material Issues and Key Goals → Page 6

GHG (CO<sub>2</sub>) Emissions Reduction Goals → Pages 12-13

Environment and Energy → Page 17

## Information Disclosure Based on TCFD Recommendations: 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.

The Board of Directors received reports in March and August 2021 on Group progress in scenario analyses and addressing other TCFD recommendations. In addition, at a November 2021 meeting, the Board of Directors decided to establish a new executive body, the Sustainability Committee, to 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.

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

The Group CEO will chair 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 will discuss specific measures to achieve goals as well as conflicts arising between short-term earnings and long-term growth. It will also hold 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.

### 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**

ORIX is exposed to physical risks including disruption in business continuity from damage to ORIX facilities and offices, higher costs resulting from risk mitigation and damage repair, and higher operating and construction expenses resulting from higher temperatures.

- **Transition Risks**

ORIX is exposed to transition risks including disruption in business continuity due to more stringent regulations and higher carbon emissions costs. Associated opportunities include increasing demand for renewable energy.

#### Scenario Analysis

We conducted scenario analyses for three ORIX business segments with significant exposure to climate change—Environment and Energy, Real Estate, and Auto (please refer to page 27 for scenario analysis assumptions and to pages 28–29 for analysis results).

Going forward, we will expand analysis to other business segments and enhance analysis methodologies.

### Risk Management

The Investor Relations and Sustainability Department has started discussions with the Credit and Investment Management Headquarters and the Enterprise Risk Management Headquarters on establishing a climate-related risk management framework.

### Metrics and Goals

#### Metrics 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 (CO<sub>2</sub>) emissions by 50% by the fiscal year ending March 31, 2030 compared to the fiscal year ended March 31, 2020.
- Reduce ORIX Group GHG (CO<sub>2</sub>) emissions to net zero by the fiscal year ending March 31, 2050.
- Reduce investment in and lending to industries\* that emit GHG (CO<sub>2</sub>) by 50% by the fiscal year ending March 31, 2030 compared to the fiscal year ended March 31, 2020.
- Reduce investment in and lending to industries\* that emit GHG (CO<sub>2</sub>) to zero by 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)

Please refer to pages 12–13 for GHG emissions reduction goals.

#### Scope 1 and Scope 2 GHG Emissions

Please refer to page 31 for ORIX Group GHG emissions.

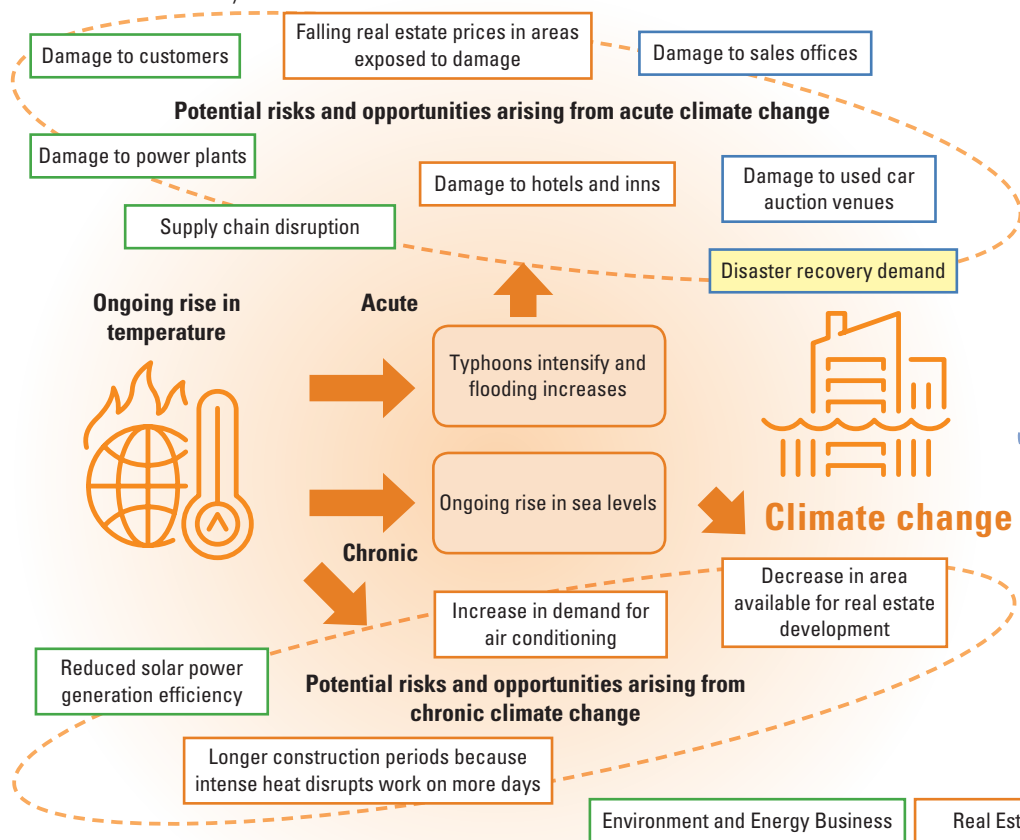
ORIX Group companies Robeco and ORIX Asset Management also disclose information as per TCFD recommendations. Please refer to their respective websites for further details:

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

## Information Disclosure Based on TCFD Recommendations: Strategy and Scenario Analysis—Assumptions

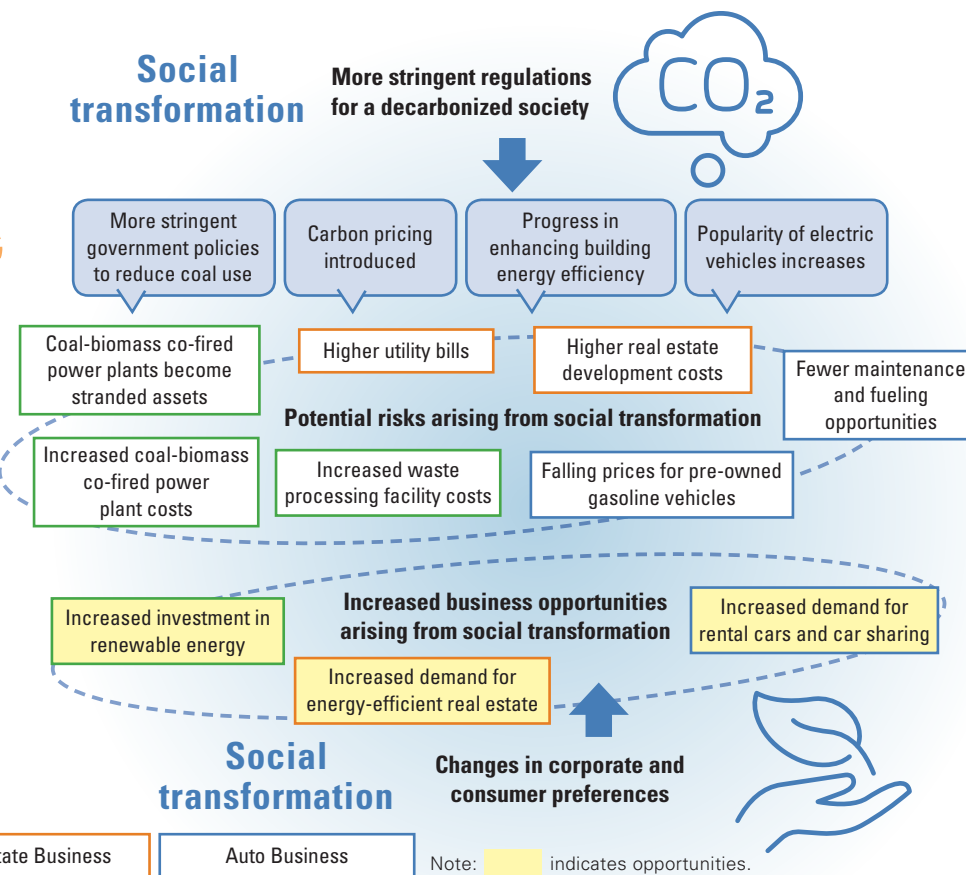
### 4°C Scenario (Horizon: Latter 21st century)

The average temperature of the globe at the end of the 21st century is about 4°C higher than pre-industrial levels. The government policies of each country in addition to corporate and consumer preferences remain the same. For example, coal use continues, renewable power generation gains limited traction, carbon pricing is not introduced, demand for energy-saving real estate remains limited, electric vehicles do not become ubiquitous, and the shift away from ownership-based vehicle usage stalls. The physical effects of climate change become apparent and can be felt directly.



### Below 2°C Scenario (Horizon: 2030)

The average global temperature increase at the end of this century is less than 2°C compared to pre-industrial levels. Aggressive government decarbonization policies move forward, corporate and consumer tastes change, and society shifts. The physical impact of climate change remains the same as it is today.



Reference scenarios: Transitional: Stated Policies Scenario (STEPS)\*1 (IEA WEO 2020), Physical: RCP\*2 8.5 (IPCC AR5)

Reference scenarios: Transitional: Sustainable Development Scenario (SDS)\*1 (IEA WEO 2020), Physical: RCP\*2 2.6 (IPCC AR5)

\*1 A scenario presented in *World Energy Outlook 2020* published by the International Energy Agency (IEA) in 2020

\*2 Representative concentration pathways. Models for estimating temperature rise presented in the Intergovernmental Panel on Climate Change *Fifth Assessment Report* (IPCC AR5). The models suggest that a larger RCP value will result in a greater rise in temperature

## Information Disclosure Based on TCFD Recommendations: Strategy and Scenario Analysis—Environment and Energy Business

We expect the 4°C scenario to reduce sales and incur recovery costs due to flood damage at power plants. On the other hand, we expect the below 2°C scenario to increase business opportunities from the expansion of the renewable energy market, although there is substantial risk of stranded coal-biomass co-fired power plant assets and higher costs from the introduction of carbon pricing.

	Society	Risks and Opportunities	Financial Impact	Countermeasures and Assessment	
4°C scenario	Climate change accelerates; disasters increase in scale and frequency	<b>Acute</b> Flooding increases	<b>Risk</b> Flood damage to operating facilities such as power plants	<b>Coal-biomass co-fired power plants and solar power plants</b> Repair costs and loss of power sales opportunities	ORIX expects a relatively large impact, but can proactively mitigate that impact through rapid recovery measures based on in-house operation and maintenance*1
		<b>Chronic</b> Temperature increases	<b>Risk</b> Decrease in power generation efficiency due to higher temperatures	<b>Solar power plants</b> Lower sales due to reduced power generation	Minor impact
Below 2°C scenario	More stringent regulations in Japan and internationally to decarbonize society	More stringent government policies to reduce coal use	<b>Risk</b> Accelerated move away from coal-fired power generation	<b>Coal-biomass co-fired power plants</b> Coal-biomass co-fired power plants become stranded assets	While monitoring government policies, ORIX is considering fuel conversion and installation of CCU*2 equipment; such measures and other issues may incur commensurate costs
		Introduction of carbon pricing	<b>Risk</b> Higher costs due to carbon pricing	<b>Coal-biomass co-fired power plants, waste processing facilities, and final disposal sites</b> Rising costs	Impact depends on ability to pass on to selling price
	Corporations increasingly invest in and adopt renewable energy in response to investor and consumer pressure	Expansion of the renewable energy market and renewable power generation	<b>Opportunity</b> Increased business prospects resulting from the expansion of the renewable energy market	Expansion of renewable energy power generation business (PPA*3, biogas, geothermal power, wind power, etc.)	—
		<b>Risk</b> Increased output constraints*4 resulting from system capacity limitations	<b>Solar power plants</b> Reduced revenue from electric power sales due to output constraints*4	Online power control*4 to reduce opportunity loss can mitigate impact	
		<b>Risk</b> Increased use of inherently unstable renewable power generation could result in tighter supply and demand and wholesale market prices could soar	<b>Electric power retailing</b> Increase in procurement costs due to rapid increases in wholesale market prices	Power plant ownership potentially mitigates impact	

\*1 Power plant-related operation, inspection, and maintenance to avert damage

\*2 CCU (Carbon dioxide Capture and Utilization): a carbonizing technology that recovers CO<sub>2</sub> emissions and CO<sub>2</sub> from the atmosphere for reuse

\*3 PPA (Power Purchase Agreement): a third-party service delivery model in which ORIX installs solar power generation infrastructure and storage batteries in facilities such as stores owned by customers, and supplies the power generated by the facilities to those customers

\*4 Electric power companies temporarily restrict the connection from the power generation facility to the power grid to avoid oversupply when power demand is low - power sales are not possible during controlled output suppression

The assessment of each risk and opportunity is premised on implementing the above measures. ORIX has not yet decided to implement any countermeasures.

## Information Disclosure Based on TCFD Recommendations: Strategy and Scenario Analysis—Real Estate Business and Auto Business

**Real Estate Business:** We expect the 4°C scenario to expose some hotels and inns to flooding risk. On the other hand, although it can be assumed that costs will increase as a result of carbon pricing, we expect the below 2°C scenario to increase the value of energy-efficient real estate.

	Society		Risks and Opportunities	Financial Impact	Countermeasures and Assessment
4°C Scenario	Climate change accelerates; disasters increase in scale and frequency	<b>Acute</b> Flooding increases	<b>Risk</b> Flood damage to operating facilities	<b>Hotel and inn operation</b> Repair costs and loss of sales opportunities	Business continuity planning (BCP) can mitigate impact by minimizing damage
		<b>Chronic</b> Temperature increases	<b>Risk</b> Increased demand for air conditioning at operating facilities	<b>Hotel and inn operation</b> <b>Real estate investment and development</b> Increased air conditioning costs	Minor impact due to renovation with highly efficient air conditioning and rent increases
			<b>Risk</b> Longer construction periods due to work interruptions resulting from intense heat on a larger number of days	<b>Condominiums</b> <b>Real estate investment and development</b> Higher construction costs due to longer construction periods	Minor impact due to the use of low-heat concrete that can be poured on days of intense heat
Below 2°C Scenario	More stringent regulations in Japan and internationally to decarbonize society	Introduction of carbon pricing	<b>Risk</b> Higher costs due to carbon pricing	<b>Condominiums</b> <b>Real estate investment and development</b> Higher construction material costs	Minor impact due to higher sales prices and rent
				<b>Hotel and inn operation</b> Higher utility costs	Minor impact due to replacement with highly efficient air conditioning equipment during renovation
	Demand for environmentally responsible real estate will increase, and companies will respond accordingly	Increased demand for energy- and CO <sub>2</sub> -efficient real estate	<b>Opportunity</b> The value of real estate certified as energy-efficient and decarbonized housing will increase	<b>Condominiums</b> <b>Real estate investment and development</b> Increased unit rent, higher sales prices, and increased property sales	Develop environmentally certified properties and make other investments to decarbonize

**Auto Business:** We expect the 4°C scenario to increase earnings by increasing disaster recovery demand. On the other hand, we expect a minor impact from the below 2°C scenario, although our conventional businesses are exposed to the risk of contraction due to the growing popularity of electric vehicles. We expect the rental car and car sharing businesses to present opportunities for expansion.

	Society		Risks and Opportunities	Financial Impact	Countermeasures and Assessment
4°C Scenario	Climate change accelerates; disasters increase in scale and frequency	<b>Acute</b> Flooding increases	<b>Risk</b> Damage to ORIX offices	Damage to large auction venues; water damage to vehicles owned by ORIX	Minor impact because auction venues are decentralized
			<b>Opportunity</b> Disaster recovery demand	Higher earnings due to increased demand for vehicles resulting from reconstruction	Meet supply obligations by ensuring sufficient inventory
Below 2°C Scenario	More stringent regulations and government policies in Japan and internationally to decarbonize society	Electric vehicles gain momentum	<b>Risk</b> Reduced opportunities for maintenance and fueling due to the popularity of electric vehicles	Reduced maintenance revenue and AMS Card* demand	Adding an electric vehicle charging function to the existing AMS Card will largely mitigate impact
			<b>Risk</b> Falling prices for pre-owned gasoline vehicles	Reduced auto sales revenue	Specifying appropriate residual values will largely mitigate impact
	Consumer preferences change due to heightened environmental awareness	Accelerated shift away from ownership-based vehicle usage	<b>Opportunity</b> Increased demand for car rentals and sharing	Expansion of the car rental and sharing businesses due to the rise of the sharing economy	—

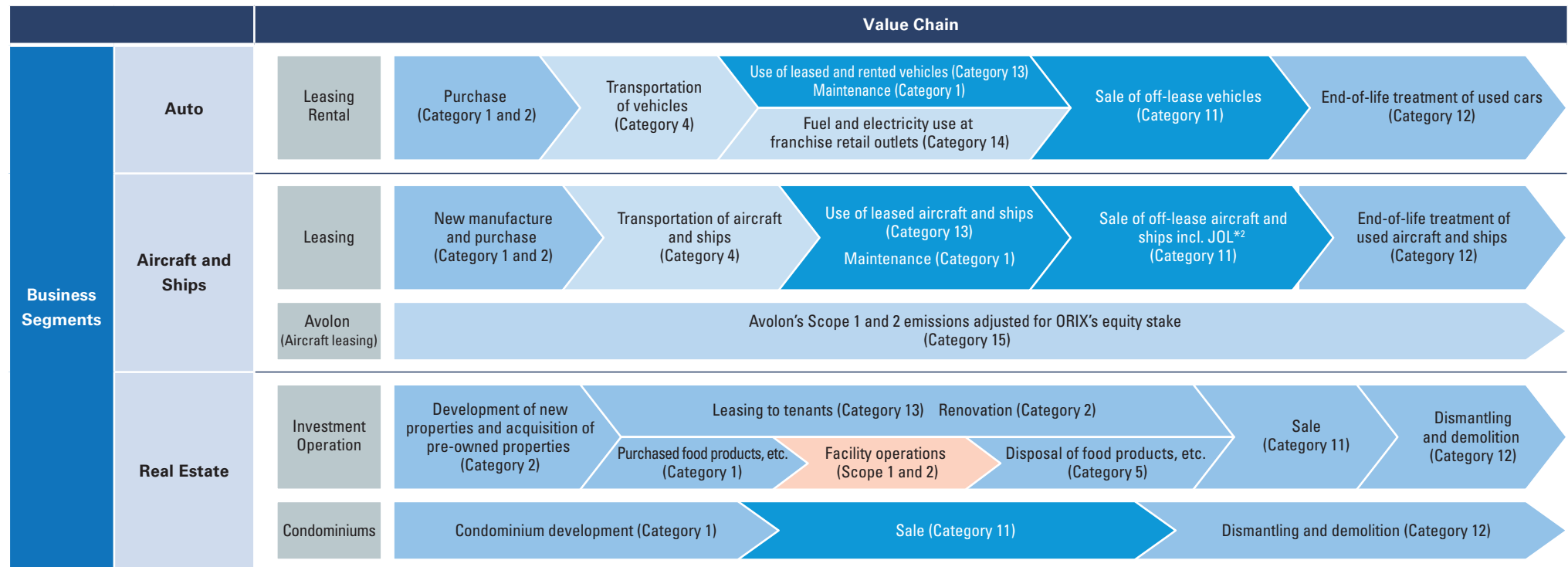
\* A fuel card that offers the same price at ENEOS, cosmo, Shell, and apollostation service stations

The assessment of each risk and opportunity is premised on implementing the above measures. ORIX has not yet decided to implement any countermeasures.

## Scope 3 Value Chain GHG Emissions and ORIX's Businesses

Companies must identify and reduce their GHG emissions to support the transition to a decarbonized society; however, corporate value chains include SMEs that have trouble identifying their GHG emissions. Therefore, SMEs must often rely on large corporations and government agencies for information; yet, methods of engagement and communication can be limited. The concept of the Scope 3 Standard is to fill this information gap and create a pathway to facilitate engagement and dialogue. ORIX is a global, publicly listed company and we recognize that we are in a position to fill this information gap and also encourage and aid companies in our sphere of influence to meet societal expectations for reduced emissions.

Based on this understanding of our role, we have applied the GHG Protocol's Scope 3 Standard\*<sup>1</sup> to estimating GHG emissions for our Auto, Aircraft and Ships, and Real Estate business segments, which we assume account for a significant proportion of GHG emissions in our value chain.



(Note 1) Emissions assumptions  
 Large: 1 million tons or more  
 Medium: 10 thousand tons or more, less than 1 million tons  
 Small: Less than 10 thousand tons

(Note 2) Calculation period: Estimated emissions from business activities for the reporting year. However, all emissions during the manufacture and construction of assets purchased and acquired during the reporting year are estimated retroactively. For assets sold, all future emissions are estimated over the expected lifetime use of the asset by other owners

\*1 The ORIX Group's GHG emissions associated with the use of fuel and electricity are direct Scope 1 emissions and indirect Scope 2 emissions. Indirect emissions not included in Scope 1 and Scope 2 emissions are Scope 3 emissions that occur in the value chain of the reporting company. The GHG Protocol is an organization co-sponsored by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). Issued by the GHG Protocol in November 2011, the Scope 3 Standard outlines requirements and guidance for companies to prepare and publicly report a GHG emissions inventory that includes indirect emissions resulting from value chain activities. Scope 3 emissions are classified into 15 activity-based categories

\*2 Japanese operating lease

## Environmental Performance Data

### ▶ ORIX Group's CO<sub>2</sub> avoided emissions

(Unit: t-CO<sub>2</sub>)

		FY ended March 31, 2017	FY ended March 31, 2018	FY ended March 31, 2019	FY ended March 31, 2020	FY ended March 31, 2021
Environment and Energy Business	Solar Power Generation	346,900	428,700	499,900	540,900	720,000
	Biomass Power Generation	47,800	46,000	43,000	43,700	241,400
	Wind Power Generation	600,900	573,100	739,900	1,157,900	1,324,000
	Hydropower Generation	0	0	0	88,800	112,500
	Geothermal Power Generation	0	544,700	1,073,600	949,500	845,400
	Electricity Supply	190,000	0	0	31,500	49,500
	ESCO Services	67,000	93,700	93,500	100,800	118,800
	Other Environment and Energy Business	300	700	800	100	22,300
<b>Automobile Business</b>		130,300	142,200	157,000	171,100	188,100
<b>Other Business</b>		10,300	7,700	10,800	9,100	5,500
<b>Total</b>		1,393,500	1,836,800	2,618,500	3,093,400	3,627,500

#### ■ Avoided Emissions from the Environment and Energy Business

- Solar Power Generation**  
 Reduction calculated from sales of power generated from mega-solar and rooftop solar power
  - Biomass Power Generation**  
 Reduction calculated from sales of power generated from wood chip-fired thermal power station and coal/biomass-fired power stations
  - Wind Power Generation**  
 Reduction calculated from sales of power generated from wind power plants
  - Hydropower Generation**  
 Reduction calculated from sales of power generated from hydropower plants
  - Geothermal Power Generation**  
 Reduction calculated from sales of power generated from geothermal power plants
  - Electricity Supply**  
 CO<sub>2</sub> emissions reductions through acquisition of rights to CO<sub>2</sub> emissions reductions from overseas or other companies
  - ESCO\* Services**  
 Providing ESCO Services reduces CO<sub>2</sub> in conjunction with customers' reduced energy use
- \* Energy Service Company

#### ■ Avoided Emissions from the Automobile Business

#### ■ Avoided Emissions from Other Business

#### Scope and Concept

[Calculation Period] From April 1 to March 31 each fiscal year  
 [Calculation Scope] ORIX Group Companies both in Japan and overseas (including affiliated companies)

#### [Basic Concept]

- Calculations are performed by multiplying the reduced amount of activity among customers or society as a whole due to ORIX Group's business activities by CO<sub>2</sub> emissions factors.
- For calculation of business activities in Japan, in principle the emissions factors we use is "alternate value" under the Greenhouse Gas Emissions Accounting, Reporting, and Disclosure System (Act on Promotion of Global Warming Countermeasures).  
 Emissions Factors  
 FY ended March 31, 2017: 0.000587t-CO<sub>2</sub>/kWh  
 FY ended March 31, 2018: 0.000512t-CO<sub>2</sub>/kWh  
 FY ended March 31, 2019: 0.000500t-CO<sub>2</sub>/kWh  
 FY ended March 31, 2020: 0.000488t-CO<sub>2</sub>/kWh  
 FY ended March 31, 2021: 0.000470t-CO<sub>2</sub>/kWh
- For calculation of overseas business activities, in principle we use the emissions factors from each country
- Calculations also include CO<sub>2</sub> reduction credits redeemed during the calculation period after being acquired by ORIX Group
- We calculate CO<sub>2</sub> reduction according to our shareholding

\* Change in calculation scope: Beginning from data for the fiscal year ended March 31, 2021, we have added Soma Coal and Biomass Power Plant and Hibikinada Coal and Biomass Power Plant (201 thousand t-CO<sub>2</sub> for this calculation period) to CO<sub>2</sub> reduction of biomass power generation

### ▶ ORIX Group's GHG emissions

(Unit: t-CO<sub>2</sub>e)

	FY ended March 31, 2017	FY ended March 31, 2018	FY ended March 31, 2019	FY ended March 31, 2020	FY ended March 31, 2021
<b>Scope 1</b>	225,599	235,249	907,345	1,138,566	☑ 987,771
<b>Scope 2</b>	158,652	157,463	146,469	112,444	☑ 151,055
<b>Scope 1 &amp; 2 Total</b>	384,251	392,711	1,053,814	1,251,010	☑ 1,138,826

#### ■ Scope 1 (Volume of direct GHG emissions occurring from sources that are owned or controlled by the company (fuel consumption, industrial processes))

Combustion of fuels including fuel oil, diesel, gasoline, city gas, coal, biomass, and waste

#### ■ Scope 2 (Volume of indirect GHG emissions from purchased energy consumed by the company (electricity use, heat, and steam))

Electricity use and heat (steam, cold water, warm water)

#### Scope and Method

[Calculation Period] From April 1 to March 31 each fiscal year  
 [Calculation Scope] Until FY ended March 31, 2020: Consolidated ORIX Group companies in Japan (excluding investees in our PE Investment business)  
 FY ended March 31, 2021: Consolidated ORIX Group companies (Japan and overseas, excluding a limited number of overseas offices)

[Target Activities] GHG Protocol direct emissions (Scope 1) and indirect emissions (Scope 2)

#### [Calculation Method]

- GHG emissions (converted to CO<sub>2</sub>) are calculated based on the GHG protocol and the "Ministerial Ordinance Concerning Calculation of Greenhouse Gas Emissions Associated with Business Activities of Specified Emitters" (calculated based on Group GHG calculation guidelines).
- GHG emissions, including CO<sub>2</sub> from non-energy sources, methane (CH<sub>4</sub>), and dinitrogen monoxide (N<sub>2</sub>O), are calculated based on company rules concerning the management of environmental information.
- We use the emissions factors under Japan's Mandatory Greenhouse Gas Accounting and Reporting System (emissions factors related to electricity consumption at overseas offices are calculated using the International Energy Agency's CO<sub>2</sub> emissions factors from electricity generation by country).
- Scope 2 emissions include emissions (11 thousand t-CO<sub>2</sub>e) related to power purchases from ORIX Group power generation companies (intra-Group transactions).

Note: \* Change in calculation scope: Beginning from data for the fiscal year ended March 31, 2021, we have added overseas offices (with limited exceptions) and consolidated Japanese investees from our PE Investment business

\* Emissions from coal-biomass co-fired power plants: ORIX operates two coal-biomass co-fired power plants in Japan. One is Soma Coal and Biomass Power Plant in Soma City, Fukushima Prefecture, which started operations in April 2018. The other is Hibikinada Coal and Biomass Power Plant in Kitakyushu City, Fukuoka Prefecture, which started operations in December 2018. Each of these power plants has a total generating capacity of 112MW. Emissions from these two plants for the fiscal year ended March 31, 2021 were 803 thousand t-CO<sub>2</sub>e

\* Revision of calculation method for emissions from our waste processing business (incineration facility): We revised our calculation method of the GHG emissions (CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O) from non-energy sources from the Yorii Plant, a waste incineration facility run by ORIX Environmental Resources Management Corporation, to align the calculation method more closely to actual operations of the facility. Emissions from this facility, based on the new calculation method, for the fiscal year ended March 31, 2021 were 73 thousand t-CO<sub>2</sub>e (129 thousand t-CO<sub>2</sub>e based on the old calculation method)

#### Third-Party Assurance

- ◆ Since the fiscal year ended March 31, 2017, we have continuously received independent assurance for our GHG emissions.
- ◆ For fiscal year ended March 31, 2021, KPMG AZSA Sustainability Co., Ltd. has provided independent assurance for our GHG emissions. (☑ Items subject to independent assurance) Please see page 32 for details.



## Third-Party Assurance



### Independent Assurance Report

To the Representative Executive Officer, President and Chief Executive Officer of ORIX Corporation

We were engaged by ORIX Corporation (the "Company") to undertake a limited assurance engagement of the environmental performance indicators marked with ☑ (the "Indicators") for the period from April 1, 2020 to March 31, 2021 included in its Sustainability Report 2021 (the "Report") for the fiscal year ended March 31, 2021.

#### The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Report.

#### Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' and the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and recalculating the Indicators.
- Visiting ORIX Resource Recycling Service Corporation's Yorii Plant, selected on the basis of a risk analysis, and making inquiries and reviewing materials including documented evidence of Hibikinada Energy Park L.L.C., as alternative procedures to a site visit.
- Evaluating the overall presentation of the Indicators.

#### Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

#### Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

*KPMG AZSA Sustainability Co., Ltd.*

KPMG AZSA Sustainability Co., Ltd.  
Tokyo, Japan  
November 12, 2021

## Reduction of Environmental Impact in Business Processes

### Renewable Energy Utilization

#### ▶ Utilizing geothermal heat from hot springs at the SUGINOI HOTEL in Beppu

Beppu SUGINOI HOTEL operates the Suginoi Geothermal Power Station, which is the largest geothermal power generation plant in Japan for private use. Its total generation capacity is 1.9MW, and the generated electricity is used in facilities throughout the hotel, covering about 30% of its peak electricity consumption.



Suginoi Geothermal Power Station

#### ▶ Powering recycling plants with 100% renewable energy

ORIX Eco Services has decided to convert its two recycling plants—Funabashi Plant and Kasukabe Plant—to use electrical power generated from 100% renewable energy (including the use of non-fossil certified renewable energy sources); they are therefore now powered by CO<sub>2</sub>-free electricity.



Kasukabe Recycling Plant

#### ▶ Head office building for ORIX Auto and ORIX Bank successfully achieves 100% renewable energy

ORIX Auto and ORIX Bank now source the energy used at ORIX Inui Building—which serves as the head office building for both companies—entirely from renewable energy with non-fossil fuel energy certificates; as a result, both head offices effectively use 100% renewable energy. Renewable energy generated at the ORIX Group-operated woody biomass exclusive combustion power plant is converted into non-fossil fuel energy certificates with tracking information. ORIX Corporation has a significant electricity supply business through which it is able to provide ORIX Auto and ORIX Bank with electricity using these energy certificates.



ORIX Inui Building

### GHG Emissions Reduction

#### ▶ Hybrid cars as sales vehicles

As of the end of March 2021, ORIX Corporation replaced approximately 95% of the vehicles used by various sales teams with hybrid cars. This initiative helps reduce CO<sub>2</sub> and exhaust gas emissions in relation to our sales activities.

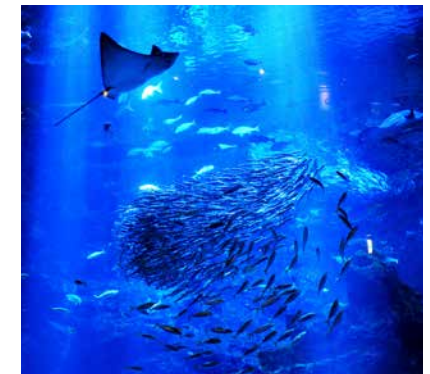


#### ▶ Reducing CO<sub>2</sub> emissions in aquariums Artificial seawater

The Kyoto and Sumida Aquariums have created the first\*<sup>1</sup> Japanese artificial seawater production systems\*<sup>2</sup> and replaced the water in their aquariums with water from this system. The system suppresses the amount of CO<sub>2</sub> generated when transporting sea water in large vehicles and helps to maintain a consistent water quality throughout the year.

\*1 Kyoto Aquarium was the first, followed by Sumida Aquarium

\*2 Excludes freshwater



The Kyoto Aquarium

#### Installing a solar power system

The Kyoto Aquarium has reduced its CO<sub>2</sub> emissions by introducing solar power generation systems, advanced ventilation systems, and LED lighting to its buildings.

#### ▶ Installing solar panels at the ORIX Theater

The ORIX Theater has undergone renovation and become a multipurpose hall while preserving its traditional building appearance (previously the Osaka Health Pension Center). It also takes environmental factors into consideration, with rooftop greenery and the installation of photovoltaic power panels.



ORIX Theater

Other initiatives ▶▶▶ [Reduction of Environmental Impact in Business Processes](#)

# Social

## Core Principles of Our Sustainability “Respect human and labor rights”

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.

## Our Approach to Human Rights

We believe that corporate responsibility should be part of everything that ORIX does, and part of such corporate responsibility is the duty to integrate human rights considerations into business operations. We adopted the ORIX Human Rights Policy in September 2019. The policy details our commitment to respect basic human rights, including the human rights laid out in the Universal Declaration of Human Rights and the Guiding Principles for Business and Human Rights. The policy also intends to promote respect for human rights both within ORIX and vis-à-vis clients, as well as suppliers of ORIX.

▶▶▶ [ORIX Human Rights Policy](#)

### 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. This includes, but is not limited to, the rights to freedom of association and collective bargaining and the elimination of all forms of compulsory and child labor.

## Our Efforts to Achieve Respect for Human Rights

### ▶ Analysis and Assessment of Human Rights Risk

ORIX has worked with third-party experts to analyze the specific risk profiles of its various businesses in order to understand our overall human rights risk profile. Based on these analyses results, we have identified regions, business areas, and practices where human rights risks are particularly high. In addition, based on the ORIX Sustainable Investing and Lending Policy formulated in September 2019, we perform an ESG risk assessment of new investing and lending projects, including human rights risks such as forced labor, child labor, and matters in countries and regions with an elevated human rights risk. This ESG risk assessment also utilizes information from databases provided by third-party organizations. In light of the fact that more than a year and a half has passed since the application of the ORIX Group Sustainable Investing and Lending Policy began, we reexamined countries and regions with high human rights risks in August 2021. We will continue to periodically reexamine and conduct reviews as necessary. Through analysis and evaluation of human rights risks, we are proceeding to incorporate human rights considerations

into our business activities and are also making efforts to prevent human rights violations.

### ▶ Compliance Hotline for Consultation and Reporting on Human Rights Issues

ORIX accepts human rights consultations and reports through our internal and external whistleblower systems. The internal whistleblower system is available to ORIX Group employees and the external whistleblower system is available to our clients and suppliers. We accept consultations on human rights violations such as harassment and opinions on human rights considerations.

▶▶▶ [Internal Whistleblower System](#)

▶▶▶ [External Whistleblower System](#)

## Our Response to the UK Modern Slavery Act 2015 (“MSA”)

ORIX Corporation is within the scope of the MSA as it conducts business in the United Kingdom in conjunction with its subsidiary, ORIX Corporation UK Limited. ORIX Corporation issues its Modern Slavery Act Statement annually pursuant to the MSA.

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

## Personnel-related Information

### ▶ Employee Statistics

	March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021
Number of employees	34,835	31,890	32,411	31,233	33,153
By region					
Japan	26,553	24,077	24,639	23,458	25,718
Other*	8,282	7,813	7,772	7,775	7,435
By gender					
Male	23,731	20,443	20,491	19,630	20,876
Female	11,104	11,447	11,920	11,603	12,277

\* Total of four segments (Aircraft and Ships, ORIX USA, ORIX Europe and Asia and Australia)

### ▶ Data Concerning Employees\*1 (As of March 31, 2021)

Average Age	ORIX Corporation	10 ORIX Group companies
Overall	43.8 years old	41.4 years old
Male	45.2 years old	43.3 years old
Female	41.9 years old	39.1 years old
Average Years of Service	ORIX Corporation	10 ORIX Group companies
Overall	17.3 years	13.2 years
Male	17.6 years	13.9 years
Female	17.0 years	12.4 years
Turnover Rate*2	ORIX Corporation	10 ORIX Group companies
Overall	3.4%	4.6%
Male	2.5%	2.9%
Female	0.8%	1.6%
Annual Paid Leave Taken	ORIX Corporation	10 ORIX Group companies
Average days of paid leave taken	13.4 days	13.3 days
Average percentage of days taken out of days earned	71.4%	76.1%
Average Non-statutory Working Hours	ORIX Corporation	10 ORIX Group companies
Overall	6.0 hours per month	6.3 hours per month

\*1 Directors and Executive Officers are not included in the Data Concerning Employees

\*2 Turnover rate includes retirees and transferees within the Group

### ▶ Female Employees in Managerial Positions\*

#### Ratio of Female Managers to Total Number of Managers

	March 31, 2011	March 31, 2021
ORIX Corporation	16.5% (208)	26.2% (474)
10 ORIX Group companies	12.3% (327)	23.5% (812)

#### Ratio of Female Employees to Total Newly Promoted Managers

	March 2021
ORIX Corporation	35.4%
10 ORIX Group companies	38.8%

\* Managerial positions are section leaders and other positions with work and responsibilities equivalent to section leader or above, regardless of job title or subordinate staff (does not include entry-level managers)

### ▶ Use of Childbirth and Childcare-related Systems

(As of March 31, 2021)

Working Mothers	ORIX Corporation	10 ORIX Group companies
Number of working mothers	723	1,800
Percentage of female employees who are working mothers*1	45.1%	38.0%
Female Employees Who Took Childcare Leave	ORIX Corporation	10 ORIX Group companies
Number of female employees who took childcare leave	94	193
Percentage of female employees who took childcare leave	100%	100%
Male Employees Who Took Special Childcare Paid Time Off*2	ORIX Corporation	10 ORIX Group companies
Number of male employees who took special childcare paid time off*3	45	110
Percentage of male employees who took special childcare paid time off	28.7%	38.2%

\*1 The ratio of working mothers to total number of female employees

\*2 Special childcare paid time off system gives special paid leave days to employees who are raising infants under 12 months who have not acquired childcare leave. This system was introduced with the purpose of creating a workplace where all employees can work comfortably. It aims to do this by expanding opportunities for male employees to participate in childcare and helping to raise awareness surrounding balance between work and family

\*3 Number of employees whose spouse gave birth between April 2019 and March 2020 who took special childcare paid time off by the end of March 2021

### ▶ Number of New Employees (For March 2021)

	ORIX Corporation	10 ORIX Group companies
New employees total	127	605
Male new graduate recruits	35	117
Female new graduate recruits	33	136
Male mid-career recruits	47	236
Female mid-career recruits	12	116
Percentage of female recruits as part of overall new recruits	35%	42%
Percentage of mid-career recruits as part of overall new recruits	46%	58%

### ▶ External Evaluation and Awards



Note: ORIX Group companies refers to 10 companies: ORIX, ORIX Rentec, ORIX Auto, ORIX Credit, ORIX Real Estate, ORIX Computer Systems, ORIX Bank, ORIX Life Insurance, ORIX Eco Services and ORIX Asset Management & Loan Services. The total number of employees at these 10 companies as of March 31, 2021 was 10,363, which is 31% of all employees

For further details on Personnel-related Information and External Evaluation and Awards:

▶▶▶ [Personnel-related Information](#)

# Social Contribution Initiatives

## Initiatives to Benefit Children

- ORIX, the ORIX Miyauchi Foundation, and the ORIX Buffaloes donated vegetables such as spinach, crown daisy (otherwise known as chrysanthemum greens), and other vegetables grown on a farm operated by ORIX to 45 facilities as of June 2020. Such facilities include children's cafeterias and childcare facilities in Osaka Prefecture, which depend upon support for foodstuffs as a consequence of the effects of COVID-19. Donating excess vegetables resulting from production and shipment adjustments have also helped to reduce food loss.



Donating vegetables to the Children's Cafeteria



Dishes made from donated vegetables

- Yayoi offers an educational support program "Yayoi School" with the aim of helping participants gain practical, hands-on accounting skills. As of June 30, 2020, there are 239 schools—mainly commercial high schools—that use Yayoi School.

For other Social Contribution Initiatives:

▶▶▶ [Social Contribution Initiatives](#)

For Social Contribution Initiatives by the following organizations:

▶▶▶ [ORIX Miyauchi Foundation \(Japan\)](#)

▶▶▶ [Robeco Foundation \(Netherlands\)](#)

## Environmental Conservation Initiatives

- ORIX Bank donates 30 JPY to tree planting for every customer that accepts paperless documentation, which will help contribute to the shift to paperless operation. ORIX Bank donated 392,160 JPY—equivalent to 78 seedlings—for 13,072 customers from January to June 2021 to revitalize the forest in Ashikawa, Fuefuki City in Yamanashi Prefecture.



Tree planting in Fuefuki City, Yamanashi Prefecture

- The Sumida Aquarium participated in the *Kaibori* held at the Mangeike Pond in Sumida Ward - an initiative to protect living things and improve the waterside environment. Making the most of knowledge gained from raising creatures in aquariums, the Sumida Aquarium engaged with local participants and worked to protect the environment by identifying and recording the names of rescued creatures.



*Kaibori*

## Community Contribution Initiatives

- Daikyo Astage and Anabuki Community are being entrusted with the role of wire fraud damage prevention advisor by the Tokyo Metropolitan Police Department. As of the end of March 2021, roughly 3,000 management staff have completed a Wire Fraud Damage Prevention Advisor course, and staff regularly speak to residents directly to share information and carry out other forms of preventative action.



Advisory certificate award ceremony

- ORIX Australia Corporation Limited (OACL) supports the hunger relief organization Foodbank and the early-career cancer researchers funding organization Cure Cancer Australia. OACL also provides direct funding for early learning and youth employment opportunities through United Way—an international network that supports children and youth in the local community.



OACL staff United Way volunteers

# 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.

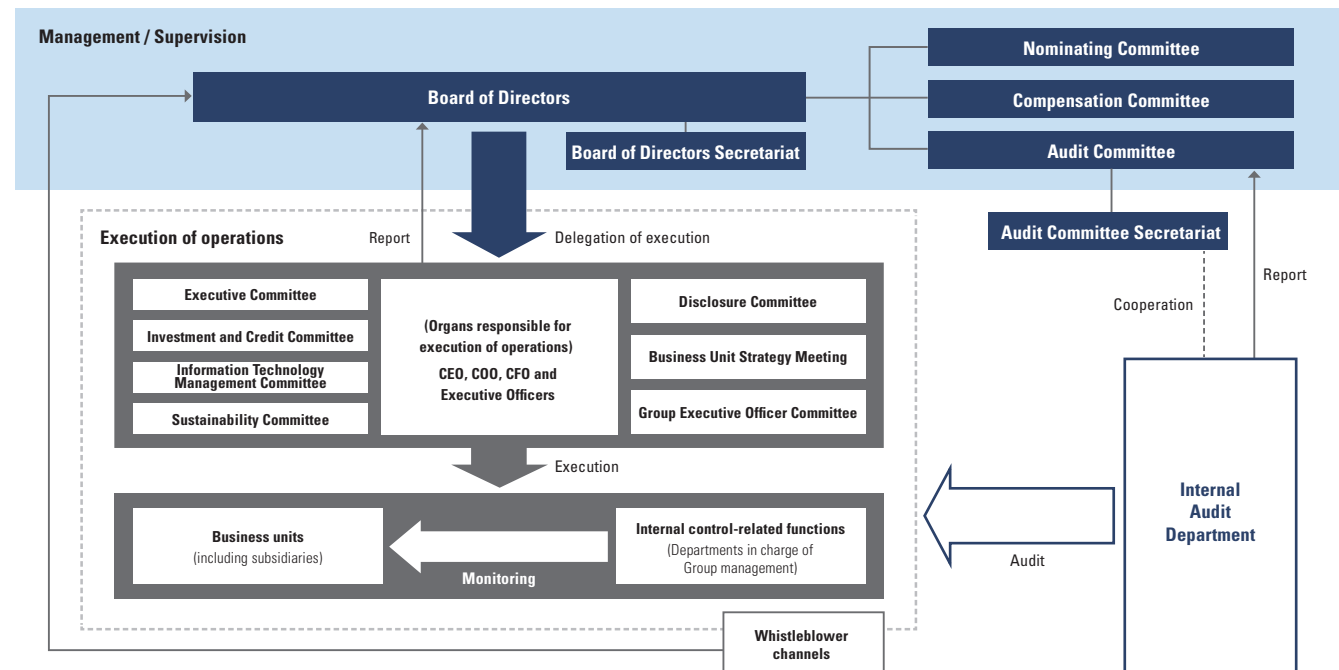
## Sustainability Committee Established

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”)\*<sup>1</sup> from an ESG perspective. The company or department applying for the transaction must conduct an evaluation using the Sustainable Investing and Lending Checklist\*<sup>2</sup> 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\*<sup>3</sup>

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\*<sup>4</sup> 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



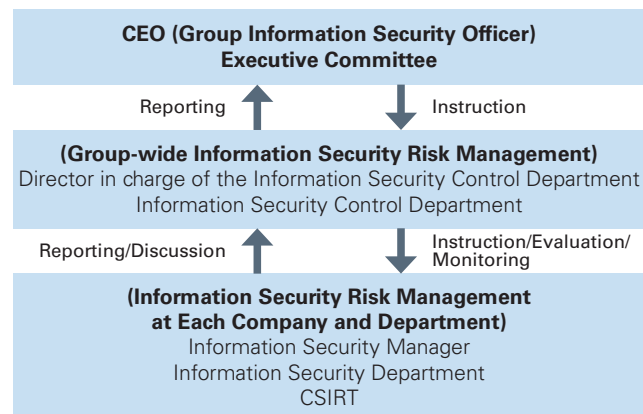
# Information Security

## 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\*<sup>1</sup> 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\*<sup>2</sup> 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.

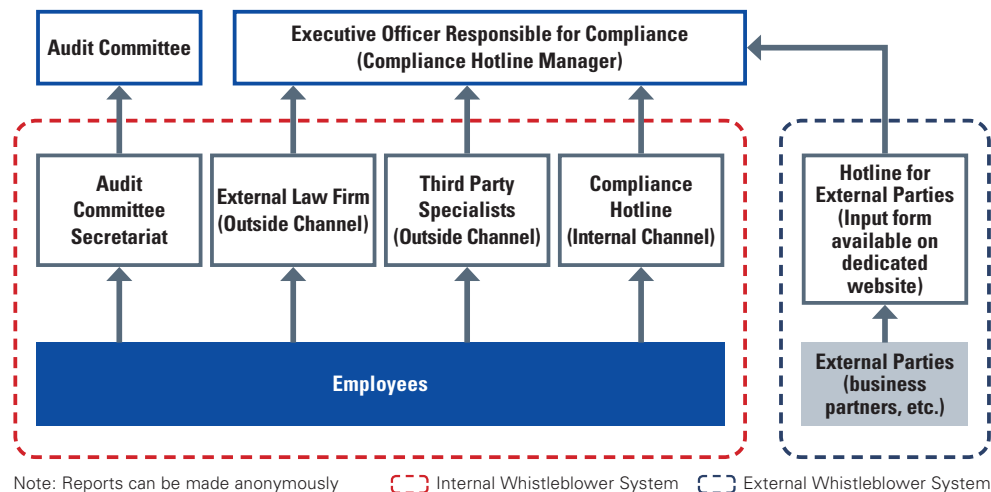
Measures unique to the compliance department include training and other initiatives intended to raise compliance awareness, appropriate responses to internal and external reports, and workplace environment improvement initiatives. We will continue to improve our compliance initiatives based on regulatory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

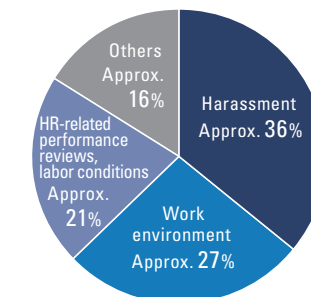
### Reporting Routes



### 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](#)

