

# Corporate Governance

## Basic Concept on Corporate Governance

In line with Orico's basic principles of aiming to be a company that "contributes to the realization of prosperous lives and dreams for customers by being recognized by society as having a genuine reason for existing and providing the best financial services and products that meet customers' payment and settlement needs," we aim to achieve sustainable growth and enhance corporate value over the medium and long term. To this end, we believe in the importance of ensuring management transparency and fairness to stakeholders, as well as swift and decisive decision making. We are undertaking initiatives to enhance our corporate governance, taking our management environment into account.

The following organizational chart shows the corporate governance structure and the organizations etc. for management decision making, business execution and supervisory functions.

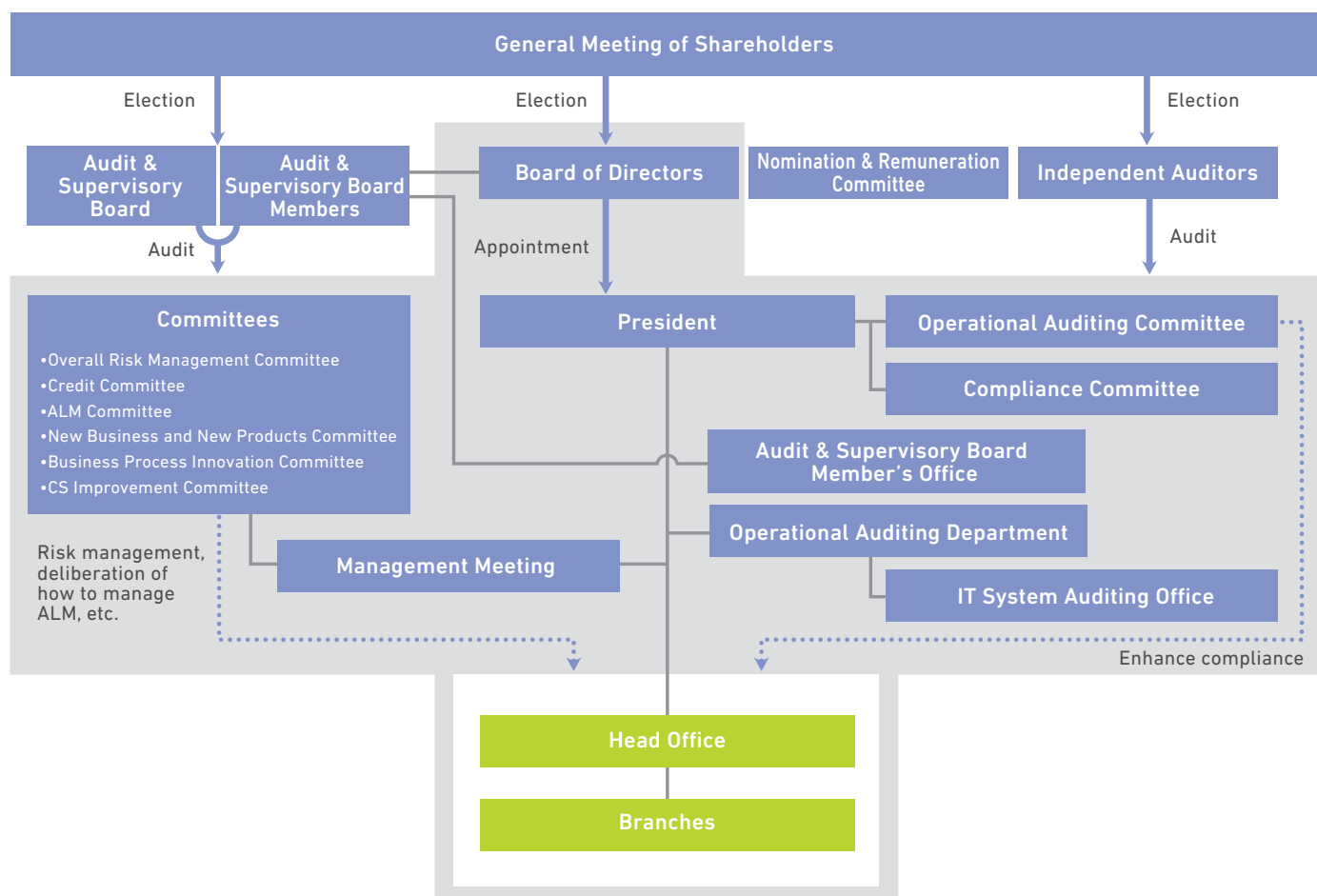
## Overview of the Corporate Governance Structure

Orico has adopted an audit & supervisory board system, and has the Board of Directors and the Audit & Supervisory Board, which

are statutory bodies under the general meeting of shareholders, and has established a management meeting. In addition, to achieve swiftness and efficiency of business execution in response to the dramatically changing economic situation and diverse needs of customers and member merchants, Orico introduced an executive officer system in June 2002.

## Board of Directors

The Board of Directors is comprised of thirteen directors, three of whom are outside directors. The board meets every month, in principle, to make decisions on matters established by laws and regulations and important items related to management, as well as to supervise the status of business execution. Outside directors express their views, as appropriate, from an objective standpoint and broad-based perspective, and offer advice and recommendations on ensuring the appropriateness of management decision making. Furthermore, outside audit & supervisory board members conduct audits from the perspective of monitoring management from outside the Company, and thereby function sufficiently.



## Audit & Supervisory Board

The Audit & Supervisory Board is comprised of five audit & supervisory board members, three of whom are outside audit & supervisory board members. The board meets once a month, in principle, to conduct decision making of policies, plans and methods of auditing and other important matters related to auditing. Based on these decisions, each audit & supervisory board member audits the business execution of directors by attending important meetings, particularly the Board of Directors meeting, and investigating the status of business execution and management of property.

## Management Meeting

The management meeting is comprised of the Chairman, the President, the Vice-President and other top managers of important organizations. In principle held once a week, the management meeting performs preliminary deliberation on matters that require resolution by the Board of Directors, and deliberates and determines important matters concerning business execution and business operation based on the basic management policy that was decided by the Board of Directors.

## Overview of Internal Audits and Audits by Audit & Supervisory Board Members

The Operational Auditing Department, which fulfills the internal auditing function, is comprised of a staff of 28 employees. It periodically conducts internal audits of the business operations, accounting, compliance and other matters at each department of the head office, business office and subsidiary. With respect to the performance of the internal audits, the internal auditing section, audit & supervisory board members, independent auditors and the Internal Control Division engage in close collaboration, aiming for enhancement of the auditing system.

Orico has established an Audit & Supervisory Board Members' Office as an organization under the direct management of the audit & supervisory board members. The office is comprised of two dedicated staff members whose role is to assist the duties of audit & supervisory board members. The office strives to strengthen the auditing system through actively exchanging information with the independent auditors and the

specialized divisions in finance and accounting, as well as taking advantage of the wealth of insight in management, legal affairs, etc. possessed by each audit & supervisory board member.

## Relationship between Orico and its Outside Directors and Outside Audit & Supervisory Board Members

The Company has three outside directors and three outside audit & supervisory board members.

The conditions for outside directors are that they have extensive corporate management experiences; specialized expertise in areas including retail finance, economics, management, law and accounting; or deep insights into the circumstances surrounding corporate management. They are selected upon consideration of their superior ability to make management judgments based on these experiences and insights, and their ability to contribute to realizing appropriate decision making and management supervision by the Board of Directors from a broad-based perspective and an independent and fair standpoint.

The conditions for outside audit & supervisory board members are that they satisfy the independence standards determined by the Tokyo Stock Exchange, Inc. and have the knowledge, experience and insight necessary to make judgments on the compliance and appropriateness of the execution of directors' duties and reasonableness of accounting audits. They are selected upon consideration of their ability to contribute to ensuring the Company's management soundness by providing valuable advice based on their experience and insight.

## Remuneration for Directors and Audit & Supervisory Board Members

1. Total amount of remuneration, total amount of remuneration by type and the number of directors and audit & supervisory board members receiving remuneration by category

Category	Total amount of remuneration (Millions of yen)	Total amount of remuneration by type (Millions of yen)				Number of directors and audit & supervisory board members receiving remuneration
		Basic remuneration	Stock options	Bonus	Retirement benefits	
Directors (excluding outside directors)	258	246	11	—	—	12
Audit & supervisory board members (excluding outside audit & supervisory board members)	34	34	—	—	—	3
Outside directors and outside audit & supervisory board members	55	55	—	—	—	8

2. Total amount of consolidated remuneration per director or audit & supervisory board member  
The total amount of consolidated remuneration per director and audit & supervisory board member is omitted. Please note that there is no director nor audit & supervisory board member receiving over ¥100 million of total consolidated remuneration.