

## Message from Head of Corporate Strategy Group

Sustainability as the Axis of Management  
The Key to Transformation is to Create a Group of Talent Who  
Autonomously Take up the Challenge of a Discontinuous Future

**Shinya Uda**  
Managing Executive Officer  
Head of Corporate Strategy Group



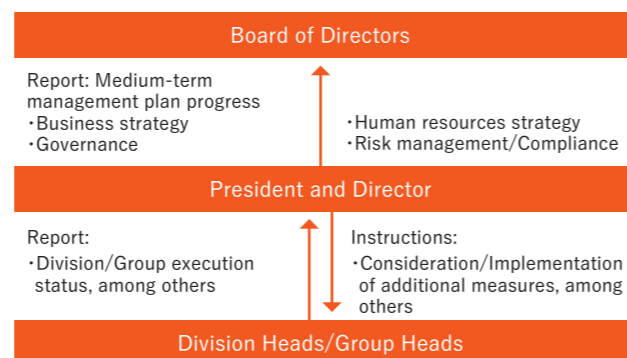
### Medium-Term Management Plan Creation Process

The three-year medium-term management plan, starting from fiscal year 2022, was formulated over approximately one year through repeated discussions with board members, including External Directors. We knew we were at a tipping point when we developed the plan. Rather than designing future strategies as an extension of the past, we created a vision of the Company 10 years from now. In addition to looking at the past, we looked at megatrends and environmental assumptions for the future, recognized our current strengths and weaknesses, and organized what we must not change and what we must change. Based on this, we chose a path to transform from a traditional business model by backcasting from our vision for 2030. Our Company is a leading credit company that boasts an approximately 70-year history. However, considering changes in the environment and the growth of the markets where we are mainly engaged, we believe that relying solely on continuity will not lead to growth sufficient for maintaining our position 10 years from now. We used this healthy sense of crisis to envision the future we desire while remaining conscious of undergoing discontinuous changes. Our vision of the Company in 2030 consists of two aspects: an innovative and leading company while contributing to solving various social issues, and a company that is more than ever recognized by its stakeholders for its significance in society. In terms of specific medium-term management plan measures, we linked this vision with sustainability management and established six materialities (important issues), associating them with all strategies that need to be resolved. The current medium-term management plan, which is for the first three years of our journey in which we aim for our 2030 visions for our society and of the

Company, is focusing on "Transformation to a New Business Model". The global sense of crisis concerning climate change and the spread of digitization will continue to accelerate as always. In this context, Japan's unique low-interest-rate environment may also change significantly. We believe that it is essential to establish a robust revenue base that allows sustainable growth in such changing environments by leveraging the strengths of the credit model while transitioning to a new business model.

### Medium-Term Management Plan: Key Strategies and Progress

#### Medium-Term Management Plan Promotion Structure



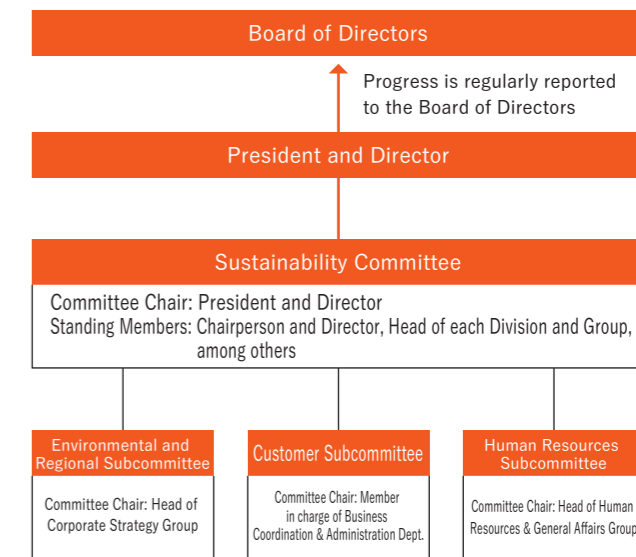
The medium-term management plan is organized into three sections: business strategies, management foundation, and financial discipline and capital policy. In our medium-term management plan, we have set the following business strategies: 1) Cultivating priority markets and exploring new business fields, 2) Establishing market-in type of sales, 3) Creation of new services through collaboration with other industries and leading-edge companies, and 4) Delving into process innovation. As of the conclusion of the first year, our business strategies are making steady progress, with key

overseas markets seeing increased revenue and the settlement and guarantee businesses expanding their shares. Regarding the management foundation, we became a company with an Audit and Supervisory Committee in June 2022 and made firm improvements, such as accelerating management and strengthening supervision, as well as reinvigorating discussions from a long-term perspective at Board meetings. In the area of talent, another pillar of our management foundation, we formulated a new human resources strategy and implemented concrete measures to create a diverse workforce, such as nurturing DX-promoting human resources, facilitating side jobs at startups, and recruiting external and overseas trainees, providing many employees with opportunities for autonomous learning. Still, given the significant environmental changes, our performance fell short of plans, and the immediate task is recognized as the reform of the revenue structure of the installment credit business, heavily affected by rising interest rates. By managing the entire business portfolio based on risk-return and cost-return to accelerate structural reforms, we will continue our utmost efforts to shift to a business model that can achieve sustainable growth even amid environmental changes.

#### Key Points for the Initial Year of the Medium-Term Management Plan

- Steady progress on business strategy**
  - Increased sales in settlement and guarantee business and overseas business
  - Began structural reform of installment credit business
- Further improvement of management foundation**
  - Became a company with an Audit and Supervisory Committee
  - New human resources strategy formulated and promoted
- New capital policy**
  - New basic capital policy established

Subcommittee, which I preside over, we deliberate on matters such as forming the "Orico Sustainability Fund", collaborating with EV fabless manufacturers, and utilizing vacant houses, all contributing to the creation of new businesses that aid in environmental preservation and community revitalization. Within the Company, there is a widespread understanding that environmental investment is a growth investment rather than a necessary cost, and the search for new business seeds has begun while preparing for risk.



### Transforming by Evolving into a Group of Individuals Who Actively Embrace Challenges

In the medium-term management plan, we connect the promotion of SX (Sustainability) through CX (Customers), DX (Digital), and EX (Employees) with "Green", "Digital", and "Open Innovation" serving as a starting point. Digital is not only for improving our Company's operational efficiency and associated cost reductions, but also for promoting the creation of new products and services using digital technology by utilizing open innovation to facilitate new customer experience value. Human resources are the foundation for advancing DX and CX and are most important. Last fiscal year, the Company revised its basic policy on human resources and re-examined its ideals in regard to human resources. One quality we look for is proactiveness, which entails taking initiative and thinking for oneself, rather than relying on others for instructions. We are determined to create a group of talent who autonomously take up the challenge of a discontinuous future. This will make our Company an innovative, leading company that is more than ever recognized by its stakeholders for its significance in society.

### Sustainability Governance

In this medium-term management plan, we have defined sustainability as the balance between social value and corporate value, and we are placing sustainability at the heart of management, not only in some departments, but also in each and every employee to solve social issues through their work. In April 2022, we established a Sustainability Committee chaired by the President and Director and comprising all division and group heads as members, with meetings held at least four times a year. Beneath the Sustainability Committee, there are three subcommittees related to six areas of materiality: "Environmental and Regional", "Customer", and "Human Resources". Each subcommittee serves as a cross-functional platform where division heads convene monthly to engage in multifaceted discussions. For example, in the Environmental and Regional

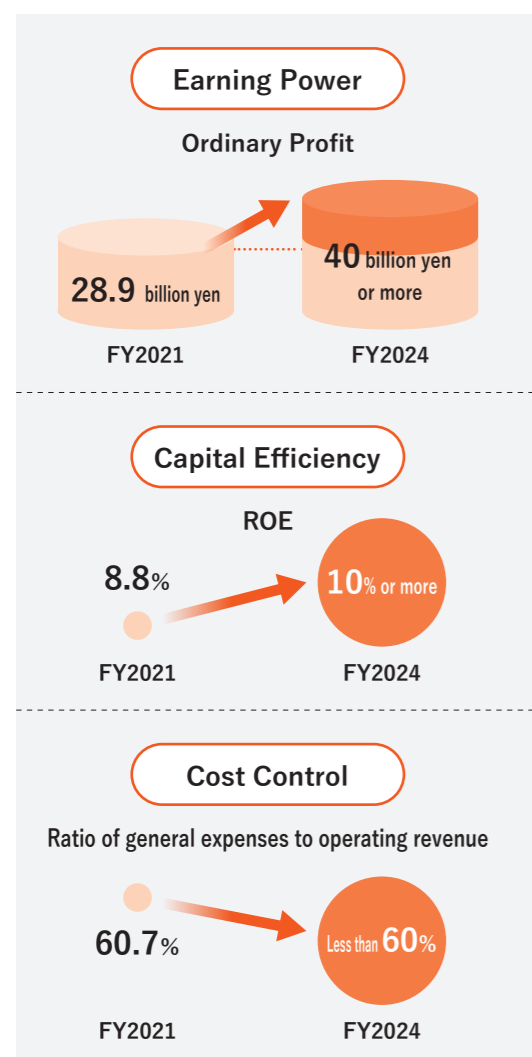
# Medium-Term Management Plan

We aim to operate our business by placing "sustainability" at the core of our management and strive to achieve a balance between creating social value and enhancing corporate value through our business.

## Where We'll Be Three Years from Now (Backcasting from 2030)

Depart from the conventional credit sales model, create value from a customer-centric perspective, and enhance social contribution and corporate value through Green, Digital, and Open Innovation

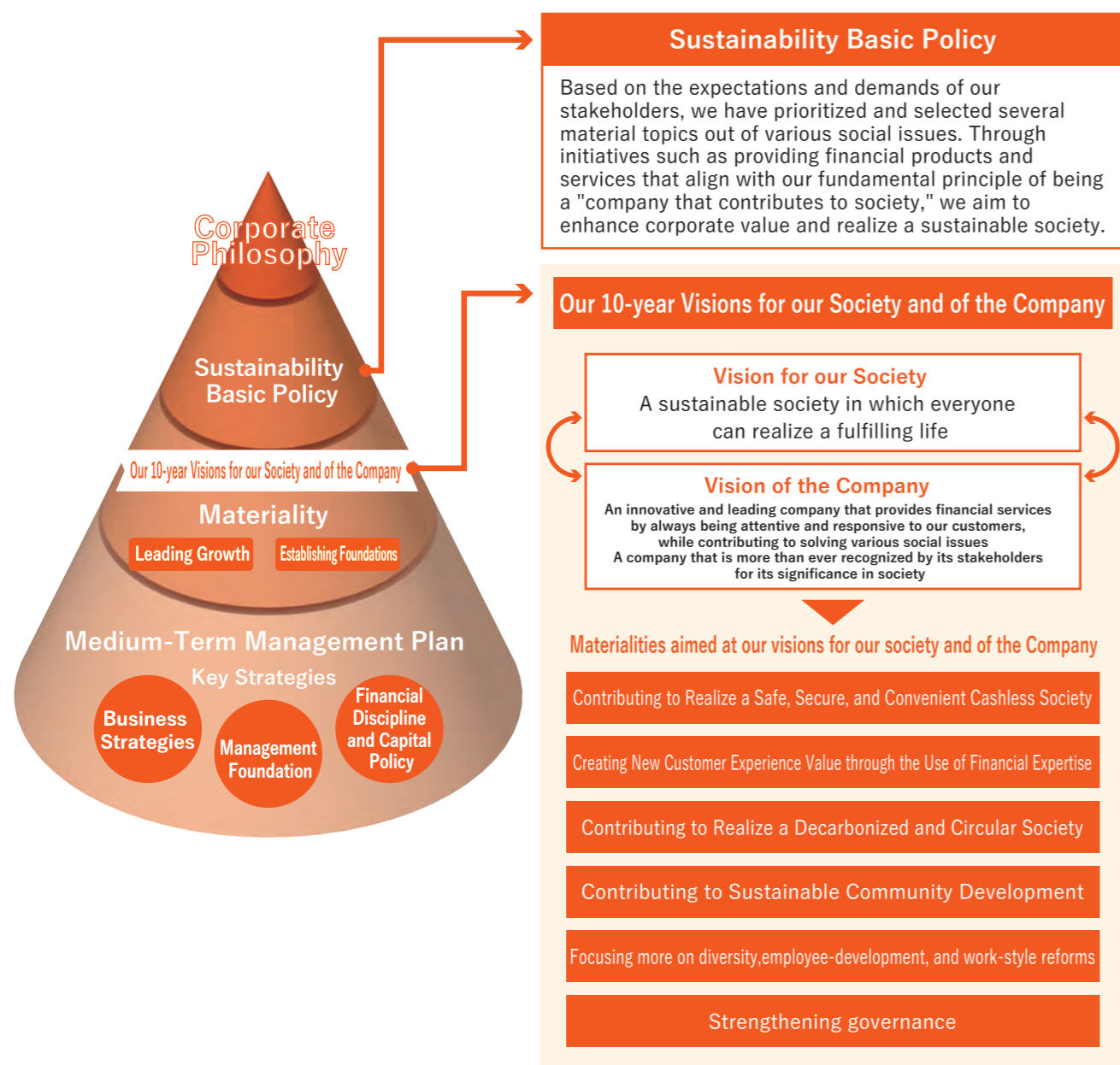
Key Strategies	
<b>Business Strategies</b> Business portfolio management based on risk return and cost return 1) Cultivating priority markets and exploring new business fields 2) Establishing market-in type of sales 3) Creation of new services through collaboration with other industries and leading-edge companies 4) Delving into process innovation	<b>Management Foundation</b> ・Governance ・New human resources strategy <b>Financial Discipline and Capital Policy</b> ・Balancing soundness and profitability ・New capital policy



April 2022



# Sustainability Management Initiatives



## The Process of Identifying Sustainability Initiatives

Our Company has established specific initiatives and KPIs in conjunction with the medium-term management plan to address social issues through our business activities and to achieve our materiality, as outlined in the following process.

By advancing these initiatives, we are striving to generate new businesses that contribute to solving social issues and to drive organizational transformation, thereby achieving a balance between social and corporate value.

<b>1) Identifying Materiality</b>	We define our 10-year visions for our society and of the Company, and identify key issues (materialities) that must be prioritized in order to achieve them	<b>3) Analysis of Importance</b>	Map the items based on stakeholder expectations and requests and importance to Orico's strategy, and identify high-priority items as a preliminary draft
<b>2) Selection of Initiatives</b>	To resolve social issues, we select materiality-related action items from among division/group strategies	<b>4) Decision on Initiatives</b>	Upon the Sustainability Committee's review and submission of a report to the Board of Directors, the President and Director decides

## Overview of Sustainability Committee/Subcommittees

### Sustainability Committee

The Committee Chair is the President and Director, the members include the Chairperson and Director as well as the heads of all divisions/groups, and the Sustainability Management Office acts as the secretariat. They conduct deliberations and reporting on key matters related to sustainability based on the Sustainability Basic Policy.

<b>Main Items for Deliberation in FY2022</b>	In the first year of the Sustainability Committee's establishment, handling matters related to building the management foundation for sustainability, including: <ul style="list-style-type: none"> <li>Setting up the Environmental and Regional Subcommittees, Customer Subcommittee, Human Resources Subcommittee, and annual activity plan</li> <li>Sustainability initiative items, KPI targets, and the value creation process</li> <li>Policy for approach towards TCFD and disclosure aligned with TCFD recommendations</li> </ul>
<b>Main Report Items for FY2022</b>	<ul style="list-style-type: none"> <li>Status of Environmental and Regional Subcommittee, Customer Subcommittee, and Human Resources Subcommittee activities</li> <li>Achievements and progress with regard to sustainability initiative items and KPI targets</li> <li>Status of initiatives to enhance communication inside and outside the Company, such as raising awareness of ESG, TCFD, and sustainability throughout the Company</li> </ul>

### Subcommittees

Based on the annual activity plans of each subcommittee, specific initiatives and measures are discussed according to the goals, and the outcomes are reported to the Sustainability Committee.

	Purpose	Main Activities for FY2022
Environmental and Regional Subcommittee	Contributing to the creation of a decarbonized society and sustainable local communities through business activities • Exploration and creation of business opportunities • Establishment of a business operation structure that reduces the burden on the environment in conjunction with process innovation	<ul style="list-style-type: none"> <li>Discussion about the establishment of the Orico Sustainability Fund and collaboration with ASF Inc.</li> <li>Joining MOBI, gathering global information through subcommittees, and discussing business ideas that involve use of MOBI's blockchain technology to create a used EV market</li> <li>Collaborating with AKIYA KATSUYO Co., Ltd. for regional revitalization</li> </ul>
Customer Subcommittee	Striving to enhance the value of customer experiences in every situation, aiming to improve customer satisfaction by enriching products and services • Exploring customer-centric services and products • Providing service that exceeds customer expectations and strengthening the foundation (customer protection) that supports these efforts	<ul style="list-style-type: none"> <li>Engagement in discussions on topics such as customer-oriented basic policy and customer engagement to enhance customer-centric business operations</li> </ul>
Human Resources Subcommittee	Establishing a mutually beneficial relationship where the Company and employees can grow together, enabling all employees to fully express their value, and creating an engaging and vibrant work environment	<ul style="list-style-type: none"> <li>Sharing of external and internal environments related to human resources, and holding substantial discussions for achieving our vision of the Company and management strategy</li> <li>Making Inclusion &amp; Diversity a central theme, share the newly formulated Basic Policy, and discuss the status of initiatives in each organization and issues to be tackled going forward</li> </ul>

Detailed information about sustainability is available on our website.  
<https://orico.jp/en/sus>



# Orico's Digital Transformation Strategy

Our Company established the Orico DX Vision and digital transformation strategy in April 2022 as one of our vital strategies for achieving the medium-term management plan. We are striving to become an innovative and leading technology company by leveraging digital technologies and data, creating new value from a customer-centric perspective, and tirelessly contributing to the resolution of social issues.

Managing Executive Officer

Head of Digital Marketing Group Hidenobu Mukai



## DX Promotion Background

The digital environment that surrounds us has seen significant advancements over the past decade or so, giving birth to many new services and fundamentally altering our lifestyle. Additionally, with the advent of cutting-edge technologies like generative AI, there are signs of changes in the way we work. We anticipate continued progress in various digital technologies, leading to the successive introduction of new products and services.

Conversely, as Japan's labor force declines, business models dependent on human labor are reaching their limits. For businesses, it is essential to effectively utilize constantly evolving digital technology and data to construct an effective and efficient operating structure and ensure ongoing sustainable growth. We believe that a transformation is required in which digital matters are left to the digital space and people focus on creating value in business that only humans can provide.

## Digital Transformation Strategy

Our digital transformation strategy consists of the following three strategic axes, and we are developing initiatives to transform ourselves into a company that contributes to solving environmental and social issues through our business in accordance with each strategic axis. To promote the digital transformation strategy, we have formed the DX Promotion Headquarters, headed by the President and Director, to create and materialize ideas through vigorous discussions on measures to promote DX across the entire company.

### Strategy 1: Creating new business models using digital technology

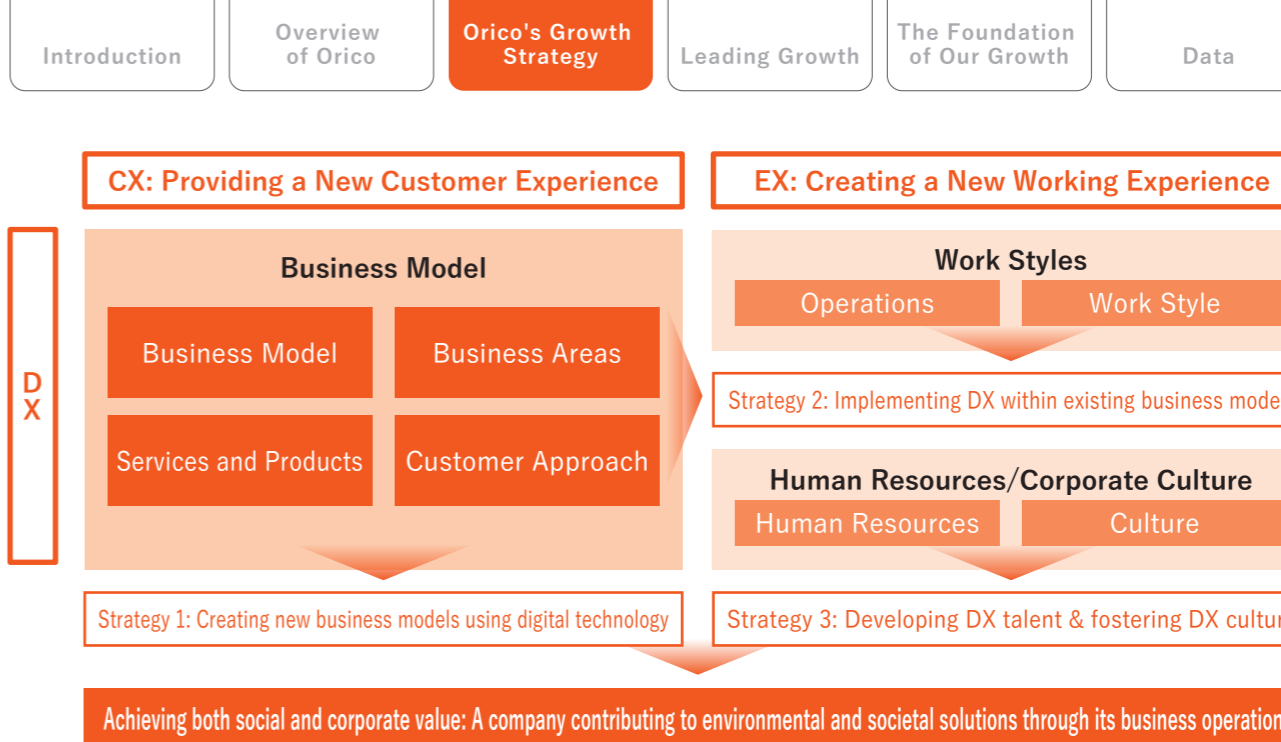
We are working to make effective use of digital technology and data. Specifically, we are creating new business models by combining our know-how and expertise in financial services with the digital technologies of other companies. We will also create new business models based on a wealth of data, including settlement and credit data, by combining our own anonymously processed data with open data and using AI for analyses. We are also working to create a data economy by providing solutions that support the sales strategies and promotions of partner companies.

### Strategy 2: Implementing DX within existing business models

In order to achieve structural reform of business processes, we are working to improve the efficiency and speed of operations by utilizing digital technology. In particular, we are further promoting BPR from the perspective of overall optimization by taking a bird's-eye view of the "end-to-end" process from the customer's application process to the completion of the transaction contract and business operations. By going paperless through the digitization of our business operations, we have achieved reductions in CO<sub>2</sub> of 124 tons in fiscal year 2022, far exceeding our plan.

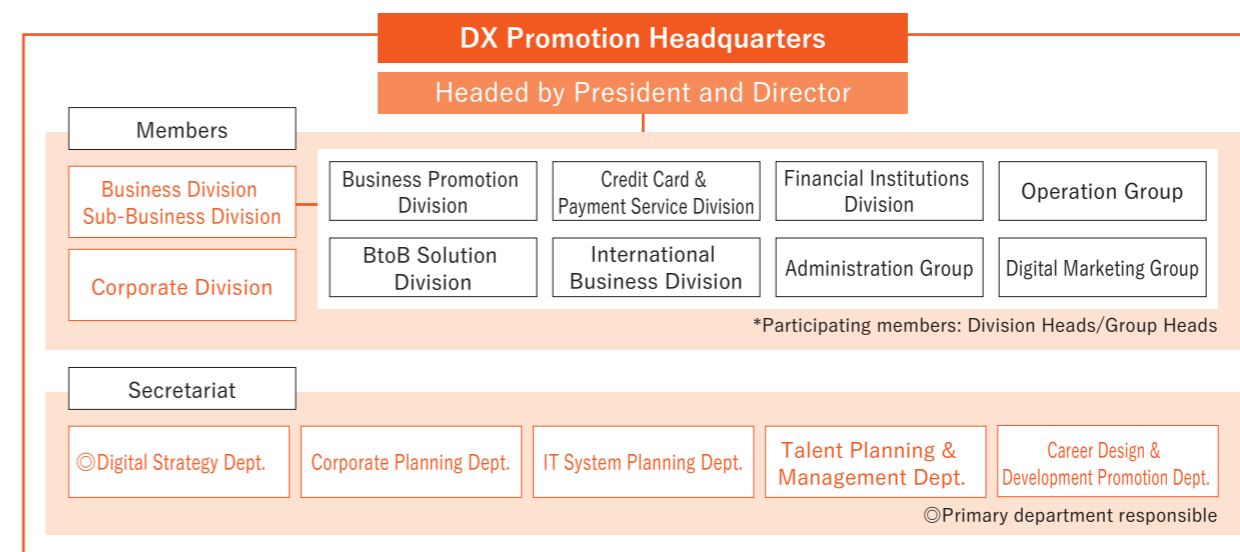
### Strategy 3: Developing DX talent & fostering DX culture

In promoting DX, we have developed our own DX human resource development program to develop human resources who are passionate about providing value to customers through the use of digital technology. In our medium-term management plan, we set a goal to train all employees as DX promoters with basic digital technology knowledge and skills, and by March 2023, the first year of the plan, more than 3,000 employees were certified. In addition, we have launched "DX Place", in which all Group employees are encouraged to submit new business ideas and ideas for operational reform based on their own awareness of the issues they face, and we will continue our efforts to foster and establish a DX culture throughout our Group.



### DX Promotion Structure

We have created a DX Promotion Headquarters headed by our President and Director that overlooks all divisions and groups to establish systems that promote our digital transformation strategy throughout the entire company. With the President and Director acting as Chair, we hold regular DX promotion meetings with the participation of the various division and group heads. Through these meetings, we are advancing comprehensive discussions and considerations for company-wide, cross-sectional initiatives aimed at promoting DX.



### Creation of new services through collaboration with cutting-edge companies in different industries

We are working to create new business models by combining our know-how and expertise in financial services with the digital technologies of other companies. In order to realize many such collaborative projects, we have established the "Orico Digital Fund" as a function to invest in startups, and are working to discover and create collaborative projects, including investments.

### Conversion of routine operations at the head office to RPA

We are promoting the automation of more than 2,000 routine head office operations by making them more visible and prioritizing them. We are also promoting the development of human resources capable of developing RPA so that the person in charge of each task can proceed with the automation of that task on their own.

### Acquisition of DX Certification

In March 2023, we received certification as a Certified DX Business Operator from the Ministry of Economy, Trade and Industry (METI) in recognition of our formulation of digital transformation strategies, establishment of a promotion system, and efforts to promote DX. DX Certification is a national certification system for businesses that are ready to transform their business through digitalization.



# Orico's Human Resources Strategy

In an era marked by diversifying values and lifestyles among the working population, we believe it is essential for the Company to align closely with each and every employee. We will strive to cultivate a relationship where employees and the Company can grow together, and we aim to build an organization where all members can flourish in their own unique way through their work.

**Managing Executive Officer**

**Head of Human Resources & General Affairs Group Hideyuki Matsuoka**



## Formulating a Human Resources Strategy to Achieve Transformation by 2030

Our human resources strategy is geared towards achieving our visions for our society and of the Company by 2030. Taking into consideration the global trends in human resource strategies, our past initiatives and challenges related to human resources, personnel characteristics, and reorganization of human resource systems and organization management, we have developed a strategy that captures the very essence of our organization and human resources from a medium- to long-term perspective.

In devising this new human resources strategy, we identified three necessary prerequisites. First, amid a declining labor population, workers increasingly see companies as a platform for growth and realizing their core values, so it is vital to establish an organization that appeals to and retains employees. Second, in our medium-term management plan launched in 2022, we aim for a radical transformation of our business, organization, and processes, and the human resources strategy must serve this transformation, not merely extend previous practices. Third, during the transformation process, change must go beyond mere alterations to systems and structures. A reform in the thoughts and behaviors of executives and employees is indispensable, with a strong emphasis on fostering such behavioral changes.

For our desired talent profile, we took the time to not only prepare for future changes, but also identify the strengths our employees should retain and areas that require enhancement, incorporating the views of the Directors and conducting extensive discussions with a wide range of organizational stakeholders. The Human Resources Management Policy has been redefined as the Company's commitment, encouraging and supporting reform of the mindset and behavior of the employees.

## A Radical Departure from Conventional Thinking: Our Human Resources Basic Policy and the Direction of Our Human Resources Strategy

This approach underpins our human resources strategy, whose core premise is to transform the relationship between employees and the Company into a mutually chosen (Win-Win) partnership. We have identified 11 areas that require change and formulated our Human Resources Basic Policy, which consists of our desired talent profile and Human Resources Management Policy.

### Direction of Our Human Resources Strategy

Relationship between Company and Employees	Mutually chosen (Win-Win relationship)	Management	Transformation & leadership
Expectations from Employees	Alignment with Company/diverse value	Assignment & Promotion	Skills (Rational)
Philosophy on Employment	Free to come and go	Personnel Evaluation	Multifaceted
Talent Acquisition	Available whenever needed, regardless of work style or whether in-house or off-site	Compensation	Jobs as the standard
Career Development	Employee-driven	Work Styles	Flexible & diverse
Training	Autonomous learning/Company support		

## Human Resources Basic Policy

<b>Human Resource Vision Statement</b>	We respect each employee's commitment to enhancing their own value. We also strive to create an engaging and vibrant work environment where they can achieve self-fulfillment through their work.		
<b>What we Envision through our Human Resources Strategy</b>	<b>Maximize employee engagement by establishing a mutually beneficial relationship where the Company and employees can grow together (Win-Win relationship)</b> Learn, challenge and grow self-directed, making the most of one's strength and abilities		
	<b>Employees</b>	<b>Win-Win</b>	<b>Company</b>
	Realizing our visions for our society and of the Company through the growth and success of our employees		
<b>Desired Talent Profile</b>	<ol style="list-style-type: none"> <li><b>Proactiveness</b> Taking initiative and thinking for oneself, rather than relying on others for instructions</li> <li><b>Willingness to take on challenges</b> Fearlessly taking on new endeavors and not being afraid of failure</li> <li><b>Analytical thinking</b> Considering the "why" before the "what" in decision-making</li> <li><b>Passion</b> Approaching tasks with a strong passion that also inspires others</li> <li><b>Curiosity and Ambition</b> Not settling but continuously seeking improvement, always striving to move forward</li> <li><b>Open-mindedness and eagerness</b> Respecting diverse opinions and values, using them for personal growth</li> <li><b>Integrity and nobility</b> Engaging with sincerity, upholding high ethical standards, and demonstrating a sense of responsibility throughout</li> </ol>		
<b>Human Resources Management Policy</b>	<ol style="list-style-type: none"> <li><b>1. Emphasize individuality and Nurture Diversity:</b> Value the individuality of each employee to foster diversity throughout the company.</li> <li><b>2. Provide Opportunities for Self-Growth and Support Autonomous Career Development:</b> Encourage proactive actions from employees to enhance overall organizational vitality, leading to high performance and increased productivity.</li> <li><b>3. Evaluate and Treat Fairly, with Objectivity and Transparency:</b> Properly evaluate and treat employees based on their efforts and contributions, hence promoting changes in thinking and behavior.</li> <li><b>4. Develop Leaders to Drive Change and Unite Diverse Talents:</b> Cultivate leaders who can lead transformation in an ever-changing environment and practice inclusive management that leverages diversity.</li> <li><b>5. Ensure Psychological Safety and Create a Vibrant Work Environment:</b> Establish an environment of psychological safety where employees can freely express their opinions, increasing productivity and reforming management practices.</li> </ol>		

## Creating a Diverse Workforce and the Human Resources Infrastructure to Support It

We define what we envision through our human resources strategy as to "maximize employee engagement by establishing a mutually beneficial relationship where the Company and employees can grow together (Win-Win relationship)", and the two pillars essential to achieving this are our desired talent profile and our Human Resources Management Policy. To bring these principles to fruition, we have outlined two key practices:

### 1 Creating a Diverse Workforce

Becoming an organization where individuals with unique qualities can thrive

To transition the relationship between the Company and its employees into one characterized by a mutually chosen (Win-Win) partnership, it is crucial to leverage individual characteristics more effectively. We are committed to enhancing career support that motivates each individual to grow and develop their strengths, including providing opportunities for skill development and career-related challenges; accelerating the promotion of executives from various backgrounds, including women, and with various personalities; and focusing on the acquisition, development, and promotion of specialized talents essential to creating new business.

### 2 Creating a HR Foundation for the New Era

To a system and operation of evaluation, treatment, and training employees appropriate for the future Orico

We are fundamentally transforming the Company's human resources system and structure. The Company will assist in shaping the career paths of each individual to align with their life plans, and as a part of this initiative, we will abolish transfers requiring unwanted relocations from April 2025 onward. Additionally, key areas of focus will include transitioning from age and skill-based criteria to a new human resources approach centered around work and missions, reassessing evaluation criteria in line with our desired talent profile, introducing multifaceted evaluations, and actively engaging in the development of core talent to lead future generations. As a foundation for these measures, we will continue to invest in health management, ensuring that our employees maintain both physical and mental well-being and can fully leverage their capabilities on the job while enjoying a vibrant life both personally and professionally.