











Sustainability Goals and Achievements

Materiality	Initiatives	Initiative Details		KPIs (FY2024)	SDGs	Social Value/Corporate Value Targets	Results and Achievements for FY2022
Contributing to realize a safe, secure, and convenient cashless society	Expanding the use of credit cards	<ul style="list-style-type: none"> Expand credit card membership base Strengthen promotion of debit cards Strengthen the promotion of acquiring 		Expand card shopping transaction volume to 3.5 trillion yen to achieve a cashless ratio of 40% in Japan by 2025		Contribute to consumer convenience by promoting cashless payment through increased use of credit cards	<ul style="list-style-type: none"> Credit card transaction volume: 2.9 trillion yen Promoting co-branded credit cards targeting the IP/entertainment (character ticket/POD) industry
	Automation of assessment operations	<ul style="list-style-type: none"> Promote web-based applications, automated assessment Digitization of customer contact points (e.g., confirmation of contract intention via SMS, digitization of various information) Improve AI credit checks for credit cards 		<ul style="list-style-type: none"> Double the rate of fully automated reception and assessment operations to provide high quality services and improve customer convenience Credit card automation rate of 80% or more Total automation rate of 40% or more 		Improve customer convenience, provide high-quality services, and increase productivity by promoting automation of business operations	<ul style="list-style-type: none"> Credit card automation rate of 41.7% Overall automation rate of 21.5% Expanding member merchants eligible for confirmation via SMS to enhance convenience
Contributing to realize a decarbonized and circular society	Reduction of greenhouse gas emissions and energy usage in business operations	<ol style="list-style-type: none"> Encouraging the switch to eco-friendly company-owned cars (such as EV, FCV, HV, and fuel-efficient vehicles) Reducing the total number of company-owned cars <ul style="list-style-type: none"> Reducing CO₂ emissions through the transition to eco-friendly vehicles and reducing gasoline usage by promoting online operations and decreasing travel distance Reducing energy usage <ul style="list-style-type: none"> Further introduction of energy-efficient and renewable energy equipment Updating energy-efficient equipment in company buildings Considering the adoption of renewable energy and equipment 		<ol style="list-style-type: none"> An eco-friendly vehicle ratio of 75% or higher. Promoting the eventual shift to using eco-friendly vehicles for 100% of company-owned cars 10% reduction in the total number of company-owned cars 3% reduction in energy usage (based on original units) compared to FY2021 	 	Contributing to a decarbonized society through the reduction of greenhouse gas emissions and energy usage	<ol style="list-style-type: none"> Eco-car ratio of 45.7% Reduction of total vehicle count by 1.4% Switching to LED lighting in our buildings and updating to high-efficiency air-conditioning systems
	Promoting a paperless business operation	<ol style="list-style-type: none"> Reduced paper usage through digitization (including application forms, 800 types of copy documents, card issuance included materials, commercial product agreements, accounting forms) Company-wide reduction in copy paper purchases 		<ol style="list-style-type: none"> CO₂ reduction equivalent to 800 t/year through reduced paper usage 15% reduction in copy paper purchases compared to FY2021 		By promoting the efficient utilization of limited resources of the entire Group, we contribute to a circular society	<ol style="list-style-type: none"> Reduction of CO₂ by 124 t/year through paper reduction 8.3% cut in copy paper purchases compared to FY2021
Contributing to sustainable community development	Using our expertise to provide financial products in Southeast Asia	<ul style="list-style-type: none"> Expansion of auto loan business Research market trends in each country and expand into new markets to increase market presence 		<ul style="list-style-type: none"> Expanding the transaction volume to 133.5 billion yen to enrich citizens' lives Expanding the number of loan users to 65,000, including auto loans 		By providing tailored services for each country, we contribute to the development of the automotive market in Southeast Asia	<ul style="list-style-type: none"> Transaction volume of 90 billion yen Approximately 40,000 new applications
	Expanding credit provision to small- and medium-sized enterprises (SMEs) and individual business owners	<ul style="list-style-type: none"> Expanding the accounts receivable settlement guarantee business: <ul style="list-style-type: none"> Full-scale deployment of guarantee factoring and development/release of purchase factoring Exploring major partnerships through product improvements in "Smart Plan (debt assignment type)" 		To further enhance the credit intermediation function in the local community, expand the transaction volume of accounts receivable settlement guarantees to 300 billion yen	 	By providing a secure business transaction environment, we contribute to the revitalization of the local economy through support for SMEs and individual business owners	<ul style="list-style-type: none"> Accounts receivable settlement and guarantee transaction volume of 237.6 billion yen* Alliance initiated with Mizuho Engagement Office and initiatives at sales branches enhanced
	Providing sustainable products through collaboration with regional financial institutions	<ul style="list-style-type: none"> Developing sustainable products in collaboration with financial institutions (such as decarbonization-focused multi-purpose loans) 		Partnering with 10 or more financial institutions to develop sustainable products that contribute to solving regional challenges		We contribute to regional revitalization by offering financial products and services tailored to local challenges	<ul style="list-style-type: none"> Collaborations with six financial institutions (Ehime Bank, three Shinkin Banks in Miyagi Prefecture, Kiyo Bank, Keiyo Bank) Offering sustainable products that address regional challenges
Focusing more on diversity, employee-development, and work-style reforms	Creating an environment where diverse talents can thrive	<ul style="list-style-type: none"> Raising awareness among manager candidates Creating an environment for women to succeed 		<ul style="list-style-type: none"> We aim to promote the active participation of women and create an organization where diverse talents with unique characteristics can thrive Female manager ratio (Senior Manager level or higher) <ul style="list-style-type: none"> Target for FY2024: 27% or higher Target for FY2026: 30% or higher Female manager ratio (department/office General Manager level) <ul style="list-style-type: none"> Target for FY2024: 9% or higher Target for FY2026: 12% or higher 		By promoting initiatives that leverage diversity, we will create an environment where each employee can work enthusiastically and thrive	<ul style="list-style-type: none"> Female manager ratio: 26.2% at Senior Manager-level or higher, 6.7% at General Manager-level Leadership training conducted for female employees
		Promotion of male childcare leave uptake		We strive for a society where work-life balance is achievable for both men and women, aiming for a 100% male childcare leave uptake			<ul style="list-style-type: none"> Male childcare leave utilization rate of 102%, indicating that eligible personnel and managers are being encouraged to take the leave after childbirth
	Expanding support measures for autonomous career development that cater to each employee's drive to grow	Utilizing surveys to enhance employee engagement		Improvement of Employee Engagement Score to BBB (an increase of three ranks on the 11-rank AAA-DD scale)	 	Through the provision of diverse learning opportunities and platforms, we will foster employees who can excel in various situations	<ul style="list-style-type: none"> Employee engagement score: B Sharing survey results targeting managers, holding meetings to discuss action plans
		Meeting employees' drive to grow by expanding opportunities <ul style="list-style-type: none"> Providing opportunities to gain experience in other companies' overseas divisions or digital divisions Providing opportunities to work outside the company through side jobs and rental transfers Posting internal job openings 		Over 3 years, 200 employees have participated in new experiential programs both within and outside the company, including side jobs and trainee positions in startup companies	 		<ul style="list-style-type: none"> 80 participants Posting internal job openings such as side jobs at startups, rental transfers, and external/overseas trainee experiences
		Expanding talent with DX skills (DX promotion personnel) <ul style="list-style-type: none"> Developing DX talent development programs Cultivation of DX culture 		Expanding talent with DX skills (DX promotion personnel) to 3,000 individuals			<ul style="list-style-type: none"> 3,208 individuals certified as DX promotion personnel, reaching the goal three years early
	Promoting work-life balance	<ul style="list-style-type: none"> Optimizing total working hours through initiatives such as improving the rate of taking paid leave 		Achieving a paid leave utilization rate of 70% or higher to establish a work-life balance		We promote a work style that emphasizes a healthy balance which will enhance employee satisfaction and improve productivity	<ul style="list-style-type: none"> Paid leave utilization rate of 69.4%, with biannual council meetings held within each organization to discuss reducing work hours

*The figures include the accounts receivable settlement guarantees handled through credit cards.

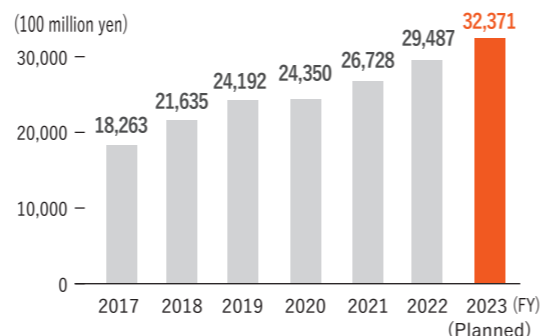
Contributing to Realize a Safe, Secure, and Convenient Cashless Society

Expanding the Use of Credit Cards

Our Company is continually working on expanding our membership by developing a variety of convenient cards, including credit cards, tailored to customer needs in alliance with various domestic companies and organizations. Due to the demand for contactless payment amid the COVID-19 pandemic, we are issuing credit cards equipped with touch payment promoted by international brands, in addition to supporting payments via iD, QUICPay, and Apple Pay (QUICPay).

Furthermore, we have improved the design and reduced the risk of card information theft by displaying credit card numbers and other sensitive information on the back, and introduced on-demand printing^{*1} technology to allow customers to choose their design for added enjoyment. We will continue to provide attractive services that anticipate the diversifying needs under the new lifestyle.

Credit Card Transaction Volume



*1 On-demand printing: Printing technology that makes it easy to issue cards even in small lots

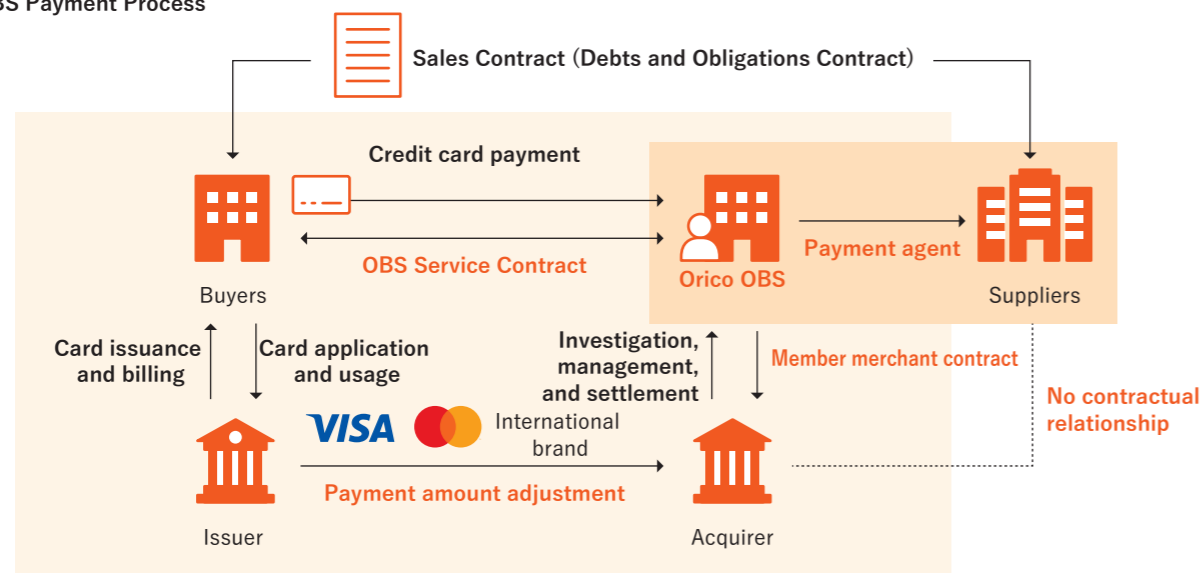
Expanding the Use of Business Credit Cards

We provide convenient credit cards and loan cards for business expense payment to corporations and individual business owners. In the small- and medium sized enterprises (SMEs) market, the use of business credit cards is biased towards travel expenses and entertainment expenses, and expanding the use to inter-business payments such as purchase funds has become an industry-wide issue. Amidst these circumstances, the emergence of invoice card payment businesses^{*2} has made it possible for buyers to make card payments to suppliers who do not accept cards.

We are working to enhance the added value of business credit cards by acquiring alliances with a number of invoice card payment businesses, and we began offering Orico Business payment for SME (OBS) in April 2023.

*2 For invoice card payments, the business names are: BPSP for Visa, BPAP for Mastercard, and BBPS for JCB.

OBS Payment Process



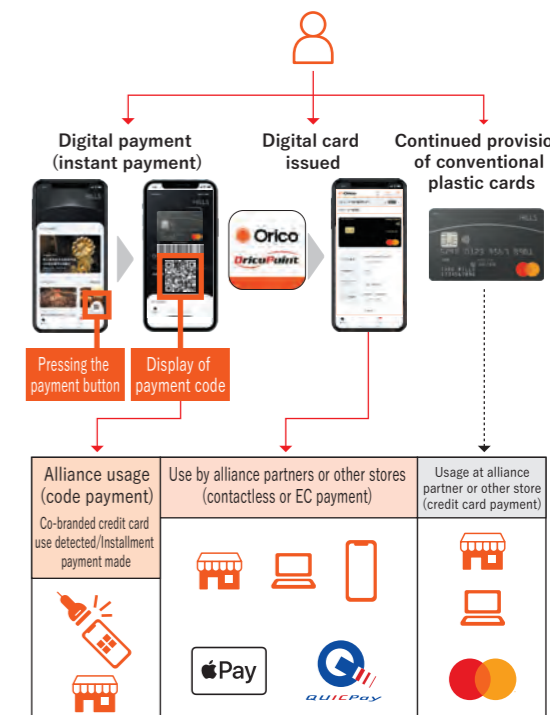
Providing New Cashless Payment Services

Our Company is working towards making a cashless society a reality to improve customer convenience and safety through various platform implementations. We have introduced a digital payment scheme that enables immediate completion of the credit card application procedure through the customer's smartphone app (alliance partner/our Company), which includes making QR code payments. This responds to the needs of customers who wish to shop at partner stores without waiting to receive their credit cards (delivered afterwards by mail).

Moreover, we obtained certification as a "Certified Comprehensive Credit Purchase Intermediary" newly established by the revised Installment Sales Act (implemented in April 2021) in June 2023. By substantially reducing the number of required entry fields and automating the review process at the time of application, we have managed to shorten assessment times.

In the future, we are preparing to introduce digital cards that allow card information to be checked anytime after completing the membership procedure through e-Orico and smartphone apps, enabling contactless payments for online shopping and physical stores.

Overview of New Cashless Payment Services



Strengthening Measures against Credit Card Fraud through the Utilization of Digital Technology

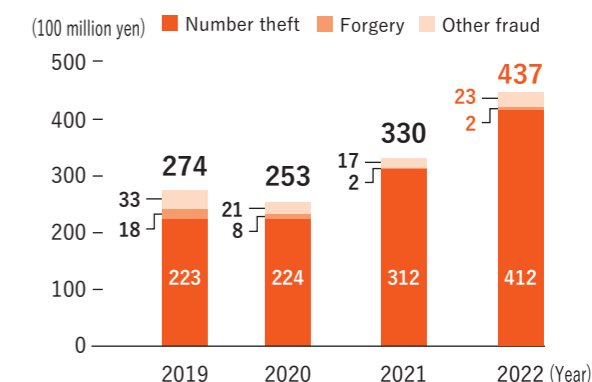
Our Company takes security measures in accordance with the risk by actively promoting the acquisition of PCIDSS^{*3} certification for systems that hold credit card information to protect it from various unauthorized access and to strengthen measures against unauthorized usage resulting from theft and the like.

Furthermore, we are working with security vendors and others to detect and shut down the phishing sites that have been proliferating recently, as well as implementing e-mail authentication technology (DMARC^{*4}) as a measure against deceptive e-mails pretending to originate from our Company. In June 2023, we released a new fraud detection system, "IFINDS". In addition to the conventional 24-hour, 365-day monitoring system, we have implemented a more advanced fraud detection system that utilizes the features of AI, such as continuous learning of fraudulent trends and fast and accurate analysis of large transaction data, to detect third-party fraud in advance.

*3 PCIDSS: An abbreviation of Payment Card Industry Data Security Standard. It is an international unified standard for card information security established to protect card member information.

*4 DMARC: An abbreviation of Domain-based Message Authentication, Reporting, and Conformance. It is a technology for authenticating the sending domain for e-mails.

Fraud Damage in the Credit Card Industry



Japan Consumer Credit Association's Survey

* There may be discrepancies in the totals due to rounding adjustments.

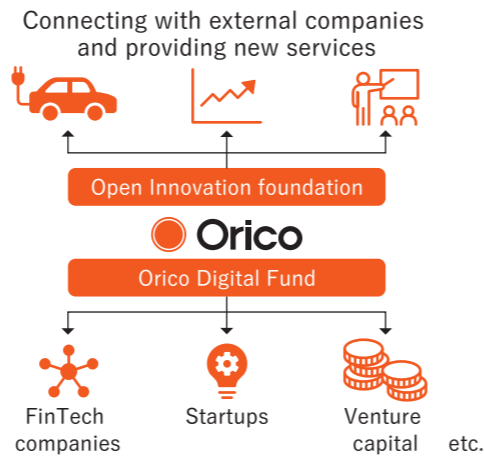


Creating New Customer Experience Value through the Use of Financial Expertise

Providing Customer Experience Value through the Use of Digital Technology

Our Company is striving to be an enterprise that continues to provide new customer experiences by utilizing digital technology and data to create products and services that address our customers' challenges. By blending our expertise and insights in financial services with the digital technology and business models of startups, we aim to provide new value to our customers. To this end, we are leveraging the investment capabilities of the "Orico Digital Fund", advancing collaborations and capital and business alliances with cutting-edge technology companies and startups. Furthermore, we are conducting research into digital technologies, including the metaverse, and actively pursuing development of the infrastructure required for open innovation. Our commitment is to continually work towards enhancing our customers' benefits and convenience while contributing positively to society and the environment.

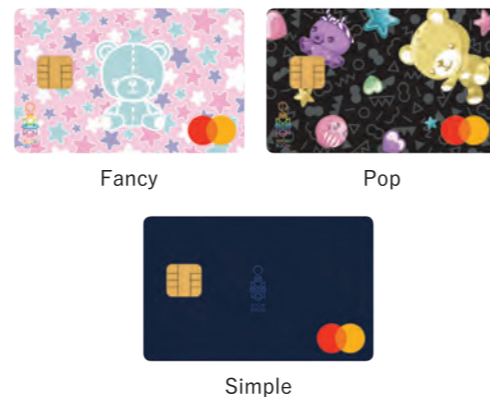
Creating New Business Models through Open Innovation



Capital and Business Alliance with SHOWROOM

In June 2022, we entered into a capital and business alliance with SHOWROOM Inc. (hereinafter "the company") to expand our business in the digital content market. In an effort to provide new financial services, we have combined the live-streaming know-how that the company has cultivated with our financial services to explore initiatives that support the digitization of our member merchants and provide services to digital content viewers and live-streamers. As the first step, in June 2023, we began issuing the SHOWROOM CARD. We will continue to work to provide new experience value to our customers beyond our current financial service offerings.

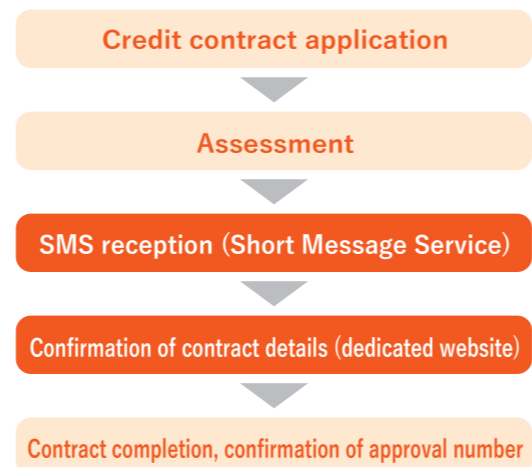
SHOWROOM CARD



Automation of Assessment Operations

Our Company has advanced the automation of assessment operations through the sophistication of credit scoring models using AI, and the refinement of fraudulent application detection, as part of our efforts to implement automation operations utilizing digital technology to enhance business quality and response speed for our customers. Furthermore, by promoting the transition of contract confirmation tasks from phone calls to Short Message Service (SMS) confirmation tasks, we have made them available 24 hours a day online, significantly improving customer convenience by shortening the time from application to contract. We will continue to provide new value by furthering automation.

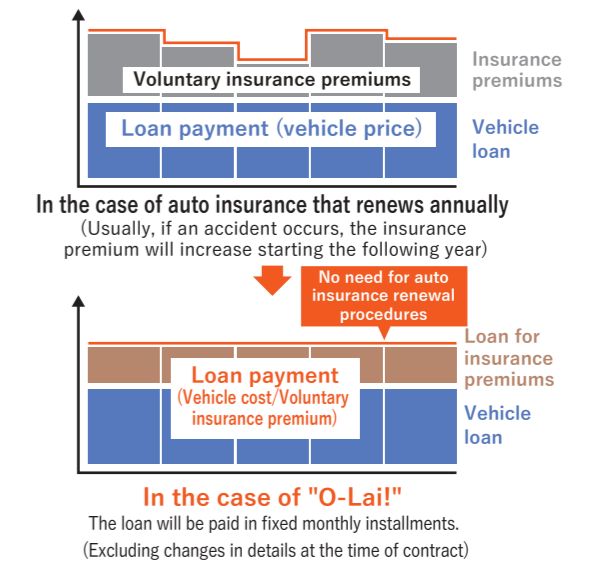
Assessment Flow Overview



"O-Lai!" Auto Loans with Long-Term Auto Insurance

Our Company has obtained a business model patent for the application system of "O-Lai!" (auto loan with long-term auto insurance). "O-Lai!" is a loan product that integrates long-term lump-sum payment auto insurance into an auto loan, which eliminates the need for contract renewal procedures for auto insurance during the usage period, eliminates increases in insurance premiums even in the case of an accident until the end of the contract, and consolidates vehicle purchase prices and auto insurance payments. By utilizing this application system, it is possible to simplify the application procedures for installment payments of auto insurance and auto loans. We will continue to contribute to improving the convenience of our customers and member merchants and create new customer experience value.

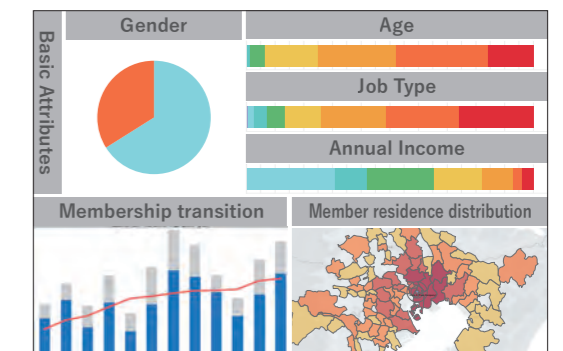
"O-Lai!" System



Data Business Initiatives

As our foray into a new business domain, our Company leverages the know-how in data utilization that we have cultivated up until now, such as in visualizing information and building scoring models, to provide data analysis services to external companies. We utilize anonymized data, such as open data from the national census, geolocation data, and credit card usage information, through statistical processing. We aim to help solve the marketing challenges that many companies face, such as understanding customers, effective promotional activities, and competitor store analysis. We also help increase the number of customers and sales, as well as provide efficient customer communication support, thus assisting in the future growth of our clients.

Membership Analysis Result Provision Image

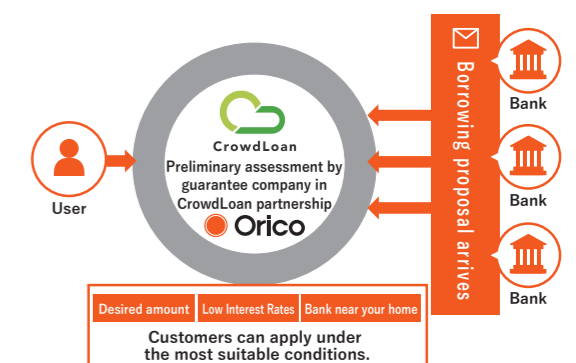


We provide information that can be utilized for promotions, such as enhancing the visibility of analysis results for basic attributes, membership trends, and so on.

Developing New Financial Services in Collaboration with Financial Institutions

Our Company is providing new services in collaboration with FinTech companies as a new initiative for personal loan guarantees. Through CrowdLoan Inc., we conduct a preliminary assessment as a guarantor for customers who wish to borrow. As a result, customers will receive proposals for borrowing conditions from our affiliated financial institutions. We believe that eliminating the asymmetry of information between financial institutions and customers will lead to improved customer benefits and experience value. We will continue to collaborate with FinTech companies to expand customer-oriented services.

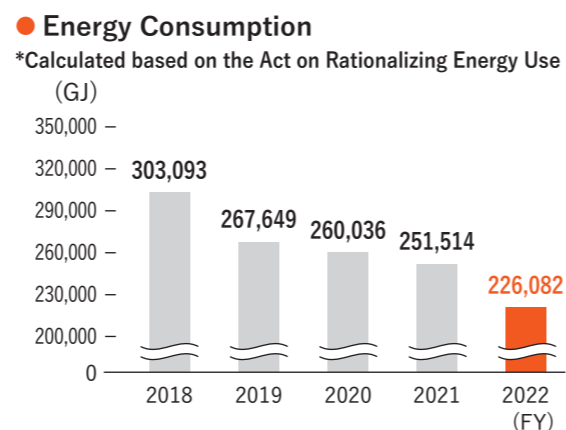
CrowdLoan Overview



Contributing to Realize a Decarbonized and Circular Society

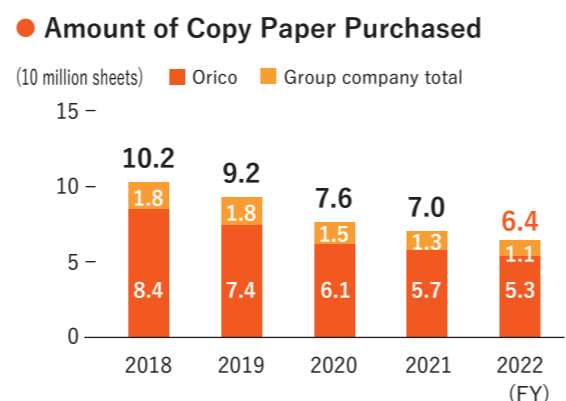
Initiatives to Reduce Greenhouse Gas and Energy Usage in Business Operations

As a result of our efforts to update to energy-saving equipment with consideration for the environmental impact of major devices such as air conditioners in our company building, and the progressive transition to LED lighting devices, energy consumption in fiscal year 2022 has been reduced by 10.1% compared to fiscal year 2021. We are also reducing CO₂ emissions by promoting the use of eco-cars (HVs, fuel-efficient vehicles) as company-owned vehicles, reducing gasoline consumption by decreasing the total number of company vehicles, and decreasing travel distance by promoting online sales. In fiscal year 2023, we will continue to work towards further reducing energy consumption, which includes considering the introduction of renewable energy.



Promoting a Paperless Business Operation

Our Company is pursuing initiatives to transition to paperless documentation both internally and externally. Following the previous digitization of credit card statements, in 2022 we made shopping ticket methods and accounts receivable settlement guarantee statements available online, and we also digitized approximately 200 types of processing slips. Through these activities, we reduced CO₂ by approximately 124 t across the entire Group. Additionally, by promoting remote meetings and cultivating environmental consciousness among employees, we achieved an 8.3% reduction in the purchase of copy paper in fiscal year 2022 YoY.



Promotion of Initiatives for CO₂ Reduction and Energy Saving

We have been contributing to the popularization of solar power systems by including storage batteries as eligible targets for home renovation loans, which allow partial early repayment through subsidies, to improve customer convenience. In addition, in our efforts to constantly anticipate the needs of the market in the development of loan products related to V2H and energy-saving equipment, we created a solar power system extended warranty system attached to home renovation loans through an alliance with ITOCHU Orico Insurance Services Co., Ltd. Going forward, we will continue to work towards reducing CO₂ and conserve energy by further promoting the government-recommended private consumption of electricity through the use of solar power generation and storage batteries, as well as loans that address split needs in renovation work aimed at improving the insulation performance of existing homes.



Helping to Expand the EV Market through Collaboration with Startup Companies

In November 2022, we formed a new investment framework, "Orico Sustainability Fund", with the aim of creating new business opportunities leading to decarbonization and achieving sustainable local community development. For the first project, we entered into a capital and business alliance with ASF Inc., an electric vehicle (EV) fabless manufacturer*, to create new businesses that contribute to a carbon-neutral society. As a finance partner, we collaborated with the company, which uses a supply chain characterized by a horizontal division of labor, where different companies work together using their respective areas of expertise. Through our network, we will provide the company's cost-effective EVs to member merchants and customers nationwide and contribute to the expansion of the EV market.

*Fabless manufacturer: A manufacturer without its own factories

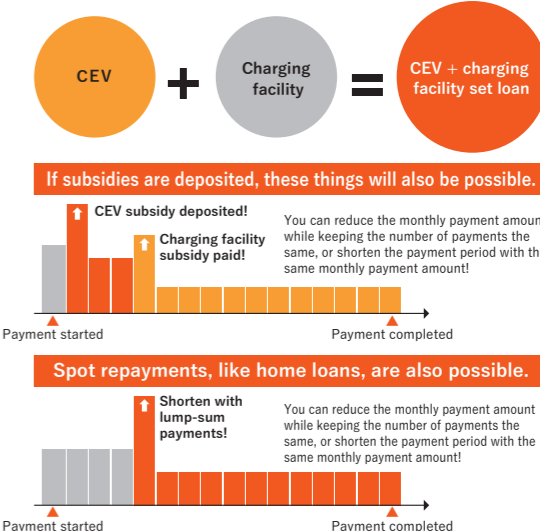
EV Delivery Overview



Initiation of Handling New Products for Promoting the Proliferation of CEV

Our Company has developed a set loan scheme for clean energy vehicles (CEVs) and charging facilities, including V2H, and began a trial run at some member merchants in February 2023. The automobile market is expected to advance in the direction of electric vehicles, but there may be a need to secure charging facilities and the like for customers to be able to purchase CEVs with confidence. Until now, we have handled loans for CEVs and charging facilities separately, but in the future, we will not only combine payments, but also meet a wide range of customer and member merchant needs, such as pre-filling CEV subsidies and spot repayments. Through this scheme, we will strive to contribute to making a decarbonized and circular society a reality, such as by supporting the popularization of CEVs and charging facilities, CO₂ reduction, and promoting energy conservation.

Payment Image of CEV Set Loan



Joining MOBI



In May 2022, our Company joined the Mobility Open Blockchain Initiative (headquartered in California, USA; Representatives: Chris Ballinger, Tram Vo; hereinafter "MOBI") to promote and standardize blockchain technology in the mobility industry and lithium-ion battery supply chain. Through activities at MOBI (such as research on business models utilizing blockchain technology in the mobility field, industry rule formation, and standardization), we will promote the transition to a decarbonized society and aim to make a decarbonized and circular society a reality.

Contributing to Realize a Decarbonized and Circular Society



Climate Change Initiatives

Since the Paris Agreement came into effect in 2016, there has been a rapid increase in the demand for companies to address climate change risks and pursue decarbonization.

We recognize the impact of intensified abnormal weather events, such as typhoons and heavy rainfall, and the transition to a decarbonized society as serious risks. As one key priority that is part of our materiality, we have set the objective of "contributing to realize a decarbonized and circular society" and are progressing towards achieving this goal by utilizing our business expertise and creating new business opportunities.

The information to be disclosed in accordance with the TCFD recommendations, under the topics of "Governance", "Risk Management", "Indicators and Targets", and "Strategy", is as follows.

Governance

We prioritize maintaining transparency in management and fairness towards stakeholders, as well as making prompt and definite decisions, and we are striving to enhance our corporate governance in light of the business environment. In view of the importance of business strategies that include risks and opportunities related to climate change, we have established a system for deliberation and reporting within the Sustainability Committee, chaired by the President and Director. In addition, we report regularly to the Board of Directors on the review status of business strategies that include risks and opportunities related to climate change.

Risk Management

We recognize that the impact of business continuity risks is limited, as we do not hold any interests in business sites directly affected by climate change, and have established business continuity plans and conducted BCP training anticipating emergencies such as large-scale disasters.

However, in light of the impacts of climate change on our business and society, as well as the rapidly accelerating efforts in policy and industry, we recognize "the impact on business due to the introduction/change of new regulations related to climate change and technological innovation" as a serious risk. Therefore, we have selected it as one of our top risks, intensified monitoring, and are reporting management conditions to bodies such as the Comprehensive Risk Management Committee and the Board of Directors.

Indicators and Targets

Based on the TCFD recommendations, we are working to quantify Scope 1, Scope 2, and Scope 3 emissions in accordance with the GHG Protocol as indicators contributing to our understanding of climate change-related risks and opportunities. Additionally, our Company's emissions over the past three years and reduction targets are as follows. We will continue to work towards reducing emissions in order to contribute to the Paris Agreement's goal of limiting global warming to 1.5°C and the Japanese government's goal of achieving net zero by 2050.

Reduction Target		Reduction target for 2030 compared to 2020: Reduce Scope 1 and Scope 2 by 42% , Scope 3 by 25%		
Category		FY2020 Emissions (t-CO ₂)	FY2021 Emissions (t-CO ₂)	FY2022 Emissions (t-CO ₂)
Scope 1	Direct emission of greenhouse gases by the business operator	2,971	2,951	2,905
Scope 2	Indirect emissions associated with electricity, heat, and steam supplied from other companies	10,395	10,394	9,541
Scope 3	Category 6 Business Travel, Category 7 Employee Commutes	2,690	2,632	2,469
Total		16,056	15,977	14,915

Strategy

Our Company has positioned sustainability as a top theme in our medium-term management plan. Within this context, we have defined materiality to be prioritized for the realization of our 10-year vision for our society and of the Company, and by using the backcasting technique, we are working to solve social and environmental issues, including climate change. With regard to the potential effects of climate change on our Company, the specific scenarios we have analyzed and the corresponding measures, based on the TCFD recommendations, are as follows.

Classifications	Scenario	Changes in Externalities	Timeframe	Possibility of Occurrence	Orico's Risks & Opportunities	Total Impact Value (Sum within the Period)	Level of Impact	Countermeasures
Transition risk	Used gasoline car risk	Regulatory and consumer preference changes drive a shift to EVs, shrinking the market for new and used gasoline cars	Medium-to-long-term	High	Decrease in volume of auto loans for used gasoline cars	Transaction Volume Approx. -130 billion yen	Low	Expansion of transaction volumes for new EVs, overseas EVs, and EV leasing Formation of a suitable used EV market through initiatives like MOBI
Transition risk	Increased financing expenses due to delays in sustainability initiatives	Increasing demand for social and environmental aspects from institutional investors and others will increase the importance of sustainable finance	Medium-term	Medium	Higher funding costs due to the deterioration of our image and reputation for handling auto loans for gasoline vehicles	Financial expenses Approx. +4.5 billion yen	High	Continue to implement ESG financing Publicize our high level of ESG awareness and initiatives in various disclosures
Transition risk	Introduction of carbon tax	Government policy to become carbon neutral (net zero) by 2050 will lead to further carbon taxation	Medium-to-long-term	Medium	Increased business costs due to the introduction of the carbon tax	Ordinary profit Approx. -1.5 billion yen	Low	Reduction of energy emissions Introduction of renewable energy Installation of high-efficiency energy-saving equipment Purchase of certificates and credit
Physical risk	Business continuity risk due to increased extreme weather such as typhoons and heavy rain	Increased risk of business continuity due to frequent disasters such as typhoons, floods, and other similar events Note: Following the 4°C scenario	Medium-to-long-term	Low	Increased business continuity risk in the event of a power outage at our data center	Operating revenue Approx. -500 million yen (Assuming 1 day down)	Low	Support for business continuity during disasters
Opportunity (Market)	Formation of the used EV market	Appropriate valuation of used EVs (market formation) and increased EV ownership (change in consumer behavior)	Medium-to-long-term	High	Establishment of EV battery valuation method and correct evaluation of the value of used EVs will lead to an influx of EVs into the used car market, in which we have a large market share, and increase our transaction volume both in Japan and overseas	—	—	Formation of a suitable used EV market through initiatives like MOBI
Opportunity (Market)	Ethical shift	Trends with regard to regulatory authorities and consumer awareness and behavior are moving in the direction of heightened environmental and social consciousness, creating momentum for ethical consumption	Medium-to-long-term	Medium	A shift in consumer awareness toward environmentally and ethically conscious products has increased demand for products and services such as solar power generation, V2H, and social contribution cards, leading to an increase in our transaction volume	Transaction volume Approx. +870 billion yen	High	Fulfilling needs for environmentally friendly products (both in credit provision and sales) Differentiation of our products (sales of set environmentally friendly products) Expansion of partnerships for social contribution cards
Opportunity (Market)	Reduction of financing expenses through enhanced sustainability measures	Increased importance of sustainable finance due to growing demand for green social aspects from consumers, financial institutions, and institutional investors	Medium-term	High	Increased potential for lower financial expenses through new fundraising methods such as sustainability-linked loans/bonds in response to the expansion of ESG investments	Financial expenses Approx. -100 million yen	Low	Establishing KPIs that are valued by investors Improvement of ESG ratings
Opportunity (Market)	Disaster prevention and mitigation demand	Increased demand for financing for disaster prevention and mitigation due to increased disasters such as typhoons, floods, and other similar events	Medium-to-long-term	Medium	Increased demand related to disaster prevention and mitigation, increasing opportunities for our support. Increased disaster resilience of our stakeholders and our business continuity	Transaction volume Approx. +150 billion yen	Low	Prompt response to the demand for funds for disaster prevention, mitigation, and recovery Collaboration with local governments on disaster prevention and mitigation

Detailed information about our climate change initiatives is available on our website.

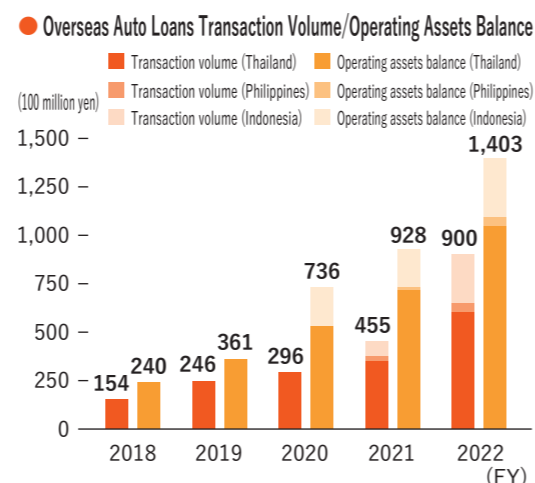
<https://orico.jp/en/tcfd>



Contributing to Sustainable Community Development

Using Orico's Expertise to Provide Financial Products in Southeast Asia

Our Company is developing auto loan businesses in three countries: Thailand, the Philippines, and Indonesia, with the aim of developing the automobile market in Southeast Asia and helping people lead rich lives. We expanded our financial services that leverage the know-how and expertise cultivated in the domestic auto loan business to a transaction volume of 90 billion yen and an operating assets balance of 140.3 billion yen in fiscal year 2022, and launched a certified used car business in Indonesia in March 2023. In Southeast Asia as well, the advancement of digital technology and the post-COVID-19 situation are changing the game and diversifying consumer lifestyles. We are contributing to sustainable community building by providing optimal financial and payment services not limited to our auto loan business.



Continuous Implementation of ESG Procurement

Our Company positions sustainability that achieves both social value and corporate value as the core of its management, with the goal of solving social issues through its business activities and enhancing sustainable profits. In our overseas business, we set the annual transaction volume of auto loans (used cars + new EVs) in three Southeast Asian countries (Thailand, the Philippines, and Indonesia) as a KPI for the Sustainability-linked Financing Framework, the first of its kind formulated in the credit industry, and conducted fundraising in both loan and bond formats. Additionally, we have carried out ESG financing in a variety of ways, including green bonds for solar home renovation loans and EV-oriented auto loans, and social bonds for funding tuition loans, thus contributing to environmental improvements and the resolution of social issues.

ESG Finance Situation (as of March 2023)

Procurement Method	Balance
Sustainability-linked financing	95.5 billion yen
Sustainability-linked loans	85.5 billion yen
Sustainability-linked bonds	10 billion yen
ESG bonds	20 billion yen
Green bonds	10 billion yen
Solar panel receivables, etc.	5 billion yen
EV receivables	5 billion yen
Social bonds	10 billion yen
Tuition fees receivables	10 billion yen

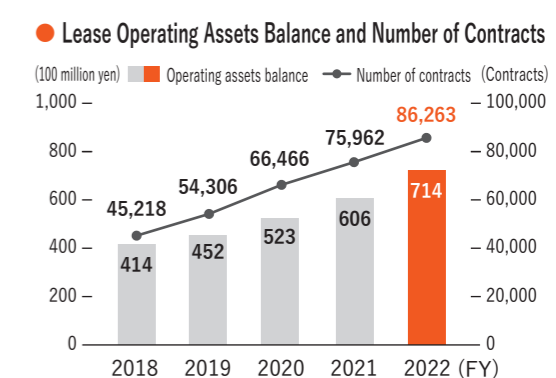
Providing Sustainable Products through Collaboration with Regional Financial Institutions

Through collaboration with local financial institutions, we are working to revitalize local economies by providing financial products that solve customer issues. In fiscal year 2022, we started offering three purpose loans (EV car loans, education loans, and home renovation loans) in cooperation with The Ehime Bank, Ltd., and education card loans as unified products with three credit associations (Ishinomaki Syokou Shinkumi, Furukawa Credit Cooperative, and Community Bank Senpoku) in Miyagi Prefecture. We will continue to strengthen our relationships with financial institutions and advance the provision of financial products that contribute to solving various local issues, all while working to achieve a sustainable society together with our customers through said provision.



Revitalizing Local Economies through Support for SMEs and Individual Business Owners through Financial Products

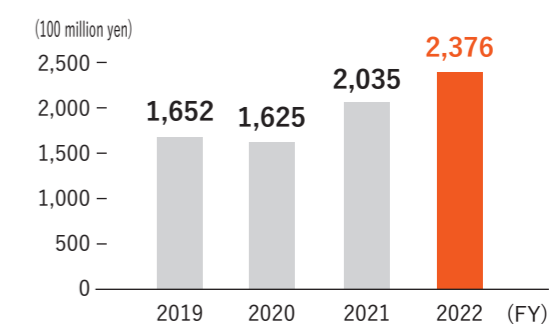
Since 2015, we have operated a small-lease guarantee business for small- and medium-sized enterprises (SMEs) and individual business owners. Despite rapid changes in the business environment since the start of operations, as of fiscal year 2022, we have achieved lease operating assets of 70 billion yen, 86,000 contracts, and new contracts amounting to more than 30 billion yen, cementing our presence in the industry. Furthermore, through the OBL Direct Lease, which meets the equipment investment needs of member merchants nationwide, we are currently achieving an annual transaction value of over 400 million yen, primarily for environmental products such as automotive maintenance equipment and LEDs. By fulfilling the equipment investment needs of many SMEs and individual business owners who are attempting to make their businesses succeed through our financial products, we contribute to revitalizing local economies and building sustainable communities.



Expanding Credit Provision to SMEs and Individual Business Owners

Our Company is committed to providing the optimal inter-company payment environment for SMEs and individual business owners, by offering a wide range of accounts receivable settlement guarantee services, and we are grateful to many SMEs and individual business owners for utilizing them (transaction volume in fiscal year 2022 was 237.6 billion yen, a 16.7% increase YoY). Currently, against the backdrop of social conditions such as labor shortages due to declining birthrates and an aging population, and rising geopolitical risks, there is an increasing need for efficiency and preservation of accounts receivable collection in inter-company payments, and further market expansion is expected. By collaborating with Mizuho and regional financial institutions, we contribute to revitalizing local economies by providing services such as accounts receivable settlement guarantees that are best suited to the characteristics and management challenges of SMEs and individual business owners, thereby achieving a stable business-to-business settlement environment and improving operational efficiency.

Transaction Volume for Accounts Receivable Settlement Guarantees (100 million yen)



Note: The figures include the accounts receivable settlement guarantees handled through credit cards.

Product Development Linked to Local Problem Solving

The "vacant house issue" that emerged recently is in part due to there being only a few financial products that can accommodate the purchase or renovation costs of older homes with shorter lifespans. This has resulted in situations where potential buyers exist, but actual purchases do not occur. Considering this scenario, our Company developed loan products specifically targeting vacant houses with AKIYA KATSUYO Co., Ltd., which maintains data on vacant houses in collaboration with local governments and offers services for the utilization of vacant houses, and regional financial institutions nationwide. With the nationwide rise of the "vacant house issue" against the backdrop of declining birthrates, an aging population, and a shrinking population, our aim, in collaboration with AKIYA KATSUYO Co., Ltd., local governments, and regional financial institutions, is to provide comprehensive support from understanding the actual situation of vacant houses to promoting their effective utilization.

Akikatsu Loan Scheme

