

# ORIX Corporation USA

## Corporate Sustainability Policy Abbreviated Summary

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September 2024

## I: Overview

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ORIX USA Group has adopted a Corporate Sustainability Policy (“**Policy**”<sup>1</sup>) to confirm its organization-wide commitment to drive a culture and approach to conducting business that seeks to create sustainable, long-term Client, shareholder, employee, and societal value by incorporating generally accepted sustainability factors, including environmental, financial, governance, operational, reputational, and/or social (“**Sustainability Factors**”) and ethics considerations in its business and operational decisions.

ORIX USA Group defines corporate sustainability as operating its business of delivering financial and investment solutions while seeking to provide long-term economic, social, and environmental prosperity for its stakeholders (inclusive of Clients<sup>2</sup> and employees), communities and society at large. We understand sustainable progress as development that meets the needs of the present without compromising future generations’ ability to meet theirs.

ORIX Corporation USA (“**ORIX USA**”) and its subsidiaries Boston Financial, Lument, and NXT Capital (collectively, “**ORIX USA Group**”<sup>3</sup>) are committed to the values of our parent, ORIX Corporation (collectively with all subsidiaries of ORIX Corporation, including ORIX USA Group, “**ORIX Group**”), including caring for the natural environment, respecting human and labor rights, catering to the well-being of our employees, promoting diversity, equity, and inclusion, and upholding the high business standards embedded in the ORIX Group Code of Conduct and ORIX USA Group Code of Ethics. The Policy is always subject to any contractual, legal, or fiduciary obligations we have to Clients.

## II: Background on Commitments

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In 2014, ORIX Group joined the United Nations Global Compact (“**UNGC**”) and supports its principles on Human Rights, Labor, Environment and Anti-Corruption (“**UNGC Principles**”).

In June 2022, ORIX USA Group joined the United Nations Principles for Responsible Investment (“**UNPRI**”) as both an asset owner signatory and asset manager signatory. As a result, ORIX USA Group commits to the [UNPRI Principles](#), where consistent with its fiduciary obligations and taking into account the level of influence and transparency that we have with respect to Obligors/Investees<sup>4</sup>.

Given these commitments, our approach to addressing sustainability has been influenced by the UNGC and UNPRI Principles, and these are integrated into the firm’s investment and decision-making processes where applicable, subject to any fiduciary or other legal limitations, as well as the level of control, access and influence we have through our equity positions in Investees and/or loans provided to Obligors and should also be considered to the extent possible so long as consistent with each Client’s contract, specific investment objectives, investment management agreements, offering memoranda or private placement memoranda and other governing documents (collectively, “**Governing Documents**”), as well as relevant regulatory requirements. There is no guarantee that this Policy will integrate all sustainability considerations across all investment strategies.

In addition to the above, ORIX Corporation and all its companies also endorse the following international commitments, initiatives, and frameworks:

- [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](#)

## III: Purpose & Management Responsibilities

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The Policy describes how ORIX USA Group manages sustainability in its investments and operations. The main objectives of the Policy are:

- Formalize ORIX USA Group's commitment to the sustainable development of its business and society;
- Establish guidelines for ORIX USA Group's current and future operations and relations;
- Identify, understand, and prioritize sustainability issues;
- Ascertain key sustainability risks ahead of each investment to protect ORIX USA Group and its Clients from financial, operational, and reputational risks due to substandard sustainability practices;
- Analyze sustainability risks in all aspects of our business and operations, and develop future tools to assist in identifying sustainability risks and opportunities;
- Distinguish and pursue attractive sustainability opportunities;
- Encourage dialogue with companies and suppliers to learn and share best sustainability practices; and
- Develop higher employee awareness of sustainability matters.

The ORIX USA Group CEO is responsible for the supervision of the implementation of best practices aligned with ORIX USA Group's commitments and the Policy. The Head of Sustainability Group reports to the CEO and is responsible for overseeing the implementation and coordination of the Policy on all sustainability and sustainability-related matters among the various Lines of Business<sup>5</sup> and Functions<sup>6</sup>.

For ORIX USA Group subsidiary companies who manage third-party Client accounts, the Policy will be subject to each third-party Client's specific investment objectives and governing documents, as well as take into account the level of influence, access and transparency that we have with respect to Obligors/Investees.

## IV: Key Elements of The Policy

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### Governance

ORIX USA Group is committed to high standards of governance that are consistent with evolving best practices and the ORIX USA Group's fundamental philosophy that all activities we pursue be derived from the fundamental principle of pursuing creative innovation to be an indispensable entity for society.

ORIX USA Group benefits from active oversight by the ORIX USA board of directors and its committees, which facilitate a structured and systematic approach to decision-making, accountability, control, and execution of strategic priorities.

## Our People

The expertise, performance, and contributions of our employees are paramount to our success in delivering value-adding solutions to our Clients and stakeholders. Employees are our most valuable asset and, as such, we strive to attract, retain, and develop them by fostering a work environment where our colleagues feel welcomed, valued, and have strong sense of belonging.

ORIX USA Group is committed to being a workplace that values diversity, equity, and inclusion and to living these values through our actions. ORIX USA Group has therefore developed internal strategies and/or guidelines around the following essential matters impacting the wellbeing and productivity of our employees, including, Talent Recruitment, Development, and Retention; Diversity, Equity & Inclusion (DE&I); Human and Labor Rights; and Safe Workplace & Open Communications (including a Harassment, Discrimination, and Retaliation Prevention Policy).

ORIX USA Group investment professionals engage in annual sustainable investment training to remain current with industry best practices and maintain a consistent approach to assessing sustainability risk.

## Operational Sustainability

At ORIX USA Group, we believe the efficiency and resiliency of our operations also depend on robust strategies and processes we seek to develop around the following matters: Anti-Corruption, Anti-Bribery, Anti-Money Laundering, and Other Related Compliance matters; Sustainability Risk Management; Environmental Sustainability; Corporate Social Responsibility; Technology & Cybersecurity; Business Continuity & Disaster Recovery; and Integration of Sustainability with Third-Party Partners.

## Stakeholder Engagement

We will seek to engage with Clients, employees, investors, regulators, and other stakeholders to understand their sustainability priorities and concerns. We will seek feedback, foster dialogue, and collaborate with stakeholders to identify opportunities and address challenges related to sustainability in the financial services sector.

# V: Sustainability Assessment

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## Investment Process & Sustainability

ORIX USA Group's investment methodology seeks to use a disciplined research, underwriting and investment selection process, which leverages the expertise of its seasoned investment teams. ORIX USA Group's investment capabilities include deal origination, asset acquisition, trading, portfolio structuring and monitoring, risk analytics and risk management. Risk underwriting and management is ingrained in the firm's culture and integrated throughout the organization.

We believe management teams of Obligors/Investees that demonstrate strong sustainability credentials are more likely to boost economic development and financial performance over time. Consequently, the assessment of a target company's ability to manage Sustainability Factors successfully is important to an investment professional's determination of fair value (equity) and fair spread/yield (credit).

## Sustainability Assessment Framework

Central to our process for identifying sustainability risks and managing them appropriately, whether when considering new investments or assessing current holdings, is ORIX USA Group's Sustainability Assessment Framework (“**Framework**”), which incorporates sustainability risk reviews throughout the origination, due diligence and underwriting and portfolio management processes.

### **Sustainability Scorecard:**

ORIX USA Group developed a proprietary “**Sustainability Scorecard**” designed to document its sustainability risk assessment in a consistent way across strategies. The Sustainability Scorecard provides a score and ratings to specific areas of concern in each of the environmental, governance, and social categories; and achieves a screening that may lead to internal escalation. The use of the Sustainability Scorecard is required for all new investments intended to be held on balance sheet or for third-party asset management Clients.

### **Stakeholder Engagement:**

ORIX USA Group will generally seek to actively engage with sponsors, Investees, and Obligors by regularly discussing material sustainability issues and insights, promoting positive practices, and providing connections to sustainability expert networks.

It is ORIX USA Group’s objective to play an important role in advancing the dialogue on sustainability by seeking constructive engagement with Obligors/Investees, partners, Clients, and industry peers, endeavoring to promote high standards of ethics, an awareness of environmental and social issues, and transparent corporate governance practices.

## Other Considerations

ORIX Group’s [sustainability page](#) explains the [core principles](#) of ORIX Group’s sustainability and details material issues that have been identified as priorities in ORIX Group’s sustainability efforts. These priorities have been determined considering social issues and their related United Nations Sustainable Development Goals (“**SDG**”) to show how the ORIX Group, through its business activities, can also contribute to sustainability in a global context. ORIX Group’s priorities shall be considered as part of ORIX USA Group’s investment analysis processes and decisions as well as operational decisions. ORIX USA Group seeks to be a meaningful contributor to achieving the ORIX Group’s sustainability priorities and goals.

The Policy is supplemented by other policies and statements that address specific sustainability issues, investment policy, and or ethics principles.

We recognize that progress takes time and building a foundation of sustainability for growth in a thoughtful and impactful way takes effort. Like the environment around us, we are adapting to changing conditions, and remain dedicated to evolving and being a responsible corporate citizen and steward in the years ahead. As a result, our Policy will be subject to periodic modification as ORIX USA seeks to adopt adequate sustainability practices and processes.

<sup>1</sup> This document represents an abbreviated summary (the "Abbreviated Summary") of ORIX USA Group's Corporate Sustainability Policy (the "Policy"). In the event of any conflict or inconsistency between this Abbreviated Summary and the Policy, the language and requirements set forth in the Policy will prevail.

<sup>2</sup> For the purpose of this Policy, "Client" means a client account of the Asset Management Business.

<sup>3</sup> For purposes of this Policy, ORIX USA and its controlled or consolidated subsidiaries and Asset Management Business, subject to the following scope limitations: (i) warehoused assets or assets not intended to be held on balance sheet; (ii) loans insured/guaranteed/sold by Lument to Government Sponsored Entities (GSEs) Fannie Mae and Freddie Mac or US federal government agencies Ginnie Mae, Federal Housing Administration, and U.S. Department of Agriculture; and (iii) underlying portfolio/operating companies of the Asset Management Business.

For purposes of this Policy, "**Asset Management Business**" means, with respect to ORIX USA Group, (1) a Registered Investment Adviser ("RIA"), (2) a registered broker/dealer, and (3) investment vehicles and accounts managed by an ORIX USA Group RIA or other ORIX USA affiliate, as applicable, including pooled funds or similar investment vehicles (including funds managed by Boston Financial and a "Propero" or successor-branded investment vehicle of Lument), separately managed accounts, or other investment vehicles (e.g., a REIT).

<sup>4</sup> For purposes of this Policy, Obligor/Investee is defined as a person or entity that, as a lessee, borrower, guarantor, counterparty or otherwise, is obligated to ORIX USA Group and/or its Clients pursuant to a lease, loan agreement, promissory note, equity investment, or other financing arrangement.

<sup>5</sup> ORIX USA Group's Lines of Business, including (1) Private Credit, (2) Real Estate, (3) Private Equity, (4) any future business line established within the ORIX USA Group, and (5) ORIX USA Group support and shared services departments.

<sup>6</sup> ORIX USA Group's Functions, including: (1) Communications & Marketing, (2) Finance & Accounting, (3) Human Resources, (4) Information Technology, (5) Integrated Risk & Portfolio Management, (6) Legal & Compliance, (7) Office & Facilities Services, and (8) Sustainability Group.