

Systems for Organizational Management

Governance 44

JFC 2013

Fundamental Approach

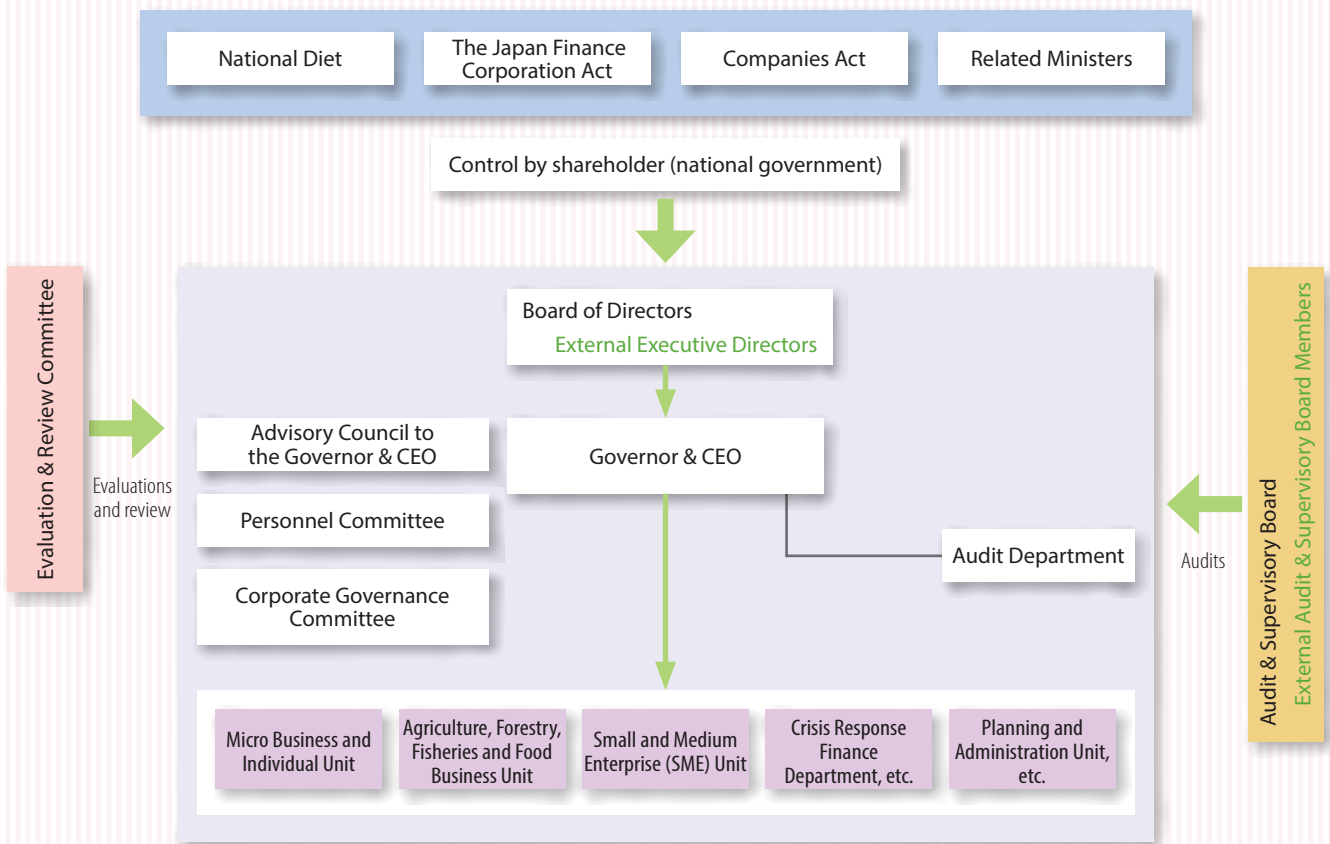
In order to fulfill its mission as a government-affiliated financial institution, Japan Finance Corporation (JFC) conducts appropriate and sound operations with a constant awareness of its social responsibilities. The governance structure is built from the perspectives of transparency, fairness, and timely action.

To ensure transparency, fairness, and timely action, JFC has established systems for undergoing external evaluations and

reviews by an Evaluation & Review Committee as well as internal and external audits by the Audit Department, the Board of Auditors, and accounting auditors.

In addition, the Board of Directors has delegated authority to the Governor & CEO to ensure rapid decision making, while transparency and fairness are ensured by the deliberations of bodies such as the Advisory Council to the Governor & CEO.

Governance Structure



1 Control by National Government

Unlike general stock corporations, a special law provides that the national government must always own all shares issued by JFC, making JFC a chartered corporation under the strict control of the government. ^{Note}

Note: Control by the national government

- Control by the government as a shareholder (pursuant to the Companies Act and other legislation)
- Control by related ministries and agencies (including audits by the Financial Services Agency and the Board of Audit of Japan)
- Control by the Diet (through budgets and other means)

2 Board of Directors

JFC's Board of Directors consists of 18 directors, two of whom are external directors (non-executive). In principle, the Board of Directors meets monthly to make decisions on key matters relating to JFC operations and for directors to make periodic reports on the performance of their duties.

3 Audit & Supervisory Board

The Audit & Supervisory Board comprises four members, three of whom are external members. The Audit & Supervisory Board members attend key meetings, including meetings of the Board of Directors, review significant documents, periodically meet with directors, and take other measures to monitor the performance of duties by the directors pursuant to fundamental audit policies and audit plans adopted by the Audit & Supervisory Board.

4 Evaluation & Review Committee

JFC established an Evaluation & Review Committee comprised of external advisers based on a decision made by the government (regarding the designing of a system pertaining to policy-based finance reform). The purpose of the Committee is to evaluate and review whether the corporation's management and operations are performed efficiently in accordance with policy goals, and to assess and examine candidates for the positions of director and Audit & Supervisory Board member in order to ensure the fairness and transparency of personnel matters relating to such positions.

The Evaluation & Review Committee evaluates and reviews the management and operations of the overall JFC, as well as that of its individual units. It also evaluates and reviews the performance of the directors responsible for executing JFC operations, and assesses and examines candidates for the positions of director and Audit & Supervisory Board member. The standards and results of evaluations and reviews relating to management and operations are made public.

The members of the Committee consist of Evaluation & Review Members, who are made up of external advisers and JFC's external directors, and Expert Members, who are external experts having specialized knowledge about the operations of JFC.

Members of Evaluation & Review Committee

(as of June 26, 2013; in alphabetical order)

Evaluation & Review Members

Kozo Fujita	Attorney at Law Former President, Hiroshima High Court
Sachiko Hayakawa	Former Director, Shiseido Communication Center External Executive Director, Japan Finance Corporation
Kiyoe Kado	Professor, College of Law and Politics, Rikkyo University
Hirofumi Miki	Chairman and Director, Toyo Seikan Group Holdings, Ltd. External Executive Director, Japan Finance Corporation
*Akio Mimura	Senior Advisor, Nippon Steel & Sumitomo Metal Corporation
Kazuo Mori	Journalist
**Naoyuki Yoshino	Professor, Faculty of Economics, Keio University
*Chairman	
**Deputy Chairman	

Expert Members

Yoshio Higuchi	Dean, Faculty of Business and Commerce, Keio University
Masao Nakata	Professor, Faculty of Economics, Seijo University
Tadanobu Nemoto	Professor, Faculty of Commerce, Chuo University
Shuji Okada	Professor, Faculty of Agriculture, Iwate University
Shinichi Shogenji	Professor, Graduate School of Bioagricultural Sciences, Nagoya University

Meetings of Evaluation & Review Committee

(Main agenda)

- **First Meeting in Fiscal 2012 (April 17, 2012)**
 - FY2011 evaluation of the performance of directors
 - Report on the FY2012 business management plan
 - Evaluation and review of candidate directors and Audit & Supervisory Board members
- **Second Meeting in Fiscal 2012 (July 3, 2012)**
 - Report on the evaluation of FY2011 business performance
 - FY2012 standards for evaluating business performance
 - Performance ratios of retiring directors
- **Third Meeting of Fiscal 2012 (November 20, 2012)**
 - Mid-year review of the FY2012 business management plan
- **Fourth Meeting of Fiscal 2012 (February 14, 2013)**
 - Evaluation and review of candidate directors and Audit & Supervisory Board members

5 Advisory Council to the Governor & CEO

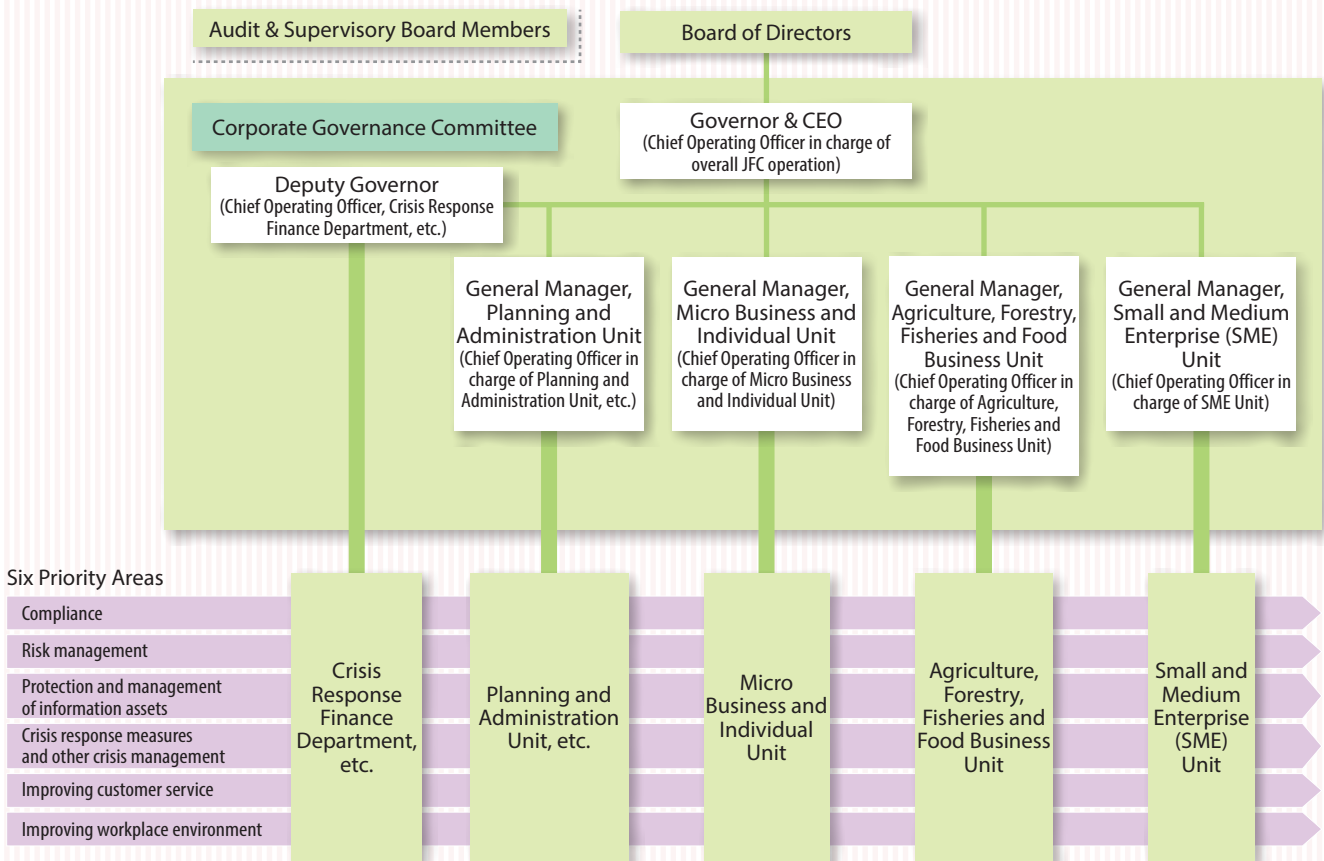
The Advisory Council to the Governor & CEO receives reports and reviews and investigates key matters concerning management of JFC in response to inquiries from the Governor.

6 Corporate Governance Committee

JFC has designated six priority areas for action concerning internal control with the aim of achieving sophisticated governance. JFC has appointed operating officers responsible for each of its business units^(Note) and has clearly established their authority and responsibilities. The operating officers have taken steps to establish a necessary structure in their respective units.

The Corporate Governance Committee deliberates matters related to the six priority areas and which require its attention and control as they relate to JFC's overall operation.

Note: The units are the Micro Business and Individual Unit, the Agriculture, Forestry, Fisheries and Food Business Unit, the SME Unit, the Crisis Response Finance Department, etc., and the Planning and Administration Unit, etc.



7 Internal Audit

JFC established the Audit Department to contribute to effective operations and the fulfillment of its operational objectives. The department assesses the suitability and effectiveness of internal controls over all operations and makes proposals for improvements.

The Audit Department operates independently from other departments under the direct authority of the Governor. It is responsible for conducting internal audits of all other departments, including JFC's head office, branches, and overseas representative offices.

When conducting audits, the Audit Department assesses and verifies the suitability and effectiveness of internal control structures, the suitability of operational processes, the reasonableness

of asset appraisals, and the status of compliance with laws, regulations, and internal rules in individual departments, and makes recommendations for improvement as necessary.

The Governor approves an annual plan for internal audits, and reports concerning the results of internal audits are submitted to the Governor to ensure prompt action concerning matters needing attention.

Proper and effective execution of internal audits by the Audit Department thus ensures that JFC functions properly as a government-affiliated financial institution and its operations continue to be sound.

◆ Fundamental Policy on Internal Control

Pursuant to the provisions of the Companies Act and the Ordinance for Enforcement of the Companies Act, JFC adopted a fundamental policy on internal controls concerning the establishment of structures for ensuring compliance with laws and regulations and proper activities by directors and employees when performing their duties.

Fundamental Policy on Internal Control

Article 1. Systems for ensuring compliance with laws, regulations, and the Articles of Incorporation in the performance of duties by directors and employees

1. JFC shall adopt Regulations Concerning Compliance with Laws and Regulations, as well as other rules concerning compliance, to ensure that the performance of duties by directors and employees, including temporary workers (this definition applies to the remainder of this document), comply with laws, regulations, and the Articles of Incorporation (hereinafter referred to as the "Laws and Regulations"). Furthermore, JFC shall make such regulations known to all directors and employees.
2. Directors and employees shall abide by all rules concerning compliance.
3. JFC shall appoint persons responsible for compliance so as to establish and reinforce structures relating to compliance with the Laws and Regulations.
4. JFC shall establish a committee with the Governor & CEO as its chairman to review key matters relating to compliance and to monitor the status of compliance with the Laws and Regulations.
5. JFC shall establish effective internal reporting systems and operate them appropriately so that material matters relating to compliance can be discovered promptly and necessary corrective measures can be introduced.
6. JFC shall not maintain any relationships whatsoever with antisocial forces. It shall maintain an uncompromising attitude throughout the organization toward antisocial forces, and decisively reject all improper demands from such forces.

Article 2. Systems relating to retention and management of information concerning performance of duties by directors

1. JFC shall establish Information Asset Management Regulations and other rules concerning the retention and management of information assets so that information concerning the performance of duties by directors, customer information, and other information handled by JFC can be appropriately retained and managed.
2. JFC shall retain and manage minutes of Board of Directors' meetings and other documents concerning the performance of duties by directors in accordance with laws, regulations, and rules relating to the retention and management of information assets.
3. Directors and employees shall appropriately retain and manage information assets in line with laws, regulations, and rules relating to the retention and management of information assets.

Article 3. Regulations and other systems relating to management of loss exposure

1. In recognition of the importance of risk management, JFC shall adopt Comprehensive Risk Management Regulations and other rules relating to risk management, including an organizational structure to enable risk management specific to different types of risks that should be recognized in the performance of operations, as well as comprehensive risk management. JFC shall apply appropriate risk management tools to control various types of risks.
2. JFC shall appoint persons responsible for the management of various types of risks and establish a committee with the Governor & CEO as its chairman to conduct reviews and examinations to ensure effective risk management.
3. JFC shall adopt Crisis Management Regulations and other rules relating to crisis management and establish crisis management systems to prepare for the occurrence of disasters and other critical events.
4. If a critical event occurs that either disrupts or is feared to disrupt normal operations, JFC shall establish a response headquarters as necessary and take measures for the speedy and efficient restoration of operations in accordance with various rules concerning crisis management.

Article 4. Systems to ensure efficient performance of duties by directors

1. The Board of Directors shall meet monthly and as necessary to make decisions on significant matters relating to the basic policy of operation for the entire JFC organization, and receive reports from directors concerning the performance status of their duties.
2. JFC shall establish an Advisory Council to the Governor & CEO and other deliberative bodies to ensure the efficient performance of duties by directors.
3. JFC shall clearly define the authority vested in the Governor & CEO and general managers, as well as that vested in directors, managing executive officers, department managers at the head office and other individuals with operational responsibility. Such individuals shall efficiently perform their duties in line with the authority vested upon them.

Article 5. Internal audit systems for ensuring proper operations

1. JFC shall adopt Internal Audit Regulations and other rules relating to internal audits to ensure the appropriateness and soundness of its operations.
2. JFC shall establish an Audit Department, which shall be independent of audited divisions and under the direct authority of the Governor, to handle matters relating to internal audits.
3. The Audit Department shall perform internal audits pursuant to various rules relating to internal audits under the direction of the Governor & CEO, and report the results of its audits to the Governor.
4. The Audit Department shall periodically and as necessary, as well as upon request by a director or an Audit & Supervisory Board member, report the results of internal audits to either the Board of Directors or other organizations or deliberative bodies under the direction of the Governor & CEO.
5. The Audit Department shall exchange information as necessary with the Audit & Supervisory Board members and the accounting auditors and shall strive to perform internal audits efficiently under the Governor's direction.

Article 6. Matters relating to employees assigned to assist Audit & Supervisory Board members in performing their duties upon request by corporate auditors

1. JFC shall assign full-time employees to assist the Audit & Supervisory Board members in performing their duties.
2. Those full-time employees shall perform their duties in line with instructions from the Audit & Supervisory Board members.
3. When deemed necessary, the Audit & Supervisory Board members may assign employees other than the full-time employees referred to above to assist in the performance of audits with the approval of the Governor.

Article 7. Matters relating to independence from directors of employees assisting Audit & Supervisory Board members

JFC shall secure prior approval of the full-time Audit & Supervisory Board members on any decision concerning personnel evaluations, transfers, or other personnel matters relating to employees assisting with the performance of duties by the Audit & Supervisory Board members.

Article 8. System of reporting by directors and employees to Audit & Supervisory Board members and other systems of reporting to audit & supervisory board members

1. The representative director and other directors who perform operational duties shall make accurate reports concerning the status of performance of their duties from time to time at the Board of Directors' meetings and other important meetings attended by the Audit & Supervisory Board members.
2. In the event that a director or an employee discovers any fact that has the potential of inflicting substantial harm upon JFC, or improper conduct or serious violations of the Laws and Regulations, such director or employee shall promptly report the fact to the Audit & Supervisory Board members.

Article 9. System for ensuring effective performance of audits by Audit & Supervisory Board members

1. The Audit & Supervisory Board members shall be entitled to request reports from directors and employees concerning the status of performance of their duties whenever they determine such reports are necessary for the effective performance of audits. A director or employee who receives such a request shall promptly furnish a report in line with the request.
2. The Audit & Supervisory Board members may attend important meetings, including the Board of Directors' meetings and those of the Advisory Council to the Governor & CEO, to express their opinions as necessary. Corporate auditors may also request to review minutes and other related documents concerning meetings they did not attend.
3. The Governor & CEO shall hold periodic meetings with the Audit & Supervisory Board members to exchange opinions.
4. The Audit & Supervisory Board members may request the cooperation of the Audit Department and departments that oversee risk management and compliance matters.
5. The Audit & Supervisory Board members may seek the advice of attorneys, certified public accountants, and other professionals concerning audits when deemed necessary for the effective performance of audits.

Priority Areas of Internal Control

JFC has designated six priority areas for internal control to attain a high level of corporate governance.

1 Compliance

JFC is pursuing highly transparent and efficient business operations and developing a compliance regime aimed at not only strict compliance with laws and regulations but also compliance fully congruent with social norms.

(1) Compliance Manual

JFC publishes a Compliance Manual that serves as a guidebook for practicing compliance, and ensures that all management and staff are fully knowledgeable of its contents.

(2) Internal Reporting System

With the goal of promptly recognizing and resolving behavior that poses or has the potential of posing compliance issues, JFC has established compliance help lines inside the company and at an attorney's office to allow employees to directly inform the company of any such behavior.

(3) Responses to Antisocial Forces

Recognizing that adopting a firm stance and rejecting all relationships with antisocial forces is essential for maintaining the trust of the public in JFC and for ensuring the appropriateness and soundness of its operations, JFC responds properly to antisocial forces in cooperation with the police and other competent organizations.

(4) Preventing Insider Trading

In an effort to prevent insider trading by its management and staff, JFC has adopted regulations that stipulate fundamental compliance requirements that all management and staff must follow.

They are all required to be thoroughly knowledgeable of these regulations and to comply with them.

2 Risk Management

JFC is conducting integrated management of the risks it is facing to perform sustainable and stable policy-based financing.

▼ Risks Subject to Management

Managed risk	Definition
Credit risk	Potential losses from a decline or loss of the value of credit assets (including off-balance sheet assets) due to deterioration in the financial conditions of borrowers.
Credit insurance underwriting risk	Potential losses that result from unexpected fluctuations in the covered risk occurrence rate, collection rate, or other factors not anticipated when insurance premiums are set.
Market risk	Potential losses from changes in the value of assets and liabilities (including off-balance sheet assets and liabilities) or in returns generated by them, as a result of fluctuations in various market risk factors, including interest rates, foreign exchange rates and stock prices.
Liquidity risk	Potential losses from difficulties in funding due to a maturity mismatch between financing and funding or from being forced to fund at an interest rate significantly higher than in normal circumstances, as well as potential losses from a failure to make transactions in the market due to market turmoil or from being forced to make transactions at a significantly disadvantageous price than in normal circumstances.
Operational risk	Potential losses from inadequate or failed internal processes, people and systems or from external events.
Administrative risk	Potential losses from negligence of duty or from accidents or misdeeds.
Information technology risk	Potential losses from breakdown or malfunction in computer systems as well as from their misuse.
Human risk	Potential losses as the result of inappropriate work conditions, improper workplace and safety environments, personnel turnovers, declines in morale, inadequate employee training, etc.
Legal risk	Potential losses resulting from violations of laws, breaches of contracts, signing of inappropriate contracts, and other legal factors.
Tangible asset risk	Potential losses from damage to tangible assets as the result of a disaster or other events.
Reputational risk	Potential losses and damage from a decline in creditworthiness caused by such factors as a tarnished reputation or spread of rumors.

3 Record and Management of Information Assets

JFC has built a structure for conducting proper and efficient operations by adopting a security policy and ensuring information security that meets the highest standards. JFC also conducts appropriate document management pursuant to the provisions of the Act on the Management of Official Documents (Act No. 66 of 2009).

Security Policy

Japan Finance Corporation (hereinafter "JFC") adopts the following fundamental policy concerning the use and management of information assets and will properly handle, manage, protect, and maintain information assets to achieve information security that meets the highest standards so as to support the proper and efficient operations of JFC.

(1) Basic Principles

JFC shall use and manage information assets in line with the basic principles set forth hereunder while complying with all applicable laws, regulations, and rules.

- A. Information assets shall be used appropriately and only for their intended purposes.
- B. Authority concerning the management of information assets shall be granted only after careful consideration of the nature of the work and necessity.
- C. When adopting and implementing information security measures, the following matters shall be taken into consideration, based on the nature of the work:
 - a. clarification of responsibilities and roles within implementation structures; and
 - b. timely and prompt implementation of necessary, sufficient, effective, and efficient measures.

(2) Proper Management of Information Assets

Information assets refer to information and information systems. Information assets are classified according to such factors as their degree of confidentiality, completeness, usability, and importance, and are managed appropriately in line with their classification.

(3) Information Asset Management Structures

Structures shall be established for ensuring the security of information assets.

(4) Protection of Personal Information

JFC shall protect and manage personal information by establishing a Privacy Policy in line with the provisions of the Act on the Protection of Personal Information Held by Incorporated Administrative Agencies (Law No. 59 of 2003).

(5) Information Security Training

JFC shall provide necessary training to all officers and employees who handle information assets as called for by the duties they perform and when needed so as to ensure that they understand the requirements imposed by applicable laws and regulations, as well as by this policy and other applicable rules, and prevent the occurrence of information security-related problems.

(6) Outsourcing of Work

In the event that JFC engages persons other than its officers and employees to manage its information assets by outsourcing such work, it shall verify that information security is ensured and take appropriate measures in line with the content of the information assets.

(7) Responses to Information Security Incidents

In the event of improper disclosure of personal or customer information or other incidents that present information security problems, JFC shall promptly introduce appropriate measures.

(8) Evaluation and Review

This policy shall be evaluated and reviewed as necessary to enable flexible responses to such changes in the external environment as the enactment, amendment, or repeal of applicable laws and regulations, as well as innovations in information security technology, and to those in the internal environment, including organizational and operational changes, and updates to JFC's information systems.

4 Crisis Response Measures and Other Crisis Management

JFC has in place such organizations as a disaster and accident response headquarters, and an overseas crisis management committee to restore and maintain appropriate operational structures in the event of such disasters as earthquakes or fire, as well as emergency situations, such as accidents, or the outbreak of an infectious disease.

5 Improving Customer Service

JFC strives to protect the interests of customers and enhance their convenience, and assumes the perspective of customers in its behavior under its Customer Protection Management Policy.

Customer Protection Management Policy

- (1) Japan Finance Corporation (hereinafter "JFC") shall continuously protect the interests of its customers and strive to enhance the convenience afforded to customers by providing appropriate and adequate explanations and support in line with applicable laws and regulations.
- (2) JFC shall provide customers with appropriate and adequate explanations and information concerning transactions and products.
- (3) JFC shall respond fairly, promptly, and sincerely to customer inquiries and complaints in order to gain their understanding and trust, and shall strive to properly reflect them in its operations.
- (4) JFC shall appropriately protect and manage customer-related information.
- (5) JFC shall take steps to ensure that customer information is properly managed and responses to customers are properly handled when it outsources its work to outside parties.

* In this policy, "customers" refer to corporations, other organizations, and individuals who meet the following criteria:

- a. Those who currently use JFC's services;
- b. Those who previously used JFC's services; and
- c. Those considering the use of JFC's services.

* JFC operations that require the protection of its customers are stipulated in Article 11 of the Japan Finance Corporation Act (Law No. 57 of May 25, 2007) and other JFC operations stipulated by laws and regulations.

6 Improving the Workplace Environment

JFC is making efforts to improve its workplace environment by establishing the Workplace Environment Improvement Committee in order to improve operations. The Committee periodically gleans

evaluations of the workplace environment from a broad range of employees, and uses that information to consider specific measures leading to improvements in the workplace environment.

Promoting Career Development for Women

JFC is striving to create a workplace environment where female employees can realize their full potential and continue to thrive in their work, thereby enhancing JFC's organizational strength.

1 Supporting Career Development for Female Employees

With an aim of developing female employees at an early stage, JFC has set a numerical target for the ratio of female managers (5% by April 1, 2018). To achieve this target, it runs a number of programs, including Project Challenge!, a program to develop female candidates for managerial positions, and a step-up program

enabling employees to move up from clerical positions to specialist positions. With an aim of upgrading the skills of female employees, JFC promotes their attendance at external seminars, and holds Cheer Up Meetings for discussion among female employees, and Career Vision Training for them to consider their career path.

2 Supporting Work-life Balance

Recognized as an accredited employer under the Act on Advancement of Measures to Support Raising Next-Generation Children, JFC obtained the "Kurumin" certification mark in November 2010, and it has since promoted initiatives supporting work-life balance. Specifically, in order to assist employees on childcare leave in making a smooth transition back to work, JFC has introduced the "Return-to-Work Support Tool for Parents on Childcare Leave," which enables them to keep in touch with their workplace while on leave. JFC has also held the "Return-to-Work Forum for Employees on Childcare Leave," which features a meeting for employees on childcare leave to exchange information with each other as well as advice on balancing home and work life from employees experienced in raising children.



Certification mark

3 Raising Awareness

With an aim of conducting awareness-raising activities in each workplace to further enhance the effectiveness of promoting career development for women, JFC is promoting voluntary activities at all branches, centered around Regional Committees for the Promotion of Career Opportunities for Women which have been established at ten branches (Sapporo, Sendai, Saitama, Tokyo, Yokohama, Nagoya, Osaka, Hiroshima, Takamatsu and Fukuoka).



"Promotion of Career Opportunities for Women" poster

Improving the Workplace Environment

JFC has made efforts to realize work-life management ^(Note) for employees by examining issues that contribute to better workplace environments. Note: "Work-life management" refers to employees actively and willingly managing how they work and live, so that they can enrich both their family life and work life while also fulfilling their roles and responsibilities in each.

1 Employee Climate Surveys

JFC conducts an employee climate survey once a year for all employees. Its objective is to make clear each employee's assessment and perceptions of the working environment and to formulate and implement measures that contribute to improvement in the workplace environment. JFC makes active use of the views and assessments of the workers expressed in this survey to improve the workplace environment.

2 Family Open House Day

Family Open House Day is held with the aim of realizing a friendlier workplace environment for staff-members by fostering a deeper understanding of each other's families.

Through such initiatives, JFC is promoting the realization of work-life management for employees and the development of friendly workplace environments.

3 "No Overtime" Days

JFC conducts "no overtime" days as part of its promotion of work-life management. In doing so, it advances operational efficiency throughout entire workplaces and promotes the practice of a varied work style for each and every employee.



Family Open House Day

Protection of Personal Information

JFC adopted and made available to the public its Privacy Policy with provisions necessary for the appropriate management of personal information in its possession in accordance with the Act on the Protection of Personal Information Held by Incorporated Administrative Agencies and other laws relating to the protection of personal information.

Privacy Policy

Japan Finance Corporation (hereinafter "JFC") positions the trust of our clients as our first priority, deeply recognizes the importance of our clients' personal information, and believes that it is our duty to our clients to properly manage and protect their personal information.

With a view to protecting our clients' personal information, JFC will conduct our operations in a manner whereby we observe the Act on the Protection of Personal Information Held by Incorporated Administrative Agencies, etc. (hereinafter called the "Law"), the Guidance concerning the Measures to Properly Manage the Personal Information held by Incorporated Administrative Agencies, etc., and so forth.

1 Acquisition of Personal Information

JFC will acquire our clients' personal information through proper and lawful means. When we acquire personal information from our clients directly in writing, we will specify in advance the purposes for its use that are within the necessary scope of JFC's operations.

2 Use of Personal Information

JFC will specify the purposes for use in obtaining the necessary personal information of our clients as listed below, and will use it within the scope that is necessary to achieve such purposes:

For all JFC Sectors

- (1) To confirm the clients' personal identity (including qualifications and requirements for our various lending facilities).
- (2) To receive loan applications, decide loan approvals, and conduct loan management after disbursements and/or repayments.
- (3) To make contracts, and exercise legal rights and obligations.
- (4) To conduct surveys and research through issuing questionnaires and providing reference information.
- (5) To respond properly and smoothly to questions and inquiries, and deal with transactions including queries from JFC.

Micro Business and Individual Unit

- A. Direct mailings providing information on loan programs, etc.^(Note)

Note: JFC may use direct mailing to furnish its customers with information on its loan programs that it believes to be in the best interest of the customers. Customers who do not wish to receive such mailings may request to be removed from the mailing list by contacting a local branch of the Micro Business and Individual Unit.

- B. Disclosure to designated recipients of information listed in the following table.

Customer information disclosed	Recipient
a. Customers who inquire about or submit applications for business improvement loan program	Chambers of commerce and industry, commerce and industry associations, and prefectural federations of societies of commerce and industry
b. Customers who inquire about or submit applications for environmental health improvement loan program	Prefectural environmental health industry associations and prefectural environmental health business guidance centers
c. Customers who submit applications for educational loan program	Consumer credit agencies
d. Customers who submit applications for government pension- and mutual aid pension-backed loan programs	Government agencies that determine government pensions, etc.
e. Customers who submit applications for loan guarantees by Educational Financing Guarantee Fund (limited to education loan program)	Educational Financing Guarantee Fund
f. Customers who submit applications for group credit life insurance	Kouko Group Credit Life Insurance Association
g. Customers who submit applications for loans with guarantee from Credit Guarantee Corporations	Prefectural Federation of Credit Guarantee Corporations

Agriculture, Forestry, Fisheries and Food Business Unit

- A. Screening procedures by administrative agencies necessary for loans, and procedures for receipt of confirmatory documents and opinion letters from administrative agencies necessary for loans.
- B. Disclosure of information to third parties to the extent necessary for proper execution of operations, such as reporting to competent ministries and supervisory agencies.
- C. Preparation of documents for use in making loan decisions, such as by conducting data analysis.
- D. Disclosure of information relating to loans, such as the mailing of payment notices.
- E. Surveys and research using questionnaires and so on, and the provision of reference information such as through direct mail.

Note: JFC may use direct mailing to furnish its customers with information on its loan programs that it believes to be in the best interest of the customers. Customers who do not wish to receive such mailings may request to be removed from the mailing list by contacting a local branch of the Agriculture, Forestry, Fisheries and Food Business Unit.

Small and Medium Enterprise (SME) Unit

- A. Underwriting of credit insurance, payment of insurance proceeds, and management of insurance, following underwriting.
- B. Disclosure of information necessary for supporting the management of SMEs provided to aid the growth and development of SME customers.
- C. Conducting and releasing the results of surveys concerning business trends among SMEs conducted to support the growth and development of SME customers.
- D. Offer of information or suggestions concerning loan programs.
- E. Evaluation of policies regarding SMEs, and release of evaluation results, as well as research and development concerning new policy-based financing methods.

Crisis Response Finance Department

- A. Casualty insurance underwriting, damage compensation, and post-crisis management.
- B. Payment of interest subsidies and management subsequent to payment.

3 Provision of Personal Information to Third Parties

JFC will not provide the personal information acquired from its clients to third parties except for in the following cases:

- (1) It is required by law.
- (2) It is provided within the scope of the purposes for use as prescribed above.
- (3) Consent is obtained from the clients.
- (4) There are convincing reasons why executive agencies, incorporated administrative agencies, local municipal entities or local incorporated administrative agencies would use it to the necessary extent to carry out the law-stipulated operations.
- (5) It is used for statistics compilation or academic research.
- (6) It is clearly beneficial to the clients or there exist special reasons to provide personal information.

4 Subcontract

JFC may subcontract the handling of our clients' personal information to conduct such operations more smoothly. In such cases, JFC will attempt to select a trustworthy subcontractor, enter into a confidentiality agreement, supervise the handling and administering of the personal information impeccably, and assure the protection of personal information.

5 Personal Information Management

- (1) JFC will attempt to keep our clients' personal information correct and updated, and take prevention and safety measures against unauthorized access, leakage, loss, damage, and alteration of personal information.
- (2) JFC will constantly educate its employees about the protection and proper management of our clients' personal information to thoroughly make sure of its proper handling in its daily operations.
- (3) JFC will audit whether the protection and management of personal information is undertaken properly.

6 Disclosure, Correction, and Disuse

If a client wishes to make a request to disclose, correct or disuse the clients' personal information held by JFC, we will deal with such a request by following the procedure of disclosure stipulated in the Law.

Meanwhile, there are some cases when such disclosure could be made out of the procedure of disclosure stipulated in the Law, for which please contact our nearest office of the relevant Unit.

7 Inquiries about Personal Information Management

For inquiries or complaints about the clients' personal information management at JFC, please contact our nearest office of the relevant Unit.

8 Continuous Improvement

JFC will continuously improve the clients' personal information management as necessary.

Information Disclosure Systems

JFC is working to expand the disclosure of information in its possession in order to hold itself accountable to the public.

JFC is subject to the Act on Access to Information Held by Incorporated Administrative Agencies (Act No. 140 of 2001). JFC works

to promote better information disclosure through a system for filing requests as well as a system for information provision.

The main types of information made available to the public are as follows:

▼ Major Types of Information Made Available to the Public

Information type	Disclosure site and method	Timing of disclosure
Business reports	<ul style="list-style-type: none"> • Available at all branches • Distributed to National Diet Library, regional public organizations, and business groups 	June–Sep.
Supporting schedules		
Asset inventories		
Financial statements		
Corporate auditor opinions		
Internal audit reports		
Audit reports by CPA firm	<ul style="list-style-type: none"> • Available at all branches • Distributed upon request 	Aug.
Disclosure reports (this document)		
Website <ul style="list-style-type: none"> • Includes explanations of business activities, organizational structures, etc. • Electronic public notice 	<ul style="list-style-type: none"> • Available on Internet (http://www.jfc.go.jp/n/english/) 	Updated as necessary