Systems for Organizational Management

Governance
Governance

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 internal audit departments, the Audit & Supervisory Board, 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: Control by the 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 properly and 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.

**Member of the Evaluation & Review Committee**
(as of July 1, 2015, in alphabetical order)

<table>
<thead>
<tr>
<th>Evaluation &amp; Review Members</th>
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<tbody>
<tr>
<td>Kozo Fujita</td>
<td>Attorney at Law</td>
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<td></td>
<td>Former President, Hiroshima High Court</td>
</tr>
<tr>
<td>Kiyoe Kado</td>
<td>Professor, College of Law and Politics, Rikkyo University</td>
</tr>
<tr>
<td>* Hirofumi Miki</td>
<td>Honorary Chairman, Toyo Seikan Group Holdings, Ltd.</td>
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<td>Kazuo Mori</td>
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</tr>
<tr>
<td>Shizuka Uzawa</td>
<td>Director, Chairman (Representative director) of Nisshinbo Holdings, Inc.</td>
</tr>
<tr>
<td>Yoshiko Watanabe</td>
<td>External Executive Director, Japan Finance Corporation</td>
</tr>
<tr>
<td>** Naoyuki Yoshino</td>
<td>Emeritus professor, Keio University</td>
</tr>
<tr>
<td>* Chairman</td>
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<td>** Deputy Chairman</td>
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**Expert Members**

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<tbody>
<tr>
<td>Yoshio Higuchi</td>
<td>Professor, Faculty of Business and Commerce, Keio University</td>
</tr>
<tr>
<td>Masao Nakata</td>
<td>Professor, Faculty of Economics, Seijo University</td>
</tr>
<tr>
<td>Tadanobu Nemoto</td>
<td>Professor, Faculty of Commerce, Chuo University</td>
</tr>
<tr>
<td>Shuji Okada</td>
<td>Professor, Faculty of Agriculture, Iwate University</td>
</tr>
<tr>
<td>Shinichi Shogenji</td>
<td>Professor, Graduate School of Bioagricultural Sciences, Nagoya University</td>
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**Meetings of Evaluation & Review Committee**
(Main agenda)

- **First in FY2014 (April 15, 2014)**
  - Report on the FY2014 business management plan
  - FY2014 Performance evaluation standards
  - FY2013 Evaluation of the performance of directors
  - Evaluation and review of candidate directors

- **Second in FY2014 (July 2, 2014)**
  - FY2013 Report on the evaluation of business performance
  - Performance evaluations of retiring directors
  - Performance ratios of retiring directors

- **Third in FY2014 (November 18, 2014)**
  - Appointment of Chairman and Deputy Chairman
  - Mid-year review of the FY2014 business management plan
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 and the System Audit Department as the internal audit departments to contribute to effective operations and the fulfillment of its operational objectives. The departments assess the suitability and effectiveness of internal controls over all operations and makes proposals for improvements.

The Audit Department and the System Audit Department operate 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 internal audit departments thus ensure 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 (Law No. 86 of 2005), 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.

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 anti-social forces. It shall maintain an uncompromising attitude throughout the organization toward anti-social 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 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 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 the internal audit departments, which shall be independent of audited divisions and under the direct authority of the Governor, to handle matters relating to internal audits.
3. The internal audit departments 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 internal audit departments 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 internal audit departments 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 Audit & Supervisory Board Members
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. Matters relating to the effectiveness of instruction to employees assisting Audit & Supervisory Board members
In addition to compliance with Article 2, JFC shall not prevent employees from carrying out directives received from Audit & Supervisory Board Members when assisting such Audit & Supervisory Board Members.

Article 9. 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 10. System to ensure that directors and employees that have reported to Audit & Supervisory Board Members are not treated unfairly due to having submitted such reports
JFC shall not unfairly treat directors and employees that have submitted reports in accordance with Article 2.

Article 11. Matters relating to policy on procedures for prepayment or reimbursement of costs incurred due to the execution of Audit & Supervisory Board Members directives as well as the processing of costs and debt incurred due to the execution of other related duties
JFC shall not refuse invoices for costs incurred from the Audit & Supervisory Board members seeking the advice of attorneys, certified public accountants, and other professionals concerning audits when deemed necessary for the effective performance of audits.

Article 12. 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. Audit & Supervisory Board Members 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 internal audit departments and divisions 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 action concerning internal control with the aim of achieving sophisticated 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. **Handling of Anti-Social Forces**
   Recognizing that adopting a firm stance and rejecting all relationships with anti-social 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.

<table>
<thead>
<tr>
<th>Managed risk</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Credit risk</td>
<td>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.</td>
</tr>
<tr>
<td>Credit insurance underwriting risk</td>
<td>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.</td>
</tr>
<tr>
<td>Market risk</td>
<td>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.</td>
</tr>
<tr>
<td>Liquidity risk</td>
<td>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.</td>
</tr>
<tr>
<td>Operational risk</td>
<td>Potential losses from inadequate or failed internal processes, people and systems or from external events.</td>
</tr>
<tr>
<td>Administrative risk</td>
<td>Potential losses from negligence of duty or from accidents or misdeeds.</td>
</tr>
<tr>
<td>Information technology risk</td>
<td>Potential losses from breakdown or malfunction in computer systems as well as from their misuse.</td>
</tr>
<tr>
<td>Human risk</td>
<td>Potential losses as the result of inappropriate work conditions, improper workplace and safety environments, personnel turnovers, declines in morale, inadequate employee training, etc.</td>
</tr>
<tr>
<td>Legal risk</td>
<td>Potential losses resulting from violations of laws, breaches of contracts, signing of inappropriate contracts, and other legal factors.</td>
</tr>
<tr>
<td>Tangible asset risk</td>
<td>Potential losses from damage to tangible assets as the result of a disaster or other events.</td>
</tr>
<tr>
<td>Reputational risk</td>
<td>Potential losses and damage from a decline in creditworthiness caused by such factors as a tarnished reputation or spread of rumors.</td>
</tr>
</tbody>
</table>
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;
   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
A. 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.
B. In the event information is obtained via cyber-attack of information systems, JFC shall promptly contact the Ministry of Finance.

(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. We have also established the Business Continuity Plan (BCP*) in anticipation of such disasters as earthquakes occurring in the Tokyo Metropolitan area or new strains of pandemic influenza to limit the effects of these disasters to the extent possible and facilitate a quick recovery.

Note: The Business Continuity Plan (BCP) enables the continuation or early restoration of core business operations which thereby minimizes economic loss in the event of a natural disaster or some other emergency situation.

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:
  i) Those who currently use JFC’s services;
  ii) Those who previously used JFC’s services; and
  iii) 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 conducts an awareness survey on all employees once per year to assess working environment and other challenges and help determine future initiatives to overcome these challenges. JFC makes active use of the views and assessments of the workers expressed in this survey to improve the workplace environment.
**Promotion of Career Opportunities for Women**

JFC is undertaking numerous initiatives to create workplaces where women can exercise their abilities to the fullest.

## 1 Career Development for Women

To reach the goal of “Women comprising 5% of Managers (by April 2018)” that was established in FY2011, the Training Program for Women Candidates for Managerial Positions “Project Challenge!!”, a step-up program enabling employees to move up from clerical positions to specialist positions, and a system to send women to external seminars to improve their skills were implemented.

In addition, a “Mentoring System” was introduced for young employees in which veteran employees act not only as advisors for work related issues but also provide individual support by discussing issues related to work-life management, etc.

## 2 Policy Measures that Support Both Work and Life Events

In order to achieve diverse work styles, balance support measures have been implemented so that employees can better deal with major life events.

In addition, recognized as an accredited employer under the Act on Advancement of Measures to Support Raising Next-Generation Children (Law No. 120 of 2013), JFC obtained the “Kurumin” certification mark in 2010 and 2013.

### Balance Support Measures for Major Life Events

<table>
<thead>
<tr>
<th>Marriage</th>
<th>Pregnancy</th>
<th>Child bearing</th>
<th>Childcare</th>
<th>Nursing care</th>
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<tbody>
<tr>
<td>Leave</td>
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<tr>
<td></td>
<td>Use of maiden name</td>
<td>Special treatment for marriage</td>
<td>Special treatment for childbearing</td>
<td>Special treatment for childcare</td>
</tr>
<tr>
<td></td>
<td>Return to work support Navi for people on childcare leaves of absence (nickname: Iku-Navi)</td>
<td>Babysitter discount system</td>
<td>Partial payment of the cost of day care and sick child day care services</td>
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<td></td>
<td>Pre-rest interview</td>
<td>Pre-return interview</td>
<td>Post-return interview</td>
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**Papa and Mama Childcare Leave Plus**

In order to promote the taking of childcare leave by male employees, this system establishes the age range of children that qualify their parents for childcare leave in principle up to the age of 1 year 2 months when both parents take childcare leave.

**Maternity leave**

<table>
<thead>
<tr>
<th>Period</th>
<th>Description</th>
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<tbody>
<tr>
<td>2 weeks prior to childbirth</td>
<td>Leave to participate in child rearing</td>
</tr>
<tr>
<td>6 weeks prior to childbirth</td>
<td>Leave for expectant and nursing mother (To reduce the daily commute, for health checkups, for rest)</td>
</tr>
<tr>
<td>1 month after birth</td>
<td>Maternity leave (new mothers)</td>
</tr>
<tr>
<td>8 weeks after birth</td>
<td>Leave for expectant and nursing mother (Health checkups)</td>
</tr>
<tr>
<td>1 year old + 2 months</td>
<td>Childcare leave</td>
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</tbody>
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**Childcare leave**

<table>
<thead>
<tr>
<th>Period</th>
<th>Description</th>
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<tbody>
<tr>
<td>6 months after the birth of the first child, 1 year after birth of the second child, 2 years after birth of the third child (if applicable)</td>
<td>Leave to nurse a sick child</td>
</tr>
<tr>
<td>1 year 6 months or the end of the fiscal year after the child’s first birthday, whichever is longer</td>
<td>Leave when the nursery center, etc. the child attends is closed</td>
</tr>
<tr>
<td>Moratorium on overtime and weekend/holiday work</td>
<td>The period for childcare leave may be increased in some cases</td>
</tr>
<tr>
<td>Restrictions on overtime, weekend/holiday work, exemption, and moratorium on late-night overtime work</td>
<td>Reduction of work hours and changes in start and finish times</td>
</tr>
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**Nursing care leave of absence**

<table>
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<tr>
<th>Period</th>
<th>Description</th>
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<tbody>
<tr>
<td>3 months prior to childbirth</td>
<td>Maternity leave (spouses)</td>
</tr>
<tr>
<td>2 weeks prior to childbirth</td>
<td>Leave to participate in child rearing</td>
</tr>
<tr>
<td>1 month after birth</td>
<td>Maternity leave (spouses)</td>
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**Pre-return interview**

**Post-return interview**

**Loan of iPad to those on childcare leave of absence**

*Used for access to the in-house LAN and for communication via email*
3 Promotion of Employee Activities
We are planning and implementing activities from a variety of viewpoints and utilizing a variety of human resources at all 152 branches nationwide, mainly through the 10 “Regional Committees for the Promotion of Women’s Activities” blocks (located in the Sapporo, Sendai, Saitama, Tokyo, Yokohama, Nagoya, Osaka, Hiroshima, Takamatsu, Fukuoka branches).

In FY2013 we appointed 10 dedicated staff nationwide to promote activities by women and created a system that makes coordination of activities within each block easier. As we work to make these activities more firmly established, we are also working on initiatives to actively cooperate with external organizations.

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”: To employees actively and willingly managing how they work and live, so that they can enrich both their work and life while also fulfilling their roles and responsibilities in each.

1 Promotion of Diverse Work Styles
As part of our implementation of work-life management, we promote the implementation of 2 no overtime days per week and the planning vacation acquisition. In doing this, we are promoting increased efficiency at workplaces as a whole and are promoting diverse work styles for each employee.

2 Creating a Work Environment that Enables Every Employee to Demonstrate Their Capability and Proficiency
We are committed to creating a working environment in which a diverse workforce can demonstrate their capabilities and proficiencies through such activities as seminars held by our internal training programs, which are tailored to each hierarchical layer, to deepen understanding of the importance of diversity.

3 Reflection of Employee Needs in All Policies
Once a year we conduct an awareness survey of all employees to ascertain problems related to workplace environments. We reflect the views of the employees expressed in this survey in all of our policies to improve workplace environments.
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 (Law No. 59 of 2003) 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

1. 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.
2. Disclosure to designated recipients of information listed in the following table.

<table>
<thead>
<tr>
<th>Customer information disclosed</th>
<th>Recipient</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Customers who inquire about or submit applications for business improvement loan program</td>
<td>Chambers of commerce and industry, commerce and industry associations, and prefectural federations of societies of commerce and industry</td>
</tr>
<tr>
<td>b. Customers who inquire about or submit applications for environmental health improvement loan program</td>
<td>Prefectural environmental health industry associations and prefectural environmental health business guidance centers</td>
</tr>
<tr>
<td>c. Customers who submit applications for educational loan program</td>
<td>Consumer credit agencies</td>
</tr>
<tr>
<td>d. Customers who submit applications for government pension- and mutual aid pension-backed loan programs</td>
<td>Government agencies that determine government pensions, etc.</td>
</tr>
<tr>
<td>e. Customers who submit applications for loan guarantees by Educational Financing Guarantee Fund (limited to education loan program)</td>
<td>Educational Financing Guarantee Fund</td>
</tr>
<tr>
<td>f. Customers who submit applications for group credit life insurance</td>
<td>Kouko Group Credit Life Insurance Association</td>
</tr>
<tr>
<td>g. Customers who submit applications for loans with guarantee from Credit Guarantee Corporations</td>
<td>Prefectural Federation of Credit Guarantee Corporations</td>
</tr>
</tbody>
</table>
Agriculture, Forestry, Fisheries and Food Business Unit
① Screening procedures by administrative agencies necessary for loans, and procedures for receipt of confirmatory documents and opinion letters from administrative agencies necessary for loans.
② Disclosure of information to third parties to the extent necessary for proper execution of operations, such as reporting to competent ministries and supervisory agencies.
③ Preparation of documents for use in making loan decisions, such as by conducting data analysis.
④ Disclosure of information relating to loans, such as the mailing of payment notices.
⑤ 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
① Underwriting of credit insurance, payment of insurance money, and management of insurance after underwriting.
② Provision of business management information necessary for SMEs to aid the client’s growth and development.
③ Implementation and disclosure of survey results on business trends among SMEs to aid the client’s growth and development.
④ Provision of information or suggestions concerning loan programs.
⑤ 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, etc.
① Casualty insurance underwriting, damage compensation, and post-crisis management.
② 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

<table>
<thead>
<tr>
<th>Information type</th>
<th>Disclosure site and method</th>
<th>Disclosure period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business reports</td>
<td>• Available at all branches</td>
<td></td>
</tr>
<tr>
<td>Supporting schedules</td>
<td>• Distributed to National Diet Library, regional public groups, and business groups</td>
<td></td>
</tr>
<tr>
<td>Asset inventories</td>
<td>• Available at all branches</td>
<td></td>
</tr>
<tr>
<td>Financial statements</td>
<td>• Distributed to National Diet Library, regional public groups, and business groups</td>
<td>Jun.-Sep.</td>
</tr>
<tr>
<td>Opinions by Audit &amp; Supervisory Board Members</td>
<td>• Available at all branches</td>
<td></td>
</tr>
<tr>
<td>Audit reports by Audit &amp; Supervisory Board</td>
<td>• Distributed to National Diet Library, regional public groups, and business groups</td>
<td></td>
</tr>
<tr>
<td>Audit reports by CPA firm</td>
<td>• Available at all branches</td>
<td></td>
</tr>
<tr>
<td>Disclosure reports (this document)</td>
<td>• Available at all branches</td>
<td>Aug.</td>
</tr>
<tr>
<td>Website</td>
<td>• Distributed upon request</td>
<td></td>
</tr>
<tr>
<td>• Includes explanations of business activities, organizational structures, etc.</td>
<td>• Available on Internet (<a href="http://www.jfc.go.jp/n/english/">http://www.jfc.go.jp/n/english/</a>)</td>
<td></td>
</tr>
<tr>
<td>• Electronic public notice</td>
<td>• Updated as necessary</td>
<td></td>
</tr>
</tbody>
</table>