## Presentation of quantities and amounts in this Report:

1. **Quantities and amounts less than one standard unit**
   
   Quantities, monetary amounts and other numerical figures presented in this report are truncated (rounded down) to the nearest standard unit of presentation. Percentages are rounded up or down to the nearest decimal place presented. Consequently, some totals presented differ slightly from the sum of the component figures presented.

2. **Method of presentation**
   
   In cases where quantities, numbers of items, monetary amounts and other numerical figures are less than one standard unit of presentation, such figures are presented as zero (0). In cases where there is no applicable amount, a hyphen (-) is shown.
Message from the Governor & CEO

I would like to express my sincere sympathies to everyone harmed by the series of typhoons and heavy rains in FY2017, by the earthquake in the northern part of Osaka Prefecture that occurred from June 2018, and by the torrential rainfall in July 2018.

JFC’s Role and Mission
Japan Finance Corporation is a policy-based financial institution that carries out financing within a scope determined by applicable laws and budgets, which are based on government policy for medium- and small-businesses and micro-businesses, agriculture, forestry, and fishery policy, etc., with the aim to complement financing carried out by private financial institutions. JFC arranges around 300,000 business capital financing packages a year. Of this total, around 50% are for less than five million yen and around 90% are for less than 30 million yen. JFC’s primary mission is to meet the capital needs, including small sums, of those starting new businesses, those dealing with natural disasters or a change in business environment, and to serve the capital procurement needs of Japan's medium- and small-businesses and micro-businesses and those engaged in business in the fields of agriculture, forestry, or fisheries.

Measures Implemented in FY2017
In October 2018, JFC will mark its tenth year since its integration and launch. Over the time, guided by our Basic Philosophies of “Focused policy-based financing” and “Mainstreaming governance”, we have precisely responded to customer needs with a deep sense of our mission to “connect” policies and those involved in business. Specifically, we have dedicated ourselves to supporting the Strategic Fields of Growth, etc. meeting the safety net demand of those still in the process of recovering from the Great East Japan Earthquake, and also supporting business start-ups and new businesses; business revitalization and succession; social businesses; overseas expansion; new expansion by agriculture, forestry, and fisheries.

Cooperation with Private Financial Institutions
In its role of complementing private financial institutions, JFC has formed MOUs for partnerships and cooperation with most of the private financial institutions in Japan. In particular, JFC has focused on holding regular working level meetings, introducing customers to private financial institutions and holding information and study sessions, and establishing cooperative loan products. As a result of these efforts, in FY2017, JFC co-financed 23,080 loans totaling 750.5 billion yen.

Future Initiatives
JFC will, naturally, continue to fulfill its safety net role by providing recovery support for those affected by natural disasters, such as the Great East Japan Earthquake, Kumamoto Earthquake, the earthquake in the northern part of Osaka Prefecture that occurred from June 2018, and the torrential rainfall in July 2018. JFC will also actively support the Strategic Fields of Growth, etc. making the most of the partnerships with private financial institutions, and by utilizing the collective strengths of our three business units, will contribute to regional revitalization.

“Partnerships with private financial institutions” and “business succession support”, are especially, marked as a top priority issue. Regarding our private financial institution partners, we are striving to form stronger relationships by forging more personal relationships through the exchange of ideas on the workplace level for businesses and regions.
As for business succession, the rising number of businesses that dissolve due to the proprietors of medium- and small-businesses and of micro-businesses gaining age is becoming a threat. In FY2018, with the major reform of the business succession tax system going into effect, JFC will partner with the national tax authorities, tax attorneys and other specialists, private financial institutions, institutions concerned with business succession, and other relevant institutions, to hold tax system reform information sessions around the country in order to spread awareness of these changes, and generally use this development as an opportunity to strengthen partnerships with institutions involved in providing business succession support.

**Conclusion**
As we carry out above initiatives, and in order to provide high-quality services regarding policy-based financing, JFC will exercise appropriate risk-taking functions, make every effort to provide expert consulting, and strive to conduct business accurately and efficiently while listening to opinions from our customers, private financial institutions, local governments, and all other relevant institutions.

We sincerely hope for your further understanding and support in the future.

July 9, 2018

Kazuho Tanaka
Governor & CEO
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**Key Points in JFC’s Establishment**

Japan Finance Corporation (JFC) is a policy-based financial institution which developed out of the National Life Finance Corporation, the Agriculture, Forestry and Fisheries Finance Corporation and the Japan Finance Corporation for Small and Medium Enterprise.

- **Creating a highly public corporation**
  JFC is a highly public corporation established under a special law stipulating that the national government must always own all shares issued by JFC.
  The purpose of adopting the structure of a corporation is to utilize the governance framework of a corporation in order to conduct highly transparent and efficient business operations.

- **Inheriting rights and obligations**
  JFC has inherited any and all rights and obligations of the merged institutions. Funding being utilized from any of the institutions and profits gained by persons holding securities issued by each will be honored.

- **Offering a broad range of services**
  JFC leverages the specialized expertise of each institution and shares knowhow in order to offer a wide spectrum of services, such as business matching, promoting collaboration among agriculture, commerce, and industry, and supporting the globalization of businesses.
Main Business Activities

JFC is a policy-based financial institution that aims to complement financial activities carried out by private financial institutions and contributes to the improvement in the living standards of Japanese people.

Major Business Operations of JFC

Operations to Facilitate Crisis Responses and Specific Businesses Promotion, etc.

- Providing a certain credit to designated financial institutions at the occurrence of crises certified by the competent ministers, such as domestic or international financial disorder, large-scale natural disasters, and other similar events.
- Providing loans to designated financial institutions based on the Low Carbon Investment Promotion Act.
- Providing loans to designated financial institutions based on the Industrial Competitiveness Enhancement Act.
Basic Philosophy and Management Policy

### Basic Philosophy

1. **Focused Policy-based Financing**
   Following the national policy, provide flexible policy-based financing by utilizing a variety of financing programs and schemes to meet the needs of society, while complementing the activities of private financial institutions.

2. **Mainstreaming Governance**
   Strive to conduct highly transparent and efficient business operations based on a high level of corporate governance and hold itself accountable to the public.
   Furthermore, JFC is committed to becoming a self-governing organization continuously evaluating and improving its activities.

### Management Policy

1. **Improving customer service**
   - A. JFC is committed to being a familiar and reliable organization that responds with compassion from the customer’s perspective.
   - B. In addition to enhancing products, JFC will improve the quality of services by augmenting consulting functions and capacity, and by leveraging capital and information, it will respond promptly and precisely to the needs of a range of clients requiring policy-based financing.

2. **Exercise of safety net functions**
   - A. Respond agilely to demands for safety net services due to natural disaster, economic change, etc.
   - B. Respond to damage due to risks including internal and external turmoil in the financial order, natural disaster, etc.

3. **Contribution to the growth and development of the Japanese economy**
   JFC will respond properly to meet the diverse needs required for policy-based financing including support for the creation of new businesses, revitalization of businesses, overseas expansion, and new expansion of agricultural, forestry, and fisheries businesses, in accordance with national policies and will contribute to the growth and development of the Japanese economy.

4. **Contribution to regional revitalization**
   - A. Promote support to demonstrate vitality of SMEs and micro businesses and agricultural, forestry, and fishery businesses sustaining regional economies by creating and maintaining employment, etc.
   - B. Contribute to regional revitalization by demonstrating our comprehensive capabilities by participating in regional project such as comprehensive strategies of the local government.
   - C. Commit to contributing to local communities by expanding activities rooted in local areas.

5. **Promoting low-cost and efficient business operations that show awareness of environment and energy issues**
   - A. Contribute to society by promoting corporate activity that shows awareness of environment and energy issues.
   - B. To promote enhancement of customer services and rationalization and greater efficiency in administrative operations, put in place efficient information systems based on the TCO* reduction approach.
   - C. Responding to active improvement proposals from staff, work to rationalize administrative operations and realize efficient business operations.
   
   *TCO: Total Cost of Ownership: Total cost of introduction, maintenance, management, etc., of computer systems

6. **Creation of a rewarding workplace**
   - A. Boost training to increase the quality and ability of each employee’s professional expertise for conducting policy-based financing.
   - B. Create diverse workplaces where staff can fully utilize their capacities with pride and a sense of mission.
   - C. Further promote career opportunities for women, including the active appointment of female employees to managerial positions and by promoting career development for women.

7. **Engage in enhancement of risk management system and entrenchment of compliance awareness**
   From the perspective of corporate governance, enhance risk management system and instill strong compliance awareness into management and staff.
Business and Management Plan (FY2018-2020)

JFC has formulated the following Business and Management Policy and Plan for the period from FY2018 on.

JFC has responded steadily and agilely to firmly demonstrate its safety-net functions for assisting the reconstruction from the Great East Japan Earthquake, recovery and restoration from typhoons and other natural disasters, while attentively meeting demands in accordance with economic conditions. Also, JFC continues to be comprehensively committed to Strategic Fields of Growth, etc., including support for the new development of start-ups, new business, business revitalization and succession, social business, overseas expansion, agriculture, forestry, and fisheries business operators for the future development of the Japanese economy. Furthermore, in order to contribute to regional revitalization, JFC is demonstrating its comprehensive support capabilities by providing further support to individual businesses that sustain regional economies by utilizing its network of 152 branches nationwide, as well as cooperating with relevant organizations, which include private financial institutions, on initiatives such as comprehensive regional strategies that support local government efforts in resolving regional issues.

Also, given the significance of the policy finance function, we are performing appropriate risk-taking functions and providing high-quality services by boldly addressing the issues that individuals confront when conducting business, enhancing our consulting functions and capabilities to resolve those issues, and demonstrating our policy recommendation abilities, as well as consistently promoting publicity activities.

In carrying out our affairs, we will follow the principle of “doing ordinary tasks with excellence” while maintaining a high level of awareness of compliance and steadily and appropriately building on each individual task. In addition, taking a bottom-up approach to management as our motto, we aim to gain an accurate understanding of customer and regional needs, respond empathetically, and become a more familiar and reliable presence. To this end, we are working to reinforce our nationwide network of 152 branches. In particular, the integrated branch office manager will continue endeavoring to fulfill the role of the “cornerstone” of the network. Also, in our organizational management we will utilize information technology in pursuit of efficient and effective management. At the same time, we will work to create a fulfilling workplace by fostering and utilizing human resources, promoting career opportunities for women, and taking other measures so that employees can demonstrate their maximum capabilities.

Through the above measures, we plan to work toward maturation as “One Finance Corporation” as we celebrate the 10th year of our integration, and under that concept, each employee strives with a sense of mission, as a policy-based finance operator, to demonstrate their roles to connect this policy to its various business endeavors while achieving ever higher levels of collaboration with private financial institutions. In doing so, JFC is working to achieve the following goals.

Goals of Business Operations

1. Support for reconstruction from the Great East Japan Earthquake
   A. Respond sincerely to Earthquake-affected customers seeking advice on financing and repayments, etc.
      (a) Respond smoothly, promptly and carefully through special consultation desks for the Great East Japan Earthquake.
      (b) Provide loans in an appropriate and timely manner through the Great East Japan Earthquake Recovery Special Loan and the Special Earthquake Loan for Agricultural, Forestry and Fishery Business Owners and for Food Business Operators.
      (c) Respond attentively and swiftly to repayment inquiries and issues with overlapping debt.
      (d) Endeavor to make prompt and precisely tailored responses through credit insurance such as the Great East Japan Earthquake Recovery Emergency Guarantee Program.
   B. Make precisely tailored responses to reconstruction projects implemented in affected areas.
   C. Appropriately implement Operations to Facilitate Crisis Responses to cope with any crises recognized as Cases Related to the Great East Japan Earthquake.

2. Respond carefully to the needs for safety net services, provide a stable supply of funds, and collaborate with private financial institutions
   (1) Make precisely tailored responses to the needs of customers for safety net services.
      Safety net financing such as funding support.
      (a) Provide precisely tailored support to SMEs and micro businesses faced with a worsening business environment and working towards business improvement.
      (b) Provide safety net functions to agriculture, forestry, and fishery business owners who have suffered the effects of natural disasters, infectious livestock diseases, falling prices of farm produce or some other adversity, and those working toward business improvement.
   (2) Provide funds to customers in a timely and efficient manner.
      A. Support the funding needs, etc., of customers.
      Swiftly handle the funding needs of customers such as various loans, funding programs and securities.
      B. Respond quickly to emergencies and conduct operations in a prompt and smooth manner.
      Facilitate precise operations to facilitate crisis responses.
   (3) Steadily implement the Credit Supplementation System.
Overview of JFC

A. Support for SMEs and micro businesses through the Credit Supplementation System.
   (a) Respond appropriately to demands for safety net services related to credit guarantees.
   (b) Respond appropriately to various systemic and operational revisions by collaborating with relevant institutions.

B. Strengthen collaboration with Credit Guarantee Corporations, etc.
(4) Promote collaborative measures with private financial institutions to enter a new stage.

A. Further promote cooperative loans with private financial institutions, etc.
B. Encourage dialogue on the officer level and at worksites.
C. Hold periodical practical level meetings, refer customers from JFC to private financial institutions, and reinforce measures for effective press releases.
D. Create and promote cooperative loan products.

3. Supply funds with priority given to Strategic Fields of Growth, etc.
In accordance with national policy, JFC proactively supports Strategic Fields of Growth, etc. including support for the new development of start-ups, new business, business revitalization and succession, social business, overseas expansion, agriculture, forestry, and fisheries business operators.

A. Support for business start-ups and new businesses
   (a) Contribute to regional innovation and job creation through increased support to business start-up.
      New development loans (number of companies) (before establishment and within one year after establishment): 25,000
   (b) Proactively supply funds and support growth of companies engaged in new business activities.
      Number of companies contracted with start-up and entrepreneurial support loans: 1,300
   (c) Strengthen financial services multi-business unification.
   (d) Cooperation with institutions that support start-ups and new business.
   (e) Hosting of High School Student Business Plan Grand Prix.

B. Support for business revitalization
   (a) Strengthen support functions for business revitalization.
      Number of companies contracted with business revitalization loans (including business succession-related loans): 1,300
   (b) Enhanced collaboration with Revitalization Support Council, etc.
      Number of companies forwarded to Revitalization Support Council, etc.: 100
   (c) Proactive utilization of comprehensive revitalization financing methods such as DDS and DES.
   (d) Enhanced revitalization initiatives for multiple linked businesses.

C. Support for business succession
   (a) Promote consulting through collaboration with relevant organizations such as business succession support organizations, private financial institutions, tax accountants, and other outside professionals.
   (b) Proactively participate in regional business succession networks and contribute to the revitalization of networks.
   (c) Actively support funding needs for diverse business succession.

D. Social business support
   (a) Proactive response to requests for funds.
      Number of loans to businesses engaged in social business: 8,000
   (b) Expansion of support services for the resolution of business challenges.
   (c) Strengthen coordination with organizations supporting social business.

E. Support for overseas expansion
   (a) Facilitate support for fundraising (yen and foreign currencies) by SMEs engaging in overseas development and steady implementation of the Standby Letter of Credit Program.
      Number of companies contracted with support for overseas expansion: 550
   (b) Support for the overseas business expansion of micro/small businesses.
      Number of loans for overseas investment and expansion: 1,300
   (c) Strengthen financial services multi-business unification.
   (d) Provide information to customers seeking to expand overseas.
      Number of seminars on overseas business expansion: At least 100
   (e) Collaboration with institutions that support overseas investment.

F. Support for new expansion by agricultural, forestry, and fisheries businesses.
   (a) Support business improvement initiatives for corporations and large family businesses while utilizing valuation techniques with an emphasis on profitability.
      Number of borrowers in areas as defined by the farmers and farmland plan: 5,000
   (b) Support efforts to secure new farmers.
      Number of borrowers of people entering agricultural management and agricultural management entities hiring new farmers: 1,700
(c) Support for agricultural, forestry, and fishery businesses initiatives to improve businesses in the “Sixth Industry” sector.  
Number of the “Sixth Industry” borrowers: 1,200  
(d) Support for agricultural, forestry, and fishery businesses engaging in overseas expansion.  
(e) Support efforts to promote the use of domestic timber by large-scale wood-related businesses.  
(f) Support fishery production enhancement, construction of ships to replace fishing boats, and enhancement of cultivation foundations.  
(g) Support for food businesses engaged in expansion of domestic and foreign demand through increased collaboration with agricultural, forestry, and fishery businesses.  
Number of food business borrowers: 230  
(h) Provide information such as policy information and results of various surveys.  
G. Support responses to global environmental issues.  
(a) Promote initiatives supporting environmental and energy measures by SMEs and micro businesses.  
(b) Appropriate implementation of two-step loans for specific businesses based on the Low Carbon Investment Promotion Act.  

H. Contribute to equal educational opportunities.  

4. Enhancement of community-based initiatives by exercising JFC’s comprehensive capabilities  
(1) Contribution to local and regional revitalization by active participation in regional projects from comprehensive regional strategies, etc.  
Contribution to promoting and implementing various measures related to comprehensive regional strategies.  
(2) Strengthen financial services by multi-unit collaboration, and provide useful information that meets customer and regional needs.  
A. Strongly promote the “Demonstrating Comprehensive Capabilities” in a way which utilizes the management resources of each business unit.  
(a) Promote efforts to utilize our nationwide network of 152 branches.  
(b) Collect and provide information about measures in each region and participation in regional projects such as various policies stemming from the comprehensive regional strategy.  
(c) Promote provision of information and loans consistent with customer and local needs through coordination of multibusiness units.  
(d) Promote matching customers through cross business unit collaboration.  
(e) Hold consultancy meetings and seminars attended by customers from multi-business units.  
B. Further strengthen collaboration between branches.  
C. Promote optimal financing proposals to customers through mastery of the JFC financing system.  
Branch managers exhibit leadership by strengthening efforts toward mastery of the financing system.  
(3) Reinforce collaboration with relevant organizations, etc.  
Enhanced collaboration with relevant organizations (Chambers of Commerce and Industry, professional associations, industry).  

5. Improve customer service and demonstrate policy significance  
(1) Promote various measures such as enhancing the consultation capability to improve services and appropriately perform a risk-taking function.  
A. Appropriately perform a risk-taking function.  
B. Provide useful information consistent with customer and local needs and enhance consultation capability.  
(a) Strengthen management support in combination with financing through financial assessments, income and expenditure simulations, etc.  
(b) Promote appropriate proposals and advice for customers.  
Promote the provision of customer support tools tailored to the needs of customers.  
(c) Cooperation with network of outside specialists.  
C. Promote branch management and various service improvements from the customer’s point of view through implementation of customer satisfaction surveys, etc.  
(2) Promote public relations activities such as through strengthening information dissemination.  
A. Promote public relations activities with mass media.  
B. Promote public relations activities to enhance the content of the PR magazine.  
C. Promote public relations activities by utilizing the special characteristics of various media such as the Internet.  
D. Actively disseminate information on various measures taken on the 10th anniversary of consolidation.  
(3) Enhance surveys and research and reinforce policy proposals to further demonstrate think tank functions.  
A. As a think tank in the SME sector, pursued research at the world’s highest levels.  
(a) Regularly conduct economic conditions research.  

Overview of JFC

B. Improve evaluations of think tanks through the strengthening of external communication capabilities.
   (a) Edit and publish periodical publications, books, etc.
   (b) Hold JFC Symposia.
   (c) Disseminate research results through lectures, etc. at universities.
   (d) General academic publication of survey data.

C. Strengthen exchanges with other think tanks.
   (a) Hold and participate in domestic and international research presentations, information exchange sessions, etc.
   (b) Participate in external research groups and research projects.

D. Conduct surveys and research that contribute to JFC’s management and policy recommendations.

(4) Efforts to improve systems and measures through policy recommendations that conform to customer feedback and the needs on-site.

A. Collect the views expressed by customers, and reflect them in policy recommendations and measures.
   Allow customer trends and the opinions of SMEs and micro businesses, and agricultural, forestry, and fisheries and food businesses to be reflected in our business management (new establishment and improvement of Loan Program).

B. Understand the challenges for the region, and promote policy recommendations aimed at resolving them.
   Gain a detailed understanding the needs of the region regarding policy-based finance, and allow them to be reflected in business management.

6. Appropriate management of credit risk

A. Implementation of appropriate credit management.

B. Appropriate management of credit cost.

C. Reinforcement of insurance underwriting risk management system.

D. Maintenance of a risk management system for loss compensation transactions.

[Unified index according to credit risk]

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<tr>
<th>Index</th>
<th>Objective</th>
<th>Calculation method</th>
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<tr>
<td>Initial default rate (%) Monitoring indicators</td>
<td>By setting the percentage of defaults within one year of a loan (bankruptcy, delinquency) as the index, we monitor whether examinations are functioning correctly.</td>
<td>[Year-end report] Number of defaults, etc. in the denominator Number of loans provided in this year. [Monthly report] Number of defaults, etc. in the denominator Number of loans provided in the year preceding the reporting month.</td>
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<tr>
<td>Upward-downward transition of debtor segment (number, etc.) Monitoring indicators</td>
<td>Promote implementation of policies that contribute to appropriate loan management (including support for management improvement) by setting the upward transition of the debtor segment (upward transition from the previous period), and downward transition (downward transition from the previous period) as indices.</td>
<td>Upward transition number: Number of cases that transitioned from below requiring management to attention required or above Downward transition number: Number of cases that transitioned from attention required or above to below requiring management [Semiannual report (final settlement)]</td>
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<td>Credit related expense ratio (%) Monitoring indicators</td>
<td>By setting credit related expense ratio as the index, promote implementation of policies that contribute to minimization of the financial burden (minimization of allowance for loan losses) through appropriate examinations and credit management.</td>
<td>Credit related expenses Closing credit balance [Semiannual report (final settlement)]</td>
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Notes: 1. The scope of defaults excludes “restructured loans.” Micro Business and Individual Unit shares a percentage of loans.
2. Direct loans claims by the Micro Business and Individual Unit (Excluding Managerial Improvement, Environmental Health Improvement Loans, Educational Financing, loans against pension, and loans against signed government bonds.)
3. The SME Unit, in addition to direct loan claims, includes loan claims concerning securitization loans, customers’ liabilities for acceptances and guarantees of letters of credit other than the issuance of letters of credit (cooperative), and acquired bonds (with stock acquisition rights) and obtained bonds relating to the securitization of loans.
4. Includes the reporting month.
5. This is a reference index to determine the level of achievement, etc.
6. Credit costs include the total of allowances/reversals for loan loss, provision of reserve for compensation losses/reversal of allowances, written-off of loans, losses on devaluation of stocks and other securities, recoveries of written-off claims, loss on accounts receivables, waived loans, recourse amortization, and other expenses (related to DES implementation).
Organizational Goals

1. Enhancing branch office functions
   A. The integrated branch manager will faithfully exhibit the role of the cornerstone of the JFC network.
   B. Strengthen our nationwide network of 152 branches.
   C. Appropriately fulfill the role of district unification (understand how to efficiently and effectively develop a framework for businesses at each branch).
   D. Constantly strengthen the branch management framework based on a bottom-up approach to management.

2. Strive to streamline back-office functions and improve operations such as through BPR
   (1) Basic policy
      A. Continue efforts to clarify job authority and responsibilities, reassess the way work is performed and how it can be made more efficient, and increase the transparency and efficiency of decision-making processes, while taking into account examinations of past BPR \textsuperscript{Note} measures.
      B. Respond to active improvement proposals from staff, work to rationalize administrative operations and realize efficient business operations.
      \textbf{Note}: Business Process Reengineering (BPR): A management technique aimed at radical reform and more efficient business processes by fundamentally rethinking an enterprise’s business activities.
   (2) Overall goals
      A. Implement fair contract and procurement procedures.
      B. Establish and improve planned stores and company apartments procurement.
      C. Respond to planned inspections/reviews and active improvement proposals from staff to realize efficient business operations.
      D. Increase use of paper using thinned wood for printed materials.
      E. Promote efficient and effective business through effective utilization of IT.
   (3) Individual goals
      [Micro Business and Individual Unit]
      A. Implement further streamlining of administration and higher efficiency in operations.
      B. Use sites that consolidate contract centers and so on to further consolidate administration.
      C. Use education loan centers and consolidate administration to promote efficient and effective educational loan operations.
      D. Digitize credit check forms to streamline administration.
      E. Promote work improvement from an on-site perspective.
      F. Promote location centralization in accordance with the reduction in number of cases managed by the Credit Analysis Sub-Unit.
      [Agriculture, Forestry, Fisheries, and Food Business Unit]
      A. Steadily implement BPR policies.
      B. Utilize proposed system to intensify daily employee awareness.
      [Small and Medium Enterprise (SME) Unit]
      A. Steadily implement BPR for Loan Program and verify effectiveness after implementation.
      B. Conduct efficient screening operations.
      C. Steadily implement BPR for Credit Insurance Programs.
      D. Raise operational efficiency further by utilizing proposals from worksites.
      E. Plan efficient deployment of human resources.
      [Planning and Administration Unit]
      A. Establish expense management framework (ongoing initiative of multi-faceted analysis of expenses).
      B. Strengthen human resource development to improve procurement capability.
      C. Improve operations by using a suggestion program in the Planning and Administration Unit, etc.

3. Steadily promote the next JFC system, efficient and effective systems development and operation, and promote further utilization of IT and human resource development
   (1) Steadily carry out the next JFC system.
      A. Steadily implement determination of system requirements, procurement procedures, design, and development relating to the following measures through close collaboration among business divisions.
         (a) Develop internet environments as channels to customers and partners.
         (b) Consolidate and use customer information to raise operational efficiency and improve customer service.
         (c) Improve system functions according to the operations of each business division.
         (d) Build system for flexible working formats.
         (e) Enhance convenience by rebuilding operational systems.
B. Achieve optimal IT use by conducting a flexible review of plans tailored to changes in the research and business environments in order to adapt to future advances in IT.

(2) Promote efforts toward smooth and efficient system development and operation.
   A. Strengthen the cooperative framework with each business unit, etc.
   B. Greater efficiency in systems development, taking stable operation into consideration.
   C. Promote smooth and efficient system operation.
   D. Reinforce effective security measures based on the status of cyber security and the latest developments in technology.

(3) Promote further utilization of IT and human resource development.
   A. Develop attitudes to promote the use of IT through close collaboration with business divisions.
   B. Gather information on the latest examples of IT use and make proposals.
   C. Conduct verification trials with business divisions to use IT in operations.
   D. Promote introduction of RPA (Note) for raising operational efficiency.
   E. Improve employee IT literacy and strengthen the support organization.
   F. Cultivate personnel who can use new IT technologies and services in operations.
   G. Cultivate personnel who can respond to cyber security threats.

   Note: Robotic Process Automation: A mechanism whereby various PC operations are performed by software robots in place of humans.

(4) Appropriate enforcement of system audits.

4. Foster and utilize human resources
   (1) Basic policy
      A. Enhance staff training for the realization of high quality customer service and to nurture high-level management capabilities and expertise.
      B. Appropriately operate personnel payroll system.
      C. Promote effective utilization of human resources.
      D. Increase expertise.

   (2) Overall goals
      A. Consensus and understanding of the basic philosophy, management policy, and business management plan.
         Build a consensus and raise understanding including background through conferences, training, study groups, and so on.
      B. Establish a training system that is consistent for all employees from new personnel to senior management.
         Collaborate to implement a personal development system, and training at all levels in addition to those particular to each business unit.
      C. Strengthen management capabilities.
         (a) Carry out smooth implementation and content enhancement for human resources academy courses.
         (b) Quality content for level-specific training (newly appointed senior level position and above).
         (c) Enhance training on specific topics (for managers).
      D. Proactive utilization of a system that enables flexible working styles.
      E. Response to government policies involving work style reforms.
      F. Efforts to operate appropriate personnel payroll system and evaluation system.
         (a) Conduct monitoring of the operational status of personnel payroll systems (special transfer system, regional comprehensive employment system, re-employment system, etc.).
         (b) Conduct monitoring regarding employee satisfaction with personnel evaluation systems.
      G. Make appropriate use of personnel transfers between business units.
      H. Expand scope of activities for area employment through administrative employment training systems, etc.
      I. Conduct measures to improve expertise.
         (a) Implement internal promotion and hiring of experienced personnel.
         (b) Promote training to improve expertise.
         (c) Promote programs to help individuals obtain SME Management Consultant and Agricultural, Forestry and Fishery Management Advisor certifications, and effectively utilize those certified.
         (d) Implement corporate dispatch training.
      J. Increase awareness of recruitment activities.
      K. Efficiently execute salary payment work, etc.

   ① Employee awareness survey item “Awareness level of basic philosophy and management policy” 100%
   ② Employee awareness survey item “Awareness level of business management plan” 100%
   ③ Employee awareness survey item “Management of business objectives (managed properly with sufficient interviewing)” 80%
   ④ Employee awareness survey item “Feedback on personnel evaluations” 90%

   (Supplement) Details of employee awareness survey items
   ① Employee awareness survey item “Awareness level of basic philosophy and management policy”
      Target number: positive ratio for all employees
      Actual question: Do you know the details of the JFC basic philosophy and management policy?
Employee awareness survey item “Awareness level of business management plan”
Target number: positive ratio for all employees
Actual question: Do you know the details of the business management plan for your business unit/Planning and Administration Unit, etc.?

Employee awareness survey item “Management of business objectives (managed properly with sufficient interviewing)”
Target number: positive ratio for all employees
Actual question: Do you think you are properly managed by your supervisor through interim progress management and support?

Employee awareness survey item “Feedback on personnel evaluations”
Target number: positive ratio for all employees
Actual question: Do you get feedback from your superiors regarding achievement and employee performance evaluation results?

<Monitoring indicators>
- Number of certified SME management consultants
- Number of certified Agricultural, Forestry and Fishery Management Advisors

5. Promote career development for women and improve the workplace environment

(1) Basic policy
A. Actively appoint female managers.
B. Promote career development for female employees.
C. Practice work-life management (WLM).
D. Implement activities which contribute to the business and have all employees participate in activities for promotion of career opportunities for women.
E. Strengthen harassment prevention.

(2) Overall goals
A. Nurture candidates for managerial positions through Project Challenge! (FY2016-2018), to achieve the target for employment of female managers.
B. Support career development for women through mentoring programs, etc.
C. Support expansion of area employment through administrative employment training.
D. Motivate and increase capabilities of female employees by active participation of management to provide “practice opportunities and challenges” to female employees.
E. Investigate and implement measures to raise awareness of participation in childcare activities by men.
F. Establish a workplace where each employee is free to fulfill their potential.
   (a) Carry out support in accordance with the current life stage of employees.
   (b) Promote a varied working style and increase working time productivity.
G. Steadily carry out efforts to further contribute to the business based on activities up to this point in the promotion of career opportunities for women.
H. Strengthen measures to prevent harassment (same initiative as “6. Establish and strengthen risk management and compliance structures”).
I. Create a workplace that makes an effort to encourage every employee to maintain his or her health.
   (a) Conduct training on health and encourage medical examinations pursuant to specified health guidance.
   (b) Enforce 2 no-overtime days per week, and encourage taking of paid leave.
   (c) Implement and use effectively a stress check.
J. Understand management issues through employee awareness surveys.
   ① Ratio of female managers over 7% (By April, 2023)
   ② Ratio of female new hires recently graduated from university over 30%
   ③ Employee awareness survey item “Management support to develop capabilities of female employees (females)” 75%
   ④ Rate of enforcement of 2 no-overtime days per week 80%
   ⑤ Rate of taking male childcare leave (paternity leave, childcare participation leave, child-care leave) Total 5 days 100%
(Supplement) Details of employee awareness survey items
③ Employee awareness survey item “Management support to develop capabilities of female employees (females)”
Target number: positive ratio for all employees
Actual question: Do you think managers support the promotion of career development for women through daily guidance?
6. Establish and strengthen risk management and compliance structures
   (1) Basic policy
   A. Carry out appropriate risk management in response to policy requests.
   B. Carry out appropriate monitoring together with establishing and strengthening compliance awareness.
   C. Further strengthen risk management framework.
   (2) Overall goals
   A. Formulate and ensure implementation of risk management programs and compliance programs, and monitor the implementation status of those programs by the Corporate Governance Committee, etc.
   B. Take appropriate measures to eliminate antisocial forces.
   C. Strengthen the compliance awareness of each employee through training and utilization of learning tools.
   D. Thorough reporting and consultation concerning compliance.
   E. Strengthen crisis management awareness at the individual level through practical training from the head office concerning BCP.
   F. Branch managers should properly fulfill their roles in handling compliance concerns and risk management.