

Fiscal 2015 Business Report

Grant Aid

Item	Description	Actual Figures in FY2014		Actual Figures in FY2015	
		New	Continuing	New	Continuing
1. Procurement Agent Services and Procurement Consulting Services					
(1) Procurement agent services for grant aid for the economic and social development programme	Procurement agent services for grant aid for the economic and social development programme	—	—	9	0
(2) Procurement agent services for non-project grant aid	Procurement agent services for non-project grant aid	34	60	47	79
(3) Procurement agent services for grant aid projects under private-public partnership	Procurement agent services for grant aid projects under private-public partnership	1	—	0	1
(4) Procurement agent services for grant aid for conflict prevention and peacebuilding	Procurement agent services for grant aid for conflict prevention and peacebuilding	3	11	1	12
(5) Procurement agent services for emergency grant aid	Procurement agent services for emergency grant aid	2	2	0	3
(6) Procurement agent services for food assistance	Procurement agent services for food assistance	12	16	11	22
(7) Procurement agent services for grant assistance for the food security project for underprivileged farmers	Procurement agent services for grant assistance for the food security project for underprivileged farmers	7	7	0	7
(8) Procurement agent services for grant aid project for construction	Procurement agent services for grant aid project for construction	—	—	1	0
(9) Procurement agent services for grant aid for community empowerment	Procurement agent services for grant aid for community empowerment	6	31	3	33
(10) Procurement agent services for program grant aid for environment and climate change	Procurement agent services for program grant aid for environment and climate change	0	45	0	48
(11) Procurement agent services for grant aid for disaster prevention and reconstruction	Procurement agent services for grant aid for disaster prevention and reconstruction	0	8	0	7
(12) Procurement consulting services for cultural grant aid	Procurement consulting services for cultural grant aid	0	8	0	1

2. Studies and Screening on International Cooperation Operations

(1) Study for cultural grant aid	Study for project development of grass roots cultural grant aid and analysis of project applications for grass roots cultural grant aid	1	0	2	0
(2) Study on work ratio of construction machine and labor		1	0	1	1
(3) Screening	Grant assistance for Japanese NGO projects	1	0	1	0

Technical Cooperation

(1) Support on technical cooperation (cooperation with private-sector partner)	Support for procurement	1	1	0	2
(2) Evaluation/Study	Evaluation at the end of a project	—	—	1	0
(3) Support for local procurement	Dispatch of short-term procurement support staff	1	0	0	1
(4) Follow-up Cooperation	Study	—	—	2	0

Loan Aid

(1) Procurement management services for loan aid	Check and audit of procurement-related documents	2	0	1	1
(2) Study for Japanese ODA Loans, etc.	Study and support on implementation of loan projects	5	0	1	3

Business Contributing to the Promotion of the Appropriate and Efficient Implementation of International Cooperation Programs Carried Out by International Agencies and Organizations, Foreign Governments and Other Organizations Engaged in International Cooperation

Business contributing to the promotion of the appropriate and efficient implementation of international cooperation programs carried out by international agencies and organizations, foreign governments and other organizations engaged in international cooperation	Procurement agent services, etc.	6	7	7	13
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Other Activities (Cooperation with Private Enterprises, etc.)

(1) Project subsidy	Supply of the Equipment under the Machinery and Equipment Project for Saudi Japanese Automobile High Institute in FY2015	1	0	1	0
(2) Project Formulation Survey on SME support	Study for project development	3	0	1	1
(3) Support for companies aiming to win project contracts from international agencies and organizations	—	—	—	1	0
(4) Dispatch of experts and procurement consulting staff	—	1	8	0	6
(5) SPORT FOR TOMORROW Programme	—	1	—	2	0

Other Projects Integral to Fulfilling the Objectives of the Foundation

(1) Support for NGOs	Evaluating and choosing NGOs for support and providing funds	13 NGOs	13 NGOs
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Education and Support Promoting International Cooperation

Education and support promoting international cooperation	JICS' lecture course on travel medicine	5 times	5 times
	Updating of the website	As needed	As needed
	Publication of Annual Report	Japanese and English editions	Japanese and English editions
	Publication of articles in information magazines concerning international cooperation	As needed	As needed
	Participation in international cooperation festivals and events	3 times	2 times

Fiscal 2015 Balance Sheet

March 31, 2016

(Unit: yen)

Item	FY2015	FY2014	Variance
I Assets			
1. Current assets			
Cash equivalents	683,551,470	615,980,623	67,570,847
Accrued revenues	385,154,241	286,797,340	98,356,901
Prepaid expenses	20,479,277	15,055,381	5,423,896
Advances paid	273,466	73,360,758	(73,087,292)
Suspense payments	30,833,922	27,993,495	2,840,427
Total current assets	1,120,292,376	1,019,187,597	101,104,779
2. Fixed assets			
(1) Endowment			
Endowment in installment deposits	237,000,000	137,000,000	100,000,000
Endowment in investment securities	150,000,000	250,000,000	(100,000,000)
Total endowment	387,000,000	387,000,000	0
(2) Specific assets			
Accumulated assets for support to non-governmental organizations	10,000,000	10,000,000	0
Assets reserved for executive officers' retirement benefits	9,885,000	7,533,000	2,352,000
Total specific assets	19,885,000	17,533,000	2,352,000
(3) Other fixed assets			
Vehicles and other transportation devices	7,826,479	2,761,869	5,064,610
Equipment attached to building	27,322,323	35,327,964	(8,005,641)
Appliances and fixtures	40,563,158	40,823,753	(260,595)
Software	3,604,979	6,722,744	(3,117,765)
Deposit and security moneys	79,967,293	79,516,432	450,861
Long-term prepaid expenses	6,524,755	18,258,529	(11,733,774)
Prepaid pension expenses	82,858,011	43,314,908	39,543,103
Investment securities	114,294	861,507	(747,213)
Lease assets	0	1,446,681	(1,446,681)
Total other fixed assets	248,781,292	229,034,387	19,746,905
Total fixed assets	655,666,292	633,567,387	22,098,905
Total assets 1)	1,775,958,668	1,652,754,984	123,203,684
II Liabilities			
1. Current liabilities			
Accrued payments	75,088,928	94,408,050	(19,319,122)
Allowance for bonus	142,738,433	154,989,553	(12,251,120)
Deposit received	8,202,807	7,854,297	348,510
Advances received	8,280,000	0	8,280,000
Short-term lease obligations	0	1,535,440	(1,535,440)
Reserve for operational losses	22,014,889	22,014,889	0
Income tax payable	93,436,200	107,512,200	(14,076,000)
Total current liabilities	349,761,257	388,314,429	(38,553,172)
2. Fixed liabilities			
Reserve for executive officers' retirement benefits	9,885,000	7,533,000	2,352,000
Total fixed liabilities	9,885,000	7,533,000	2,352,000
Total liabilities 2)	359,646,257	395,847,429	(36,201,172)
III Net Assets			
1. Designated net assets			
Contributions and subscriptions	372,000,000	372,000,000	0
Total designated net assets	372,000,000	372,000,000	0
[Amount of allotment to the endowment]	[372,000,000]	[372,000,000]	[0]
2. General net assets			
[Amount of allotment to the endowment]	[15,000,000]	[15,000,000]	[0]
[Amount of allotment to specific assets]	[10,000,000]	[10,000,000]	[0]
Total net assets 1) - 2)	1,416,312,411	1,256,907,555	159,404,856
Total liabilities and net assets	1,775,958,668	1,652,754,984	123,203,684

Fiscal 2015 Statement of Net Equity Increase (Decrease)

April 1, 2015–March 31, 2016

(Unit: yen)

Item	FY2015	FY2014	Variance
I General Net Assets Increase or Decrease			
1. Current increase or decrease			
(1) Current profits			
1) Profit from the management of the endowment	2,864,897	2,941,123	(76,226)
Interest received from the endowment	2,864,897	2,941,123	(76,226)
2) Profit from business activities	2,729,209,171	2,843,535,789	(114,326,618)
Profit from grant aid programs	2,402,934,504	2,583,866,566	(180,932,062)
Profit from technical cooperation programs	63,881,353	45,000,049	18,881,304
Profit from loan programs	159,646,000	126,177,030	33,468,970
Profit from programs with international agencies and organizations, etc.	69,243,490	49,964,974	19,278,516
Profit from other commissioned projects	33,503,824	38,527,170	(5,023,346)
3) Miscellaneous profits	654,995	2,781,392	(2,126,397)
Miscellaneous profits	654,995	2,781,392	(2,126,397)
Total current profits (A)	2,732,729,063	2,849,258,304	(116,529,241)
(2) Current expenses			
1) Operating expenses	2,106,329,382	2,106,587,815	(258,433)
2) Administrative expense	378,422,505	393,019,290	(14,596,785)
Total current expenses (B)	2,484,751,887	2,499,607,105	(14,855,218)
Current increase or decrease for the year (C) = (A) - (B)	247,977,176	349,651,199	(101,674,023)
2. Nonrecurring increase or decrease			
(1) Nonrecurring increase			
1) Gain on sales of fixed assets	5,585,283	1,217,311	4,367,972
Total nonrecurring increase	5,585,283	1,217,311	4,367,972
(2) Nonrecurring expenses			
1) Loss on sales and retirement of noncurrent assets	75,599	24,913	50,686
2) Loss on warranties for the Djibouti project	0	46,495,647	(46,495,647)
3) Provision to reserve for operational losses	0	22,014,889	(22,014,889)
Total nonrecurring expenses	75,599	68,535,449	(68,459,850)
Nonrecurring increase or decrease for the year (D)	5,509,684	(67,318,138)	72,827,822
General net assets increase or decrease for the year before income taxes (E) = (C) + (D)	253,486,860	282,333,061	(28,846,201)
Income taxes—current (F)	94,082,004	109,592,012	(15,510,008)
General net assets increase or decrease for the year (G) = (E) - (F)	159,404,856	172,741,049	(13,336,193)
General net assets at beginning of year (H)	884,907,555	712,166,506	172,741,049
General net assets at end of year (I) = (G) + (H)	1,044,312,411	884,907,555	159,404,856
II Designated Net Assets Increase or Decrease			
1) Amount of transfer to general net assets	0	0	0
Amount of transfer to general net assets	0	0	0
Designated net assets increase or decrease for the year	0	0	0
Designated net assets at beginning of year	372,000,000	372,000,000	0
Designated net assets at end of year (J)	372,000,000	372,000,000	0
III Net Assets at End of Year (I) + (J)	1,416,312,411	1,256,907,555	159,404,856

Governance System

JICS' governance system is organized as follows.

Board of Trustees

The Board of Trustees supervises and oversees the Board of Directors, and its members have voting rights in decisions concerning important matters, such as the selection and dismissal of executive directors, auditors, and trustees, as well as revisions to JICS' Articles of Incorporation. The Board of Trustees provides leadership based on the broad expertise of its members in the management and handling of JICS' affairs. Accordingly, members of the Board of Trustees are highly knowledgeable of these matters and possess experience working in diverse settings, including corporations, international organizations, independent administrative institutions, universities, and NGOs.

Board of Directors

The Board of Directors makes decisions concerning the management of JICS' operations. Two outside executive directors (a member of a corporation and a university professor, respectively) and two auditors (an attorney at law, and a certified public accountant, respectively) collectively supervise the performance of duties by JICS' president and two vice presidents. The president is required to convene a meeting of the Board of Directors at least once every fiscal quarter, and report on JICS' management and general tasks in an effort to maintain a high degree of transparency in organizational management.

Accounting Auditor

JICS recognizes that it must ensure strict internal controls and compliance in connection with its financial affairs and management, since it manages funds used for aid on behalf of the governments of recipient countries as part of its procurement agent services. Accordingly, it has voluntarily appointed an accounting auditor to conduct audits of related matters.

Board of Directors/Board of Trustees

Board of Directors and Accounting Auditor As of September 1, 2016

President	Iichi Mishima	
Vice President	Toru Kubo	
Vice President	Kazuki Takeuchi	
Executive Director	Mutsuko Asakura	Professor, Law School at Waseda University
Executive Director	Hiroki Kato	General Manager, Legal Department, Ajinomoto Co., Inc.
Auditor	Michio Masaki	Attorney at Law, CITY-YUWA PARTNERS
Auditor	Naoki Sou	Certified Public Accountant, Tax Accountant
Accounting Auditor	Kiyoshi Toi	Certified Public Accountant

Board of Trustees As of September 1, 2016

Chairman	Masaoki Takeuchi	President, International Development Center of Japan
	Michiyo Arita	Secretary General, International Cultural Institute
	Kiyoshi Kodera	Former Executive Secretary of Development Committee of the World Bank and International Monetary Fund, Former Deputy Vice-Minister for International Affairs, Ministry of Finance, Japan, Former Vice President of Japan International Cooperation Agency (JICA), Advisor to Sompo Japan Nipponkoa Insurance Inc.
Members	Tadashi Ogawa	Managing Director, Planning Department, The Japan Foundation
	Taro Tauchi	General Manager of Economic Cooperation Office, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
	Makoto Tochigi	Part-time lecturer, Gakushuin University and Tokiwa University, Journalist
	Yoshihiro Yamaguchi	Senior Executive Director, The Overseas Construction Association of Japan, Inc.
	Sachiko Yamano	President, Japan International Cooperation Center

Presidents since JICS was established

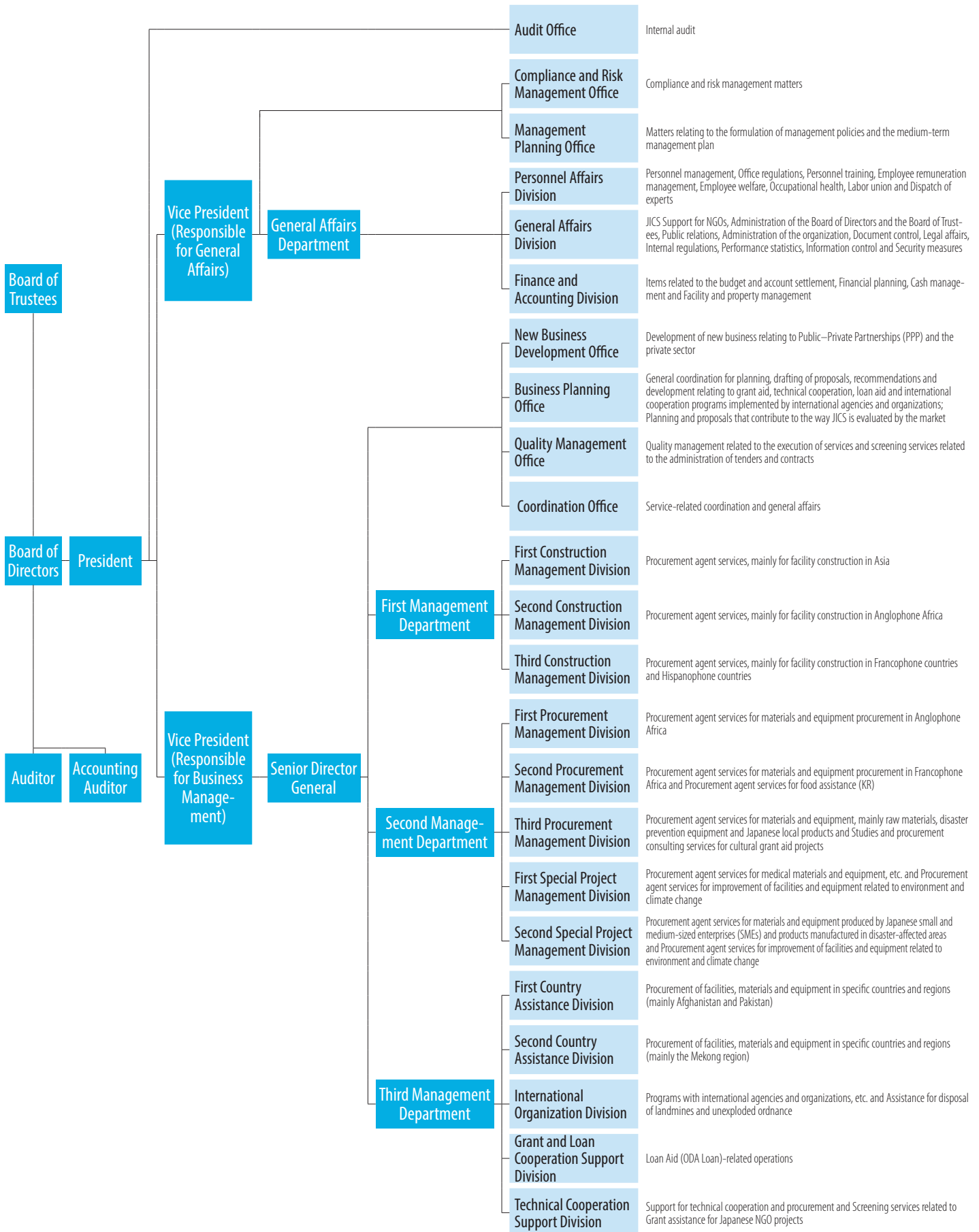
Hiroshi Yokota	April 1989–December 1991
Shigeru Tokuhisa	March 1992–March 1997
Yutaka Nomura	April 1997–March 2004
Takahisa Sasaki	April 2004–August 2010
Toru Nakatani	September 2010–August 2016
Iichi Mishima	September 2016–

Chairman of the Board of Trustees since JICS was established

Fumio Watanabe	Honorary Advisor, Japan Airlines Corporation	April 1989–March 2003
Shigeru Ishikawa	Professor Emeritus, Hitotsubashi University	April 2003–March 2005
Hiroshi Matsumoto	Director, The International House of Japan, Inc.	June 2005–June 2009
Yoriko Meguro	Professor Emeritus, Sophia University	June 2009–March 2012
Shunichi Hiraki	President, The Japan Institute of Economic Feasibility Study	June 2012–July 2015
Masaoki Takeuchi	President, International Development Center of Japan	June 2016–

Organization Chart

(As of August 1, 2016)



The Articles of Incorporation of Japan International Cooperation System

(As amended on June 23, 2016)

Chapter 1. General Provisions

Article 1 (Name)

This corporation is called Japan International Cooperation System (JICS) (hereinafter referred to as the "Foundation").

Article 2 (Offices)

The Foundation shall locate its principal office in Shinjuku-ku, Tokyo, Japan.

Chapter 2. Purposes and Business

Article 3 (Purposes)

The purposes of the Foundation are to perform the procurement and management services in the field of international cooperation business in order to contribute to international peace and stabilization.

Article 4 (Business)

- 1 The Foundation shall conduct the following businesses in order to accomplish the purpose described in the preceding article:
 - (1) Procurement services in the field of international cooperation business;
 - (2) Management services in the field of international cooperation business;
 - (3) Consultancy services in the field of international cooperation business;
 - (4) Research and studies in the field of international cooperation business;
 - (5) Design and supervision of architecture and civil engineering work concerning international cooperation;
 - (6) Support to NGO, etc. relating to international cooperation activities;
 - (7) Dissemination and enlightenment of knowledge concerning international cooperation activities; and
 - (8) Other businesses necessary to achieve the purpose of the Foundation.
- 2 Business described in the preceding paragraph shall be conducted in Japan and abroad.

Chapter 3. Assets and Accounting

Article 5 (Kinds of Assets)

- 1 The Assets of the Foundation shall consist of endowment and other assets.
- 2 The endowment shall consist of assets which the Board of Directors resolved as endowment.
- 3 Other assets shall be assets other than endowment.

Article 6 (Management, Investment and Disposal of Assets)

- 1 The President shall manage and invest the assets of the Foundation with the care of good manager to accomplish the purposes of the Foundation, and its management and investment methods shall be determined by the Rules of Management and Investment of Assets which shall be decided by the resolution of Board of Directors.
- 2 Should unavoidable circumstances arise, part of the endowment may be disposed of or removed with the prior approval of the Board of Directors and the Board of Trustees.

Article 7 (Business Year)

The business year of the Foundation shall commence on April 1 every year and end on March 31 of the following year.

Article 8 (Business Plan and Income and Expenditure Budget)

- 1 The President shall prepare the business plan and the income and expenditure budget of the Foundation and they must be approved by the Board of Directors no later than the day immediately preceding the commencement date of each business year. The same shall apply in the event of any changes thereto.
- 2 Documents described in the preceding paragraph must be kept in the principal office until the end of applicable business year.

Article 9 (Business Report and Settlement of Accounts)

- 1 With respect to the business report and the settlement of accounts, the President shall prepare the documents set forth below after the end of each business year, which shall be audited by the Auditors, followed by the audit of Items (3) to (5) by the Accounting Auditor. Upon completion of audit, all of these documents must be approved by the Board of Directors.
 - (1) Business report;
 - (2) Detailed statement on the business report;

- (3) Balance sheet;
 - (4) Profit-and-loss statement (statement of net worth); and
 - (5) Detailed statement on the balance sheet and profit-and-loss statement (statement of net worth)
- 2 Out of the approved documents described in the preceding paragraph, Items (1), (3) and (4) must be reported to the annual meeting of Board of Trustees; provided, however, that in the case any of such documents does not fall under any of the requirements described in Article 48 of Enforcement Regulation of Act on General Incorporated Associations and General Incorporated Foundations applied mutatis mutandis pursuant to Article 64 of said Enforcement Regulation of Act, documents excluding Item (1) must be approved by the annual meeting of Board of Trustees instead of reporting to the annual meeting of Board of Trustees.
 - 3 Documents described in Paragraph 1 and following documents shall be kept in the principal office for five years. Articles of Incorporation shall also be kept in the principal office at all times.
 - (1) Audit report; and
 - (2) Financial audit report

Article 10 (Restrictions on Disposal of Surplus)

The Foundation may not distribute any surplus.

Chapter 4. Trustees

Article 11 (Quorum)

The Foundation shall have five to eleven Trustees.

Article 12 (Election and Dismissal of Trustees)

- 1 In accordance with the provisions of Articles 179 to 195 of Act on General Incorporated Associations and General Incorporated Foundations, Trustees shall be elected and dismissed by the Board of Trustees.
- 2 Trustees shall meet all of the following requirements:
 - (1) Total number of Trustees who fall under any of the following conditions shall not exceed one-third of total number of Trustees.
 - a. Trustee and his/her spouse or relatives within the third degree of lineal kinship;
 - b. Trustee and person who are in de facto marriage with the Trustee;
 - c. Employee of Trustee;
 - d. Person who does not fall under b or c and who makes a living by receiving payments or other assets from the Trustee;
 - e. Spouse of the person who falls under c or d; or
 - f. Relative who is within the third degree of lineal kinship and who shares a livelihood with the person who falls under any of the conditions under b through d.
 - (2) Total number of Trustees who holds any of the following positions in the organization identical to the Foundation (except for public-service corporation) shall not exceed one-third of total number of Trustees.
 - a. Executive Director
 - b. Employee
 - c. Director other than Executive Director (representative or administrator of the organization that is not a juristic person if such organization prescribes any representative or administrator) or member who performs the business
 - d. Staff (except the member of the Diet and member of assembly of local authority) of the following organizations:
 - ① National agency
 - ② Local authority
 - ③ Independent administrative agency as provided in Paragraph 1 of Article 2 of Act on General Rules for Independent Administrative Agency
 - ④ National university corporation as provided in Paragraph 1 of Article 2 of National University Corporation Act or inter-university research institute corporation as provided in Paragraph 3 of Article 2 of National University Corporation Act
 - ⑤ Local independent administrative agency as provided in Paragraph 1 of Article 2 of Local Independent Administrative Agency Act
 - ⑥ Public corporation or semi-governmental corporation

Article 13 (Term of Office of Trustees)

- 1 The term of office of Trustees shall be until the end of the annual meeting of Board of Trustees for the final business year out of the business years which end within four years from the time of their election.
- 2 The term of office of the Trustee, who is elected as an alternate of the Trustee who resigned before the expiration of his/her term of office, shall be the remaining term of office of such resigned Trustee.
- 3 In case total number of Trustees falls below the quorum prescribed in Article 11, Trustees shall have their rights and obligations as Trustee even after their resignation or expiration of their term of office until their successor assumes office.

Article 14 (Remuneration, etc. to Trustees)

Trustees may receive remuneration, etc. calculated by criteria of payment of the remuneration, etc. determined separately by the Board of Trustees.

Chapter 5. Board of Trustees**Article 15 (Structure)**

The Board of Trustees shall consist of all of the Trustees.

Article 16 (Rights)

The Board of Trustees shall resolve the following matters:

- (1) Election and dismissal of Executive Directors, Auditors and Accounting Auditors;
- (2) Remuneration, etc. of Executive Directors and Auditors;
- (3) Criteria for payment of remuneration, etc. to Trustee;
- (4) Approval of the balance sheet and profit-and-loss statement (statement of net worth);
- (5) Changes to these Articles of Incorporation;
- (6) Disposal of residual assets;
- (7) Approval of disposal or removal of endowment; and
- (8) Other matters prescribed in law or these Articles of Incorporation as a matter which must be resolved by the Board of Trustees.

Article 17 (Convening of Meetings)

The Board of Trustees shall hold the annual meetings in June every year. Should the needs arise, the Board of Trustees shall hold the extraordinary meeting.

Article 18 (Convocation)

- 1 Unless otherwise prescribed in law, the Board of Trustees meetings shall be convened by the President pursuant to the resolution of the Board of Directors.
- 2 Trustees are entitled to request the convocation of the Board of Trustees' meeting by indicating the purpose and reason for convening the Board of Trustees' meeting to the President.

Article 19 (Resolution)

- 1 The resolution of the Board of Trustees shall be adopted with the attendance of majority of Trustees and with the votes of a majority of Trustees present excluding the Trustees who have a special interest in the resolution.
- 2 Notwithstanding the provision of the preceding paragraph, following resolution shall be adopted by the votes of two-thirds or more of the Trustees excluding the Trustees who have a special interest in the resolution:
 - (1) Dismissal of an Auditor;
 - (2) Criteria for payment of remuneration to a Trustee;
 - (3) Changes to these Articles of Incorporation; and
 - (4) Other matters prescribed in law.
- 3 With respect to the resolution for proposal on the election of Executive Director or Auditor, the resolution described in Paragraph 1 is required for each candidate. In case the number of candidates for Executive Director or Auditor exceeds the quorum prescribed in Article 21, the Executive Director or the Auditor will be elected from among the candidates who have obtained a majority of votes in the order of candidates with the most number of votes until it reaches the quorum.

Article 20 (Minutes)

Minutes of the Board of Trustees shall be made as stipulated by law.

Chapter 6. Directors and Accounting Auditors**Article 21 (Appointment of Directors)**

- 1 The Foundation shall have the following Directors:

Executive Directors	Between three and seven.
Auditors	No more than two.
- 2 One of the Executive Directors shall become the President.
- 3 Out of the Executive Directors other than the Executive Director who becomes the President, no more than three Executive Directors shall become the Vice Presidents.
- 4 The Foundation shall appoint an Accounting Auditor.

Article 22 (Election of Directors and Accounting Auditor)

- 1 The Executive Directors, the Auditors and the Accounting Auditor shall be elected by the Board of Trustees.
- 2 The President and the Vice Presidents shall be elected by the resolution of Board of Directors from among the Executive Directors.

- 3 The total number of Executive Directors having a relative who is also an Executive Director shall not exceed one-third of the total number of Executive Directors.

Article 23 (Duties and Rights of Executive Directors)

- 1 The Executive Directors constitute the Board of Directors and shall carry out the duties pursuant to the law and these Articles of Incorporation.
- 2 The President shall represent the Foundation and carry out the duties pursuant to the law and these Articles of Incorporation. The Vice Presidents shall respectively carry out the duties determined separately by the Board of Directors.
- 3 The President and the Vice Presidents shall report the progress of their performance of their duties to the Board of Directors at least twice each business year with more than 4-month interval between each report.

Article 24 (Duties and Rights of Auditors)

- 1 The Auditors shall audit the Executive Directors' performance of their duties and make an Audit Report pursuant to the law.
- 2 The Auditors may request the Executive Directors and the employees for a business report and may conduct investigation on the business and financial condition of the Foundation at any time.

Article 25 (Duties and Rights of Accounting Auditor)

- 1 The Accounting Auditor shall audit the balance sheet, profit-and-loss statement (statement of net worth) and detailed statement of each of such documents and shall make an Accounting Audit Report pursuant to the law.
- 2 Accounting Auditor may view and copy the following items and may request the Executive Directors and the employees to report any matters relating to accounting:
 - (1) Accounting book or related information prepared in writing if it is prepared in writing; and
 - (2) Accounting book or related information in electronic record prepared by method prescribed in the law if it is prepared in electronic record.

Article 26 (Term of Office of Directors and Accounting Auditor)

- 1 The term of office of Executive Director shall continue until the closing of annual meeting of the Board of Trustees for the final business year out of the business years that end within two years of his/her appointment.
- 2 The term of office of Auditor shall continue until the closing of the annual meeting of Board of Trustees for the final business year out of the business years that end within four years of his/her appointment.
- 3 The term of office of Executive Director or Auditor elected as an alternate shall continue until the end of the term of office of his/her predecessor.
- 4 In case where the number of Executive Directors or Auditors falls below the quorum stipulated in Article 21, an Executive Director or Auditor shall continue to have his/her rights and obligations as Executive Director or Auditor even after his/her resignation or expiration of his/her term of office until his/her successor assumes office.
- 5 The term of office of Accounting Auditor shall continue until the closing of the annual meeting of Board of Trustees for the final business year that ends within one year of his/her appointment; provided, however, that such Accounting Auditor shall be deemed re-elected if the resolution which decides otherwise is not adopted at such annual meeting of Board of Trustees.

Article 27 (Dismissal of Directors and Accounting Auditor)

- 1 If any of the following applies to a Director, such Director may be dismissed by a resolution of the Board of Trustees:
 - (1) Breach of his/her duties or failure to conduct his/her duties
 - (2) Difficulty in, or inability to cope with, the performance of his/her duties due to mental or physical disability
- 2 If any of the following applies to an Accounting Auditor, such Accounting Auditor may be dismissed by a resolution of the Board of Trustees:
 - (1) Breach of his/her duties or failure to conduct his/her duties
 - (2) Misconduct which is inappropriate for Accounting Auditor
 - (3) Difficulty in, or inability to cope with, the execution of his/her duties due to mental or physical disability
- 3 With the approval of a majority of Auditors, the Auditors shall determine the contents of proposals to be submitted to the Board of Trustees regarding the election and dismissal of Accounting Auditor, and the non-reappointment of Accounting Auditor.
- 4 The Auditor may dismiss the Accounting Auditor with the approval of all Auditors in case any of the items under Items (1) to (3) of Paragraph 2 of this Article applies. In case of dismissal, the Auditor shall report such fact and reason for dismissal to the first Board of Trustees' meeting held after the dismissal.

Article 28 (Remuneration, etc. to Directors and Accounting Auditor)

- 1 Remuneration, etc. may be paid to Directors and Auditors in the amount calculated pursuant to the standards for payment of remuneration, etc. to be separately decided by the Board of Trustees within the total amount to be separately decided by the Board of Trustees.
- 2 Remuneration, etc. to Accounting Auditor shall be decided by the Board of Directors by a majority of votes of Auditors.

Article 29 (Exemption from Liability or Limitation of Liability)

- 1 The Foundation may exempt the liability of Directors and Accounting Auditor under Paragraph 1 of Article 111 of the Act on General Incorporated Associations and General Incorporated Foundations as applied mutatis mutandis pursuant to Paragraph 1 of Article 198 of such Act with the resolution of the Board of Directors pursuant to Paragraph 1 of Article 114 of such Act as applied mutatis mutandis pursuant to Article 198 of such Act up to the amount obtained by subtracting the minimum liability amount prescribed in the law from the amount of liability of such Executive Directors and Accounting Auditor.
- 2 The Foundation may enter into contracts with Outside Executive Directors etc. (which have the meaning defined under Paragraph 1 of Article 115 of the Act on General Incorporated Associations and General Incorporated Foundations as applied mutatis mutandis pursuant to Article 198 of such Act and include Auditors and Accounting Auditor) which limit the liability of the Outside Executive Directors etc. under Paragraph 1 of Article 111 of such Act as applied mutatis mutandis pursuant to Article 198 of such Act with the resolution of Board of Directors pursuant to Paragraph 1 of Article 115 of such Act as applied mutatis mutandis pursuant to Article 198 of such Act; provided, however, that the limitation of liability based on the contracts shall be the minimum liability amount prescribed in the law.

Chapter 7. Board of Directors

Article 30 (Structure, etc.)

The Board of Directors shall consist of all of the Executive Directors.

Article 31 (Authority)

The Board of Directors shall perform the following duties:

- (1) Decision on the performance of work of the Foundation
- (2) Supervision over the Executive Directors' performance of their duties
- (3) Selection and dismissal of the President and Vice Presidents

Article 32 (Convocation)

- 1 The Board of Directors shall be convened by the President.
- 2 If the post of President is vacant or the President is involved in an accident, each of the Directors shall convene the meeting on behalf of the President.

Article 33 (Resolution)

- 1 Resolution of the Board of Directors shall be adopted with the attendance of majority of Executive Directors and with the votes of a majority of Executive Directors present excluding those having a special interest in the resolution.
- 2 Notwithstanding the preceding paragraph, the resolution of the Board of Directors shall be deemed to have been adopted if the requirements as stipulated in Article 96 of the Act on General Incorporated Associations and General Incorporated Foundations as applied mutatis mutandis pursuant to Article 197 of such Act have been fulfilled.

Article 34 (Minutes)

- 1 Minutes of the Board of Directors shall be made as stipulated in the law.
- 2 The President and the Auditors present at the Board of Directors' meeting shall sign their names and affix their seals on such minutes.

Chapter 8. Advisors

Article 35 (Advisors)

- 1 The Foundation may have Advisors not exceeding five persons.
- 2 The Board of Directors shall appoint the Advisors from among academic experts, etc. after deciding on their term of office.
- 3 The Advisors shall work without any remuneration; provided, however, that Advisors are entitled to receive any expenses which are necessary to perform their duties.
- 4 The Advisors may provide advices and comments in response to requests from the President.

Chapter 9. Amendment to Articles of Incorporation and Dissolution of the Foundation

Article 36 (Amendment to Articles of Incorporation)

- 1 Amendment to these Articles of Incorporation may be made with the approval of Board of Trustees.
- 2 The preceding paragraph shall also apply to Articles 3, 4 and 12 of these Articles of Incorporation.

Article 37 (Dissolution)

The Foundation shall be dissolved if the Foundation is unable to achieve its purposes due to loss of endowment or for other reasons prescribed in the law.

Article 38 (Disposal of Residual Assets)

The residual assets of the Foundation in case of liquidation of the Foundation shall be donated to the juridical person provided in Item 17 of Article 5 of the Act on General Incorporated Associations and General Incorporated Foundations, national government or local authority.

Chapter 10. Method of Public Notice

Article 39 (Method of Public Notice)

- 1 Public notices by the Foundation shall be made through electronic public notice.
- 2 In case that public notice cannot be made electronically due to accidents and other unavoidable reasons, public notice shall be made by placing such notice in the official gazette.

Supplementary Provision

- 1 These Articles of Incorporation shall come into force on the date of registration of establishment of a public incorporated organization as defined in Paragraph 1 of Article 106 of the Act on Arrangements of Relevant Acts Accompanying the Enforcement of the Act on General Incorporated Associations and General Incorporated Foundations and the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations as applied mutatis mutandis pursuant to Paragraph 1 of Article 121 of such Act.
- 2 Notwithstanding the provisions of Article 7 of the Act on Arrangements of Relevant Acts Accompanying the Enforcement of the Act on General Incorporated Associations and General Incorporated Foundations and the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations, in the event that the registration for the dissolution of special civil law corporation and the establishment of general incorporated association or general incorporated foundation take place as provided in Paragraph 1 of Article 106 of such Act as applied mutatis mutandis pursuant to Paragraph 1 of Article 121 of such Act, the date immediately preceding the date of registration for dissolution shall be the final date of the business year and the date of registration for establishment shall be the starting date of the business year.
- 3 The first President of the Foundation shall be Toru Nakatani, the first Vice President shall be Toshiyuki Ezuka and the first Accounting Auditor shall be Kiyoshi Toi.
- 4 The first Trustees shall be the following:
Michiyo Arita, Hajime Suzuki, Masaoki Takeuchi, Makoto Tochigi, Tetsuya Nakao, Shunichi Hiraki, Kenichi Yanagisawa and Sachiko Yamano
- 5 The Executive Directors and Auditors who come into office on the date of registration shall be the following:
Executive Directors: Toru Nakatani, Toshiyuki Ezuka, Yutaka Kitani, Minoru Ijima and Sumiko Yazawa
Auditors: Tsuyoshi Hinokuchi and Michio Masaki

Compliance

1. JICS' Compliance Policy

JICS carries out procurement and other related activities for international cooperation projects. Accordingly, in addition to its employees, JICS' stakeholders include the government and citizens of Japan, governments and citizens of countries that receive aid through such projects, as well as organizations offering tenders, and contractors such as suppliers, construction companies, and consultants. JICS understands that its ability to act in the interests of these stakeholders is integral to its mission.

JICS' procurement activities are equivalent to public procurement,

and, therefore, must be conducted fairly and appropriately while ensuring transparency. Therefore, JICS has established a compliance system for the purpose of maintaining a high level of trust among its stakeholders. The system is designed to ensure appropriate organizational management and the proper execution of operations in accordance with laws and regulations, JICS' own internal rules, and its Code of Conduct and principles of Mission, Vision and Value (the code and principles are presented on the inside cover of this report).

2. Compliance System

(1) Compliance Committee

Chaired by JICS' president, the Compliance Committee is responsible for strengthening compliance, responding to any case of a breach of compliance, and examining measures for preventing the recurrence of such cases.

(2) Compliance and Risk Management Office

This office takes steps for enhancing compliance in JICS' organizations, analyzes risks throughout these organizations in order to improve risk management, and coordinates risk mitigation measures.

(3) Audits by auditors, accounting auditor and tax accountants

Auditors are responsible for auditing the performance of duties by the Board of Directors and executive directors, while the accounting auditor and tax accountants are assigned to conduct external audits of financial and accounting records. In addition to checking financial statements and confirming whether internal controls are in place and being followed, the accounting auditor also inspects bank accounts (in which funds for aid have been deposited) being administered by JICS on behalf of governments of countries receiving assistance as part of its procurement agent services.

JICS has set up the following system for promoting compliance.

(4) Audit Office

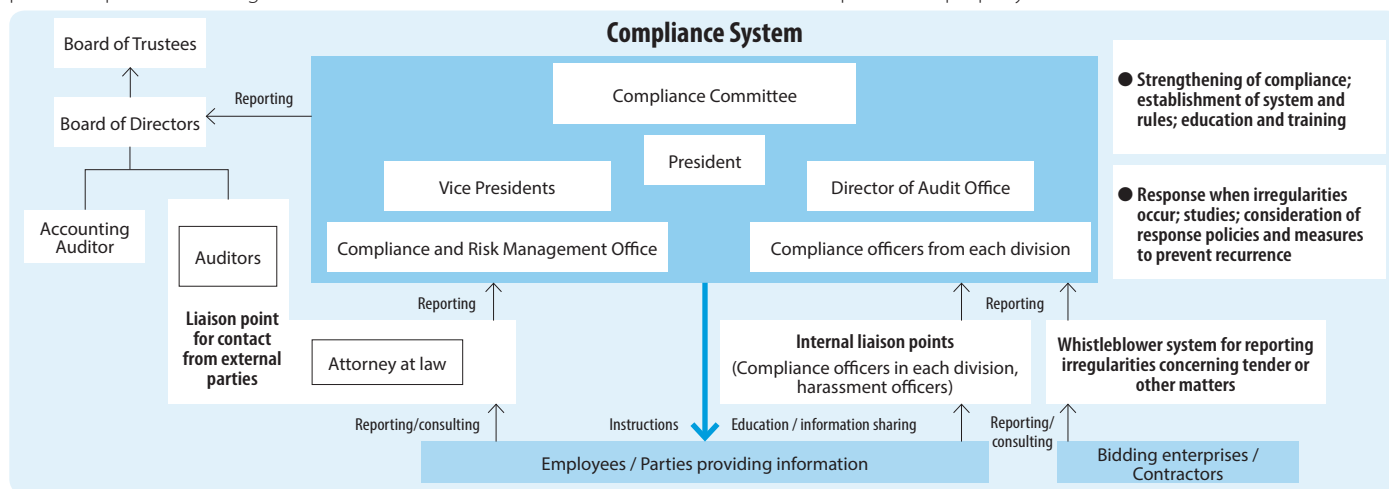
The Audit Office is responsible for internal auditing under the direct supervision of the president. From its standpoint as an independent body, the office conducts audits to determine whether operations are carried out appropriately and efficiently, and reports the results to the president.

(5) Internal reporting system

JICS has established an internal reporting system for the purpose of preventing violations of laws or regulations, and for dealing with any such violations that occur. The system provides contact points for reporting information, including a reporting line and access to auditors, legal advisors, and lawyers from outside JICS. Reports received are appropriately studied and handled by the Compliance Committee and other relevant parties.

(6) Whistleblower system for reporting irregularities concerning tender or other matters

JICS has established a whistleblower system for the purpose of ensuring that procurement procedures, including those involving tender executed by JICS, are conducted impartially, and that contracts made with other parties are properly executed.



3. Measures for Promoting Compliance

- (1) A compliance manual is distributed to all employees.
- (2) Compliance training is provided to managers and employees at each occupational level.
- (3) Involvement of "anti-social forces*" in JICS' operations and projects is strictly prohibited.
- (4) A Conflicts of Interest Management Committee has been set up to deal with accountability in connection with problems resulting from a conflict of interest between concerned parties. While working to ensure the neutrality, fairness, and transparency required of JICS' procurement agent service and other conventional operations, the committee also facilitates smooth cooperation with other organizations and the proper establishment of new projects and collaborative partnerships.
- (5) Measures are in place for preventing and eliminating harassment

4. Measures for Protecting Personal Information

JICS recognizes that it has a social responsibility to handle personal information in an appropriate manner. Accordingly, it has established a basic policy on personal information protection along with related rules. In recognition of these measures, JICS received accreditation

JICS carries out the following measures to promote compliance.

- (6) in the workplace, related training is provided to employees, and counsellors are made available.
- (6) The safety and feasibility of overseas assignments are examined and considered based on travel warnings issued by Japan's Ministry of Foreign Affairs, and meetings and briefing sessions are held to discuss safety measures and related matters.
- (7) A Health Committee has been established to carry out measures for maintaining a comfortable workplace environment.
- (8) Instructions are provided for inspections and management of fund administration, cash books, and other related affairs at overseas project offices.
- (9) JICS' Code of Conduct is made known to local staff involved in projects in recipient countries.

Note: organized crime syndicates, corporate extortionists and other similar entities

under the PrivacyMark system in Japan on June 17, 2011. (The accreditation was renewed for the second time on June 17, 2015.)



JICS is certified as an entity authorized to use the "Privacy Mark" logo, and is subject to laws in Japan.

Name of Organization:

Japan International Cooperation System (JICS)

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Executive Directors:**President:**

Iichi Mishima

Vice President (Responsible for General Affairs):

Toru Kubo

Vice President (Responsible for Business Management)

Kazuki Takeuchi

Date of Establishment:

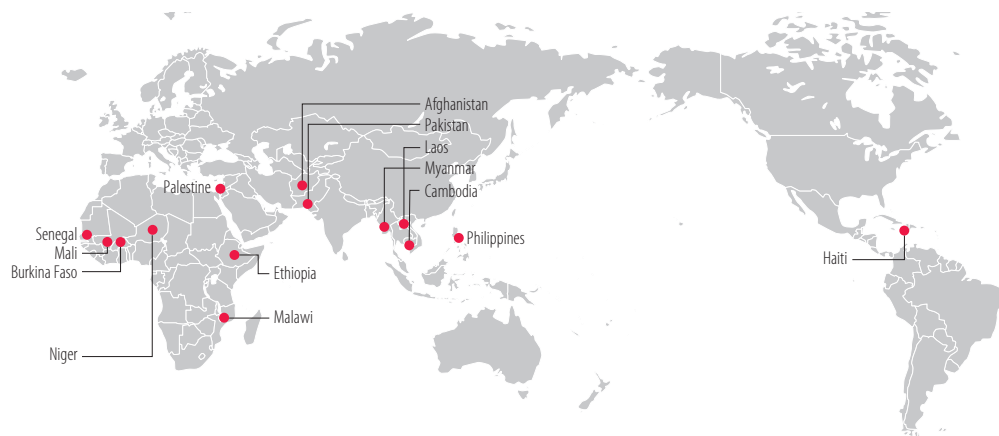
April 12, 1989

Endowment:

¥387 million

Number of Employees:

165 (as of September 1, 2016)

● Project Offices (14 offices in 14 countries)

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