



JASSO Social Bonds

Report on the Use of the Funds and Their Social Impacts
FY2021

November 2022

JASSO's Programs

- JASSO contributes to the achievement of UN Sustainable Development Goal (SDGs) #4 “Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all” through its scholarship programs for Japanese students, while working on support programs for international students, which promote international student exchanges, and student support programs, which provide support for career education and job search and for students with disabilities.

Scholarship Programs for Japanese Students

Under the philosophy of “equal opportunity for education” as stipulated in the Constitution and the Fundamental Law of Education, JASSO provides scholarships loans for achieving students who find it difficult to study due to financial reasons.

- Scholarship loan programs
- Scholarship grant programs



Support Programs for International Students

With globalization, Japan is expected to enhance the international competitiveness of the education and research level of universities and to strategically acquire academically outstanding international students, and it is also expected to encourage young people to study abroad in order to develop global human resources who will play an active role on the world stage. JASSO implements various support programs for both the acceptance and dispatch of international students to further promote international student exchanges.

- Study in Japan
- Promotion of Japanese students studying abroad
- Support for faculty and staff in charge of student exchange programs

Student Support Programs

JASSO aids universities and other such institutions in carrying out career education/employment support and support for disabled students, by collecting best practices, surveys, trainings, and other relevant items.

- Support programs for career education and job search
- Support programs for students with special needs such as students with disabilities, etc.
- Collection, analysis, and provision of information on student life and student support efforts at universities, etc.

Overview of Category 2 Scholarship Loans in Eligible Category (1)

- Loans or grants for school expenses are called "scholarships" and those receiving scholarships are called "scholarship students".
- Scholarships are classified into scholarship grants and scholarship loans. Scholarship loans are classified into Category 1 and Category 2 scholarship loans.

FY2021 Scholarship program funding sources (results)

Scholarship Grants

They are **scholarships basically without a repayment requirement** established with the aim of encouraging motivated and capable young persons to go to college, etc. by providing a scholarship grant so that they will not give up going to college for financial reasons. They were partially launched in FY2017, and full-fledged services were started in FY2018.

From FY2020, the scope of programs has been expanded, and we will **provide scholarships, without fail, for students, etc. from low-income households that truly need assistance**, based on the law on support for study at colleges, etc., **so that students can receive schooling at colleges etc. that help to develop individuals who can become independent and active in society.**

Scholarship Loans Category 1 Scholarship Loans

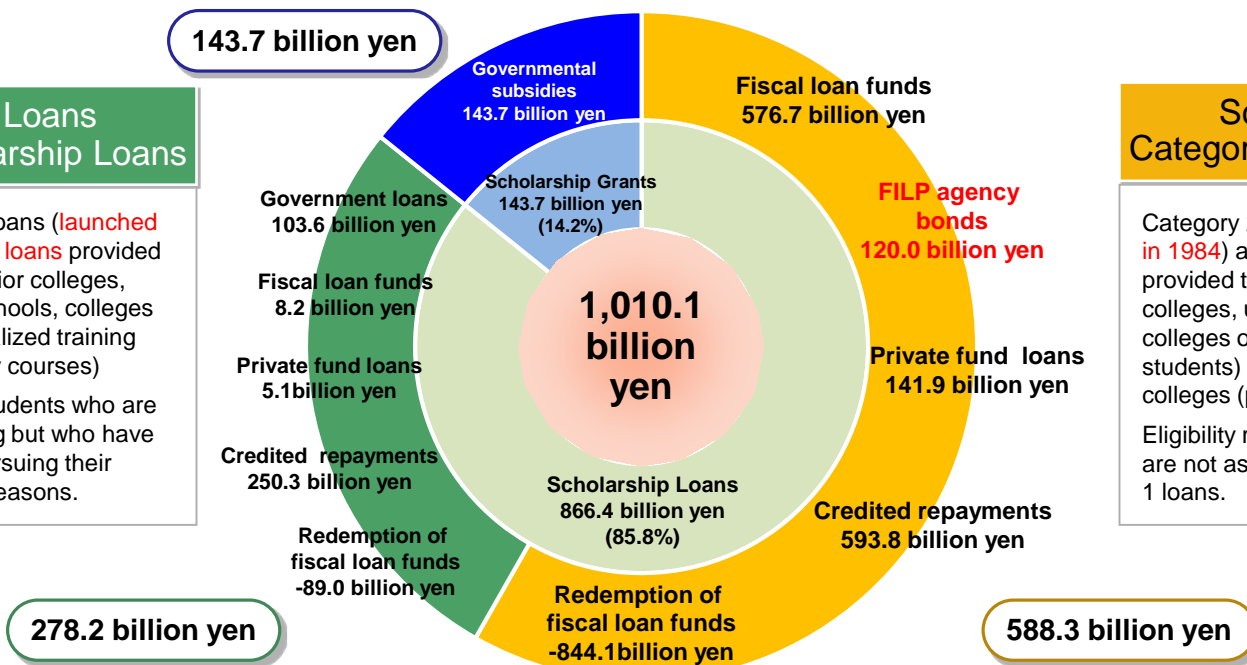
Category 1 scholarship loans (launched in 1943) are **interest-free loans** provided to students attending junior colleges, universities, graduate schools, colleges of technology and specialized training colleges (post secondary courses)

Loans are provided to students who are academically outstanding but who have extreme difficulties in pursuing their studies due to financial reasons.

Scholarship Loans Category 2 Scholarship Loans

Category 2 scholarship loans (launched in 1984) are **interest-bearing loans** provided to students attending junior colleges, universities, graduate schools, colleges of technology (4th and 5th year students) and specialized training colleges (post secondary courses).

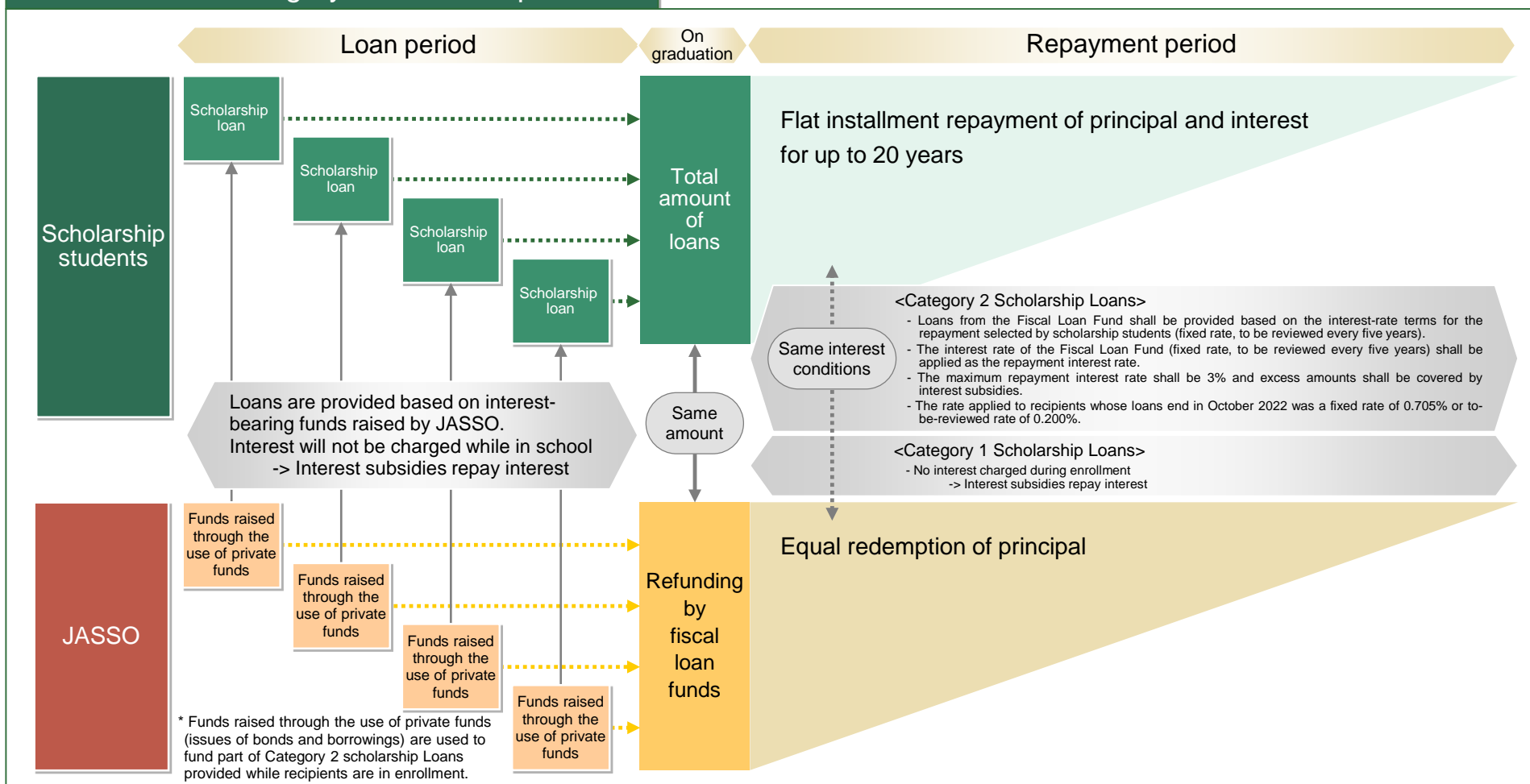
Eligibility requirements for Category 2 are not as strict as with that for Category 1 loans.



Overview of Category 2 Scholarship Loans in Eligible Category (2)

- The funds raised through Fiscal Investment and Loan Program (FILP) agency bonds (social bonds) are lent out to scholarship students as **Category 2 scholarship loans provided to cover school expenses.**

Cash Flow of Category 2 Scholarship Loans



Contents of the Report on the Use of Proceeds and Their Social Benefits(1)

- Funds raised through JASSO Bonds (social bonds) are entirely used to fund Category 2 Scholarship Loans provided while recipients are in enrollment, and the indicators showing the derived social benefits are as follows:

Items Related to Use of Funds

Fiscal year	JASSO Bonds Issue	Issue date	Maturity date	Amount used as funds	Balance of unused funds	Refinance ratio
2020	59th	June 9, 2020	June 20, 2022	30 billion yen	0 yen	0%
	60th	Sept. 9, 2020	Sept. 20, 2022	30 billion yen	0 yen	0%
	61st	Nov. 9, 2020	Nov. 18, 2022	30 billion yen	0 yen	0%
	62nd	Feb. 8, 2021	Feb. 20, 2023	30 billion yen	0 yen	0%
2021	63rd	June 9, 2021	June 20, 2023	30 billion yen	0 yen	0%
	64th	Sept. 8, 2021	Sept. 20, 2023	30 billion yen	0 yen	0%
	65th	Nov. 9, 2021	Nov. 20, 2023	30 billion yen	0 yen	0%
	66th	Feb. 8, 2022	Feb. 20, 2024	30 billion yen	0 yen	0%
2022	67th	June 8, 2022	June 20, 2024	30 billion yen	0 yen	0%
	68th	Sept. 7, 2022	Sept. 20, 2024	30 billion yen	0 yen	0%

Reference information

Fiscal year	Population of 18-year-olds (Source: School Basic Survey by MEXT)	Ratio of students entering higher education institutions (Source: School Basic Survey by MEXT)	Number of students studying at higher education institutions (Source: JASSO)	Scholarship recipients (Source: JASSO)	Scholarship utilization ratio
2021	1.14 million	83.8%	3.639 million	1.159 million	31.8%

Contents of the Report on the Use of Proceeds and Their Social Benefits(2)

- Funds raised through JASSO Bonds (social bonds) are entirely used to fund Category 2 Scholarship Loans provided while recipients are in enrollment, and the indicators showing the derived social benefits are as follows:

Items Related to Social Benefits

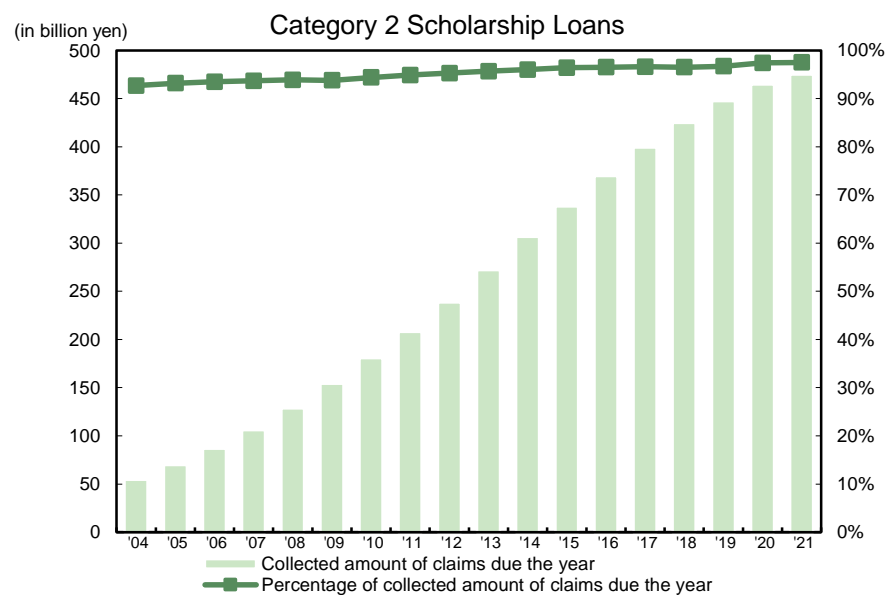
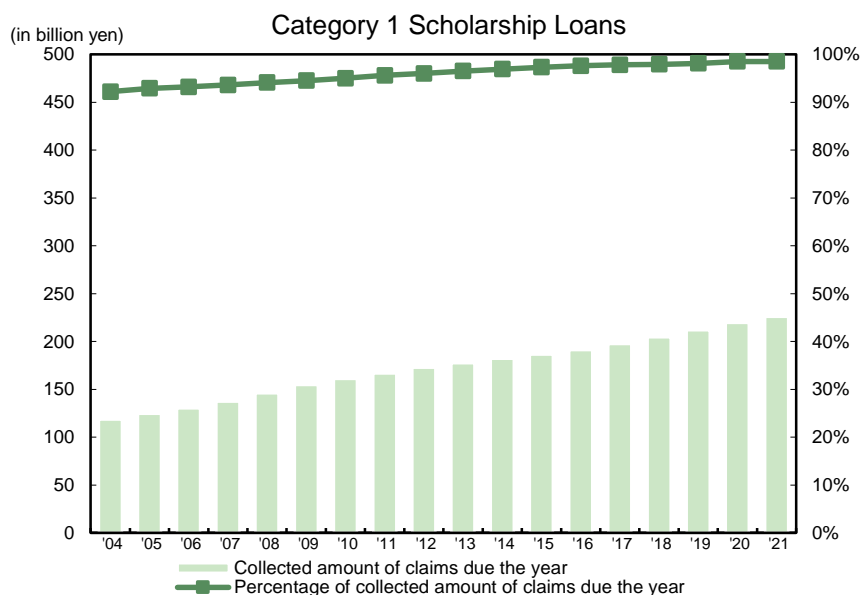
Year	Number of Category 2 Scholarship Loan recipients by fiscal year	Balance of outstanding Category 2 Scholarship Loans by fiscal year	Percentage of scholarship students who received loans among applicants who satisfied the criteria
FY2021	686,000	¥588.3 billion	100%
(Ref.) FY2020	713,000	¥609.5 billion	100%

Category 2 Scholarship Loan recipient details (FY2021)	Number of recipients	Amount	Number of schools where recipients are enrolled			
			Total	National	Public	Private
Category 2 Scholarship Loans (total)	685,500	¥588.31 billion	3,550	188	295	3,067
Universities, Junior Colleges	541,000	¥453.82 billion	1,089	83	109	897
Graduate schools	5,200	¥5.4 billion	423	82	58	283
Colleges of technology	300	¥0.2 billion	56	51	3	2
Specialized training colleges (post-secondary courses)	139,000	¥128.88 billion	2,387	50	181	2,156

Contents of the Report on the Use of Proceeds and Their Social Benefits(3)

- The collection rate for FY2021 (collection of repayments due during the year) was 98.5% for Category 1 scholarship loans and 97.5% for Category 2 scholarship loans.

Collection situation of repayments



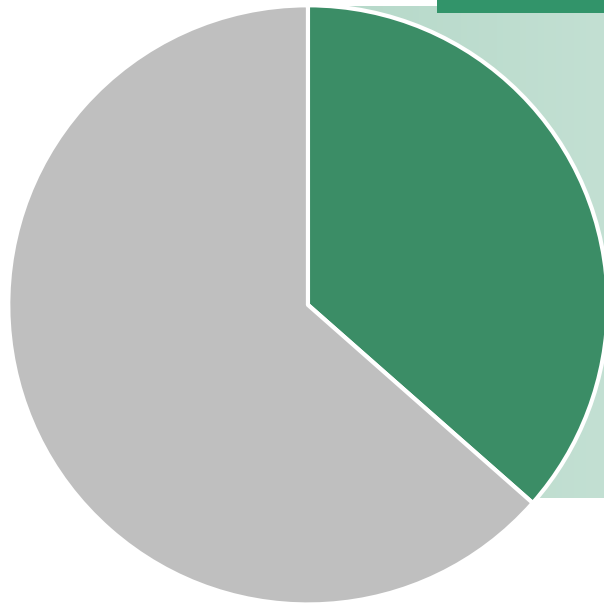
(Reference) Status of receivables

	Category 1 Scholarship Loans					Category 2 Scholarship Loans					Total number of Category 1&2 in each FY				
	FY2017	FY2018	FY2019	FY2020	FY2021	FY2017	FY2018	FY2019	FY2020	FY2021	FY2017	FY2018	FY2019	FY2020	FY2021
Claims in arrears for 3 months or more (A)	65.0	63.6	61.0	53.3	51.2	174.9	183.2	179.9	153.6	150.5	239.8	246.7	240.9	206.9	201.7
Total claims (B)	2,752.1	2,829.2	2,912.3	2,917.3	2,903.4	6,622.1	6,677.6	6,694.3	6,674.7	6,632.2	9,374.3	9,506.7	9,606.7	9,592.0	9,535.6
Loans requiring repayment (C)	1,929.8	2,006.9	2,085.4	2,152.3	2,203.1	5,120.1	5,254.8	5,338.7	5,361.1	5,352.5	7,049.8	7,261.7	7,424.0	7,513.4	7,555.6
Percentage of loans in arrears for 3 month or more in total claims (A/B)	2.4%	2.2%	2.1%	1.8%	1.8%	2.6%	2.7%	2.7%	2.3%	2.3%	2.6%	2.6%	2.5%	2.2%	2.1%
Percentage of loans in arrears for 3 month or more in loans requiring repayment (A/C)	3.4%	3.2%	2.9%	2.5%	2.3%	3.4%	3.5%	3.4%	2.9%	2.8%	3.4%	3.4%	3.2%	2.8%	2.7%

in billion yen)

(Reference) Scholarship Ratio to Total Numbers of Students

Scholarship utilization ratio



31.8%

1 in 3.1 students

- 1,160,000 out of 3,640,000 high school students (31.8%) in Japan are provided JASSO's scholarships.
- **“1 in 3.1” students are utilizing JASSO's scholarship programs.**

(Reference) Changes in Scholarship Loans

- We have been providing scholarship loans, without fail, to all applicants that satisfy the screening criteria so that motivated and capable students will not give up going to college for financial reasons.
- As for Category 1 scholarship loans, there have been no eligible recipients that missed out on scholarships since FY2017. In addition, we have practically removed the academic standard requirements for students from families who are excluded from inhabitant taxes.
- As for Category 2 scholarship loans, we have fundamentally expanded them and relaxed their eligibility requirements in April 1999.

Budget in FY2022

	Recipients (thou.)	Amount (bn.)
Category 1 Scholarship Loans	505	JPY294.9
Category 2 Scholarship Loans	725	JPY619.8
Total	1,230	JPY914.7

Changes in number of scholarship students and amount of scholarship loans



JASSO (including former Japan Scholarship Foundation) has provided scholarship loans totaling about ¥23 trillion to about 14.49 million students in 79 years since 1943, when the scholarship loan programs were launched.

(Reference) Second Party Opinion for Social Bond Obtained

- JASSO issues social bonds under the following framework, based on the **Social Bond Principles** defined by the ICMA.
- A **Second Party Opinion** has been obtained from **Moody's ESG Solutions**, a leading global ESG ratings and research provider based in France, regarding the issuance of the Bond, which stated that the bond conforms to the Social Bond Principles defined by International Capital Market Association (ICMA).
- This **Second Party Opinion** includes an assessment regarding ESG performance, with JASSO as the issuer.

*This Second Party Opinion are posted in the JASSO website (<https://www.jasso.go.jp/en/about/ir/socialbond.html>).

1 Use of proceeds

- The funds raised through JASSO Bonds are used for Category 2 scholarship loans.
- The Category 2 scholarship loans contribute to the achievement of UN Sustainable Development Goal (SDGs) #4 "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all."



3 Management of proceeds

- The issuance dates of JASSO bonds are scheduled two business days before the dates when scholarship loans are deposited in recipient accounts. The entire amount raised in the issuance is appropriated and the scheme ensures there will be no unappropriated funds.

2 Process for project evaluation and selection

- In selecting the scholarship students, JASSO selects the students who are recommended by school principals. In the selecting, students are judged comprehensively based on criteria such as personality, academic ability and family financial status in accordance with the stipulations of the statement of operation procedures.
- The criteria applied for Category 2 scholarship loans are less strict than Category 1 scholarship loans. In principle, JASSO provides the loans to all applicants who satisfy the criteria.

4 Reporting

- In accordance with Article 32 of the Act on General Rules for Incorporated Administrative Agencies, JASSO prepares reports such as business results every business year, which are reviewed by the Minister of Education, Culture, Sports, Science and Technology.
- JASSO prepares financial statements, etc. every business year and receives approval from the Minister of Education, Culture, Sports, Science and Technology.



- Sustainable Development Goals (SDGs): 17 goals and 169 targets to be achieved by UN member states by 2030. These are defined in the 2030 Agenda for Sustainable Development, which was adopted at the UN Sustainable Development Summit in September 2015.

- The information herein has been prepared solely for information purposes and is not a solicitation of an offer to buy or sell any security or instrument.
- Investors are responsible for making their own investment decisions based on available latest data sources.



The green part, in the shape of the wing, represents young people opening up to their potential.

The orange part, in the shape of the palm of a hand, represents JASSO's role in supporting youth.

The two shapes combine to form the letter "S", which stands for the initial letter of "Student Services."

In addition, the green color of the wing represents the sound growth of the younger generation, and the orange color of the palm represents JASSO's philosophy and enthusiasm toward its activities.

Contact

**Independent Administrative Institution
Japan Student Services Organization
Fund Management Division
Finance Department**

TEL +81-3-6743-6024

FAX +81-3-6743-6665

<https://www.jasso.go.jp/en/index.html>

[Investor Relations \(in English\)](#)

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JASSO IR

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