

Appendixes

■ **Appendix 1: Overview of Audits of the Bank of Japan**

■ **Appendix 2: Medium-Term Strategic Plan
(Fiscal 2019–2023)**

■ **Appendix 3: Interim Review of *Medium-Term Strategic Plan (Fiscal 2019–2023)***

APPENDIX 1: OVERVIEW OF AUDITS OF THE BANK OF JAPAN

Pursuant to the provisions of the Bank of Japan Act and in accordance with the Bank's internal rules, the following audits were conducted by the Auditors of the Bank in fiscal 2021 and at the beginning of fiscal 2022.

I. Audits of the Bank's Financial Statements and Other Documents¹

A. Financial Statements and Other Documents for Fiscal 2020

From April through to early May 2021, the Auditors audited the Bank's financial statements and other documents, specifically, the inventory of property, the balance sheet, the statement of income, the statement of accounts, the appropriation of net income, and the schedule for the financial statements for fiscal 2020 (the 136th fiscal year) as well as the statement of income for the second half of fiscal 2020.

The Auditors submitted to the Governor their written opinions indicating that the financial statements and other documents presented fairly the state of property, the results of operations, and the expenses for fiscal 2020 as well as the results of operations for the second half of fiscal 2020.

B. Financial Statements and Other Documents for the First Half of Fiscal 2021

From October through to early November 2021, the Auditors audited the Bank's financial statements and other documents, specifically, the inventory of property, the balance sheet, the statement of income, and the

schedule for the financial statements for the first half of fiscal 2021 (the 137th fiscal year).

The Auditors submitted to the Governor their written opinions indicating that the financial statements and other documents presented fairly the state of property and the results of operations for the first half of fiscal 2021.

C. Financial Statements and Other Documents for Fiscal 2021

From April through to early May 2022, the Auditors audited the Bank's financial statements and other documents, specifically, the inventory of property, the balance sheet, the statement of income, the statement of accounts, the appropriation of net income, and the schedule for the financial statements for fiscal 2021 as well as the statement of income for the second half of fiscal 2021.

The Auditors submitted to the Governor their written opinions indicating that the financial statements and other documents presented fairly the state of property, the results of operations, and the expenses for fiscal 2021 as well as the results of operations for the second half of fiscal 2021.

II. Audits of Cash, Securities, and Books

In fiscal 2021, the Auditors conducted a total of 53 audits on 7 Head Office departments and 27 branches of the Bank, examining cash and securities in their custody as well as their books.

1. The first half of the fiscal year runs from April 1 through September 30, and the second half from October 1 through March 31.

III. Audits of the Bank's Business Operations and Expenses

In fiscal 2021, the Auditors conducted audits on 27 branches and 12 of the Bank's local offices in Japan to assess business operations and expenses. They also conducted a total of 170 meetings with Head Office departments to review the execution of business

operations and expenses, receiving explanatory overviews of business operations at each department as well as reports concerning high-priority issues from relevant departments. In addition, they conducted 314 examinations of key documents and 4 special on-site visits to the Bank's premises.

APPENDIX 2: MEDIUM-TERM STRATEGIC PLAN (FISCAL 2019–2023)^{1,2}**I. Introduction**

The Bank's *Medium-Term Strategic Plan (Fiscal 2019–2023)* (Plan) sets the basic direction for the Bank's business operations and organizational management during the five-year period.

The Plan's content will remain, in principle, fixed during fiscal 2019–2023, with a view to clarifying the Bank's objectives over the medium term and to ensuring proper assessment of its performance.

The Bank will conduct an interim review of the Plan in or around fiscal 2021, in order to enable the Bank to address any changes in the environment. It will flexibly revise the Plan as appropriate in response to any significant changes.

II. The Bank's Organizational Principles

The Bank's organizational principles constitute the set of fundamental values to be respected by the Bank, as the central bank of Japan. The officers and employees of the Bank must respect these principles at all times in the conduct of business operations. The Bank will secure public confidence through the appropriate conduct of its policies and business operations in accordance with the organizational principles listed below.

Public Interest

The Bank shall promote the public interest by fulfilling the core purposes stipulated in the Bank of Japan Act.³

Transparency

The Bank shall demonstrate proper accountability in its policies and business operations via its various external relationships.

Excellence

The Bank shall pursue excellence in the provision of central banking services, responding appropriately to changes in the environment.

Integrity

The Bank shall ensure integrity in the execution of duties by each officer and employee, requiring that they uphold high moral standards.

Effectiveness and Efficiency

The Bank shall make effective and efficient use of management resources in its conduct of business operations and organizational management.

III. Background and Management Guidelines

Turning to the environment surrounding central banks, economic and financial globalization has continued. Meanwhile, innovation and application of information technology (IT) such as digitalization have accelerated, and this has started to produce wide-ranging and diverse effects on economic and financial activities. In Japan, the economic and financial impact of structural social changes such as the declining and aging of the population has been increasing. In the wider context of the global economy and society, Japan is expected to address the Sustainable Development Goals (SDGs) adopted in 2015 at the United Nations General Assembly. These conditions

1. Decided by the Policy Board on March 22, 2019.

2. Following *The Bank of Japan's Strategic Priorities for Fiscal 2014–2018* ending in March 2019, the Bank formulated this statement for the five-year period starting April 2019.

3. The Bank of Japan Act determines the Bank's core purposes as follows: Article 1 stipulates that the Bank is required to issue banknotes, carry out currency and monetary control, and maintain the stability of the financial system, and Article 2 stipulates that currency and monetary control shall be aimed at achieving price stability, thereby contributing to the sound development of the national economy.

present central banks with an increasingly wide range of challenges, and it has become ever more important for them to respond appropriately to changes in the environment.

Based on the above understanding, in order to properly perform its role as the central bank of Japan, the Bank has set the following three management guidelines for the Plan.

A. Work Cohesively to Fulfill Its Missions

The Bank's missions are to achieve price stability and to ensure the stability of the financial system. To achieve price stability, the Bank has set the price stability target at 2 percent in terms of the year-on-year rate of change in the consumer price index (CPI). It will continue to work cohesively to fulfill these missions, with its officers and employees sharing the understanding that doing so promotes the public interest. In this regard, it is important for the Bank to communicate to the public its policies and business operations in a readily understandable way and to listen carefully to outside opinion. Recognizing this, the Bank will further enhance its communication while expanding its relationships both inside and outside Japan.

B. Enhance Flexibility in Responding to a Changing Environment

The environment surrounding central banks has been subject to significant change, and thus it has become important for them to enhance their flexibility in responding to these changes. To this end, the Bank will reinforce its operational arrangements for responding to such changes through initiatives including continuously reviewing and revising its business operations, raising operational efficiency, and making effective use of management resources. It will also secure the staff needed to effectively execute its business operations and organizational management by fostering human

resources with a high degree of central banking expertise while also promoting diversity in the workplace. With this in mind, the Bank will cultivate a workplace environment favorable to improving the productivity of business operations and conducive to varied and flexible working arrangements, so that each employee can realize their full potential.

C. Execute Business Operations with Stability and Integrity

The Bank's missions are fulfilled through the execution of a wide range of central banking operations; the stability and integrity with which it executes these operations are what underpin public confidence in the Bank. Meanwhile, central banks have been facing, and are expected to continue to face, an increasingly wide range of challenges. Given these considerations, the Bank will ensure the stable execution of business operations by managing its operational risks properly while maintaining and further enhancing the operational reliability and individual expertise of its employees, which have been cultivated through long years of workplace experience. It will also continue to secure the complete integrity with which its officers and employees execute their duties.

IV. Challenges Accompanying IT Advances

The Bank will pursue its strategic objectives for business operations and organizational management, in accordance with the organizational principles that constitute the Bank's fundamental values, and the management guidelines that indicate the priorities of the Plan. In a situation where advances in IT have started to produce wide-ranging and diverse effects on economic and financial activities, it is highly important for the Bank to address the accompanying challenges in conducting both business operations and organizational management.

While considering from a medium- to long-term perspective how the growing impact of advances in IT will affect the Bank's business operations and the conditions at counterparties such as financial institutions, the Bank will proactively address any new challenges that arise and make all necessary operational adjustments. With regard to organizational management, the Bank, putting an emphasis on further use of IT, will tackle a wide range of tasks to improve operational efficiency, reduce operational risks, and use management resources effectively throughout the five-year period of the Plan. The Bank will also coordinate its efforts with the initiatives of the government and private sector in utilizing IT.

V. Strategic Objectives for Business Operations

The Bank will focus on the following strategic objectives for its business operations.

A. Plan and Formulate Monetary Policy Measures That Facilitate Policy Conduct

On its way to achieving sustainable growth with price stability, Japan's economy is expected to experience various changes in economic and financial conditions, including the impact of advances in IT.

With a view to responding appropriately to such changes and providing a firm underpinning for the conduct of monetary policy, the Bank will carry out the requisite research and analysis on economic and financial conditions at home and abroad from multiple perspectives.

Based on such multi-perspective analysis of the efficacy and impacts of monetary policy, the Bank will plan and formulate monetary policy measures flexibly. In addition, it will work to have the necessary operational arrangements in place so that market operations are conducted properly, in line with monetary policy decisions.

B. Ensure the Stability and Improve the Functioning of the Financial System

It is essential to ensure the stability and improve the functioning of the financial system in order to provide support from the financial side for Japan's economy to strengthen its growth potential.

In this regard, the Bank will appropriately plan, formulate, and execute business operations such as the selection of financial institutions that can hold current accounts at the Bank and the provision of loans.

The Bank, through on-site examinations and off-site monitoring, will also thoroughly assess business conditions at individual financial institutions in terms of their business environments, business strategies and operations, risk management, profitability, and capital bases, while considering the impacts of demographic changes and advances in IT. In particular, due attention will be paid to structural issues affecting their profits and to changes in their risk profiles accompanying developments in their business operations at home and abroad. Based on its assessments, the Bank, while utilizing IT, will identify and share issues of managerial concern with financial institutions and provide support as they make necessary improvements.

In planning and formulating financial system policy measures, the Bank will continue to place importance on taking a macroprudential perspective. As a prerequisite for this, it will enhance its research and analysis on the stability and functioning of the financial system as a whole, taking into consideration, for example, the diversification of financial service providers.

Meanwhile, in order to ensure financial system stability, the Bank will stand ready to act effectively as the lender of last resort for individual financial institutions and financial markets if necessary.

The Bank will address these objectives in due cooperation with relevant parties.

C. Enhance Payment and Settlement Services and Reinforce Market Infrastructures

The Bank will enhance Japan's payment and settlement services in response to the diversification of payment and settlement needs and financial globalization while maintaining an accurate grasp of environmental changes such as the spread of new financial and settlement services and operational changes at financial institutions. From this perspective, the Bank, as a central bank, will actively contribute to discussions and initiatives regarding new possibilities and challenges accompanying IT advances through close communication with a wide range of relevant service providers at home and abroad.

Regarding its payment and settlement services, the Bank will promote initiatives to realize payment and settlement for cross-border transactions in yen or Japanese government bonds by making effective use of the Bank of Japan Financial Network System (BOJ-NET). It will also proceed with wide-ranging deliberations on the applicability of newly developed IT to its payment and settlement infrastructure.

Meanwhile, the Bank will conduct appropriate oversight of financial market infrastructures, while considering changes in the environment.

The Bank will also work actively to reinforce financial market infrastructures in Japan to reduce settlement risk and strengthen market functioning, while giving due consideration to international developments and working in close cooperation with market participants.

D. Conduct Stable and Efficient Central Banking Operations

The Bank will work to secure confidence in the use of banknotes and coins while employing new technology. In this regard, it will conduct business operations such as the receipt and payment of cash and the examination of banknotes and coins in a precise and stable manner.

In addition, the Bank will, in cooperation with relevant institutions, strengthen the monitoring of the cleanliness of banknotes in circulation and enhance its efforts to address counterfeiting.

The Bank will also maintain an accurate grasp of trends in cash circulation and improve the stability and efficiency of operational frameworks based on the information gathered.

With regard to banking operations, the Bank will, on a daily basis, continue to settle financial transactions involving current account deposits that financial institutions hold at the Bank and conduct market operations, implementing all of these in an accurate and stable manner. As for treasury funds and Japanese government securities (JGSs), the Bank will carry out a wide range of services with precision.

For both banking operations and services relating to treasury funds and JGSs, the Bank will continuously assess the stability and efficiency of its operational and other frameworks, while taking due account of, for example, trend changes in workloads and developments in the environment surrounding counterparties.

E. Contribute to International Finance amid Globalization

Amid further globalization and continuing growth in business and financial transactions between Japanese institutions and counterparties located in Asia, economic and financial stability around the globe, particularly in Asia, has become ever more crucial to Japan's economy.

Based on this recognition, the Bank will play its due part as a central bank in ensuring the stability of the international currency system, in cooperation with relevant authorities at home and abroad. It will also play a leadership role at many different international meetings, while paying appropriate attention to Japan's stance. Furthermore, in support of efforts to ensure economic

and financial stability in Asia, the Bank will, among other initiatives, further strengthen monetary cooperation and technical assistance work in the region.

F. Contribute to Regional Economic and Financial Environments

Making due use of the functions available at its head office, branches, and local offices in activities such as providing appropriate central banking services in each region of the country, the Bank will contribute to regional economic and financial environments, with a view to supporting sustainable development.

Regarding central banking services, the Bank will aim to ensure that it can conduct its business operations in a stable manner even at times of natural disasters. It will maintain an accurate grasp of regional economic and financial conditions and of region-specific challenges through close communication with local financial institutions, firms, and economic organizations. At the same time, the Bank will provide careful explanations of (1) its view of Japanese and overseas economic and financial conditions and (2) the thinking behind its policies and business operations. It will make active use of information gained through such efforts in conducting monetary policy and business operations.

G. Strengthen External Communication

With a view to ensuring broad public confidence, the Bank will clearly and accessibly communicate its conduct of monetary policy and business operations not only to financial professionals but also to the general public at home and abroad.

Aiming to better grasp public opinion as well as public needs regarding its policies and business operations, the Bank will further strengthen its communication with financial institutions closely involved in its conduct of policies and business operations, and will build and strengthen relationships with people, firms, and economic organizations across a wide range of fields.

Taking the above matters into consideration, the Bank will work to achieve multilateral and effective communication by making use of various communication platforms, including its website. It will also aim to enhance the content of in-house tours of its head office and branches.

The Bank will publish the findings from its research and analysis in effective ways. It will also appropriately compile and release statistics, mainly with a view to improving their user-friendliness and responding to changes in Japan's economic and industrial structure.

In addition to the above efforts, the Bank, in cooperation with relevant parties, will work to support the activities of the Central Council for Financial Services Information and associated committees to promote financial literacy among the public.

VI. Strategic Objectives for Organizational Management

A. Organizational Management

The Bank will focus on the following strategic objectives for its organizational management and all sections of its head office, branches, and local offices will coordinate their efforts to achieve them.

1. Execute Business Operations Flexibly and Secure Requisite Staff

In view of the increasingly wide range of challenges facing central banks and the need to be able to respond flexibly to changes in the environment, the Bank will enhance its capability in planning business operations by accumulating a high degree of central banking expertise as well as maintaining and further enhancing the individual staff expertise cultivated through long years of workplace experience. It will revise and restructure its business processes to make full use of IT and work actively to enhance efficiency and stability in its

business operations via computerization. Through these efforts, the Bank will further increase its effective use of management resources.

The Bank will secure the staff—that is, individuals possessing a high degree of central banking expertise—that it requires for executing its business operations and organizational management. At the same time, it will continue to foster employees' ability to tackle new tasks and to excel in international arenas, while taking into consideration changes in working arrangements. In addition, the Bank will further promote diversity in the workplace by, for example, improving the inclusion of women and senior employees and expanding the opportunities available to them. It will also steadily realize varied and flexible working arrangements to further improve the work-life balance and well-being of its employees. Through these efforts, the Bank will continue to foster a workplace environment in which diverse employees can realize their full potential.

2. Manage Operational Risks Appropriately

In order to maintain public confidence, it is important for the Bank to continue to execute all business operations with precision and deliberation. To this end, it will work cohesively to manage operational risks effectively, giving due consideration to changes in the composition of its workforce and in working arrangements. In doing so, the Bank will promote the reduction of operational risks and efficiency of risk management by making active use of IT.

In managing operational risks, it is essential for the Bank to ensure that its officers and employees execute their duties with integrity. To this end, the Bank will continue to work to ensure strict compliance with accepted social and ethical standards and to promote the appropriate management of information security.

3. Strengthen Business Continuity Arrangements

Based on its experience following the Great East Japan Earthquake, the Kumamoto Earthquake, and a succession of other natural disasters, as well as the government's reappraisal of potential damage scenarios for large-scale earthquakes such as those directly hitting Tokyo or occurring in the Nankai Trough area, the Bank will further reinforce its business continuity arrangements through the effective use of its management resources.

B. Management Resources

1. Number of Employees

In order to carry out the strategic objectives stated in the Plan, the Bank will work to secure the necessary employee numbers and to increase the efficiency of its overall business operations. The ceiling on the number of full-time employees for each fiscal year will be decided and made public based on this basic understanding.⁴

2. Expense Budget

In order to carry out the strategic objectives stated in the Plan, the Bank will secure the necessary budget and achieve more streamlined overall spending. The budget for each fiscal year will be decided and made public based on this basic understanding.⁵

VII. Performance Reviews of the Plan

With a view to (1) steadily carrying out the strategic objectives for business operations and organizational management stated in the Plan and (2) reviewing and revising as necessary the allocation of management resources, the Bank will conduct and make public performance reviews of measures taken under the Plan every fiscal year. In addition, it will conduct a comprehensive review of its performance over the entire period of the Plan.

4. See Attachment 2 for Appendix 2 on page 105 for the ceiling on the number of full-time employees for fiscal 2022.

5. See Attachment 1 for Appendix 2 on page 104 for the budget for expenses for fiscal 2022.

THE BANK OF JAPAN'S BUDGET FOR EXPENSES FOR FISCAL 2022¹

The Bank of Japan's budget for expenses for fiscal 2022 (the 138th fiscal year) is as follows (Table 1).² While securing the necessary budget to perform its role as the central bank of Japan, the Bank has also thoroughly examined each item of expenditure to achieve more streamlined overall spending.

The budget for expenses for fiscal 2022 marked an increase of 2.3 percent from the previous year, of which the amount subject to the approval of the Minister of Finance increased by 0.6 percent. This overall increase was mainly due to changes in the following items: other general and administrative expenses and costs increased by 7.7 percent, mainly owing to a rise in computerization expenses, and the cost of production of banknotes increased by 1.1 percent, mainly due to expenses to be incurred in preparation for the introduction of a new series of banknotes. On the other hand, expenses related to many other items decreased; for example, the administrative expenses for treasury business and Japanese government securities as well as personnel expenses decreased by 1.9 percent and 0.9 percent, respectively.

1. Decided by the Policy Board on March 15, 2022.

2. The Bank prepares a budget for expenses every fiscal year. Its budget, excluding the cost of purchasing fixed assets used for the Bank's business operations, is subject to the approval of the Minister of Finance under Article 51, paragraph 1 of the Bank of Japan Act before the beginning of each fiscal year. After obtaining authorization from the Minister of Finance, the Bank implements the budget from the start of the fiscal year. All figures, including those in Table 1, are rounded off.

Table 1

Budget for Expenses for Fiscal 2022 (The 138th Fiscal Year)

Item	Initial budget (thous. yen)	Change from the previous year (percent)
Cost of production of banknotes	54,882,297	1.1
Administrative expenses for treasury business and Japanese government securities	21,332,440	-1.9
Personnel expenses	52,364,356	-0.9
Remuneration of the officers	428,725	-0.2
Remuneration of the employees	41,579,314	-0.8
Retirement allowances	10,356,317	-1.3
Expenses for transportation and communications	4,217,693	-1.3
Expenses for transportation	1,978,040	-1.4
Expenses for communications	2,239,653	-1.3
Expenses for maintenance and repairs	2,276,551	-9.2
Other general and administrative expenses and costs	57,744,989	7.7
Cost of expendable supplies	1,170,258	-6.6
Expenses for electricity and water supply	2,020,248	8.7
Leasing fees for buildings and equipment	5,736,750	-4.7
Expenses for maintenance of buildings and equipment	11,669,232	14.1
Miscellaneous expenses	37,148,501	8.4
Subtotal	192,818,326	1.9
Cost of fixed-asset purchases	23,851,490	5.8
Of which: Subject to the approval of the Minister of Finance ¹	2,870,754	-45.8
Contingency funds	1,000,000	0.0
Total²	217,669,816	2.3
Of which: Subject to the approval of the Minister of Finance ¹	196,689,080	0.6

Notes: 1. Excludes the cost of purchasing fixed assets used for the Bank's business operations.

2. Of the budget for expenses, those related to computerization amounted to 32,948,459 thousand yen, a 7.5 percent increase from the previous year, and are included in expenses for communications, leasing fees for buildings and equipment, expenses for maintenance of buildings and equipment, and miscellaneous expenses.

Budget estimates of computerization expenses assume required outsourcing of approximately 11,618 person-months (one person-month is the workload equivalent of one person working for one month in system development), and a total of approximately 14,824 person-months when the workload of the Bank's employees is included.

**THE CEILING ON THE NUMBER OF FULL-TIME EMPLOYEES
OF THE BANK OF JAPAN FOR FISCAL 2022¹**

The Bank has set the ceiling on the number of full-time employees for fiscal 2022 at 4,900.

1. Decided by the Policy Board on March 25, 2022.

APPENDIX 3: INTERIM REVIEW OF *MEDIUM-TERM STRATEGIC PLAN (FISCAL 2019–2023)*¹**I. Introduction**

The Bank of Japan formulated the *Medium-Term Strategic Plan (Fiscal 2019–2023)* and released it in March 2019. Performance reviews of measures taken under the Plan have been conducted every subsequent fiscal year and the results made public in the *Gyomu Gaikyo Sho* (Outline of Business Operations, available only in Japanese).

The Plan states that the Bank shall conduct an interim review of the Plan in or around fiscal 2021, in order to enable the Bank to address any changes in the environment, and the Bank has duly done so. This document summarizes the Bank's accomplishments in the first three fiscal years of the Plan and clarifies its strategy for the remaining period, particularly for the main challenges the Bank has faced in conducting business operations and organizational management since the formulation of the Plan.

II. Developments in the External Environment and the Bank's Responses

The Plan describes the environment surrounding central banks as follows. Innovation and application of information technology (IT) such as digitalization have accelerated, and this has started to have wide-ranging and diverse effects on economic and financial activities. In the broader context of the global economy and society, Japan is expected to address the Sustainable Development Goals (SDGs). In recent years, central banks have commonly faced mounting expectations to take further action concerning central bank digital currencies (CBDC) and climate change. These developments can be considered as concrete progress

in the environment described in the Plan. Under these circumstances, the Bank clarified its stance regarding these challenges in *The Bank of Japan's Approach to Central Bank Digital Currency* (October 2020) and *The Bank of Japan's Strategy on Climate Change* (July 2021), and has made steady progress accordingly. As a response to the new challenges to the Bank's business operations that accompany advances in digitalization, the Bank has been making active use of alternative data, such as high-frequency data and granular data, in research and analysis on economic and financial conditions at home and abroad, amid the increasing availability of such data.

The novel coronavirus (COVID-19) pandemic, which began after the formulation of the Plan, is another challenge facing central banks. Since 2020, the Bank has implemented measures to prevent the spread of COVID-19 and has done its utmost to continue providing essential central banking services to ensure the stability of people's daily lives and economic activities as a designated public institution under the Act on Special Measures for Pandemic Influenza and New Infectious Diseases Preparedness and Response. In this process, the Bank has made use of its expertise in strengthening business continuity arrangements, which it has accumulated steadily over the past years, and also of the experience of addressing the challenges accompanying IT advances as laid out in the Plan.

III. Looking Forward to the Remaining Period

The Bank will continue to perform appropriately its role as the central bank of Japan, addressing a wide range of strategic objectives for its business operations and

1. Decided by the Policy Board on March 25, 2022.

organizational management under the Plan in fiscal 2022 and beyond. The Bank will give due consideration to the following matters given changes in the environment that have occurred since the formulation of the Plan.

The Bank will proceed with the CBDC project in line with the approach it published in October 2020. Specifically, for the experiments that it started in fiscal 2021, the Bank will move forward to Proof of Concept (PoC) Phase 2 in April 2022, after completing Phase 1, to implement additional functions of CBDC and test their feasibility. Based on these experiments, if the Bank judges it necessary to step things up further, it will also consider a pilot program that involves private payment service providers and end users. It will also proceed to explore institutional arrangements for CBDC, while closely exchanging views with stakeholders at home and abroad regarding, for example, cooperation and role-sharing arrangements between a central bank and private payment service providers and the impact on the financial system.

In addition to the above, the Bank will tackle a wide range of tasks in its response to progress in digitalization, taking into consideration the impact on its business operations. The Bank will, for example, steadily promote efficiency in business operations between the Bank and counterparties such as financial institutions and further advance the use of alternative data in its research and analysis.

The Bank will continue to address climate change

in line with its strategy released in July 2021. Specific measures are laid out in the strategy in the areas of monetary policy, financial system, research, international finance, and the Bank's business operations and external communications. The Bank will continue to make progress on each measure in coordination with relevant departments within the Bank through the Climate Coordination Hub. In the *Gyoumu Gaikyo Sho* (Outline of Business Operations) for fiscal 2021, which is scheduled for publication in May 2022, the Bank will provide explanations of its climate-related efforts including disclosures that take into account the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

With regard to responses to COVID-19, the course of which continues to warrant attention, the Bank will continue to conduct its business operations as a designated public institution, while continuing to implement measures to prevent the spread of the virus. Making use of the expertise it has gained through the experience of addressing COVID-19, the Bank will also take the initiative to promote business operations and organizational management suitable for the post-pandemic era, such as enhancing the efficiency of business operations using IT and further improvements in the flexibility of working arrangements.

The Bank positions the above matters as complements to the Plan for the remaining period, namely, for fiscal 2022 and 2023.