

Nov. 22, 2023

JPX Market Innovation & Research, Inc.

Nikkei Inc.

Index Consultation on Revisions of Guidebooks for the JPX-Nikkei Index 400 and the JPX-Nikkei Mid and Small Cap Index

JPX Market Innovation & Research, Inc. and Nikkei Inc. (hereinafter collectively referred to as the "Index Providers") are conducting an Index Consultation on the proposed revisions to the guidebooks for the JPX-Nikkei Index 400 and the JPX-Nikkei Mid and Small Cap Index (hereinafter collectively referred to as the "JPX-Nikkei Indices") as follows:

1. Reason for Proposed Revision

The Index Providers started the calculation of the JPX-Nikkei Index 400 in January 2014 as "the new stock index composed of 'companies with high appeal for investors', which meet requirements of global investment standards, such as efficient use of capital and investor-focused management perspectives" and approximately nine years have passed since then. During this period, the Index Providers have revised the guidebooks from time to time in response to various changing circumstances.

As society faces an aging population and a declining birthrate in Japan, there's a growing recognition of the need for diversity within companies to sustain their growth. Amid this context, various initiatives are being implemented to enhance diversity, including the increased participation of women in corporate roles. Based on this recognition, from the periodic review in August 2022, JPX-Nikkei indices have added "female corporate officers" as criteria for determining their qualitative scores. Furthermore, the Tokyo Stock Exchange is developing the necessary listing system, in response to "the Intensive Policy for Gender Equality and the Empowerment of Women 2023," which the government issued to set numerical targets for the ratio of female executives for the Prime Market-listed companies as one of the specific measures to achieve a virtuous cycle of women's activities and economic growth.

Considering the above situation, the Index Providers aim to further strengthen the JPX-Nikkei Indices composed of "companies highly attractive to investors" and suggest reviewing the calculation criteria based on the following contents.

The policy will be to actively proceed with revisions of the guidebooks that will contribute to strengthening the concept in the future in line with the progress of information disclosure of listed companies while also taking into consideration the evaluation data availability.

2. Proposals

"Appointment of independent outside directors and female corporate officers," which is an item used for determining qualitative scores, will be revised as follows:

Item to be revised	Current	After revisions
III. JPX-Nikkei Index 400 Constituent Selection 1. (2) v.	Criteria: - Out of the total number of directors, a majority are independent directors. - Out of board members and executive officers, <u>at least</u>	Criteria: - Out of the total number of directors, a majority are independent directors. - Out of board members and executive officers, <u>the ratio</u>
III. JPX-Nikkei Mid and Small Cap Index Constituent Selection 1. (2) vi.	<u>one female is appointed</u> as disclosed in "members of the board and executive officers" in the Securities Report.	<u>of female is at least 30%</u> as disclosed in "members of the board and executive officers" in the Securities Report.

3. Timeline and related procedures

Date	Procedures
Nov. 22, 2023 (Wed.) to Dec. 21, 2023 (Thu.)	Opinions gathered through Index Consultation *Opinions can be submitted via the official JPX website. Submissions must specify the following: (i) Name of submitter, (ii) Occupation of submitter, (iii) Name and business type of the corporation, organization, etc. to which the submitter belongs, (iv) Contact information (phone number and email address), and (v) Opinions on the proposed matter(s)
Middle of January 2024 (tentative)	Final decision by the Index Providers *The Index Providers will make the final decision on the proposed matter(s) taking the opinions submitted into consideration. The finalized measures will be published on the Index Providers' official websites.

4. Implementation Date (tentative)

This revision will be implemented from the periodic review scheduled for August 2024.