

Benchmark Statement

December 23, 2020

Nikkei Inc.

This Benchmark Statement is provided by Nikkei Inc., which is a third country benchmark administrator recognized under Article 32 of EU Benchmark Regulation (EU 2016/1011), to comply with Article 27 of the same regulation and related regulatory technical standards.

In this benchmark statement, “BMR” refers to Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.

“DR” refers to Commission Delegated Regulation (EU) 2018/1643 of 13 July 2018 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council with regard to regulatory technical standards specifying further the contents of, and cases where updates are required to, the benchmark statement to be published by the administrator of a benchmark.

“DR-ESG” refers to Commission Delegated Regulation (EU) 2020/1816 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the

explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published. The statement is prepared in accordance with the template stipulated in ANNEX I.

| | BMR Art. 27/DR | Title | Nikkei Response |
|---|--|--|---|
| 1 | DR Art. 1.1 (a) | Dates | <p>First published on May 20, 2020</p> <p>Last update: December 23, 2020</p> <p>Reason of update: Introduction of requirement to explain how ESG factors are reflected.</p> |
| 2 | BMR 1(a), DR Art. 1.1 (b) DR Art. 1.1 (c) DR Art. 1.1 (d) DR Art. 1.2 (a) DR Art. 1.2 (b) DR Art. 2 (a)(b) | Benchmark information (economic reality, ISINs, contributions, type, regulated-data) | <p>Relevant information is provided in Exhibits.</p> <p>Exhibit A. Name, ISIN, description including economic reality, and input data are provided in this Exhibit. Further details of benchmarks are available through links shown under Exhibit C.</p> <p>Exhibit B. Information regarding contribution, regulated-data, non-significant benchmark is provided. None of the Nikkei benchmarks is based on contributed data. Nikkei receives security prices directly from Tokyo Stock Exchange and Osaka Exchange. These exchanges are deemed equivalent and the benchmarks which use such prices are regulated-data benchmarks.</p> <p>All of the Nikkei benchmarks are non-significant since the size of financial instruments referring to each benchmark individually is smaller than 50 billion euros and Art. 24.1(b) is not applied.</p> |

| BMR Art. 27/DR | Title | Nikkei Response |
|----------------------------------|---|--|
| | | <p>Exhibit C. Detailed information regarding each benchmark is provided on Nikkei's official index website. A link to each page is listed in this Exhibit.</p> |
| <p>3 BMR 1 (a) BMR 2 (g)</p> | <p>Potential Limitations (circumstances where measurement may become unreliable, illiquid/fragmented markets, concentration of input)</p> | <p>Benchmarks of Nikkei are based on the prices from the regulated exchanges (markets). As long as such markets operate properly, the economic reality is properly measured. Measurement by the benchmarks may become unreliable if reliability of prices obtained from exchange become lower due to severe market stress or extreme low liquidity.</p> <p>Japanese exchanges may become illiquid, fragmented, or concentrated under severe natural disaster or other force majeure events. Asian markets which Nikkei Asia300 Investable Index refers to may be under such conditions due to economic or political reasons.</p> |
| <p>4 DR Art 1.3 (a)</p> | <p>Potential Limitations (Lack of data)</p> | <p>Lack of data may be caused by no or limited transactions in the markets. This may be caused by severe system or communication facility failures, triggered for example by a large scale natural disaster.</p> |

| | BMR Art. 27/DR | Title | Nikkei Response |
|---|------------------|--------------------------------------|---|
| 5 | BMR 1 (b), 2 (d) | Discretions | Benchmarks of Nikkei are based on the prices from regulated markets and calculated automatically by computer systems with pre-set algorithms. No discretion is exercised in the calculation of the benchmarks. |
| 6 | BMR 1 (c)(d) | Notices, Impact of Changes/Cessation | <p>Users should be advised that Nikkei benchmarks may be changed or ceased due to external factors beyond Nikkei's control, such as structural change in the market, as well as internal factors such as low level of use of the benchmarks.</p> <p>Users should also be advised that changes or cessation of benchmarks might have impact on financial instrument referring to the benchmarks.</p> <p>Refer to "General Policies for Nikkei Index Administration" and "Policies for Nikkei Index Cessation and Transition" See item 11 for the URL of webpage of the documents.</p> <p>Also note that license agreement to use the Nikkei indexes stipulates above provisions.</p> |
| 7 | BMR 2 (a) | Definition of Key terms | Definition of key terms are found in the Index Guidebook of each benchmark posted on the web page listed under Exhibit C. |
| 8 | BMR 2 (b) | Rationale/review/approval of | Methodology for each benchmark is developed by Nikkei to |

| BMR Art. 27/DR | Title | Nikkei Response |
|-------------------------------------|--|---|
| | methodologies | <p>measure the economic reality of the benchmark and serve user needs better. Users are advised to understand the methodology to assess the suitability of the benchmark for their purpose of use.</p> <p>Users and potential users can submit queries regarding benchmarks, including methodologies, directly to Nikkei through the contact form found at the following URL. https://indexes.nikkei.co.jp/en/nkave/contact</p> <p>Methodologies are reviewed once a year at the time of annual review of the constituents. Material changes to the methodology are approved by the Index Committee. Refer to “General Policies for Nikkei Index Administration”. See item 11 for the direct URL (deep link) of this document.</p> |
| 9 BMR 2 (c), 2(f) DR Art.1.1 (c) | Input data (including errors, contributions) | <p>Refer to Exhibit A for the input data for each benchmark. Exact formulas to use input data and rebalancing procedure are found in the Index Guidebook on the webpage listed under Exhibit C. No models are used to derive input data.</p> <p>Determined benchmarks are monitored daily by Nikkei. Refer to point b) of Article 2, point b) of Article 4 of the IOSCO Compliance Report. If an anomaly is found, input data are</p> |

| BMR Art. 27/DR | Title | Nikkei Response |
|----------------|-------------------|---|
| | | <p>verified against other sources where available, and may result in restatement. Refer to "General Policies for Nikkei Index Administration" for restatement of benchmarks.</p> <p>Benchmarks of Nikkei do not use contributed data. Input data other than prices from exchanges are dividends, FX rates, and Yen interest rates, all of which are commercially available and obtained from the relevant sources directly.</p> <p>See item 11 for the direct URL (deep link) of this document.</p> |
| 10 BMR 2 (e) | Market stress | <p>Users are advised that Nikkei benchmarks cannot be calculated without prices from exchanges. When there is a partial closure of an exchange, benchmarks may be determined by valid available prices only. Nikkei has the ability to calculate and provide closing values of benchmarks when prices are not available online, but available from other sources.</p> |
| 11 DR Art.1.8 | Related documents | <ul style="list-style-type: none"> ● General Policies for Nikkei Index Administration ● Policies for Nikkei Index Cessation and Transition ● Report of Compliance with the Principles for Financial Benchmarks by the International Organization of Securities Commissions. (IOSCO compliance Report) <p>These are available from https://indexes.nikkei.co.jp/en/nkave/license</p> |

| BMR Art. 27/DR | Title | Nikkei Response |
|----------------|--------------------------|-----------------|
| 12 DR Art. 3 | Interest rate benchmarks | Not applicable |
| 13 DR Art. 4 | Commodity benchmarks | Not applicable |
| 14 DR Art. 5 | Critical Benchmarks | Not applicable |

Note: All of the Nikkei benchmarks are Non-significant. DR Art. 1.2 (c), DR Art 1.3 (b)(c), DR Art. 1.4, DR Art. 1.5 are exempted by DR Art. 1.7 (a)

| DR-ESG | Contents | Nikkei Response |
|----------|--|---------------------------------------|
| 1 Item 1 | Name of the benchmark administrator | Nikkei Inc. |
| 2 Item 2 | Type of benchmark | Equity |
| 3 Item 3 | Name of the benchmark | Benchmarks as listed in the Exhibit A |
| 4 Item 4 | Are there in the portfolio of the benchmark administrator any EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks, benchmarks that pursue ESG objectives or benchmarks that take into account ESG factors? | No |
| 5 Item 5 | Does the benchmark pursue ESG objectives? | No |

Note: Item 6 to 8 are omitted since the answer to Item 5 is "No" for all the benchmarks on the ESMA Register.

Exhibits: Benchmark Information

Exhibit A. Basic Information

| Benchmark name | ISIN | Description | Input data |
|---|---|---|--|
| Nikkei Stock Average (Nikkei Average, Nikkei 225) | JP9010C00002 | A leading Japanese equity index widely used globally. It is comprised of 225 stocks in the Tokyo Stock Exchange 1st section and calculated as a price-weighted index. | Stock prices from the Tokyo Stock Exchange. |
| Nikkei 225 Total Return Index | JP9016K00002 (TR) JP9016L00000 (NTR) | Nikkei 225 with dividends re-invested. Gross dividend and Net dividend (net of taxes) versions are provided. | Closing Nikkei 225 of the day and dividend information of the constituents. |
| Nikkei 225 USD Hedged Index | JP9016S00005 JP9016T00003 (TR) | The indexes are intended to measure the performance of the Nikkei 225 held in a foreign currency, excluding the effects of the currency exchange rates. They combine the currency hedge position with the investment in the Nikkei 225. Total return versions are also available. | Closing Nikkei 225 and foreign exchange rates of the day. Total return versions use Nikkei 225 Total Return Index. |
| Nikkei 225 EUR Hedged Index | JP9016U00001 JP9016V00009 (TR) | | |
| Nikkei 225 Covered Call Index | JP9016M00008 | The index measures the performance of the "Covered Call strategy" based on the Nikkei 225. | Closing Nikkei 225 and closing call option price from Osaka Securities Exchange of the day. |
| Nikkei 225 Risk Control Index | JP9016N00006 | Based on the Nikkei 225, volatility of the index is maintained as lower than the Nikkei 225 and controlled within a limited range. Volatility level is measured by the Nikkei Stock Average Volatility Index. | Closing Nikkei 225 and closing Nikkei Stock Average Volatility Index of the day. |

| | | | |
|---|---|--|---|
| Nikkei 225 Leveraged Index | JP9016P00001 | The index provides two times of the return of the Nikkei 225. When the Nikkei 225 goes up by 1%, it goes up by 2%. | Closing Nikkei 225 of the day is the sole input. |
| Nikkei 225 Inverse Index | JP9016Q00009 | The index provides the reverse of the return of the Nikkei 225. When the Nikkei 225 goes up by 1%, it goes down by 1%. | Closing Nikkei 225 of the day is the sole input. |
| Nikkei 225 Double Inverse Index | JP9016R00007 | The index provides the tow-times reverse of the return of the Nikkei 225. When the Nikkei 225 goes up by 1%, it goes down by 2%. | Closing Nikkei 225 of the day is the sole input. |
| Nikkei Stock Average Volatility Index | JP9016W00007 | The index is intended to measure the future fluctuations of the Japanese stock market as anticipated by the investors. It is based on the prices of the Nikkei 225 options traded in the Osaka Exchange. | Options and futures prices on the Nikkei 225 from the Osaka Exchange, LIBOR Euro-Yen rate for 1 and 2 months. |
| Nikkei 225 VI Futures Index | JP9016X00005 | Based on the futures contracts on the Nikkei Stock Average Volatility Index traded in the Osaka Exchange, prices of the near and far months contracts are combined to make a virtual 1-month maturity futures contract. It is designed to track the return on such 1-month futures contract. | Prices of the Nikkei 225 Volatility Index Futures from the Osaka Exchange. |
| Nikkei 225 High Dividend Yield Stock 50 Index | JP9016Y00003 JP9016Z00000 (TR) JP9017000002 (NTR) | The index is intended to measure the performance of the high dividend yield stocks in Japan. 50 highest dividend yield stocks are chosen from the Nikkei 225 constituents and weighted by the dividend yields. | Prices from the Tokyo Stock Exchange and dividends information. |

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|---------------------------------------|---|---|---|
| Nikkei 225 Dividend Point Index (DPI) | JP9011W00008 | For a specific calendar year, the index accumulates the dividends received by the Nikkei 225 constituents. The indexes are reset each year and have the "year" attached to them, e.g. Nikkei 225 DPI (2019) | Divided information of the Nikkei 225 constituents. |
| Nikkei Asia300 Investable Index (JPY) | JP9017800005 JP9017900003 (TR) JP9017A00001 (NTR) | First non-Japanese stock index of Nikkei. Nikkei's editors chose 300+ companies in Asia as "must-watch companies" in the region outside of Japan ("Asia300"). This index is intended to replicate the "Asia300" by numerical standards to make the index investable. 300 stocks are chosen from 10 countries and regions (9 exchanges as China A-shares are excluded). It is calculated by free-float adjusted market value method, denominated in JPY and USD. Total return versions are also available. | Real time stock prices from the following exchange and relevant currency exchange rates. Bombay Stock Exchange Bursa Malaysia Hong Kong Stock Exchange Indonesia Stock Exchange Korea Exchange Philippine Stock Exchange Singapore Exchange Stock Exchange of Thailand Taiwan Stock Exchange |
| Nikkei Asia300 Investable Index (USD) | JP9017B00009 JP9017C00007 (TR) JP9017D00005 (NTR) | | |

* For ISINs, (TR) denotes (gross) total return, (NTR) denotes net total return (net of taxes)

Exhibit B. Types

| Benchmark | ISIN | Contributed data | Regulated data benchmark | Non-significant benchmark | Art. 24.1(b) applied |
|---|---|------------------|-------------------------------|---------------------------|----------------------|
| Nikkei Stock Average (Nikkei Average, Nikkei 225) | JP9010C00002 | No | Art.3.24(a)(i) | BMR Art.24.1(a) | No |
| Nikkei 225 Total Return Index | JP9016K00002 (TR) JP9016L00000 (NTR) | No | Art.3.24(a)(i) | BMR Art.24.1(a) | No |
| Nikkei 225 USD Hedged Index | JP9016S00005 JP9016T00003 (TR) | No | No (FX rate is used) | BMR Art.24.1(a) | No |
| Nikkei 225 EUR Hedged Index | JP9016U00001 JP9016V00009 (TR) | No | No (FX rate is used) | BMR Art.24.1(a) | No |
| Nikkei 225 Covered Call Index | JP9016M00008 | No | Art.3.24(a)(i) | BMR Art.24.1(a) | No |
| Nikkei 225 Risk Control Index | JP9016N00006 | No | No (Volatility Index is used) | BMR Art.24.1(a) | No |
| Nikkei 225 Leveraged Index | JP9016P00001 | No | Art.3.24(a)(i) | BMR Art.24.1(a) | No |
| Nikkei 225 Inverse Index | JP9016Q00009 | No | Art.3.24(a)(i) | BMR Art.24.1(a) | No |
| Nikkei 225 Double Inverse Index | JP9016R00007 | No | Art.3.24(a)(i) | BMR Art.24.1(a) | No |
| Nikkei Stock Average Volatility Index | JP9016W00007 | No | No (Interest rate is used) | BMR Art.24.1(a) | No |
| Nikkei 225 VI Futures Index | JP9016X00005 | No | Art.3.24(a)(i) | BMR Art.24.1(a) | No |

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|---|---|----|---|-----------------|----|
| Nikkei 225 High Dividend Yield Stock 50 Index | JP9016Y00003 JP9016Z00000 (TR) JP9017000002 (NTR) | No | Art.3.24(a)(i) | BMR Art.24.1(a) | No |
| Nikkei 225 Dividend Point Index (DPI) | JP9011W00008 | No | No (not an equity index) | BMR Art.24.1(a) | No |
| Nikkei Asia300 Investable Index (JPY) | JP9017800005 JP9017900003 (TR) JP9017A00001 (NTR) | No | No (include non-equivalent exchanges and prices supplied by service provider) | BMR Art.24.1(a) | No |
| Nikkei Asia300 Investable Index (USD) | JP9017B00009 JP9017C00007 (TR) JP9017D00005 (NTR) | | | | |

Exhibit C. Web pages

| Benchmark | ISIN | Index page |
|--|---|---|
| Nikkei Stock Average (Nikkei Average, Nikkei 225) | JP9010C00002 | https://indexes.nikkei.co.jp/en/nkave/index/profile?idx=nk225 |
| Nikkei 225 Total Return Index | JP9016K00002 (TR) JP9016L00000 (NTR) | https://indexes.nikkei.co.jp/en/nkave/index/profile?idx=nk225tr |
| Nikkei 225 USD Hedged Index | JP9016S00005 JP9016T00003 (TR) | https://indexes.nikkei.co.jp/en/nkave/index/profile?idx=nk225usd |
| Nikkei 225 EUR Hedged Index | JP9016U00001 JP9016V00009 (TR) | https://indexes.nikkei.co.jp/en/nkave/index/profile?idx=nk225eur |
| Nikkei 225 Covered Call Index | JP9016M00008 | https://indexes.nikkei.co.jp/en/nkave/index/profile?idx=nk225cc |
| Nikkei 225 Risk Control Index | JP9016N00006 | https://indexes.nikkei.co.jp/en/nkave/index/profile?idx=nk225rc |
| Nikkei 225 Leveraged Index | JP9016P00001 | https://indexes.nikkei.co.jp/en/nkave/index/profile?idx=nk225le |
| Nikkei 225 Inverse Index | JP9016Q00009 | https://indexes.nikkei.co.jp/en/nkave/index/profile?idx=nk225in |
| Nikkei 225 Double Inverse Index | JP9016R00007 | https://indexes.nikkei.co.jp/en/nkave/index/profile?idx=nk225in2 |
| Nikkei Stock Average Volatility Index | JP9016W00007 | https://indexes.nikkei.co.jp/en/nkave/index/profile?idx=nk225vi |
| Nikkei 225 VI Futures Index | JP9016X00005 | https://indexes.nikkei.co.jp/en/nkave/index/profile?idx=nk225vifi |
| Nikkei 225 High Dividend Yield Stock 50 Index | JP9016Y00003 JP9016Z00000 (TR) JP9017000002 (NTR) | https://indexes.nikkei.co.jp/en/nkave/index/profile?idx=nk225hdy |
| Nikkei 225 Dividend Point Index (DPI) | JP9011W00008 | https://indexes.nikkei.co.jp/en/nkave/index/profile?idx=nk225dp |

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|---------------------------------------|---|---|
| Nikkei Asia300 Investable Index (JPY) | JP9017800005 JP9017900003 (TR) JP9017A00001 (NTR) | https://indexes.nikkei.co.jp/en/asia300/index/profile?idx=asia300i |
| Nikkei Asia300 Investable Index (USD) | JP9017B00009 JP9017C00007 (TR) JP9017D00005 (NTR) | https://indexes.nikkei.co.jp/en/asia300/index/profile?idx=asia300j |