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JPX Market Innovation & Research, Inc.

Nikkei Inc.

Results of Index Consultation on Guidebook Revisions 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") recently conducted 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") from November 22 to December 21 of 2023.

An outline of the opinions gathered through the Index Consultation and Index Providers' responses are as follows:

1. Outline of Opinions Gathered and Index Providers' Responses

The recent revisions aim to strengthen the JPX-Nikkei Indices, which are composed of companies with high appeal for investors, by revising the criteria for appointing female corporate officers, one of the items used to calculate the qualitative scores.

Index Providers received multiple opinions throughout the Index Consultation, and most of them favored the revision with no opposing opinion.

Based on this, as proposed in the Index Consultation, Index Providers will revise the guidebooks for the JPX-Nikkei Indices.

Index Providers hope that this revision will promote efforts towards steadily advancing the training and appointment of women in listed companies and the construction of a pipeline for promoting women to management positions and eventually executive roles.

Additionally, Index Providers received opinions requesting more detailed disclosure regarding the impact and calculation method of the qualitative scores in Constituent Selection, as well as opinions suggesting that the qualitative scores should have a greater impact on the final scores.

Although qualitative scores are not described to the public, no discretionary judgement by Index Providers is applied for them. For the JPX-Nikkei Indices, additional points given by the qualitative scores are positioned to complement the selection based on the overall scores. With this idea in mind, Index Providers have set it up so that the difference between selection based solely on the overall scores and the one considering the qualitative scores additionally is, at most, around ten issues.

2. Final Revision

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

3. Implementation Date (tentative)

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