

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 the requirements of global investment standards, such as efficient use of capital and investor- focused management perspectives" and approximately eleven years have passed since then. During this period, the Index Providers have revised the guidebooks in response to various changing circumstances.

In recent years, corporate social responsibility has become an increasingly important issue, leading to an elevated risk of damage to corporate value as a result of potential reputation decline.

Considering the above situation, the Index Providers propose to review the guidebooks as follows, with the aim of further strengthening the concept of the JPX Nikkei Indices.

2. Proposals

The criteria for excluding issues from the pool of eligible constituents at the periodic review will be changed as follows:

Item to be revised #1	After revisions	Current
III. JPX-Nikkei Index 400 Constituent Selection 1. (2) ii. (i)	(i) Falling under any of the following within 1 year from the base date where the reason is significant (i) Subject to public announcement measures (ii) Requested to submit an improvement report for public inspection (including cases of resubmission) (iii) Subject to payment of listing agreement violation penalty <u>(iv) The RRI indicator provided by RepRisk is equal to or above 75</u>	(i) Falling under any of the following within 1 year from the base date where the reason is significant (i) Subject to public announcement measures (ii) Requested to submit an improvement report for public inspection (including cases of resubmission) (iii) Subject to payment of listing agreement violation penalty
III. JPX-Nikkei Mid and Small Cap Index Constituent Selection 1. (2) ii. (i)		

Item to be revised #2	After revisions	Current
III. JPX-Nikkei Index 400 Constituent Selection 4. (3)	<u>(3) Others</u> <u>(a) RRI</u> • <u>The RepRisk Index (RRI) indicator provided by RepRisk* in one year up to the base date shall be used.</u> • <u>In cases where the RRI indicator as of the relevant time or during the relevant time period is not available, no issues are removed from the pool of eligible constituents based on this indicator.</u>	(New)
III. JPX-Nikkei Mid and Small Cap Index Constituent Selection 4. (3)	<u>(*) Switzerland-based RepRisk assigns a daily RRI to each company that captures and quantifies a company's reputational risk exposure by analyzing various sources,</u>	

	<p><u>including news articles. The RRI ranges from zero to 100, and a company is defined as extremely high risk if its RRI is equal to or above 75.</u></p>	
--	---	--

3. Timeline and related procedures

Date	Procedures
Mar. 31, 2025 (Mon.) to Apr. 30, 2025 (Wed.)	<p>Opinions gathered through Index Consultation</p> <p>*Opinions can be submitted via the official JPX website.</p> <p>Submissions must specify the following:</p> <ul style="list-style-type: none"> (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 May 2025 (tentative)	<p>Final decision by the Index Providers</p> <p>*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.</p>

4. Implementation Date (tentative)

This revision will be implemented from the periodic review scheduled for August 2025.