

PRESS RELEASE

Japan Exchange Group and S&P Dow Jones Indices Launch S&P/JPX 500 ESG Score Tilted Index Series

First TOPIX 500-based ESG indices arrive as investors increasingly integrate ESG values into mainstream Japanese equity portfolios

TOKYO, MARCH 28, 2022: S&P Dow Jones Indices (“S&P DJI”), the world’s leading index provider, and Japan Exchange Group (“JPX”) have joined forces to increase transparency in and support the growth of the Environmental, Social and Governance (ESG) market in Japan with the launch of the [S&P/JPX 500 ESG Score Tilted Index Series](#).

These innovative S&P/JPX 500 ESG Score Tilted Indices are designed to improve the ESG characteristics of Japan’s widely followed TOPIX 500, while offering a similar risk and return profile of its parent index. The index series includes the:

- S&P/JPX 500 ESG Score Tilted Index (0.25)
- S&P/JPX 500 ESG Score Tilted Index (0.5)
- S&P/JPX 500 ESG Score Tilted Index (1.0)
- S&P/JPX 500 ESG Score Tilted Index (2.0)

The indices employ a range of scaling factors that, when applied to the weighting scheme, provide varying magnitudes of tilting. Higher scaling factors imply that the tilted index would have relatively higher S&P DJI ESG score improvement, but also greater differences in constituent weights relative to the parent index. The S&P/JPX 500 ESG Score Tilted Index (0.5) serves as the standard tilted index.

On average, the index series has achieved between 12 to 40 percent S&P DJI ESG score improvement with 0.5 to 1.5 percent annual tracking error against the TOPIX 500 over the past 10 years. The indices are calculated on a real-time basis.

Kiyota Akira, CEO of JPX said, “JPX joined the Sustainable Stock Exchanges (SSE) initiative in December 2017. In recent years, JPX has supported listed companies in their voluntary efforts to disclose ESG information, including through publication of the Practical Handbook for ESG Disclosure and the launch of the JPX ESG Knowledge Hub in 2020. Under these circumstances, we are delighted to collaborate with S&P Dow Jones Indices to further promote ESG-focused activities through the provision of a new composite ESG index series.”

Dan Draper, CEO of S&P Dow Jones Indices said, “S&P Dow Jones Indices is proud of its longstanding collaboration with the Japan Exchange Group. We are privileged to continue evolving and expanding our partnership with the exchange to respond to the growing awareness and appetite

amongst global investors to incorporate environmental, social and governance principles in their decision-making processes. This exciting development underscores our joint commitment to help promote and advance sustainability in financial markets in Japan, Asia and globally from the lens of independent indexing.”

At each rebalancing in May and November, the S&P/JPX 500 ESG Score Tilted Indices’ constituents’ weights are tilted away from free-float market capitalization in a way that companies with higher or lower S&P DJI ESG scores are over- or under-weighted, respectively, while maintaining their GICS® industry group and/or sector neutrality. The S&P DJI ESG Scores are derived from the S&P Global ESG Scores and built from the S&P Global Corporate Sustainability Assessment (CSA).¹ In addition, the indices exclude companies with poor alignment with UN Global Compact principles or involvement in relevant ESG controversies.

The S&P/JPX 500 ESG Score Tilted Index Series addresses the need from individual and institutional investors to enhance ESG exposure while maintaining a broad and diversified universe to invest in. Served as a transparent tool in measuring the ESG performance of companies in the TOPIX 500, the S&P/JPX 500 ESG Score Tilted Indices also help encourage and motivate Japanese companies to better track their ESG performance against industry peers.

For more information about these indices, please visit S&P DJI’s website at www.spglobal.com/spdji and JPX’s website at www.jpx.co.jp.

ABOUT JAPAN EXCHANGE GROUP

Japan Exchange Group, Inc. (JPX) was established via the business combination between Tokyo Stock Exchange Group and Osaka Securities Exchange on January 1, 2013. On October 1, 2019, JPX expanded its business into commodity derivatives trading by acquiring Tokyo Commodity Exchange, Inc. In addition, JPX Market Innovation & Research, Inc. (JPXI) will commence business operations on April 1, 2022 and will take over provision of the index-related services currently provided by Tokyo Stock Exchange, Inc. JPX operates financial instruments exchange markets to provide market users with reliable venues for trading listed securities and derivatives instruments. In addition to providing market infrastructure and market data, JPX also provides clearing and settlement services through a central counterparty and conducts trading oversight to maintain the integrity of the markets. In the course of working together as an exchange group to offer a comprehensive range of services, we continue to make every effort to ensure reliable markets and create greater convenience for all market users.

ABOUT S&P DOW JONES INDICES

S&P Dow Jones Indices is the largest global resource for essential index-based concepts, data and research, and home to iconic financial market indicators, such as the S&P 500® and the Dow Jones Industrial Average®. More assets are invested in products based on our indices than products based on indices from any other provider in the world. Since Charles Dow invented the first index in 1884, S&P DJI has been innovating and developing indices across the spectrum of asset classes helping to define the way investors measure and trade the markets.

¹ For more information on the CSA process, please refer to <https://www.spglobal.com/esg/csa/>

S&P Dow Jones Indices is a division of S&P Global (NYSE: SPGI), which provides essential intelligence for individuals, companies, and governments to make decisions with confidence. For more information, visit: www.spglobal.com/spdji.

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