

Messages from Shareholders who Watched the Live Broadcast of the 22nd Annual General Shareholders Meeting (June 16, 2023) and Responses from JPX

June 21, 2023

Japan Exchange Group, Inc.

No.	Message	JPX's Response
1	<ul style="list-style-type: none"> Wouldn't the diversity of the board of directors be improved in terms of age if, for example, there were some young candidates for the board? 	<ul style="list-style-type: none"> When selecting candidates for the board of directors, JPX aims to have a diverse board of directors, taking into consideration not only age but all factors such as professional experience, nationality, and gender, in order to reflect the opinions of diverse stakeholders in the management and market operation of JPX. The Nomination Committee will consider the future composition of the board of directors in light of the feedback we have received.
2	<ul style="list-style-type: none"> Going forward, what is your policy regarding the appointment of female executive officers? 	<ul style="list-style-type: none"> As JPX's first female executive officer, Ms. Lin was appointed to the position of Corporate Communications and Investor Relations in April 2022. We began hiring women for what can be considered "career positions" in 2000, and although we currently have only one female executive officer appointed from within the company, four women have been appointed in director positions, and we are working to develop candidates for executive positions with the aim of appointing them as executive officers in the near future. To prepare more women for executive positions, in addition to on-the-job training through job rotation, we are actively sending employees to study within Japan and overseas, and as trainees to other companies, and the number of female managers leading teams is steadily increasing. We will continue to strive towards creating a workplace where women can work comfortably and advance their careers in an environment that allows them to balance work with elements of their private life such as childcare and nursing care. Please refer to the link below for more information on goals and initiatives to promote the advancement of women in the workplace. <ul style="list-style-type: none"> ➤ 4. Women's Participation and Advancement in the Workplace - Toward the Success of All Employees (Diversity, Employee Advancement, and Work Style Reforms) https://www.jpx.co.jp/english/corporate/sustainability/jpx-esg/employee/

No.	Message	JPX's Response
3	<ul style="list-style-type: none"> What is the principle behind the requirement that a person must have served as an outside director for a total of no more than eight years? 	<ul style="list-style-type: none"> The maximum period to serve as an independent outside director was originally set at ten years, but was changed to eight years in 2021 in response to various domestic and international standards, and examples from other companies, in order to improve the effectiveness of the supervisory role of independent directors. This is stipulated in the JPX's "Criteria for Judging the Independence of Independent Directors".
4	<ul style="list-style-type: none"> Is it not contrary to the purpose of the electronic provision system, which is to reduce the use of paper, to deliver paper documents for the General Shareholders Meetings, including matters subject to electronic provision measures? 	<ul style="list-style-type: none"> Considering that this is the first annual general shareholders meeting for which we have used the electronic provision system, we have delivered paper documents for the meeting to all shareholders to prevent confusion among shareholders, but we have also given some consideration to saving paper resources by expanding the amount of information that will be omitted from the delivered documents and only posted on the website. For next year's and future general shareholders meeting's materials, we will make decisions based on how well the new system has been established and implemented.
5	<ul style="list-style-type: none"> I hope that the shareholder incentive program continues. 	<ul style="list-style-type: none"> In the course of our IR activities, we have received opinions, mainly from institutional investors, that the shareholder incentive program should be abolished. However, we see no reason to either abolish or change the program at this time.
6	<ul style="list-style-type: none"> What measures do you intend to take in the event of a hostile takeover or buyout of JPX's shares? 	<ul style="list-style-type: none"> JPX is committed to enhancing corporate value through various initiatives and actively returning profits to shareholders in order to gain shareholders' understanding of our management policy. As a financial instruments exchange holding company, our company's shares are subject to restrictions under the Financial Instruments and Exchange Act, including restrictions on holding voting rights.
7	<ul style="list-style-type: none"> I think that subsidiary listings are problematic from a governance standpoint. 	<ul style="list-style-type: none"> In general, subsidiary listings have long contributed to the development of Japanese industry through the provision of growth capital to internal ventures within large corporate groups, and we are aware that no other country in the world prohibits the listing of subsidiaries. However, as you pointed out, there is a possibility

No.	Message	JPX's Response
	Why are they allowed?	<p>that a conflict of interest may arise between the parent company and minority shareholders of the subsidiary. Therefore, we believe that it is appropriate to allow the listing of subsidiaries while paying sufficient attention to the protection of minority shareholders.</p> <ul style="list-style-type: none"> • TSE has been working to protect minority shareholders for some time, and in order to discuss further improvements, we established a study group in 2020 to compile an Interim Report on issues to be considered and the direction to take with regard to enhancing information disclosure and improving governance systems. Subsequently, there has been progress in discussions regarding the revision of the Corporate Governance Code and statutory disclosure, so the study group was reopened this year, and discussions are currently underway based on that progress. • In the future, we plan to organize the matters to be considered for disclosing information on listed companies with parent-subsidary relationships and to consider expanding the scope of companies subject to disclosure from a similar perspective, as well as to deepen discussions on how such companies should be governed.
8	<ul style="list-style-type: none"> • You have requested that listed companies with P/B ratios below 1 work to increase their ratio to 1, but do you intend to impose some kind of penalty, such as removal from the Prime Market in the future, for companies that do not increase their ratio? 	<ul style="list-style-type: none"> • A P/B ratio below 1 generally indicates that there are issues in terms of return on capital and growth potential, which may be indicative of the current state of the Japanese stock market. • However, the main focus of this request is to encourage each company to consider and implement sufficient initiatives in constructive dialogue with investors, based on management's own recognition of the need to be aware of the cost of capital and stock price, in order to achieve sustainable growth and increase corporate value over the medium to long term. It is not intended for companies only to focus on exceeding a P/B ratio over 1, nor is sufficient just to exceed a P/B ratio of 1. For this reason, currently we do not intend to change the regulation regarding whether or not to remove a company from the Prime Market depending on whether or not its P/B ratio is below 1. • In addition, this request is an effort to actualize the principle of "management with an awareness of capital cost," which has been in the Corporate Governance Code until now. Since a blanket mandate may result in a formal response, we are first of all asking listed companies to voluntarily change their mindset based on the

No.	Message	JPX's Response
		<p>principles of the Code.</p> <ul style="list-style-type: none"> We will continue to follow up with listed companies and make every effort to make progress in our initiatives.
9	<ul style="list-style-type: none"> It should be required to include whether there is a live broadcast on the cover page of the notice of the General Shareholders Meeting. 	<ul style="list-style-type: none"> TSE does not prescribe the content or format of the notice of the General Shareholders Meeting, as it is a document regulated by the Companies Act, including the matters to be included in the notice. However, considering the desire to improve the General Shareholders Meeting in a way that conforms to the true meaning of the meeting, we will continue to make efforts to cooperate with related parties as necessary.