



**FTSE
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An LSEG Business

FTSE JPX Net Zero Japan Index Series – Methodology update

11 December 2024

FTSE Russell confirms that the following changes will be implemented to the FTSE JPX Net Zero Japan Index Series in conjunction with the 2024 annual index review, which will be effective from the open on Monday 23 December 2024.

As the Index Series is aligned with the EU Climate Transition Benchmark (CTB) criteria, Scope 3 greenhouse gas (GHG) emissions data for Financials (ICB 30) will be incorporated in conjunction with the December 2024 index review, in accordance with Article 5 of the Commission Delegated Regulation (EU) 2020/1818* of 17 July 2020. FTSE Russell will update the base year levels used to calculate the decarbonisation trajectory by using the new Scope 3 data and index weights recalculated using the current methodology, from the base year of 2020.

Given the inclusion of Scope 3 data for Financials, the following rules have been removed: rule 5.5.4 regarding the treatment of Financials, and the additional objectives in rule 8.1.2 and 8.1.3 regarding the target on the active weight of each company in ICB subsector Banks (30101010). These rules are cited below:

5.5.4 Due to low and unreliable coverage, the FTSE Scope 3 emissions models used in the FTSE JPX Net Zero Japan Index Series do not include financials (ICB 30). Instead, all financials, including those with disclosed Scope 3, are assigned a Z-score of 3 (which is the 'worst' tilt on the Scope 3 carbon emissions) to reflect their very large but underestimated emissions.

8.1.2 The FTSE JPX Net Zero Japan 500 Index is set to meet the following additional climate objectives:

Additional Climate objectives	Index targets
Active weight of each company in ICB subsector Banks (30101010)	≤ 0

8.1.3 The FTSE JPX Net Zero Japan 200 Index is set to meet the following additional climate objectives:

Additional Climate objectives	Index targets
Active weight of each company in ICB subsector Banks (30101010)	≤ 0

An updated copy of the FTSE JPX Net Zero Japan Index Series Ground Rules (v 1.9) is now available using the following link [JPX Net Zero Japan Index Series](#).

*The European Benchmark Regulation is retained EU law in the UK under The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019 (the UK Benchmark Regulation).

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