

S&P Japan Bond Index *Methodology*

February 2024

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Introduction

Index Objective

The S&P Japan Bond Index is composed of a universe of Japanese yen-denominated bonds issued in Japan, and measures the market value weighted performance of the Japanese bond market.

Index Family

The S&P Japan Bond Index is the flagship bond index. The index tracks the performance of Japanese yen-denominated government and corporate bonds issued in Japan. The index is a broad, transparent and independent benchmark.

Sector level indices include:

- S&P Japan Government Bond Index
- S&P Japan Corporate Bond Index

The four main government categories are:

- Sovereign Bond¹
- Agency Bond
- Government Bill²
- Provincial Bond

The four main corporate categories are:

- Financials
- Utilities
- Services
- Industrials

The structure of the S&P Japan Bond Index family currently consists of:

S&P Japan Bond Index:

- S&P Japan Government Bond Index:
 - S&P Japan Sovereign Bond Index
 - S&P Japan Government Bill Index
 - S&P Japan Agency Bond Index
 - S&P Japan Provincial Bond Index
- S&P Japan Corporate Bond Index:
 - S&P Japan Financials Bond Index
 - S&P Japan Services Bond Index
 - S&P Japan Utilities Bond Index
 - S&P Japan Industrials Bond Index

¹ For information on the S&P Japan Sovereign Bond Index, please refer to the S&P Global Bond Indices Methodology available at www.spglobal.com/spdji/.

² For information on the S&P Japan Government Bill Index, please refer to the S&P Global Bill Index Series Methodology available at www.spglobal.com/spdji/.

Supporting Documents

This methodology is meant to be read in conjunction with supporting documents providing greater detail with respect to the policies, procedures and calculations described herein. References throughout the methodology direct the reader to the relevant supporting document for further information on a specific topic. The list of the main supplemental documents for this methodology and the hyperlinks to those documents is as follows:

Supporting Document	URL
S&P Dow Jones Indices' Fixed Income Policies & Practices Methodology	Fixed Income Policies & Practices
S&P Dow Jones Indices' Fixed Income Index Mathematics Methodology	Index Mathematics Methodology

This index methodology was created by S&P Dow Jones Indices to achieve the aforementioned objective of measuring the underlying interest of the index governed by this methodology document. Any changes to or deviations from this methodology are made in the sole judgment and discretion of S&P Dow Jones Indices so that the index continues to achieve its objective.

Eligibility Criteria

Eligibility Factors

Currency. Securities must be issued in Japanese yen.

Maturity. Each bond must have a maturity greater than one month from the rebalancing date. No bond matures in the index.

Country of Issue. Securities must be government or corporate debt issued in Japan.

Coupon Type. The following coupon types are included:

- Fixed
- Zero
- Step-Up
- Fixed-to-Float

Optionality. Bullets, callable, and callable-perpetual (provided they are at least one-month from the first call) are included. Fixed-to-floating rate securities qualify if they are in the fixed phase and have at least one month until the date they transition to floating.

Exclusions. The following bond types are specifically excluded from the index:

- STRIPS
- Inflation-linked
- Floating-rate issues
- Convertible bonds³
- Puttable bonds
- Sukuk bonds
- Sinkable bonds

Minimum Notional Outstanding. Bonds must meet the minimum notional outstanding and market of issue criteria detailed in the following table:

Agency Bond	Provincial Bond	Corporate Bond
20 billion	20 billion	10 billion

Settlement. Bonds issued up to the rebalancing reference date (regardless of the settlement date) are included. Standard index settlement convention is same-day (e.g. T+0), unless otherwise specified. For month-ends that fall on a weekend, the interest accrued during the month will be reflected within the calendar month, regardless of settlement convention. For rates that are not available at month-end (e.g., a rate with an unknown reset), the accrual will be based on the current rate and adjusted the first business day of the next month.

Credit Rating Quality. No credit rating criteria is required. Bonds in default are removed at the next rebalancing.

Pricing. Bid Price - LSEG. Bonds not priced by the designated pricing source are ineligible for index inclusion.

³ Bonds with convertible features (including Contingent Convertibles) are excluded from the index.

Index Construction

Index Calculations

The S&P Japan Bond Index and related sub-indices are market value weighted.

The total return is calculated by aggregating the interest return, reflecting the return due to paid and accrued interest, and price return, reflecting the gains or losses due to changes in the end-of-day price and principal repayments.

For further details regarding Index Calculations, please refer to S&P Dow Jones Indices' Fixed Income Index Mathematics Methodology.

Index Maintenance

Rebalancing

Indices are reviewed and rebalanced in accordance with their stated schedule.

Additions, deletions and other changes to the index arising from the rebalancing are made provided the security's reference information and pricing are available by designated pricing and data providers on the rebalancing reference date. Changes to the index are published on the announcement date and become effective on the rebalancing date. Information related to the rebalancing is obtained and disseminated after the close of business.

Rebalancing Schedule	
Rebalancing Frequency	Monthly
Rebalancing Date	Last business day of the rebalancing period (<i>T</i>)
Announcement Date	<i>T</i> – three business days (<i>T</i> -3)
Reference Date	<i>T</i> –four business days (<i>T</i> -4)

* All days reflect after the market close

Ongoing Maintenance

For more information on treatment of defaults or lack of daily price data, please refer to the Defaults section of S&P Dow Jones Indices' Fixed Income Policies & Practices Methodology.

Reinvestment Returns from Monthly Cash Flows

All cash, including interest payments and principal prepayments, are kept in cash until the next rebalance date.

Currency of Calculation and Additional Index Return Series

The indices are calculated in Japanese yen.

Additional currency and currency hedged versions of the indices, as well as maturity, sector, and rating-based sub-indices, may be available. For a list of available sub-indices and tickers, please refer to S&P Dow Jones Indices' Fixed Income Index Directory available at www.spglobal.com/spdji/.

For more information on index calculation, please refer to S&P Dow Jones Indices' Fixed Income Index Mathematics Methodology.

For the inputs necessary to calculate certain types of indices, including decrement, dynamic hedged, fair value, and risk control indices, please refer to the Parameters documents available at www.spglobal.com/spdji/.

Base Dates and History Availability

Index history availability, base dates, and base values are shown in the table below.

Index	Launch Date	First Value Date	Base Date	Base Value
S&P Japan Bond Index	10/21/2014	01/30/1998	04/30/2014	100
S&P Japan Government Bond Index	10/21/2014	01/30/1998	04/30/2014	100
S&P Japan Sovereign Bond Index	10/08/2014	01/30/1998	04/30/2014	100
S&P Japan Agency Bond Index	10/21/2014	01/30/1998	04/30/2014	100
S&P Japan Provincial Bond Index	10/21/2014	01/30/1998	04/30/2014	100
S&P Japan Corporate Bond Index	10/21/2014	01/30/1998	04/30/2014	100
S&P Japan Financials Bond Index	10/21/2014	01/30/1998	04/30/2014	100
S&P Japan Services Bond Index	10/21/2014	01/30/1998	04/30/2014	100
S&P Japan Utilities Bond Index	10/21/2014	01/30/1998	04/30/2014	100
S&P Japan Industrials Bond Index	10/21/2014	01/30/1998	04/30/2014	100

Index Governance

Index Committee

An Index Committee maintains the indices. All committee members are full-time professionals at S&P Dow Jones Indices. Meetings are held regularly.

The Index Committee oversees the day-to-day management of the indices, including the monthly rebalancing, determinations of intra-rebalancing changes to the indices, and maintenance and inclusion policies, including additions or deletions of bonds and other matters affecting the maintenance and calculation of the indices.

In fulfilling its responsibilities, the Index Committee has full and complete discretion to (i) amend, apply, or exempt the application of index rules and policies as circumstances may require and (ii) add, remove, or by-pass any bond in determining the composition of an index.

The Committee may rely on any information or documentation submitted to it or gathered by it that the Index Committee believes to be accurate. The Index Committee reserves the right to reinterpret publicly available information and to make changes to the indices based on a new interpretation of that information at its sole discretion. All Index Committee discussions are confidential.

The Index Committee is separate from and independent of other analytical groups at S&P Global. In particular, the Index Committee has no access to or influence on decisions by S&P Global Ratings analysts.

S&P Dow Jones Indices' Index Committees reserve the right to make exceptions when applying the methodology if the need arises. In any scenario where the treatment differs from the general rules stated in this document or supplemental documents, clients will receive sufficient notice, whenever possible.

In addition to the daily governance of indices and maintenance of index methodologies, at least once within any 12-month period, the Index Committee reviews the methodology to ensure the indices continue to achieve the stated objectives, and that the data and methodology remain effective. In certain instances, S&P Dow Jones Indices may publish a consultation inviting comments from external parties.

For information on Quality Assurance and Internal Reviews of Methodology, please refer to S&P Dow Jones Indices' Fixed Income Policies & Practices Methodology.

Index Policy

Announcements

Announcements of any relevant information pertaining to the S&P Japan Bond Index and related sub-indices are made at after the close. Press releases are posted on the S&P Dow Jones Indices' Web site at www.spglobal.com/spdji/.

Holiday Schedule

The S&P Japan Bond Index and related sub-indices are calculated daily, throughout the calendar year, except New Year's Day (January 1st).

A complete holiday schedule for the year is available on S&P Dow Jones Indices' Web site at www.spglobal.com/spdji/.

Rebalancing

The Index Committee may change the date of a given rebalancing for reasons including market holidays occurring on or around the scheduled rebalancing date. Any such change will be announced with proper advance notice where possible.

End-of-Day Calculation

Index levels are calculated at the end of each business day, via S&P Dow Jones Indices' Web site. This may be subject to change.

Index Releases

Releases are issued by S&P Dow Jones Indices at the end of the business day.

Recalculation Policy

For information on the recalculation policy please refer to S&P Dow Jones Indices' Fixed Income Policies & Practices Methodology.

For information on Calculations and Pricing Disruptions, Expert Judgment and Data Hierarchy, please refer to S&P Dow Jones Indices' Fixed Income Policies & Practices Methodology.

Contact Information

For questions regarding an index, please contact: index_services@spglobal.com.

Index Dissemination

Index levels are available through S&P Dow Jones Indices' website at www.spglobal.com/spdji/, major quote vendors (see codes below), numerous investment-oriented websites, and various print and electronic media.

Tickers

The table below lists headline indices covered by this document. All versions of the below indices that may exist are also covered by this document. Please refer to the [S&P DJI Methodology & Regulatory Status Database](#) for a complete list of indices covered by this document.

Index (Total Return Index)	Ticker
S&P Japan Bond Index	SPBJPCOT
S&P Japan Government Bond Index	SPBJPGOT
S&P Japan Sovereign Bond Index	SPBJPSOT
S&P Japan Agency Bond Index	SPBJPAGT
S&P Japan Provincial Bond Index	SPBJPGPT
S&P Japan Corporate Bond Index	SPBJPCPT
S&P Japan Financials Bond Index	SPBJPCFT
S&P Japan Services Bond Index	SPBJPCST
S&P Japan Utilities Bond Index	SPBJPCUT
S&P Japan Industrials Bond Index	SPBJPCIT

Index Data

Daily index level data is available via subscription.

For product information, please contact S&P Dow Jones Indices, www.spglobal.com/spdji/en/contact-us.

Web site

For further information, please refer to S&P Dow Jones Indices' Web site at www.spglobal.com/spdji/.

Appendix

Methodology Changes

Methodology changes since January 1, 2015 are as follows:

Change	Effective Date (After Close)	Previous	Methodology Updated
Contingent Convertibles	09/30/2020	--	Contingent Convertible bonds are excluded from the indices.
Exclusion of Government Holdings from Par Amount Outstanding for Index Eligibility Purposes	12/31/2019	Government holdings are included in determining par amount outstanding for sovereign bonds.	Government holdings are excluded in determining par amount outstanding for sovereign bonds.
Eligible Bonds	08/30/2019	Sinkable bonds are included.	Sinkable bonds are excluded.

Disclaimer

Performance Disclosure/Back-Tested Data

Where applicable, S&P Dow Jones Indices and its index-related affiliates (“S&P DJI”) defines various dates to assist our clients by providing transparency. The First Value Date is the first day for which there is a calculated value (either live or back-tested) for a given index. The Base Date is the date at which the index is set to a fixed value for calculation purposes. The Launch Date designates the date when the values of an index are first considered live: index values provided for any date or time period prior to the index’s Launch Date are considered back-tested. S&P DJI defines the Launch Date as the date by which the values of an index are known to have been released to the public, for example via the company’s public website or its data feed to external parties. For Dow Jones-branded indices introduced prior to May 31, 2013, the Launch Date (which prior to May 31, 2013, was termed “Date of introduction”) is set at a date upon which no further changes were permitted to be made to the index methodology, but that may have been prior to the Index’s public release date.

Please refer to the methodology for the Index for more details about the index, including the manner in which it is rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations.

Information presented prior to an index’s launch date is hypothetical back-tested performance, not actual performance, and is based on the index methodology in effect on the launch date. However, when creating back-tested history for periods of market anomalies or other periods that do not reflect the general current market environment, index methodology rules may be relaxed to capture a large enough universe of securities to simulate the target market the index is designed to measure or strategy the index is designed to capture. For example, market capitalization and liquidity thresholds may be reduced. In addition, forks have not been factored into the back-test data with respect to the S&P Cryptocurrency Indices. For the S&P Cryptocurrency Top 5 & 10 Equal Weight Indices, the custody element of the methodology was not considered; the back-test history is based on the index constituents that meet the custody element as of the Launch Date. Also, the treatment of corporate actions in back-tested performance may differ from treatment for live indices due to limitations in replicating index management decisions. Back-tested performance reflects application of an index methodology and selection of index constituents with the benefit of hindsight and knowledge of factors that may have positively affected its performance, cannot account for all financial risk that may affect results and may be considered to reflect survivor/look ahead bias. Actual returns may differ significantly from, and be lower than, back-tested returns. Past performance is not an indication or guarantee of future results.

Typically, when S&P DJI creates back-tested index data, S&P DJI uses actual historical constituent-level data (e.g., historical price, market capitalization, and corporate action data) in its calculations. As ESG investing is still in early stages of development, certain datapoints used to calculate certain ESG indices may not be available for the entire desired period of back-tested history. The same data availability issue could be true for other indices as well. In cases when actual data is not available for all relevant historical periods, S&P DJI may employ a process of using “Backward Data Assumption” (or pulling back) of ESG data for the calculation of back-tested historical performance. “Backward Data Assumption” is a process that applies the earliest actual live data point available for an index constituent company to all prior historical instances in the index performance. For example, Backward Data Assumption inherently assumes that companies currently not involved in a specific business activity (also known as “product involvement”) were never involved historically and similarly also assumes that companies currently involved in a specific business activity were involved historically too. The Backward Data Assumption allows the hypothetical back-test to be extended over more historical years than would be feasible using only actual data. For more information on “Backward Data Assumption” please refer to the FAQ. The methodology and factsheets of any index that employs backward assumption in the back-tested history

will explicitly state so. The methodology will include an Appendix with a table setting forth the specific data points and relevant time period for which backward projected data was used. Index returns shown do not represent the results of actual trading of investable assets/securities. S&P DJI maintains the index and calculates the index levels and performance shown or discussed but does not manage any assets.

Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the Index or investment funds that are intended to track the performance of the Index. The imposition of these fees and charges would cause actual and back-tested performance of the securities/fund to be lower than the Index performance shown. As a simple example, if an index returned 10% on a US \$100,000 investment for a 12-month period (or US \$10,000) and an actual asset-based fee of 1.5% was imposed at the end of the period on the investment plus accrued interest (or US \$1,650), the net return would be 8.35% (or US \$8,350) for the year. Over a three-year period, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.10%, a total fee of US \$5,375, and a cumulative net return of 27.2% (or US \$27,200).

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ESG Indices Disclaimer

S&P DJI provides indices that seek to select, exclude, and/or weight index constituents based on, but not limited to, certain environmental, social or governance (ESG) indicators, or a combination of those indicators, including the following: environmental indicators (including the efficient use of natural resources, the production of waste, greenhouse gas emissions, or impact on biodiversity); social indicators (such as, inequality and investment in human capital); governance indicators (such as sound management structures, employee relations, remuneration of staff, tax compliance, respect for human rights, anti-corruption and anti-bribery matters), specific sustainability or values-related company involvement indicators (for example, production/distribution of controversial weapons, tobacco products, or thermal coal), or controversies monitoring (including research of media outlets to identify companies involved in ESG-related incidents).

S&P DJI ESG indices use ESG metrics and scores in the selection and/or weighting of index constituents. ESG scores or ratings seek to measure or evaluate a company's, or an asset's, performance with respect to environmental, social and corporate governance issues.

The ESG scores, ratings, and other data used in S&P DJI ESG indices is supplied directly or indirectly by third parties (note these parties can be independent affiliates of S&P Global or unaffiliated entities) so an S&P DJI ESG index's ability to reflect ESG factors depends on these third parties' data accuracy and availability.

ESG scores, ratings, and other data may be reported (meaning that the data is provided as disclosed by companies, or an asset, or as made publicly available), modelled (meaning that the data is derived using a proprietary modelling process with only proxies used in the creation of the data), or reported and modelled (meaning that the data is either a mix of reported and modelled data or is derived from the vendor using reported data /information in a proprietary scoring or determination process).

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'good governance', 'no adverse environmental, social and/or other impacts', or other equivalently labelled objectives may change over time, especially as further regulatory or industry rules and guidance are issued and the ESG sustainable finance framework becomes more sophisticated.

Prospective users of an S&P DJI ESG Index are encouraged to read the relevant index methodology and related disclosures carefully to determine whether the index is suitable for their potential use case or investment objective.