

Modification to the Monthly Dividend Review for Certain S&P & Dow Jones Dividend-themed Indices

NEW YORK, JANUARY 19, 2021: S&P Dow Jones Indices (“S&P DJI”) announces an update to the Monthly Dividend Review (MDR) process applied to certain S&P and Dow Jones-branded, dividend-themed indices. Currently, S&P DJI employs four versions of the MDR process, as detailed in Table 1. S&P DJI is changing the four versions into the three Approaches defined in Table 2 in order to simplify the MDR process and improve consistency of application across dividend-themed indices.

Table 1:

Version	Current
1.	<p>S&P Dow Jones Indices reviews index constituents on a monthly basis. If S&P Dow Jones Indices determines that an index constituent has eliminated or suspended its dividend, omitted a payment, or reduced its calendar year dividend amount and will no longer qualify for the index at the subsequent reconstitution, it will be removed from the index effective prior to the open of the first business day of the following month and not replaced until the following reconstitution.</p> <p>Any changes are announced five business days prior to month-end. The determination of qualifying for the index at the subsequent reconstitution is at the discretion of the Index Committee. The decision to remove an index constituent due to dividend elimination, suspension, omission, or reduction is based on information publicly announced by the company as of seven business days prior to month-end.</p>
2.	<p>S&P Dow Jones Indices reviews index constituents on a monthly basis. If S&P Dow Jones Indices determines that an index constituent has eliminated or suspended its dividend, omitted a payment, or reduced its calendar year dividend amount and its new yield is significantly lower than the lowest yielding constituent and will no longer qualify for the index at the subsequent reconstitution, it will be removed from the index effective prior to the open of the first business day of the following month and not replaced until the following reconstitution.</p> <p>Any changes are announced five business days prior to month-end. The determination of qualifying for the index at the subsequent reconstitution is at the discretion of the Index Committee. The decision to remove an index constituent due to dividend elimination, suspension, omission, or reduction is based on information publicly announced by the company as of seven business days prior to month-end.</p>
3.	<p>S&P Dow Jones Indices reviews index constituents on a monthly basis. If S&P Dow Jones Indices determines an index constituent has eliminated, suspended its dividend or omitted a payment, it will be removed from the Index effective prior to the open of the first business day of the following month.</p> <p>In addition, constituent stocks are reviewed on a monthly basis for dividend cuts. Constituent stocks may, at the discretion of the Index Committee, be removed effective prior to the open of the first business day of the following month if the constituent company lowers but does not eliminate its dividend, its new yield is significantly lower than the lowest yielding constituent, and the index committee can determine based on current information that the company will not qualify for inclusion at the next rebalancing.</p> <p>The determination of qualifying for the index at the subsequent annual reconstitution is done at the discretion of the Index Committee. The decision to remove an index constituent due to dividend elimination, suspension, omission, or reduction is based on information publicly announced by the company as of seven business days prior to month-end. Any changes are announced five business days prior to month-end. The index constituents removed as part of the monthly dividend review process are not replaced until the following annual reconstitution.</p>
4.	<p>S&P Dow Jones Indices reviews index constituents on a monthly basis. If S&P Dow Jones Indices determines that an index constituent has eliminated or suspended its dividend, omitted a payment, or reduced its calendar year dividend amount and will no longer qualify for the index at the subsequent reconstitution, it will be removed from the index effective prior to the open of the first business day of the following month with five business days' notice. The determination of qualifying for the index at the subsequent reconstitution is at the discretion of the Index Committee. The decision to remove an index constituent due to dividend elimination, suspension, omission, or reduction is based on information publicly announced by the company as of seven business days prior to month-end.</p>

The “Updated” language detailed in Table 2 is being added to S&P Dow Jones Indices’ Equity Indices Policies & Practices Methodology, and each individual index methodology will define the specific MDR Approach (A, B, or C) that each index follows.

Table 2:

Updated
<p>Monthly Review for Ongoing Eligibility in Dividend Focused Indices</p> <p>S&P Dow Jones Dividend Indices’ constituents are reviewed on a monthly basis for ongoing eligibility.</p> <p>Unless stated otherwise in the relevant index methodology, S&P DJI will use one of the following approaches when conducting the monthly review to determine whether an index constituent will remain in a dividend index following an announcement concerning the company’s dividend program.</p> <p>At the discretion of S&P DJI, an index constituent may be removed, effective prior to the open of the first business day of the following month, if:</p> <p>Approach A:</p> <ul style="list-style-type: none"> • A scheduled dividend payment is omitted, • A company announces that it will cease paying dividends for an undetermined period, or • A company announces a reduced dividend amount and S&P DJI determines that it will no longer qualify for the index at the subsequent reconstitution as a result. <p>Approach B:</p> <ul style="list-style-type: none"> • A company announces that it will cease paying dividends for an undetermined period. • A company announces a reduced dividend amount and S&P DJI determines that it will no longer qualify for the index at the subsequent reconstitution as a result. <p>Approach C:</p> <ul style="list-style-type: none"> • A scheduled dividend payment is omitted, • A company announces that it will cease paying dividends for an undetermined period. <p>The determination of ongoing eligibility and qualifying for the index at the subsequent reconstitution is at the discretion of the Index Committee.</p> <p>Where a company postpones or defers a scheduled dividend payment, but does not cancel it, S&P DJI will generally take no action until the company makes a further announcement, or the index undergoes a rebalancing, whichever occurs sooner.</p> <p>For Approach B, companies that omit a single scheduled dividend payment will have their revised (reduced) total annual dividend amount reviewed for continuing eligibility. In the case of companies that typically pay a single dividend annually, omission may result in a zero dividend being recorded in the reference period for the subsequent rebalancing.</p> <p>The review of ongoing eligibility is conducted based on information publicly announced by the company up to and including the 21st of the month (in February, this date will be the 18th). Any index changes are effective prior to the open of the first business day of the following month and will be announced with five business days’ notice.</p>

This announcement only applies to the indices listed below. If necessary, announcements regarding the MDR approach of other S&P DJI dividend focused indices will be made in the future.

Index	Current Version	Updated Approach
S&P 500 Dividend Aristocrats Index	1	A
S&P Emerging Markets High Yield Dividend Aristocrats Index	1	A
S&P Europe 350 Dividend Aristocrats Index	1	A
S&P High Yield Dividend Aristocrats Index	1	A
S&P Mid Cap 400 Dividend Aristocrats	1	A
S&P Technology Dividend Aristocrats Index	1	A
S&P/TSX Canadian Dividend Aristocrats Index	1	A
S&P 500 High Dividend Index	2	B
S&P Pan Asia Dividend Aristocrats Index	2	A

INDEX ANNOUNCEMENT

Index	Current Version	Updated Approach
S&P South Africa Dividend Aristocrats Index	2	A
S&P/JPX Dividend Aristocrats Index	2	A
S&P Developed Dividend Aristocrats Index	3	A
S&P Developed ESG Dividend Aristocrats Index	3	A
S&P Developed Ex-Korea Dividend Aristocrats Quality Income Index	3	A
S&P Global Dividend Aristocrats Index	3	A
S&P Global Dividend Aristocrats Quality Income Index	3	A
S&P International Dividend Aristocrats Index	3	A
S&P High Yield Asia Pacific-Ex New Zealand REITs Select Index	4	B

Please note that for certain indices listed above, this announcement results in a change to the current process. Specifically, the S&P Dividend Aristocrats indices currently utilizing versions 2 and 3 of the MDR will no longer evaluate whether the “new yield is significantly lower than the lowest yielding constituent”.

IMPLEMENTATION TIMING

These changes will be implemented in conjunction with the respective annual and semi-annual rebalancings, which take effect prior to the open on Monday, February 1, 2021.¹ Results of the subsequent MDR will be announced on Friday, February 19, 2021.

Please note that the relevant index methodologies located on S&P DJI’s website are being updated to reflect these changes.

For more information about S&P Dow Jones Indices, please visit www.spdji.com.

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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.

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S&P Dow Jones Indices

index_services@spglobal.com

¹ As announced on 1/15/2021, the MDR for the S&P South Africa Dividend Aristocrats Index is suspended until the annual reconstitution in July 2021.