

Modification to the Monthly Dividend Review for certain Dow Jones Dividend-themed Indices

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

Table 1:

Version	Current Language
1	<p>A constituent stock is immediately removed from the index, independent of the annual rebalancing, if the constituent company is affected by a corporate action such as a delisting or bankruptcy.</p> <p>In addition, constituent stocks are reviewed on a monthly basis and at the discretion of S&P Dow Jones Indices, may be removed effective prior to the open of the first business day of the following month and not replaced, if:</p> <ul style="list-style-type: none"> • The constituent stock publicly announces a suspension or cancellation of its dividend program. • With the exception of the Dow Jones U.S. Dividend 100 Index and the Dow Jones Taiwan High Quality Dividend 30 Index, the constituent company lowers but does not eliminate its dividend, and its new yield is significantly lower than the lowest yielding constituent. <p>This is subject to the constituent stock’s announcement being made a minimum of seven business days prior to month-end. Any changes are announced five business days prior to month-end.</p>
2	<p>A constituent stock is immediately removed from the index, independent of the annual rebalancing, if the constituent company is affected by a corporate action such as a delisting or bankruptcy.</p> <p>In addition, constituent stocks are reviewed on a monthly basis and at the discretion of S&P Dow Jones Indices, may be removed effective prior to the open of the first business day of the following month and not replaced, if:</p> <ul style="list-style-type: none"> • The constituent stock publicly announces a suspension to, or cancellation of its dividend program. • The constituent company lowers but does not eliminate its dividend, and its new yield is significantly lower than the lowest yielding constituent. <p>This is subject to the constituent stock’s announcement being made a minimum of seven business days prior to month-end. Any changes are announced five business days prior to month-end.</p>

The “Updated” Methodology language is centralized in S&P Dow Jones Indices’ Equity Indices Policies & Practices Methodology. The individual index methodologies will indicate the 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>Approach A: Generally applied to dividend-themed indices whose main objective is to measure the performance of companies that have maintained or increased dividends every year for a specified number of years.</p> <p>Approach B: Generally applied to dividend-themed indices whose main objective is to measure the performance of dividend-paying companies and whose selection rules and weighting is often yield-focused.</p> <p>Approach C: Generally applied to indices with multiple objectives, one of which is to measure the performance of dividend-paying companies.</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, or; • 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, 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 C:</p> <ul style="list-style-type: none"> • A scheduled dividend payment is omitted, or; • 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 in the table below. If necessary, announcements regarding the monthly dividend review approach of other S&P DJI dividend focused indices will be made in the future. Below is the list of impacted indices:

Index	Current Version	Approach
Dow Jones Global Alternative Yield Index	2	B
Dow Jones Global Equity Yield Index	2	B
Dow Jones Global Real Estate Yield Index	2	B
Dow Jones Asia Select Dividend 30 Index (USD)	1	B
Dow Jones Asia/Pacific Select Dividend 50 Index	1	B
Dow Jones Canada Select Dividend Index (USD)	1	B
Dow Jones U.S. Select Dividend Index	1	B
Dow Jones Emerging Markets Select Dividend Index (USD)	1	B
Dow Jones EPAC Select Dividend Index	1	B
Dow Jones Eurozone Select Dividend 30 Index	1	B
Dow Jones Global Select Dividend Composite Index (USD)	1	B
Dow Jones Global Select Dividend Index	1	B
Dow Jones Islamic Market Global Select Dividend Index (USD)	1	B
Dow Jones Taiwan High Quality Dividend 30 Index (USD)	1	C
Dow Jones U.S. Dividend 100 Index	1	C

Please note that for certain indices listed above, this announcement results in a change to the current approach. Specifically, the indices above will no longer evaluate whether the “new yield is significantly lower than the lowest yielding constituent”.

IMPLEMENTATION TIMING

These changes will be effective April 1, 2021. Results of the subsequent MDR will be announced on Friday, April 23, 2021.

Please note that the relevant methodology documents 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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INDEX ANNOUNCEMENT