

**Dow Jones Sustainability Europe  
Diversified Low Volatility  
High Dividend Index  
*Methodology***

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# Introduction

## Index Objective

The Dow Jones Sustainability Europe Diversified Low Volatility High Dividend Index measures the performance of 30 high yielding companies within the Dow Jones Sustainability Europe Diversified Index, while meeting diversification, volatility, and tradability requirements. Constituents are equal-weighted.

## 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' Equity Indices Policies & Practices Methodology	<a href="#">Equity Indices Policies &amp; Practices</a>
S&P Dow Jones Indices' Index Mathematics Methodology	<a href="#">Index Mathematics Methodology</a>
S&P Dow Jones Indices' Global Industry Classification Standard (GICS) Methodology	<a href="#">GICS Methodology</a>

This methodology was created by S&P Dow Jones Indices to achieve the aforementioned objective of measuring the underlying interest of each 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 and Index Construction

## Index Eligibility

To qualify for membership in the index, a stock must satisfy the following criteria:

1. It must be a current member of the Dow Jones Sustainability Europe Diversified Index.
2. It must have been issued and trading for at least one calendar year prior to index inclusion. However, there is no minimum number of days that each stock must have actually traded.

*For information on stock eligibility criteria and index management rules of the Dow Jones Sustainability Europe Diversified Index, please refer to the Dow Jones Sustainability Diversified Indices Methodology at [www.spglobal/spdji.com](http://www.spglobal/spdji.com).*

**Multiple Share Classes.** Each company is represented once by the listing with the highest dividend yield subject to meeting the eligibility criteria. In the event multiple lines meet the eligibility criteria and have similar dividend yields, the Designated Listing is selected. For more information regarding the treatment of multiple share classes, please refer to Approach C within the Multiple Share Classes section of the S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

**Dividend Payment Types.** S&P Dow Jones Indices only considers cash dividend payments declared as regular by the paying company for index eligibility, selection, and weighting purposes. Cash dividend payments declared as special by the paying company, including recurring special cash dividends, are not considered. Dividend amounts are before application of withholding taxes.

## Constituent Selection

The selection of index constituents is performed as follows:

1. Using available price return data for the trailing one year of trading days leading up to each index rebalancing reference date, the realized volatilities of all stocks in the selection universe are calculated. Realized volatility is defined as the standard deviation of the security's daily price returns over the prior one year of trading days. The stocks in the selection universe are then ranked in ascending order and the bottom 50% (i.e., most volatile stocks) are removed.
2. The remaining stocks are ranked in descending order by their dividend yield, calculated as their trailing 12-month dividends per share divided by the stock price as of the rebalancing reference date.
3. The 30 stocks with the highest dividend yield are selected, provided that the following country and GICS sector allocations are not breached:
  - a. The maximum number of stocks from each country is 10.
  - b. The maximum number of stocks from each GICS sector is 10.

If the number of stocks in a given country or sector reaches the allowable limit, then the remaining highest-yielding stocks (from other countries or sectors) are selected until the number of selected stocks reaches 30.

*For more information on GICS, please refer to S&P Dow Jones Indices' Global Industry Classification Standard (GICS) Methodology and GICS Map, available at [www.spglobal/spdji.com](http://www.spglobal/spdji.com).*

## **Constituent Weightings**

At each rebalancing, constituents are equal weighted within the index.

## **Index Calculations**

The index is calculated by means of the divisor methodology used for all S&P Dow Jones equity indices.

*For more information on the index calculation methodology, please refer to the Equal Weighted Indices section of S&P Dow Jones Indices' Index Mathematics Methodology.*

# Index Maintenance

## Rebalancing

The index is rebalanced semi-annually, after the close of the last business day of April and October. The rebalancing reference dates are after the close of the last business day of March and September, respectively.

Constituents' shares are calculated using closing prices ten business days prior to the rebalancing date as the reference price. Index shares are calculated and assigned to each stock to arrive at the weights determined on the reference date. Since index shares are assigned based on prices prior to rebalancing, the actual weight of each stock at the rebalancing will differ from these weights due to market movements.

**Additions.** Except for spin-offs, additions are made to the index only during the semi-annual rebalancings.

**Spin-offs.** Spin-offs are added to all indices of which the parent security is a constituent, for a zero price, at the market close of the day before the ex-date (with no divisor adjustment). Spin-offs are removed after at least one day of regular way trading (with a divisor adjustment).

*For more information on Spin-offs, please refer to the Equal Weighted Indices section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.*

**Deletions.** Constituents removed from the Dow Jones Sustainability Europe Diversified Index due to corporate actions are removed from the Dow Jones Sustainability Europe Diversified Low Volatility High Dividend Index simultaneously. A stock deleted from the index between semi-annual rebalancing is not replaced until the subsequent semi-annual rebalancing. Therefore, between semi-annual rebalancing, the index may consist of less than 30 constituents.

## Currency of Calculation and Additional Index Return Series

The index is calculated in U.S. dollars and euros.

WM/Refinitiv foreign exchange rates are taken daily at 4:00 PM London time and used in the calculation of the indices. These mid-market fixings are calculated by the WM Company based on Refinitiv data and appear on Refinitiv pages WMRA.

In addition to the indices detailed in this methodology, additional return series versions of the indices may be available, including, but not limited to: currency, currency hedged, decrement, fair value, inverse, leveraged, and risk control versions. For a list of available indices, please refer to the [S&P DJI Methodology & Regulatory Status Database](#).

*For information on the calculation of different types of indices, please refer to S&P Dow Jones Indices' 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/spdji.com](http://www.spglobal/spdji.com).*

## Corporate Actions

For information on Corporate Actions, please refer to the Equal Weighted Indices sections of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

## Other Adjustments

In cases where there is no achievable market price for a stock being deleted, it may be removed at a zero or minimal price at the Index Committee's discretion, in recognition of the constraints faced by investors in trading bankrupt or suspended stocks.

## Base Date and History Availability

Index history availability, base date, and base value are shown in the table below.

Index	Launch Date	First Value Date	Base Date	Base Value
Dow Jones Sustainability Europe Diversified Low Volatility High Dividend Index	03/27/2015	04/30/2003	04/30/2003	100

# Index Data

## Calculation Return Types

S&P Dow Jones Indices calculates multiple return types which vary based on the treatment of regular cash dividends. The classification of regular cash dividends is determined by S&P Dow Jones Indices.

- Price Return (PR) versions are calculated without adjustments for regular cash dividends.
- Gross Total Return (TR) versions reinvest regular cash dividends at the close on the ex-date without consideration for withholding taxes.
- Net Total Return (NTR) versions, if available, reinvest regular cash dividends at the close on the ex-date after the deduction of applicable withholding taxes.

In the event there are no regular cash dividends on the ex-date, the daily performance of all three indices will be identical.

For a complete list of indices available, please refer to the daily index levels file (".SDL").

*For more information on the classification of regular versus special cash dividends as well as the tax rates used in the calculation of net return, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.*

*For more information on the calculation of return types, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.*

# Index Governance

## Index Committee

An S&P Dow Jones Indices Index Committee maintains the indices. All committee members are full-time professional members of S&P Dow Jones Indices' staff. The committee meets regularly. At each meeting, the Index Committee may review pending corporate actions that may affect index constituents, statistics comparing the composition of the index to the market, companies that are being considered as candidates for addition to the index, and any significant market events. In addition, the Index Committee may revise index policy covering rules for selecting companies, treatment of dividends, share counts or other matters.

S&P Dow Jones Indices considers information about changes to its indices and related matters to be potentially market moving and material. Therefore, all Index Committee discussions are confidential.

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' Equity Indices Policies & Practices Methodology.*

# Index Policy

## Announcements

All index constituents are evaluated daily for data needed to calculate index levels and returns. All events affecting the daily index calculation are typically announced in advance via the Index Corporate Events report (.SDE), delivered daily to all clients. Any unusual treatment of a corporate action or short notice of an event may be communicated via email to clients.

All methodology changes are posted to the S&P Dow Jones Indices' Web site and announced via email to all clients. The latest available version is posted on our Web site, [www.spglobal/spdji.com](http://www.spglobal/spdji.com).

*For more information, please refer to the Announcements section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.*

## Pro-forma Files

In addition to the corporate events file (.SDE), S&P Dow Jones Indices provides constituent pro-forma files each time the index rebalances. The pro-forma file is typically provided daily in advance of the rebalancing date and contains all constituents and their corresponding weights and index shares effective for the upcoming rebalancing.

*Please visit [www.spglobal/spdji.com](http://www.spglobal/spdji.com) for a complete schedule of rebalancing timelines and pro-forma delivery times.*

## Holiday Schedule

The index is calculated daily, throughout the calendar year. The only days the index is not calculated are on days when all exchanges where the index's constituents are listed are officially closed.

*A complete holiday schedule for the year is available on S&P Dow Jones Indices' Web site at [www.spglobal/spdji.com](http://www.spglobal/spdji.com).*

## 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.

## Unexpected Exchange Closures

For information on Unexpected Exchange Closures, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

## Recalculation Policy

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

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

## Contact Information

For any questions regarding an index, please contact: [index\\_services@spglobal.com](mailto:index_services@spglobal.com).

# Index Dissemination

Index levels are available through S&P Dow Jones Indices' Web site at [www.spglobal/spdji.com](http://www.spglobal/spdji.com), major quote vendors (see codes below), numerous investment-oriented Web sites, 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	Return Type	Bloomberg	RIC
Dow Jones Sustainability Europe Diversified Low Volatility High Dividend Index (EUR)	Price Return	DJLVHDEP	.DJLVHDEP
	Total Return	DJLVHDET	.DJLVHDET
	Net Total Return	DJLVHDEN	.DJLVHDEN
Dow Jones Sustainability Europe Diversified Low Volatility High Dividend Index (USD)	Price Return	DJLVHDUP	.DJLVHDUP
	Total Return	DJLVHDUT	.DJLVHDUT
	Net Total Return	DJLVHDUN	.DJLVHDUN

## Index Data

Daily constituent and index level data are available via subscription.

For product information, please contact S&P Dow Jones Indices, [www.spglobal/spdji.com/contact-us](http://www.spglobal/spdji.com/contact-us).

## Web site

For further information, please refer to S&P Dow Jones Indices' Web site at [www.spglobal/spdji.com](http://www.spglobal/spdji.com).

# Appendix

## Methodology Changes

Methodology changes since January 1, 2015, are as follows:

Change	Effective Date (After Close)	Previous	Methodology Updated
Treatment of Spin-Offs	09/30/15	<p>Spin-offs are generally not added to the Dow Jones Sustainability Europe Diversified Low Volatility High Dividend Index and there is no weight change to the parent stock. The price of the parent company is adjusted to the Price of the Parent Company minus (the Price of the Spun-off Company/Share Exchange Ratio). Index shares change so that the company's weight remains the same as its weight before the spin off. There is no index divisor change.</p> <p>However, when the price of the spin-off is not known, the spun-off company is added to the index at a zero price. Once the spun-off company trades, the company is dropped from the index and the parent's index shares are adjusted so that the company's weight remains the same as the combined weight of parent and the spin-off, determined on the first day of trading.</p>	<p>The spun-off company is added at a zero price at the market close of the day before the ex-date (with no divisor adjustment). The spun-off company will be removed after at least one day of regular way trading (with a divisor adjustment).</p>

# Disclaimer

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