

# **S&P Brazil Dividend Indices** *Methodology*

August 2022

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# Introduction

## Index Objective

The S&P Brazil Dividend Indices measure the performance of stocks domiciled in Brazil with increasing dividends or high dividend yields.

## Index Family

**S&P Dividend Aristocrats Brazil Index.** The index is designed to measure the performance of 30 stocks in the S&P Brazil BMI which maintain increasing or stable dividends. These are determined using a rolling three-year moving average to smooth year-to-year fluctuations in the dividend per share amount that otherwise might contribute to index turnover or distort the dividend distribution pattern of Brazilian companies. Constituents are weighted by trailing 12-month dividend yield, subject to a single constituent weight cap of 8% and a single Global Industry Classification Standard (GICS<sup>®</sup>) Sector cap of 35%.

**S&P Brazil Dividend Opportunities Index.** The index is designed to measure the performance of 40 of the highest yielding stocks in the S&P Brazil BMI. Constituents are weighted by trailing 12-month dividend yield, subject to the following constraints: individual constituents' minimum weights must be at least 2% and cannot exceed a single stock maximum weight cap of 8%, and each GICS Sector's weight is capped at 40%.

For information on the S&P Brazil BMI, please refer to the S&P Global BMI, S&P/IFCI Index Methodology at [www.spglobal.com/spdji](http://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' 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' Float Adjustment Methodology                               | <a href="#">Float Adjustment 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

## Index Universe

To qualify for membership in any of the S&P Brazil Dividend Indices, a stock must first be a constituent of the S&P Brazil BMI as of the rebalancing reference date.

## Selection Universe

**Market Capitalization.** Stocks must have a float-adjusted market capitalization (FMC) of at least US \$250 million as of the rebalancing reference date. In addition, for the S&P Brazil Dividend Opportunities Index, current index constituents with a float-adjusted market capitalization of at least US\$ 200 million remain eligible.

**Liquidity.** Stocks must have a three-month average daily value traded (ADVT) of at least US\$ 1 million as of the rebalancing reference date. In addition, for the S&P Brazil Dividend Opportunities Index, current index constituents with a three-month ADVT of at least US\$ 0.8 million remain eligible.

**Dividend Yield.** Stocks must have a dividend yield as of the rebalancing date. The dividend yield is calculated using the dividend per share paid over the trailing 12-month divided by the price, as of the rebalancing reference date. Companies are excluded if they eliminate their latest scheduled dividend payment or cancel their subsequent scheduled dividend.

## Stability Criteria

- **S&P Dividend Aristocrats Brasil Index**
  - **Dividend Stability.** The rolling three year moving average computed over the past five years of dividend payments must be stable or increasing. Regular dividend payments as well as interest on capital are considered. The total dividend amount considered is based on a trailing year basis.
- **S&P Brazil Dividend Opportunities Index**
  - **Profitability.** Stocks must be profitable, as measured by positive earnings-per-share (EPS) before extraordinary items, over the latest 12-month period as of the rebalance reference date.
  - **Earnings Growth.** Stocks must have a positive, three-year earnings growth. The earnings-per-share in the most recent year must be greater than the earnings-per-share three years prior. Existing index stocks will only be removed from the index after failing the earnings growth criteria for two consecutive rebalancings.

## 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. For both eligibility and weighting purposes, annualized cash dividend amounts, before withholding tax, are used.

## **Multiple Share Classes**

Each company is represented once by the listing with the highest dividend yield, subject to meeting the eligibility criteria detailed above. 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.

# Index Construction

## S&P Dividend Aristocrats Brasil Index

**Constituent Selection.** Stocks that pass the index eligibility criteria form the Selection Universe. Stocks are ranked based on their trailing 12-month dividend yield. The top 30 largest stocks form the index.

In order to reduce turnover, the index uses the three year rolling moving average mechanism to smooth out year-over-year fluctuations in dividend payment patterns.

**Stock Diversification Criteria.** At each rebalancing, the Index has 30 constituents. If the number of eligible constituent stocks is fewer than required, then:

- The minimum float-adjusted market capitalization is lowered to US\$ 150 million from US\$ 250 million. Constituents that satisfy this criterion, as well as all other index eligibility criteria, are added in decreasing order of dividend yield until the constituent count reaches 30.
- If the number of index constituents still does not reach 30, the three-month average daily value traded is lowered to US\$ 500,000 from US\$ 1 million. Constituents that satisfy this criterion, as well as all other index eligibility criteria, are added in decreasing order of dividend yield until the constituent count reaches 30.

**Constituent Weightings.** The index constituents are weighted by the trailing 12-month dividend yield subject to the following constraints:

1. The weight of each index constituent is capped at 8%.
2. The weight of each GICS Sector is capped at 35%.

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

In addition to the annual rebalancing, the index also undergoes a secondary review in October to ensure that the weight criteria are within the constraints of the methodology. If the stocks and/or sectors are outside the parameters mentioned above, the index is reweighted using price data from seven business days prior to the effective date. Such changes are effective after the close of the third Friday of October, with the reference date for the data used in the review being the close of the seventh business day prior to this date.

## **S&P Brazil Dividend Opportunities Index**

**Constituent Selection.** Stocks that pass the index eligibility criteria form the Selection Universe. Stocks are then ranked based on their 12-month trailing dividend yield and the top 40 highest dividend yielding stocks form the index, subject to the following buffer rules:

1. All stocks ranked in the top 20 (regardless of their current constituent status) are included in the index.
2. Current constituents ranked in the top 50 are selected by rank order until the constituent count reaches 40.
3. If, after this, the count is still less than 40, the highest-ranked non-constituents are added to the index until the target count of 40 is reached.

**Stock Diversification Criteria.** At each rebalancing, the index has 40 constituents. If the number of eligible constituent stocks is fewer than the required, then:

- The minimum float-adjusted market capitalization is lowered from US\$ 250 million to US\$ 150 million. Those constituent stocks satisfy this criterion, as well as all other index eligibility criteria, are added in decreasing order of dividend yield until the Stock Diversification Criteria are satisfied.
- If the Stock Diversification Criteria is still not satisfied, the three-month median daily value traded is lowered to US\$ 0.5 million from US\$ 1 million. Those constituent stocks that satisfy this criterion, as well as all other index eligibility criteria, are added in decreasing order of dividend yield until the Stock Diversification Criteria is satisfied.

**Constituent Weightings.** The index constituents are weighted by the trailing 12-month dividend yield, subject to the following constraints:

1. The weight of each index constituent is capped at 8%
2. The minimum weight of each index constituent is 2%.
3. The weight of each GICS Sector is capped at 40%.



# Index Maintenance

## Index Calculations

Each index is calculated by means of the divisor method used for all S&P Dow Jones' equity indices.

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

## Rebalancing

**S&P Dividend Aristocrats Brasil Index.** The index rebalances annually, effective after the close of the third Friday day in April. The rebalancing reference date for the data used in the review is the third Friday of March. Index shares are assigned based on prices seven business days prior to the rebalancing.

In addition to the annual rebalancing, the index also undergoes a secondary review in October to ensure that the constituent weighting criteria are being adhered to and that index constituents continue to pay dividends. Any index constituent which has eliminated its most recent dividend is removed. Index constituents removed between annual rebalancings are not replaced. Any changes due to the realignment of constituent weights with the weighting criteria or the removal of stocks no longer eligible for index inclusion become effective after the close of the third Friday of October. If weights require realignment, as of the reference date, the excess weight is redistributed among other stocks based on current constituent weights. The reference date is the last business day of the month prior to the rebalancing month. Since index shares are assigned based on prices seven business days prior to the rebalancing, the actual weight of each stock at the rebalancing will differ from the target weights due to market movements.

**S&P Brazil Dividend Opportunities Index.** The index fully rebalances semi-annually, effective after the close of the last business day in May and November. The rebalancing reference date for the data used in the reviews is the last business day of April and October.<sup>1</sup>

## Monthly Dividend Review

**S&P Dividend Aristocrats Brasil Index.** 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. 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.

**S&P Brazil Dividend Opportunities Index.** Index constituents are reviewed on a monthly basis for ongoing eligibility. For more information regarding the monthly dividend review, please refer to Approach C in the Monthly Review for Ongoing Eligibility in Dividend Focused Indices section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

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<sup>1</sup> For the S&P Brazil Dividend Opportunities Index, rebalancings prior to 2013 were effective after the close of the last business date of April and October. The rebalancing reference dates for the data used in the reviews were the last trading days of March and September, respectively.

## Additions and Deletions

**Additions.** With the exception of spin-offs, no additions are made to the indices between rebalancings. Spin-offs added to an index are retained until the subsequent rebalancing, and re-evaluated for continued inclusion at that time.

**Deletions.** Index constituents are removed from the index between rebalancings if the stock is impacted by corporate events such as mergers, acquisitions, takeovers, or delisting.

## Corporate Actions

| Corporate Action  | Adjustment Made to Index   | Divisor Adjustment? |
|---|--|---------------------|
| Rights Offering   | The price is adjusted to the Price of the Parent Company minus (the Price of the Rights Offering/Rights Ratio). Index shares change so that the company's weight remains the same as its weight before the rights offering.      | No                  |
| Stock dividend, stock split, reverse stock split                        | Index shares are multiplied by, and price is divided by, the split factor.   | No                  |
| Share Issuance, Share Repurchase, Equity Offering or Warrant Conversion | None.  | No                  |
| Special Dividends   | Price of the stock making the special dividend payment is reduced by the per share special dividend amount after the close of trading on the day before the dividend ex-date.  | Yes                 |
| Constituent Change  | Except for spin-offs, there are no intra-rebalancing additions.  | -                   |
|   | Deletions due to delistings, acquisition or any other corporate event resulting in the deletion of the stock from the Index causes the weights of the rest of the stocks in the index to change. Relative weights stay the same. | Yes                 |

For more information on corporate action treatment, please refer to the *Non-Market Capitalization Indices Section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology*.

## Currency of Calculation and Additional Index Return Series

The indices calculate in Brazilian reals and U.S. dollars.

In addition to the indices detailed in this methodology, additional return series versions of the indices may be available, including, but not limited to the following: 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 index calculation, 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.com/spdji](http://www.spglobal.com/spdji).

## Base Date 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 Dividend Aristocrats Brasil Index   | 08/01/2012  | 04/18/2008       | 04/18/2008 | 1000       |
| S&P Brazil Dividend Opportunities Index | 02/08/2013  | 04/30/2007       | 04/30/2007 | 1000       |

# 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 monthly. At each meeting, the Index Committee may review pending corporate actions that may affect index constituents, statistics comparing the composition of the indices to the market, companies that are being considered as candidates for addition to an 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.

*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 for each index each time the indices rebalance. The pro-forma file is typically provided daily in advance of the rebalancing date, and it contains all constituents as well as their corresponding weights and index shares effective for the upcoming rebalancing. Since index shares are assigned based on prices prior to the rebalancing effective date, the actual weight of each stock at the rebalancing differs from these weights due to market movements.

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

## Holiday Schedule

The indices are calculated all business days of the year when the Brazilian equity market is open.

*A complete holiday schedule for the year is available at [www.spglobal.com/spdji](http://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.

## 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 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.com/spdji](http://www.spglobal.com/spdji), 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       |
|---------------------------------------|------------------|-----------|-----------|
| S&P Dividend Aristocrats Brasil Index | Price Return     | SPBRDABP  | .SPBRDABP |
|                                       | Total Return     | SPBRDABT  | --        |
|                                       | Net Total Return | SPBRDABN  | --        |
| S&P Dividend Aristocrats Brasil USD   | Price Return     | SPBRDAUP  | .SPBRDAUP |
|                                       | Total Return     | SPBRDAUT  | --        |
|                                       | Net Total Return | SPBRDAUN  | --        |
| S&P Brazil Dividend Opportunities     | Price Return     | --        | --        |
|                                       | Total Return     | --        | --        |
|                                       | Net Total Return | --        | --        |
| S&P Brazil Dividend Opportunities USD | Price Return     | --        | --        |
|                                       | Total Return     | --        | --        |
|                                       | Net Total Return | --        | --        |

## Index Data

Daily constituent and index level data are available via subscription.

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

# Appendix I

## Methodology Changes

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

| Change  | Effective Date<br>(After Close) | Previous  | Methodology<br>Updated   |
|---|---------------------------------|---|--|
| Monthly Dividend Review:<br><br>S&P Brazil Dividend Opportunities | 01/14/2022                      | 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. 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.  | Index constituents are reviewed on a monthly basis for ongoing eligibility. For more information regarding the monthly dividend review, please refer to Approach C in the Monthly Review for Ongoing Eligibility in Dividend Focused Indices section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.  |
| Monthly Dividend Review   | 04/19/2019                      | <p>S&amp;P Dow Jones Indices reviews index constituents on a monthly basis. If S&amp;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 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> | 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. 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. |

| Change   | Effective Date<br>(After Close) | Methodology   |   |
|--|---------------------------------|---|---|
|  |                                 | Previous  | Updated   |
| Monthly Dividend Review  | 07/31/2018                      | --  | <p>S&amp;P Dow Jones Indices reviews index constituents on a monthly basis. If S&amp;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 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> |
| Consideration of recurring special cash dividends for eligibility, selection, and weighting purposes | 04/20/2018                      | Recurring special cash dividends that S&P Dow Jones Indices considers to be part of the normal payment pattern established by the company are considered regular for eligibility, selection, and weighting purposes.  | 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. For both eligibility and weighting purposes, annualized cash dividend amounts, before withholding tax, are used.  |
| S&P Dividend Aristocrats Brasil Index:<br><br>Rebalancing Reference Date                             | 03/16/2018                      | The rebalancing reference date is the last business day in March.   | The rebalancing reference date is the third Friday of March.  |
| S&P Dividend Aristocrats Brasil Index:<br><br>Semi-Annual Review                                     | 10/13/2017                      | In addition to the annual rebalancing, the index also undergoes a secondary review to ensure that the weight constraints are still in place. In addition to checking for weight constraints, stocks that have eliminated dividends since the last annual reconstitution are removed. Therefore, this review may result in reweights of the constituents and sectors. If required, these changes are effective after the close of the third Friday day in October, with the reference date for the data used in the review being the close of the seventh business day prior to this date. | <p>If weights require realignment, as of the reference date, the excess weight is redistributed among other stocks based on current constituent weights. The reference date is the last business day of the month prior to the rebalancing month.</p> <p>Since index shares are assigned based on prices seven business days prior to the rebalancing, the actual weight of each stock at the rebalancing will differ from the target weights due to market movements.</p>  |
| S&P Brazil Dividend Opportunities Index:<br><br>Eligibility Thresholds                               | 05/01/2016                      | <p>Stocks must have a float-adjusted market capitalization of at least US \$250 million as of the rebalancing reference date.</p> <p>Stocks must have a three-month average daily value traded (ADVT) of at least US\$ 1 million as of the rebalancing reference date.</p>  | <p>Stocks must have a float-adjusted market capitalization of at least US \$250 million (US\$ 200 million for current constituents) as of the rebalancing reference date.</p> <p>Stocks must have a three-month average daily value traded (ADVT) of at least US\$ 1 million (US\$ 0.8 million for current constituents) as of the rebalancing reference date.</p>  |



| Change  | Effective Date<br>(After Close) | Previous   | Methodology<br>Updated  |
|---|---------------------------------|--|---|
| S&P Brazil Dividend Opportunities Index:<br><br>Constituent Selection | 05/01/2016                      | The top 40 highest dividend yielding stocks form the index. In order to reduce turnover, the index maintains a 10-stock buffer. Securities whose yields have fallen below the 40 <sup>th</sup> but above the 50 <sup>th</sup> ranking remain in the index. | The top 40 highest dividend yielding stocks form the index, subject to the following buffer rules: <ul style="list-style-type: none"> <li>• All stocks that are ranked among the top 20 (regardless of their current constituent status) are included in the index.</li> <li>• In order to reduce turnover, all current constituents whose yields have fallen below the 40<sup>th</sup> but above the 50<sup>th</sup> ranking remain in the index. If the count is still less than 40, the highest-ranked non-constituents will be added to the index until this count is reached.</li> </ul> |

# Appendix II

## EU Required ESG Disclosures

| <b>EXPLANATION OF HOW ENVIRONMENTAL, SOCIAL &amp; GOVERNANCE (ESG) FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY<sup>2</sup></b> |  |
|---|--|
| <b>1.</b>   | <b>Name of the benchmark administrator.</b> S&P Dow Jones Indices LLC.   |
| <b>2.</b>   | <b>Underlying asset class of the ESG benchmark.<sup>3</sup></b> N/A  |
| <b>3.</b>   | <b>Name of the S&amp;P Dow Jones Indices benchmark or family of benchmarks.</b> <a href="#">S&amp;P DJI Equity Indices Benchmark Statement</a> |
| <b>4.</b>   | <b>Do any of the indices maintained by this methodology take into account ESG factors?</b> No  |
| <b>Appendix latest update:</b> January 2021   |  |
| <b>Appendix first publication:</b> January 2021   |  |

<sup>2</sup> The information contained in this Appendix is intended to meet the requirements of the European Union Commission Delegated Regulation (EU) 2020/1817 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the minimum content of the explanation of how environmental, social and governance factors are reflected in the benchmark methodology.

<sup>3</sup> The 'underlying assets' are defined in European Union Commission Delegated Regulation (EU) 2020/1816 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published.

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