Modifications to S&P Dow Jones Indices’ Equity Indices Policies & Practices Methodology


Korean Dividends

S&P DJI will modify the treatment of Korean dividends in order to more completely capture the dividend payment frequency of certain Korean companies. The table below summarizes the change.

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<thead>
<tr>
<th>Policy</th>
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<tbody>
<tr>
<td>Treatment of Korean Interim Dividends</td>
<td>The majority of dividends in Korea are not announced prior to their ex-date. If an estimated dividend is provided, the estimated dividend is reinvested into the index on the ex-date. For companies that do not provide estimates but have a historical pattern of paying dividends with a record date at fiscal year-end, the estimate is calculated as the previous year’s dividend amount adjusted for any split/bonus issues. If no dividend was paid in the same period of the prior year and an estimated dividend is not available, no dividend amount is reinvested on the ex-date.</td>
<td>The majority of dividends in Korea are not announced prior to their ex-date. If an estimated dividend is provided, the estimated dividend is reinvested into the index on the ex-date. For companies that do not provide estimates but have a historical pattern of paying interim dividends or dividends with a record date at fiscal year-end, the estimate is calculated as the previous year’s dividend amount in the same period adjusted for any split/bonus issues. If no dividend was paid in the same period of the prior year and an estimated dividend is not available, no dividend amount is reinvested on the ex-date.</td>
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Additional Clarifications

In addition, S&P DJI is also clarifying the language defining the treatment of the Accelerated Implementation Rule and Hybrid Dividends. The tables below summarize the clarifications.

<table>
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<tr>
<td>Accelerated Implementation Rule During Freeze Period</td>
<td>During the share/IWF freeze period, shares and IWFs are not changed except for mandatory corporate action events (such as merger activity, stock splits, and rights offerings), and the accelerated implementation rule is suspended. All changes that qualify for accelerated implementation scheduled to be effective during the share/IWF freeze period will instead be announced on the third Friday of the rebalancing month and implemented five business days after the quarterly rebalancing effective date.</td>
<td>During the share/IWF freeze period, shares and IWFs are not changed except for mandatory corporate action events (such as merger activity, stock splits, and rights offerings), and the accelerated implementation rule is suspended. The suspension includes all changes that qualify for accelerated implementation and would typically be announced or effective during the share/IWF freeze period. At the end of the freeze period all suspended changes will be announced on the third Friday of the rebalancing month and implemented five business days after the quarterly rebalancing effective date.</td>
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</table>
Hybrid Dividends, payable in cash & stock, can be considered as regular or special dividends by S&P DJI. Treatment is as follows:

- **Hybrid Dividends Considered Ordinary Dividends.** S&P DJI applies the full amount of the dividend on the ex-date (using the cash equivalent amount), and then increases the shares on the payable date regardless of whether the share increase is at least 5%.

- **Hybrid Dividends Considered Special Dividends.** A price adjustment is applied for the full amount of the dividend after the close of trading on the day before the ex-date, and a share increase is made on the payable date regardless of whether the share increase is at least 5%.

These changes will become effective Friday, December 4, 2020.

Please note that the S&P Dow Jones Indices’ Equity Indices Policies & Practices Methodology on S&P DJI’s website is being updated to reflect these changes.

For more information about S&P DJI, please visit [www.spdji.com](http://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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