

May 12, 2022
009/2022-VPC

CIRCULAR LETTER

Listed B3 Participants

Re.: **Creation of Agribusiness and Commodities Sector Classifications and Launch of the B3 Free Float Agribusiness Sector Index**

We hereby inform you that as of **May 16th, 2022**, we will provide two new sectorial classifications that reflect the economic activity-based inclusion of determined listed companies in the Agribusiness and Commodities categories. We will also launch the B3 Free Float Agribusiness Sector Index.

This is an initiative to meet market participants' demand for sectorial indices. It allows indicators to be created that have an exposure to agribusiness and commodities, but it is not to be confused with the sectorial classification that B3 already publishes.

B3 will use its own methodology to calculate the listed companies that will join the Agribusiness and Commodities categories, based on the description of their business, their institutional positioning, and their classification in the National File on Economic Activities (CNAE 2.0) of the Brazilian Institute of Geography and Statistics (IBGE), among others.

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The new categories represent a second classification level that aims to provide details of the subsector in which the company is situated, as described below.

Agribusiness

Subsector	Related economic activities
Primary	Crops, livestock, forestry and fisheries
Inputs	Feed, pesticides, fertilizers, soil correctors and veterinary drugs
Agroindustry	Products derived from the primary subsector, such as the preparation of meat, dairy, leather goods and footwear, sugar and ethanol, biodiesel, coffee roasting and grinding, vegetable preservation, manufacture of vegetable oils and vegetable and animal fats, manufacture of drinks and tobacco products, clothing and accessories based on natural products, manufacture of wood products and the production of pulp and paper products, among others
Agricultural services	Transport and logistics for agribusiness products, sale of agricultural equipment (such as vehicles and machinery), storage of agricultural products, and other services

Commodities

Subsector	Related economic activities
Agricultural commodities	Crops, livestock, forestry and fisheries
Fuel	Production, refining, processing and handling of fuels and their derivatives, such as oil, natural gas, ethanol and biodiesel
Mining and Extraction	Work with mineral commodities such as iron, steel, copper and bauxite and several stages, such as extraction, smelting, production and manufacture

The full list of the companies that joined the new Agribusiness and Commodities classifications is available at www.b3.com.br/en_us/, Market data and indices, Indices for Segments and Sectors, B3 Agribusiness Index (Agrobusiness and Commodities B3 Classification).

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We have also created the B3 Free Float Agribusiness Sector Index (IAGRO-FFS B3), to be the average performance indicator for the equities of listed companies that fall within the Agribusiness classification.

The IAGRO-FFS B3 methodology is contained in the Annex hereto and is also available at www.b3.com.br/en_us/, Market data and indices, Indices for Segments and Sectors, B3 Agribusiness Index.

Further information can be obtained from the Investor Relations Department by email at empresas@b3.com.br

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Annex I to CIRCULAR LETTER 009/2022-VPC

The B3 Free Float Agribusiness Sector Index (IAGRO-FFS B3) is created from a theoretical portfolio of assets that is drawn up in accordance with the criteria established in this methodology.

B3's indices follow procedures and rules that are contained in the Concepts and Practices Manual for B3 Indices, at www.b3.com.br/en_us/, Market data and indices, Indices for Segments and Sectors, B3 Agribusiness Index.

1. PURPOSE

The purpose of IAGRO-FFS B3 is to be the average performance indicator for the equities of listed companies that fall under the Agribusiness classification.

2. TYPE OF INDEX

IAGRO FFS B3 is a total return index (see the Concepts and Practices Manual for B3 Indices, in item Concepts, Total Return Index), with reinvestment in the portfolio itself.

3. ELIGIBLE ASSETS

AGRO-FFS B3 is comprised of equities and units exclusively from companies that are listed on B3 and that meet the criteria described below.

BDRs and assets in companies undergoing court-supervised or out-of-court reorganization, in temporary special administration, undergoing restructuring or

which are traded in any other special listing situation, are not included as eligible (see the Concepts and Practices Manual for B3 Indices, in item Special Practices).

4. INCLUSION CRITERIA

Assets will be selected for IAGRO FFS B3 if the following criteria are met.

- 4.1** The company must fall within Agro B3's Agribusiness classification (Agrobusiness and Commodities B3 Classification).
- 4.2** The assets must be among the eligible assets in the effectiveness period of three previous portfolios, in decreasing order in the Tradability Index, that jointly represent 99% of the total of these indicators (see the Concepts and Practices Manual for B3 Indices).
- 4.3** The assets must have 95% trading session presence in the effectiveness period of three of the previous portfolios.
- 4.4** The assets cannot be classified as Penny Stocks (see the Concepts and Practices Manual for B3 Indices).

An asset that is the subject of a Public Offering that is held during the effectiveness period of three portfolios prior to the rebalancing will be eligible, even without being listed for the entire period, as long as:

- a)** the Public Offering of shares has been held before the immediately previous rebalancing
- b)** the asset has been 95% present since it began trading
- c)** the asset cumulatively meets criteria 4.1, 4.2 and 4.4

5. EXCLUSION CRITERIA

Assets will be excluded from the IAGRO-FFS B3 if they:

- 5.1 cease to meet any of the above inclusion criteria
- 5.2 during the effectiveness period of the portfolio cease to be listed in a special situation (see the Concepts and Practices Manual for B3 Indices). They will be excluded at the end of their first day of trading within this category
- 5.3 are issued by a company that, during the effectiveness period of the portfolio, ceases to have Agro B3's Agribusiness classification

6. WEIGHTING CRITERIA

IAGRO-FFS B3 is an index where equities are weighted by the simple arithmetic average obtained from weighting the market value of the free float of the equity type belonging to the portfolios (see the Concepts and Practices Manual for B3 Indices) and the sectorial weighting that is defined below.

Please note that, regarding the market value of the free float, individual assets cannot surpass a 10% share for their inclusion or in the periodical reassessments.

If this happens, readjustments will be made to adapt the weight of the company's assets to this limit, redistributing the excess proportionately to the other assets in the portfolio.

Sectorial weighting is defined in accordance with each respective subsector of the Agro B3 classification, so that the assets classified as "Primary", "Inputs",

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“Agroindustry” and “Agricultural Services” will have a weighting of four, three, two and one, respectively.

In the periodical reassessment, all the assets of each subsector will have the same weighting as described above, in terms of value in the portfolio. Thus, each asset in the “Primary” sector will have a weighting that is four times greater than each asset in the “Agricultural Services” sector.