

B3 CBIO INDEX (ICBIO B3) METHODOLOGY

SUMMARY

1	PURPOSE	3
2	TYPE OF INDEX.....	3
3	ELEGIBLE ASSETS.....	3
4	INCLUSION CRITERIA	3
5	SEGMENT	3
6	WEIGHTED AND ADJUSTED AVERAGE PRICE CALCULATION.....	3
7	B3 CBIO INDEX CALCULATION.....	4

1. OBJECTIVE

B3's CBIO Index (ICBIO) is the weighted and adjusted average price performance indicator of the decarbonization credit (CBIO) registered at B3, drawn up in accordance with the criteria established herein.

2. TYPE OF INDEX

The ICBIO B3 is a price return index, which considers the weighted and adjusted average price variation.

3. ELIGIBLE STOCKS

The ICBIO B3 is composed of CBIOs registered in B3 environments.

4. INCLUSION CRITERIA

All CBIOs registered in B3 environments will be selected.

5. SEGMENT

OTC (over the counter).

6. WEIGHTED AND ADJUSTED AVERAGE PRICE CALCULATION

The weighted and adjusted average price calculation is based on meeting one of the two conditions below:

- I. the trading volume and number of transactions, on the reference date, were higher than observed in 80% of the days in the 252 business days preceding the reference date, or
- II. the daily variation of the index, on the reference date, was within the interval of two standard deviations of the volume weighted average of the fluctuation of the 252 business days preceding the reference date.

If neither of the above conditions is met, the last weighted and adjusted average price calculation is repeated.

Otherwise, we consider all the registered volume weighted CBIO prices settled on the reference date, that are within an interval of two standard deviations of the weighted average price, weighted by trading volume.

$$\text{PMPA}_{d0} = \frac{\sum_{i=1}^N P_i \times \text{Vol}_i}{\text{VTR}_{d0}}$$

PMPA_{d0} = weighted and adjusted average price of the reference date.

P_i = price observed upon the registration of transactions that are within the interval of two standard deviations of the volume weighted average price, on the reference date.

Vol_i = volume observed in the registration of transactions that are within the interval of two standard deviations of the volume weighted average price, on the reference date.

VTR_{d0} = total registered volume of CBIOs on the reference date.

N = number of transactions on the reference date.

7. B3 CBIO INDEX CALCULATION

The index is valued daily by the weighted and adjusted average price variation, according to the following formula:

$$\text{ICBIO}_{d0} = \frac{\text{PMPA}_{d0} * \text{ICBIO}_{d-1}}{\text{PMPA}_{d-1}}$$

PMPA_{d0} = weighted and adjusted average price on the reference date.

$PMPA_{d-1}$ = weighted and adjusted average price, for the business day immediately preceding the reference date.

$ICBIO_{d0}$ = B3's CBIO Index on the reference date.

$ICBIO_{d-1}$ = B3's CBIO Index on the business day immediately preceding the reference date.

Considerations:

Start date: 06/15/2020.

Initial value or index base (number of points): 1,000.000000.

Precision: Six decimal places, truncated.

Valuation method: the index is valued by the variation of the weighted and adjusted average price.

Calendar: the index uses data from CBIOs traded according to the OTC segment calendar, available on the page:

https://www.b3.com.br/en_us/solutions/platforms/puma-trading-system/for-members-and-traders/trading-calendar/holidays/