

MARKET CONSULTATION ON THE METHODOLOGY CHANGE OF UBS LGBT EMPLOYMENT EQUALITY INDEX

17 May 2019



Content of the Market Consultation

Solactive AG has decided to conduct a Market Consultation for an alteration of the rules governing the index review and adjustment of the indices listed below.

Rationale for Market Consultation

The affected indices listed below are designed to track the price movements of US companies with workplaces that provide LGBT equality through their company and employment policies.

In order to determine LGBT equality, the constituent selection relies on data published in the Human Rights Campaign Foundation's Corporate Equality Index ("HRC CEI"), which is published on an annual basis and available through the website of the Human Rights Campaign Foundation (www.hrc.org).

In the current setup the affected indices are fully reconstituted annually in January based on the latest HRC CEI. Additionally, index constituents can be removed from the indices on a quarterly basis if the HRC publishes a revised score for a company that is below 85. Solactive AG has determined that this setup might lead to situations where the annual reconstitution in January takes place before the latest annual HRC CEI is published. With the next reconstitution following only one year later, the affected indices might reflect outdated data for a period of one year, potentially leaving out companies that have achieved a sufficient rating in the latest HRC CEI.

Therefore, Solactive proposes to alter the methodology in a way that takes into account the publication date of the latest annual HRC CEI. The indices would be reviewed on a quarterly basis, with a full reconstitution if a new annual HRC CEI has been published since the last quarterly review. If no new annual HRC CEI has been published since the last quarterly index review, the affected indices would keep the current practice of only removing companies if the HRC publishes a revised score for a company that is below 85

Proposed changes

The amendments to and addition of some definitions in Sections 2.1 and 4 of the relevant index guidelines are proposed as follows:

A. With respect to the following indices:

| NAME | INDEX RIC | INDEX ISIN |
|---------------------------------------|-----------|--------------|
| UBS LGBT Employment Equality Index | .UBSLGBTP | DE000SLA4Z34 |
| UBS LGBT Employment Equality Index TR | .UBSLGBT | DE000SLA4Z42 |



1. The definitions of "Selection Day" and "Ordinary Review Implementation Day" will be removed. Any reference to the "Selection Day" in the index guidelines shall be replaced by reference to the "Ordinary Review Day". Any reference to the "Ordinary Review Implementation Day" in the index guidelines shall be replaced by reference to the "Adjustment Day".

2. The definitions of "Ordinary Review Day" and "Adjustment Day" shall be altered from:

"Ordinary Review Day" is the 2nd Friday April, July, and October.

"Adjustment Day" is the 3rd Friday in January.

to:

"Ordinary Review Day" is the 2nd Friday January, April, July, and October.

"Adjustment Day" is the 3rd Friday in January, April, July, and October

3. Section 2.1 shall be altered from

*The initial composition of the Index as well as any ongoing adjustment is based on the following rules:
On the Selection Days, Solactive AG defines the Index Universe as described in section 4 of this document.*

All companies in the Index Universe which have scored 85 or higher on the Human Rights Campaign Foundation Corporate Equality Index as of the Selection Day are selected as final Index Components.

If the selection results in a final number of Index Components below 40, additional companies will be selected based on the rules outlined below until a total number of 40 Index Components has been reached:

1. Companies that have been part of the index as of the last rebalancing and are not part of the current selection will be selected based on highest Market Capitalization

2. If the rule above does not result in the required 40 Index Components, additional constituents will be selected from the Index Universe based on highest Market Capitalization

to:

*The initial composition of the Index as well as any ongoing adjustment is based on the following rules:
On each Ordinary Review Day Solactive determines whether a new annual HRC CEI has been published by the Human Rights Campaign Foundation within 30 business days before the Ordinary Review Day.*

(A) If this is the case, Solactive AG defines the Index Universe as described in section 4 of this document

All companies in the Index Universe which have scored 85 or higher on the Human Rights Campaign Foundation Corporate Equality Index as of the Selection Day are selected as final Index Components.

If the selection results in a final number of Index Components below 40, additional companies will be selected based on the rules outlined below until a total number of 40 Index Components has been reached:

1. Companies that have been part of the index as of the last rebalancing and are not part of the current selection will be selected based on highest Market Capitalization



2. If the rule above does not result in the required 40 Index Components, additional constituents will be selected from the Index Universe based on highest Market Capitalization

(B) If this is not the case, Solactive reviews current components only based on the latest available HRC CEI (which might contain revisions, but is not published as a new annual HRC CEI). Any index component scoring lower than 85 on the HRC CEI will be deleted from the index and its weight will be redistributed proportionally across remaining Index Components. Any such change will become effective on the Adjustment Day.

4. Section 2.2 shall be adjusted from:

The composition of the Index is adjusted annually in January. The composition of the Index is reviewed on the Selection Day and necessary changes are announced.

The first adjustment will be made in January 2018 based on the Trading Prices of the Index Components on the Adjustment Day.

In addition, the composition of the Index will be reviewed on each Ordinary Review Day. Any Index Component scoring lower than 85 on the Human Rights Campaign Foundation Corporate Equality Index as of the Ordinary Review Day will be deleted from the index and its weight will be redistributed proportionally across remaining Index Components. Any such change will become effective on the Ordinary Review Implementation Day.

to:

The composition of the Index is adjusted on the Adjustment Day. The composition of the Index is reviewed on the Ordinary Review Day and necessary changes are announced.

The first adjustment will be made in January 2018 based on the Trading Prices of the Index Components on the Adjustment Day.

Feedback on the proposed changes

If you would like to share your thoughts with Solactive, please use this consultation form and provide us with your personal details and those of your organization.

| | |
|-----------------------|--|
| Name | |
| Function | |
| Organization | |
| Email | |
| Phone | |
| Confidentiality (Y/N) | |



Solactive is inviting all stakeholders and interested third parties to evaluate the proposed changes to the methodology for the alignment of the definition of "Adjustment Day" with the definition of that term used in the index guidelines for the Solactive Global Benchmark Series (GBS) and welcomes any feedback on how this may affect and/or improve their use of Solactive indices.

Consultation Procedure

Stakeholders and third parties who are interested in participating in this Market Consultation, are invited to respond until *midnight (24:00 CEST) on 3 June 2019*.

Please send your feedback via email to compliance@solactive.com, specifying "*Market Consultation Alignment of Adjustment Day with Solactive Global Benchmark Series (GBS)*" as the subject of the email, or

via postal mail to: Solactive AG
Guillettstr. 54
60325 Frankfurt
Germany

Should you have any additional questions regarding the consultative question in particular, please do not hesitate to contact us via above email address.

CONTACT

Solactive AG
German Index Engineering
Guiollettstr. 54
60325 Frankfurt am Main
Germany

Tel.: +49 (0) 69 719 160 00

Fax: +49 (0) 69 719 160 25

Email: info@solactive.com

Website: www.solactive.com

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