

MARKET CONSULTATION SOLACTIVE BATTERY VALUE- CHAIN INDEX

27 April 2020



Content of the Market Consultation

Solactive AG has decided to conduct a Market Consultation with regard to changing the Index Methodology of the following Index (the 'Index'):

NAME	RIC	ISIN
Solactive Battery Value-Chain Index	.SOLBATT	DE000SLA33F4

Rationale for Market Consultation

- Change of Data Provider

The DOE database that is currently being used to determine Energy Storage Technology Provider is an open source database. This database is no longer maintained in its current form due to US government fund cuts. In order to ensure the continuity of the Index with the same quality as before, Solactive has determined to switch to Clean Horizon as a new Data Provider. Due to this change of Data Provider, several consequential changes (see below under "Proposed Changes to the Index Guideline") need to be made to the Index Guideline.

- Inclusion of additional criteria for Lithium producers

Another change to the Index Guideline is to include only those companies that are classified as "Battery Grade Lithium Producer" by Fastmarkets MB. Fastmarkets MB now also specifies if a company is producing battery grade lithium or not. When the Index was launched, this information was not available. This classification better pursues the Index objective and will allow to keep the Index relevant.

- Exclusion of companies classified as 'Energy'

Furthermore, firms shall be excluded from the Index, that are classified as 'Energy' under the FactSet standard classification system, because those firms usually are less engaged in the battery segment, which is not in line with the Index objective. The change aims to ensure selecting a purer and more relevant basket of companies for the Index.

As the above-mentioned changes have a material impact on the Index Methodology, therefore Solactive has determined that a Market Consultation needs to be conducted.



Proposed Changes to the Index Guideline

The following Methodology changes are proposed in the following points of the Index Guideline:

- Section "1.10.1 Selection of Energy Storage Technology Providers"

The new wording is proposed to be added to reflect the "Change of the Data Provider".

On each Selection Day that occurs in the month of May, the Calculation Agent shall determine the list of Energy Storage Technology Providers that shall be considered for inclusion in the Index Universe in accordance with the methodology described below:

1. The Calculation Agent shall download all available projects from the Clean Horizon's Energy Storage Source (CHESS) database driven website through the web url: <https://www.cleanhorizon.com/login>
2. The Calculation Agent shall then extract and aggregate the Energy Storage Technology Provider companies following the order:
 - a. Select the projects that are classified as "Electrochemical " under the column "Technology Category";
 - b. Select the projects with the value more or equal to 1 under the column "Energy Capacity (MWh)";
 - c. Select all the companies that are present under the column "Energy Storage Technology Manufacturer";
 - d. Check if the company's operations in the energy storage business were not discontinued;
3. Finally, the Calculation Agent shall include in the Index Universe the Securities of those Energy Storage Technology Providers that has its primary listing on any of the Eligible Exchanges. If the Energy Storage Technology Provider is a subsidiary then such a Security of the parent company is included.

- Section "1.10.2 Selection of Mining Companies"

The new wording is proposed to be added to reflect the "Inclusion of additional criteria for Lithium producers".

On each Selection Day that occurs in the month of May, the Calculation Agent shall receive the list of mining Producers from the Data Provider II, that are producing Lithium.

The Calculation Agent shall include in the Index Universe the Securities of those Mining companies that are classified as "BG" (battery grade) under the column "Grade" and that has its primary listing on any of the Eligible Exchanges.

- Section "2.1 Selection of the Index Components"

New criterion is proposed to be added as point 2. d. to reflect "Exclusion of companies classified as 'Energy'"

2. The Calculation Agent shall select the securities that are eligible for inclusion in the Index (the "Eligible Securities") from the Index Universe in the following manner:

A Security shall be deemed to be an Eligible Security if:

- a. it has its primary listing on an Eligible Exchange;



- b. it has, as of the Selection Day, a Free Float Market Capitalization of at least USD 200 million, unless such Security is an existing Index Component, in which case, the Free Float Market Capitalization must be at least USD 150 million; and
- c. its Three Month Average Daily Value Traded, as of the Selection Day, is at least USD 1,000,000.
- d. the FactSet Economy Level for such Security is not classified as 'Energy'

- Section "2.1 Selection of the Index Components"

Criterion 3 in the to be removed, since the filtering process is described in updated sections "1.10.1 Selection of Energy Storage Technology Providers" and "1.10.2 Selection of Mining Companies".

3. On each Selection Day, each Eligible Security shall be deemed to be an Index Component:
- a. if in respect of an Energy Storage Technology Provider, its Energy Capacity Technology Group is not "Capacitor"; and is greater than or equal to one; and
 - b. if in respect of a Mining Company, the company is classified as a Producer.

- Section "4. Definitions"

Change of wording in order to reflect the "Change of Data Provider" and the new structure.

New wording:

"Data Provider I" is Clean Horizon. For more information, please visit: <https://www.cleanhorizon.com/>.
 "Data Provider II" is Fastmarkets MB. For more information, please visit: <https://www.metalbulletin.com/>.
 "Energy Capacity" is calculated as the sum of the 'Energy Capacity (MWh)' (or any successive definition thereof) of all electro-chemical energy storage projects in which such Energy Storage Technology Provider was involved historically, as provided by Data Provider I.

Removed wording:

"DOE Global Energy Storage Database" shall have a meaning as defined in Section "1.10 Index Universe".

Changed wording of "Energy Storage Technology Provider":

New	"Energy Storage Technology Provider" means, in respect of a Security, the relevant company that is classified as 'Energy Storage Technology Manufacturer' (or any successive definition thereof) by Data Provider I.
Old	"Energy Storage Technology Provider" means, in respect of a Security, the relevant company that is classified as such by the DOE Global Energy Storage Database.



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 Solactive Battery Value-Chain Index 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 May 4th, 2020. Please be kindly informed, that the Effective Date for the changes is scheduled to May 7th, 2020.

Please send your feedback via email to compliance@solactive.com, specifying "Market Consultation Solactive Battery Value-Chain Index" as the subject of the email, or

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



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