

MARKET CONSULTATION SOLACTIVE GLOBAL LITHIUM INDEX – CHANGE OF METHODOLOGY

19 September 2023



Content of the Market Consultation

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

NAME	RIC	ISIN
Solactive Global Lithium Index	.SOLLIT	DE000A1EY8J4
Solactive Global Lithium v2 Index	.SOLLIT2	DE000SLOCGT7

Rationale for Market Consultation

Due to development in the lithium battery market, accompanied by a strong increase of companies active in the production of lithium batteries or other closely related activities, the Affected Indices exposure tilted towards an overrepresentation of companies active in the Downstream part of the Lithium-Battery Value Chain, i.e. Battery production. To address this circumstance and ensure a balanced reflection of the Upstream and Downstream part of the Lithium-Battery Value Chain for future selections, Solactive proposes to limit the amount of companies classified as Battery Companies to be eligible for inclusion to a maximum of 20 constituents. Furthermore, reducing the current weight capping for Index constituents classified as Battery Companies from currently 4.75% to 4%.

Additionally, the requirements for a company to be classified as a Battery Company should be enhanced by the need to reflect external revenue generation from lithium batteries (which excludes companies using their produced batteries for internal usage only), while in case of vehicle manufacturer, the majority of vehicles produced must be EVs (either in revenue or absolute numbers). Lastly, the definition of Battery Companies will be specified by the explicit mentioning of Battery Recycling companies as eligible candidates for index inclusion.



Changes to the Index Guideline

Section 2.2. SELECTION OF THE INDEX COMPONENTS

“[...]

From:

2)

The minimum number of INDEX COMPONENTS is 20 and the maximum number of INDEX COMPONENTS is 40. The OVERSIGHT COMMITTEE may decide to increase the maximum number of INDEX COMPONENTS on a SELECTION DAY. In case the rank assigned to a company which is currently an INDEX COMPONENT on a SELECTION DAY is not sufficient to be selected as an INDEX COMPONENT, it shall only be removed from the INDEX if its rank exceeds the maximum number of INDEX COMPONENTS by more than ten ranks. The company with the lowest rank which is selected as an INDEX COMPONENT on this SELECTION DAY but which is not currently an INDEX COMPONENT on the SELECTION DAY is not included in the INDEX in this case.

[...]”

To:

“[...]

2)

The minimum number of INDEX COMPONENTS is 20 and the maximum number of INDEX COMPONENTS is 40, while the total number of INDEX COMPONENTS classified as Battery Companies is capped at 20. The OVERSIGHT COMMITTEE may decide to increase the maximum number of INDEX COMPONENTS on a SELECTION DAY. In case the rank assigned to a company which is currently an INDEX COMPONENT on a SELECTION DAY is not sufficient to be selected as an INDEX COMPONENT, it shall only be removed from the INDEX if its rank exceeds the maximum number of INDEX COMPONENTS by more than ten ranks. The company with the lowest rank which is selected as an INDEX COMPONENT on this SELECTION DAY but which is not currently an INDEX COMPONENT on the SELECTION DAY is not included in the INDEX in this case.

[...]”

Section 2.3. WEIGHTING OF THE INDEX COMPONENTS

“[...]

From

- 1) The percentage weight of an INDEX COMPONENT which is a MINING COMPANY is capped at 20%. The percentage weight of an INDEX COMPONENT which is a BATTERY COMPANY is capped at 4.75%. The



collective percentage weight of all INDEX COMPONENTS with a percentage weight exceeding 4.75% is capped at 44.5%. The excess weight is allocated proportionally to all INDEX COMPONENTS whose percentage weight is not capped.

[...]"

To:

"[...]

- 1) The percentage weight of an INDEX COMPONENT which is a MINING COMPANY is capped at 20%. The percentage weight of an INDEX COMPONENT which is a BATTERY COMPANY is capped at 4%. The collective percentage weight of all INDEX COMPONENTS with a percentage weight exceeding 4% is capped at 44.5%. The excess weight is allocated proportionally to all INDEX COMPONENTS whose percentage weight is not capped.

[...]"

Section 6. DEFINITIONS

"[...]

From:

"**BATTERY COMPANY**" are companies active in the production of lithium batteries or a closely related activity.

[...]"

To:

"[...]

"**BATTERY COMPANY**" are companies active in the production and/or recycling of lithium batteries or a closely related activity. For further clarification, to be classified as a **BATTERY COMPANY**, a company must generate external revenue from lithium batteries. The production of lithium batteries for internal usage would not qualify for classification as a **BATTERY COMPANY**. In case a company is also a vehicle manufacturer, the majority of vehicles produced must be Electric Vehicles, either in terms of revenues or number of vehicles produced.

[...]"

Defined terms used in this Market Consultation document, but not defined herein, have the meaning assigned to them in the respective index guideline of the Index.



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 Global Lithium 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 October 2nd, 2023 (cob).

Please send your feedback via email to marketconsultation@solactive.com, specifying “Market Consultation Solactive Global Lithium Index” as the subject of the email, or

via postal mail to: Solactive AG
Platz der Einheit 1
60327 Frankfurt am Main
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

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