



# Innovation Meets Sustainability

Nasdaq Next Generation 100 ESG™ Index (NGXESG™)

March 2025 Reconstitution

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# NGXESG Index Objectives

- Reduce the degree to which the portfolio's economic value is at risk because of Environmental, Social, and Governance (ESG) factors, or more technically, aim to significantly improve the portfolio's Sustainalytics ESG Risk Rating Score;
- Exclude enterprises that create reputational risks or violate fundamental values;
- Eliminate business exposures that are off-limit for most ESG-conscious investors and
- Aim to deliver similar performance to the Nasdaq Next Generation 100™ Index (NGX™) - very low tracking error.



March 2025 Reconstitution

# NGXESG Index Mechanics

- At all times, the Nasdaq Next Generation 100 ESG Index (NGXESG) consists of a selection of securities in the Nasdaq Next Generation 100 Index.
- The Nasdaq Next Generation 100 is reconstituted annually in December.
- The ESG characteristics of the underlying issuers are re-evaluated each quarter (March, June, December, and December). Hence, there is an NGXESG reconstitution and rebalancing each quarter.
- Securities removed from the Nasdaq Next Generation 100 Index outside of a reconstitution are removed from the Nasdaq Next Generation 100 ESG Index and are not replaced.



March 2025 Reconstitution

# NGXESG Weighting Scheme

- The Nasdaq Next Generation 100 ESG Index is a modified market capitalization-weighted index that considers a company's ESG Risk Rating Score as an adjustment factor.
- Two factors play into the index weight of an issuer:
  - The Nasdaq Next Generation 100 Market Value, and
  - The ESG Risk Rating Score.
- In general, for each issuer:
  - Everything else equal, the higher the weight in the Nasdaq-100 and/or the better the ESG Risk Rating Score, the higher the weight in the NGXESG Index, and vice versa.



March 2025 Reconstitution

# NGXESG™ ESG Exclusions: 16

Symbol	Company Name	ICB Industry	Nasdaq Next Generation 100 ESG: Reason(s) for Exclusion	Nasdaq Next Generation 100™ Weight (%)
EXE	Expand Energy	Energy	ESG Risk Rating Score is greater than 40 Revenue from oil & gas generation and shale energy extraction	1.72
ESLT	Elbit Systems	Industrials	Revenue from military contracting weapon- related products and/or services, small arms military/law enforcement and riot control protection equipment and riot control weapons	1.13
LNT	Alliant Energy	Utilities	Revenue from oil & gas generation and thermal coal power generation	1.10
DKNG	DraftKings	Consumer Discretionary	Revenue from gambling operations	1.08
CASY	Casey's General Stores	Consumer Staples	Revenue from tobacco products – retail	1.07



Data as of 03/31/2025

Sources: Sustainalytics, Nasdaq Global Indexes.

March 2025 Reconstitution

# NGXESG™ ESG Exclusions: 16

Symbol	Company Name	ICB Industry	Nasdaq Next Generation 100 ESG: Reason(s) for Exclusion	Nasdaq Next Generation 100™ Weight (%)
EVRG	Evergy	Utilities	Revenue from nuclear production, oil & gas generation and thermal coal power generation	1.05
BIDU	Baidu	Technology	Global Standards Screening non-compliance	0.87
PPC	Pilgrim's Pride	Consumer Staples	ESG Risk Rating Score is greater than 40	0.86
TXRH	Texas Roadhouse	Consumer Discretionary	Revenue from alcoholic beverages – retail	0.74
WWD	Woodward	Industrials	Revenue from military contracting weapon-related products and/or services, and oil & gas supporting products/services	0.72

March 2025 Reconstitution

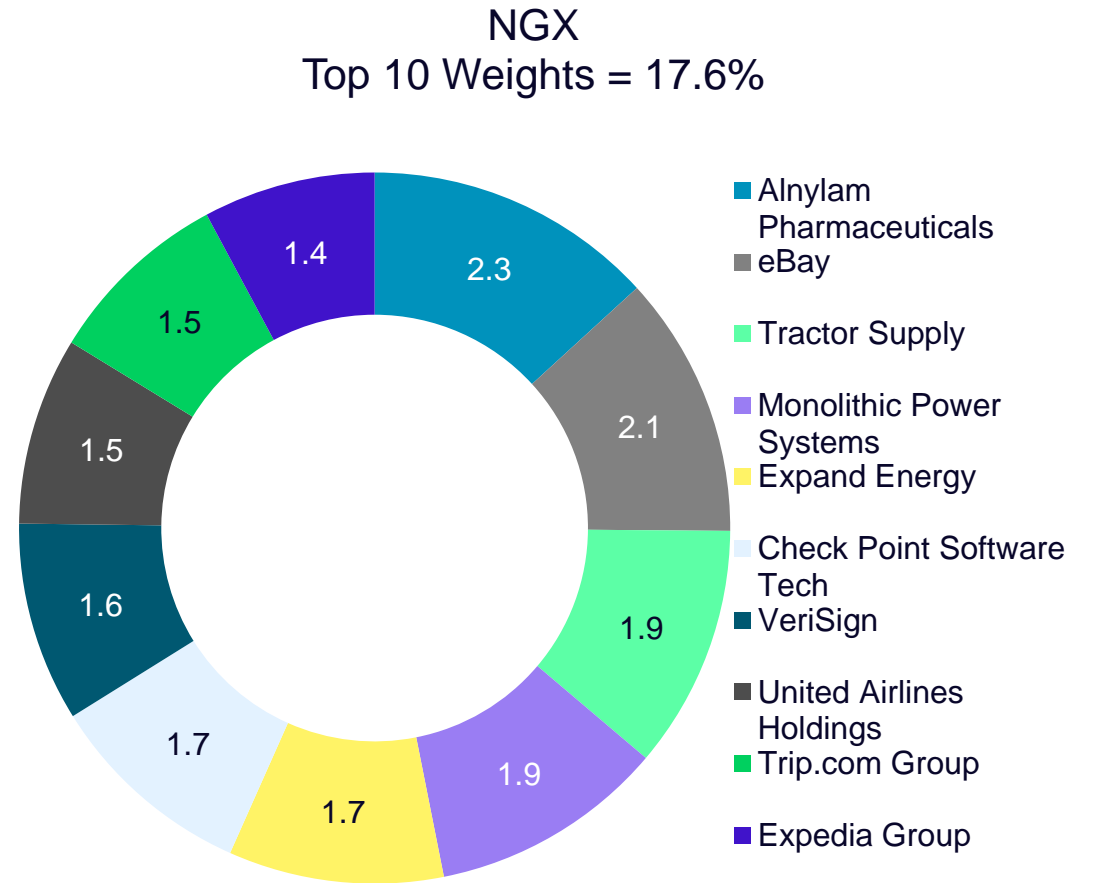
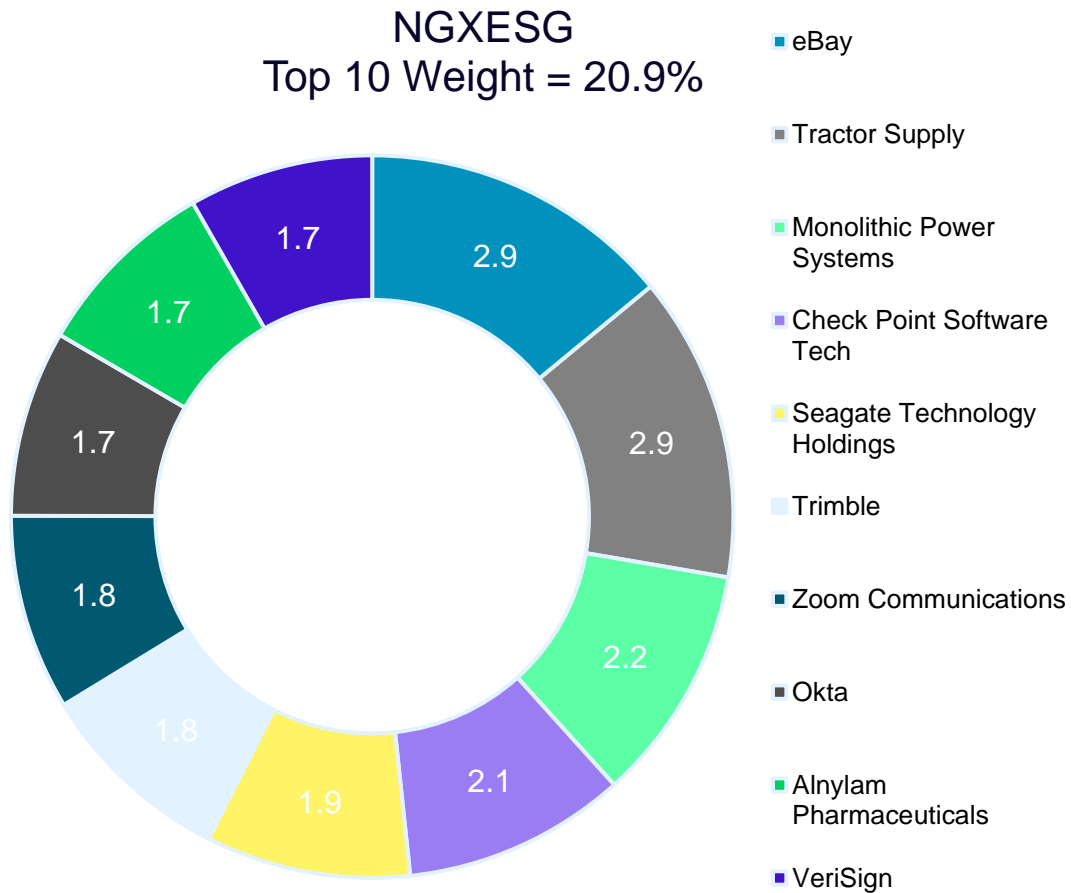
# NGXESG™ ESG Exclusions: 16

Symbol	Company Name	ICB Industry	Nasdaq Next Generation 100 ESG: Reason(s) for Exclusion	Nasdaq Next Generation 100™ Weight (%)
CART	Maplebear	Technology	ESG Risk Rating Score is greater than 40	0.70
ALAB	Astera Labs	Technology	ESG Risk Rating Score is greater than 40	0.64
TLN	Talen Energy	Utilities	ESG Risk Rating Score is greater than 40. Revenue from nuclear production, oil & gas generation and thermal coal power generation	0.61
SNDK	SanDisk	Technology	ESG Risk Rating Score has not yet been determined	0.36
LLYVK	Liberty Media	Consumer Discretionary	ESG Risk Rating Score has not yet been determined	0.29
LLYVA	Liberty Media	Consumer Discretionary	ESG Risk Rating Score has not yet been determined	0.11



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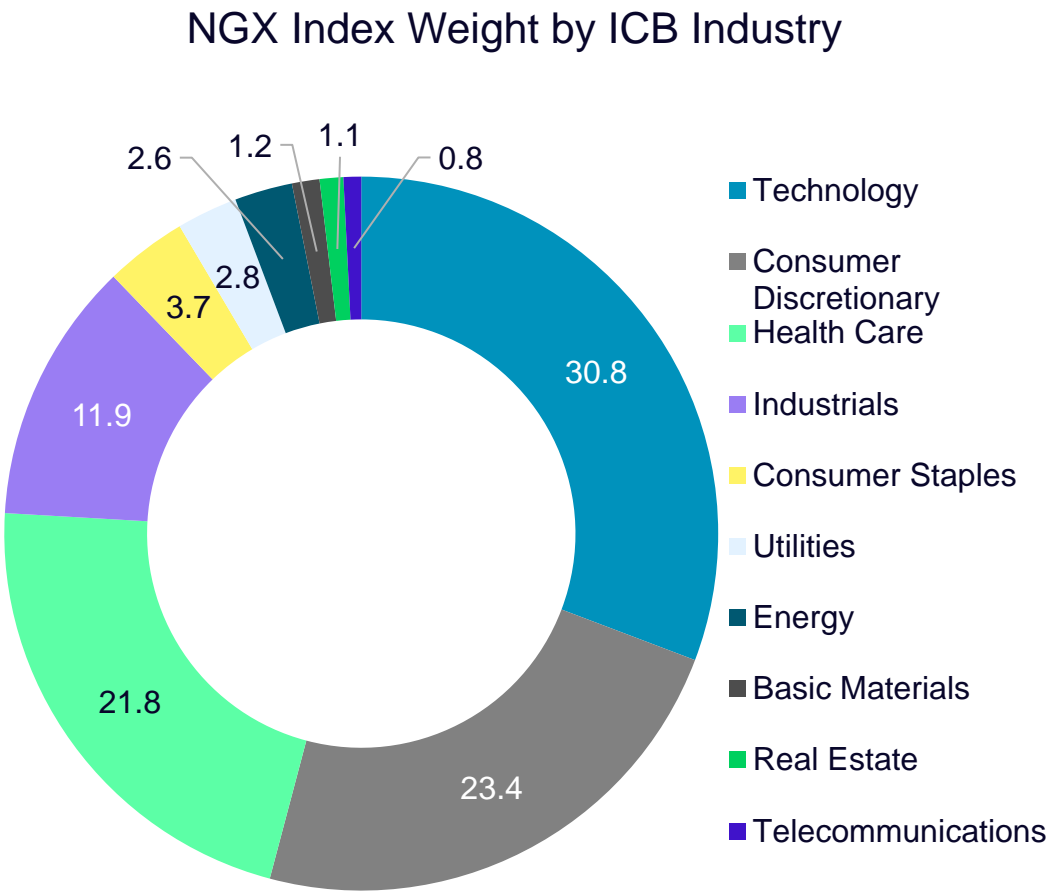
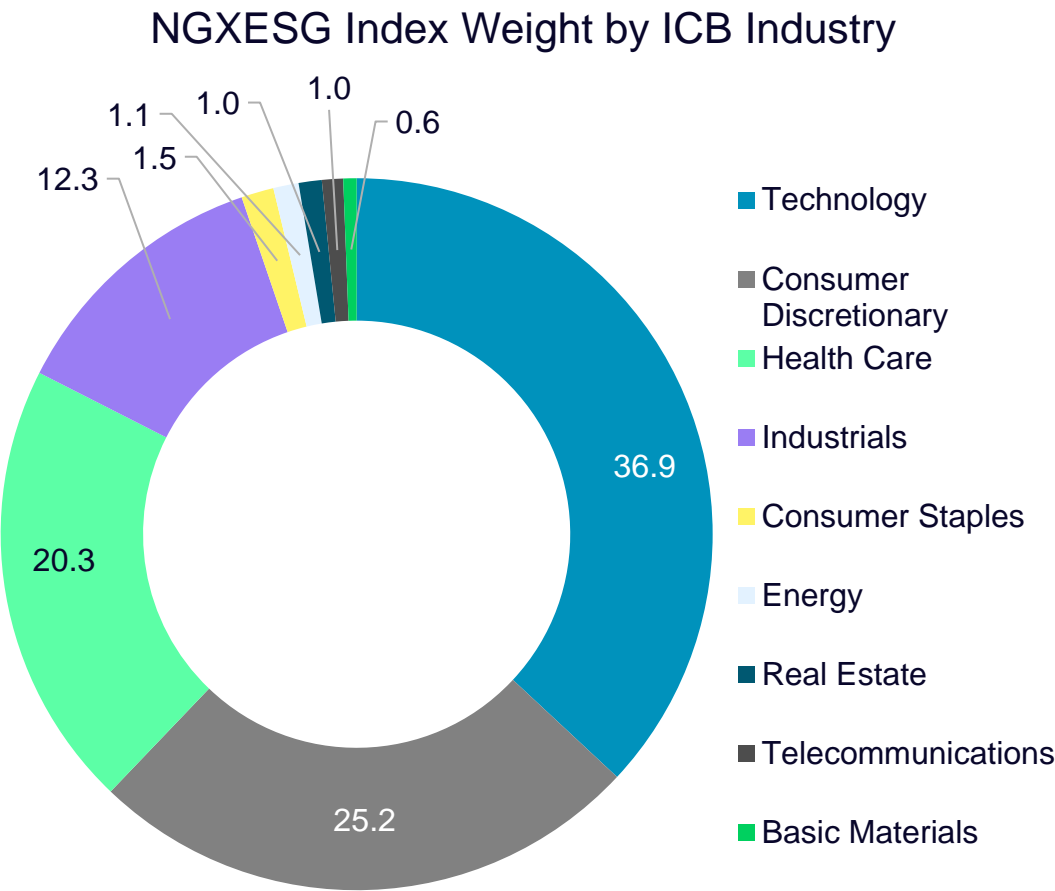
# Top 10 Constituents by Index Weight (%)





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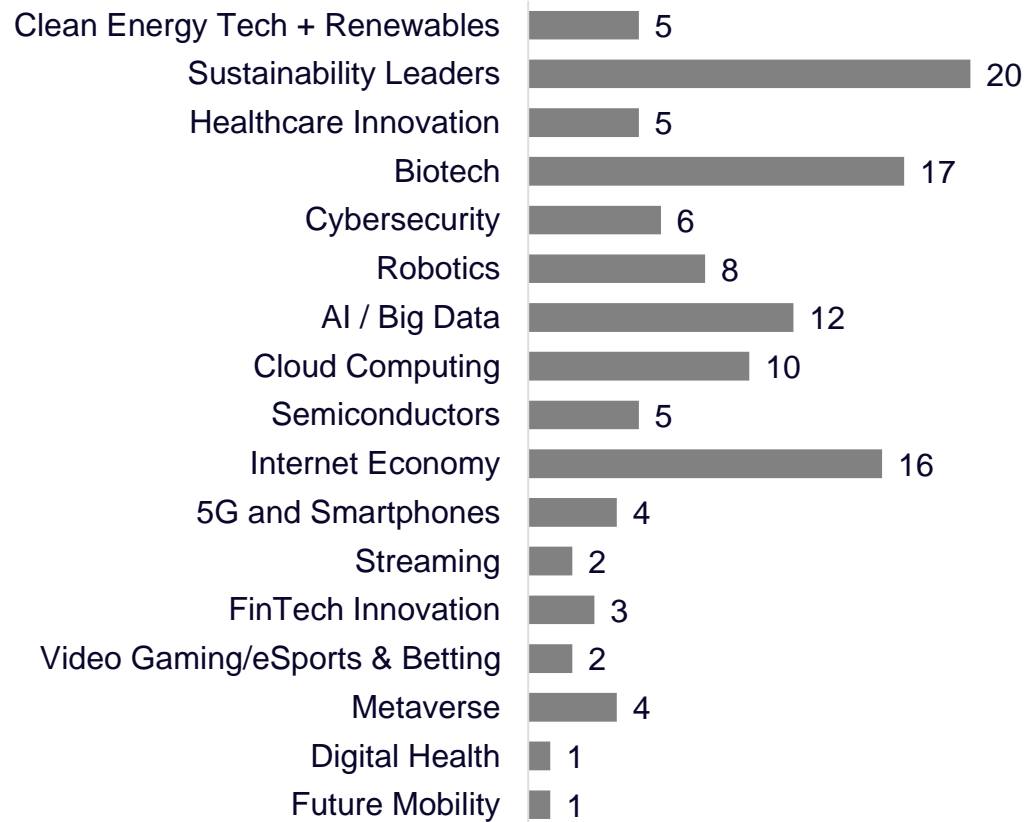
# Sector Exposure by Index Weight (%)



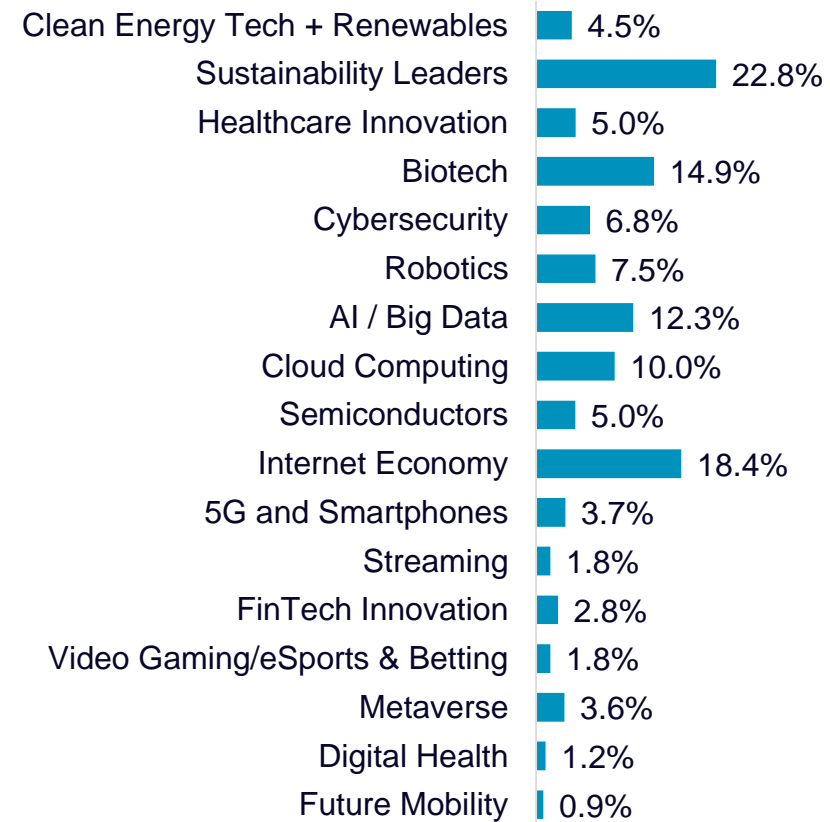
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# Nasdaq Next Generation 100 by Thematic Exposures

# of Constituents per Theme



Index Weight per Theme



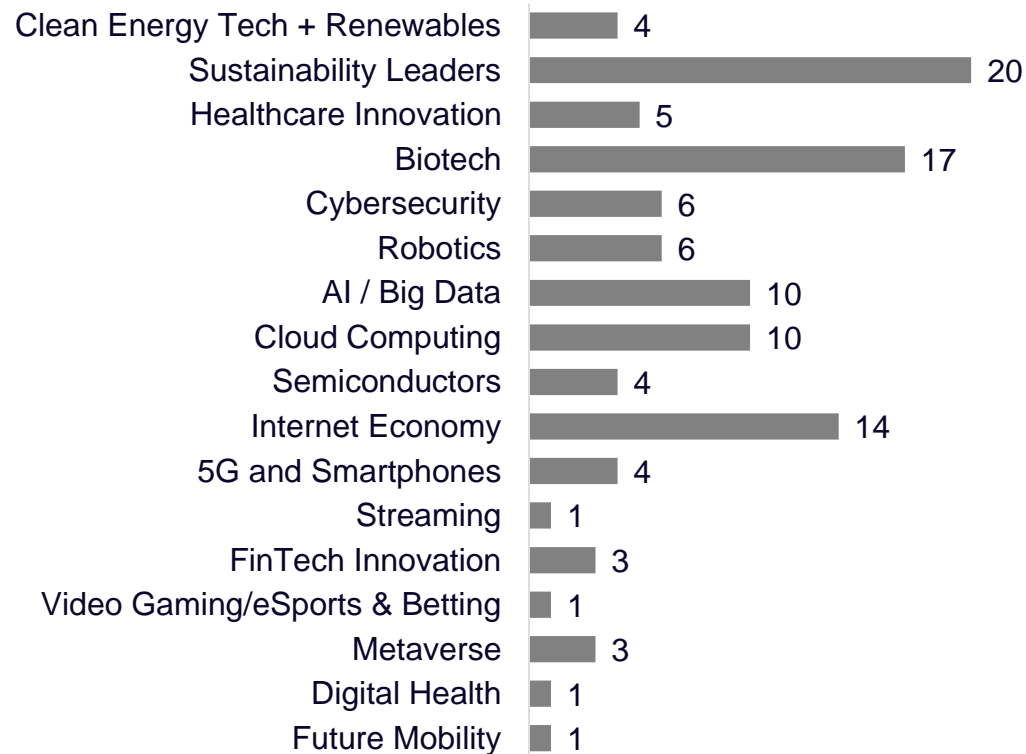
Source: Nasdaq, FactSet. Data as of 3/31/2025.

Based on overlap with existing Nasdaq Thematic Indexes, except for 5G and Smartphones, Streaming, and Video Gaming/eSports & Betting where competitor products were analyzed.

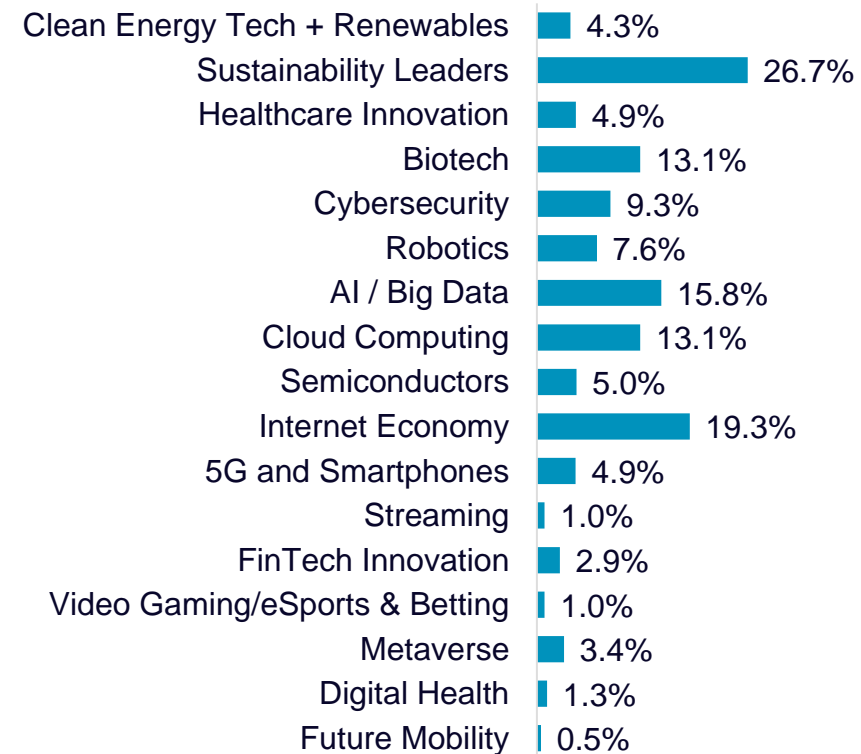
March 2025 Reconstitution

# Nasdaq Next Generation 100 ESG by Thematic Exposures

# of Constituents per Theme



Index Weight per Theme



Source: Nasdaq, FactSet. Data as of 3/31/2025.

Based on overlap with existing Nasdaq Thematic Indexes, except for 5G and Smartphones, Streaming, and Video Gaming/eSports & Betting where competitor products were analyzed.

March 2025 Reconstitution

# Top 10 Largest Overweights: NGXESG vs. NGX

Symbol	Company Name	ICB Industry	NGXESG Weight (%)	NGX Weight (%)	Weight Difference (%)
TSCO	Tractor Supply	Consumer Discretionary	2.9	1.9	0.9
EBAY	eBay	Consumer Discretionary	2.9	2.1	0.8
TRMB	Trimble	Industrials	1.8	1.1	0.8
STX	Seagate Technology Holdings	Technology	1.9	1.2	0.7
FLEX	Flex Ltd	Technology	1.5	0.8	0.7
ZBRA	Zebra Technologies	Industrials	1.6	1.0	0.7
WDC	Western Digital	Technology	1.6	0.9	0.7
LOGI	Logitech International	Technology	1.5	0.8	0.6
OKTA	Okta	Technology	1.7	1.1	0.6
ZM	Zoom Communications	Technology	1.8	1.3	0.5

March 2025 Reconstitution

# Top 10 Largest Underweights: NGXESG vs. NGX

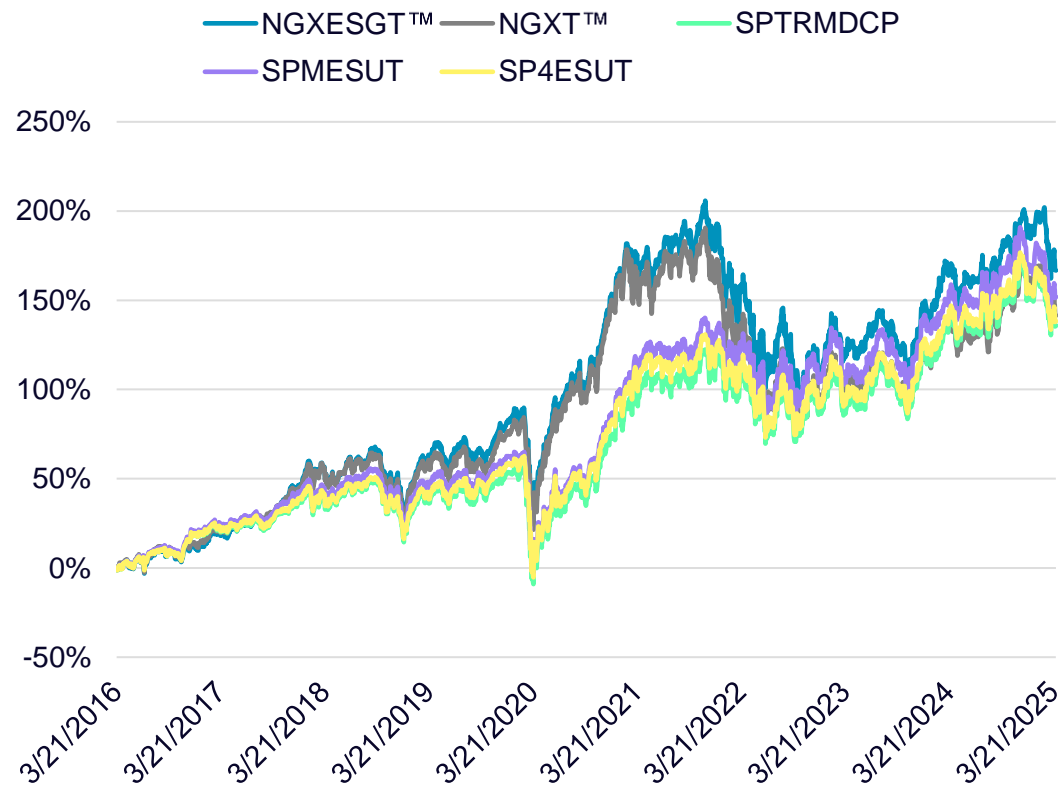
Symbol	Company Name	ICB Industry	NGXESG Weight (%)	NGX Weight (%)	Weight Difference (%)
STLD	Steel Dynamics	Basic Materials	0.6	1.2	-0.6
ALNY	Alnylam Pharmaceuticals	Health Care	1.7	2.3	-0.6
NTRA	Natera	Health Care	0.7	1.3	-0.5
SRPT	Insmed	Health Care	0.4	0.9	-0.5
RIVN	Rivian Automotive	Consumer Discretionary	0.5	0.9	-0.4
UAL	United Airlines Holdings	Consumer Discretionary	1.1	1.5	-0.4
FTAI	FTAI Aviation	Industrials	0.4	0.8	-0.4
JD	JD.com	Consumer Discretionary	1.0	1.3	-0.3
RPRX	Vaxcyte	Health Care	0.1	0.3	-0.2
DUOL	Summit Therapeutics	Health Care	0.7	0.9	-0.2

March 2025 Reconstitution

# Performance – NGXESG vs. NGX

Since Beginning of NGXESG Backtest

3/21/2016 – 03/31/2025



Since NGXESG Inception

7/22/2021 – 03/31/2025



March 2025 Reconstitution

# ESG Comparisons – NGXESG vs. NGX

Index Name	Benchmark Index	# of Securities	% Exclusion from the Benchmark	Sustainalytics ESG Risk Score	
				Weighted Average	Simple Average
Nasdaq Next Generation 100™ Index	--	107	--	21.2	20.7
Nasdaq Next Generation ESG 100™ Index	Nasdaq Next Generation 100™	91	15%	19.9	18.0
S&P MidCap 400 Index	--	398	--	22.5	22.3
S&P MidCap 400 Sustainability Screened Index	S&P MidCap 400	356	11%	21.6	21.6
S&P MidCap 400 ESG Index	S&P MidCap 400	262	34%	21.2	21.4



Data as of 03/31/2025.

Source: Nasdaq Global Indexes, Sustainalytics, FactSet, Bloomberg.

# RESOURCES





## RESOURCES

# Nasdaq Next Generation 100 ESG Index (NGXESG)

- Overview
  - <https://indexes.nasdaqomx.com/Index/Overview/NGXESG>
- Methodology
  - [https://indexes.nasdaqomx.com/docs/methodology\\_NGXESG.pdf](https://indexes.nasdaqomx.com/docs/methodology_NGXESG.pdf)
- Research
  - [https://indexes.nasdaqomx.com/docs/NGXESG\\_Research.pdf](https://indexes.nasdaqomx.com/docs/NGXESG_Research.pdf)
- Fact Sheet
  - [https://indexes.nasdaqomx.com/docs/FS\\_NGXESGT.pdf](https://indexes.nasdaqomx.com/docs/FS_NGXESGT.pdf)
- Carbon Credit Report
  - NGXESG: <https://indexes.nasdaqomx.com/docs/Carbon%20Footprint%20Report%20-%20NGXESG.pdf>
  - NGX: <https://indexes.nasdaqomx.com/docs/Carbon%20Footprint%20Report%20-%20NGX.pdf>



# APPENDIX

## APPENDIX

# NGXESG Exclusions Based on ESG Risk

Companies with a “Severe” ESG Risk Rating Score are automatically disqualified from inclusion.

- A rating of greater than 40 is considered “Severe”; 30-40 is considered “High”; 20-30 is “Medium”; 10-20 is “Low”; and 0-10 is “Negligible”.

Exclude any company that has not been researched yet.

## APPENDIX

# NGXESG Exclusions Based on ESG Risk – continued

- Exclude any company that has a Controversy Rating equal to 5:
  - The Controversy Rating reflects:
    - Incidents with negative Environmental, Social, and Governance (ESG) implications.
    - A company's level of involvement in and how it manages these issues.
  - Categorical scores are on a scale of 1 to 5.

## APPENDIX

# NGXESG Exclusions Based on International Norms

- A company must not violate the United Nations Global Compact and related international norms and standards, such as the Organization for Economic Cooperation and Development (OECD) Guidelines and United Nations (UN) Guiding Principles.
  - 10 principles around human rights, labor, environment, and anti-corruption.
  - <https://www.unglobalcompact.org/what-is-gc/mission/principles>
- Securities are excluded from NGXESG that are classified as non-compliant.
  - Each company in the index is therefore classified as either compliant or on the watch list with the UN Global Compact framework for following international norms.

## APPENDIX

# NGXESG Exclusions Based on Business Involvements

### Business Involvements Considered\*:

1. Energy (Arctic Oil & Gas; Nuclear Power; Oil & Gas; Oil Sands; Shale Energy; Thermal Coal)
2. Health & Life (Alcohol; Recreational Cannabis; Tobacco)
3. Defense & Military (Controversial weapons; Military Contracting; Riot Control; Small Arms)
4. Values-Based (Adult Entertainment; Gambling)

## APPENDIX

# NGXESG Weighting Scheme

$$ESG\ Risk - Adjusted\ NDX\ Market\ Value = \frac{40 - ESG\ Risk\ Rating\ Score}{40} \times NDX\ Market\ Value$$

- Initial security weights are calculated by dividing a security's ESG Risk-Adjusted NDX Market Value by the sum of the ESG Risk-Adjusted NDX Market Values of all Index Securities.
- Afterwards, the same four-stage weight adjustment process as exists for NDX at its annual reconstitution is applied to produce final weights on a quarterly basis for NGXESG.

## APPENDIX

# NGXESG Weighting Scheme – continued

*For Illustrative  
Purposes Only.*

*The information  
included on this  
slide is not based  
on actual data.*

Security	Parent Index Market Value	ESG Risk Rating Score	(40-ESG Risk Rating Score)/40	ESG Adjusted Market Value	Weight in ESG Index (before capping)	Weight in Parent Index	ESG Excess Weight
Company A	157,440,900.96	9.669091	0.76	119,383,139.64	5%	2%	3%
Company B	408,425,550.79	10.14988	0.75	304,788,747.93	12%	5%	7%
Company C	466,765,510.49	10.33926	0.74	346,115,277.80	14%	6%	8%
Company D	337,399,212.20	10.56613	0.74	248,274,134.49	10%	4%	6%
Company E	36,052,270.56	12.02819	0.70	25,211,182.25	1%	0%	1%
Company F	590,398,129.57	16.18527	0.60	351,504,303.67	14%	7%	7%
Company G	268,545,835.16	19.19268	0.52	139,692,956.82	6%	3%	2%
Company H	311,917,708.29	20.84302	0.48	149,385,045.36	6%	4%	2%
Company I	547,470,308.53	22.79236	0.43	235,516,830.87	10%	7%	3%
Company J	24,733,442.74	24.69826	0.38	9,461,619.64	0%	0%	0%
Company K	435,838,825.61	27.38121	0.32	137,493,977.85	6%	5%	0%
Company L	118,577,295.32	27.73561	0.31	36,356,957.07	1%	1%	0%
Company M	307,719,744.86	28.36004	0.29	89,546,103.32	4%	4%	0%
Company N	441,090,355.41	33.1488	0.17	75,549,938.88	3%	6%	-2%
Company O	834,726,757.15	35.35263	0.12	96,982,201.14	4%	10%	-7%
Company P	550,834,597.82	37.24048	0.07	38,001,025.35	2%	7%	-5%
Company Q	269,359,777.85	37.4192	0.06	17,379,073.33	1%	3%	-3%
Company R	844,981,656.98	38.72938	0.03	26,841,302.95	1%	11%	-10%
Company S	359,845,558.64	39.02818	0.02	8,742,612.50	0%	5%	-4%
Company T	646,652,051.08	39.70698	0.01	4,736,994.67	0%	8%	-8%



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