



INDEX METHODOLOGY

# NASDAQ SPROTT ENERGY TRANSITION MATERIALS EX URANIUM INDEX

## NSETMU

### INDEX DESCRIPTION

The Nasdaq Sprott Energy Transition Materials Ex Uranium Index is designed to track the performance of a selection of global securities in the energy transition materials industry. Energy Transition Materials (“ETM” or “Materials”) are metals and raw materials that are essential to the transition to a less carbon-intensive economy. These Materials are critical for the energy transition from fossil fuels to cleaner energy sources and technologies, and for the purpose of this Index include copper, lithium, nickel, cobalt, graphite, manganese, rare earths and silver.

### SECURITY ELIGIBILITY CRITERIA

#### Security types

A security must be classified as a common stock, ordinary share, depositary receipt or ETP. References to the “issuer” of a depositary receipt are references to the issuer of the underlying security.

#### Multiple securities per issuer

One security per issuer is permitted. If an issuer has multiple otherwise-eligible securities, one of which is an Index Security as of the Reconstitution Reference Date, only that Index Security may be eligible; otherwise, only the security with the highest three-month average daily traded value may be eligible.

#### Listing Exchanges

A security must be listed on an exchange named in Appendix A.

#### Industries and sectors

A security’s issuer must be classified by Sprott as an Energy Transition Materials Producer, Developer, Explorer, Refiner, Smelter, Recycler or Royalty Company; or as a company that invests all or a significant

portion of its assets in Energy Transition Materials or engages in supplying energy transition materials. Classification is based on the definitions below.

- **Producers:** companies that extract Energy Transition Materials and that have a significant percentage of their revenue tied to the sale of these materials
- **Developers:** companies that have the majority of their operations related to preparing mines for Energy Transition Materials extraction
- **Explorers:** companies that have the majority of their operations related to searching for Energy Transition Materials, which may involve mapping, surveying, testing water and soil samples, drilling, etc.
- **Refiners:** companies that mine and purify Energy Transition Materials and that have a significant percentage of their revenue tied to the sale of these materials
- **Smelters:** companies that mine Energy Transition Materials and apply heat to ore in order to extract Energy Transition Materials and that have a significant percentage of their revenue tied to the sale of these materials
- **Recyclers:** companies that recover and process scrap Energy Transition Materials so that it can be introduced as a raw material for new goods and that have a significant percentage of their revenue or operations tied to the sale of these materials
- **Royalty Companies:** companies that make investments in ETM interests, including royalties, streams, debt and equity in ETM companies.

## Market capitalization

A security not in the Index as of the Reconstitution Reference Date must have a free float market capitalization of at least \$100 million (USD).

A security in the Index as of the Reconstitution Reference Date must have a free float market capitalization of at least \$50 million (USD).

## Seasoning

A security must have been traded at least three months prior to the Reconstitution Reference Date.

## Liquidity

A security not in the Index as of the Reconstitution Reference Date must have a three-month average daily traded value of at least \$500,000 (USD).

A security in the Index as of the Reconstitution Reference Date must have a three-month average daily traded value of at least \$250,000 (USD).

## ESG eligibility

A security issuer must not be positively identified by Sustainalytics as exhibiting any of the following characteristics:

- Non-compliance with the principles of the United Nations Global Compact

- Having a Sustainalytics Controversy Rating of five (5)
- Involvement of certain degrees in controversial weapons, oil & gas, oil sands, thermal coal, or pesticides as described in the Appendix B.

### **Other eligibility**

If, at reconstitution, Nasdaq becomes aware that an issuer or security will soon undergo a fundamental change that makes it ineligible, Nasdaq will remove the security from consideration. This includes entering into a definitive merger or acquisition agreement or other pending arrangement that would make it ineligible for Index inclusion, or a filing of bankruptcy or similar protection from creditors, or other events as described in Section 3 of **Corporate Actions and Events Manual – Equities**.

## **INDEX CALENDAR**

### **Reconstitution schedule**

The Index is reconstituted semi-annually in June and December by applying the Constituent Selection Process to all securities that meet the applicable Security Eligibility Criteria.

### **Reconstitution reference dates**

Unless otherwise specified, the Security Eligibility Criteria and Constituent Selection Process are applied by using data as of the last trading day of May and November.

### **Reconstitution announcement dates**

Index Reconstitutions are announced in early June and December.

### **Reconstitution effective dates**

Index Reconstitutions become effective at market open on the first trading day following the third Friday of June and December.

### **Rebalance schedule**

The Index is rebalanced semi-annually in June and December in conjunction with the Index Reconstitution. The Index Rebalance Reference Dates, Announcement Dates and Effective Dates are the same as those of the Index Reconstitution.

### **Holiday schedules**

The Index is calculated Monday through Friday and does not close for holidays.

## Index calculation and dissemination schedule

The Index Value is calculated five (5) days a week, Monday through Friday, once per second from the start of the trading day in Tokyo (09:00:01 Japan Standard Time) until the close of the trading day in New York (17:16:00 Eastern Time).

## CONSTITUENT SELECTION

Every security that meets all applicable Security Eligibility Criteria is considered for inclusion in the Index.

The final constituent selection targets to have at least 90% (by percentage of index weight or number of issuers covered) of the selection's issuers to be analyzed by the ESG data vendor. In the event that the aggregate weight of index constituents whose issuers are unassessed takes up more than 10% of the index weight, the unassessed securities with the lowest free float market capitalization will be removed until the target coverage ratio is met.

## CONSTITUENT WEIGHTING

### Constituent weighting scheme

The Index is a modified free float market capitalization-weighted index.

### Constituent weighting process

A Theme-Adjusted Free Float Market Capitalization is calculated for each constituent by multiplying a security's free float market capitalization by its theme intensity score. The intensity score for stocks with revenue and for which revenue is deemed to be an appropriate characteristic is the percentage of their revenue attributable to the aforementioned strategy of this index. For stocks without revenue or for which revenue is an inappropriate characteristic, the intensity score is given at 50%. The stock's weights (prior to adjustments listed below such as maximum-security weight and maximum commodity weight) are then determined by these adjusted market capitalizations. Stock issuers without revenue or for which revenue is an inappropriate characteristic may include, but is not limited to, junior mining companies involved in the development and exploration of energy transition materials. Constituents' initial weights are determined by dividing each constituent's Theme-Adjusted Free Float Market Value by the aggregate Theme-Adjusted Free Float Market Value of all constituents.

Initial weights are then adjusted to meet the following constraints:

- The aggregate weight of constituents classified as any specific energy transition material may not exceed 25%.
- No constituent's weight may exceed 4.75%.

For additional information about index weighting, see **Nasdaq Index Weight Calculations**.

## INDEX MAINTENANCE

### Deletion policy

If, at any time other than an Index Reconstitution, Nasdaq determines that an Index Security has or will undergo a fundamental alteration that would make it ineligible for Index inclusion, the Index Security is removed as soon as practicable. Such alternations may include a merger, acquisition or other major corporate event that would otherwise adversely affect the integrity of the Index.

### Corporate actions

In the interim periods between scheduled index reconstitution and rebalancing events, individual Index securities may be the subject to a variety of corporate actions and events that require maintenance and adjustments to the Index. With the exception(s) noted below, specific treatment of each type of corporate action or event is described in **Nasdaq Corporate Actions and Events Manual – Equities**, which is incorporated herein by reference.

In certain cases, corporate actions and events are handled according to the weighting scheme or other index construction techniques employed. Wherever alternate methods are described, the Index will follow the “Non-Market Cap Corporate Action Method.”

### Index share adjustments

Other than as a direct result of corporate actions, the Index does not normally experience share adjustments between scheduled Index rebalance and reconstitution events.

## ADDITIONAL INFORMATION

### Announcements

Nasdaq announces Index-related information via the Nasdaq Global Index Watch (GIW) website at <http://indexes.nasdaqomx.com>.

For more information on the general Index Announcement procedures, please refer to the **Nasdaq Index Methodology Guide**.

### Unexpected market closures

For information on Unexpected Market Closures, please refer to the **Nasdaq Index Methodology Guide**.

### Calculation types

For information on the Index calculation types as well as the mathematical approach used to calculate the Index(es), please refer to the **Nasdaq Index Policies & Procedures: Calculation Manual – Equities & Commodities**.

## **Recalculation and restatement policy**

For information on the Recalculation and Restatement Policy, please refer to the **Nasdaq Index Recalculation Policy**.

## **Data sources**

For information on data sources and the classification of dividends and associated tax rates, please refer to the **Nasdaq Index Methodology Guide**.

## **Contact information**

For any questions regarding an Index, please contact the Nasdaq Index Client Services team at [indexservices@nasdaq.com](mailto:indexservices@nasdaq.com).

## **Index dissemination**

Index values and weightings information are available through Nasdaq Global Index Watch (GIW) website at <https://indexes.nasdaqomx.com/> as well as the Nasdaq Global Index FlexFile Delivery Service (GIFFD) and Global Index Dissemination Services (GIDS). Similar to the GIDS offerings, Genium Consolidated Feed (GCF) provides real-time Index values and weightings for the Nordic Indexes.

For more detailed information regarding Index Dissemination, see the **Nasdaq Index Methodology Guide**.

## **Website**

For further information, please refer to Nasdaq GIW website at <https://indexes.nasdaqomx.com/>.

## **FTP and dissemination service**

Index values and weightings are available via FTP on the Nasdaq Global Indexes FlexFile Delivery Service (GIFFD). Index values are available via Nasdaq's Global Index Dissemination Services (GIDS).

# **GOVERNANCE**

## **Index governance**

Nasdaq Indexes follow the same governance structure. For a detailed list of this information, please see the **Nasdaq Index Methodology Guide**.

## **Nasdaq Index Management Committee**

A methodology document is created for all new Index Methodologies. The methodology document includes the following: Index Objective, Security Eligibility Criteria, Index Construction, Index Maintenance, Index Governance, Index Policy, and Index Dissemination.

The Nasdaq Index Management Committee approves all new Index Methodologies. This committee is comprised of full-time professional members of Nasdaq. The committee meets regularly, and reviews items including, but not limited to, pending corporate actions that may affect Index constituents, statistics comparing the composition of the indexes to the market, companies that are being considered as candidates for addition to an Index, and any significant market events.

For a detailed overview of the Index Management Committee, please see the **Nasdaq Index Methodology Guide**.

## **Internal reviews of methodology**

For a detailed description on internal reviews of the Methodology, please see the **Nasdaq Index Methodology Guide**.

## **Communication with stakeholders and consultations**

For a detailed description on Consultations and Communications with Stakeholders, please see the **Nasdaq Index Methodology Guide**.

## **Index cessation**

Nasdaq has a documented procedure that is followed for Index Cessation that includes termination/retirement of an Index or Index Family.

For more information, please refer to the **Nasdaq Index Cessation Policy**.

## **Discretionary adjustment**

This Index Methodology was created by Nasdaq to achieve the aforementioned objective of measuring the underlying purpose of each Index governed by this methodology document. Any deviations from this methodology are made in the sole judgment and discretion of Nasdaq so that the Index continues to achieve its objective.

For more information on potential adjustments including Calculation and Pricing Disruptions, Expert Judgment, and Unexpected Reconstitution/Rebalances, please refer to the **Nasdaq Index Methodology Guide**.

## **GLOSSARY OF TERMS AS USED IN THIS DOCUMENT**

See **Nasdaq Index Methodology Guide**.

## DISCLAIMER

Nasdaq may, from time to time, exercise reasonable discretion as it deems appropriate in order to ensure Index integrity, including but not limited to, quantitative inclusion criteria. Nasdaq may also, due to special circumstances, if deemed essential, apply discretionary adjustments to ensure and maintain the high quality of the index construction and calculation. Nasdaq does not guarantee that any Index accurately reflects future market performance.

Neither Nasdaq, Inc. nor any of its affiliates (collectively "Nasdaq") makes any recommendation to buy or sell any security or any representation about the financial condition of any company. Investors should undertake their own due diligence and carefully evaluate companies before investing. The information contained herein is provided for informational and educational purposes only, and nothing contained herein should be construed as investment advice, either on behalf of a particular security or an overall investment strategy. **ADVICE FROM A SECURITIES PROFESSIONAL IS STRONGLY ADVISED.**

## APPENDIX A: ELIGIBLE EXCHANGES

Country	Operating Exchange
Australia	Australian Securities Exchange
Austria	WIENER BOERSE AG
Belgium	NYSE Euronext, Euronext Brussels
Brazil	BM&FBOVESPA S.A.
Canada	CANADIAN SECURITIES EXCHANGE
Canada	TSX VENTURE EXCHANGE
Canada	TMX Group Inc.
Chile	Bolsa de Comercio de Santiago
Colombia	Bolsa de Valores de Colombia
Czech Republic	Prague Stock Exchange
Denmark	NASDAQ OMX Copenhagen
Egypt	The Egyptian Exchange
Finland	NASDAQ OMX Helsinki



France	NYSE Euronext Paris
Germany	Deutsche Börse AG
Germany	DEUTSCHE BOERSE AG
Greece	Athens Exchange
Hong Kong	Hong Kong Exchanges and Clearing
Hungary	Budapest Stock Exchange
India	Bombay Stock Exchange Ltd.
India	National Stock Exchange of India Limited
Indonesia	Indonesia Stock Exchange
Ireland	Irish Stock Exchange
Israel	Tel-Aviv Stock Exchange
Italy	Borsa Italiana (Part of London Stock Exchange Group)
Japan	Tokyo Stock Exchange Group, Inc.
Korea, Republic of	Korea Stock Exchange
Luxembourg	LUXEMBOURG STOCK EXCHANGE
Malaysia	Bursa Malaysia
Mexico	Bolsa Mexicana de Valores
Morocco	Bourse de Casablanca
Netherlands	NYSE Euronext - Euronext Amsterdam
New Zealand	New Zealand Exchange Ltd.
Norway	Oslo Børs
Peru	Bolsa de Valores de Lima
Philippines	Philippine Stock Exchange

Poland	Warsaw Stock Exchange
Portugal	NYSE Euronext - Euronext Lisbon
Singapore	Singapore Exchange
South Africa	Johannesburg Stock Exchange
Spain	Bolsa de Barcelona
Sweden	NASDAQ OMX Stockholm
Switzerland	SWISS EXCHANGE
Taiwan	Taiwan Stock Exchange
Thailand	Stock Exchange of Thailand
Turkey	Istanbul Stock Exchange
United Kingdom	London Stock Exchange
United States	CBOE BZX U.S. EQUITIES EXCHANGE
United States	NASDAQ OMX US
United States	New York Stock Exchange

## APPENDIX B: PROHIBITED AREAS OF INVOLVEMENT

Companies positively identified by Sustainalytics as being involved in the areas described below are excluded from consideration for Index inclusion:

- Controversial Weapons** (applying to each of the following core weapon systems: anti-personnel mines, biological and chemical weapons, cluster weapons, depleted uranium, nuclear weapons and white phosphorus) – Any involvement in the core weapon system or components/services thereof considered tailor-made and essential for lethal use; at least 10 percent ownership in the core weapon system or components/services thereof considered tailor-made and essential for lethal use; any involvement in providing for the core weapon system components/services not considered tailor-made or not essential to lethal use; or at least 10 percent ownership of a provider for the core weapon system of components/services not tailor-made or non-essential for lethal use
- Oil & Gas** – At least five percent of revenue from production (exploration & production, refining, transportation, and storage), or from power generation; or at least 15 percent of revenue from supporting products/services; or at least 15 percent of revenue from production, power

generation, and supporting products/services; or at least 5 percent of power generation capacity.

- **Arctic Oil & Gas** – At least five percent of revenue from extraction (exploration).
- **Oil Sands** – At least five percent of revenue from extraction; or at least five percent of extraction capacity.
- **Thermal Coal** – At least five percent of revenue from extraction or from power generation; or at least 15 percent of revenue from supporting products/services; or at least 15 percent of revenue from extraction, power generation, and supporting products/services; or at least 5 percent of power generation capacity.
- **Pesticides** – At least five percent of revenue from production (manufacturing); or at least 15 percent of revenue from distribution/ retail sales; or at least 15 percent of revenue from production and distribution/retail sales