



INDEX METHODOLOGY

## NASDAQ SPROTT ENERGY TRANSITION MATERIALS SELECT INDEX

### METAL

#### INDEX DESCRIPTION

The Nasdaq Sprott Energy Transition Materials Select 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, REIT or depositary receipt. 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 median 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 or Recycler. Classification is based on the definitions below, and uses data as

of the month-end four months prior to the reconstitution month (November or May, respectively). All references to “revenue” are references to gross revenue as reported in a company’s most recent available audited financial statements.

- **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 purify Energy Transition Materials and that have a significant percentage of their revenue tied to the sale of these materials
- **Smelters:** companies that 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 materials so that it can be introduced as a raw material for new goods and that have a significant percentage of their revenue tied to the sale of these materials

### ETM Leader Groups

A security’s issuer must be classified as either a Single Commodity ETM Leader, a Diversified Commodity ETM Leader or a Manufacturing ETM Leader, according to the classifications described above and the conditions as specified below.

To be classified as a Single Commodity ETM Leader an issuer must satisfy the following conditions:

- For issuers classified as Producers:
  - An issuer not represented in the Index as of the Reconstitution Reference Date must derive at least 50 percent of its revenue from one of the ETMs.
  - An issuer represented in the Index as of the Reconstitution Reference Date as a Single Commodity ETM Leader must derive at least 40 percent of revenue from the ETM previously qualifying it as a Single Commodity ETM Leader.
- For issuers classified as Developers or Explorers: At least 50 percent of an issuer’s unproduced assets must be related to one of the ETMs.

To be classified as a Diversified Commodity ETM Leader an issuer must satisfy the following conditions:

- An issuer must be classified as a Producer.
- An issuer must derive no more than 50 percent of its revenue from any single ETM or otherwise be represented in the Index as of the Reconstitution Reference Date as a Single Commodity ETM Leader.
- An issuer not represented in the Index as of the Reconstitution Reference Date must derive at least 40 percent of revenue from a combination of at least two of the ETMs.
- An issuer represented in the Index as of the Reconstitution Reference Date as a Diversified Commodity ETM Leader must derive at least 35 percent of its revenue from the two or more ETMs that previously qualified it as a Diversified Commodity ETM Leader.

To be classified as a Manufacturing ETM Leader an issuer must satisfy the following condition: an issuer must be classified as Refiners, Smelters and Recyclers.

### **Market capitalization**

A security not in the Index as of the Reconstitution Reference Date must have a free float market capitalization of at least \$200 million (USD).

A security in the Index as of the Reconstitution Reference Date must have a free float market capitalization of at least \$150 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 median daily traded value of at least \$800,000 (USD).

A security in the Index as of the Reconstitution Reference Date must have a three-month median daily traded value of at least \$600,000 (USD).

### **Float**

For a security with a free float market capitalization of \$1 billion (USD) or less, at least 20% of the security's total shares outstanding must be publicly available for trading (float shares).

For a security with a free float market capitalization greater than \$1 billion (USD), no float criterion exists.

### **ESG eligibility**

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

- Non-compliance with the United Nations Global Compact (UNGC) principles and related international norms and standards, such as the Organization for Economic Cooperation and Development (OECD) Guidelines and United Nations (UN) Guiding Principles.
- Having a Controversy Rating of five (5).
- Business activity involvement of certain degrees in alcoholic beverages, gambling, oil & gas, oil sands extraction, thermal coal or tobacco products, as described in 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 March and September 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 third Friday of February and August.

### **Reconstitution announcement dates**

Index Reconstitutions are announced in early March and September.

### **Reconstitution effective dates**

Index Reconstitutions become effective at market open on the first trading day following the second Friday of March and September.

### **Rebalance schedule**

The Index is rebalanced semi-annually in March and September 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 schedule**

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

### Constituent selection process

Every security that meets all applicable Security Eligibility Criteria is considered for inclusion in the Index. Index Securities are selected using the group-based ranking and selection processes described below such that the Index includes up to six Single Commodity ETM Leaders for each ETM, up to six Manufacturing ETM Leaders, and up to six Diversified Commodity ETM Leaders.

#### Selection of Single Commodity ETM Leaders

Among securities whose issuers are classified as Single Commodity ETM Leaders, up to six securities are selected within each of the Material groups (copper, lithium, nickel, cobalt, graphite, manganese, rare earths and silver) according to the rules below.

- If six or more “Producer” securities are available for selection, the six “Producer” securities are selected according to the following ordered steps.
  - A security in the Index as of the Reconstitution Reference Date is excluded if its free float market capitalization is not among the largest eight.
  - The four securities with the largest free float market capitalizations are selected.
  - All securities not already selected or excluded in the previous two steps are ordered along two dimensions; the two first-ordered securities are selected for inclusion in the Index:
    - Index membership as of the Reconstitution Reference Date (ordered yes to no)
    - Free float market capitalization (ordered high to low)
- If fewer than six “Producer” securities ( $n$  securities) are available for selection:
  - Every one of the  $n$  “Producer” securities is selected.
  - “Developer” and “Explorer” securities are selected according to the following ordered steps:
    - A security in the Index as of the Reconstitution Reference Date is excluded if its free float market capitalization is not among the largest eight of Single Commodity ETM Leaders (including the  $n$  Producers already selected).
    - All securities not already excluded in the previous step are ordered along two dimensions; the  $6-n$  first-ordered securities are selected for inclusion in the Index:
      - Index membership as of the Reconstitution Reference Date (ordered yes to no)
      - Free float market capitalization (ordered high to low)

#### Selection of Diversified Commodity ETM Leaders

Among securities whose issuers are classified as Diversified Commodity ETM Leaders, up to six securities are selected according to the following ordered steps:

- A security in the Index as of the Reconstitution Reference Date is excluded if its free float market capitalization is not among the largest eight.
- The four securities with the largest free float market capitalizations are selected.

- All securities not already selected or excluded in the previous two steps are ordered along two dimensions; the two first-ordered securities are selected for inclusion in the Index:
  - Index membership as of the Reconstitution Reference Date (ordered yes to no)
  - Free float market capitalization (ordered high to low)

### **Selection of Manufacturing ETM Leaders**

Among securities whose issuers are classified as Manufacturing ETM Leaders, up to six securities are selected according to the following ordered steps:

- A security in the Index as of the Reconstitution Reference Date is excluded if its free float market capitalization is not among the largest eight.
- The four securities with the largest free float market capitalizations are selected.
- All securities not already selected or excluded in the previous two steps are ordered along two dimensions; the two first-ordered securities are selected for inclusion in the Index:
  - Index membership as of the Reconstitution Reference Date (ordered yes to no)
  - Free float market capitalization (ordered high to low)

## **CONSTITUENT WEIGHTING**

### **Constituent weighting scheme**

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

### **Constituent weighting process**

Each Index Security's initial weight is determined by dividing its free float market capitalization by the aggregate free float market capitalization of all Index Securities.

Initial weights are then adjusted to meet the following constraints:

- The aggregate weight of Index Securities classified as either Diversified Commodity ETM Leaders or Manufacturing ETM Leaders may not exceed 20%.
- The aggregate weight of Index Securities classified as Single Commodity ETM Leaders must be at least 80%.
- No Index Security weight may exceed 5%.

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**

For the glossary of key terms, please refer to the **Nasdaq Index Methodology Guide**.

## **APPENDIX A: ELIGIBLE LISTING EXCHANGES**

<b>Country</b>	<b>Operating Exchange</b>
AUSTRALIA	ASX - ALL MARKETS
AUSTRIA	WIENER BOERSE AG

BELGIUM	EURONEXT - EURONEXT BRUSSELS
BRAZIL	BM&FBOVESPA S.A. - BOLSA DE VALORES, MERCADORIAS E FUTUROS
CANADA	TORONTO STOCK EXCHANGE
DENMARK	NASDAQ COPENHAGEN A/S
FINLAND	NASDAQ HELSINKI LTD
FRANCE	EURONEXT - EURONEXT PARIS
GERMANY	DEUTSCHE BOERSE AG
GERMANY	XETRA
GREECE	ATHENS STOCK EXCHANGE
HONG KONG	HONG KONG EXCHANGES AND CLEARING LTD
IRELAND	IRISH STOCK EXCHANGE - ALL MARKET
ISRAEL	TEL AVIV STOCK EXCHANGE
ITALY	BORSA ITALIANA S.P.A.
JAPAN	JAPAN EXCHANGE GROUP
KOREA, REPUBLIC OF	KOREA EXCHANGE (STOCK MARKET)
MALAYSIA	BURSA MALAYSIA
MEXICO	BOLSA MEXICANA DE VALORES (MEXICAN STOCK EXCHANGE)
NEW ZEALAND	NEW ZEALAND EXCHANGE LTD
NORWAY	OSLO BORS ASA
POLAND	WARSAW STOCK EXCHANGE
PORTUGAL	EURONEXT - EURONEXT LISBON
SINGAPORE	SINGAPORE EXCHANGE
SOUTH AFRICA	JOHANNESBURG STOCK EXCHANGE
SPAIN	BME - BOLSAS Y MERCADOS ESPANOLAS

SWEDEN	NASDAQ STOCKHOLM AB
SWITZERLAND	SIX SWISS EXCHANGE
TAIWAN	TAIWAN STOCK EXCHANGE
THE NETHERLANDS	EURONEXT - EURONEXT AMSTERDAM
UNITED KINGDOM	LONDON STOCK EXCHANGE
UNITED STATES OF AMERICA	CBOE GLOBAL MARKETS INC.
UNITED STATES OF AMERICA	NASDAQ - ALL MARKETS
UNITED STATES OF AMERICA	NEW YORK STOCK EXCHANGE, INC.

## APPENDIX B: PROHIBITED AREAS OF BUSINESS INVOLVEMENT

At each semi-annual reconstitution, companies engaged in the following business activities, as determined by Sustainalytics, are excluded from the eligible universe.

Category of Involvement	Description	Acceptable involvement range
Alcoholic Beverages Production	The company manufactures alcoholic beverages.	<5% of revenues
Alcoholic Beverages Related Products/Services	The company is a supplier of alcohol-related products/services to alcoholic beverage manufacturers.	<5% of revenues
Alcoholic Beverages Retail	The company derives revenues from the distribution and/or retail sale of alcoholic beverages.	<5% of revenues
Gambling Operations	The company owns and/or operates a gambling establishment.	<5% of revenues
Gambling Specialized Equipment	The company manufactures specialized equipment used exclusively for gambling.	<5% of revenues
Gambling Supporting Products/Services	The company provides supporting products/services to gambling operations.	<5% of revenues
Oil Sands Extraction-Revenue	The company extracts oil sands.	<5% of revenues

Oil & Gas Overall Revenue	Aggregate percentage involvement in Oil & Gas Production, Oil & Gas Generation, and Oil & Gas Supporting Products/Services.	<10% of revenues
Thermal Coal Overall Revenue	Aggregate percentage involvement in Thermal Coal Extraction, Thermal Coal Power Generation, and Thermal Coal Supporting Products/ Services.	<10% of revenues
Tobacco Products Production	The company manufactures tobacco products.	<5% of revenues
Tobacco Products Related Products/Services	The company supplies tobacco-related products/services.	<5% of revenues
Tobacco Products Retail	The company derives revenues from the distribution and/or retail sale of tobacco products.	<5% of revenues

### APPENDIX C: METHODOLOGY CHANGE LOG

Effective Date	Methodology Section	Previous	Updated
06/30/2023	Security eligibility criteria: ESG eligibility	<p>A security’s issuer must be positively identified by Sustainalytics as exhibiting none of the following characteristics:</p> <ul style="list-style-type: none"> <li>• Non-compliance of the United Nations Global Compact</li> <li>• Having a controversy level higher than four (4)</li> <li>• Business activity involvement of certain degrees in alcoholic beverages, gambling, oil &amp; gas, oil sands extraction, thermal coal or tobacco products, as described in Appendix B</li> </ul>	<p>A security’s issuer must not be positively identified by Sustainalytics as exhibiting any of the following characteristics:</p> <ul style="list-style-type: none"> <li>• Non-compliance with the United Nations Global Compact (UNGC) principles and related international norms and standards, such as the Organization for Economic Cooperation and Development (OECD) Guidelines and United Nations (UN) Guiding Principles.</li> <li>• Having a Controversy Rating of five (5).</li> <li>• Business activity involvement of certain degrees in alcoholic beverages, gambling, oil &amp; gas, oil sands extraction, thermal coal or tobacco products, as described in Appendix B.</li> </ul>

## 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.**