



INDEX METHODOLOGY

## ISE CLEAN EDGE GLOBAL WIND ENERGY INDEX™

### GWE

#### INDEX DESCRIPTION

The ISE Clean Edge Global Wind Energy Index is designed to track the performance of companies that are primarily engaged and involved in the wind energy industry based on analysis of the products and services offered by those companies (including both pure play companies focused on the wind energy sector and diversified multinationals with wind energy sector exposure).

#### SECURITY ELIGIBILITY CRITERIA

##### Eligible security types

Eligible security types generally include common stocks, ordinary shares, and depository shares. Preferred shares<sup>1</sup> and units are also eligible for securities listed in Brazil.

##### Multiple classes of securities

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 security may be eligible; otherwise, only the security with the highest three-month average daily dollar trading volume (ADDTV) may be eligible.

##### Eligible exchanges

A security must be listed on an Index-eligible global stock exchange identified in **Nasdaq Eligible Exchanges**, with the exception of the following ineligible exchanges: BSE Ltd., National Stock Exchange of India, Shanghai Stock Exchange, and Shenzhen Stock Exchange.

---

<sup>1</sup> Preferred shares that demonstrate characteristics similar to an equity security type and are not fixed income type securities (i.e., convertible stocks, bonds, and preferred stocks).

### **Industry or sector eligibility**

An issuer must be engaged and involved in some aspect of the wind energy industry such as the development or management of a wind farm; the production or distribution of electricity generated by wind power; or involvement in the design, manufacture or distribution of machinery or materials designed specifically for the Industry, as determined by Clean Edge.

### **Market capitalization eligibility**

An issuer must have a market capitalization of at least \$100 million (USD).

### **Liquidity eligibility**

Each security must have a three-month ADDTV of at least \$500 thousand (USD).

### **Seasoning eligibility**

Each security must have traded for at least three months on an index-eligible exchange prior to the Reconstitution reference date.

### **Float eligibility**

At least 25% of a security's total shares outstanding must be publicly available for trading (float shares).

### **Other eligibility criteria**

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.

## **INDEX CALENDAR**

### **Reconstitution schedule**

Nasdaq selects constituents semi-annually in March and September.

### **Reconstitution reference dates**

The Security Eligibility Criteria are applied using market data as of the end of February and August, respectively.

### **Reconstitution announcement dates**

Index Reconstitution changes are announced in early March and September.

## **Reconstitution effective dates**

Index Reconstitution changes become effective at market open on the trading day after the third Friday in March and September, respectively.

## **Rebalance schedule**

The Index is rebalanced semi-annually in conjunction with the Index Reconstitution in March and September.

## **Rebalance reference dates**

The Index Rebalance uses market data as of the end of February and August, respectively.

## **Rebalance announcement dates**

Index Rebalance changes are announced in early March and September.

## **Rebalance effective dates**

Index Rebalance changes become effective at market open on the trading day after the third Friday in March and September, respectively.

## **Holiday schedule**

The Index is calculated Monday through Friday and does not close for holidays, as it is a Global Index.

## **Index calculation and dissemination schedule**

The Index is calculated five (5) days a week, Monday through Friday, starting with the earliest time zone (Asia/Tokyo) and closing with the latest time zone (America/New York), 12:30:01 Japan Standard Time to 17:16:00 Eastern Time.

# **CONSTITUENT SELECTION**

## **Constituent selection process**

All securities that meet the applicable Security Eligibility Criteria are included in the Index.

# **CONSTITUENT WEIGHTING**

## **Constituent weighting scheme**

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

## Constituent weighting process

Clean Edge categorizes each eligible company as Pure Play or Diversified. Pure Play companies are those primarily engaged and actively involved in some aspect of the wind energy industry, with 50% or more of revenues and/or generating assets (energy capacity and/or production) coming from wind-related activities. Diversified companies are those simply involved and engaged in some aspect of the wind energy industry.

Category weights are set to the following values, which may only change when necessitated by security-level constraints:

- Pure Play: 60%
- Diversified: 40%

All Index Securities' initial weights are determined by dividing each Index Security's free float market capitalization by the sum of all Index Securities' free float market capitalizations. Initial index weights are then adjusted separately by category. Securities in the Pure Play category undergo a two-stage weight adjustment while securities in the Diversified category undergo a one-stage weight adjustment.

**Pure Play Stage 1:** Initial index weights of Pure Play Index Securities are adjusted to meet the following Stage 1 constraints, producing Stage 1 weights:

- No Pure Play Index Security weight may exceed 8% of the entire index.
- The collective weight of Pure Play securities must equal 60%.

**Pure Play Stage 2:** Stage 1 weights of Pure Play Index Securities are adjusted to meet the following Stage 2 constraints, producing their final weights:

- For Pure Play Index Securities with the five largest free float market capitalizations among Pure Play securities, Stage 1 weights are maintained.
- For all other Pure Play Index Securities, no weight may exceed 4% of the entire index.
- The collective weight of Pure Play securities must equal 60%.

**Diversified:** Initial index weights of Diversified Index Securities are adjusted to meet the following constraint:

- No Diversified Index Security weight may exceed 2% of the entire index.
- The collective weight of Diversified securities must equal 40%.

The final set of index weights satisfies the following constraints:

- Securities in the Pure Play category must have a collective weight of 60%, unless necessitated to change by security-level constraints.
- No Pure Play Index Security weight may exceed 8%.
- No more than five Pure Play securities may have weights exceeding 4%
- Securities in the Diversified category must have a collective weight of 40%, unless necessitated to change by security-level constraints.
- No Diversified Index Security weight may exceed 2%.

## INDEX MAINTENANCE

### Deletion policy

If, at any time during the year other than the Index Reconstitution(s), an Index Security that no longer meets the Eligibility Criteria, or is otherwise determined to have become ineligible for inclusion in the Index, it is removed from the Index. This includes circumstances where an Index Security is determined to be ineligible for continued inclusion in the Index due to bankruptcy, delisting, or a definitive agreement that would likely result in the security no longer being Index eligible. Please refer to **Nasdaq's Corporate Actions and Events Manual – Equities** for detailed handling of the aforementioned event types.

### Replacement policy

Index securities deleted at any time during the year other than the Index Reconstitution(s) are not replaced.

### Corporate actions

In the interim periods between scheduled index reconstitution events, individual Index securities may be the subject to a variety of corporate actions and events that require maintenance and adjustments to the Index. 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 Policy**.

### Unexpected market closures

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

## 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 **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 Policy**.

## 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 Policy**.

## 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

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

## **Nasdaq Index Management Committee**

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 Policy**.

## **Internal reviews of methodology**

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

## **Communication with stakeholders and consultations**

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

## **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 Policy**.

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

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

## 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., Clean Edge, nor any of their affiliates 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.** © 2020. Nasdaq, Inc. All Rights Reserved.