

ANNEX

Product name: WisdomTree EUR Aggregate Bond ESG Enhanced Yield UCITS ETF
Legal entity identifier: 549300MSLSJ92CJ86Z23

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**.

That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective:** ___%

- in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** ___%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments

- with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

What environmental and/or social characteristics are promoted by this financial product? WisdomTree EUR Aggregate Bond ESG Enhanced Yield UCITS ETF (the **Fund**) promotes environmental and social characteristics by investing in Euro denominated, corporate and government fixed rate bonds filtered for ESG criteria. The Bloomberg MSCI Euro Aggregate Sustainability SRI Enhanced Yield Bond Index (the **Index**), has been designated by the Fund as a reference benchmark for the purpose of attaining the environmental and social characteristics of the Fund. The Index uses a rules-based approach to reweight the constituents of the Bloomberg MSCI Euro Aggregate Sustainability SRI Market Bond Index (the **Parent Index**). The Parent Index (and therefore the Index) applies environmental, social and governance (**ESG**) criteria for bond eligibility.

The Parent Index applies ESG criteria for bond eligibility including that (i) bonds must have a MSCI ESG Rating of BBB or higher (ii) issuers that are involved in certain values-based business criteria which contravene the MSCI socially responsible investment (**SRI**) screen are excluded, (iii) issuers with a “red” MSCI ESG Controversy Score (indicating that issuers are involved in one or more very severe controversies for ESG issues such as breaches of international norms and principles) are also excluded.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?** The MSCI ESG Rating, MSCI ESG Controversy Score and MSCI SRI screen are applied to each security or issuer as part of the Index methodology. The MSCI ESG rating, MSCI ESG Controversy Score and SRI screen are *indicators* used to measure the attainment of environmental and social characteristics promoted by the Fund.

MSCI ESG Ratings analyse key ESG risks and opportunities for each security in order to provide bond level transparency by measuring the ESG characteristics of the total portfolio. The MSCI ESG Controversy Score includes an assessment of an issuer’s involvement in controversies related to the company’s operations and/or products that may constitute a breach of selected international norms and principles. The MSCI SRI screen removes issuers involved in select controversial businesses which contravene certain values, global sanctions, controversies and norms, e.g., Alcohol, Tobacco, Gambling, Weapons, etc., which helps filter certain value-based business involvement criteria.

The metric for these indicators is

- the share of constituents in the Index given a BBB or higher rating in the MSCI ESG Ratings methodology. To be included in the Index securities must rate BBB or higher on the scale.
- share of constituents in the Index without a "red" MSCI controversy score
- share of constituents in the Index in the specified excluded business lines/activities.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?** The Fund has not assessed whether the bonds in which it invests satisfy the definition of sustainable investment under SFDR.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?** N/A

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How have the indicators for adverse impacts on sustainability factors been taken into account? N/A

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details: N/A

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No



What investment strategy does this financial product follow? The Fund follows a passive (or indexing) investment strategy and will invest in a portfolio of investment grade, Euro denominated, fixed rate bonds, including treasuries, government-rated, corporate and securitised bonds. Each bond in the Index must: (a) be denominated in Euro, (b) rated investment grade, (c) have at least one year remaining until maturity, (d) be fixed rate, and have a minimum amount outstanding of €300 million.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?** The Fund will seek to invest all, or substantially all, of its assets in the constituents of the Index. To be included in the Index, and therefore be an investment in the Fund, (a) securities must have a MSCI ESG Ratings of BBB or higher, (b) issuers must be consistent with certain values-based business/activity involvement criteria and (c) issuers cannot have a "red" MSCI ESG Controversy Score (indicating that issuers are involved in one or more very severe controversies for ESG issues such as breaches of international norms and principles).
- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?** There is no committed minimum rate, rather an investment can only be included if it has a MSCI ESG Rating of BBB or greater, the issuer is consistent with specified values-based business involvement criteria and satisfies the MSCI ESG Controversy Score requirements.
- **What is the policy to assess good governance practices of the investee companies?** The Index uses the MSCI ESG Controversy Score to identify exposure to screened issues and bonds must be investment grade. In addition, the Index excludes issuers which have a "red" controversies score from the eligible bond universe. The MSCI ESG Controversy Score includes an assessment of fixed income issuers' involvement in controversies that may constitute a breach of selected global norms and conventions, including the United Nations Global Compact Principles (UNGC), the International Labour Organization's (ILO) conventions, and the United Nations Guiding Principles on Business and Human Rights (UNGPRHR).

What is the asset allocation planned for this financial product? The Fund will invest all, or substantially all, of its assets in the constituents of the Index. The requirement for securities to have a minimum MSCI ESG rating of BBB, to meet the MSCI Controversy Score requirements and satisfy the SRI screen is factored into the Index construction. This means that issuers who do not satisfy certain environmental and social criteria are excluded from the Index with the result that the investments held by the Fund are aligned with minimum environmental and social characteristics. As a result, at least 90% of the Fund's assets are aligned with the environmental and social characteristics promoted by the Sub-Fund (#Aligned with E/S characteristics). Up to 10% of the investments of the Fund are not aligned with these characteristics (#2 Other)

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned **Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

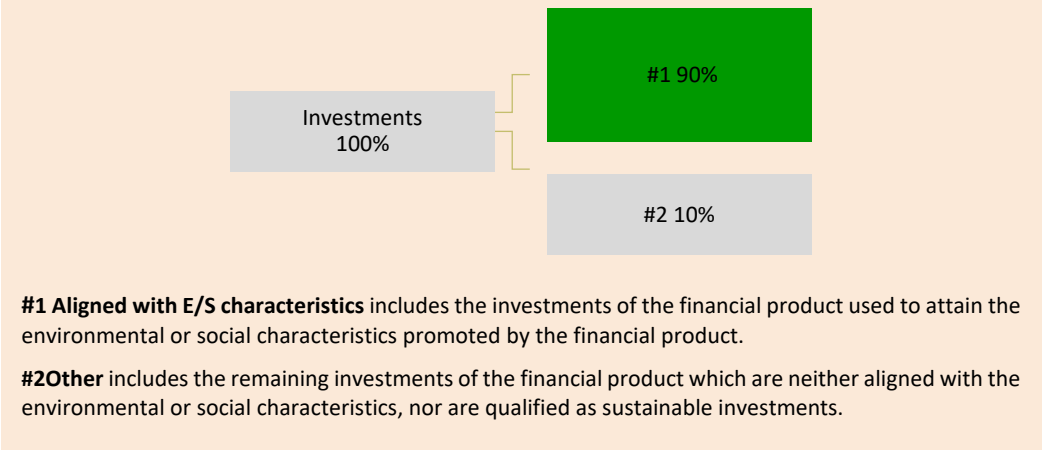
Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

(OpEx) reflecting green operational activities of investee companies.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?** The Fund does not use derivatives to attain its environmental or social characteristics.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy? 0%. The Fund does not commit to a minimum extent of EU Taxonomy alignment for its investments because of the narrow scope for EU Taxonomy alignment. Some investments may be aligned with the EU Taxonomy.

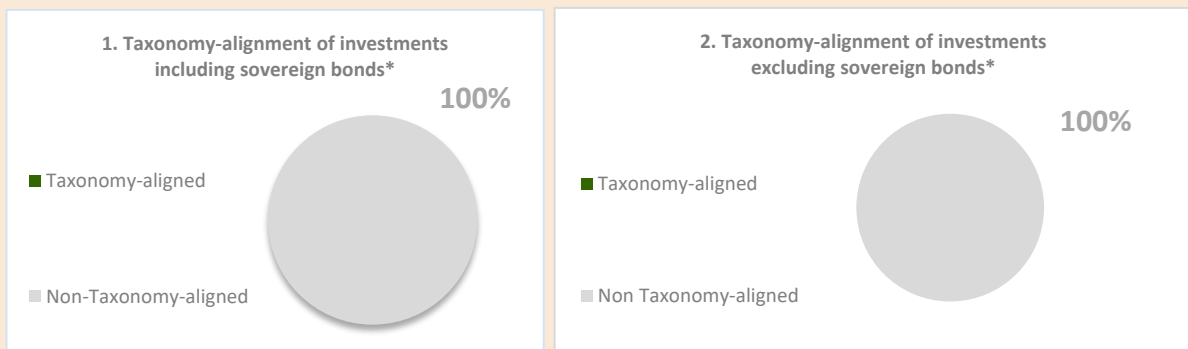
Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?

Yes

In fossil gas In nuclear energy

No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



This graph represents 100% of the total investments

For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

● **What is the minimum share of investments in transitional and enabling activities?** 0%

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy? The Fund has not assessed whether the bonds in which it invests satisfy the definition of sustainable investment under SFDR.



What is the minimum share of socially sustainable investments? 0%



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards? The Fund may hold ancillary liquid assets, for liquidity purposes in line with its obligations under the UCITS Regulations and in accordance with the limits permitted. There may be no minimum environmental or social safeguards in relation to these ancillary liquid assets. The Fund may also hold securities which no longer meet the environmental and/or social criteria described above but will not be removed from the Index until the next Index rebalance.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes? Yes

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?** The Index methodology requires that any securities have a MSCI ESG rating of BBB or greater, and that issuers meet specified requirements of the MSCI ESG Controversy Score and satisfy the MSCI SRI screen.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?** The Fund’s investment strategy is to passively track the Index.
- **How does the designated index differ from a relevant broad market index?** The Index aims to achieve a higher yield relative to the Parent Index while controlling for tracking error and other bond risk factors. The Parent Index (and therefore the Index) is designed to provide diversified exposure to the broad Euro denominated, investment grade bond market and meet ESG criteria.
- **Where can the methodology used for the calculation of the designated index be found?** <https://www.wisdomtree.eu/-/media/eu-media-files/other-documents/index/wt/index-methodology/euro-aggregate-enhanced-yield-methodology.pdf>



Where can I find more product specific information online?

More product-specific information can be found on the website:
<https://www.wisdomtree.eu/en-gb/etfs/fixed-income/yld---wisdomtree-eur-aggregate-bond-enhanced-yield-ucits-etf---eur>