

ANNEX

Product name: WisdomTree AT1 CoCo Bond UCITS ETF **Legal entity identifier:**
549300MRTM72PCY20F40

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.



Sustainability indicators

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

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input type="radio"/> Yes	<input type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ____% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<input type="checkbox"/> 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 <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ____%	<input checked="" type="checkbox"/> 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 AT1 CoCo Bond UCITS ETF (the **Fund**) promotes environmental and social characteristics by excluding investment in AT1 contingent convertible securities issued by bond issuers involved in the high emitting sector of thermal coal activity, tobacco and controversial weapons and which do not comply with specific environmental principles. The Fund also excludes investment in bond issuers which do not, for example, adhere to internationally accepted human rights, labour standards or anti-corruption principles. A reference benchmark, the iBoxx Contingent Convertible Liquid Developed Europe AT1 Index (the **Index**), has been designated by the Fund. Exclusion criteria are used in the Index's construction methodology, for the purpose of attaining the environmental and social characteristics promoted by the Fund. The Index excludes bond issuers based on environmental, social and governance (**ESG**) criteria. The ESG criteria seeks to exclude from the eligible investment universe bond issuers that (i) are non-compliant with certain commonly accepted international norms and standards, such as United Nations and OECD guidelines, (ii) are significantly involved in controversial weapons such as biological, chemical, cluster, nuclear or white phosphorous weapons or in anti-personnel mines, (iii) are significantly involved in the tobacco industry or (iv) are significantly involved in thermal coal activity, such as coal mining and exploration and coal-based power generation, and (v) do not meet such other ESG criteria as detailed in the Index methodology.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The Index applies exclusionary ESG screening and global screening standard (**GSS**) criteria to verify bond issuers' eligibility for inclusion in the Index. The sustainability indicators to measure the attainment of each of the environmental and social characteristics promoted by the Fund are based on exclusionary screening applied by the Index methodology. Principal Adverse Impact (**PAI**) indicators are considered in selecting the sustainability indicators for the Fund. The sustainability indicators are as follows:

Indicator	Metric
Exposure to controversial weapons	Share of investments active in bond issuers that are involved in, or own significant shares in companies involved in controversial weapons, the manufacture of such as the activities in anti-personnel mines, biological and chemical weapons, cluster weapons, depleted uranium, nuclear weapons, and white phosphorus weapons.
Exposure to companies involved in tobacco production	Share of investments in bond issuers that are involved, or own significant shares of bond issuers involved in tobacco production and supplying of tobacco-related products/services, or bond issuers that derive a certain proportion of revenue from tobacco distribution as detailed in the Index methodology.
Coal exposure	Share of investments in bond issuers which derive a certain proportion of revenue from thermal coal extraction, revenue or capacity from thermal coal-based power generation as detailed in the Index methodology.
Violations of UNGC principles and OECD Guidelines	Share of investment in bond issuers that violate or are at risk of violating commonly accepted international norms and standards, such as the United Nations Global Compact (UNGC) Principles, the UN Guiding Principles on Business and Human Rights (UNGPs), the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and their underlying conventions

Further information regarding the exclusionary screening criteria can be found in the methodology for the Index.

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.

● **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 securities 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

— 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. PAIs of bond issuers based on Table 1 of Annex I of the Regulatory Technical Standards and any relevant indicators in Tables 2 and 3 of Annex I are produced at Fund level. The Manager conducts controls on PAI indicators and monitors them. Threshold events are set for individual PAIs. If these thresholds are reached, the Manager may take action such as engagement with bond issuers to effect change or propose to exclude such security or securities from the eligible investable universe. Further information relating to PAIs will be made available in the annual report and audited financial statements of the ICAV.

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 AT1 contingent convertible bonds denominated in EUR, USD and GBP issued by financial institutions from European developed markets that so far as possible and practicable consists of a representative sample of the component securities of the Index. The selection criteria for the bonds is set out in the Index methodology and described in the Supplement.

- **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. The Index methodology excludes bond issuers which do not satisfy specific ESG criteria thereby attaining the environmental and social characteristics promoted by the Fund.
- **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 will always be excluded if it does not meet specific criteria, including ESG criteria, built into the composition methodology of the Index.
- **What is the policy to assess good governance practices of the investee companies?** To be eligible for inclusion in the Index the bond issuers must meet the criteria of the GSS assessment which includes an assessment for satisfying governance issues. The GSS assessment identifies bond issuers that violate or are at risk of violating certain commonly accepted international norms and standards, such as UNGCP, UNGPs and OECD Guidelines for Multinational Enterprises and their underlying conventions. Companies on the UN, US and EU sanctions list are also excluded.

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 GSS process and ESG exclusion criteria factored into the Index construction means that bond 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.



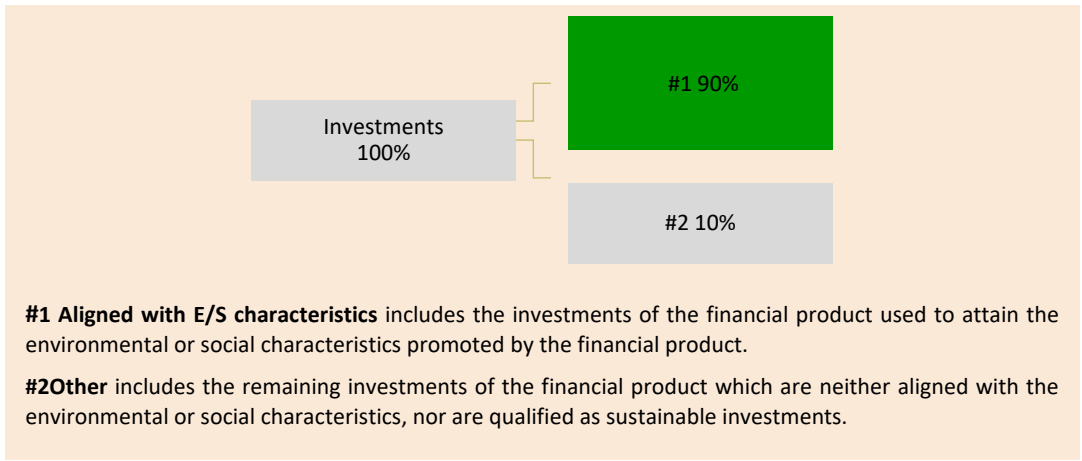
Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (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.



● **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.

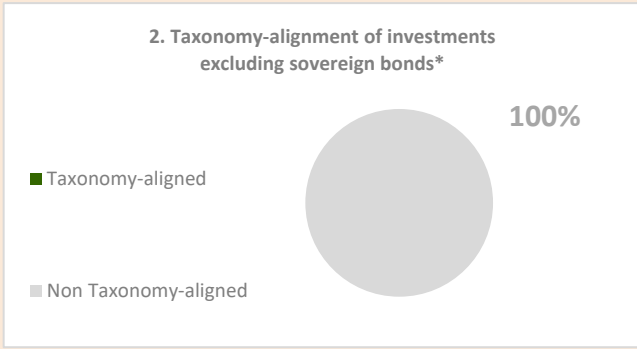
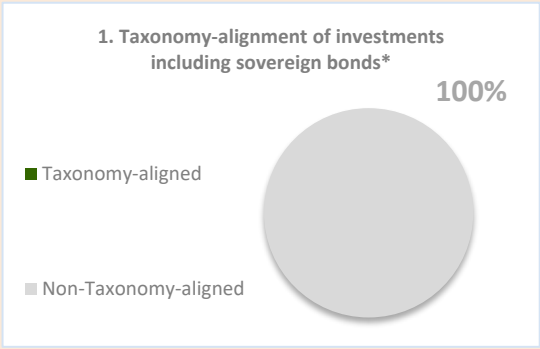
Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?

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.

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.



are

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

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



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 securities 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 invests in AT1 contingent convertible securities denominated in EUR, USD and GBP issued by financial institutions from European developed markets which are eligible for inclusion in the Index. The Index’s ESG criteria screen and GSS process provides minimum environmental and social safeguards. The Fund may also 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 excludes bond issuers based on ESG criteria described above.

- **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 is designed to reflect the performance of financial institutions AT1 contingent convertible debt denominated in EUR, USD, and GBP, whilst also screening out issuers involved in tobacco, controversial weapons, thermal coal and non-compliance with respect to the United Nations Global Compact Principles and its associated standards, conventions and treaties. The index rules aim to offer good coverage of the contingent convertible bond universe, whilst upholding minimum standards of investability and liquidity.

- **Where can the methodology used for the calculation of the designated index be found?**

<https://www.markit.com/Company/Files/DownloadFiles?CMSID=6255ed2eccb7425e81687bc446a5fa27>



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/wisdomtree-at1-coco-bond-ucits-etf-usd>