

ANNEX

Product name: WisdomTree Battery Solutions UCITS ETF **Legal entity identifier:** 5493004C7HV76SE51G24

Environmental and/or social characteristics

●● <input type="checkbox"/> Yes ● ● <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 checked="" 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 10% of sustainable investments <ul style="list-style-type: none"> <input checked="" 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 type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments

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.



What environmental and/or social characteristics are promoted by this financial product? WisdomTree Battery Solutions UCITS ETF (the **Fund**) promotes the environmental characteristics of reduction in carbon emissions generated, primarily, by road transportation and power production, scaling up renewable energy delivery and energy transition. Reduction in carbon emissions is necessary to combat the impact of climate change. The Fund promotes these characteristics by offering an investment case supporting the evolution of battery and energy storage solutions (**BESS**). Development of BESS products and services supports goals of action to combat climate change and ensuring access to affordable, reliable sustainable and modern energy for all. A reference benchmark, the WisdomTree Battery Solutions Index (the **Index**), has been designated for the purpose of attaining this environmental characteristics promoted 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 companies based on environmental, social and governance (**ESG**) criteria. The ESG criteria seeks to exclude from the eligible investment universe companies that (i) are non-compliant with certain commonly accepted international norms and standards, such as United Nations and OECD guidelines, (ii) are involved in controversial weapons such as anti-personnel mines and cluster munitions, (iii) are significantly involved in the tobacco industry (iv) are significantly involved in thermal coal activity, such as coal mining and exploration and coal-based power generation, (v) are significantly involved in unconventional oil and gas exploration/production, such as oil sands, Arctic oil and gas or shale energy, and (v) do not meet such other ESG criteria such as significant involvement in small arms as detailed in the Index methodology.

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 Fund observes indicators linked to individual United Nations Sustainable Development Goals of Climate Action and Affordable & Clean Energy to measure the attainment of the environmental characteristics it promotes.

The Index applies exclusionary ESG screening and global screening standard (GSS) criteria to verify companies' 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 in companies that are involved in, or own significant shares of companies involved in, the manufacture of controversial weapons such as anti-personnel mines and cluster munitions.
Exposure to small arms	Share of investments in companies which derive a certain proportion of revenue from activities connected to small arms. Such activities include the manufacturing and selling of small arms, or the manufacturing and selling of key components involved in small arms manufacture or being involved in the distribution of small arms.
Exposure to companies involved in tobacco	Share of investments in companies that are involved in tobacco production and supplying of tobacco-related products/services, or companies which derive a certain proportion of revenue from tobacco distribution as detailed in the Index methodology.
Coal exposure	Share of investments in companies which derive a certain proportion of revenue from thermal coal extraction, revenue or capacity from thermal coal-based power generation, revenue from tailor-made products and services that support thermal coal extraction as detailed in the Index methodology.
Exposure to companies involved in unconventional oil & gas exploration/production	Share of investments in companies which derive a certain proportion of revenue from unconventional oil & gas exploration/production such as oil sands, Arctic oil and gas or shale energy as detailed in the Index methodology.
Violations of UNGC principles and OECD Guidelines	Share of investment in investee companies that violate 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.

- **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 sustainable portion of the Fund's investments are in companies primarily involved in BESS which are considered to contribute to the environmental objective of climate change mitigation because the companies' activity results in substantial greenhouse gas reduction, including carbon, emission reductions in transport, stationary and off-grid energy storage and other industrial applications.

- **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?** The Fund has assessed the economic activity carried out by the investee companies regarded as sustainable investments against the do no significant harm (DNSH) criteria for the activity in the EU Taxonomy of manufacture of batteries. The DNSH assessment is undertaken as part of the EU Taxonomy alignment process.

— — *How have the indicators for adverse impacts on sustainability factors been taken into account?* PAI indicators of investee companies regarded as sustainable investments are produced at Fund level and are monitored by the Manager.

In addition, the Manager reviews the PAI indicators for the Fund to ensure that no significant harm is caused to the environmental objective of the Fund's sustainable investment by constituent companies deemed to be sustainable investments.

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

Companies are excluded from the Index that are non-compliant based the GSS assessment. This assessment identifies companies that violate commonly accepted international norms and standards such as UNGC principles, which include Human Rights, Labour, Environment and Corruption considerations, UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises and their underlying conventions. Companies on the UN, US and EU sanctions lists are excluded. Companies designated under the US Executive Order 13959: which goal is 'Addressing the Threat from Securities Investments That Finance Communist Chinese Military Companies are also excluded from the Index.

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.

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.



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

Yes. PAIs of investee companies 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 and proxy voting 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 equity securities that so far as possible and practicable consists of a representative sample of the component securities of the Index.

The Index is designed to track the performance of companies primarily involved in BESS as outlined in the Index methodology.

- **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 investee companies which do not satisfy specific criteria, including ESG criteria, thereby attaining the environmental and social characteristics promoted by this product.
- **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, a company must be listed on an eligible stock exchange and therefore has to comply with securities listing rules including relevant corporate governance codes. Companies will be excluded if they do not meet the GSS assessment which includes an assessment for satisfying governance issues. The GSS assessment identifies companies 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. In addition to the governance screening, the Fund, through its Investment Manager, adopts an active ownership policy to develop good governance practices in investee companies.

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 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.





are

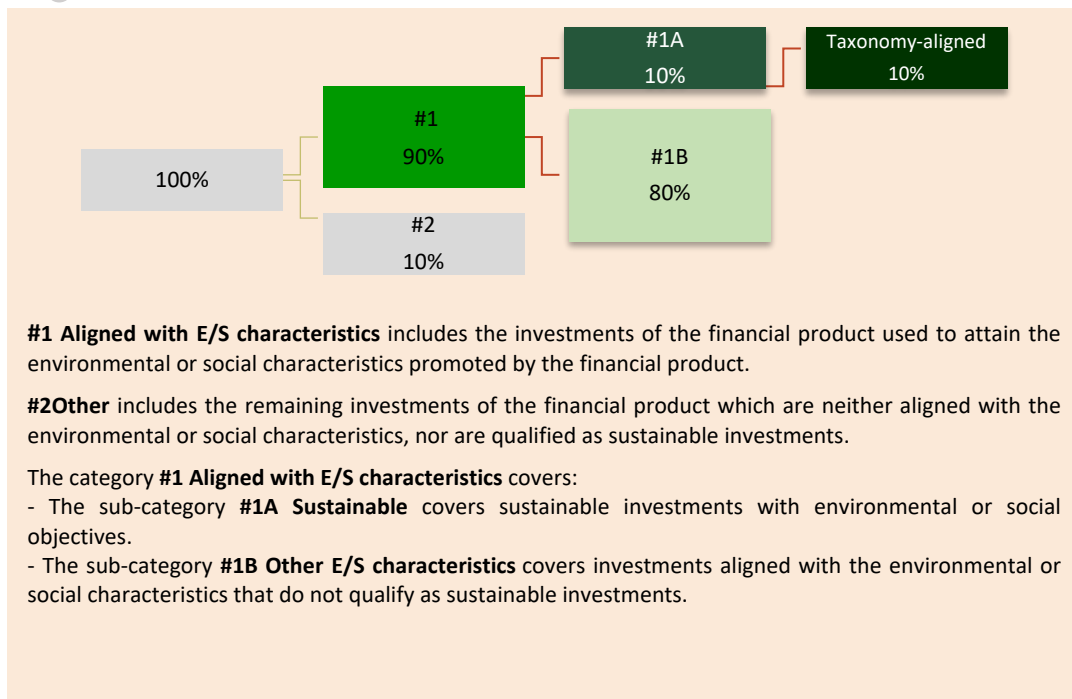
sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The Fund may hold ancillary liquid assets from time to time, for example, as dividends are collected. Where the Fund uses instruments which are not constituents of the Index, it will do so where it is consistent with its investment objective and policy, where the risk, return and other characteristics of these instruments resemble the risk, return and other characteristics of the Index as a whole. 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).

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.

● **How does the use of derivatives attain the environmental or social**



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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

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.



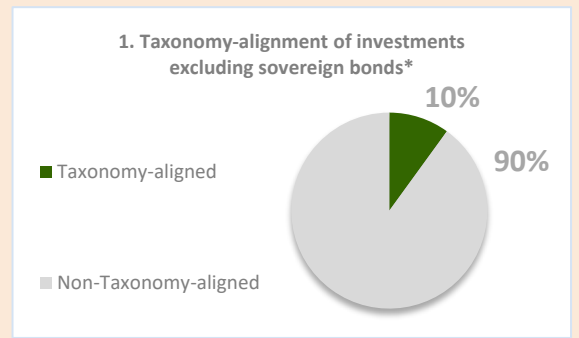
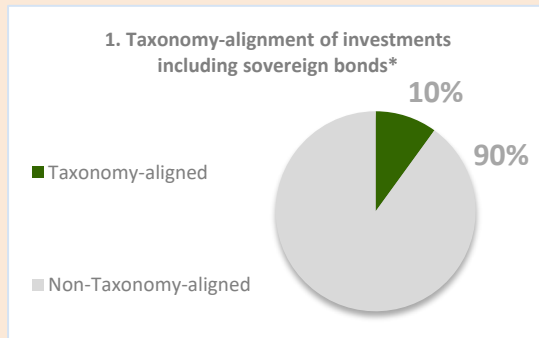
To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy? 10%. A larger proportion of the Fund's investments may be aligned with the EU Taxonomy. The Fund does not have any sovereign exposures.

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

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.

- 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?** 10%. As at 21 November 2022, 10% of the Fund's investments were in enabling activities and 0% are in transitional.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy? 10%. The Fund's minimum share of sustainable investments will be the same as the minimum proportion of EU Taxonomy-aligned investments.



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? To be eligible for inclusion in the Index, companies must satisfy the Index criteria to be a BESS company and pass certain minimum ESG screening standards. This has the effect that all companies in which the Fund invests should be aligned with environmental and / or social characteristics. In accordance with the UCITS Regulations the Fund may invest up to 10% in ancillary liquid assets. If the Fund from time to time holds ancillary liquid assets, e.g. cash from dividends received, those ancillary liquid assets may not be aligned with environmental or social characteristics. There may be no minimum environmental or social safeguards in relation to any 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 is designed to track the performance of companies primarily involved in BESS. To be eligible for inclusion in the Index a security must be issued by a BESS company which is involved in one or more of the following BESS categories: raw materials, manufacturing, enablers or emerging technology. The Index also excludes companies based on specified ESG criteria.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?** The investment strategy is to passively track the Index.
- **How does the designated index differ from a relevant broad market index?**
The Index was developed to identify companies operating across the battery value chain by WisdomTree, in collaboration with third party specialists in BESS. A scoring process helps identify parts of the value chain that deserve a higher weight and then individual companies are also scored on the basis of their exposure to the battery theme. The Index is also aligned with ESG factors using exclusion criteria. The Index methodology includes the GSS process described above which takes ESG considerations into account. Companies that are non-compliant with GSS criteria are excluded. The Index methodology also excludes companies engaged in specific activities, such as involvement in controversial weapons, tobacco, unconventional oil & gas exploration/production, small arms or thermal coal activities described in more detail above.
- **Where can the methodology used for the calculation of the designated index be found?**

<https://www.wisdomtree.eu/en-gb/-/media/eu-media-files/documents/1604/wisdomtree-index-methodology-217.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-ie/etfs/thematic/volt---wisdomtree-battery-solutions-ucits-etf---usd-acc>