

ANNEX

Product name: WisdomTree European Union Bond UCITS ETF **Legal entity identifier:** 549300W2OAXEXV867P46

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

<input checked="" type="radio"/> <input type="radio"/> <input type="checkbox"/> 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		

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.

What environmental and/or social characteristics are promoted by this financial product? WisdomTree European Union Bond UCITS ETF (the **Fund**) promotes environmental and social characteristics by investing in bonds issued by the European Union (**EU**) where the use of proceeds are allocated by the European Commission according to the needs of the various EU policy programmes funded through EU bond issuances. Such bond issuances are used to finance the Support to mitigate Unemployment Risks in an Emergency (**SURE**) and NextGenerationEU frameworks. The SURE framework is aimed at helping mitigate unemployment risks to EU member states by providing financial assistance to address sudden increases in public expenditure for the preservation of employment. The NextGenerationEU framework aims to help repair the economic and social damage brought about by the COVID-19 pandemic with a goal to make Europe greener, more digital, more resilient and a better fit for current and forthcoming challenges. A reference benchmark, the iBoxx EUR European Union Select Index (the **Index**), has been designated by the Fund for the purpose of attaining the environmental and social characteristics of the Fund.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?** The indicator used to measure the attainment of the social and environmental characteristics promoted by the Fund is the share of investments in SURE bonds and share of investments in NextGeneration EU bonds.
- **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

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 EUR denominated investment grade debt issued by the EU to finance certain EU policy programmes such as SURE and NextGenerationEU.

● **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 rules have been designed so that its only constituents are the bonds issued by the EU to fully or partially finance the SURE and NextGenerationEU programmes 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 can only be included if it is a constituent of the Index which contains only bonds issued by the EU to fully or partially finance the SURE and NextGenerationEU programmes. This requirement is built into the composition methodology of the Index.

● **What is the policy to assess good governance practices of the investee companies?** The good governance practices referred to in SFDR relate to investee

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.



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.

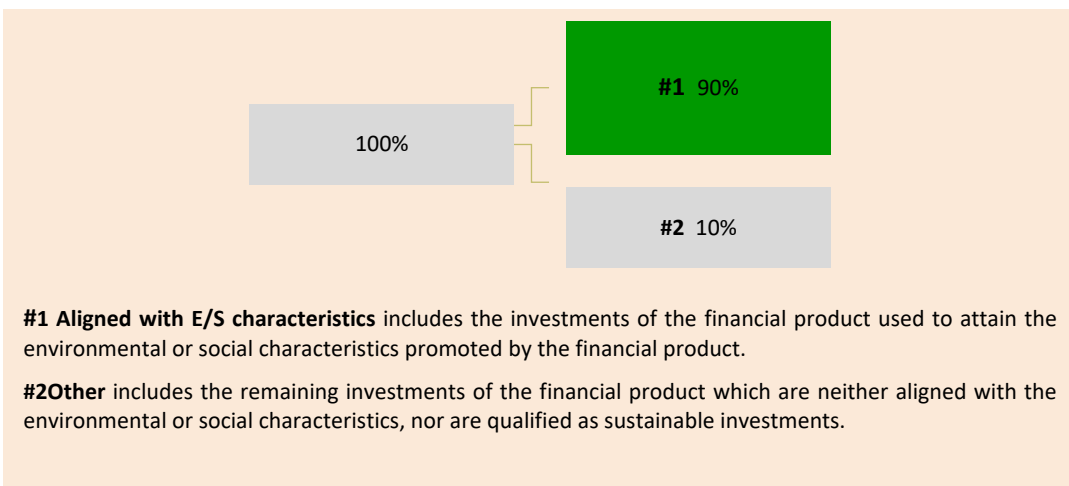
companies and companies respectively and do not apply to supranational bonds. The Fund invests only in supranational bonds and does not need to apply the requirements related to good governance practices.

Asset allocation

describes the share of investments in specific assets.



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 Index methodology results in bonds issued by the EU to fully or partially finance the SURE and NextGenerationEU programmes being the only constituents of 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).



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

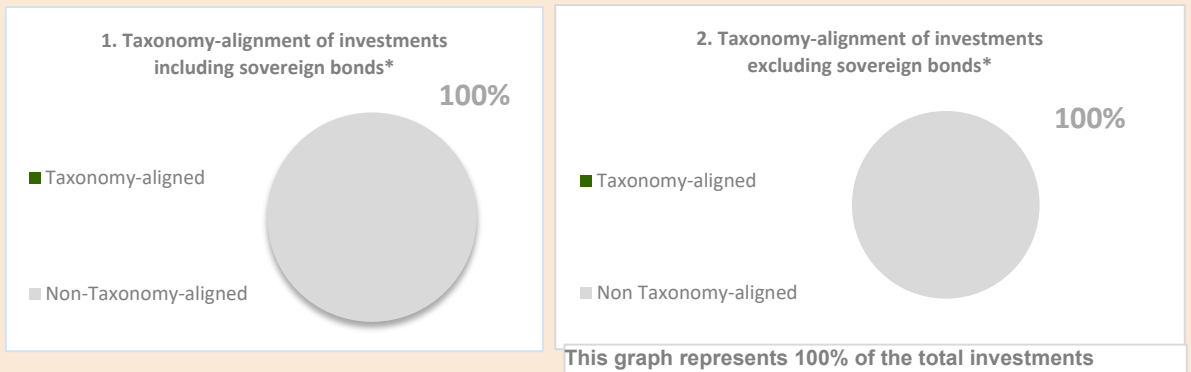
No

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.

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.



* 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%

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



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy? 0%



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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?** The Index contains existing bonds that are issued by the EU to finance the SURE programme and NextGenerationEU initiative. Additionally, the Index includes new bond issuances partially designated to the NextGenerationEU initiative. The use of proceeds in respect of existing and new issuances of bonds included in the Index may be allocated by the European Commission according to the needs of the various EU policy programmes funded through EU bond issuances.
- **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 EUR denominated investment grade debt issued by EU to finance certain loan programmes and instruments, but to exclude other European supranational issuers such as EFSF, ESM and EIB.
- **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/iboxx-eur-european-union-select-index-guide.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/eubo---wisdomtree-european-union-bond-ucits-etf---eur-acc>