

# WisdomTree Strategic Metals and Rare Earths Miners UCITS ETF - USD Acc

Sustainability-related disclosure

## Summary

### Inget mål för hållbara investeringar

Fonden främjar miljörelaterade och sociala egenskaper, men har inget mål för hållbara investeringar.

### Den finansiella produktens miljörelaterade eller sociala egenskaper

Fonden främjar miljömålet att minska koldioxidutsläppen, främst genom att investera i bolag som är involverade inom värdekedjan för energiomställning inom metallsektorn (energy transition metals value-chain, ETMVC). Det är nödvändigt att minska koldioxidutsläppen för att bekämpa påverkan från klimatförändringarna.

Fonden främjar dessutom det specifika miljömålet klimatåtgärder genom att utesluta bolag med betydande involvering i den högutsläppande sektorn termisk kol och okonventionell utvinning/produktion av olja och gas, samt de sociala egenskaperna god hälsa och välmående samt fredliga och inkluderande samhällen, genom att utesluta bolag med betydande involvering i tobaksbranschen och sektorn mindre vapen, bolag som är involverade i kontroversiella vapen samt företag som inte efterlever internationellt accepterade mänskliga rättigheter, arbetstagarrättigheter eller principer om anti-korruption, i enighet med indexmetoden.

### Investeringsstrategi

Fondens investeringsmål är att följa pris- och avkastningsutvecklingen, före avgifter och utgifter, för WisdomTree Strategic Metals and Rare Earths Miners Index (indexet). Indexet har utformats som ett referensvärde för att bedöma om fonden är förenlig med de miljörelaterade och sociala egenskaper som främjas.

### Andel av investeringar

Fonden kommer att investera alla, eller i stort sett alla, sina tillgångar i indexkomponenterna, vilket resulterar i att minst 90 procent av fondens nettoandelsvärde (NAV) kommer att vara förenligt med fondens miljörelaterade och sociala egenskaper. Högst 10 procent av fondens tillgångar kan investeras i kompletterande likvida tillgångar i enlighet med den irländska lagen European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (den irländska UCITS-förordningen) eller i värdepapper där ESG-relaterade data inte är tillgängliga i tillräckligt stor utsträckning från tredjepartsleverantörer.

### Övervakning av miljörelaterade eller sociala egenskaper

WisdomTree övervakar de miljörelaterade och sociala egenskaper som främjas av fonden vid tiden för varje ombalansering av indexet.

## Metoder

De miljörelaterade och sociala egenskaper som främjas av fonden mäts med hjälp av data från indexleverantören samt tredjepartsleverantörer av data, där detta är relevant

### Datakällor och databehandling

Fonden är en passivt förvaltd indexfond och uppnår de miljörelaterade och sociala egenskaper som främjas genom att följa indexet.

WisdomTree behandlar data som tillhandahålls av tredjepartsleverantörer för screening av emittenter baserat på de miljörelaterade, sociala och bolagsstyrningsrelaterade (environmental, social and governance, ESG) utslutningskriterier som framgår av indexmetoden i syfte att skapa ett urval av investeringar som uppfyller kraven. Övervakning av indexleverantören och tredjepartsleverantörer av data sker årligen som en del av WisdomTrees förbättrade tillsyns- och due diligence-process.

### Begränsningar för metoder och data

För att uppnå fondens uttalade investeringsmål och placeringsinriktning förlitar sig WisdomTree på data, inklusive ESG-data. ESG-data inhämtas från tredjepartsleverantörer och kan vara ofullständiga, felaktiga eller otillgängliga. Det finns därmed en risk att indexleverantören eller någon annan dataleverantör (enligt vad som är tillämpligt) gör en felaktig utvärdering av ESG-poängen eller av ett företags involvering i vissa aktiviteter som en del av de utslutningskriterier som tillämpas av indexet.

### Due diligence

WisdomTree utför due diligence med avseende på indexleverantören och jämförelseindexet innan fonden startas för att bedöma om fondens önskade investeringsresultat och de miljörelaterade och/eller sociala egenskaper som främjas av fonden kan uppnås.

### Strategier för engagemang

WisdomTree utövar sin rösträtt och engagerar sig på ett konstruktivt sätt i investeringsobjekten via sina investeringsförvaltare, till vilka viss portföljförvaltningsverksamhet har outsourcats. Vid valet och övervakningen av investeringsförvaltarna säkerställer WisdomTree att investeringsförvaltarnas policyer för röstning och engagemang uppfyller de standarder som WisdomTree definierat.

### Valt referensvärde

Indexet har valts som referensvärde för att uppfylla de miljörelaterade och sociala egenskaper som främjas av fonden. Information om indexet finns [här](#).

## **No sustainable investment objective**

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.

The Fund does not commit to making sustainable investments.

## **Environmental or social characteristics of the financial product**

The Fund promotes the environmental objective of reduction in carbon emissions generated, primarily by investing in companies involved in the ETMVC. Reduction in carbon emissions is necessary to combat the impact of climate change. ETMVC includes the exploration and processing of metals which are used in technologies and solutions associated with energy transition themes such as electric vehicles, transmission, charging, energy storage, solar, wind, and hydrogen. Development of such products and services supports goals to action climate change and ensuring access to affordable, reliable sustainable and modern energy for all.

The Fund additionally promotes the specific environmental characteristic of climate action by excluding companies significantly involved in the high greenhouse gas emitting sector of thermal coal and unconventional oil and gas exploration/production and the social characteristic of good-health and well-being and peace, justice and strong institutions, by respectively excluding companies significantly involved in the tobacco industry and small arms sectors, companies involved in controversial weapons as well as companies which do not adhere to internationally accepted human rights, labour standards or anti-corruption principles in line with the Index methodology.

The Index has been designated as a reference benchmark to determine whether the Fund is aligned with the environmental and/or social characteristics that it promotes.

## **Investment strategy**

The investment objective of the Fund is to track the price and yield performance, before fees and expenses, of the Index. In order to achieve this objective, the Fund will employ a "passive management" (or indexing) investment approach 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 has been designated as a reference benchmark for the purpose of determining whether the Fund is aligned with the environmental and social characteristics it promotes.

The Index applies ESG exclusionary criteria and seeks to exclude companies from the eligible investment universe that are significantly involved (as described in the Index methodology) in thermal coal, unconventional oil and gas exploration/production and in the tobacco industry and small arms sectors. Companies with any involvement in controversial weapons or that fall within the bottom 5% based on their greenhouse gas intensity are also excluded from the eligible investment universe by the Index.

The Index methodology includes robust governance criteria whereby companies are assessed based on the Global Standards Screening (GSS) assessment which identifies and excludes companies from the eligible investment universe companies that violate international norms and standards, such as United Nations Global Compact principles (UN GCPs), UN Guiding Principles on Business and Human Rights (UN GPs) and OECD Guidelines for Multinational Enterprises and their underlying conventions.

Companies on the UN, US and EU sanctions list are excluded. In addition to the governance screening, to be eligible for inclusion in the Index, a company must be listed on an eligible stock exchange listed in the main body of the supplement for the Fund (the Supplement) and must comply with securities listing rules including relevant corporate governance codes.

The Fund considers principal adverse impacts (PAIs) at the fund level in accordance with the regulatory technical standards of SFDR (RTS). Indicators for PAIs (PAI Indicators) are a way of measuring how issuers negatively impact sustainability factors. Please refer to the section below "Due Diligence" regarding the controls in place to monitor constituent data for PAIs.

The Fund, through its Investment Manager, adopts an active ownership policy to develop good governance practices in investee companies.

### **Proportion of investments**

The Fund will invest all, or substantially all, of its assets in the constituents of the Index with the result that a minimum of 90% of the Fund's NAV will align with the environmental and social characteristics of the Fund.

Up to 10% of the Fund's assets may be invested in ancillary liquid assets in accordance with the UCITS Regulations or invested in securities for which there is insufficient ESG-related data available from third-party data providers. This applies in particular to assets for which ESG factors are insufficiently defined at present or which are not covered by third-party data providers. For more information, please see the Supplement for the Fund.

### **Monitoring of environmental or social characteristics**

The Fund promotes environmental and social characteristics outlined above by tracking the Index which applies ESG exclusionary criteria.

WisdomTree monitors the Fund's adherence to the environmental and social characteristics it seeks to promote. This is carried out by evaluating whether the Index is correctly applying the stated ESG screening and GSS assessment criteria described above. This includes an evaluation by WisdomTree of the ESG data provided by the third-party data providers.

WisdomTree also monitors the tracking error of the Fund and reports this to investors as part of the publication of annual and interim financial statements of the ICAV. Information on the anticipated tracking error is also published in the Supplement.

### **Methodologies**

The environmental and social characteristics promoted by the Fund are measured using data from the Index Provider and third-party data providers, where relevant.

The Fund seeks to track the Index which excludes companies based on ESG exclusionary criteria outlined in the Index methodology. The ESG exclusionary criteria is measured based on companies' revenue thresholds and data sources evaluated at each Index rebalance. The Fund's investments are assessed as being aligned with the environmental and social characteristics promoted by the Fund at each Index rebalance.

Certain PAIs are considered when evaluating the environmental and social characteristics promoted by the Fund using data provided by third party data provider which includes an evaluation of involvement in controversial weapons (PAI Indicator 14), greenhouse gas intensity (PAI Indicator 3) fossil fuels (PAI Indicator 4), non-renewable energy production (PAI Indicator 5) and UNGCP and OECD Guidelines violations (PAI Indicators 10 and 11).

## **Data sources and processing**

The Fund is a passively managed index tracking fund and attains the environmental and social characteristics it promotes by tracking the Index.

WisdomTree processes data provided by third-party ESG data providers to screen issuers based on the ESG exclusionary criteria as set out in the Index methodology to establish the eligible investment universe.

Monitoring of the Index Provider and third-party data providers is carried out annually as part of WisdomTree's enhanced oversight and due diligence processes. This due diligence includes evaluating methodologies adopted by third-party data providers to assess issuers, the sources of information that they use and the quality of the ESG data they provide. ESG Data coverage provided by third-party data providers is also assessed at each Index rebalance.

WisdomTree uses data sources from other third-parties for comparison purposes to identify any potential data inconsistencies. There may be issuers for which insufficient ESG-related data is available due to a lack of coverage by third-party data providers.

Data estimates may be used by third-party data providers particularly for smaller companies or where there are gaps in company reported data or where a company does not report actual revenues or certain business involvement categories.

## **Limitations to methodologies and data**

To meet the stated investment objective and policy of the Fund, WisdomTree relies on data ESG data provided by third-party data providers and may be incomplete, inaccurate, or unavailable. As a result, there is a risk that the Index Provider or other data providers (as applicable) may incorrectly assess the ESG rating or the involvement of a company in certain activities as part of the exclusionary criteria applied by the Index Provider. This may result in the incorrect inclusion or exclusion of a security from the Index and therefore the portfolio of the Fund.

Please refer to the section above "Data Sources and Processing" and "Due Diligence" regarding internal controls to monitor constituent data.

In placing reliance on external data providers, there may be inherent risk associated with errors in third-party data which may not be undetected by WisdomTree or the Index Provider. The result being that companies may from part of the investment universe that are inconsistent with the stated methodology of the Index and/or the stated investment objective/policy of the Fund. WisdomTree seeks to mitigate this risk by obtaining ESG data from reputable sources, using a second independent data source and investigating data differences to our primary ESG data provider.

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## **Due diligence**

WisdomTree carries out due diligence on the Index Provider and reference Index prior to the launch of the Fund.

As part of this due diligence, WisdomTree assesses the Index methodology to determine whether it would achieve the desired investment outcome and environmental and/or social characteristics promoted by the Fund.

This evaluation includes the investment universe of the securities, coverage by third-party data providers and the exclusionary screening criteria implemented by the Index.

In addition, WisdomTree monitors PAI indicators on sustainability factors of investee companies at the Fund level on a quarterly basis using an internally developed monitoring system and data received from the Investment Manager and the third-party ESG data provider.

## **Engagement policies**

As a responsible investor, WisdomTree adopts an active ownership approach to promote better corporate behaviour in investee companies in terms of sustainability and management of ESG risks.

WisdomTree exercises voting rights and constructively engages with investee companies through its investment managers, to whom portfolio management activities are outsourced. In selecting and monitoring investment managers, WisdomTree ensures that voting and engagement policies of the Investment Managers match the standards defined by WisdomTree.

Further details on WisdomTree's proxy voting policy are available at <https://www.wisdomtree.eu/en-gb/wisdomtree-investment-governance> and on WisdomTree voting dashboard available at: <https://www.wisdomtree.eu/en-ie/proxy-voting-dashboard>.

## **Designated reference benchmark**

The Index has been designated as a reference benchmark and utilises ESG screening criteria to meet certain environmental or social characteristics promoted by the Fund. Information on how that index is aligned with the environmental and social characteristics promoted by the Fund, including the input data, the methodologies used to select those data, the rebalancing methodologies and how the index is calculated can be found [here](#).