ANNEX IV

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: **abrdn III ICAV - abrdn Global Real Estate Active Thematics UCITS ETF**

Legal entity identifier: **213800OBOHC3WRY9A410**

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 include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It made **sustainable investments with an environmental objective:** ___%	X It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of _**23**_% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ 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	X with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	X with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

To what extent were the environmental and/or social characteristics promoted by this financial product met?

To promote the environmental and social characteristics, the Investment Manager applied ESG assessment criteria, ESG screening criteria and promotes good governance including social factors.

The Fund invested in companies that were identified through rigorous listed real estate research process which takes into consideration the sustainability of the business in its broadest sense and the company's environmental, social and governance (ESG) performance.

The Fund utilised both the Investment Manager's investment insights and also abrdn's assessment of a company's ESG risks and opportunities to better understand risk and return potential resulting in positively tilted portfolio from sustainability and ESG perspective.

There are three core principles which underpin abrdn's Sustainable investment approach and the time we dedicate to ESG analysis as part of our overall equity research process:

- ESG factors are financially material, and impact corporate performance
- Understanding ESG risks and opportunities alongside other financial metrics allows abrdn to make better investment decisions.
- Informed and constructive engagement helps foster better companies, enhancing the value of abrdn's clients' investments.

Additionally, abrdn proprietary ESG House Score, developed by abrdn central ESG investment team in collaboration with the Quantitative investment team, was used to identify companies with potentially high or poorly managed ESG risks. The score was calculated by combining a variety of data inputs within a proprietary framework in which different ESG factors were weighted according to how material they were for each sector. This allowed abrdn to see how companies rank in a global context.

To complement this, abrdn also utilised our active stewardship and engagement activities.

This Fund has a financial benchmark that was used for portfolio construction but does not incorporate any sustainable criteria and was not selected for the purpose of attaining these characteristics. This financial benchmark was used as a comparator for Fund performance and as a comparison for the Fund's binding commitments.

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

How did the sustainability indicators perform?

- How did the sustainability indicators perform?

As described in more detail within our prospectus, the sustainability indicators applied by the Fund are:

ESG screening criteria

The Investment Manager confirms that during the reporting period, binary exclusions were applied to exclude the particular areas of investment related to UN Global Compact, Controversial Weapons, Tobacco, Thermal Coal, Oil & Gas extraction or Electricty generation that has carbon emission intensity inconsistent with the Paris Agreement 2 degrees scenario.

These screening criteria applied in a binding manner and there were no holdings in the fund that fail the agreed criteria.

abrdn proprietary ESG House Score, developed by our central ESG investment team in collaboration with the Quantitative investment team, is used to identify companies with potentially high or poorly managed ESG risks. The score is calculated by combining a variety of data inputs within a proprietary framework in which different ESG factors are weighted according to how material they are for each sector.

abrdn confirm that during the reporting period the Fund excluded companies with the highest ESG risks, as identified by the abrdn ESG House Score. This is implemented by excluding the bottom 20% of issuers with an ESG House Score that are in the benchmark.

…and compared to previous periods?

N/A

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

The Fund has not set a sustainable objective, however, is voluntarily disclosing the Sustainable Investments held within the portfolio which is 23%, following the sustainable investment methodology outlined below. Please note that in future reporting periods, the proportion of sustainable investments could be higher, lower, or 0%.

Sustainable Investment Methodology
The objective of the sustainable investment is to make a contribution to solving an environmental or social challenge, in addition to not causing significant harm, and being well governed. Each sustainable investment may make a contribution to Environmental or Social issues. In fact, many companies will make a positive contribution to both. abrdn use the six environmental objectives of the Taxonomy to inform Environmental contributions, including: (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, (5) pollution prevention and control, and (6) protection and restoration of biodiversity and ecosystems. In addition, abrdn use the 17 Sustainable Development Goals and their sub-goals to supplement the EU Taxonomy topics and provide a framework for considering Social objectives.

An economic activity must have a positive economic contribution to qualify as a Sustainable investment, this includes consideration of Environmental or Socially aligned revenues, Capex, Opex or sustainable operations. abrdn seek to establish or estimate the share of the investee company's economic activities/contribution towards sustainable objective and it is this element that is weighted and counted towards the Fund's total aggregated proportion of Sustainable Investments.

abrdn uses a combination of the following approaches:

i. a quantitative methodology based on a combination of publicly available data sources; and
ii. using abrdn's own insight and engagement outcomes abrdn overlay the quantitative methodology with a qualitative assessment to calculate an overall percentage of economic contribution towards a sustainable objective for each holding in a Fund.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

As required by the SFDR Delegated Regulation, the investment does not cause Significant Harm ("Do No Significant Harm"/ "DNSH") to any of the sustainable investment objectives.

abrdn have created a 3-step process to ensure consideration of DNSH:

i. Sector Exclusions
abrdn have identified a number of sub-sectors which automatically do not qualify for inclusion as a Sustainable Investment as they are considered to be causing significant harm. These include but are not limited to: (1) Defence, (2) Coal, (3) Oil & Gas Exploration, Production and associated activities, (4) Tobacco, (5) Gambling and (6) Alcohol.

ii. DNSH Binary Test
The DNSH test, is a binary pass/fail test which signals if the company passes or fails criteria for the SFDR Article 2 (17) "do no significant harm". Pass indicates under abrdn's methodology the company has no ties to controversial weapons, less than 1% of revenue from thermal coal, less than 5% of revenue from tobacco related activities, is not a tobacco producer, and has no red/severe ESG Controversies. If the company fails this test, it cannot be considered a Sustainablen Investment. abrdn's approach is aligned with the SFDR PAIs included within tables 1, 2 & 3 of the SFDR Delegated Regulation and is based on external data sources and abrdn internal insights.

iii. DNSH Materiality Flag
Using a number of additional screens and flags, abrdn consider the additional SFDR PAI's indicators as defined by the SFDR Delegated Regulation to identify areas for improvement or potential future concern. These indicators are not considered to cause significant harm and therefore a company with active DNSH materiality flags may still be considered to be a Sustainable Investment. abrdn aim to enhance the engagement activities to focus on these areas and seek to deliver better outcomes by resolving the issue.

How were the indicators for adverse impacts on sustainability factors taken into account?

The Investment Manager considers Principle Adverse Impact Indicators defined by the SFDR Delegated Regulation.

Pre investment, abrdn applies a number of norms and activity-based screens related to PAIs, including but not limited to: UN Global Compact, controversial weapons, and thermal coal extraction.

UNGC: abrdn uses norms-based screens and controversy filters to exclude companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state owned entities in countries which violate norms.
Controversial Weapons: abrdn excludes companies with business activities related to controversial weapons (cluster munitions, anti-personnel landmines, nuclear weapons, chemical and biological weapons, white phosphorus, non-detectable fragments, incendiary devices, depleted uranium ammunition or blinding lasers).
Thermal Coal Extraction: abrdn excludes companies with exposure to the fossil fuels sector based on percentage of revenue from thermal coal extraction.

abrdn apply a fund specific set of company exclusions, more detail on these and the overall process is captured within the Investment Approach, which is published at www.abrdn.com under "**Fund Centre**".

Post-investment the following PAI indicators are considered:
- abrdn monitors all mandatory and additional PAI indicators via its ESG integration investment process using a combination of proprietary house score and 3rd party data feeds. PAI indicators that either fail a specific binary test or are considered above typical are flagged for review and may be selected for company engagement.
- Governance indicators via abrdn's proprietary governance scores and risk framework, including consideration of sound management structures, employee relations, remuneration of staff and tax compliance
- On an on-going basis the investment universe is scanned for companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state owned entities in countries which violate norms

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

Yes, all sustainable investments are aligned with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human rights. Breaches and violations of these international norms are flagged by an event-driven controversy and are captured in the investment process, and in turn excluded from consideration as a sustainable investment.

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 Union 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.

How did this financial product consider principal adverse impacts on sustainability factors?

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee

The following indicators were committed to be considered within the investment process:

Principle Adverse Impact Considered for Investments:	Explanation:
Exclusions: UN Global Compact, Controversial Weapons, Tobacco, Thermal Coal, Oil & Gas extraction	The Investment Manager confirms that screening in line with abrdn's approach documents has been undertaken during the reporting period

As described above, a number of PAIs are actively screened from the investment universe prior to investment, including norms-based screens and controversy filters. abrdn engage, manage and vote for either insight or influence. Engagement activity may be undertaken by any of our investment teams with a holding in the company, or by our dedicated stewardship team.

The Fund launched in February 2023, more details of this engagement will be included in the final year end report.

What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is:

Date as at 28th February 2023 *(first quarter for the fund)*

Largest investments	Sector	Country	% Assets (exc. Cash)
Prologis Inc	Industrial REITs	USA	7.20%
Equinix Inc	Specialized REITs	USA	4.04%
Public Storage	Specialized REITs	USA	2.93%
Simon Property Group Inc	Retail REITs	USA	2.52%
Realty Income Corp	Retail REITs	USA	2.48%
UNITE Group PLC/The	Residential REITs	GBR	2.29%
Advance Residence Investment Corp	Residential REITs	JPN	2.28%
Welltower Inc	Health Care REITs	USA	2.13%
VICI Properties Inc	Specialized REITs	USA	2.02%
Segro PLC	Industrial REITs	GBR	1.96%
Comforia Residential REIT Inc	Residential REITs	JPN	1.90%
Digital Realty Trust Inc	Specialized REITs	USA	1.89%
Nippon Accommodations Fund Inc	Residential REITs	JPN	1.84%
Vonovia SE	Real Estate Operating Companies	DEU	1.83%
Grainger PLC	Real Estate Operating Companies	GBR	1.78%

Date as at 31st May 2023

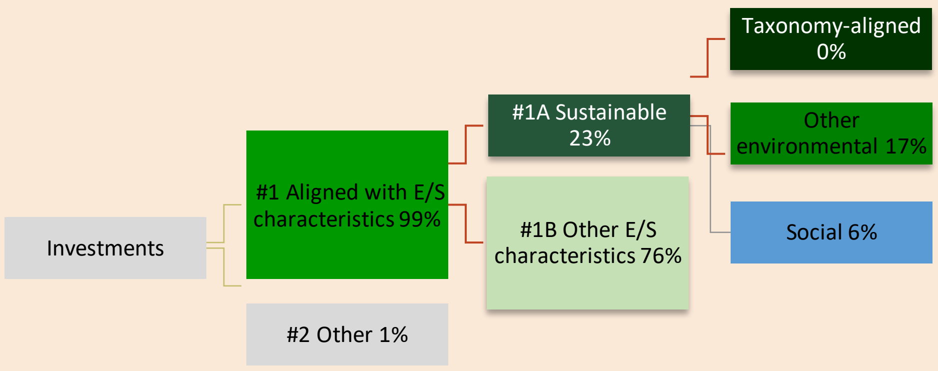
Largest investments	Sector	Country	% Assets (exc. Cash)
Prologis Inc	Industrial REITs	USA	7.65%
Equinix Inc	Data Center REITs	USA	4.56%
Public Storage	Self Storage REITs	USA	2.87%
Simon Property Group Inc	Retail REITs	USA	2.49%
Realty Income Corp	Retail REITs	USA	2.43%
UNITE Group PLC/The	Multi-Family Residential REITs	GBR	2.26%
Nippon Accommodations Fund Inc	Multi-Family Residential REITs	JPN	2.26%
Advance Residence Investment Corp	Multi-Family Residential REITs	JPN	2.26%
Grainger PLC	Real Estate Operating Companies	GBR	2.21%
Welltower Inc	Health Care REITs	USA	2.20%
Comforia Residential REIT Inc	Multi-Family Residential REITs	JPN	2.08%
CapitaLand Ascendas REIT	Industrial REITs	SGP	2.05%
VICI Properties Inc	Other Specialized REITs	USA	2.01%
Digital Realty Trust Inc	Data Center REITs	USA	1.94%
Vonovia SE	Real Estate Operating Companies	DEU	1.90%

What was the proportion of sustainability-related investments

Asset allocation describes the share of investments in specific assets.

What was the asset allocation?

A minimum of 80% of the Fund's assets are aligned with E/S characteristics. Environmental and social safeguards are met by applying certain PAI's, where relevant, to these underlying assets. For the reporting period, the fund invested 99% in assets aligned with E/S characteristics. The Fund invests a maximum of 20% of assets in the "Other" category, which include cash, money market instruments and derivatives. For the reporting period, the fund invested in 1% other assets. The Fund has a minimum of 0% in Sustainable Investments. The Fund has not set a minimum proportion of investment in Taxonomy aligned economic activities.



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

In which economic sectors were the investments made?

Diversified Real Estate Activities	Diversified REITs
Health Care REITs	Homebuilding
Hotel & Resort REITs	Industrial REITs
Office REITs	Real Estate Operating Companies
Residential REITs	Retail REITs
Specialized REI	

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

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.

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.

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Fund holds 0% sustainable investments with an environmental objective aligned with the EU Taxonomy. This assessment has not been subject to an external review.

This Fund had no exposure to EU Taxonomy aligned nuclear or fossil gas activities over the reporting period.

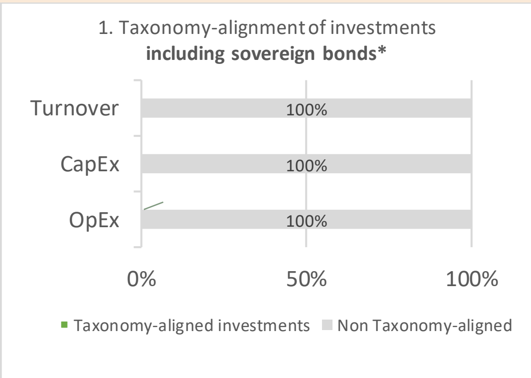
Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[1]?

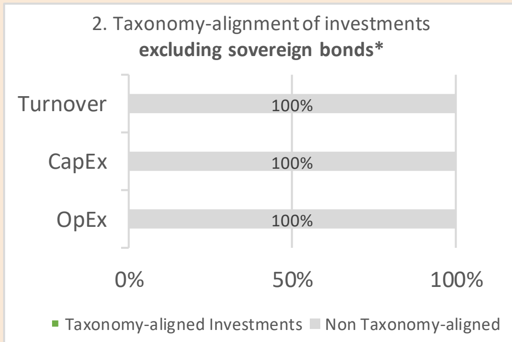
☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

The graphs below show in green the percentage of investments that were 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 was the share of investments made in transitional and enabling activities?

The Fund holds 0% investments made in transitional and enabling activities.

[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.

- ***How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?***

Not applicable – This is the first report.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

As of May 2023, the share of Sustainable Investments in the fund with an environmental objective is 17%.

What was the share of socially sustainable investments?

As of May 2023, the share of Sustainable Investments in the fund with a social objective is 6%.

What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

The Fund invested 1 % of assets in the “Other” category. The investments included under "other" are cash, money market instruments, derivatives. The purpose of these assets are to meet liquidity, target return or manage risk and may not contribute to the environmental or social aspects of the Fund.

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The fund launched in February 2023, more details of this engagement will be included in the final year end report.

How did this financial product perform compared to the reference benchmark?

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

- ***How does the reference benchmark differ from a broad market index?***

  Not applicable

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

  Not applicable

- ***How did this financial product perform compared with the reference benchmark?***

  Not applicable

- ***How did this financial product perform compared with the broad market index?***

  Not applicable