Annex V

Template periodic disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 219/288 and Article 5, first paragraph, of Regulation (EU) 22/852

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.

Product name: Climate Transition Bond Fund

Legal entity identifier 2138001IN6XY2E88UX09

Sustainable investment objective

Does this financial product have a sustainable investment objective?

☒ Yes	☐ No
☒ It made **sustainable investments with an environmental objective:** 78.45%	☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of __% 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	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☒ It made **sustainable investments with a social objective:** 8.78%	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

To what extent was the sustainable investment objective of this financial product met?

The Climate Transition Bond Fund seeks to achieve attractive long-term returns by investing at least 90% of the assets in fixed-income securities that support the transition to a low-carbon economy and society's adaptation to climate change.

The Fund draws on abrdn's deep resources and understanding of climate and environmental issues to help our clients benefit from the long-term shift towards greater sustainability. We aim to achieve a combination of income and growth by investing in bonds issued by companies and countries that, in our view, are addressing the causes of climate change and adapting to its consequences.

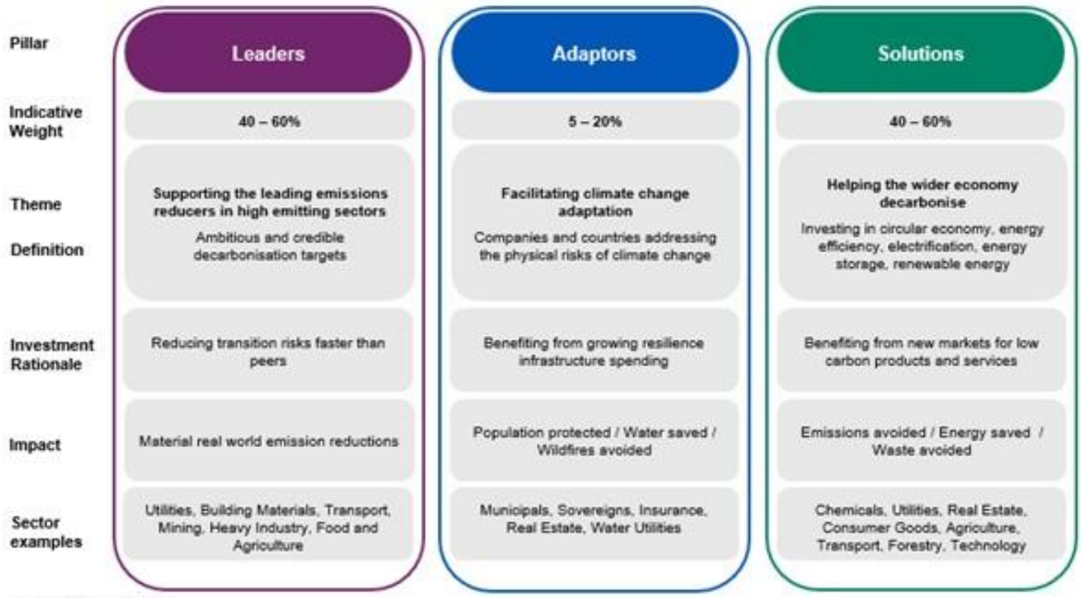
These are companies that are lowering green-house-gas (GHG) emissions of their operations or helping others to reduce their emissions, and companies and countries that are helping society adapt to the physical risks of climate change.

The Fund uses three key pillars to identify and acknowledge climate-change risks and opportunities. The Fund uses three key pillars to identify and acknowledge climate-change risks and opportunities. We set out these pillars below, showing how they link to sustainable objectives around climate change.

- Leaders – the leading emission reducing companies (climate change mitigation)
- Adaptors – issuers improving resilience to the physical risks of climate change (climate change adaptation)
- Solutions – issuers helping the wider economy decarbonise (climate change mitigation)

Fund exposure to the pillars:

- Leaders – 37%
- Adaptors – 9%
- Solutions – 54%



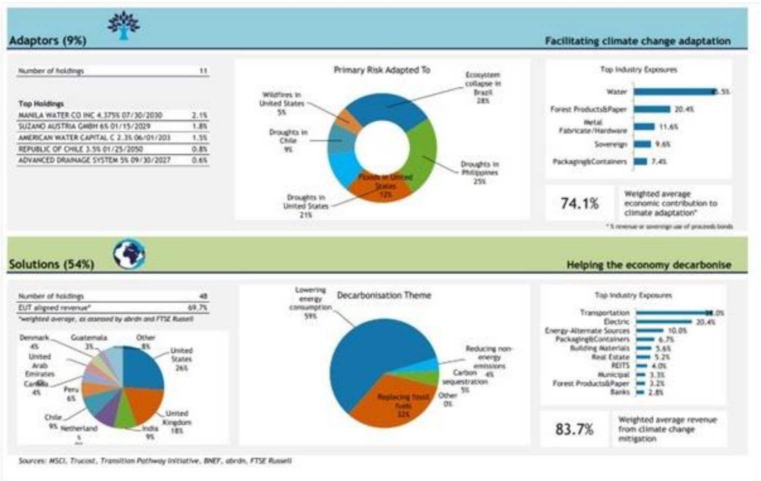
Pillar	Leaders	Adaptors	Solutions
Indicative Weight	40 – 60%	5 – 20%	40 – 60%
Theme / Definition	**Supporting the leading emissions reducers in high emitting sectors** Ambitious and credible decarbonisation targets	**Facilitating climate change adaptation** Companies and countries addressing the physical risks of climate change	**Helping the wider economy decarbonise** Investing in circular economy, energy efficiency, electrification, energy storage, renewable energy
Investment Rationale	Reducing transition risks faster than peers	Benefiting from growing resilience infrastructure spending	Benefiting from new markets for low carbon products and services
Impact	Material real world emission reductions	Population protected / Water saved / Wildfires avoided	Emissions avoided / Energy saved / Waste avoided
Sector examples	Utilities, Building Materials, Transport, Mining, Heavy Industry, Food and Agriculture	Municipals, Sovereigns, Insurance, Real Estate, Water Utilities	Chemicals, Utilities, Real Estate, Consumer Goods, Agriculture, Transport, Forestry, Technology

Source: abrdn, September 2022

Sustainability indicators measure how the sustainable objectives of this financial product are attained

How did the sustainability indicators perform?

The Fund invested in companies aligned to the three pillars. The breakdown of holdings aligned to the pillars:



We also confirm that during the reporting period, binary exclusions are applied to exclude the particular areas of investment related to UN Global Compact, Controversial Weapons, Tobacco, Gambling, Alcohol, Adult entertainment, Oil and Gas extraction, and Thermal Coal. These screening criteria apply in a binding manner and there are no holdings in the fund that fail the agreed criteria.

…and compared to previous periods?

N/A

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.

How did the sustainable investments not cause significant harm to any 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.

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

i. Sector Exclusions

We have identified a number of 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 Sustainable Investment. Our 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, we 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. We aim to enhance our engagement activities to focus on these areas and seek to deliver better outcomes by resolving the issue. However, such indicators are not considered to cause significant harm and therefore a company with active DNSH materiality flags can still be considered to be a sustainable investment.

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

Principal adverse impacts consideration

The Fund considers the following PAIs in its investment process, this means that there is pre- and post-trade monitoring is in place and that every investment for the Fund is assessed on these factors to determine its appropriateness for the Fund.

- PAI 1: GHG emissions (scope 1 and 2)
- PAI 10: Violations of the UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- PAI 14: Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

Adverse impacts monitoring

Pre investment, abrdn applies a number of norms and activity-based screens related to the above PAIs, including but not limited to:

- UNGC: The Fund 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: The Fund 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: The Fund 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 above PAI indicators are monitored in the following way:

- Company carbon intensity and GHG emissions is monitored via our Climate tools and risk analysis

- 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.

Post-investment we also undertake the following activities in relation to additional PAI's:

- Dependent on data availability, quality and relevance to the investments the consideration of additional PAI indicators will be on a case-by- case basis.

- abrdn monitors PAI indicators via our ESG integration investment process using a combination of our proprietary house score and 3rd party data feeds.

- Governance indicators are monitored via our proprietary governance scores and risk framework, including consideration of sound management structures, and remuneration.

Adverse impacts mitigation

- PAI indicators that fail a defined pre-investment screen are excluded from the investment universe and can not be held by the fund.

- PAI indicators that are monitored post investment which fail a specific binary test or are considered above typical are flagged for review and may be selected for company engagement. These adverse indicators may be used as a tool for engagement, for example where there is no policy in place and this would be beneficial abrdn may engage with the issuer or company to develop one, or where carbon emissions are considered to be high, abrdn may engage to seek the creation of a long-term target and reduction plan.

→ *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.

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

(1) GHG Emissions Scope 1 & 2 and carbon footprint: This is undertaken via monitoring of the carbon benchmark and we confirm that during the reporting period that the portfolio performed better than the benchmark and in line with our overall commitment.

(2) Exclusions: We confirm that screening in line with our approach documents has been undertaken during the reporting period

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:
- - 30/09/2023

Largest Investments	Sector	% Assets	Country
TenneT Holding BV	Utilities	3.36	Netherlands
Carrier Global Corp	Industrials	3.03	United States of America
Manila Water Co Inc	Utilities	3.01	Philippines
Canadian Pacific Railway Co	Industrials	2.95	Canada
Equinix Inc	Financials	2.81	United States of America
Iberdrola International BV	Utilities	2.76	Spain
Orsted AS	Utilities	2.67	Denmark
Suzano Austria GmbH	Basic Materials	2.43	Austria
American Water Capital Corp	Utilities	2.42	United States of America
Republic Services Inc	Industrials	2.40	United States of America
NextEra Energy Capital Holdings Inc	Utilities	2.38	United States of America
EDP - Energias de Portugal SA	Utilities	2.36	Portugal
Stagecoach Group Ltd	Industrials	2.28	United Kingdom
DS Smith PLC	Industrials	2.25	United Kingdom
Enel Chile SA	Utilities	2.18	Chile

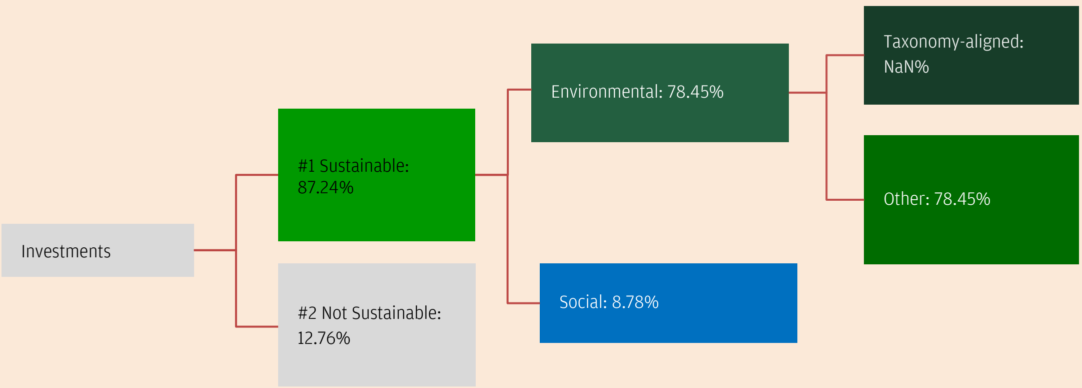
What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.

What was the asset allocation?

The fund committed to hold a minimum of 75% in Sustainable Investments with an environmental objective.

The Fund invests a maximum of 25% of assets in the “Non Sustainable” category, which is mainly made up of cash, money market instruments and derivatives.



#1 Sustainable covers sustainable investments with environmental or social objectives.

#2 Not sustainable includes investments which do not qualify as sustainable investments

In which economic sectors were the investments made?

Sector	Sub-sector	% Assets
Utilities		34.98
Industrials		30.02
Financials		15.70

Basic Materials	6.15
Consumer Cyclical	5.64
Consumer Non-cyclical	4.39
Technology	1.98

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.
Transitional activities are economic activities for which low-carbon alternatives are not yet available and that 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.

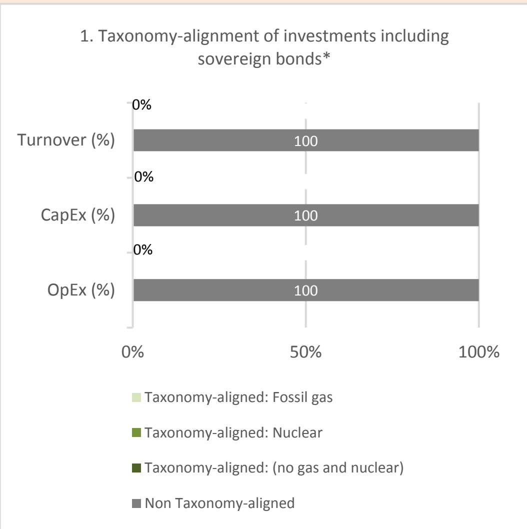
These sustainable investments will not be EU Taxonomy aligned as the environmental objective does not have associated technical standards for comparison and relevant data is not available to confirm alignment.

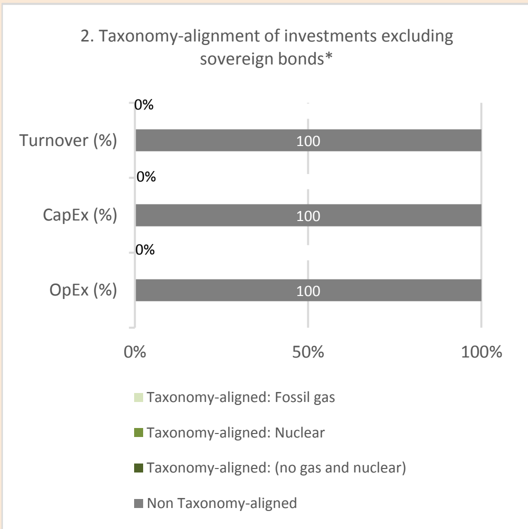
☐ Yes

☐ 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 % of the total investment.

*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.

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

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 22/852.

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

The share of sustainable investments with an environmental objective not aligned with the EU Taxonomy was 78.45% of assets as at the year end date and is representative of the Reference Period

What was the share of socially sustainable investments?

The share of sustainable investments with a social objective is 8.784%

What investments were included under "not sustainable", what was their purpose and were there any minimum environmental or social safeguards?

The Fund invested 12.76% of assets in the "not sustainable" category. The investments included are cash, money market instruments, and may also include 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 attain the sustainable investment objective during the reference period?

Diverse climate transition exposure:

We aim to invest in companies whose products and services align with one of our climate transition pillars. During the reference period we had holdings exposed to all three climate transition pillars.

Monitoring company progress:

We aim to review the companies in the Fund at least annually. Companies are removed from the investable universe if:

- The company begins to pursue a strategy that does not align to one of our climate transition pillars.
- Red flags, controversies and/or incidents emerge that highlight a persistent, structural ESG problem within the company's operations, strategy or culture, to which the company does not appropriately respond.

Engagement:

For Climate Transition Bond Fund, engagement priorities will include review engagements to follow up on milestones previously set; enhance engagements to gain more information regarding the company's climate transition strategy; response engagements if there have been specific ESG news flow pertaining to the companies and thematic engagements where there is cross-over with broader abrdn engagement thematic priorities.

Some examples over the year include:

- DS Smith 20th June 2023: We spoke to DS Smith on recycling, in particular to understand how they are enabling the circular economy in the packaging sector. We got a greater understand of their revenue streams, which has enabled us to identify sustainable revenue streams from DS Smith. We asked the company to provide a more detailed revenue breakdown in their reporting to allow investors to easily identify sustainable revenue streams.

- Manila Water 2nd February 2023: MWC's role in ensuring safe and accessible water in Manila and regions where they operate remains to be significant. There are strong safeguards around ensuring round the clock accessibility, such as strengthened infrastructure and systems and flexible payment schemes for the most vulnerable. We view the recent tariff hikes as reasonable and in line with broader inflation. MWCs GHG targets currently do not have a base year and is intended to be aspirational. While this is not ideal, the company is embarking on an SBT process and will provide more details in the 2H23. We will follow up on this as a milestone.

- Greenko 14th Juen 2023: We engaged with Greenko as part of a review of land procurement practices among renewable energy companies in India. Greenko prefers to procure land through transactions with a willing seller, as this is market-driven and minimises land disputes. Such agreements could involve purchase of land from the original land owner, or leasing land from the land owner. Greenko aligns with IFC Principles and avoids cultivable land wherever possible. 97-98% of Greenko's land is dry land, and the rest are seasonal cultivable land. We are encouraged by Greenko's transparency in sharing their land procurement practices and are comfortable with how land-related risks are managed.

- Majid Al Futtaim 26th January 2023: We had a really encouraging meeting with MAF. ON climate, we remain impressed by their goal for carbon and water neutral by 2040 and the strategies articulated to meet this goal including increasing on site renewables, PPAs and partnerships for water access. We considered modern slavery and MAF outlined policies to improve suppliers quality of life and regular audits of accommodation and practices of all tier 1 suppliers.

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

Not applicable

Reference benchmarks are indexes to measure whether the financial product attains the sustainable objective.

- ***How did 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 sustainable investment objective?***

  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