

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: **abrdn SICAV II - Global Short Dated Corporate Bond Fund**

Legal entity identifier **213800K8ASDBMGKRJ250**

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ ☐ **Yes**

☐ It made **sustainable investments 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

☐ It made **sustainable investments with a social objective**: %

☒ ☐ **No**

☒ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 33.98% of sustainable investments

☐ with an environmental objective in economic activities that 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 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?

The Fund promoted environmental and social characteristics by aiming to invest in issuers that:

Avoided severe, lasting, or irremediable harm; and

Appropriately addressed adverse impacts on the environment and society; and

Supported a decent standard of living for their stakeholders.

The Fund aimed to promote environmental and social characteristics holistically. In doing so, it did not consider all characteristics for all investments, but rather focused on the most relevant characteristics for each investment based on the nature of its activities, areas of operation, and products and services. However, using its proprietary research framework, it aimed to promote the below characteristics within

the Fund, although a broader suite of characteristics might also have been promoted on an investment-by-investment basis:

Environment – promoting sound energy management and reducing greenhouse gas emissions, promoting good water, waste, and raw materials management, and addressing biodiversity/ecological impacts.

Social – promoting good labour practices and relations, maximising employee health and safety, supporting diversity in the workforce, and healthy relationships with communities.

Benchmark

This Fund had a financial benchmark that was used for portfolio construction but did 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?***

ESG Assessment Criteria: We apply an ESG Risk Rating of Low, Medium, High (Low is better) to each issuer. This is credit profile-specific and represents how impactful we believe ESG risks are likely to be to the credit quality of the issuer now and in the future. There were four high risk issuer held in the fund, the issuers were not high risk due to governance issues. Therefore, since all pass the good governance check, the fund is able to invest in these. But, the high risk rating prevents the names being considered as a sustainable investment. We continue to review these positions and engage where practical, however, we are in general holding these names as they are high conviction positions and ensure the fund can continue to meet its broader financial objectives.

ESG Screening Criteria: We confirm that during the reporting period, binary exclusions were applied to exclude the particular areas of investment related to UN Global Compact, Controversial Weapons, Tobacco Manufacturing and Thermal Coal. These screening criteria apply in a binding manner and there are no holdings in the fund that fail the agreed criteria.

Our proprietary ESG House Score, developed by our central sustainability 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.

We confirm that during the reporting period the Fund excluded companies with the highest ESG risks, as identified by the ESG House Score. This is implemented by excluding the bottom 5% of issuers with an ESG House Score that are in the benchmark.

Carbon Intensity: We confirm that during the reporting period the portfolio carbon intensity was lower than the benchmark, in line with our overall commitment. As at year-end, the fund's weighted average carbon intensity (Scope 1 and 2) relative to the benchmark was 61%.

Good Governance: We confirm that during the reporting period the Fund focused engagement and analysis on governance and that we avoided those companies with the worst governance practices.

● ***...and compared to previous periods?***

ESG Assessment Criteria: At the end of the previous year, 4 ESG high risk issuers were held in the fund. ESG Screening Criteria: We confirm that during the previous period, binary exclusions were applied to exclude the particular areas of investment related to UN Global Compact, Controversial Weapons, Tobacco Manufacturing and Thermal Coal. These screening criteria apply in a binding manner and there were no holdings in the fund that fail the agreed criteria in the previous period. During the previous reporting period the Fund excluded companies with the highest ESG risks, as identified by the ESG House Score. This is implemented by excluding the bottom 5% of issuers with an ESG House Score that are in the benchmark. Carbon Intensity: As at year-end, the fund's weighted average carbon intensity (Scope 1 and 2) relative to the benchmark was 61%. Good Governance: We confirm that during the reporting period the Fund focused engagement and analysis on governance and that we avoided those companies with the worst governance practices.

● **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 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 a sustainable objective and it is this element that is weighted and counted towards the Sub-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 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. 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

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.

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 fund 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: 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 following PAI indicators are considered:

- abrdn monitors all mandatory and additional PAI indicators via our ESG integration investment process using a combination of our 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.
- Consideration of portfolio carbon intensity and GHG emissions via our Climate tools and risk analysis
- Governance indicators via our 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?

The Fund has committed to consider the following PAIs in its investment process, this means that there is pre- and post-trade monitoring 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 (UNGC) 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 impact mitigation

• PAI indicators that fail a defined pre-investment screen are excluded from the investment universe and cannot be held by the fund. We confirm that screening in line with our Investment Approach documents has been undertaken during the reporting period.

• 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.



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:
01/01/2024 - 31/12/2024

Largest Investments	Sector	% Assets	Country
BANK OF AMERICA CORP 5.202% 04/25/2029	Financials	0.98	United States of America
JPMORGAN CHASE & CO 1.578% 04/22/2027	Financials	0.97	United States of America
JPMORGAN CHASE & CO 1.47% 09/22/2027	Financials	0.88	United States of America
PENSKE TRUCK LEASING/PTL 1.2% 11/15/2025	Financials	0.76	United States of America
ESB FINANCE DAC 4% 10/03/2028	Utilities	0.70	Ireland
CITIGROUP INC 1.462% 06/09/2027	Financials	0.65	United States of America
MASSMUTUAL GLOBAL FUNDIN 5.05% 12/07/2027	Financials	0.65	United States of America
ABBVIE INC 4.8% 03/15/2029	Health Care	0.65	United States of America
T-MOBILE USA INC 3.5% 04/15/2025	Communications	0.64	United States of America
NATIONWIDE BLDG SOCIETY 1.5% 10/13/2026	Financials	0.64	United Kingdom
US BANCORP 5.384% 01/23/2030	Financials	0.63	United States of America
AON NORTH AMERICA INC 5.15% 03/01/2029	Financials	0.63	United States of America
UNITEDHEALTH GROUP INC 4.7% 04/15/2029	Health Care	0.63	United States of America
TOYOTA MOTOR CREDIT CORP 4.65% 01/05/2029	Consumer Discretionary	0.62	United States of America
DAIMLER TRUCK FINAN NA 1.625% 12/13/2024	Industrials	0.59	Germany

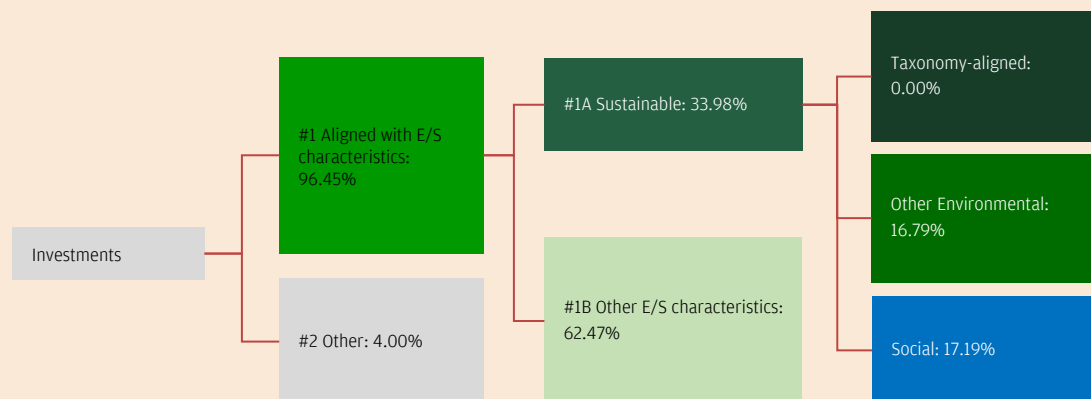


What was the proportion of sustainability-related investments?

● What was the asset allocation?

The fund committed to a minimum of 70% of the Fund's assets aligning with E/S characteristics. Environmental and social safeguards are met by applying certain PAI's, where relevant, to these underlying assets. Within these assets, the Fund committed to a minimum of 10% in Sustainable Investments. The Fund invested a maximum of 30% of assets in the "Other" category, which included cash, money market instruments and derivatives.

Asset allocation describes the share of investments in specific assets.



#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.

#2 Other 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.

Period	2024	2023
E/S Characteristics	96.45%	96.88%
Sustainable investment	33.98%	29.70%
Other environmental	16.79%	14.18%
Social	17.19%	15.52%

● ***In which economic sectors were the investments made?***

Sector	Sub-sector	% Assets
Utilities	Utilities	8.61
Utilities	Power Generation	0.21
Energy	Integrated Oils	0.34
Energy	Oil & Gas	2.61
Energy	Oil & Gas Services & Equipment	0.15
Energy	Pipeline	1.33
Energy	Exploration & Production	0.63
Government	Sovereigns	0.36
Health Care	Pharmaceuticals	1.60
Health Care	Health Care	4.07
Health Care	Medical Equipment & Devices Manufacturing	1.09
Health Care	Biotechnology	0.80
Health Care	Health Care Facilities & Services	0.77
Consumer Discretionary	Retail - Consumer Discretionary	0.10
Consumer Discretionary	Consumer Discretionary Services	0.23
Consumer Discretionary	Automobiles Manufacturing	5.85
Consumer Discretionary	Consumer Discretionary Products	0.17
Consumer Discretionary	Consumer Services	0.16
Consumer Discretionary	Airlines	0.19
Consumer Discretionary	Retail & Whsle -	0.43

	Discretionary	
Materials	Materials	1.14
Materials	Chemicals	0.24
Materials	Forest & Paper Products Manufacturing	0.92
Materials	Metals & Mining	0.68
Materials	Construction Materials Manufacturing	0.70
Communications	Telecommunications	1.24
Communications	Entertainment Content	0.64
Communications	Media	1.37
Communications	Wireline Telecommunications Services	1.17
Communications	Wireless Telecommunications Services	0.86
Communications	Cable & Satellite	0.64
Financials	Life Insurance	2.27
Financials	Banking	22.37
Financials	Insurance	0.87
Financials	Banks	5.66
Financials	Real Estate	2.87
Financials	Financial Services	6.59
Financials	Funds & Trusts	0.28
Financials	Property & Casualty Insurance	0.79
Financials	Consumer Finance	0.53
Financials	Commercial Finance	1.53
Consumer Staples	Consumer Staple Products	1.36
Consumer Staples	Food & Beverage	0.26
Consumer Staples	Consumer Products	0.61
Consumer Staples	Retail - Consumer Staples	0.33
Consumer Staples	Supermarkets & Pharmacies	0.21
Consumer Staples	Retail & Wholesale - Staples	0.14
Industrials	Industrial Products	1.15
Industrials	Industrial Other	0.90
Industrials	Transportation & Logistics	1.07
Industrials	Machinery Manufacturing	0.79
Technology	Software & Services	0.41
Technology	Software & Tech Services	0.90
Technology	Tech Hardware & Semiconductors	2.03
Technology	Semiconductors	0.46
Real Estate	Real Estate	3.45

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.



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

Whilst the minimum mandatory allocation to sustainable investments with an environmental objective aligned with the EU Taxonomy is 0%, the fund is permitted to allocate to such investments which would form part of the overall allocation to sustainable investments with an environmental objective.

Assessment on Taxonomy alignment is currently conducted with data from third party providers as well as self-reported data from investee companies when available.

Data providers' methodologies vary and results may not be fully aligned to all Taxonomy requirements, as long as publicly reported company data is lacking and assessments rely largely on equivalent data.

Out of caution, unless we are able to confirm available data for the majority of the portfolio's holdings, we will report 0 (zero) per cent of Taxonomy-Aligned Investments (concerning all environmental objectives) .

The compliance of the investments with the EU Taxonomy has not been subject to an assurance by auditors or a review by third parties.

The fund holds 0% investments in sustainable investments with an environmental objective aligned with the EU Taxonomy.

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

☐ Yes

☐ In fossil gas

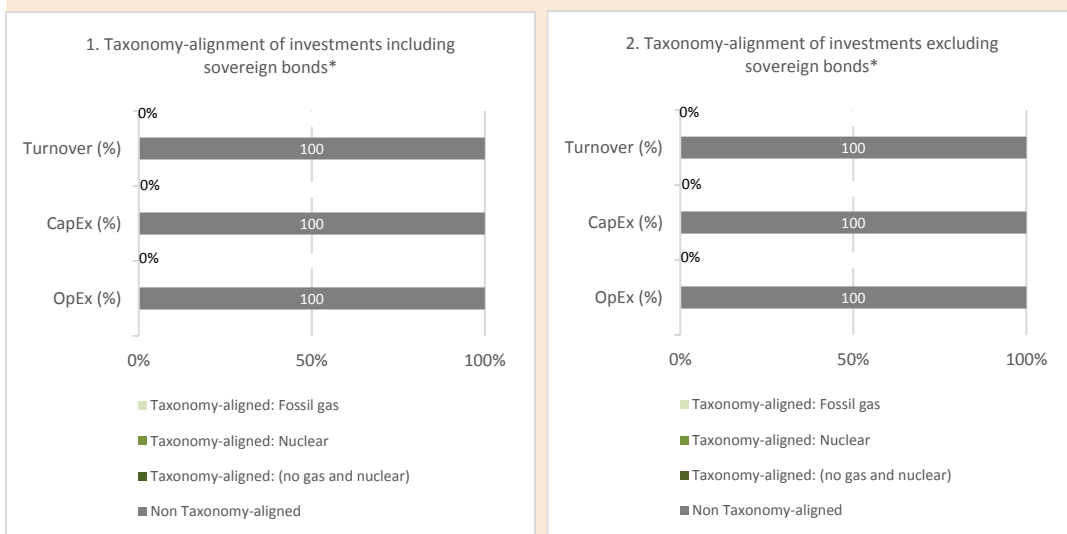
☐ In nuclear energy

☒ No

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.

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 0 % of the total investment.

*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

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.

- **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?**

The fund held 0% investments in sustainable investments with an environmental objective aligned with the EU Taxonomy, during the previous reference period.



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 17% of assets as at the year end date and is representative of the Reference Period.

Assessment on Taxonomy alignment is currently conducted with data from third party providers as well as self-reported data from investee companies when available.

Data providers' methodologies vary and results may not be fully aligned to all Taxonomy requirements, as long as publicly reported company data is lacking and assessments rely largely on equivalent data.

Out of caution, unless we are able to confirm available data for the majority of the portfolio's holdings, we will report 0 (zero) per cent of Taxonomy-Aligned Investments (concerning all environmental objectives), and the remainder as not aligned with the EU Taxonomy.

The compliance of the investments with the EU Taxonomy has not been subject to an assurance by auditors or a review by third parties.



What was the share of socially sustainable investments?

The share of sustainable investments with a social objective is 17%



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

The Fund invested 62% 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 has applied ESG assessment criteria including:

- ESG assessment criteria,
- ESG screening criteria,
- a carbon intensity targeting lower than benchmark,
- promoting good governance including social factors.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2022/852.

These criteria promote Environmental & Social characteristics. In addition, the fund committed to consider the PAIs. The fund has also engaged with issuers on relevant environmental or social topics which include Climate change, Environment, Labour, Human rights, Corporate Behaviour and Corporate Governance.



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

Not applicable

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