



Pre-contractual 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:

abrdrn III ICAV - abrdrn Global Real Estate Active Thematics UCITS ETF

Legal entity identifier

213800OBOHC3WRY9A410

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.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **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 will make a minimum of **sustainable investments with a social objective** _%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 0 % 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 promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

Sustainability indicators

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

To promote the environmental and social characteristics, the Fund applies ESG assessment criteria, ESG screening criteria and promotes good governance including social factors.

The Fund invests in companies that have been identified through our 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.

This process powers both our investment insights and also our 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 our 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 us to make better investment decisions.
- Informed and constructive engagement helps foster better companies, enhancing the value of our clients' investments.

Additionally, our 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. This allows us to see how companies rank in a global context.

To complement this, we also utilise our active stewardship and engagement activities. This Fund has a financial benchmark that is used for portfolio construction but does not incorporate any sustainable criteria and is not selected for the purpose of attaining these characteristics. This financial benchmark is used as a comparator for Fund performance and as a comparison for the Fund's binding commitments.

● ***What Sustainability Indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The Fund excludes the worst ESG performing companies within the FTSE EPRA NAREIT Developed Net Index (the "Benchmark") using abrdn's proprietary ESG House Score. The ESG House Score threshold level is set on the regional level (APAC, UK/Europe and Americas) to exclude the bottom 20% of companies across the three regions.

The Fund will also exclude at least 20% of the Benchmark Index from its investment universe.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Fund has not set a minimum proportion of sustainable investments.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The Fund has not set a minimum proportion of sustainable investments.

- → *How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Fund has not set a minimum proportion of sustainable investments.

- → *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Fund has not set a minimum proportion of sustainable investments.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti - corruption and anti - bribery matters.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes, this Fund considers Principal Adverse Impacts (PAI) on sustainability factors.

Principal Adverse Impact Indicators are metrics that measure the negative effects on environmental and social matters. abrdn consider PAIs within the investment process for the Fund, this may include considering whether to make an investment, or they may be used as an engagement tool for example where there is no policy in place and this would be beneficial, or where carbon emissions are considered to be high, abrdn may engage to seek the creation of a long-term target and reduction plan. abrdn assess PAIs by using, amongst others, the PAI indicators referred to in the SFDR Delegated Regulation; however, dependent on data availability, quality and relevance to the investments not all SFDR PAI indicators may be considered. Where Funds consider PAIs, information on that consideration will be made available in annual reports.

No



What investment strategy does this financial product follow?

The Fund invests in high-quality companies that have been identified through abrdn’s rigorous listed real estate research process which takes into consideration the sustainability of the business in its broadest sense and the company’s ESG performance. This process powers both the investment insights and also the 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 our 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 us to make better investment decisions.
- Informed and constructive engagement helps foster better companies, enhancing the value of our clients’ investments.

Our 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. This allows us to see how companies rank in a global context.

The abrdn ESG House Score was designed so that it can be broken down into specific themes and categories. The ESG score comprises of two scores; the Operational score and

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Governance score. This allows a quick view of a company's relative positioning on its management of ESG issues at a granular level.

- The Governance score assesses the corporate governance structure and the quality and behaviour of corporate leadership and executive management.
- The Operational score assesses the ability of the company's leadership team to implement effective environmental and social risk reduction and mitigation strategies in its operations.

To complement this, we also utilise our active stewardship and engagement activities.

The Fund uses abrdn's proprietary ESG House Score, which is primarily a quantitative assessment, to identify and exclude those companies exposed to the highest ESG risks. Additionally, abrdn apply a set of company exclusions, which are related to the UN Global Compact, Weapons, Tobacco, Thermal Coal, Oil & Gas and Electricity Generation.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Fund looks to exclude the companies in the Benchmark scoring at the bottom 20% on a regional level (APAC, UK/Europe and Americas) according to ESG House Score. If investing in a company that is not in the Benchmark, the company must have an ESG House Score that is equal to or higher than that which is used as the hurdle for Benchmark.

Binary exclusions are applied to exclude the particular areas of investment related to the UN Global Compact, Weapons, Tobacco, Thermal Coal, Oil & Gas and Electricity Generation. These screening criteria apply in a binding manner and on an ongoing basis.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The Fund will exclude at least 20% of the Benchmark Index from its investment universe.

● ***What is the policy to assess good governance practices of the investee companies?***

For this Fund, the investee company needs to follow good governance practices in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. This can be demonstrated by the monitoring of certain PAI indicators, for example corruption, tax compliance and diversity. In addition, by using abrdn's proprietary ESG scores within the investment process abrdn screen out any investments with low governance scores. The governance scores assess a company's corporate governance and management structure (including remuneration of staff policies) and the quality and behaviour of its leadership and management. A low score will typically be given where there are concerns in relation to financially materially controversies, poor tax compliance or governance concerns, or poor treatment of employees or minority shareholders.

The investment must further be 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.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



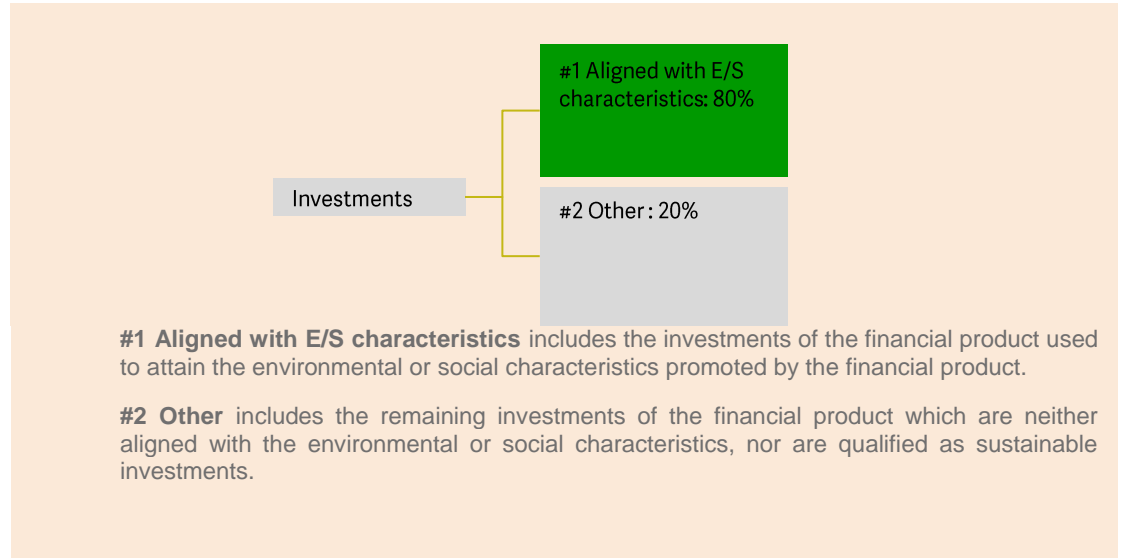
What is the asset allocation planned for this financial product?

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. The Fund invests a maximum of 20% of assets in the "Other" category, which include cash, money market instruments and derivatives.

Asset allocation describes the share of investments in specific assets.

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.



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The Fund will not use derivatives to attain any environmental or social characteristics



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

The Fund has not set a minimum proportion of investments in Taxonomy aligned economic activities. The graph below represents 100% of the total investment.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?¹**



Yes



In fossil gas



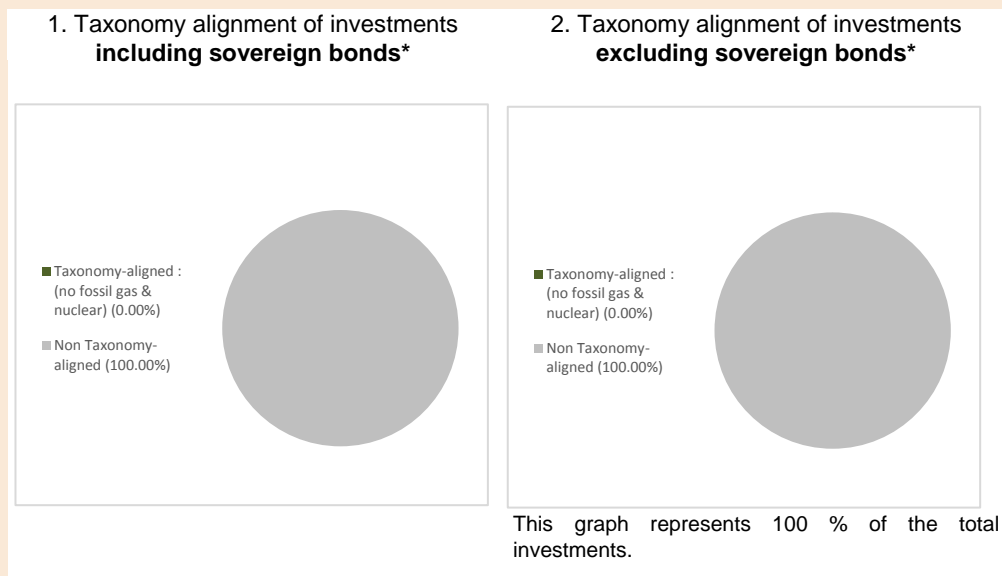
In nuclear energy



No

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives - 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.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.



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

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.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



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

Not applicable.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



What is the minimum share of socially sustainable investments?

Not applicable.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

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.

There are certain environmental and social safeguards that are met by applying PAIs. Where relevant, these are applied to the underlying securities.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No

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

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

Not applicable

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

Not applicable

- **How does the designated index differ from a relevant broad market index?**

Not applicable

- **Where can the methodology used for the calculation of the designated index be found?**

Not applicable



Where can I find more product specific information online?

Fund specific documentation, including Sustainability Related Disclosures, are published at www.abrdn.com under **Fund Centre**.

More product-specific information can be found on :

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