



# Sustainable Investment Report

abr dn Asian Income Fund Limited

31 December 2023

Prepared by: abr dn

[abr dn.com](https://www.abr dn.com)

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# Portfolio Overview

## abrdrn Asian Income Fund Limited

### FUND SIZE

As at 31 December 2023, the fund size was £ 401.89m

### Sustainable Investment Approach

- abrdrn believes that Sustainable Investing is how we help clients to meet both their financial and sustainable investing objectives - with the aim of enabling our clients to be better investors.
- We also believe that integrating material ESG analysis can produce better risk-adjusted returns potential over the long term for our clients.
- Our beliefs are supported by principles that centre on our proprietary research, tools and analysis, all focused on delivering better value to our clients.
- We also offer clients a range of dedicated sustainable investment funds.



Our goal is to integrate environmental, social and governance risks and opportunities into the investment process with the ultimate aim of making better-informed investment decisions.

### How we embed ESG into the Investment Process

#### 01 Investment Insight



High quality fundamental and first hand research  
Assessment of ESG for all stocks under coverage

#### 02 Active Ownership



Engage and vote with aim of improving financial resilience and investment performance  
Raise standards in companies and industries we invest in, and help drive industry best practice

#### 03 Risk & Monitoring



Combine in-house and external scoring to inform view  
Active tracking of fund holdings against ESG objectives

#### 04 Our People



Over 110 equity professionals and circa 37 dedicated central & on-desk ESG specialists across the world

The benchmark for the fund is **MSCI AC Asia Pacific ex Japan**

## Key Data and Ratings

### abr dn Asian Income Fund Limited

Below we set out some key information about the way ESG considerations have been embedded across abr dn and in the portfolio

#### abr dn

**c.60**

Dedicated ESG experts across our business



**5-star**

Rating across 7 categories in the latest Principles for Responsible Investment (PRI) assessment



**932**

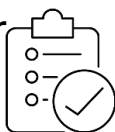
Company engagements covering ESG topics



#### Equities Investment Team

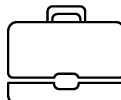
**5-star/4-star**

PRI Rating for Integration/Active Ownership in Listed Equities



**100%**

of researched companies include integration of ESG company analysis



#### Fund

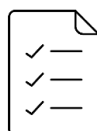
**69**

Number of meetings where we voted



**21.7%**

of meetings with at least one vote against management



As at 31 December 2023 scores are included for representative purposes only and are not reflective of our ratings across other modules. Our latest PRI Assessment Report containing our scores across all modules is available on our Sustainable Investing website <https://www.abr dn.com/en-gb/institutional/sustainable-investing/document-library>

Engagement: time period referenced is preceding 6 months.

Voting: time period referenced is preceding 12 months.

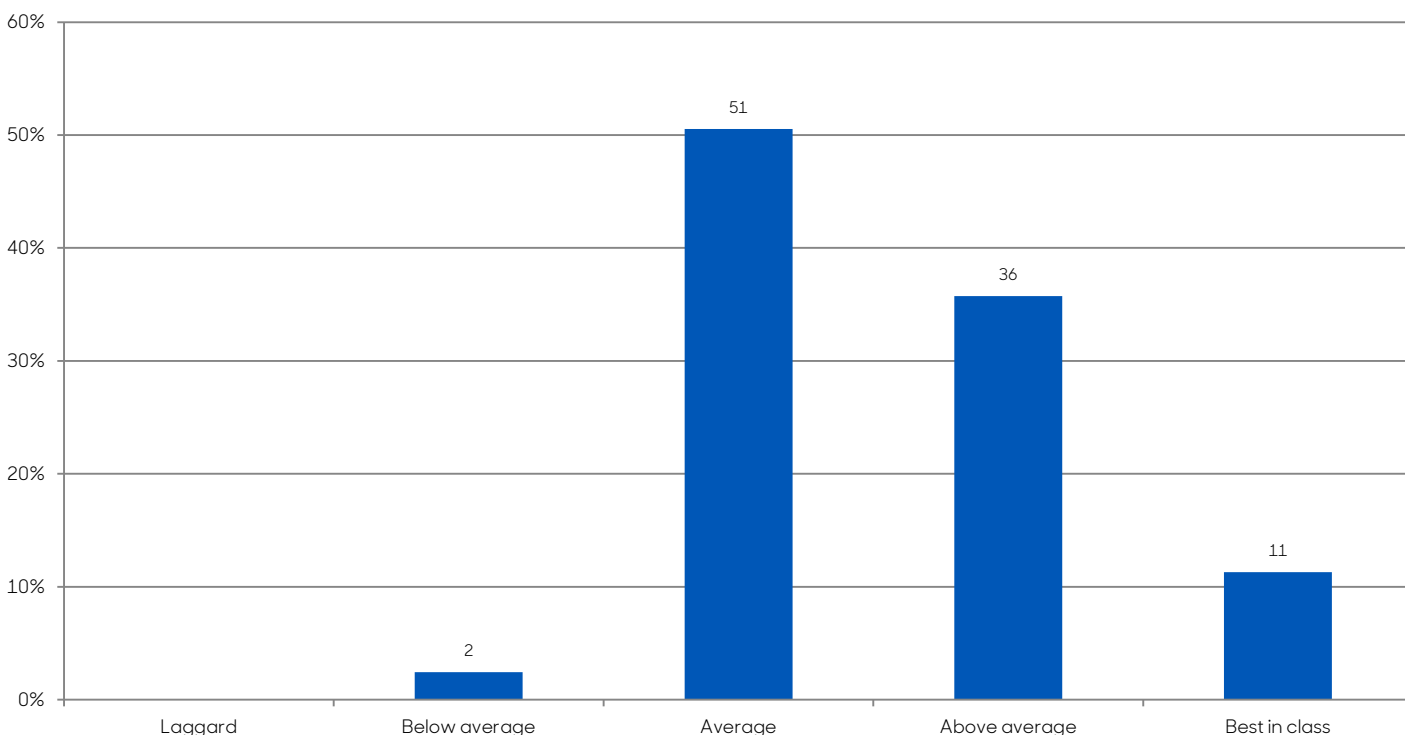
# abrdn ESG Analysis

## abrdn Asian Income Fund Limited

### Fund ESG Quality Score Distribution

As part of their company research, our stock analysts evaluate the ownership structures, governance and management quality of the companies they cover. They also assess potential environmental and social risks that the companies may face. These insights are captured in our company research with every company that we invest in given a proprietary overall Quality rating and a component of this is the ESG Quality rating. Companies are ranked from Laggards (5) to Best in class (1).

Portfolio scores continue to improve, with 11% of the companies in the portfolio assessed to be Best in Class, and 36% of the companies in the portfolio assessed to be Leaders, consistent with the portfolio's focus on quality. A further 51% of the companies are assessed to be Average. We continue to see generally positive momentum from companies in the portfolio in terms of ESG, in terms of both practices and disclosure, and we were encouraged that the second half of the year saw a number of upgrades to our scores, often following extensive engagement. 2% of the portfolio is assessed to be Below Average, and these companies are a focus of our engagements, with a particular focus on improving disclosure. The portfolio does not hold any companies assessed to be a Laggard.



Source: abrdn

Analyst ESG rating	5	4	3	2	1
	Laggard	Below average	Average	Above average	Best in class
Examples of inputs	<ul style="list-style-type: none"> <li>Many financial controversies</li> <li>Severe governance concerns</li> <li>Poor treatment of shareholders</li> </ul>	<ul style="list-style-type: none"> <li>Evidence of some financially material controversies</li> <li>Poor governance or limited oversight of key ESG issues</li> <li>Some issues in treating minority shareholders poorly</li> </ul>	<ul style="list-style-type: none"> <li>ESG risks are starting to be considered in company strategy.</li> <li>Disclosure in line with regulatory requirements</li> <li>Governance is generally good but some minor concerns</li> </ul>	<ul style="list-style-type: none"> <li>ESG risks are considered as part of principal business</li> <li>Disclosure is good but not best in class</li> <li>Governance is very good</li> </ul>	<ul style="list-style-type: none"> <li>ESG considerations are material part of the company's strategy</li> <li>Excellent disclosure</li> <li>Makes opportunities from strong ESG risk management</li> </ul>

# Benchmarking: MSCI ESG Ratings

## abrdn Asian Income Fund Limited

MSCI company ratings are provided to enable comparisons with investments held elsewhere in a standardised format. We conduct our own proprietary research which may lead us to have a view different to that expressed by the MSCI score.

MSCI rates companies on a AAA-CCC scale according to their exposure to ESG risks and how well they manage those risks relative to peers.

The Fund MSCI ESG Quality Score assesses the resilience of a fund's aggregate holdings to long term ESG risks and is provided on a 0-10 scale, with 10 being the highest possible fund score. The Fund MSCI ESG Rating measures the resiliency of portfolios to long term risks and opportunities arising from environmental, social, and governance factors. The Fund ESG Rating is calculated as a direct mapping of "Fund MSCI ESG Quality Score" to letter rating categories.

### MSCI Fund ESG Quality Scores

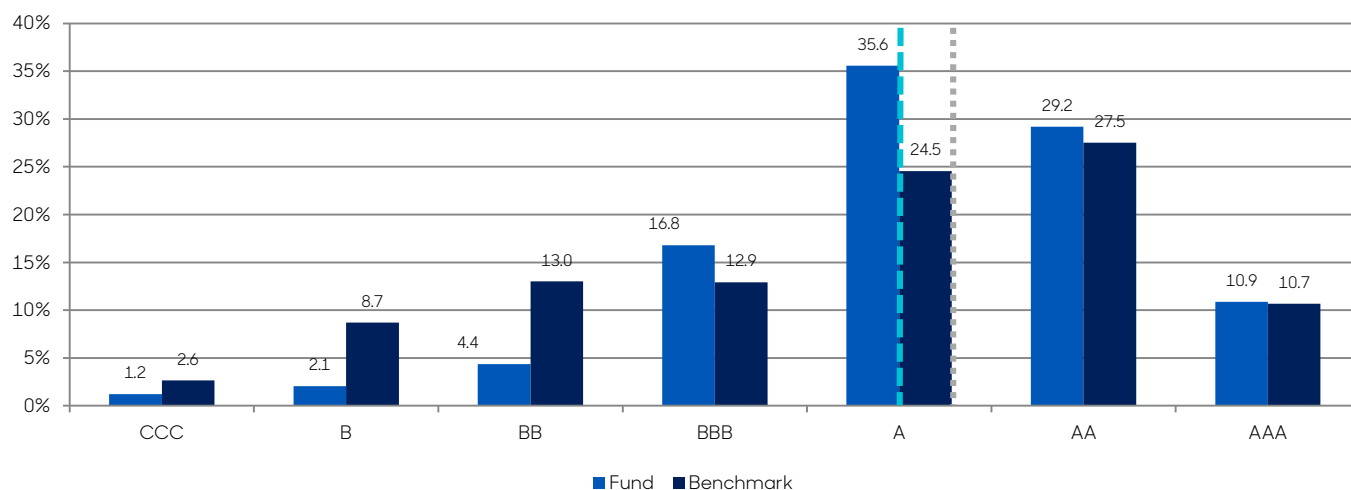
	Overall Score (+10)	Benchmark Average
Fund	6.8	6.2
Environmental	6.0	5.8
Social	5.2	5.1
Governance	5.7	5.3

Source: abrdn derived average based on underlying MSCI company scores

### MSCI ESG Rating Distribution Fund and Benchmark

Fund Average Rating -----

Benchmark Average Rating .....



Source: abrdn derived averages based on underlying MSCI company ratings

	Fund	Benchmark
MSCI data coverage (by market value)	100%	99.6%

MSCI company ratings are provided to enable comparisons with investments held elsewhere in a standardised format. We conduct our own proprietary research which may lead us to have a view different to that expressed by the MSCI score.

MSCI ESG Rating Distribution: The fund and benchmark averages are calculated based on the individual security level MSCI scores. Portfolio and Benchmark positions are reweighted on a pro rata basis to reflect holdings where MSCI data is available.

# Active Ownership

## abrdrn Asian Income Fund Limited

### Engagement Activity

We actively undertake informed constructive engagement to generate better performance from our investments. This helps enhance the value of our clients' assets. We 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. Time period referenced is preceding 6 months.

Please note this page references abrdrn ESG engagements conducted with the investment desk and does not cover all company meetings by the investment desk where ESG issues were discussed. The case studies section in this report details a sample of further engagements relevant to the fund.

### Voting

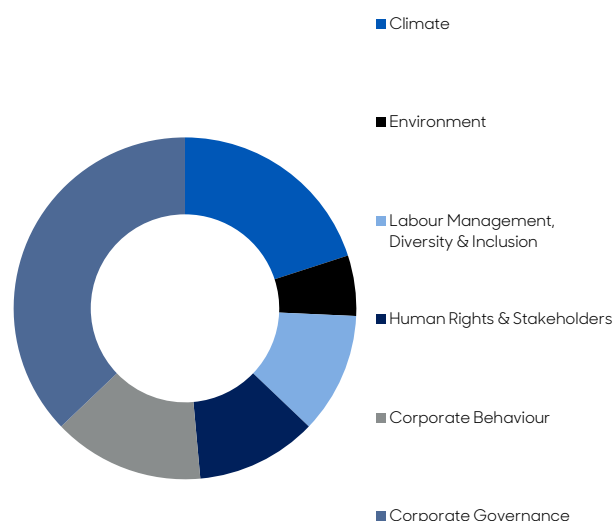
We draw on the resources in our ESG Investment Team and stock analysts to vote consistently on behalf of all client assets in line with the abrdrn voting policy. Time period referenced is preceding 12 months.



There were 59 holdings in the portfolio as of the 31 December 2023

### Our Engagement Activity

We regularly engage with companies we invest in. The below shows the engagements that have included ESG topics. Over the period we met with 11 portfolio companies on ESG topics and had 18 engagements with them. This does not include positions we have moved out of or are considering. Below are the themes engaged on :



### Our Voting Activity

Voting Summary	Total
How many meetings were you eligible to vote at?	69
How many meetings did you vote at?	69
How many resolutions were you eligible to vote on?	625
What % of resolutions did you vote on for which you were eligible?	100%
Of the resolutions on which you voted, what % did you vote with management?	93.9%
Of the resolutions on which you voted, what % did you vote against management?	5.9%
Of the resolutions on which you voted, what % did you abstain from voting?	0.2%
In what % of meetings, for which you did vote, did you vote at least once against management?	21.7%

During an ESG engagement meeting / call with a portfolio company multiple themes and issues might be discussed. At abrdrn we endeavour to vote at all meetings for which our clients have delegated us voting authority. Where we do not have voting authority, no voting data will be included in this report. We have disclosed the number of meetings and resolutions for which the fund was eligible to vote and the remaining statistics reflect data for the votes which have been successfully processed. The number of meetings voted compared to eligible meetings may differ due to the impact of market specific obstacles which could impact liquidity, for example shareblocking, and rejected votes due to local Power of Attorney requirements. Full details of our voting activity is disclosed on our website.

# Active Ownership: Case Studies

## abrdn Asian Income Fund Limited

We include a selection of case studies to demonstrate engagement style and investment management approach. These are not an indication of future performance or investment recommendation on the companies themselves.

Company Topic	Lifecycle Status	Engagement Summary	Investment View Change
<b>AIA Group Ltd</b> Corporate Behaviour, Corporate Gov & Disclosure	Execute	We met with AIA as part of our UN SDG and Impact work, and to probe more on alignment with our Impact Pillars. Life insurance penetration in China has grown from 1.9% to 2.8% over the last decade, but remains well below developed markets. AIA also has a 24.9% stake in China Post Life, a mass market insurer with 40k outlets across China that can reach 600mn retail customers, and has bancassurance partners in Myanmar, Indonesia and Cambodia. We've found the company's ESG team very receptive to our asks for disclosure around materiality of the various initiatives and asked for our opinion on best-in-class publicly listed insurance players that they could look to for exemplary disclosure.	None
<b>Infosys Ltd</b> Corporate Gov & Disclosure	Execute	We discussed the appointment of two new INEDs this year and the continued efforts to refresh the board and bring in skills and capabilities aligned to Infosys transition from being an largely India-centric organisation into a true multi-national organisation. The two new INEDs look to be high calibre individuals with very relevant skill sets in this respect. We also discussed the senior management transition following the departure of several senior executives this year.	None
<b>Midea Group Co Ltd</b> Climate Change	Execute	We discussed a range of ESG topics during our recent meeting. Management are aware that the relatively light disclosures around environmental and social pillars are holding back their ESG score. They recognize the H-share listing as an opportunity to provide a better ESG report in order to achieve better rating. Note that the company is leading Chinese large appliances industry in terms of governance.	None
<b>Rio Tinto PLC</b> Corporate Gov & Disclosure	Execute	We engaged with Rio Tinto to discuss proposed changes to its remuneration policy, which are due to be tabled at the 2024 annual general meeting. We had questions about several aspects of the proposals, notably related to performance measures and vesting thresholds for the long-term incentive plan and share deferral requirements for the annual bonus. We will continue our engagement to seek further clarification and reiterate our views.	None
<b>Singapore Telecommunications Ltd</b> Labour Management, Human Rights & Stakeholders, Corporate Behaviour, Corporate Gov & Disclosure	Execute	We discussed the management and containment of Optus data breach with management, along with the growing importance of ESG. We will continue to monitor these issues, and are mindful of the need for improved transparency around data security and infrastructure contingent planning.	Weakens
<b>SITC International Holdings Co Ltd</b> Climate Change, Corporate Gov & Disclosure	Execute	SITC are making practical step by step progress towards emissions reductions. We also see positive attitudes towards improving ESG practices, the latest being around disclosures relating to KPIs in the remuneration.	Reinforces
<b>Tencent</b> Corporate Gov & Disclosure	Execute	We engaged with the company due to the dynamic and uncertain government policies surrounding the internet and gaming sectors. Tencent, however, expresses confidence that government policies have become more supportive.	None
<b>Venture Corp Ltd</b> Corporate Gov & Disclosure	Identify	Our meeting focussed on the company's new management structure, and division of responsibilities. Management were keen to stress that a) Wong Ngit Liong remains executive chairman with oversight of both divisions, b) neither division competes internally, c) shares services serve each division, allowing for the same scale benefits, and d) management of each division are long-serving employees, and are not new to the company. We'll continue to monitor this arrangement.	None

Source: abrdn



# Glossary

## abrdn Asian Income Fund Limited

Data Point	Definition
Avoided Emissions	Greenhouse gas emissions avoided by being invested in the portfolio in lieu of the benchmark.
Carbon Emissions	Carbon emissions is used as a generic term for the main greenhouse gas (GHG) emissions (carbon dioxide, methane, nitrous oxide, F-gases) in our reporting.
Carbon Footprint	The total set of greenhouse gas emissions caused directly and indirectly by an [individual, event, organisation, product] expressed as CO <sub>2</sub> e.
Carbon Intensity	Carbon emissions relative to a specific activity. For company carbon footprinting, the carbon intensity reflects the CO <sub>2</sub> e emissions divided by revenue in million US\$. For countries, the standard intensity metric is the ratio of greenhouse gas emissions produced to gross domestic product (GDP).
CO <sub>2</sub> e	The term CO <sub>2</sub> e stands for CO <sub>2</sub> equivalent and relates to the CO <sub>2</sub> equivalent warming potential of the main greenhouse gases listed above.
ESG Integration	The inclusion of ESG considerations as part of investment analysis and decision making. It involves assessing both the risks and opportunities of a range of ESG-related factors that may affect the performance of our investments.
Exclusions	Companies and sectors that will not be invested in by the portfolio due to business activities that are deemed unsuitable for the portfolio outcome or underlying investor. For example the makers of controversial weapons like cluster bombs.
MSCI Fund ESG Quality Score	The Fund ESG Quality Score (10-0) assesses the resilience of a fund's aggregate holdings to long term industry specific ESG risks. Highly rated funds tend to consist of issuers with leading or improving management of key ESG risks according to MSCI's methodology.
MSCI Fund ESG Rating	The Fund ESG Rating (AAA-CCC) assesses the resilience of a fund's aggregate holdings to long term industry specific ESG risks. Highly rated funds tend to consist of issuers with leading or improving management of key ESG risks according to MSCI's methodology.
Peer Group MSCI Percentile Rating	The Fund ESG Score - Peer Percentile is a percentile rank (1-100) that measures how the Fund ESG Score ranks relative to other funds in the same peer group.
Pillars	Using the SDGs for guidance on where the world should allocate capital, we identified eight pillars of impact that address three key issues: climate change, social inequalities and unsustainable consumption patterns.
PRI Rating	The Principles for Responsible Investment (PRI) is a global initiative founded by the United Nations. The PRI scorecard rating aims to measure the success of implementation of responsible investment practices across the investment process.
UN Global Compact	A global corporate sustainability initiative, calling on companies, investors and other participants to align their strategies and operations with universal principles on human rights, labour, environment and anti-corruption.
UN Sustainable Development Goals	The Sustainable Development Goals or Global Goals are a collection of 17 interlinked global goals designed to be a "blueprint to achieve a better and more sustainable future for all". The SDGs were set in 2015 by the United Nations General Assembly and are intended to be achieved by the year 2030.
Weighted Average Carbon Intensity	Average carbon intensity of the portfolio weighted by the weight of the company in the portfolio. This measure is recommended by TCFD.

**Past performance is not a guide to future results. The value of investments, and the income from them, can go down as well as up and clients may get back less than the amount invested.**

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