

## **Aberdeen Asian Income Fund Limited (the “Company”) Stewardship Code Disclosure**

### **Policy**

The Company is pleased to be a supporter of the UK’s Stewardship Code, and seeks to play its role in delivering good stewardship of the companies in which it invests. While we have delegated the delivery of stewardship activities, we acknowledge our role in setting the tone for the effective delivery of stewardship on our behalf. We are clear that we retain responsibility for this being done properly and fully in the interests of our own shareholders.

As a relatively small asset owner, we see our position in the stewardship chain as not to carry out stewardship activities directly but to holding our fund manager accountable for its delivery of stewardship activity on our behalf. One attraction of Aberdeen as a fund manager is that it has a genuinely integrated approach, whereby its fund management teams are responsible for stewardship activity and calling to account the management and boards of companies in which they invest. Its own robust statement with regard to the UK Stewardship Code (and indeed to global stewardship codes) can be found at:

<http://www.aberdeen-asset.com/doc.nsf/Lit/LegalDocumentationGroupOtherStewardshipCodes>. Like Aberdeen, we see stewardship as a natural adjunct of our part ownership of companies

We receive regular reporting on stewardship activity from Aberdeen, and as appropriate raise questions about the reported activity, and other relevant stewardship matters, as part of our ongoing monitoring of the effectiveness of the manager and regular review of its performance and delivery. We seek consistently to ensure that these stewardship activities are carried out actively and effectively in the furtherance of good long-term investment returns consistent with our investment policy and the returns expectations of our shareholders.

### **Conflicts**

We require that Aberdeen effectively manages any conflicts that it faces in respect of stewardship matters, and expect reporting to us regarding any conflict that specifically affects the Company such that we can ensure it is managed effectively and appropriately. There is a clear discussion of the issue of conflicts in relation to stewardship matters in Aberdeen’s statement on stewardship codes. We seek to ensure that Aberdeen delivers effectively on these undertakings.

### **Monitoring and escalation**

We recognise that active and ongoing monitoring of companies is the foundation of good stewardship, reminding companies in which we invest that they have obligations to their shareholders and need to deliver returns over the appropriate long-term investment timeframe. An escalation of stewardship activities is needed where monitoring identifies some failure to address the factors which may affect that ability to deliver returns over the long term. Aberdeen has set out a clear approach to monitoring the companies in which it invests on our behalf in its Stewardship Principles (see <http://www.aberdeen-asset.com/doc.nsf/Lit/CorporateGovernanceGroupPrinciples>) which the Company has reviewed and accepted. This monitoring is a natural part of Aberdeen’s long-term investment approach under which it requires that its managers meet the management of all its active investments at least twice a year. Aberdeen’s statement on stewardship codes also sets out its willingness to escalate engagement as necessary and the ways in which this might be done. Our role as asset owner is to monitor their delivery and effectiveness, to provide independent challenge, and to press for escalation if we believe that this is needed and has not been delivered. We do this as part of our ongoing monitoring of the effectiveness of the manager and our regular review of its performance and delivery.

### **Acting collectively**

In effect the Company always engages collectively by the means of aggregating its assets with the assets of other Aberdeen clients. As appropriate we discuss Aberdeen’s participation in broader collective activities, whether formal (through a range of investor associations globally) or informal, as

part of our ongoing monitoring of the effectiveness of the manager and regular review of its performance and delivery.

### **Voting policy and disclosure**

The Company's view is that we should always vote, except in those unusual circumstances where voting might be so costly or administratively difficult that it is not in our shareholders' interests. We believe that votes should be cast in a considered and intelligent way and welcome the Aberdeen approach whereby fund management teams have the responsibility for taking voting decisions. In the absence of explicit instruction from us, Aberdeen is empowered to use discretion in the exercise of our voting rights, and we have made clear that we expect that it will not automatically vote in support of all resolutions. Aberdeen discloses its voting activity, including that on our behalf, monthly and one quarter in arrears, here:

<http://aboutus.aberdeen-asset.com/en/aboutus/expertise/equities/stewardship/delivery>.

### **Reporting**

We receive and note private quarterly reports on stewardship from Aberdeen AM. We note that Aberdeen produces an annual public report on its stewardship activities (see <http://aboutus.aberdeen-asset.com/en/aboutus/expertise/equities/stewardship/delivery>), and we will keep under review the question of whether there is sufficient benefit for the Company to undergo the costs of further reporting. We receive and assess Aberdeen's annual controls assessment under AAF 01/06, which includes matters relevant to stewardship.

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