



Sustainable Investment Report

Shires Income PLC

31 December 2023

Prepared by: abrdn

abrdn.com

Portfolio Overview	1
Key Data and Ratings	2
abrdn ESG Analysis	3
Benchmarking: MSCI ESG	4
Ratings Active Ownership	5
Active Ownership: Case Studies	6
Glossary	8
Disclosure	9

Portfolio Overview

Shires Income PLC

FUND SIZE	As at 31 December 2023, the fund size was £ 104.63m
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Sustainable Investment Approach

- abrdn 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	02 Active Ownership	03 Risk & Monitoring	04 Our People
<p>High quality fundamental and first hand research</p> <p>Assessment of ESG for all stocks under coverage</p>	<p>Engage and vote with aim of improving financial resilience and investment performance</p> <p>Raise standards in companies and industries we invest in, and help drive industry best practice</p>	<p>Combine in-house and external scoring to inform view</p> <p>Active tracking of fund holdings against ESG objectives</p>	<p>Over 110 equity professionals and circa 37 dedicated central & on-desk ESG specialists across the world</p>

The benchmark for the fund is **FTSE All Share**

Key Data and Ratings

Shires Income PLC

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

abrdn

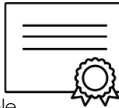
c.60

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

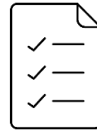
64

Number of meetings where we voted



17.2%

of meetings with at least one vote against management



2nd

Quartile

Peer Group MSCI Quartile Rating



AA

Fund MSCI ESG Rating



As at 31 December 2023, these 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.abrdn.com/en-gb/institutional/sustainable-investing/document-library>

Engagement: time period referenced is preceding 6 months.

Voting: time period referenced is preceding 12 months.

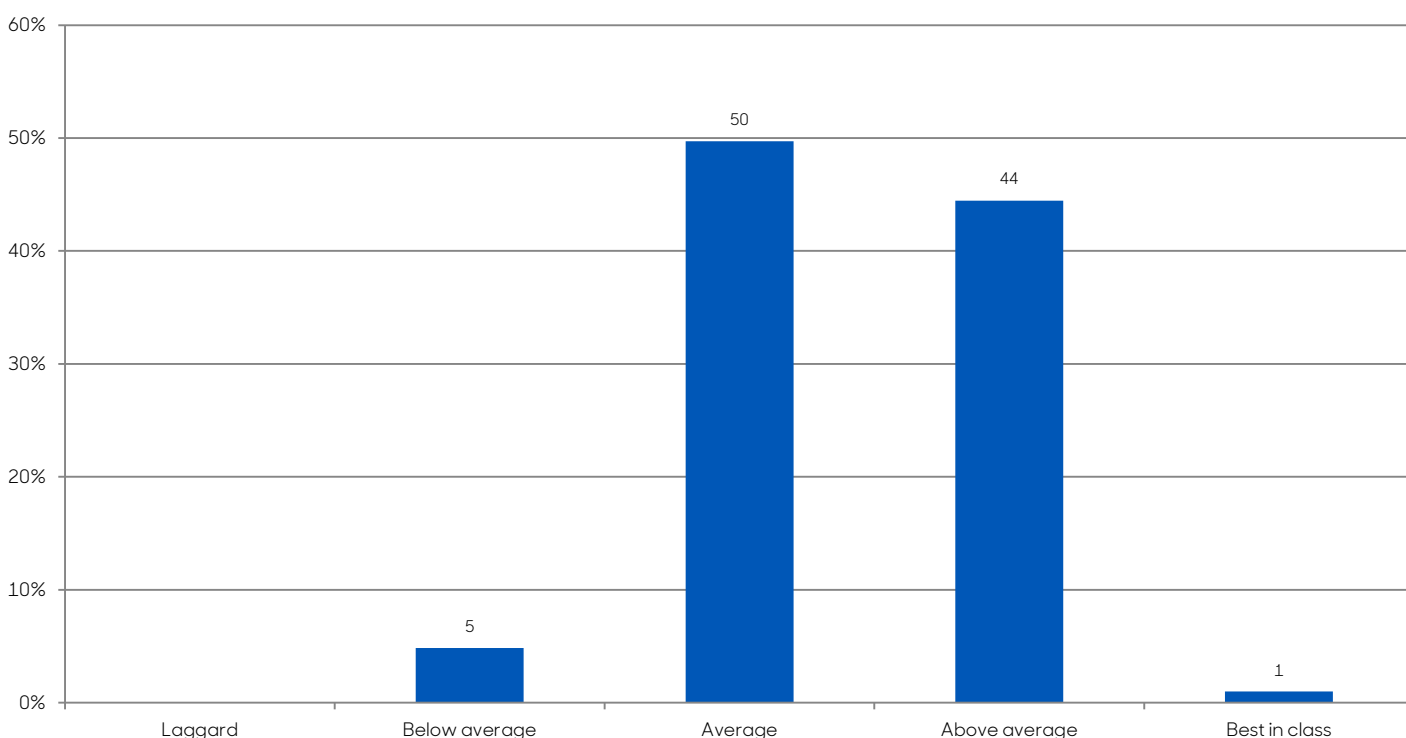
abrdn ESG Analysis

Shires Income PLC

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).

A significant proportion of the portfolio's holdings are rated as either ESG Q1 (1%) or ESG Q2 (44%), otherwise known as Best in class and Above Average, respectively. Companies such as AstraZeneca, Enegean and Intermediate Capital Group are among the relatively larger holdings in the portfolio which are comparatively highly rated on ESG Q scores. The majority of the remaining companies in the portfolio (50% of the total) are rated ESG Q3. The portfolio also holds positions in three companies that are rated Below Average, although these are largely skewed by the nature of the industry they are in.



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

Benchmarking: MSCI ESG Ratings

Shires Income PLC

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.

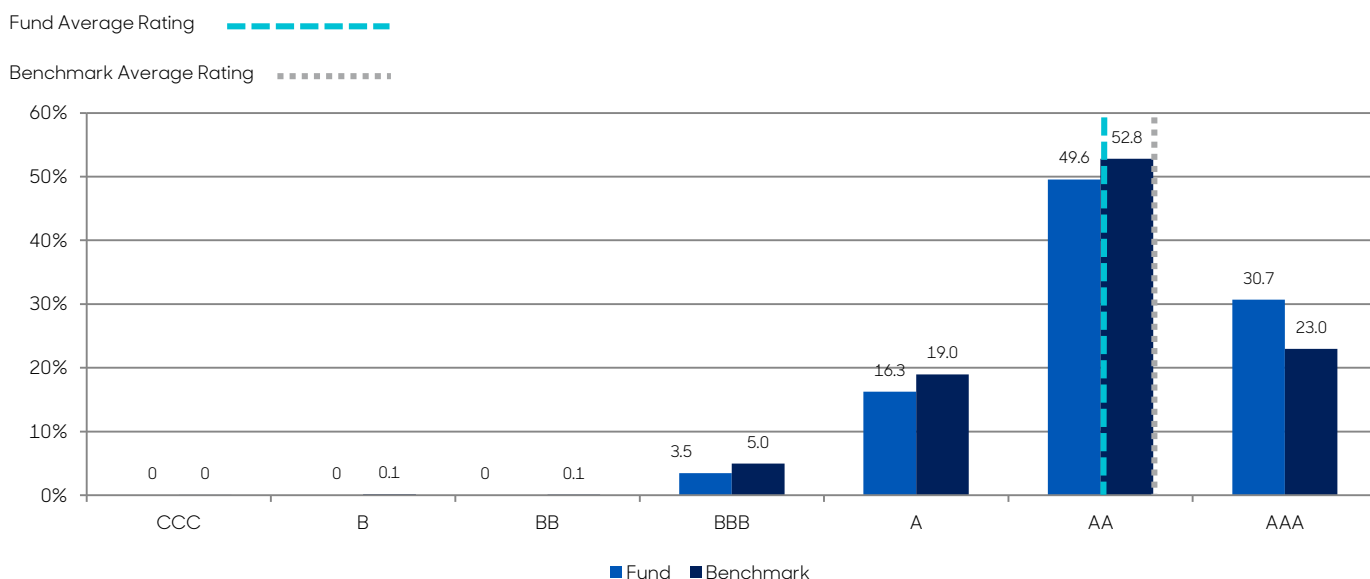


MSCI Fund ESG Quality Scores

	Overall Score (1-10)	Benchmark Average
Fund	8.1	7.8
Environmental	6.6	6.5
Social	5.5	5.0
Governance	7.0	7.0

Source: abrdn derived average based on underlying MSCI company scores

MSCI ESG Rating Distribution Fund and Benchmark



Source: abrdn derived averages based on underlying MSCI company ratings

	Fund	Benchmark
MSCI data coverage (by market value)	100%	93.5%

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: This is sourced direct from the vendor and includes MSCI adjustments incorporating positive & negative ESG trends and ESG laggard metrics in the calculation of the rating. MSCI ESG Rating Distribution: The fund and benchmark averages are calculated based on the individual security level MSCI scores. Therefore the ratings are not directly comparable. In both calculation methodologies Portfolio and Benchmark positions are reweighted on a pro rata basis to reflect holdings where MSCI data is available.

Active Ownership

Shires Income PLC

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 abrdn 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

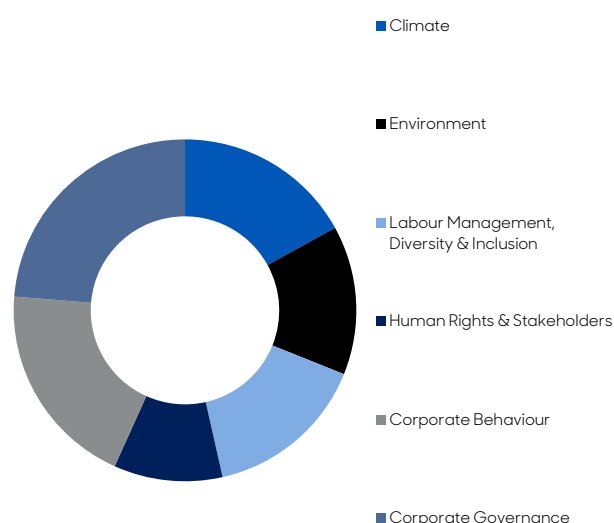
We draw on the resources in our ESG Investment Team and stock analysts to vote consistently on behalf of all client assets in line with the abrdn voting policy. Time period referenced is preceding 12 months.



There were 66 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 46 portfolio companies on ESG topics and had 118 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?	64
How many resolutions were you eligible to vote on?	1,297
What % of resolutions did you vote on for which you were eligible?	94.3%
Of the resolutions on which you voted, what % did you vote with management?	97.5%
Of the resolutions on which you voted, what % did you vote against management?	1.9%
Of the resolutions on which you voted, what % did you abstain from voting?	0.7%
In what % of meetings, for which you did vote, did you vote at least once against management?	17.2%

During an ESG engagement meeting / call with a portfolio company multiple themes and issues might be discussed. At abrdn 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

Shires Income PLC

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
AstraZeneca PLC Climate Change, Environment, Labour Management, Corporate Behaviour, Corporate Gov & Disclosure	Acknowledge	We have been engaging with AstraZeneca on the risks and opportunities for the company as a result of its exposure to China, which accounted for 13% of Group revenues in 2022. Going forward, we hope the company can provide stakeholders with greater insight on AstraZeneca's dependency on China from the perspective of R&D which, at present, appears to present the company with benefits but may present risks that must be managed as the country strives for pharmaceutical self-sufficiency. Separately, we continue to engage with AstraZeneca on matters such as its Russian operations and product affordability.	None
BP PLC Climate Change, Labour Management, Human Rights & Stakeholders, Corporate Gov & Disclosure	Plan, Acknowledge	We have ongoing engagement with bp both with management and members of the board of directors, in particular on management succession and long-terms strategy. Encouragingly, bp has committed to additional investment in its 'transition growth engines' and enhanced disclosures with respect to capex and earnings from these businesses. At the same time, we see scope for the company to provide additional information to investors on the resilience of bp's business model under rapid energy transition scenarios.	None
Hollywood Bowl Group PLC Climate Change, Environment, Labour Management	Acknowledge	We have initiated engagement with Hollywood Bowl on its approach to setting wages that are competitive and fair. Specifically, we have discussed with the company its perspectives on the real living wage, including the applicability of this to the company and the costs/benefits it might bring to Hollywood Bowl from increasing wages in line with the real living wage. Overall, the company believes that it offers competitive, responsible wages and provides an attractive proposition of benefits and development opportunities to its staff.	None
Howden Joinery Group PLC Climate Change, Environment, Labour Management, Human Rights & Stakeholders, Corporate Gov & Disclosure	Plan, Acknowledge, Plan	We engaged with Howdens Joinery as part of regular reviews of our major holdings. The meeting demonstrated that Howdens is adopting a responsible approach to sustainability impacts, while acknowledging the work the industry faces to ensuring the ESG impacts of its products and supply chain are improved. In particular, our engagement underscored that Howdens has strong human capital management. Going forward, we intend to focus our engagements on how Howdens will reduce CO2 emissions from its freight.	None
IP Group PLC Climate Change, Labour Management, Human Rights & Stakeholders, Corporate Behaviour	Plan	We initiated a first meeting with IP Group's Head of ESG as part of efforts to understand better the company's sustainability priorities. A key area of focus for the company now is data collection by its investee companies. IP Group's focus on industries such as life sciences and clean technology lend themselves to more positive sustainability outcomes. That said, we hope to see further progress by the company in its efforts to elevate sustainability considerations at its portfolio companies and measure its impact investing.	Enhances
National Grid PLC Climate Change, Environment, Labour Management, Human Rights & Stakeholders, Corporate Behaviour, Corporate Gov & Disclosure	Plan, Acknowledge, Acknowledge	Our engagement with National Grid primarily focusses on two areas: 1) the company's approach to securing public consent among those communities that are likely to be affected by the construction of new transmission infrastructure required to meet the electricity needs in a net-zero economy; and 2) National Grid's plans for its natural gas distribution assets in New York, where policymakers have set ambitious legal goals to transition away from natural gas.	Weakens
Shell PLC Climate Change, Labour Management, Corporate Behaviour, Corporate Gov & Disclosure	Execute, Plan	We engaged with Shell as part of our research prior to voting in the 2024 AGM. We are cautious about the real-world implications from demands from some stakeholders that Shell sharply reduce its Scope 3 emissions this decade. That said, we are monitoring the company's level of commitment to the transition and have encouraged Shell to continue to enhance disclosures on its investment allocation to low-carbon businesses and the potential implications for the company from a rapid energy transition scenario.	None
Softcat PLC Labour Management, Corporate Behaviour	Execute	We regard Softcat's strong human capital management as a key part of its business performance and therefore we discuss this topic with the company regularly to understand current performance levels. Our recent engagement touched upon the improvement in employee NPS scores, while we were encouraged to hear from the CFO her perspective on the importance of engaging with staff and sustaining the company's long-standing strong culture.	None

Source: abrdn

Active Ownership: Case Studies Continued

Shires Income PLC

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
SSE PLC Climate Change, Labour Management, Human Rights & Stakeholders, Corporate Behaviour, Corporate Gov & Disclosure	Plan, Acknowledge	We are members of the CA100+ working group for SSE and regularly engage with company representatives on SSE's net zero strategy. Moreover, the findings from the CA100+ assessment of SSE help inform the milestones monitored under abrdrn's financed emitters engagement programme. SSE is a leader in terms of its commitment to the energy transition - demonstrated in recent increased investment commitments - and was the first company globally to publish a Just Transition strategy. Separately, abrdrn has held individual meetings with management and the Board of SSE to gain insight on matters such as the regulatory environment and the Board's oversight and priorities.	Reinforces
Standard Chartered PLC Climate Change, Labour Management, Corporate Behaviour, Corporate Gov & Disclosure	Plan, Execute, Plan	We are engaging with Standard Chartered on its measures to reach its sustainable finance targets, given the potential opportunities for banks to fund the low- carbon transition, especially in Asia. We have been encouraged by the growth rates observed in Standard Chartered's sustainable finance business and have noted that relative to peers the company is more transparent in terms of the income from these activities and progress towards the bank's goal to generate \$1bn in sustainable finance income by 2024.	None
Telecom Plus PLC Corporate Gov & Disclosure	Plan	We attended the AGM of Telecom Plus in order to meet with the company's Chair and other members of the Board. This provided a valuable opportunity to discuss with the Board's leadership its perspectives on the risks and opportunities facing Telecom Plus, as well as the Chair's thoughts on succession planning at the Board and management levels as the business grows and evolves.	None
TotalEnergies SE Climate Change, Environment, Labour Management, Human Rights & Stakeholders, Corporate Gov & Disclosure	Execute, Plan, Plan, Plan	We continue to engage with TotalEnergies across multiple topics, including as part of our net zero programme to engage with our largest financed emitters. TotalEnergies is one of the leading oil and gas companies in terms of progressing its energy transition strategy and setting ambitious targets. Nonetheless, we continue to engage with the company on its sustainability approach, including in relation to projects in Africa that have received negative coverage related to environmental and social performance.	Enhances
Unilever PLC Climate Change, Environment, Human Rights & Stakeholders, Corporate Behaviour, Corporate Gov & Disclosure	Plan	We met with Unilever to discuss the company's climate action plan with the updated version due to be published in 2024. In addition, Unilever's new CEO has emphasised that the company's sustainability strategy will become more focussed, creating some uncertainty about whether the Unilever's efforts will be scaled back. We were therefore encouraged by comments that the new CEO is highly engaged in advancing Unilever's position as an ESG leader. Nonetheless, we flagged to the company that additional examples of what this new 'ESG focus' and 'performance culture' look like in practice would be valuable.	None

Source: abrdrn

Glossary

Shires Income PLC

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 ₂ e.
Carbon Intensity	Carbon emissions relative to a specific activity. For company carbon footprinting, the carbon intensity reflects the CO ₂ 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 ₂ e	The term CO ₂ e stands for CO ₂ equivalent and relates to the CO ₂ 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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