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Report on Invesco Ltd.  
Racial Equity Assessment

May 3, 2024

## **WilmerHale’s Report on Invesco Ltd.’s Racial Equity Assessment**

### **I. Introduction**

Invesco Ltd. (“Invesco,” or “the Company”) is a global independent investment management firm. Invesco has approximately 8,500 employees and manages approximately \$1.6 trillion in assets for investors around the world. The Company has more than 3,000 employees in the United States.

In 2022, Invesco retained the law firm Wilmer Cutler Pickering Hale and Dorr LLP (“WilmerHale”) to review the impact of the Company’s policies and practices on communities of color and other underrepresented groups in the United States, as informed by our legal assessments. The scope of the assessment, which Invesco undertook voluntarily, was broad, encompassing both internal and external facets of the Company’s U.S.-based business, policies, and programs. We reviewed the Company’s diversity and inclusion (“D&I”) initiatives, the workplace experience of its employees, workplace policies and procedures, talent acquisition and talent management processes, supplier diversity program, philanthropy and community partnerships, and aspects of the products and services it offers to its clients.

We found that Invesco has made a concerted effort to promote the principles of diversity, inclusion, and opportunity, particularly in recent years. The Company has relied on a dedicated D&I team and allocated resources to support D&I initiatives across the organization, including by establishing Business Resource Groups (“BRGs”), conducting D&I-related trainings, and expanding career development opportunities for employees. Invesco has also looked to have an external impact, including by establishing a supplier diversity program and supporting organizations in the community through charitable giving and employee volunteerism. Together, the Company’s efforts align with core business objectives, including creating a respectful and inclusive work environment, attracting, developing, and retaining top talent, and providing high quality client service.

As part of our review, we identified potential recommendations to support Invesco’s efforts across the organization and in the broader community. Most of our recommendations align with enhancements that the Company was already planning to incorporate into its 2024 plans, including additional manager trainings and expanded recruitment efforts. We have reviewed our findings and recommendations with Invesco, and the Company has reiterated its continuing commitment to promoting diversity, inclusion, and opportunity.

### **II. Scope and Methodology**

The assessment took place over a period of approximately one year. WilmerHale conducted more than 75 interviews of Invesco employees and reviewed hundreds of documents. We coordinated with members of the Legal Department to request interviews and documents. We also benchmarked key aspects of Invesco’s D&I-related policies, practices, and initiatives against its industry peers.

## A. Workstreams

Each workstream covered the scope and topics described below, with a focus on the United States.

*D&I Initiatives.* We assessed Invesco's D&I strategy, programs, and initiatives. We interviewed individuals responsible for establishing the Company's D&I priorities and implementing D&I programming across the Company. We reviewed documents describing Invesco's D&I initiatives, including training materials and guidance developed by the D&I team.

*Employee Experience.* We assessed the experience of Invesco's employees, including by reviewing results of employee surveys and evaluating the structure and operation of Invesco's BRGs based in the United States. We interviewed BRG leadership, a BRG executive sponsor, and employees responsible for creating, implementing, and interpreting employee surveys. We reviewed documents relevant to the employee experience, including materials related to BRGs and feedback from employee surveys.

*Talent Processes.* We assessed Invesco's talent acquisition and talent management processes, including the Company's policies and practices relating to hiring, promotion, and professional development. We interviewed individuals responsible for overseeing talent processes, including members of Invesco's Talent Acquisition, D&I, and Learning and Development teams. We reviewed documents relevant to talent processes, including talent strategy documents, training materials, and guidance on hiring and promotions.

*Policies and Procedures.* We assessed Invesco's workplace policies and training materials related to discrimination, harassment, and retaliation, as well as procedures for reporting and investigating complaints of discrimination, harassment, and retaliation. We interviewed individuals responsible for maintaining workplace policies, developing and providing training, and conducting investigations into complaints of discrimination, harassment, and retaliation. We reviewed workplace policies and procedures, training materials, investigations documents and templates, and guidance on the investigations process.

*Supplier Diversity.* We assessed the Company's supplier diversity program. We interviewed individuals responsible for implementing the supplier diversity program. We reviewed documents that describe the program, strategic goals, and implementation of those goals.

*Philanthropy and Community Partnerships.* We assessed Invesco's philanthropic efforts and community partnerships, including its engagement with civil rights organizations. We interviewed individuals responsible for overseeing Invesco's philanthropic efforts and community partnerships, including through the Invesco Foundation (the "Foundation"). We reviewed relevant documents, including grantmaking guidelines, governance documents, and information about specific donations and partnerships.

*Products and Services.* We assessed aspects of Invesco's products and services through a D&I lens, including the Company's approach to proxy voting, engagement with portfolio companies (companies that Invesco invests in on behalf of client accounts), and engagement with the Company's shareholders. We interviewed members of Invesco's Global ESG team, Proxy

Voting and Governance team, investment teams, and others involved in portfolio company and shareholder engagements. We reviewed policies and procedures related to proxy voting and portfolio company engagements, and documents related to relevant shareholder engagements.

## **B. Assessment Team**

The assessment team was led by WilmerHale partners Brenda Lee and Lauren Moore. Ms. Lee is the Vice-Chair of the Anti-Discrimination Practice, and Ms. Moore is a member of the Anti-Discrimination Practice. Jamie Gorelick, Chair of WilmerHale’s Regulatory and Government Affairs Department, Debo Adegbile, Chair of the Anti-Discrimination Practice, and April Williams, a member of the Anti-Discrimination Practice, were also involved in the review. The WilmerHale team has significant experience conducting racial equity assessments for clients across industries. Prior to commencing this assessment, WilmerHale had not advised Invesco on issues related to diversity, equity, and inclusion.

## **III. Findings and Recommendations**

### **A. D&I Initiatives**

#### **1. Findings**

Invesco has a dedicated D&I team that is making significant strides in developing its D&I strategy and goals. The Company is currently focused on embedding its D&I strategy across business functions so that these efforts are prioritized and supported throughout the Company.

*D&I Team.* Invesco’s D&I team is led by a Head of D&I, who reports to the Global Head of Talent. The team is responsible for developing the Company’s D&I-related policies, as well as developing and supporting Company-wide D&I initiatives, including support for Invesco’s BRGs. In 2023, Invesco allocated additional staffing resources to the D&I team, although we understand that more resources could further enhance its ability to support D&I across the Company.

*D&I Strategy.* Invesco’s D&I strategy is organized into four pillars: (1) ensuring that D&I is a key part of how Invesco operates; (2) enhancing representation through diverse recruitment efforts; (3) promoting an inclusive culture where all colleagues are welcome and supported; and (4) moving the industry forward while supporting all communities.<sup>1</sup> The Head of D&I leads the strategy, in partnership with stakeholders across the Company, including from Human Resources (“HR”) and Talent, to implement key initiatives. For example, the D&I team works with the Talent Acquisition team to identify opportunities for diverse recruitment efforts and to monitor hiring and retention trends. The D&I team also supports Invesco’s BRGs by helping to plan events and providing guidance on launching and leading BRGs.

WilmerHale found that Invesco’s D&I team is collaborative and committed to promoting D&I throughout the Company, with a deep understanding of the strategy and areas of

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<sup>1</sup> Invesco, Diversity and Inclusion, <https://www.invesco.com/corporate/en/our-commitments/diversity-and-inclusion.html> (last accessed April 22, 2024).

opportunity. The D&I team has had an impact, particularly with respect to creating a more inclusive workplace culture.

*D&I Programming.* Invesco has launched multiple D&I initiatives across the Company. For example, since 2020, Invesco has introduced three unconscious bias trainings for employees and managers. These trainings describe common forms of unconscious bias that may arise in the workplace and how employees can effectively address them. Invesco also introduced several mentoring and leadership programs, which are discussed further in the Talent section.

In 2023, Invesco began a series of discussion groups called “Talks that Matter” to improve inclusion and belonging sentiment among employees. During these sessions, a facilitator leads employees through candid conversations about different topics, such as gender inclusion, return-to-work policies, and workplace culture. The discussions seem to provide a space for employees to share personal experiences and hear from their colleagues; senior leaders have also attended.

To further promote inclusion and belonging, the D&I team and HR have focused on identifying additional opportunities for employees to engage with HR, including through trainings, informal discussions about culture, and participation in Talks that Matter sessions. In addition to Company-wide efforts, certain business units have also developed and implemented their own D&I initiatives, such as training and mentoring opportunities tailored to individual business units, with guidance and support from the D&I team.

## 2. Recommendations

Invesco has designed and implemented meaningful D&I-related programs to promote belonging and inclusion for its employees. WilmerHale identified the following opportunities to further enhance the Company’s D&I programming.

- **Consider adding resources to advance Invesco’s D&I strategy throughout the organization.** The Company recently added staffing resources to help support the D&I team. Invesco should consider additional ways to support this team’s work, which could include designating a manager within each business unit to help advance D&I goals. With additional support, the D&I team could more fully integrate the Company’s D&I strategy and priorities across the organization and engage more regularly with leaders and employees across the Company.
- **Continue to encourage business units to develop their own D&I initiatives.** Invesco should continue to encourage business units to create tailored D&I initiatives, with assistance and support from the D&I team. Additional business unit-specific D&I initiatives would help support Invesco’s efforts to embed the principles of inclusion and belonging throughout the Company and expand the reach of the D&I team’s efforts.
- **Continue to focus on facilitating candid conversations.** Invesco’s D&I and HR teams have been focused on developing stronger relationships with employees, to encourage employees to use HR as a resource and to come to HR if workplace

issues arise. Invesco should continue to support HR in these efforts, and the HR team should continue to collaborate with the D&I team to identify additional ways to facilitate candid conversations.

## **B. Employee Experience**

### **1. Findings**

*Employee Surveys.* Invesco’s leadership has shown a commitment to understanding and improving the employee experience, as evidenced by the Company’s various surveys to gauge employee sentiment and recommend additional areas for improvement. Since 2020, Invesco has conducted a Pulse survey, which is typically administered quarterly to all employees. Pulse surveys are designed to help managers understand their teams’ work experience and how they can be supported. The Pulse survey covers various topics, including engagement, belonging, career development, productivity, and return-to-work.

Recent survey results reflected that employees generally feel a sense of purpose, enjoy their work-life balance, and feel that their teams value diverse perspectives. While employees’ sense of belonging decreased during the pandemic, it has increased recently due to specific leaders’ efforts to build community. Survey results are shared with Senior Managing Directors and managers with large teams, all of whom are strongly encouraged to meet with their teams and follow up on feedback. Some leaders hold town halls with their teams to discuss survey results or seek through other I to ensure that employees know that feedback is heard and addressed. This is not a uniform process, and some employees may not be aware of whether or how leaders have responded to Pulse survey feedback.

Last year, a third-party also administered a survey to assess Invesco’s organizational health (the “Organizational Health Index” or “OHI”). This included an assessment of Invesco’s culture and employee sentiment about Company leadership and direction. Invesco is already taking several steps to address the results of the OHI, such as updating the Company’s learning and development programs to align with employee feedback regarding talent processes.

*Business Resource Groups.* Invesco has 12 BRGs, seven of which operate in the United States.<sup>2</sup> These groups have played an important role in creating community and promoting employee belonging and inclusion. Each BRG is led by at least two co-chairs and one executive sponsor and is open to all employees. The D&I team supports BRGs and provides them with guidance on how to lead BRG activities. However, BRG co-chairs do not receive formal training on how to manage and lead BRGs, which some co-chairs believe would be helpful. In addition, some executive sponsors have been more active in their roles than others.

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<sup>2</sup> The BRGs that operate in the United States are: Invesco Women’s Network, Invesco Proud Network, Invesco Black Professionals Network, Invesco Pan-Asian Professionals Network, Invesco Rising Career Network, Hispanic or Latino Association; and Invesco Veterans Network.

## 2. Recommendations

WilmerHale identified the following opportunities to improve how Invesco responds to employee feedback and can further support its BRGs.

- **Encourage leaders to share how they plan to address feedback from employee surveys.** Invesco’s use of Pulse surveys is a helpful tool in keeping senior leadership and managers informed of employee sentiment and engagement. However, there is no requirement that leaders inform employees about how they plan to address feedback. The Company should encourage leaders to share information with employees about how they intend to address survey results to improve engagement, belonging, and other trends identified in the surveys.
- **Consider survey results and feedback when evaluating new initiatives.** Invesco has already begun incorporating employee feedback from the OHI into the Company’s talent processes, including by developing additional learning and development programs. The Company should continue to consider survey results and employee feedback when designing enhancements to its current processes.
- **Consider providing additional training to BRG leaders.** Invesco should consider providing additional training to BRG co-chairs and executive sponsors on how to engage BRG members, address concerns that may be raised through BRGs, and manage other day-to-day activities.
- **Consider ways to recognize employees’ participation in BRGs and other D&I initiatives.** Many employees are committed to their roles as BRG leaders and to supporting the Company’s D&I initiatives. Invesco should consider ways to show its appreciation to employees who dedicate significant time and effort to furthering the Company’s D&I efforts.

### C. **Talent Management**

#### 1. Findings

Invesco’s talent acquisition and management processes—including recruiting and hiring, training and development, succession planning, and compensation—reflect the Company’s commitment to its employees and their professional development. The Company’s talent strategy focuses on how the Company can enhance its career development processes while emphasizing inclusion and belonging for employees. The strategy also highlights Invesco’s belief that its success depends on hiring, developing, and retaining top talent, including diverse talent, and that leaders and managers are critical to shaping the employee experience.

*Recruiting and Hiring.* The Talent Acquisition team is responsible for global recruiting and hiring at all levels of the business. The Talent Acquisition team has adopted measures to promote consistency and reduce bias in the hiring process. For example, Invesco adopted a Hiring Manager Guide, which is provided to all employees involved in the hiring process and includes best practices. In addition, all employees, including recruiters and hiring managers,

receive unconscious bias training; however, Invesco does not offer tailored training to specifically address unconscious bias in the hiring process.

As part of the Company's talent strategy, the Talent Acquisition team, in coordination with the D&I team, has expanded its efforts to recruit diverse talent. For example, the Talent Acquisition team currently recruits at Historically Black Colleges and Universities ("HBCUs") and Hispanic-Serving Institutions ("HSIs") to help diversify the pool of potential candidates for various positions. Invesco also posts open positions on platforms for diverse professionals, in addition to other job boards, to ensure that diverse candidates are aware of potential opportunities. These efforts align closely with the Company's talent strategy, which strives to foster inclusion, a demographically diverse employee base, and diverse leadership pipelines.

*Training and Professional Development.* Invesco's talent strategy also includes leadership development training and professional development resources for managers. Invesco offers two voluntary training programs for leaders: "Managing with Impact" and "Leading with Impact," each of which is offered twice a year. "Managing with Impact" is a three-month learning program for incoming and junior managers that trains on foundational management skills, such as how to set up your team for success and provide effective feedback. "Leading with Impact" is a six-month leadership development program that coaches global executives on various topics, including transparency and accountability, leading diverse teams, and effective decision-making. Additionally, the Company offers a "Leadership Essentials" training, an approximately four-month training focused on sharpening managerial skills in strategic leadership and accountability.

While Invesco offers these robust leadership training options, these courses are not mandatory. As a result, newer managers in particular might benefit from a more formal approach to leadership training. Leaders in the Talent organization are currently identifying ways to provide formal training to managers at every level.

Invesco also provides mentoring and leadership programs to support their employees' professional development. For example, Invesco has a six-month mentorship program, Mentorium, which matches mentors and mentees and provides access to virtual workshops and online training. Through Mentorium, more than 1,000 mentor-mentee pairs were matched in 2023, and participants have provided positive feedback about the program. Invesco's BRGs also participate in Mentorium to help facilitate peer mentorship within each BRG.

Additionally, in 2022, Invesco hired an Early Career Program Manager to support the development and retention of employees in the first two years of their careers. The Company currently has early career programs in its Investments, Marketing, Private Markets, and Technology departments. Participants in these programs have access to professional development opportunities, such as courses on effective writing and communication skills, as well as department-specific trainings. In 2023, approximately 25 employees participated in early career programs, and more are expected to participate this year. Invesco may extend these programs to other departments to further develop Invesco's talent pipeline across the organization.



*Evaluations and Promotions.* Invesco conducts quarterly performance reviews, through which employees receive individualized feedback, and an annual talent review, which is carried out at business and functional levels and at the Executive Leadership Team level, to assess employee potential and opportunities for growth and development for employees. Invesco highly encourages employees to participate in the quarterly performance reviews, and most employees do so. During the annual talent review, members of HR and senior leaders discuss company-wide succession planning, talent and development opportunities for their employees, and trends in hiring, promotion, performance, and retention across the Company.

As part of Invesco’s talent strategy, the Company is developing additional guidance and material for employees to help them better understand career paths and the promotions process. Having these additional resources and information available would help address feedback from recent employee surveys about a desire for more clarity around promotions and role expectations.

*Compensation.* When evaluating compensation, Invesco considers several factors—such as the role’s requirements, market data, the candidate’s or employee’s skills and experiences, and geography. The Company has conducted formal pay equity reviews in the past, and the Compensation team reviews compensation during the annual compensation cycle to determine whether there are pay gaps.

## 2. Recommendations

WilmerHale identified the following opportunities for Invesco to promote consistency and transparency in its talent processes. The recommendations described below are aligned with the Company’s D&I goals and current talent strategy.

- **Provide additional training and guidance regarding talent processes.** Invesco already provides company-wide unconscious bias training. Given that hiring and promotion processes necessarily involve subjective assessments and thus may be vulnerable to unconscious bias, the Company should provide additional training and guidance for employees involved in hiring and succession planning on D&I-related topics.
- **Consider adopting mandatory leadership training.** Invesco already has a robust set of voluntary training and leadership development programs for managers and senior leaders. The Company should consider whether managers and senior leaders would benefit from mandatory trainings, which could further strengthen its professional development efforts.
- **Consider opportunities to further expand diverse recruitment efforts.** Invesco recruits from HBCUs and HSIs, which appears to be a core component of the Company’s diverse recruitment efforts, and should continue to do so. In addition, Invesco should consider developing more relationships with HBCUs, HSIs, and other minority-serving institutions to build its pipeline of potential talent. The Company should also consider developing other programs or partnerships with colleges and universities to reach a diverse pool of candidates.

- **Provide additional guidance to employees regarding promotions processes.** Invesco should undertake efforts, either with internal or external resources, to help build out career frameworks and core competencies by role and create employee-facing guidance regarding role expectations, key benchmarks, and potential paths to promotion. Providing that sort of guidance to employees helps promote trust as well as consistency in these processes.
- **Conduct a pay equity review across race/ethnicity in addition to sex/gender to the extent feasible.** When the Company next conducts a pay equity review, it should consider evaluating pay by both race/ethnicity and sex/gender to the extent feasible. Invesco should also memorialize guidance around escalation processes when pay variances are identified.

## **D. Policies and Procedures**

### 1. Findings

*Policies and Training.* Invesco’s Code of Conduct and U.S. Employee Guide clearly prohibit discriminatory, harassing, or retaliatory behavior and encourage employees to report potential violations. The Code of Conduct is maintained by the Compliance Department, and the U.S. Employee Guide is maintained by HR, in coordination with the Legal Department. While the Compliance Department updates its policies annually, HR updates its policies on an as-needed basis.

Invesco trains all employees on discrimination, harassment, and retaliation prevention during onboarding and at regular intervals thereafter. In addition, as noted above, the Company also provides unconscious bias training to all employees.

*Investigations Process.* Employees have numerous reporting channels to report complaints of discrimination, harassment, and retaliation, including reporting to their direct supervisor, a senior leader, local HR representative, the Employee Relations Director, the Head of Invesco Human Resources, or an anonymous hotline. Complaints involving alleged discrimination, harassment, or retaliation, senior leaders, or other serious misconduct are to be escalated to the Employee Relations Director and Legal.

During onboarding, HR investigators receive instruction on the complaints and investigations process, including when to consult with Legal, and on how to investigate employee-related complaints. However, investigators do not receive additional training on the investigations process after onboarding. Invesco’s Employee Relations Director is developing additional continuing education for HR on the investigations process.

After conducting an investigation, HR investigators share findings and proposed remedial action with relevant stakeholders within the Company. Once corrective action is agreed upon, the investigation is closed by briefing the HR business partner, Employee Relations, and relevant senior leaders. It does not appear that Invesco consistently considers whether education or coaching of employees involved in an investigation may be appropriate, even where investigators do not find a violation of policy.

## 2. Recommendations

WilmerHale identified the following potential enhancements to strengthen Invesco's processes related to its workplace policies prohibiting discrimination, harassment, and retaliation as well as for investigating and addressing complaints alleging such behavior.

- **Adopt regular cadence to review and update HR policies.** Invesco updates its HR policies and procedures as needed but does not have a protocol for updating all workplace policies regularly. Invesco should establish a process for reviewing and updating its HR policies at regular intervals.
- **Clarify when to consider additional education or coaching in investigations guidance.** The Company should consider clarifying in its investigations guidance that education or coaching of employees involved in an investigation may be appropriate and should be considered, even in instances when a complaint is not substantiated. Consistently considering such action in all cases may help the Company address issues that do not rise to the level of a policy violation but nonetheless affect the workplace environment.
- **Provide continuing education on investigative processes.** We understand that Invesco's Employee Relations Director is developing additional guidance for HR investigators on how best to process complaints and manage investigations. Invesco should continue to develop this guidance and ensure that it describes escalation and documentation protocols. Invesco should expand its current investigative training to include this guidance, which would help promote consistency in investigations processes.

### E. **Supplier Diversity**

#### 1. Findings

Invesco believes that having a diverse supplier base helps lead to better business solutions. Invesco has a supplier diversity program that endeavors to increase partnerships with qualified, certified diverse suppliers. Invesco's supplier diversity program operates a database of diverse suppliers who may be considered for future procurement opportunities. In addition, Invesco conducts outreach to diverse suppliers and supplier diversity advocacy organizations to increase awareness of Invesco's procurement opportunities and try to expand the Company's pool of potential suppliers.

Invesco's diverse supplier spend increased in 2022 over the amount spent in 2021. The Company has also committed to developing relationships with certified minority, women, LGBTQ, veteran, and small-business suppliers.<sup>3</sup>

Invesco's ability to consider a range of qualified suppliers, including diverse-owned suppliers, depends on knowing upcoming procurement needs with sufficient time to utilize a

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<sup>3</sup> Invesco, Supplier Diversity, <https://www.invesco.com/corporate/en/our-commitments/supplier-diversity.html> (last accessed April 22, 2024).

competitive bidding process where appropriate. The Global Chief Procurement Officer is currently reviewing the Company's procurement processes and considering ways to encourage business units to partner with the Procurement team when such opportunities arise.

## 2. Recommendations

WilmerHale has identified the following opportunities to continue developing the supplier diversity program at Invesco.

- **Continue outreach efforts to increase the pool of diverse suppliers.** Invesco should continue to prioritize proactive outreach to diverse suppliers, both directly and through supplier diversity advocacy organizations, to increase the pool of diverse suppliers who are considered for procurement opportunities. The Company should also encourage qualified diverse suppliers to bid on potential procurement opportunities and give feedback to suppliers who are not ultimately selected on how they may be able to improve their bids in the future.
- **Consider developing guidelines to engage Procurement earlier in the vendor process.** The Company should consider providing the business with more guidance on when to engage with the Procurement team as a part of the vendor selection process. Doing so could support Invesco's efforts to ensure that qualified, diverse suppliers are considered as candidates for procurement opportunities.

## F. **Philanthropy and Community Partnerships**

### 1. Findings

Giving back to the community through financial support and volunteerism is embedded in Invesco's business. The Company and its independent 501(c)(3) charitable organization—the Invesco Foundation—together make monetary awards to philanthropic efforts, with a focus on financial literacy. In 2022, Invesco supported 128 nonprofits through its various philanthropic endeavors. Invesco also awards several grants a year through the Invesco Foundation, focused on Title I schools and financial literacy.

In addition, the Company has established Invesco Cares, a philanthropic and volunteering organization that empowers employees to raise funds, volunteer, and share skills with nonprofits and local organizations to serve and strengthen communities. Invesco Cares provides a budget to 10 Invesco offices in North America and allows employees within those offices to select organizations for Invesco to financially support through an online platform called Invesco for Good. Through this platform, employees can find and participate in volunteer opportunities, record time spent volunteering, and track their charitable donations.

Invesco has also developed community partnerships to promote financial inclusion and literacy, focusing on underserved communities where its U.S. offices are located. For example, the Company partners with 100 Black Men of Atlanta, a men's civic organization and service club focused on education and empowering Black children and teens, and hosted an event designed to inspire and educate local college students about the importance of building a strong

financial foundation. Invesco has also sponsored “Rock the Street, Wall Street,” which supports financial literacy for high school girls by providing programming focused on investing and budgeting and by connecting students and female finance professionals through mentorships.<sup>4</sup> Invesco also partners with Atlanta-based HBCUs, including through event and conference sponsorships, and has sponsored the National Black MBA conference.

We understand, however, that Invesco’s engagement with civil rights organizations has been limited. Invesco is currently considering whether and how to expand its engagement with civil rights organizations. Invesco is also reviewing its philanthropic strategy and expects to implement a new strategic plan in 2024.

## 2. Recommendation

WilmerHale has identified the following enhancement to help the Company further develop its philanthropic efforts and community partnerships.

- **Consider whether to expand Invesco’s philanthropic strategy, including through partnerships with civil rights organizations.** The Company should continue to consider whether to expand its philanthropic strategy, including through partnerships with civil rights organizations, to remain connected with the communities it serves.

## G. **Products and Services**

### 1. Findings

*Product Development.* As one of the world’s largest independent investment management firms, Invesco offers a diverse array of investment vehicles to its clients. For some clients—including retail and institutional clients—Invesco has offered customized investment solutions that seek to achieve outcomes and returns based on client-led priorities. Accordingly, to the extent that a particular client has expressed a desire to align its investments with D&I-related objectives—for example, by prioritizing investments that further racial and gender equity—Invesco has met that need through investment vehicles that are customized for the specific client.

*Portfolio Engagement.* Invesco seeks regular engagement with the companies that it invests in on behalf of client accounts, which can include engaging on D&I-related issues. Investment teams may consider ESG risks to the extent they have a material or adverse impact on shareholder value, and they may leverage the Global ESG team’s expertise in such assessments. To help support investment teams for these engagements, the Company has an ESG Research team that may conduct analyses and research to identify material ESG risks or issues at Invesco’s portfolio companies.

*Proxy Voting.* With respect to proxy voting, Invesco maintains a Policy Statement on Global Corporate Governance and Proxy Voting (the “Proxy Policy”), which sets forth policies

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<sup>4</sup> Invesco, Our Partnerships, <https://www.invesco.com/crr/en/community/our-partnerships.html> (last accessed April 22, 2024).

and processes to help ensure that proxies are voted in the best interests of clients.<sup>5</sup> The Proxy Policy outlines good governance principles that inform Invesco's approach to engagement and voting at shareholder meetings. The Global Invesco Proxy Advisory Committee reviews the Proxy Policy annually, with input from key stakeholders, including the Legal, Compliance, and Government Affairs teams.

Over the last year, Invesco has updated its Proxy Policy to reflect that the evaluation of environmental and social shareholder proposals, including D&I-related proposals, is fact- and circumstances-based. Invesco's investment teams take a case-by-case approach and consider many factors when deciding how to vote on these types of shareholder proposals, including applicable exchange rules, local laws and regulations, company responsiveness, and engagement on relevant issues.

## 2. Recommendation

WilmerHale identified the following opportunity for the Company to enhance the consideration of D&I principles in portfolio company and shareholder engagements.

- **Consider enhancing learning and development opportunities for investment teams on D&I-related topics.** Invesco should consider ways to enhance learning and development opportunities for investment teams on D&I-related considerations in investment stewardship. That may include training or guidance on how to proactively identify D&I issues that might evolve into material risks, trends in shareholder proposals with a D&I focus and/or human capital management disclosures, and relevant legal considerations. The D&I-related learning and development opportunities would not be prescriptive or dictate investment teams' approach to investment decisions, but would provide education and training to help investment teams address and manage risks in an informed manner.

## IV. Conclusion

We found that Invesco has made deliberate and considered efforts to embed D&I-related principles into the organization. Invesco has allocated meaningful resources to building out D&I initiatives. These initiatives include establishing BRGs, rolling out D&I-related trainings, and expanding career development opportunities for employees. Externally, Invesco has taken steps to promote diversity within its supplier base and offered support to organizations that promote inclusion and opportunity. The Company is continuing to expand these efforts, including through its new talent strategy and encouraging business units to develop their own D&I initiatives. Taken together, these efforts reflect Invesco's commitment to promoting D&I in a thoughtful and impactful way.

We also identified potential enhancements for Invesco to continue advancing these efforts. Many of those potential enhancements build upon steps the Company has already taken or identified as areas of opportunity. Our recommendations are intended to support Invesco in

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<sup>5</sup> Invesco, Policy Statement on Global Corporate Governance and Proxy Voting (January 2024), <https://www.invesco.com/content/dam/invesco/corporate/en/pdfs/regulatory/global-proxy-voting-policy.pdf>.

ensuring that its efforts to advance diversity, inclusion, and opportunity have a lasting impact, both within and outside the Company.