



Invesco Real Estate Global ESG+R Report 2021/2022



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About This Report

Invesco Real Estate (“IRE”) is proud to present our second Global Environmental, Social, Governance, and Resilience (“ESG+R”) report. The report describes our ESG+R approach, integration, and key achievements that are a testament to our industry leadership in responsible investing over the past decade.

If you have questions about this report, please contact your IRE representative.

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A Message from The Global ESG+R Committee

Invesco Real Estate (“IRE” or “the Firm”) strives to display an unwavering dedication to our clients, tenants, and communities. Our commitment to safeguarding our client’s financial security requires strategic incorporation of environmental, social, governance, and resilience (“ESG+R”) principles into our operations. IRE believes that integrating ESG+R principles into our investment management decision-making and standard processes helps us drive down operating costs while boosting property value and tenant satisfaction by creating more efficient and well-managed buildings.

The focus of our ESG+R strategy is to mitigate future liabilities, such as transition risks from locality-based carbon fines, and potential physical risks from natural disasters, like floods and wildfires. This Global Sustainability Report will provide insights into how IRE is incorporating ESG+R principles within our operations to ensure that we continue to provide our clients with a transparent, data-driven approach to managing their investments and delivering strong investment performance while still prioritizing the productivity, health, and well-being of our employees and key stakeholders.

In demonstration of our ongoing dedication to optimizing and expanding a unique ESG+R approach, IRE has embraced an array of accountability and leadership mechanisms. In 2021, Invesco Ltd. became a signatory to the Net Zero Asset Managers Initiative (“NZAMI”) at the organization level and set the goal of reaching net zero operational Scope 1 and 2 emissions for landlord-controlled data across select strategies by 2050 while also striving to increasingly track and monitor the Scope 3 emissions associated with tenant-controlled energy consumption.

Additionally, 12 IRE portfolios (50% of our total assets under management (“AUM”) participated in theGRESB® Assessment, a globally standardized framework measuring the ESG+R performance of real estate portfolios, in 2021 and 2022. Two portfolios achieved the prestigiousGRESB Global Sector Leader Status in 2021 and 2022. These and the other assessments and memberships outlined in this report allow us to celebrate the areas where we are making strides toward improving the environmental impact of our portfolios. Through these assessments, we can further identify areas where there is the capacity for additional improvement, thereby ensuring our steady progress toward the achievement of our broader ESG+R goals.

In addition to the preceding achievements, IRE has further amplified efforts in expanding our Diversity, Equity, and Inclusion (“DE&I”) and Invesco Cares programs in 2021. This led to greater cohesion, sense of belonging, innovation, and creativity within the Firm, which strengthens our capabilities at every level of the organization and extends to our investment management teams.

Our ESG+R approach is multi-faceted, highly developed, and continually evolving. While we commemorate our 2021 accomplishments, we also look to the future and to the work that needs to be done to honor our fiduciary and environmental responsibilities and preserve our position as an industry leader.

If you have any questions or feedback regarding the information inside this report, please do not hesitate to contact a member of our team. Thank you for your interest.

Invesco Real Estate Global ESG+R Committee

At IRE, maintaining our stakeholder’s trust and ensuring their satisfaction is our primary objective. We believe that environmental, social, governance, and resilience (“ESG+R”) investing is key to delivering results for our clients and investors, as this methodology not only provides long-term financial rewards but also catalyzes the advancement and innovation of our business. ESG+R-related policies, procedures, and initiatives are implemented through ongoing, frequent dialogue with our global teams, tenants, communities, and stakeholders and done so in a manner accordant with delivering investment performance and our fiduciary responsibilities.

Cathrine DeConninck-Lopez
Head of ESG - Invesco Ltd. Global

Real Estate

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Head of Investment Management - Asia

Andy Rofe
Managing Director - Head of Europe

Charlie Rose
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Max Swango - Global
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Darin Turner - Chief Investment Officer,
Listed Real Assets

Beth Zayicek - Global
Chief Operating Officer



Purpose

To provide a unified direction and strategy for the firm’s ESG+R initiatives, which include global coordination, monitoring, reporting, and stakeholder communications. The Committee also serves as the core leadership in the development of said strategies as well as the primary internal source of accountability for implementing and maintaining these strategies. Formed in 2019, the Committee meets either quarterly or as needed.

Duration

Since Q4 2019, the Committee has existed and has met on a quarterly or on an as-needed basis.

Scope

All facets of ESG+R for IRE’s real estate and mortgage assets globally fall under the Committee’s scope.

Goals

The ESG+R Committee’s goals, which can and do change over time due to industry-, market-, and climate-related fluctuations, are as follows:

- | | | | |
|--|---|---|---|
| <p>1.
Differentiate and lead the industry in delivering performance through our ESG+R implementation.</p> | <p>2.
Effectively communicate ESG+R program details, strategy, and progress.</p> | <p>3.
Continually improve the ESG+R program to be best in class.</p> | <p>4.
Coordinate with, and fully leverage, the ESG+R practices of Invesco Ltd.</p> |
| <p>5.
Release an annual Global ESG+R report.</p> | <p>6.
Develop global reduction targets based on industry methods.</p> | <p>7.
Provide consistent and compelling internal and external communications across regions.</p> | <p>8.
Regularly review regional ESG+R plans and results.</p> |

Invesco Real Estate Global ESG+R Timeline

2008	<ul style="list-style-type: none">• Launch of Invesco Real Estate Green Program – one of the first of its kind in the commercial real estate (“CRE”) industry
2012	<ul style="list-style-type: none">• Invesco Real Estate – US Core and Invesco Real Estate – European Core initial submissions to GRESB®
2013	<ul style="list-style-type: none">• Invesco Ltd. becomes signatory to United Nations Principles of Responsible Investment (“PRI”)
2014	<ul style="list-style-type: none">• Invesco Real Estate becomes GRESB member• Invesco Real Estate partners with Amerex to offer deregulated utility rate contract analysis to assets across the US• Initial Invesco Real Estate – US Core annual sustainability report following the Global Reporting Initiative (“GRI”) framework is published showcasing the strategies environmental, social, governance, and resilience (“ESG+R”) accomplishments
2016	<ul style="list-style-type: none">• Invesco Real Estate – US Core – achieves GRESB Diversified Global Sector Leader, ranking first out of 141 diversified portfolios globally
2017	<ul style="list-style-type: none">• Invesco Real Estate – US Core achieves first place GRESB ranking in peer group for third-consecutive year and achieves the GRESB Diversified North America Sector Leader• Invesco Real Estate (Asia) achieves GRESB Private Office Asia Sector Leader for third-consecutive year• Invesco Ltd. inaugural Corporate Social Responsibility (“CSR”) Report
2018	<ul style="list-style-type: none">• Invesco Real Estate partners with Black Bear Energy to offer solar panel feasibility studies across its portfolio in the US• Invesco Real Estate achieves 50th Leadership in Energy and Environmental Design (“LEED®”) for Existing Buildings certification in the US• 2018 Invesco Real Estate – US Core surpasses 90% of eligible office buildings, achieving ENERGY STAR® certification
2019	<ul style="list-style-type: none">• Invesco Real Estate forms Global ESG+R Committee• Invesco Real Estate (Asia) achieves first place GRESB ranking in peer group for fifth-consecutive year• Invesco Real Estate Europe achieves 92% green building certifications (“GBCs”) for its office building portfolio• Invesco Ltd. becomes a supporter of the Task Force on Climate-related Financial Disclosures (“TCFD”)• Invesco Real Estate engages Moody’s Climate on Demand Tool, a climate risk analytics firm, to provide climate change risk scores on assets across the globe
2020	<ul style="list-style-type: none">• Invesco Real Estate submits 13 real estate portfolios to the 2020 GRESB Assessment, covering approximately 60% of Invesco Real Estate global assets under management (“AUM”), once again achieving outstanding results with several portfolios receiving the highest five-out-of-five Green Star rating• Invesco Real Estate receives an A rating in Direct Property in the PRI assessment for the fifth-consecutive year¹• Invesco Ltd. joins Climate Action 100+ in 2020
2021	<ul style="list-style-type: none">• Invesco Real Estate submits 12 real estate portfolios to the 2021 GRESB Assessment, covering approximately 50% of Invesco Real Estate’s global AUM, once again achieving outstanding results• Two Invesco Real Estate Portfolios achieve GRESB Global Sector Leader Status in 2021.• Invesco Real Estate (Asia) achieves first place GRESB ranking in peer group for seventh-consecutive year• Invesco Real Estate receives an A rating in Direct Property in the PRI assessment for the sixth-consecutive year• Invesco Ltd. commits to Net Zero Asset Managers Alliance and Invesco Real Estate commits to net-zero emissions across our directly managed portfolio by 2050
2022	<ul style="list-style-type: none">• Invesco Real Estate submits 12 real estate portfolios to the 2022 GRESB Assessment, covering approximately 50% of Invesco Real Estate’s global AUM, once again achieving outstanding results• Two Invesco Real Estate Portfolios achieve GRESB Global Sector Leader Status in 2022.• Invesco Real Estate’s value-add logistics property, Casei Gerola Logistics Park, in Italy awarded LEED v4 Platinum certification - the highest ever score in Europe for a logistics asset.

¹ 2020 Assessment Reports for Invesco, Ltd., PRI. The investment categories are evaluated using six performance bands (A+, A, B, C, D, and E) where A+ distinguishes the top scoring signatories, representing a score of 95% or above, and A distinguishes a score of 75% or above. Any reference to a ranking, a rating, or an award provides no guarantee for future performance results and is not constant over time.

ESG+R Objectives

By investing responsibly and incorporating sound environmental, social, and governance practices across our firm, we seek to do what is right for our clients as well as our shareholders, employees, and communities.

IRE is a wholly owned subsidiary of Invesco Ltd. The Firm's focused platform and business model, which allows it to execute real estate investment strategies globally, is critical to its success. Our primary responsibility is to maximize the financial return of our clients' investments. We understand that there are environmental, social, and economic implications to all the decisions we make as an investment manager. Therefore, in assessing environmental, social, governance, and resilience ("ESG+R") risks and opportunities, we remain focused on the financial implications of our decisions and on our environmental and social impact.

Targets

Net-zero carbon emissions by 2050*

We believe that by taking a deliberate and disciplined approach to ESG+R, we can successfully balance our social and environmental responsibilities, meet the needs of our clients, fulfill our fiduciary responsibilities and drive strong investment performance.



3%

annual reduction in energy and emissions by 2030 from a 2018 baseline



1%

annual reduction in water consumption



1%

annual increase in waste diversion rate

*Target set at the organization level for direct real estate assets' operational Scope 1 and 2 emissions for landlord-controlled data while also focusing on tracking and reducing Scope 3 tenant-controlled emissions. The target is only for select IRE strategies. There is no guarantee that these targets will be achieved.



ESG+R Objectives

Environmental, social, governance, and resilience (“ESG+R”) is integrated into all phases of the investment management process. We have developed and implemented an ESG+R acquisition assessment that is performed during due diligence, and our active investment management approach specifically focuses on the following ESG+R Goals and Objectives across our global strategies.

ENVIRONMENTAL

- Measure and regularly report building energy, emissions, water, and waste within our control, and in doing so, seek to improve performance continually and steadily across our managed portfolios. Targets are established at the property level and reviewed no less than annually. Our energy and emissions reduction target is 3% per year over 10 years. Our goal is to reach net-zero operational Scope 1 and 2 emissions for landlord-controlled data across select strategies by 2050*.
- Our water consumption reduction target is 1% per year, and our waste diversion rate increase target is 1% per year*.
- Evaluate and implement low-cost measures, capital improvements, and new technologies to improve the performance of our assets and advance the built environment. As part of our assets’ annual business plans, property teams are encouraged to budget for efficiency projects each year.
- Utilize energy-rating schemes—such as ENERGY STAR® Portfolio Manager®, European Union energy performance certificates (“EU EPCs”), and National Australian Built Environment Rating System (“NABERS”) where applicable—to evaluate the energy efficiency of buildings. Pursue certification for eligible buildings annually.
- Evaluate the feasibility of pursuing third-party GBCs using schemes prevalent in each specific region, such as Leadership in Energy and Environmental Design (“LEED®”), Institute of Real Estate Management Certified Sustainable Property (“IREM® CSP”), BREEAM®, Haute Qualité Environnementale (“HQETM”), Green Star, and Comprehensive Assessment System for Built Environment Efficiency (“CASBEE®”).
- Take a managed approach to the procurement of energy in deregulated energy markets.

SOCIAL

- Provide tools and resources to engage property managers on sustainability issues.
- Encourage sustainable practices by our tenants through the deployment of tenant engagement tools relevant to each property type.
- Incorporate green lease language into new leases to encourage tenant participation in our sustainability goals and objectives.
- Provide services and amenities at our properties, such as gyms, bicycle storage, and green spaces, that encourage building occupants to lead healthier lifestyles.
- Evaluate the feasibility of pursuing third-party health and well-being certifications using schemes prevalent in each specific region, such as WELL™ and Fitwel®.
- Train our employees on ESG+R and health and well-being issues.
- Engage with the local community on sustainability-related issues through programs in place at Invesco Ltd., IRE, and the direct real estate assets we manage.
- Encourage our employees to play active roles in the growth and development of the communities in which they live and work through volunteering and charitable contributions.
- Support diversity and inclusion in our workforce by providing training and communications, and create a work environment that optimizes the full potential of our employees.

GOVERNANCE

- Lead the real estate industry in the implementation of ESG+R practices through the direction of our ESG+R Committee, and integrate sustainability into our decision-making by incorporating senior management.
- Disclose our ESG+R strategy and performance to investors through reporting frameworks such as GRESB®, GRI, INREV, Carbon Disclosure Project (“CDP™”), United Nations Principles for Responsible Investment (“PRI”), etc.
- Include ESG+R as part of the due diligence process during acquisition.
- Ensure that our assets comply with local, regional, and national ordinances that require energy, water, or waste data tracking; audits and assessments; or GHG reduction targets.
- Ensure that our employees adhere to the highest standards of honest and ethical conduct through confirming their compliance with our Anti-bribery policy and Code of Conduct.

RESILIENCE

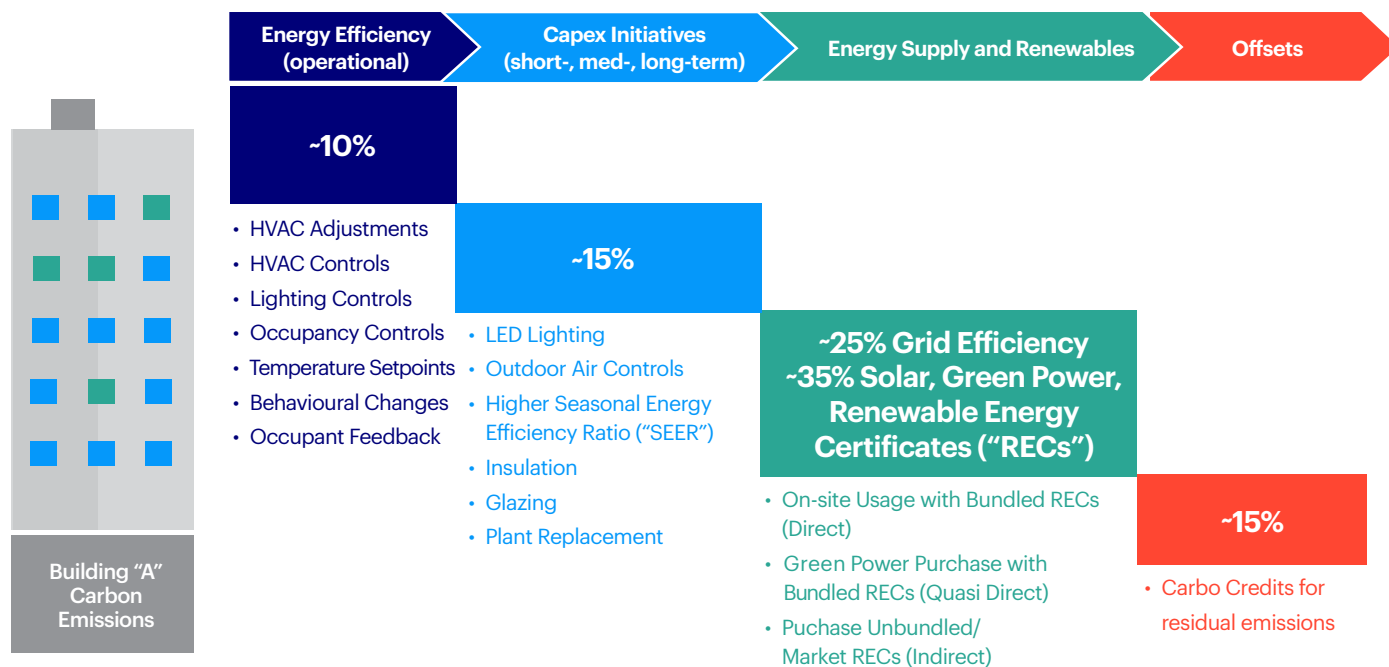
- Evaluate physical risk at our properties that may be due to climate change and establish key metrics to measure risks and opportunities. Physical risks include both shocks—single catastrophic events such as hurricanes or extreme flooding—and stressors—changes over time such as sea level rise, increased temperatures, and decrease in fresh-water supply.
- Monitor our assets for transition risk due to the shift toward a low-carbon economy, and assess strategies to mitigate those risks. Transition risks include increased government regulation on carbon emissions.
- Work with property teams to implement emergency preparedness plans to respond to natural disasters, sustained power outages, and other potential emergency events.

* There is no guarantee that these targets will be achieved.

Net Zero

Invesco Real Estate's Road Map to Net Zero

Real Estate is one of the largest energy consuming sectors globally, responsible for **approximately** 40% of energy consumption and 36% of carbon emissions. To tackle this issue, Invesco **joined** the Net Zero Asset Managers Initiative ("NZAMI") in March 2021. **As a member**, Invesco has made a commitment to working toward achieving net-zero greenhouse gas ("GHG") emissions across our investment portfolios by 2050 (for select strategies only). We have joined the global NZAMI in support of our clients' interests and our investment teams' need for information that helps them drive positive outcomes related to Net Zero.

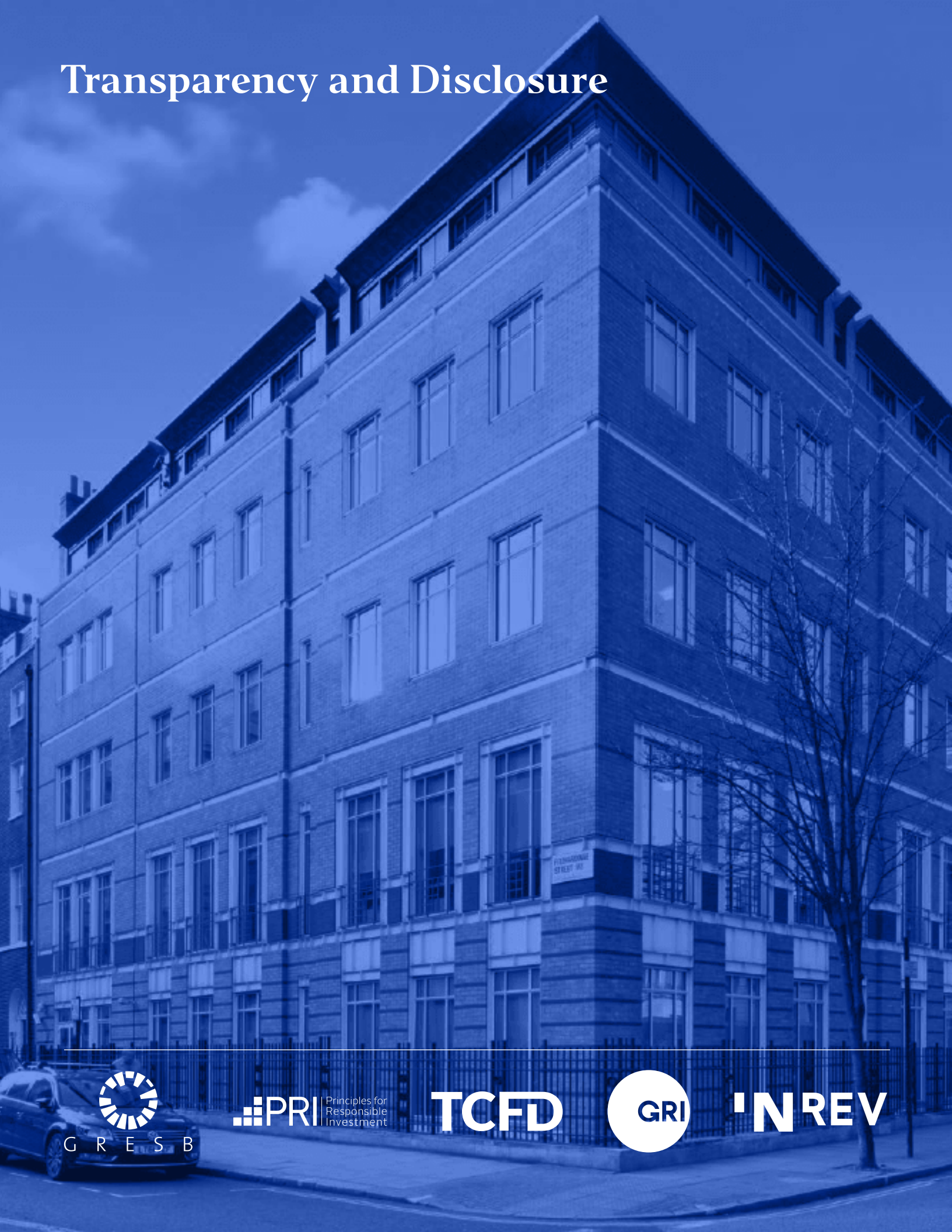


Decarbonization Action Plan

As we continue to enhance our analytical capabilities by adding new data sets, we improve our ability to assess and manage the overall carbon footprint and scenario analysis of our strategies.



Transparency and Disclosure



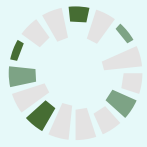
G R E S B



TCFD



INREV



G R E S B
REAL ESTATE
sector leader 2022

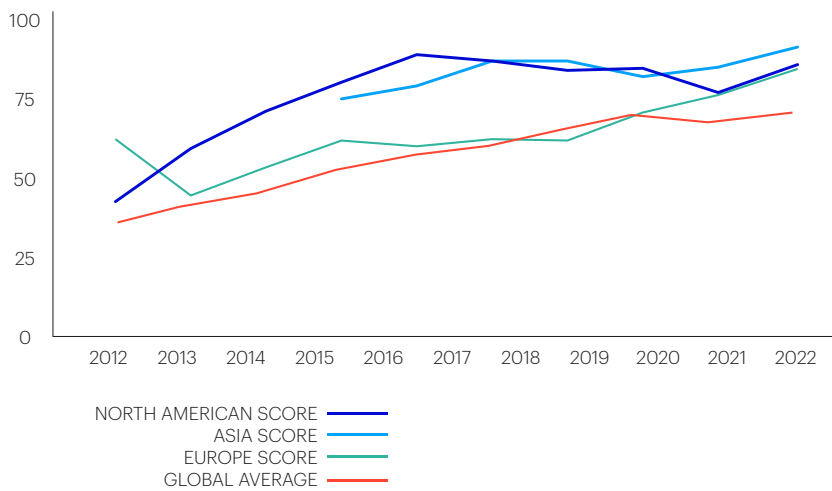
Two Invesco Real Estate strategies achieved GRESB Global Sector Leader in 2022.

GRESB® is an international assessment used to measure the ESG+R performance of real estate portfolios across the globe. The information reported in the annual assessment is a disclosure of material ESG+R performance at the portfolio level, such as energy, emissions, water, and waste data; green building certifications (“GBCs”) and energy ratings; and sustainability risk assessments, as well as indicators related to governance and stakeholder engagement.

GRESB data is used by more than 100 institutional and financial investors to monitor investments across portfolios. In 2021 alone, more than 1,500 global GRESB participants reported to GRESB, covering more than 117,000 assets and \$6.4 trillion AUM and this increased to more than 1,800 participants in 2022.

Invesco Real Estate has reported to GRESB since 2012 and has been a member since 2014. The graph below indicates Invesco Real Estate’s regional average GRESB performance over time.

GRESB SCORE REGIONAL AVERAGES



G R E S B
★★★★★ 2022

A GRESB five-star rating is the highest possible and indicates an industry leader that has placed in the top quintile of over all other 1,800 participants globally.



G R E S B
REAL ESTATE
member

Each year, select Invesco Real Estate (“IRE”) portfolios participate in the GRESB Real Estate assessment, which helps investors understand how the portfolio’s sustainability performance compares to other portfolios’ performances. Our goal is to identify opportunities to strengthen our portfolios’ performances and ensure our ESG+R initiatives align with our expectations at both the property and portfolio levels.

Invesco Real Estate has reported to GRESB since 2012 and has been a member since 2014.

IN 2022, INVESCO GLOBAL ACHIEVED THE FOLLOWING:

2

Invesco portfolios achieved Global Sector Leader Status in 2022.

3

Invesco portfolios placed first in their peer group.

5

Invesco portfolios received five out of five Green Stars.

Source: Invesco Real Estate, Q3 2022.

Any reference to a ranking, a rating or an award provides no guarantee for future performance results and is not constant over time.

The Principles for Responsible Investment (“PRI”), launched by the United Nations in 2006, is the world’s leading proponent of responsible investment. It looks at the investment implications of ESG+R factors and works to support investor signatories in incorporating these factors into their investment and ownership decisions.

The PRI carries out the annual assessment based on how a signatory has progressed year-over-year and relative to peers. In 2021, the module grading system shifted from alphabetical (A+ to E) to numerical (1 to 5 stars).

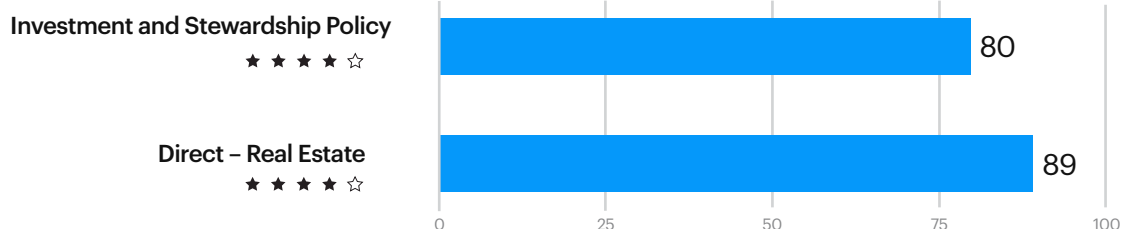
Invesco is a strong advocate of responsible investing practices, formalizing our commitment to responsible investment globally in 2013 when we became a signatory of the PRI. We were proud to be awarded a four-star rating with a score of 89 in the 2021 PRI submission. .

2018–2020 Summary Score Card

	2018 Invesco Score	2019 Invesco Score	2020 Invesco Score	2020 Median Score
Strategy and Governance	A+	A+	A+	A
Direct and Active Ownership Modules				
Property	A	A	A	B

Principal for Responsible Investment. The investment categories are evaluated using six performance bands (A+, A, B, C, D and E), where A+ distinguishes the top scoring signatories, representing a score of 95% or above and A distinguishes a score of 75% or above. Any reference to a ranking, a rating or an award provides no guarantee for future performance results and is not constant over time.

2021 Summary Score Card



PRI has suspended reporting, and the next reporting cycle will begin in 2023.

United Nations Sustainable Development Goals

The United Nations Sustainable Development Goals (“SDGs”) are a collection of 17 global goals designed to serve as a universal call to action to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity. Given our global presence, “IRE” recognizes that our work touches people and places across the globe. We strive to address the complex, ever-evolving issues that our planet and populations face by supporting the SDGs. We believe that incorporating “ESG+R” practices into our investment activities can positively impact the value we provide to clients and help ensure a sustainable environment for future generations. We map the SDGs to our ESG+R initiatives. The United Nations (“UN”) goals that most closely align with our core business and ESG+R goals are: Sustainable Cities and Communities, Responsible Consumption and Production, and Climate Action. We have identified examples of our efforts below.

Invesco Real Estate has identified the three goals below as most relevant to our business.



UN SDG 11: Sustainable Cities and Communities

Assets in the portfolio are evaluated for green building certifications (“GBCs”) on an ongoing basis. Our buildings are located in cities with energy and water disclosure and improvement requirements, which support the cities’ sustainability goals. We anticipate the number of assets impacted by emissions regulations will increase in the near future. Stakeholders are encouraged to participate in community engagement events throughout the year by participating in events such as donation drives or hosting community events for the public.



UN SDG 12: Responsible Consumption and Production

IRE tracks energy, water, and waste consumption at buildings in our portfolio. Our goal is to operate our assets as efficiently as possible; buildings are evaluated for capital improvement projects to increase efficiency and reduce costs.



UN SDG 13: Climate Action

IRE tracks and monitors energy and greenhouse gas (“GHG”) emissions within our control. IRE has committed to reducing carbon emissions by 3% per year, and our goal is to reach net zero operational Scope 1 and 2 emissions for landlord-controlled data across select portfolio by 2050*.

*There is no guarantee that these targets will be achieved.

GRI and INREV Reports

At IRE, we provide annual Global Reporting Initiative (“GRI”) and European Association for Investors in Non-Listed Real Estate Vehicles (“INREV”) reports for several strategies because we believe that providing relevant ESG+R information is the key to helping ensure our clients have access to our latest ESG+R actions and performance metrics. We are always looking to strengthen our reporting capabilities to ensure our sustainability initiatives align with our clients’ expectations on both the property and strategy level.

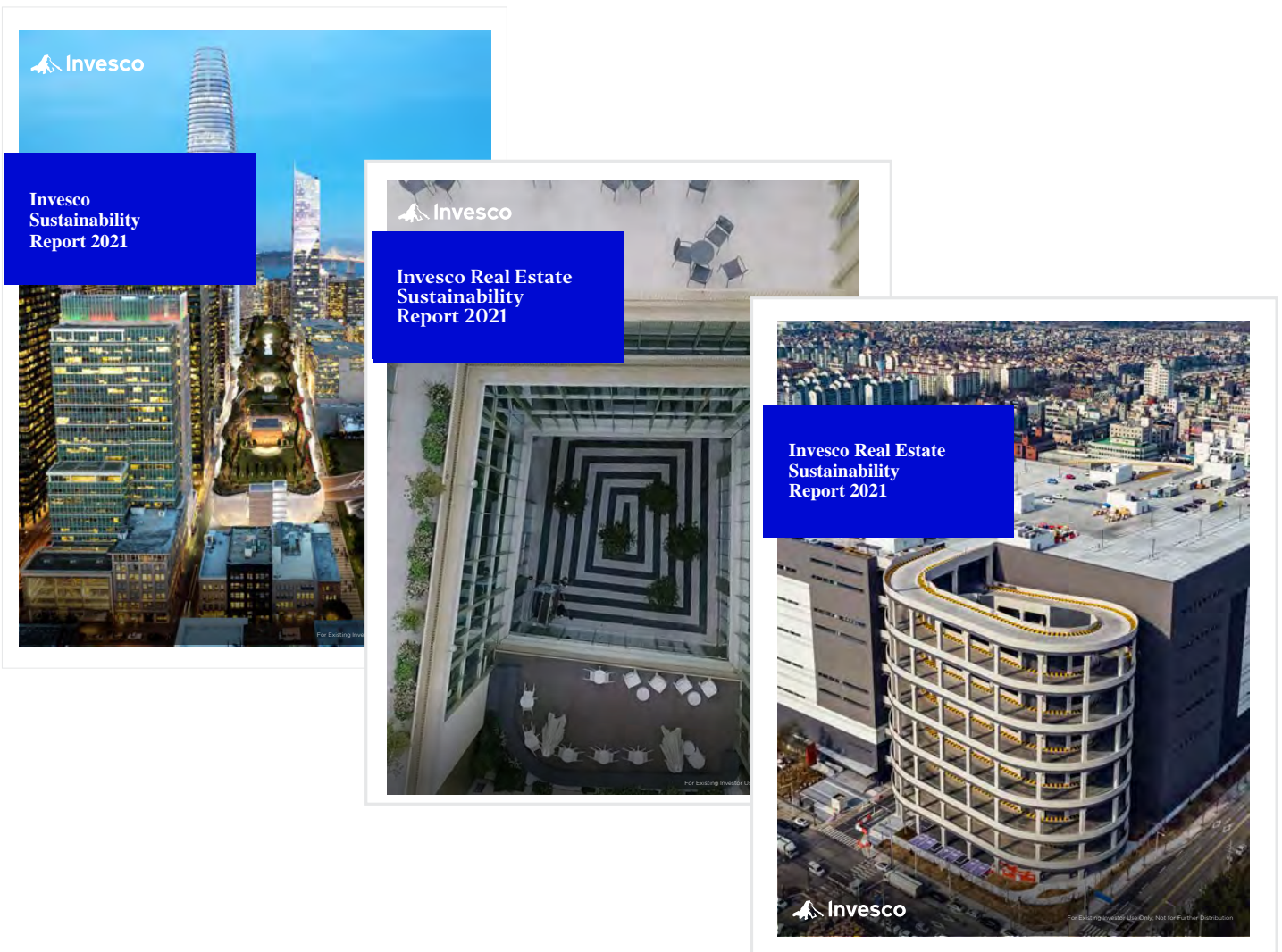
In addition to supplying annual GRI and INREV reports, IRE also releases quarterly investor reports, disclosing ESG+R information by providing a snapshot of strategy-level ESG+R performance and highlighting property-level initiatives and achievements.



GRI is an international independent standards organization that provides businesses, governments, and other organizations a framework to help communicate their impacts on issues such as climate change, human rights, and corruption. GRI is the first and most widely adopted global standard for sustainability reporting.



INREV is Europe’s leading platform for sharing knowledge on the non-listed real estate industry. INREV is a member-driven association with the goal of improving transparency, professionalism, and best practices across the real estate sector.



Environmental



Invesco Real Estate Environmental

Our primary responsibility is to maximize the financial return of our clients' investments. We understand that there are environmental, social, and economic implications to all the decisions we make as an investment manager. Therefore, in assessing ESG+R risks and opportunities, we remain focused on the financial implications of our decisions and on our environmental and social impact.

In line with that aim and in our quest to identify and implement efficiency measures, we track and monitor property-level energy, emissions, water, and waste data. From that data, we produce performance indicator reports, which show changes in consumption and enable us to examine how an asset is performing. We then assess the environmental performance of those assets and strive to implement improvements to progress toward our goals.

In addition, we identify candidates each year for green building certifications ("GBCs") such as Leadership in Energy and Environmental Design ("LEED®"), Building Research Establishment Environmental Assessment Method ("BREEAM®"), Haute Qualité Environnementale ("HQE™"), Green Star, Comprehensive Assessment System for Built Environment Efficiency ("CASBEE®"), and Institute of Real Estate Management Certified Sustainable Property ("IREM® CSP"). Furthermore, we ensure that eligible properties receive applicable regional energy ratings and are certified annually. We also coordinate with third-party property managers to make certain our properties are in compliance with local energy disclosure laws.

ESG+R Acquisition Assessments are completed during the acquisition and due diligence process. This assessment is then provided to the acquisitions, underwriting, and asset management teams during due diligence and delineates a summary related to environmental, social, governance, and resilience ("ESG+R") factors to be underwritten. A summary of the assessment is then included in the investment committee package. The assessment includes a review of the following:

- An evaluation of asset resilience that includes potential physical and transition risks to the site due to climate change;
- The history and eligibility of the asset's GBCs or energy ratings; and
- Any regulatory requirements in the asset's location related to energy, emissions, water, or recycling.

At the property level, IRE's ESG+R approach is proactive and involved. By incorporating ESG+R considerations into asset analyses, underwriting, due diligence, and asset management processes, we have instituted a systematic approach to improve the operational efficiency of our assets.

We frequently evaluate our properties for opportunities to implement sustainability measures such as lighting upgrades, indoor air quality ("IAQ") improvements, and up-to-date strategies for health and well-being initiatives in accordance with tenant demand. Our property teams receive the resources they need to encourage energy conservation, water use efficiency, recycling and waste reduction, tenant and community engagement, and other sustainability initiatives at their properties.



Green Building Certifications

Green building certifications (“GBCs”) serve as a useful tool in benchmarking our initiatives toward sustainability. GBCs help guide, demonstrate, and document our efforts to create sustainable spaces, providing recognition for our sustainability efforts by highlighting and celebrating the initiatives being successfully implemented by our property teams. IRE views GBCs as a third-party verification of sound asset management and efficient building operations, which also serves to attract and retain tenants and comply with local regulations around the globe.

During the designing and planning phase of new development projects, we, along with our developer partners, work to evaluate the feasibility and cost to pursue new construction certifications, and with our existing assets, we continuously evaluate them for eligibility for new certifications. As of Q4 2021, our assets across the globe have achieved more than 300 GBCs. The table below shows the different globally recognized certification rating systems and the number of certifications in each region.

GREEN BUILDING CERTIFICATIONS BY TYPE

CASBEE®

22

LEED®

100

IREM®

79

BREEAM®

95

OTHER

21

GREEN BUILDING CERTIFICATION COUNTS BY REGION

US

185

EU

104

ASIA

28

TOTAL

317



811 Main is an office building located in Houston, Texas. In 2021, the property received Leadership in Energy and Environmental Design (“LEED”) Operations and Management (“O+M”): Existing Buildings (v2009). The property was certified with 81 points at the platinum level.

Case Study – US

Park Central

Denver, Colorado — United States

This 646,489-SF office building in Denver, Colorado, was built in 1973. Park Central recently completed a full upgrade of all first and second floor common areas of the building. Newly-added common area amenities include a 8,000 SF multi-level bike storage that can accommodate 300 bikes, with private lockers, a workout facility, multiple tenant social lounges, and an outdoor plaza that features extensive seating, a zen garden, and firepits. An active participant in the 80x50 plan, Denver's city-wide initiative to reduce commercial and multi-family building energy usage by 10% by 2020 and 30% by 2030, Park Central has implemented a variety of energy-reduction initiatives in recent years, earning it many highly esteemed awards, including the Energize Denver Energy Saving Retrofit Winner (first place) for 2021. Open to office, multi-family, and hotel buildings across the city, this award used annual benchmarking data to determine winners in the energy efficiency category. Park Central is proud to be recognized as a leader within the community, having reported the highest year-over-year energy savings. In 2021, Park Central was also recognized with an Energy Star® certification for the 11th time.



1st Place

- 2021 Energize Denver Energy Saving Retrofit Winner
- ENERGY STAR-certified for the 11th consecutive year in a row



Any reference to a ranking, a rating or an award provides no guarantee for future performance results and is not constant over time.

Case Study – Europe

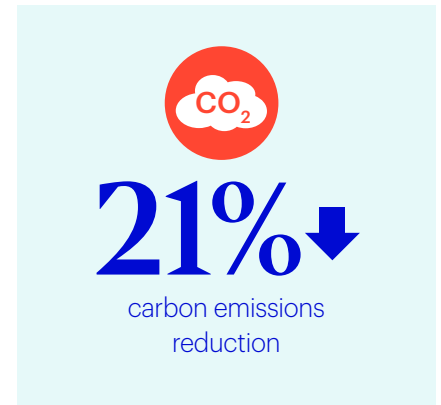
The Almere

Milton Keynes, United Kingdom

The Almere is a mixed-use residential development in central Milton Keynes—a town situated at the intersection of England’s most renowned cities (London, Birmingham and Oxford and strategically positioned in the Oxford-Cambridge innovation corridor) to benefit future business growth. With roughly 10,000 SF of space dedicated to one-, two-, and three-bedroom apartment options, the complex is ideal for a wide range of ages, from individuals launching professional careers to well-established families seeking a prime location to call home.

Built with the goals of sustainable composition and community impact in mind, the Almere promotes an array of environmentally conscious and socially engaging features such as the following:

- “Be Lean, Be Clean, Be Green” energy hierarchy design
- Renewable energy sources
- 97% of locally-sourced furniture, which reduced carbon emissions by 21%
- Multi-generational living demographic
- Affordable housing (50% of floor space)
- Wheelchair-accessible units
- Commercial spaces for local retailers
- Community-led amenity for events; community zone; roof terrace; private kitchen; co-working space; cycle storage facilities



Case Study – Asia

313 Spencer Street

Melbourne, Victoria — Australia

A 29,599-m², 12-storey building with a two-level, 300-car basement, 313 Spencer Street can be found at the corner of Spencer and LaTrobe streets in Docklands—a prominent location on the western edge of the Melbourne Central Business District. Completed in 2015, the property is known as the City West Police Complex, home to the Crime and Intelligence departments of the Melbourne West Police, the North-West Police, and the Foreign Services. Used primarily as an office space for the departments and co-owned by Cbus Property, the workplace can house up to 1,500 staff, making it the largest police station in Victoria.

Beginning with its Green Star certification, which was awarded in 2015, the building has been recognized for many of its ESG+R initiatives and attributes. In 2021, these included the following:

- 5.5-star National Australian Built Environment Rating System (“NABERS”) Energy Rating and recertification
- 5-star NABERS Water Rating and recertification; as of December 2021, the building was tracking at 5.852 stars
- 6-star NABERS Indoor Air Quality Rating (highest possible rating) and re-certification
- 4-star NABERS Waste Rating (first rating to date and baseline for future ratings)
- Climate Active Carbon Neutral certification
- 180,000 litres of rainwater harvesting for irrigation and indoor plumbing
- Low-flow water fixtures on all potable systems
- High-performance glazing system
- Gas cogeneration unit supplying 20% of electricity annually
- Low-voltage LED fixtures throughout carpark and base-building areas
- 80kW Adiabatic Dry-Air Cooler reduced cooling tower water usage by 20% and energy savings of 15,000 kWh per year.



NABERS

Indoor Air Quality 6 Stars

Energy 5.5 Stars

Climate Active

Received Climate Active Carbon Neutral Certification in 2021

20%↓

80kW Adiabatic Dry-Air Cooler reduced cooling tower water usage by 20% and energy savings of 15,000 kWh per year.

greenstar

Any reference to a ranking, a rating or an award provides no guarantee for future performance results and is not constant over time.

Social



Invesco Real Estate Social



As fiduciaries to our clients and as responsible corporate citizens, we recognize that the societal impact of the built environment is an important factor in creating community and maintaining social cohesion. IRE views buildings as more than just a brick-and-mortar structure: they create the environment in which people live and work. In that light, we have a responsibility to our tenants to establish structurally sound and environmentally sustainable spaces where they can thrive.

Invesco Cares





Invesco invests in more than real estate; we invest in communities, in humankind, through the donation of our time and financial gifts. Motivated by the belief that doing what is right for the communities in which we operate helps deliver positive outcomes for our clients, the Invesco Cares program is centered on making a positive impact that is both notable and lasting in each of our global communities. As an extension of the program, in 2021, we launched Invesco for Good, a giving platform designed to empower employees to creatively and collaboratively engage with causes. Managed through a grassroots structure, this platform allows employees to track their giving and volunteer hours, while also allowing them to find and select nonprofits they would like to see Invesco support.

Our current Invesco Cares efforts are aimed at the following core objectives:

<p>Improving financial education globally</p>	<p>Supporting healthy living and promoting wellness for all</p>	<p>Championing diversity and inclusion in our industry and company</p>	<p>Protecting the environment and promoting sustainability</p>	<p>Collaborating with our local civic and community organizations to improve life in our cities</p>
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Aside from its in-house charitable arm Invesco Cares, IRE is also involved with many other charitable organizations, including: Ronald McDonald House Charities®; The Nature Conservancy®; Junior Achievement™ of Georgia (“JA of GA”); The At-Promise Centers; Boys and Girls Clubs of America; the Red Cross; Dress for Success®; HumanDoc; World Food Kitchen; Doctors without Borders; Save the Children®; American Civil Liberties Union (“ACLU”) Foundation; ADL®; food kitchens/pantries across the globe; Rock the Street, Wall Street®; 3 cities: Atlanta, New York City, Houston; Chastain Horse Park; Children’s™ Healthcare of Atlanta; The Shepherd Center; Skyland Trail Mental Health; Urban Alliance on Race Relations; 100 Black Men®; Black Creek Community Farm; Ali Fornay Center for LGBTQ; Cristo Rey High School Internship Program: Dallas, Atlanta, New York City, and Houston; God’s Love We Deliver®; Project Destined; Camp Mohawk; and many more.

- Invesco Cares chapters in North America donated a collective **\$54,000** to 11 schools and nonprofits through Operation Backpack. An amount of \$6,000 was donated by each market to meet local students’ fundamental technology and school supply needs.
- Campaign Against Living Miserably (“CALM”), a leader in suicide prevention, was our UK colleagues’ charity focus in 2021, receiving over **£262,000** in donations that helped train 60+ employees across Europe, Middle East, and Africa (“EMEA”) as Mental Health First Aiders.
- Each full-time Invesco employee received \$20 to donate to their favorite nonprofit through the Invesco for Good website, resulting in **\$30,742** donated through employees to 424 nonprofits around the world.
- Invesco and its staff donated **\$250,000** to HumanDOC, a well-respected Non-Government Organisation (NGO) based in Poland supporting Ukranian refugees
- A total of **\$2.2 Million** in charitable gifts was donated by Invesco.

2021/2022 Highlights



128

non-profit partners



19

Invesco Cares chapters worldwide



Ronald McDonald House named Invesco’s North America Charity of the Year; eight cities benefited from charitable contributions and volunteers

Diversity and Inclusion

We work hard to create an inclusive, diverse, and equitable workplace for all employees globally. A workplace with diverse people and perspectives, where everyone feels equally valued, means that our employees bring their whole selves to work and use our collective experience to create better outcomes for clients.

Our commitment to diversity, equity, and inclusion (“DE&I”) starts from the top with our Diversity & Inclusion (“D&I”) Executive Committee led by our CEO, with membership consisting of the full Invesco executive team. Invesco leaders have annual performance goals that drive DE&I priorities. For this reason, in 2021, we took a number of steps to increase diversity in our workforce and leadership teams, actively welcoming unique backgrounds and perspectives with the belief that these enhance our ability to collaborate in teams, solve problems creatively, make prudent decisions, and progress innovatively as a cutting-edge investment firm operating in diverse and swiftly changing cultures across the globe.

Our strategy focuses on four main priorities that enable us to scale DE&I:

- Purpose & Priorities: Ensuring DE&I is a key part of who we are and how we operate
- Talent: Enhancing diversity and representation; focusing on recruitment and advancement of diverse colleagues.
- Belonging: Ensuring an inclusive culture where all colleagues feel safe and supported
- Client & Community: Moving our industry and our communities forward

We also expanded our inclusive hiring practices in 2021 by the following methods:

- Developing external partnerships, including those with PowerToFly™ (a global job board and networking community that fast-tracks economic equality by upskilling and connecting underrepresented talent to roles in highly visible sectors as well as a global networking hub and job board for LGBTQ+ professionals) and Evenbreak (a job board and network for the disabled)
- Tracking all candidate slates and interview panels for gender diversity in order to improve our performance in this area
- Offering an online course for employees involved in the hiring process called “Fostering Diversity of Thought Through Hiring Practices,” which emphasized the need to hire candidates with diverse perspectives and identified how unconscious biases may show up in the interviewing process

Other diversity and inclusion progress in 2021/2022 includes the following:

- 84% of our interview panels were gender diverse, while 57% of our candidate slates were gender diverse.
- Our annual inclusion survey showed an employee engagement score of 73%, in addition to 73% of employees expressing comfort in sharing differing opinions.
- Invesco received a 100% score on Human Rights Campaign’s Corporate Equality Index for the second year in a row.
- Invesco has partnered with Project Destined, a social impact education and investment platform that specializes in training under-served youth. Invesco first launched this program in the US and has expanded to Europe.

Project Destined

IRE has partnered with Project Destined, a social impact education and investment platform that specializes in training underserved youth. Following two successful programs for Invesco and Project Destined in the US, first in Dallas in autumn 2021 and in New York in spring 2022, Invesco is excited to support and be part of Project Destined’s European debut. Andy Rofe, Managing Director and Head of Europe at Invesco Real Estate said: “At Invesco, diversity and inclusion is a topic we don’t just want to talk about; we want to be at the forefront of making a difference in our industry. Working with Project Destined, we’re seeking to create a more diversified talent pool across both the real estate sector and within our own global business.”



Diversity and Inclusion (cont.)

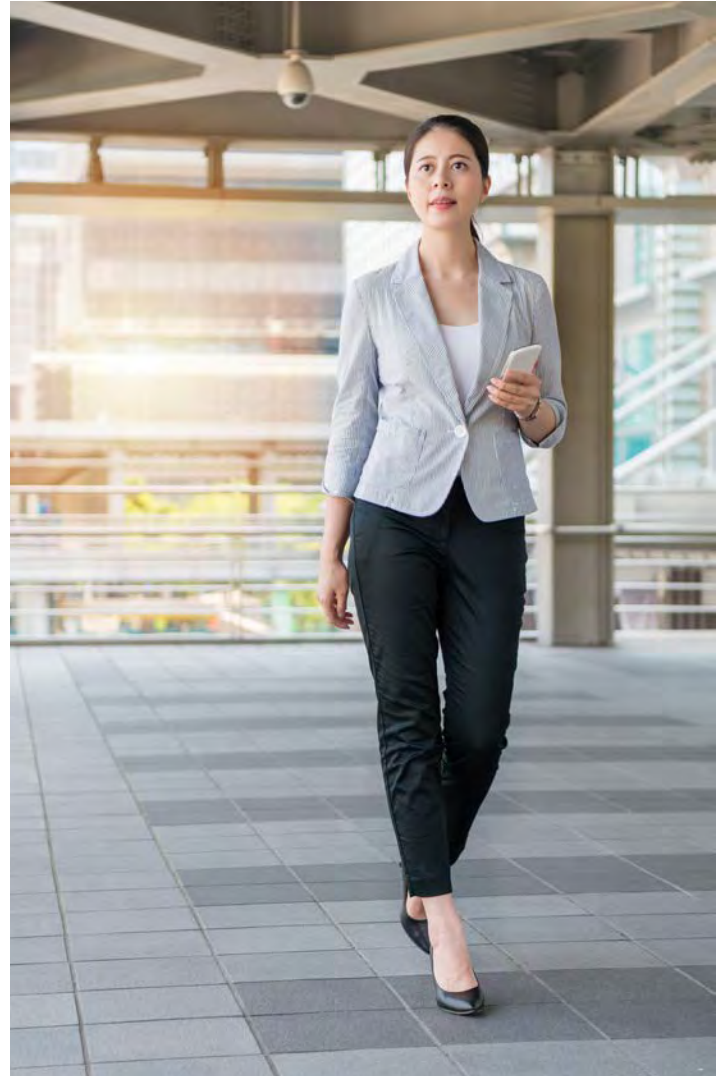
Invesco Women's Network

The Invesco Women's Network ("IWN") was founded in 2010 to create opportunities and forums for the development, networking, and engagement of Invesco women. IWN's goal is to improve the Firm's ability to attract, retain, develop, and advance women at all levels and across all functions of the organization to the benefit of our clients, employees, and shareholders. IWN remains our largest and most popular business resource group for women, now with 18 chapters worldwide.



Specific actions and achievements highlighting our commitment to diversity and inclusion in 2021 include the following:

- Meeting our goal to have 35% women in senior management positions by the end of 2022
- Increasing the diversity of the Invesco Board of Directors, which is now 36% diverse in terms of gender and race/ethnicity
- Introducing a voluntary self-ID campaign, #CountMeIn, to gather a more complete picture of our workforce demographics by asking employees to self-identify in terms of gender, sexual orientation, gender identity, race and ethnicity, veteran, neurodiversity, and caregiver status
- Participating in Asian and Pacific Islander ("API") Heritage Month through Invesco's Pan-Asian Professionals Network with the theme #TogetherWeRise, an effort to increase allyship for API communities
- Inviting Invesco women to share about the importance of celebrating women and speaking up against gender bias and inequity through the IWN
- Being recognized as Working Mother & Avtar's 100 Best Companies for Women in India
- Implementing activities and partnerships to change the racial and gender composition of our workforce and build the pipeline of diverse talent for the industry at large, such as the following:
 - Joining the Equity Collective, a multi-year collaboration between investment firms to develop the next generation of diverse leaders in the industry
 - Becoming a founding partner of the Association for Financial Professionals' ("AFP's") Diversity, Equity, and Inclusion ("DE&I") Awareness Initiative, designed to bolster awareness and encourage individuals in underrepresented communities to explore a career in corporate finance and treasury
 - Participating in the Diversity Project North America to accelerate progress toward an inclusive culture in the investment and savings industry
 - Providing two internships in 2021 in investments, real estate, and exchange-traded funds ("ETFs") through the 10,000 Black Interns program
 - Continuing our support of The Mom Project, a digital talent marketplace committed to helping women remain active in the workforce at every step of their parenting journey
 - Funding Investment2020, an organization focused on creating a more inclusive investment industry by encouraging investment management firms to hire for potential rather than academic purely background or experience



Health and Wellness

As the world has begun to open following the height of COVID-19, the safe reopening plans developed by our investment management teams, in collaboration with our external property teams, in 2020 have served us greatly, allowing for swift transition into post-pandemic living. These plans were location, building-type, and tenant-mix specific and addressed cleaning practices and frequency, ventilation rates and air filtration, building signage, and more. In addition, our WELL™ Building Standard and Fitwel® Standard aligned checklist, which was created for our US office assets, provided property teams with additional resources in the areas of improving air and water quality, humidity control, cleaning products and protocols, emergency preparedness plans, and tenant and occupant engagement.



Fitwel®
Viral Response
Certified

IRE has achieved the Fitwel Viral Response Module (“VRM”) certification at the entity level, which indicates that our policies and procedures around a safe and healthy reentry (per MW) into the workplace align with Fitwel and the Centers for Disease Control and Prevention (“CDC”) research.

With special attention given to the regional and local policies of the regions and cities in which we operate, we continue to prioritize the safety and health of our tenants and on-the-ground associates, staying abreast of new technologies, cleaning solutions, policies, and procedures that might benefit in the face of both seen and unforeseen circumstances.

Air Quality	Humidity Control	Water Quality	Cleaning Products
Cleaning Protocol	Emergency Preparedness Plans	Tenant Engagement	Occupant Engagement



Property Management Resources

IRE desires to enrich our tenants and customers' experiences as they work, play, and live in our buildings, and driven by that desire, we seek out opportunities to enhance those experiences.

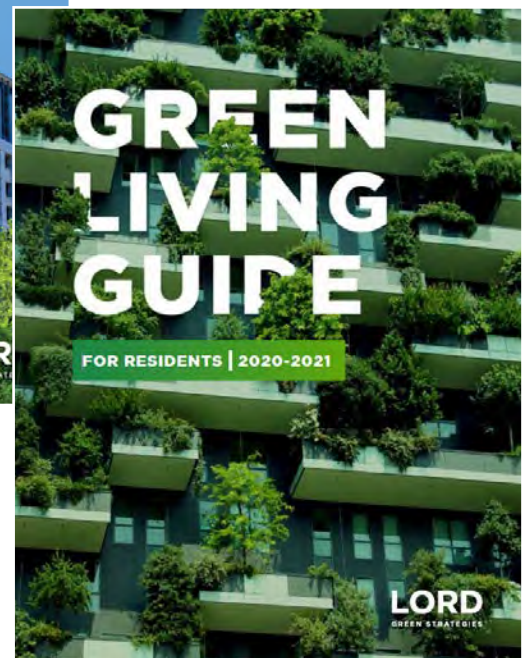
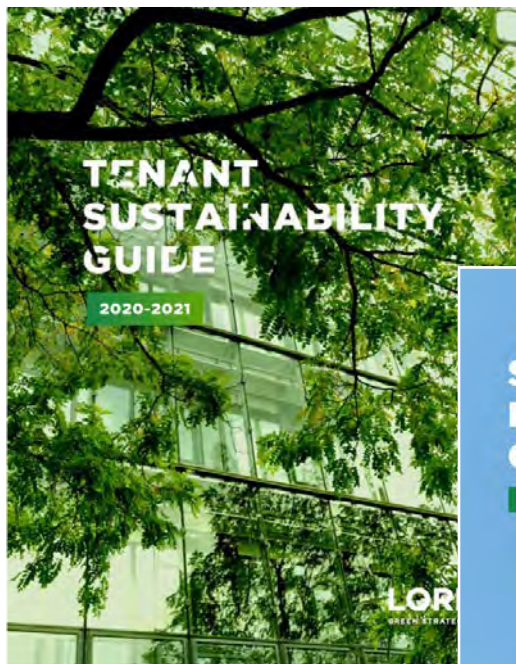
Our property managers play an integral part in the development, implementation, and success of each property's sustainability plan, which directly affects the health and happiness of our tenants and customers. Therefore, we provide the tools and resources necessary to educate property managers in environmental, social, governance, and resilience ("ESG+R") topics and foster the implementation of sustainable practices at our properties.

Furthermore, we have partnered with a third-party sustainability consultants, to provide us with strategic ESG+R training, consulting, and resources such as the Sustainability Reference Guide and Sustainability Checklists.

The Sustainability Reference Guides provided to the property teams contain information on the following topics:

- Energy efficiency
- Water conservation
- Waste management / recycling
- Tracking energy, water, and waste consumption
- Transportation
- Health and Wellness
- Resilience
- Indoor air quality ("IAQ") management
- Landscaping and roof and hardscape maintenance
- Purchasing and materials
- Cleaning and maintenance
- Pest control

Example Reports:



Case Study – US

PRC Bronx

Bronx, New York — United States

PRC Bronx is a 48-building portfolio in the Bronx neighborhood of New York City. With 1,904 units comprising a total of 2.3 million SF, the portfolio provides low-income housing to the community's vast working class. The largest New York City portfolio of its kind acquired in 2021, the portfolio remains a joint venture between IRE and Fairstead.

As of December 2021, plans to incorporate job training and offer resident financial literacy programs across the portfolio were already underway. In addition, in an effort to fund music programs for child and youth residents, Invesco has begun to strengthen the property's pre-existing relationship with Renaissance Youth Center, a local performing arts organization. PRC partnered with Renaissance Youth Center to hold an Earth Day event and is currently providing an after school program for children, as well as health and wellness programming. PRC has also focused on case management to help residents get emergency rental assistance.



2.3 Million SF

48-building portfolio with 1,904 low-income housing units, making PRC Bronx the largest portfolio of its kind in NYC in 2021.

Source: Invesco Real Estate, Q3 2022

Case Study – Europe

Spinelli and Flairwood

Mannheim — Germany

Situated in the Rhine-Neckar metropolitan area, this Mannheim development consists of two buildings, Spinelli and Flairwood, which together comprise approximately 5,000 m² including 45 apartments and 480 m² of commercially-dedicated space. Built with state-of-the-art wooded methods, the buildings were designed with a clear focus on sustainability and tenant well-being.

In terms of sustainability, the property stands out for its energy-efficient construction. During this stage of the process, the buildings' wood frames limited embodied carbon, and a rooftop photovoltaic system was installed to help further reduce carbon emissions. Moreover, to avoid breaking new ground and emitting unnecessary carbon, the Spinelli building, having once served as a US army base, was revitalized rather than torn down.

An equal emphasis on tenant well-being is evident in the affordable housing units, which comprise close to 50% of the entire property. Additionally, the buildings promote social diversity due to their multi-generational composition and, furthermore, boast socially minded utilities such as bicycle facilities, which serve as a more sustainable mode of transportation.

Through these combined efforts, in 2021, the property achieved the highest German energy efficiency standard, KfW-40, for superior energy performance.



Received Germany's highest energy-efficiency award, KfW-40

KFW

Any reference to a ranking, a rating or an award provides no guarantee for future performance results and is not constant over time.

Governance



Regulations

Managing a global portfolio of assets, IRE recognizes that both national and regional governments have implemented regulations that are specific to the real estate sector. While regulations may differ from one region to the next, the ultimate objective is to support transparency in the industry as well as improvement of asset level performance. IRE works closely with advisors to ensure that assets meet regulatory requirements and investment teams are provided with oversight of the regulations that may impact real estate. Considering the current regulatory landscape regulations fall into three categories: measurement and disclosure, performance improvement, and emissions caps, taxes, and fines.

Measurement and Disclosure:

Increasingly, jurisdictions across the globe are implementing regulations around the mandatory reporting of whole-building energy, water, and/or waste consumption. Reports are made annually using various tracking and monitoring tools depending on the region, such as ENERGY STAR® Portfolio Manager® in the U.S. Metrics are then consolidated and displayed publicly in order to encourage building stakeholders to progress towards the applicable laws, regulations, and goals regarding conservation. In the U.S. alone, more than 40 cities and 5 states have passed energy-reporting laws, with many large cities (New York, Chicago, and others) raising reporting standards by requiring buildings to also post their energy efficiency rating (A being the most efficient score). In addition to asset level disclosure, we see in some jurisdictions applicable to buildings, we recognize that our clients are increasingly required to disclose ESG data as well. IRE's data collection capabilities support our clients in meeting their regulatory requirements as well as our own asset level disclosure requirements.

Specific to IRE's European portfolio, in 2018, the European Commission launched its sustainable finance action plan to create a European Sustainability Taxonomy; to require mandatory disclosure relating to ESG factors; and to create low carbon and positive carbon impact benchmarks. Part of this plan is the creation of the Sustainable Finance Disclosure Regulation ("SFDR") with the goal to provide greater transparency on the degree of sustainability of financial products. At IRE, several strategies that are European domiciled and impacted by SFDR have classified as Article 8 under the regulatory requirements as products that promote an environmental or social characteristics.

Performance Requirements:

Regions are likewise establishing requirements regarding energy, water, and waste audits, systems upgrades, retro-commissioning, and other reduction practices for commercial buildings every five to 10 years. Integrated into these requirements are often building exemptions for those that have exemplified substantial progress, been awarded Green Building Certifications ("GBCs"), or have implemented energy conservation measures. In Europe, certain jurisdictions require that buildings achieve European energy performance certificates ("EU EPCs") above a certain efficiency level in order to sell or lease a property.

Emissions Caps, Taxes, and Fines:

As more cities set emissions reduction goals, many are beginning to impose specific emissions caps on buildings, threatening to fine those that surpass them. New York City's Climate Mobilization Act is one major-city example, demonstrating the most ambitious climate change program in the U.S. Under the laws therein, even the city's "greenest" buildings have been fined in an attempt to reduce commercial buildings' overwhelming contribution (67%) to the city's carbon footprint. Countries in the European Union has also taken bold measures to combat climate change. In 2021, all member countries committed to do their part at the state and local levels to cut 1990-reported GHG emission levels by 55% by 2030.

Invesco's Approach:

IRE is focused on proactively improving building performance and reducing their carbon footprint through pursuing energy conservation measures and evaluating renewable energy strategies. An industry-wide challenge continues to be the difficulty in obtaining tenant utility consumption in order to benchmark our buildings. Invesco continues to collaborate with stakeholders such as utility companies, tenants, and property teams in order to increase the data coverage of the emissions across our portfolio.

Anti-bribery and Code of Conduct

Invesco ardently strives to maintain the most ethical of business practices, which, we believe, our stakeholders are owed. Thus, Invesco and those working on our behalf must not offer, request, receive, give, accept, or agree to accept bribes to or from anyone, in the private or public sector, intending to reward or induce improper performance of duties. It is our prime concern that any activity by or on behalf of Invesco complies with laws that criminalize the act of promising or giving anything of value to a foreign official or political party in order to obtain or keep any improper advantage. Many of the countries in which Invesco operates prohibit the improper influencing of government officials or other businesspersons by the payment, giving, or offering of bribes, gifts, political contributions, lavish hospitality, or through other means.

Key Memberships and Commitments

Invesco has made commitments to the below environmental, social, governance, and resilience (“ESG+R”) leadership standards:

Principles for Responsible Investment (“PRI”) Investor Signatory	Task Force for Climate-related Financial Disclosures (“TCFD”)	Carbon Disclosure Project (“CDP™”)	Council of Institutional Investors (“CII®”)	Sustainability Accounting Standards Board (“SASB”)
Farm Animal Investment Risk and Return Initiative (“FAIRR”)	Investor Forum UK	UK Stewardship Code Tier 1	Quoted Companies Alliance (“QCA”)	UK Sustainable Investment and Finance Association (“UKSIF”)
Investment Association UK	Asian Corporate Governance Association (“ACGA”)	Responsible Investment Association (“RIA”) (Canada)	Global Real Estate Sustainability Benchmark (“GRESB®”)	Japanese Stewardship Code
Coalition for Climate Resilient Investment (“CCRI”)	Climate Action 100+	Institutional Investors Group on Climate Change (“IIGCC”)	Asia Investor Group on Climate Change (“AIGCC”)	Corporate Responsibility Interface Center (“CRIC”) DACH countries — Germany (D), Austria (A), and Switzerland (CH)
Financial Services Council	Financial Reporting Council	Audit Quality Review Committee	Company Reporting and Auditing Group	Deep Data Delivery Standards
Net Zero Asset Managers Initiative (“NZAMI”)				



Resilience





TCFD Overview

The Task Force on Climate-related Financial Disclosures (“TCFD”) acts as an extensive environmental, social, governance, and resilience (“ESG+R”) framework that guides our Firm’s sustainability strategy and climate change approach, not only at the corporate level but also across our portfolio. The TCFD framework of climate-related financial risk disclosures is particularly crucial in our corporate engagement.

Created in 2015 by the Financial Stability Board (“FSB”), the TCFD provides consistent climate-related financial risk disclosures for use by banks, companies, and investors to provide information to stakeholders.

Invesco became a supporter of TCFD in March 2019, and we published our first Climate Change Report in line with the TCFD framework in 2020. In accordance with the TCFD, our climate change approach is built on the four pillars of Governance, Strategy, Risk Management, and Disclosure.

The TCFD has identified two types of risks:

Physical Risk

This includes both shock and chronic risks to the physical asset caused by a changing climate. Shock events are individual catastrophic events such as severe hurricanes, flooding, and wildfires. Chronic long-term risks include sea-level rise, increased number of extreme heat days, and reduction in water supply.

Transition Risk

Risks associated with the transition to a low carbon economy will impact assets through policies, regulations, technology advancement, and public perception of a firm.

Physical Risk - Resilience

Climate risk information needs to be considered with any decision making. IRE’s Climate Risk Dashboard is designed to deliver timely and reliable information to identify and mitigate, or completely avoid, potential climate risk exposure. This will ultimately help us better preserve and grow capital and deliver potentially stronger returns for our clients.

Climate risk refers to multiple, interacting risks that can compound and cascade, making it difficult to estimate. Measuring climate risk requires quantifying both the likelihood and consequences of climate change in a particular location.

To understand the exposure of IRE’s global property portfolio to climate change, we use a Climate Risk Dashboard, designed by our in-house Strategic Analytics Team, which links directly to Moody’s ESG Solutions database and allows users to instantly identify the climate risk exposure of each property address. The dashboard displays the risks pertaining to our portfolio assets and summarizes and filters risks by portfolio, using maps and charts to highlight key information.

Moody’s ESG Solutions tool provides consistent and robust scoring across countries, regions and sectors. In our view it is a leading provider of physical climate and environmental risk analysis with a climate risk application well-suited to IRE. The tool can evaluate the climate risk across our entire global direct real estate holdings of more than 500 commercial assets.

Moody’s methodology is deeply data driven and leverages large public and private databases to generate more than 25 underlying risk indicators, each linked to known business consequences of climate change. Scoring is forward looking and focuses on thresholds near the tail end of the risk distribution because such events are the most likely sources of disruption and damage – especially as extreme events grow in severity and/or frequency. High-level risk indicators include exposure to floods, heat stress, hurricanes and typhoons, sea level rise, water stress, wildfires, and Earthquakes.

Risk scores in the tool are standardized (ranging from 0 to 100) and globally comparable. The assigned risk levels (none, low, medium, high, red flag) aid interpretability. Subcategory metrics are also available, such as the expected flood return period (i.e., flood frequency in years), rainfall intensity and inundation level from a 1-in-100-year flood.

The model allows users to generate location-specific climate risk scorecards which are detailed and valuable, but optimizing their use at IRE required building additional tools to better visualize and disseminate the data. Therefore, to leverage the information for better investment and investment management decision making, we democratized our climate risk process – in particular streamlining the delivery of information to teams involved in the appraisal of asset acquisitions (transaction teams) and those managing existing assets and portfolios (investment and fund managers).

For more information on managing climate risk and our Climate Risk Dashboard, we would be happy to share our latest white paper with you on this topic: “Managing climate risk – a 21st century approach for commercial real estate investors”. Please speak to your IRE representative.

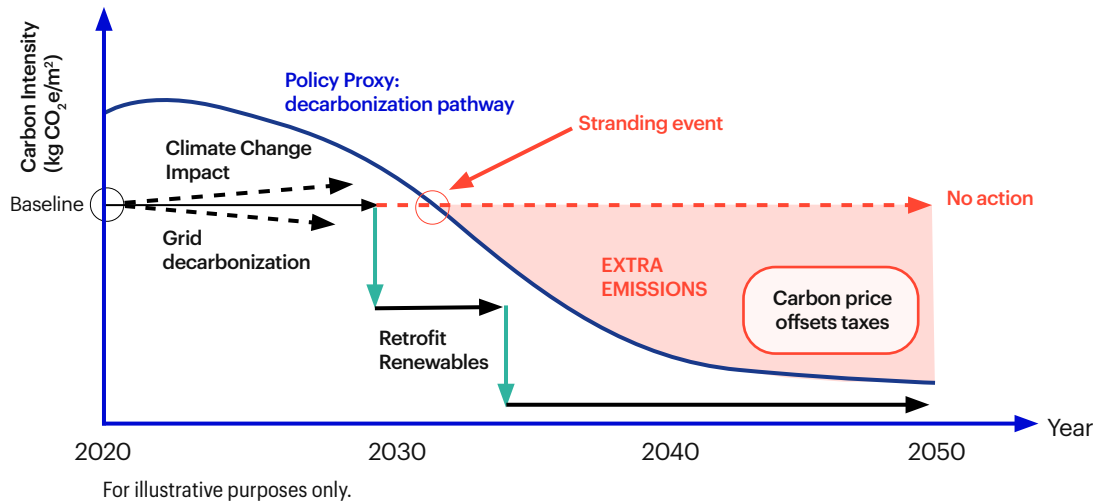
Asset Level Strategies

CHRONIC RISK	SEA LEVEL RISE	HEAT STRESS	WATER STRESS
RESULT	Long-term loss of property value, building damage, and water damage when tidal zones reach property Paris Accord to limit warming by two degrees Celsius above pre-industrial levels	Increased utility costs; damages due to blackouts/brownouts	Increased utility costs; water use restrictions climate initiatives: The Climate Action 100+, The Institutional Investors Group on Climate Change (“IIGCC”), and The World Economic Forum’s Climate Change Resilient Infrastructure initiative
PROPERTY MITIGANTS	Flood-proof basement and first level of building Move any major mechanical equipment from first floor to higher elevation	Install high-efficiency equipment; implement mechanical systems maintenance plan Install backup generator or battery storage on-site	Install low-flow plumbing fixtures Implement leak detection plan Replace traditional landscaping with native plants or xeriscape
REGIONAL MITIGANTS	Physical barriers such as levees and sea walls Building code requiring minimum first-floor elevation	Utility demand response and management programs Building code energy efficiency standards	City and utility water use requirements Building code water efficiency standards
SHOCK EVENT	HURRICANE	FLOOD	WILDFIRE
RESULT	Building damage, water damage	Water damage	Building damage
PROPERTY MITIGANTS	Building facade and foundation updates to meet current storm codes Emergency management plans	Flood-proof basement and first level of building Move any major mechanical equipment from first floor to higher elevation Implement stormwater control program	Implement landscape management plan to remove debris from site and remove low-hanging shrubs and branches Implement emergency management program and communicate with regional authorities and tenants
REGIONAL MITIGANTS	Regional emergency preparedness and communication plans Building code updates	Physical barriers such as floodways Building code requiring minimum first-floor elevation	Controlled fires to reduce potential for large-scale wildfire Building code updates

Transition Risk - Decarbonization

Resilience is a key part of our responsible investment approach. Invesco is dedicated to the integration of resilience throughout the investment management process and evaluating related risks and opportunities at the portfolio and asset level. To do so, we have utilized the Carbon Risk Real Estate Monitor (“CRREM”) which is a European-funded scheme to decarbonize the real estate sector. CRREM is a tool that allows users to assess risk based on energy use and carbon emissions data. CRREM aims to encourage energy efficiency. It was initially designed for EU commercial properties but the model has evolved to include residential and non-EU assets.

Decarbonization Pathways to Avoid Stranding



Select strategies in scope for Net Zero will use the CRREM model as a reference for alignment with the target. With consultant support, we will determine appropriate strategy- and asset-level action plans to align with a 1.5 degree pathway. Invesco US Decarbonization program compares the carbon emissions of buildings to emissions thresholds based on CRREM) global pathways or thresholds set by city, county, and/or state ordinances for select strategies. The program identifies buildings at risk where the current emissions intensity is over the threshold, also termed “stranded,” and then evaluates reasons for stranding and potential implementation measures to reduce energy and emissions. We define stranded assets as properties that are above the emissions intensity threshold based on 1.5°C target pathways. Asset-level emissions performance are aggregated to a portfolio level to evaluate emission reduction performance.

The Decarbonization program aims to identify at-risk assets and their associated carbon costs to plan appropriately and strategically for the future. Identifying such assets allows us to pinpoint areas of opportunity for emissions reduction projects, reduce transition risks into the future, and measure progress in achieving climate-related goals and targets.*

*For select strategies only



Majestar City Tower, an Invesco property located in Asia that produces solar energy on-site and is consumed on-site by the landlord.

Case Study – US

L&M

Manhattan, New York — United States

Totalling 2.2 million SF, L&M is a group of five multi-family assets of low-income housing located in Manhattan. In partnership with the New York City Department of Housing Preservation and Development (“HPD”) and New York State Homes and Community Renewal (“HCR”), L&M will secure long-term tenant protections, allowing L+M Development Partners and Invesco Real Estate (“IRE” or “the Firm”) to return more than 1,800 units in Manhattan to long-term regulation. To return the units to affordability, L+M and Invesco intend to work with HPD to enact a regulatory agreement to protect residents living in the East and Central Harlem properties and work with HCR to do the same for Roosevelt Landing, which is governed under state authority.

The five properties were built between 1975 and 1980 and include River Crossing, the Heritage, the Miles and the Parker in East and Central Harlem, and Roosevelt Landings on Roosevelt Island. The joint venture is working to make social impact investments in affordable and workforce housing assets primarily in the New York City metropolitan area through the L+M Workforce Housing Fund. This deal sends a strong message about how government and committed private sector partners can make a real impact in addressing the need for high-quality workforce housing in New York City.

Located in New York City, this property is subjected to New York City’s upcoming Local Law 97. Under this groundbreaking law, most buildings over 25,000 SF will be required to meet new energy efficiency and greenhouse gas (“GHG”) emissions limits by 2024, with stricter limits coming into effect in 2030. The goal is to reduce the emissions produced by the city’s largest buildings 40% by 2030 and 80% by 2050.

Capital improvements made on the properties include the following:

- Urban farm and composting initiative
- Green infrastructure (such as green roofs, stormwater mitigation, etc.)
- Façade and window upgrades
- Domestic hot water electrification
- Central controls and ventilation upgrades
- Submetering
- Co-generation



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