
Invesco Artificial Intelligence Enablers UCITS ETF (the “Fund”)

Sustainability-related disclosures

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Summary

The Fund's objective is to achieve the net total return performance of the S&P Kensho Global Artificial Intelligence Enablers Screened Index (the "Reference Index"), less fees, expenses and transaction costs. In order to achieve the investment objective, the Fund will as far as possible and practicable, replicate the Index by holding all the securities in the Index in a similar proportion to their respective weightings in the Index.

This Fund promotes environmental and/or social characteristics but does not have as its objective sustainable investment. The Fund does not intend to make sustainable investments. The environmental and/or social characteristics promoted by the Fund are investments that respect international norms and standards (i.e. fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption) through the exclusion of companies involved in controversies and those deemed non-compliant with the UNGP, and through additional exclusion criteria to also ensure that exposure to environmentally and socially damaging business activities is limited. The Fund achieves this by tracking the Reference Index, which has a methodology that is consistent with attaining the environmental and social characteristics promoted by the Fund.

Through the exclusion criteria detailed in the methodology of the Reference Index, it is ensured that Investee companies follow good governance practices.

A minimum of 90% of the Fund's NAV will be selected according to the binding elements of the investment strategy. Up to 10% of the Fund's NAV may not be aligned with the environmental and/or social characteristics of the Fund, this portion of the Fund may be invested in financial derivative instruments for hedging and/or efficient portfolio management purposes and cash for ancillary liquidity purposes.

The Manager monitors the tracking error of the Fund on an ongoing basis. The Manager also monitors and measures the Fund's performance on other metrics, using indicators such as the Fund's ESG Score and exclusion criteria, by aggregating data from the index provider, and third-party data providers. The Manager compares against the same indicators for the Reference Index to measure the attainment of the environmental and/or social characteristics promoted by the Fund. The Manager also monitors the degree to which the ESG characteristics of the Fund are an improvement over those of a relevant comparable broad market index.

In order to assess the quality of the index provider's data, the Manager carries out due diligence on the index provider prior to fund launch and on an ongoing, periodic basis. The Manager may also utilise data from other third-party data providers for comparison purposes, allowing the Manager to identify and challenge any inconsistencies. The Manager does not estimate any of the data or use any estimated data from third party data providers.

There are limitations to the data and methodologies used to measure the attainment of the environmental and social characteristics, e.g., there may be insufficient data coverage by the index provider and third-party data providers, or there may be errors in the data from third party data providers, including index constituent data disseminated by the index provider. However, such limitations are not expected to have any material impact on the Fund's overall ability to attain the environmental and/or social characteristics which are met by tracking the Reference Index.

Invesco's engagement policy can be accessed [here](#).

Please refer to the index provider's website for input data, the methodologies used to select those data, the rebalancing methodologies and how the Reference Index is calculated: <https://www.spglobal.com>.

No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment. The Fund does not intend to make sustainable investments.

Environmental or social characteristics of the financial product

The environmental and social characteristics promoted by the Fund are investments that respect international norms and standards (i.e. fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption) through the exclusion of companies involved in controversies and those deemed non-compliant with the UNGP, and through additional exclusion criteria to also ensure that exposure to environmentally and socially damaging business activities is limited.

The Fund achieves this by tracking the Reference Index, which has a methodology that is consistent with attaining the environmental and social characteristics promoted by the Fund.

Investment strategy

The Fund's objective is to achieve the net total return performance of the Reference Index, less fees, expenses and transaction costs. In order to achieve the investment objective, the Fund will as far as possible and practicable, replicate the Index by holding all the securities in the Index in a similar proportion to their respective weightings in the Index.

The methodology of the Reference Index applies exclusion criteria to exclude securities that: 1) are involved (as defined by the Index Provider) in the following business activities: tobacco, controversial weapons, oil sands, small arms, military contracting and thermal coal; 2) are classified as Non-Compliant according to the United Nations Global Compact (UNGC) principles; 3) have an ESG score (as defined by the Index Provider) which falls in the bottom 10% (i.e. the worst performers in terms of ESG score) of the S&P Global BMI Index, which is a broad global equity universe; and 4) are not covered by the ESG data solution used by the Index Provider.

The index methodology of the Reference Index includes good governance criteria whereby companies are assessed against indicators such as sound management structures, employee relations, remuneration of staff and tax compliance. Companies that are deemed not to meet good governance practices according to the methodology of the Reference Index will be excluded.

Proportion of investments

A minimum of 90% of the Fund's NAV will be selected according to the binding elements of the investment strategy, on the basis that they align with the environmental and social characteristics of the Fund.

Up to 10% of the Fund's NAV will be invested in financial derivative instruments for hedging and/or efficient portfolio management purposes and cash for ancillary liquidity purposes. These instruments will not be aligned with the environmental and social characteristics of the Fund.

Monitoring of environmental or social characteristics

As the Fund achieves the environmental and/or social characteristics by tracking the Reference Index, the Manager will monitor the Fund's ability to track the Reference Index in line with the investment strategy of the Fund. The Manager monitors the tracking error of the Fund (being the standard deviation of the difference in returns between the Fund and the Reference Index) throughout the lifecycle of the Fund to ensure that it is within the limits as set out in the Supplement.

The Manager also monitors the following indicators on a monthly basis:

- the Fund's ESG score
- the Fund's ESG rating
- the carbon intensity of the Fund
- the Fund's exclusion criteria

Methodologies for environmental or social characteristics

The Manager aggregates data from the index provider, and third-party data providers such as Sustainalytics and MSCI in order to monitor the indicators and measure the fund's attainment of the environmental and/or social characteristics. The Manager compares the indicators against the same indicators for the Reference Index tracked by the fund to ensure consistency.

Data sources and processing

As the Fund is passively-managed, the Fund attains the environmental and/or social characteristics by tracking the Reference Index. The Manager uses index composition data as disseminated by the index provider to implement the investment strategy. In order to assess the quality of the index provider's data, due diligence is carried out on the index providers prior to fund launch and periodically thereafter and the Manager ensures the index provider is a Benchmark Administrator on the ESMA register that is maintained in accordance with Article 36 of the Benchmark Regulation, or is in the process of applying for inclusion on the ESMA Register or approved by endorsement or recognition by a Member State competent authority. The Manager also uses data sourced from other third parties (e.g. Sustainalytics and MSCI) for comparison purposes in order to identify and challenge any potential inconsistencies. The Manager does not estimate any of the data or use any estimated data from third party data providers.

Limitations to methodologies and data

Methodologies

There may be insufficient data coverage by third party data providers for certain issuers. In such circumstances, the ability of the Manager to perform monitoring and measurement of the environmental and/or social characteristics may be impaired.

The Manager will monitor the attainment of the environmental and/or social characteristics by the Fund (as described under the section 'Monitoring of environmental or social characteristics'), however, the Manager does not independently verify an issuer's eligibility for inclusion in the Reference Index and is reliant on the data, research and expertise of the index provider to select the issuers in accordance with the methodology of the Reference Index. The index provider is subject to initial and ongoing due diligence checks by the Manager to verify their skill and expertise (please refer to the section titled 'Due Diligence').

These limitations do not impact on the Fund's ability to achieve its objective of tracking the Reference Index as the Fund utilises the index composition data disseminated by the index provider to attain the environmental and/or social characteristics that it promotes.

Derivatives and cash

Currently the Investment Manager does not apply any minimum environmental or social safeguards to financial derivative instruments for hedging and/or efficient portfolio management purposes and cash for ancillary liquidity.

Data

To meet the stated investment objective and policy of the Fund, the Company, the Manager and/or the Investment Manager (together "Invesco") may rely on financial, economic, environmental and other data made available by companies, index providers, governmental agencies, rating agencies, exchanges, professional services firms, central banks or other third-party providers (the "external data providers").

The Fund passively replicates the Reference Index and the primary source of third-party data is the index composition as disseminated by the index provider. Invesco may also use third-party data from other sources besides an index provider.

Invesco ensures that each index provider is a Benchmark Administrator on the ESMA register that is maintained in accordance with Article 36 of the Benchmark Regulation, or is in the process of applying for inclusion on the ESMA Register or approved by endorsement or recognition by a Member State competent authority.

Invesco performs due diligence on index providers and has internal controls to monitor constituent data (please refer to the sections "Data sources and processing" and "Due diligence"), however Invesco may not in all cases be able to verify the integrity of third party data used in the index construction. In placing reliance on external data providers there may be risks associated with errors in third party data. Such errors may be undetectable by either Invesco or the index provider and can result in holdings weightings that are inconsistent with the stated methodology of the index and/or the investment objective and/or policy of the fund. The Funds could incur unexpected costs as a result such errors, for which losses Invesco and external data providers, acting in good faith, will not be held liable.

Where errors in third party data are identified, as the investment objective of the Fund is to track the index, the Fund may continue to hold investments that are inconsistent with the stated investment policy, or environmental and/or social characteristics or sustainable investments of the Fund, until such time that the data is corrected or, where the error has impacted the composition of the Reference Index, until the index provider rebalances the Reference Index. This applies to ESG data which may not only impact the Fund's holdings but also the reporting done by the Investment Manager on the Fund's ESG characteristics as required under relevant regulation.

Due diligence

Invesco carries out due diligence on index providers and ensures that each index provider is included on the ESMA register that is maintained in accordance with Article 36 of the Benchmark Regulation, or is in the process of applying for inclusion on the ESMA Register or approved by endorsement or recognition by a Member State competent authority.

Prior to launching a new ETF, the investment manager carries out due diligence on the Reference Index by assessing the index methodology to determine whether it will achieve the desired investment outcome and environmental and/or social characteristics promoted by the Fund. This includes, but is not limited to, analysis of the investment universe of potential securities (and in particular the degree of coverage by third-party ESG data providers), the exclusionary criteria applied (e.g., business involvements, controversies, UNGC alignment, minimum ESG scores), the security weighting methodology, the overall improvement achieved in the ESG and climate characteristics of the benchmark relative to an unadjusted benchmark, and the degree of tracking between the index and the unadjusted benchmark.

Engagement policies

At Invesco, we take our responsibility to act as active owners very seriously and see engagement as an opportunity to encourage corporate improvement and positive change of our investee companies and entities. Engagement with companies and proxy voting play a fundamental role in our efforts to help manage, protect, and enhance the value of our clients' investments. Invesco's approach to engagement in investment team-led and investments teams may partner with the Global ESG Team on dialogue with issuers. Invesco's engagement policy can be accessed here – '[Stewardship Report](#)'.

Designated reference benchmark

An index has been designated as a reference benchmark to meet the environmental and/or social characteristics promoted by the Fund.

The Reference Index has been selected on the basis that it aligns with the environmental and/or social characteristics promoted by the Fund, which are to ensure that the issuers that it has exposure to are not involved in controversial and environmentally damaging business activities. The Reference Index is rebalanced on a quarterly basis to ensure continual alignment.

For information on the input data, the methodologies used to select those data, the rebalancing methodologies and how the reference index is calculated, please refer to the index provider's website: <https://www.spglobal.com>.

Version	Date	Details of change
1.0	1 October 2024	Creation of the document