

2023

Stewardship Report



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Our Approach to Stewardship

Investment led and client centric



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1.1 Our Commitment to Stewardship

At Invesco we seek to drive sustainable profitable growth by delivering capabilities that build enduring partnerships and create better outcomes for our clients.

Our approach to stewardship is about more than just managing assets: it's about being a responsible guardian of our clients' assets, making strategic decisions to achieve our clients' desired outcomes, and creating long-term value for our clients. As such, we are committed to active engagement, continued learning, and evolving our product offering to better manage our clients' assets.

In this Stewardship Report, we highlight our achievements in 2023, reasserting our commitment to global stewardship and explaining how our efforts reinforce this fundamental mission. As we continue on our path, we, at Invesco, remain steadfast in our promise to prioritize stewardship, always mindful of our fiduciary duty to our clients.



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At Invesco, our ambition in sustainable investing is to be the preferred Environment, Social and Governance (ESG) investing partner for our clients. For many of our clients, long-term value creation and effective risk mitigation are fundamental to achieving their investment goals. Our commitment to stewardship is a key element of our ambition to be the most client-centric asset manager. Consideration of ESG factors is a component of stewardship and our ESG approach is investment-led and client-centric. And at the heart of our approach is a dedicated Global ESG team, who guides, supports and informs our work in this area.



ESG Integration

Focus on sustainable value creation and effective risk mitigation

We integrate financially material considerations in our investment capabilities, where appropriate, taking into account critical factors that we believe help us deliver strong outcomes to clients.

As investors in global equities, corporate and sovereign fixed income instruments, as well as real estate and multi-asset strategies, we recognise the differences between asset classes and geographies. We apply ESG principles in a variety of ways, depending on the asset class, strategy and our clients' demands.

Our Global ESG team provides support and analysis, while our investment managers maintain discretion on portfolio decisions.



Active Ownership

Exercising our rights and responsibilities as stewards of capital

We exercise our rights and responsibilities as stewards of capital. We engage with issuers in a constructive manner and use our expertise to cast voting decisions in our clients' best interests.



Innovation and Data

Growing together, supporting our capabilities

We believe having quality data on ESG factors is critical for effective investment analysis. We are enhancing our ESG data and analytics capabilities by building out and updating our proprietary tools, including ESGintel, PROXYintel and ESGCentral. These tools assist with research, portfolio reviews, portfolio optimisation, engagement, and proxy voting.

For more information, please see pages 10 and 11.



Client Partnerships

Meeting our clients where they are

Invesco has a client-centric ESG approach focused on customising solutions to client needs and objectives. We provide a range of ESG-focused capabilities that enable clients to express their values through investing. Some of our clients ask us to impose ESG investment guidelines and restrictions on their portfolios. We therefore offer a suite of portfolio solutions to ESG-minded clients who wish to pursue ESG goals.



Industry Engagement

Enabling better ESG conversations

Invesco participates in relevant industry initiatives to promote the continued improvement of functioning financial markets. We are involved in many industry bodies, including Principles for Responsible Investment (PRI), the Net Zero Asset Managers initiative (NZAM), the Global Real Estate Sustainability Benchmark (GRESB), and the Task Force on Climate-related Financial Disclosures (TCFD). We engage policymakers on the latest ESG regulations and develop academic partnerships with the University of Cambridge and Tsinghua University.

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2.1 Our Investment Capabilities and Global Support Infrastructure

Invesco's teams support the effective stewardship of our clients' assets. Our governance process remains adaptable through the formation and disaggregation of our working groups, allowing Invesco to concentrate on evolving stewardship priorities.



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Invesco takes a comprehensive approach to considering market-wide and systemic risks. Our risk management framework is designed to identify, assess, monitor, and manage these risks effectively.

Case Study – Environmental and Climate Risks Management in Hong Kong and Singapore

Having a holistic approach that addresses environmental and climate investment risks is essential to our commitment to client-centric asset management. Hong Kong and Singapore have seen regulatory developments relating to asset managers’ environmental and climate risk management. [Invesco Hong Kong Limited and Invesco Asset Management Singapore Ltd](#) address this through an Environmental Risk Management Policy that includes:

- **Governance:** Entity-level board and senior management oversight and leadership on environmental and climate-related risks.
- **Investment Strategy:** Integrating environmental risks and, more specifically, climate risks, as part of the investment process, particularly when the risk is material.
- **Risk Management:** A comprehensive risk management framework that includes risk monitoring, portfolio review, and escalation supported by data and technology tools.
- **Disclosures:** Transparency in the reporting and disclosures of our approach to environmental and climate risk management.

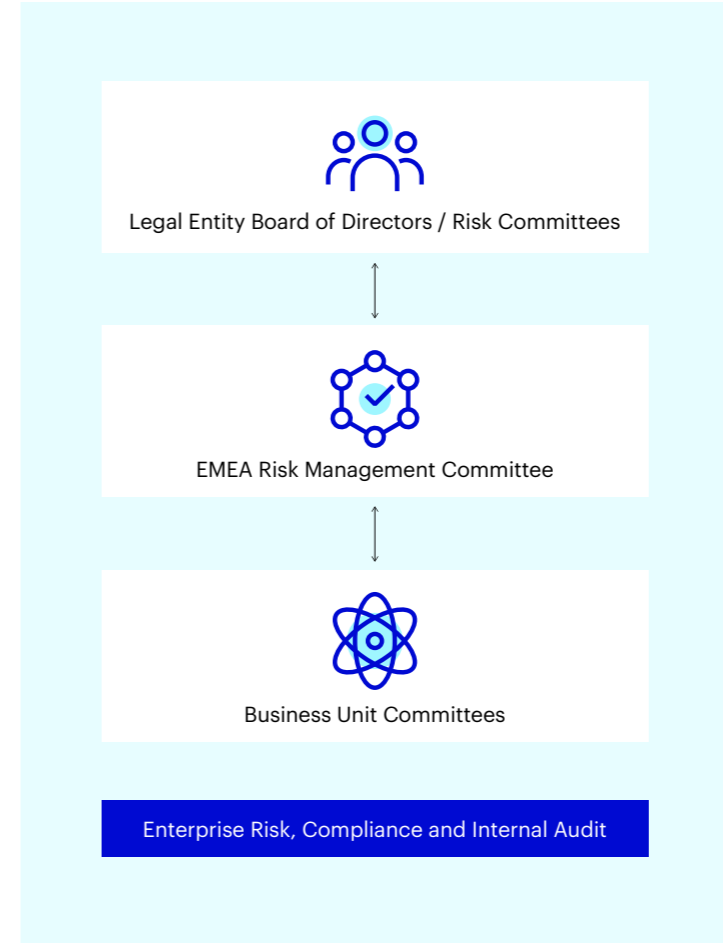
Our Risk Management Framework

We are committed to continually strengthening and evolving our risk management activities to ensure they keep pace with business change and client expectations. We believe a key factor in our ability to manage through challenging market conditions and significant business change is our integrated and global approach to risk management. This risk management framework enables our investments to be aligned accordingly, given the market-wide risks we identify.

The Executive Management team is responsible for establishing our culture and creating awareness that risk management is everyone’s responsibility. As such, Executive Management, with oversight of the Board of Directors, is responsible for establishing and maintaining our Enterprise Risk Management Framework (ERMF), and for ensuring that risk management is embedded in our day-to-day decision making, as well as our strategic planning process.

Our ERMF supports our focus on key risks in all areas of our business, including strategy and governance, investments, clients, people, operations, and financial risk, and enables consistent and meaningful risk dialogue across Invesco.

In the UK, primary responsibility for executive oversight of the ERMF at Invesco sits with the EMEA Risk Management Committee (EMEA RMC) and legal entity risk committees have been established as required. These committees report directly into legal entity board of directors on applicable ERMF matters. In addition, a network of regional, business unit and specific risk management committees, provide ongoing identification, assessment, management and monitoring of risk to ensure both broad and in-depth, multi-layered coverage of the risks existing and emerging in the various domains of our business. The Control functions (Enterprise Risk, Compliance and Internal Audit) are responsible for the oversight, monitoring and assurance of Invesco’s risks and controls.



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Invesco has implemented a governance structure and resources, that we believe enable oversight and accountability for effective stewardship.

1. Invesco's investment centre leaders drive the strategy and governance of our internal programmes. They provide oversight to our specialised investment teams and offer a balance of global expertise, support, and connectivity. In this way, the investment centre leaders can help provide better outcomes for clients, with greater consistency over the long term.
2. Our Global ESG Team and Proxy and Governance Team act as a centre of excellence, responsible for leveraging best practices in ESG capabilities across Invesco. The teams are organised across five pillars: Client, Research, Analytics, Operations and Proxy. Located across the three regions of North America, APAC and EMEA, the Global ESG team provides support and analysis, while investment teams maintain discretion on portfolio decisions.
3. The ESG Steering Committee, comprised of representatives designated by our investment centre leaders and representatives from other groups, specifically focuses on ESG investment related issues, such as legal, marketing and compliance. The incorporation of ESG considerations is determined by investment teams on a team-by-team basis. The group enables collaboration on ESG matters across investment teams globally. For example, in 2023, the ESG Research Data Committee continued to support the implementation of an approach that considers PAIs (Principle Adverse Impacts) in order to fulfil EU Sustainable Finance Disclosure Regulation (SFDR) requirements.
4. The Global Invesco Proxy Advisory Committee (Global IPAC) is an investments-driven committee comprised of representatives from various investment management teams globally and is chaired by its Director of Proxy Voting and Governance. Invesco's Global Head of ESG and representatives from Invesco's Legal, Compliance, Risk and Government Affairs departments may also participate in Global IPAC meetings. The Global IPAC is responsible for overseeing the proxy voting process and setting [Invesco's Global Proxy Voting Policy](#) and internal guidelines for voting.
5. The Proxy Voting & Governance team serves as a dedicated resource to our investment teams globally with a focus on making recommendations to the Global IPAC on potential enhancements to our Global Proxy Voting Policy, supporting investment teams on governance and proxy voting research, while investment teams maintain full discretion on voting decisions. This team also facilitates proxy voting operations, implementation of proxy voting policies and procedures, data analysis and client reporting. At the end of 2023, the overall team consisted of 11 team members. The proxy voting function has been in place for over a decade.
6. The ETF Proxy Voting Stewardship Committee (comprising of a wide variety of internal stakeholders from various teams, including ETF portfolio management, product management, proxy voting & governance, operations, legal, ESG and compliance), is a sub-committee of the Global IPAC. It is responsible for overseeing proxy voting for the exchange-traded funds managed by Invesco Capital Management LLC.

As a large, global asset manager, Invesco believes our governance structure enables us to benefit from diversity of thought while maintaining globally consistent standards for stewardship. Our investment teams manage their own ESG processes but can leverage the resources of the Global ESG team and escalate any ESG issues as required through the ESG Executive Steering Committee. This structure enables our specialised investment teams to have the capability to implement ESG approaches relevant to their asset classes and investment styles, for the benefit of our clients.

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¹ Source: Invesco, as of 31 December 2023. The description of Invesco's governance and structure reflects the reporting period of 2023.

2.4 Our Proprietary Tools

At Invesco, we believe having quality data on ESG factors is critical for effective investment analysis to support our stewardship efforts in the area of ESG. In 2023 we continued to enhance our ESG data and analytics capabilities by building out and updating our proprietary tools – ESGintel, PROXYintel, and ESGCentral. ESG data continues to evolve at a rapid pace, while the industry also faces challenges such as data comparability and coverage.

ESGintel

Launched in 2020, ESGintel is a proprietary ESG research and ratings platform that provides insights on key ESG topics for corporate and sovereign issuers across a range of metrics and data points.

The tool enhances the ESG investment process by:

- Highlighting ESG factors with potential investment implications
- Storing ESG engagement notes
- Facilitates monitoring of issuers’ ESG risk profiles

ESGintel Corporate Ratings

ESGintel provides users with corporate ESG ratings based on Invesco’s internally-developed methodology, ratings trends and momentum information, and access to the underlying company-level data. Sector and sub-sector materiality lenses are applied within the framework, ensuring that companies are evaluated on the most relevant ESG topics according to their business activities. A variety of underlying indicators feed into the topic-level assessments, providing a holistic view in each of these key areas. Topic-level ratings are aggregated into environmental, social or governance theme ratings and input, operations and output value chain ratings. Value chain rating assessments offer a different perspective on corporate ESG performance, evaluating sustainability factors at various stages of the production process and supply chain. An overall ESG rating is also computed using the topic-level ratings.

ESGintel ratings are provided on a 1-5 scale at the overall, theme, value chain, topic and indicator levels. Computations are based on absolute, sector/sub-sector relative or region-relative performance as appropriate, specified on an indicator-by-indicator basis. ESG corporate ratings are updated weekly to reflect the most current information available. In addition to ratings, company rankings are provided at the sub-industry and country levels. The ESGintel platform has built-in analytical capabilities that enable point-in-time and historical comparisons between companies and user selected peers.

Not all issuers are covered on ESGintel; currently, approximately 15,000 companies meet our minimum coverage criteria for creating an overall ESG rating. Furthermore, the tool leverages a machine-learning algorithm to impute missing datapoints for a company based on data observations at companies with similar characteristics. ESGintel’s transparent interface highlights where such approximations are used and enables analyst scrutiny of the underlying inputs.

ESGintel Sovereign Ratings

Responding to feedback from investment teams, Invesco has also expanded ESGintel beyond corporate ratings to cover other asset classes, including sovereign debt. With over 20 inputs, ESGintel sovereign generates a score for countries across Environmental, Social and Governance categories that can then be aggregated into an overall ESG score. ESGintel sovereign provides an internal rating, a rating trend, and a global ranking out of 160 countries. ESGintel Sovereign ratings are updated on a monthly basis.



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2.4 Our Proprietary Tools (continued)

Invesco's proprietary tools have built-in feedback processes to encourage continuous improvement, gathering users' feedback regarding issues, observations and requests on sources, data and methodology. Improving our ESG data and portfolio analysis capabilities is an integral way Invesco can stay abreast of the increasingly complex global sustainable finance regulatory environment.

ESGCentral

While ESGintel is primarily used as a research tool at the issuer level, ESGCentral is a platform that includes ESG portfolio analytics and ESG screening.

ESGCentral brings in 40+ ESG data sources, together covering more than 52,000 companies and ESG data metrics, and integrates them with Invesco's ESG portfolios and benchmarks to provide a holistic portfolio-level ESG analytics capability. The platform's data-fuelled ESG insights highlight ESG opportunities and risks within the portfolios. The tool enables users to screen the portfolios for negative ESG screens, net zero, Article 8, sustainable/responsible investing and other ESG frameworks.

Through these capabilities, the platform supports ESG compliance, risk management, ESG reporting, and regulatory initiatives such as SFDR and TCFD. As a result, ESGCentral provides clear differentiation to Invesco's ESG approach.

FocusIntel

Prioritising Issuers for Engagement

Using ESGintel's research and data points, the ESG research team maintains FocusIntel, a list of the highest ESG risk issuers across all of Invesco's aggregated holdings. Issuers are categorised into High/Medium/Low ESG risk buckets, based on a number of ESG criteria such as ESG ratings, controversy scores, governance data, business involvement data, and United Nations Global Compact (UNGC) compliance status.

Case Study – Enhanced integration with ESGintel

ESGintel, Invesco's proprietary ESG ratings and research platform, is used by some investment teams to enhance ESG integration in the investment process. An example of this is where fundamental equity teams use ESGintel to assess financially material sustainability risks. Where ESGintel ratings for individual indicators in either Environmental, Social or Governance pillars are scored 4 or 5, out of a rating system of 1-5 with one being the best and 5 being the worst, the investment team will document how these indicators have been factored into the investment decision making process.

In the case of a new investment idea, this could take shape in factoring in the materiality of the indicator, such as whether the company has separated CEO and Chairman roles and determining whether the potential risk posed by this – depending on context of sector/regional norms – is outweighed by expected returns on the investment. Another example of ESGintel's potential use case would be as part of ongoing monitoring of existing holdings, an investment team would document whether a shift in indicator score to a 4 or 5 would require engagement with the portfolio company.

	ESGintel	ESGCentral	FocusIntel	PROXYintel
Description of Tool	A research tool integrating third-party ESG data and Invesco's views on materiality	A cloud-native ESG platform to enable our investment teams to have holistic, customised portfolio-level ESG analytics capabilities	An updated list of highest ESG risk issuers across all of Invesco's aggregated holdings	A global knowledge-share platform tracking proxy votes and rationales across Invesco with respect to individual companies and proxy issues
Scale of Analysis	Issuer-level data	Portfolio-level, issuer-level data	Issuer-level data	Issuer-level data
Outputs	<ul style="list-style-type: none"> An overall ESG rating out of 5 E, S and G scores Peer comparison and historical comparison Engagement notes 	<ul style="list-style-type: none"> Portfolio-level analytics, monitoring and screening Support for risk management and regulatory compliance (e.g. SFDR) ESG reporting 	<ul style="list-style-type: none"> A list of highest risk ESG companies Clear indicators of why the issuer is deemed high risk 	<ul style="list-style-type: none"> Votes cast Vote rationales
Primary Use (by investment teams)	Research a company's ESG profile during the investment process to integrate ESG risks into investment decisions	Analyse portfolios to understand ESG opportunities and risks compared to benchmarks using 40+ ESG data sources. Screens portfolios for various ESG Screens like net zero, Article 8, sustainable/responsible investing and various ESG Frameworks	Identify whether they have a high-risk holding and coordinate with the Global ESG team to organise an engagement	Support the execution of proxy voting decisions, view how other shareholders within Invesco have voted and share knowledge with respect to individual companies and proxy issues

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At Invesco, we invest in our capabilities for the benefit of our clients.

In 2023, we continued to support Invesco’s research and analysis capabilities by building out our proprietary tools. For example, we incorporated climate scenario and ITR analysis from Planetrics into the climate metrics of our ESGCentral platform. By integrating these tools, we can better assess the potential risks and opportunities associated with climate change and make more informed investment decisions. This is part of our commitment to being disciplined stewards of our resources and investing in the success of our clients, shareholders, and ourselves.



Our use of service providers

Invesco uses external service providers to support our stewardship activities, including ESG rating providers, proxy research, business involvement screening, carbon data and more. Data from these service providers feeds into our proprietary tools and supports in-house ESG research and analysis, which enables investment teams to make informed decisions. For example, Invesco’s ESG research platform for corporates and sovereigns, ESGintel, leverages ESG data from external research providers including Bloomberg, FactSet, ISS, CDP, Sustainalytics, SBTi, Transparency International’s corruption perception index, Transition Pathway Initiative, World Governance Indicators, Child Rights Benchmark and others. Then, subject to data availability and quality, ESGintel may apply a materiality lens to data on ESG topics to ensure that companies are evaluated on financially material ESG topics according to their business activities. This example shows that external service providers¹ are used as an additional, complementary source of ESG information to enhance Invesco’s own research and analysis processes.

¹ In order to determine the material topics for each sector, we leverage the Sustainability Accounting Standards Board (SASB) framework. This allows us to identify and focus on the ESG issues that are most likely to impact the financial performance or operational efficiency of companies within that sector.

Our ESG Research Providers, Tools and Technology

A broad platform

ESG Research Providers			
Sustainalytics	MSCI	Bloomberg	ISS
Sell-side Research	SG Analytics	Clarity AI	
Vigeo Eiris	Equileap	Just Capital	
Morningstar	Nikko Research Center	FAIRR	
Net Zero Tracker	Proxy Insight	Carbon Disclosure Project	
Carbon Underground 200	Transparency International	Transition Pathway Initiative (TPI)	
Science Based Targets Initiative	Climate Bonds Initiative	International Energy Agency	
UN Human Development Index	Worldwide Governance Indicators (WGI)	Sustainable Development Goals (SDG) index	
Environmental Performance Index	Child Rights Benchmark		

Proxy Voting Research and Vote Recommendations		
Glass Lewis	ISS	IVIS (UK Equities)

Our Proprietary Tools			
ESGintel	FocusIntel	ESGCentral	PROXYintel

Source: Invesco, as of February 2024. For illustrative purposes only. ISS: Institutional Shareholder Services. FAIRR: Farm Animal Investment Risk & Return. IVIS: Institutional Voting Information Service. MSCI: Morgan Stanley Capital International.

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Invesco Asia ex-Japan Equities Team ESG framework

The Invesco Asia ex-Japan Equities Investment Team, based in multiple locations across Asia, manages a broad range of investment products that invest in Chinese and Asian equities on behalf of clients globally. Strategies seek to take advantage of alpha opportunities that deliver sustainable returns over the long term. The investment process is aligned with ESG screening, ESG integration and active ownership. ESG-related investment analysis is considered an integral part of fundamental research, company dialogue and portfolio monitoring. As such, the evaluation of ESG factors is central to the holistic consideration of investment risks. Fund managers and research analysts, based on their knowledge and experience, take full discretion in forming a view on ESG issues. These considerations, depending on the client’s objectives, can include:

- **ESG screening:** Negative screening aligned to Invesco’s exclusions framework*.
- **ESG integrated research & portfolio construction:** Utilizing information obtained from external sources and Invesco’s proprietary rating framework ESGIntel, a five-tier risk rating is assigned to reflect the team’s view of ESG impacts. The investment team places a strong focus on valuation discipline and fair value is estimated to guide portfolio construction decisions. Portfolio managers or research analysts are required to explicitly state whether fair value or true value will be adjusted from an ESG perspective.
- **Active Ownership:** Engagement with company management and proxy voting plays a fundamental role in managing, protecting and enhancing the value of assets. In exercising their responsibilities, the investment team considers a wide variety of factors and concentrates on each portfolio company’s ability to create sustainable value. During the engagement process, a portfolio company may be challenged on ESG issues that could potentially have an impact on future value.

ESG Screening

Negative screens: Follows the Invesco group negative screens criteria*

ESG Integrated Research

- **Internal Proprietary Research:** The team conducts in-depth proprietary ESG research and assigns a five-tier ESG risk rating
- **External Reports and ESGIntel:** Analysis includes cross-checking the information with independent third-party research and rating reports (e.g., Sustainalytics, Bloomberg broker researches) as well as ESGIntel
- **Fair Value Determination:** Fair value is adjusted, if applicable, taking into account any ESG considerations and acts as a guide to add or trim the holdings in the portfolio, as necessary

Portfolio Construction

- The lead manager is responsible for portfolio construction and ultimately the performance of the funds
- The lead manager places specific focus on quality and ESG aspects of the companies chosen for investment
- Selected portfolios historically¹ do not include the manufacturers of alcohol, tobacco and cannabis, as well as adult entertainment, casinos and controversial weapons

Active Engagement & Proxy Voting

- Analysts engage with the management of a portfolio company to raise any issues of concern
- Engagement offers the opportunity to encourage portfolio companies to improve ESG factors, in support of our clients’ interests
- The team adopts Invesco’s Policy Statement on Global Corporate Governance and Proxy Voting². The policy is designed to ensure that proxies are voted in the best interests of clients. Decision making is at the discretion of fund managers based on their specific rationales.

Source: Invesco, as of June 2024.

* where Invesco group negative screening framework is applicable.

¹ Some portfolios with > 10 years of demonstrable track record.

² Exceptions may apply to Taiwan or onshore funds due to regulatory reasons.

While the portfolio manager may consider Environmental, Social and Governance (ESG) aspects, they are not bound by any specific ESG criteria and have the flexibility to invest across the ESG spectrum. Information used to evaluate ESG factors may not be readily available, complete or accurate. ESG factors may vary across types of investments and issuers, and not every ESG factor may be identified or evaluated. There is no guarantee that the evaluation of ESG considerations will be additive to a strategy’s performance.

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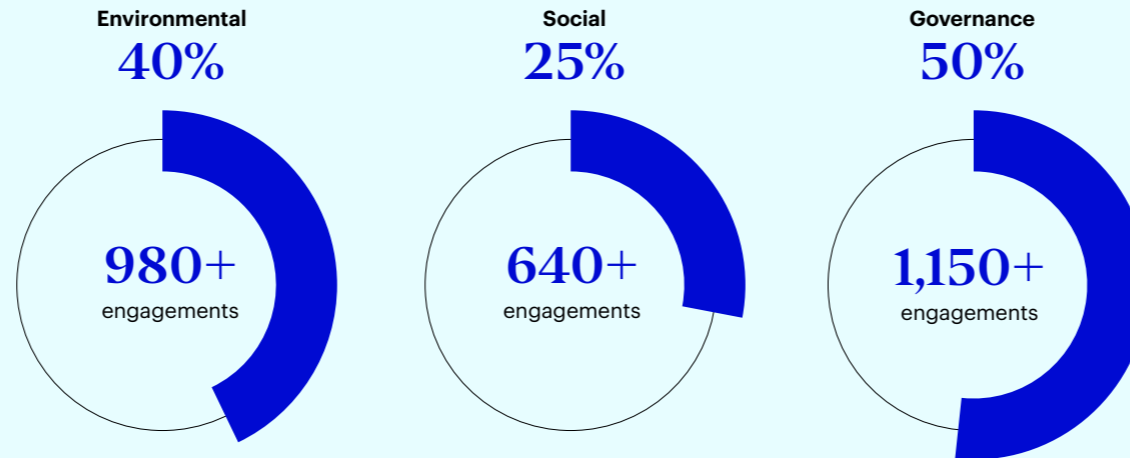
3.1 Engagements

Dialogue is core to the investment process. As active owner and good steward, Invesco considers engagement with issuers as a powerful and effective tool to promote long-term sustainable value creation, for the benefit of its clients.

At Invesco, we believe in the power of engagement. We actively engage with issuers to promote long-term sustainable value creation. This approach not only benefits our clients but also contributes to a healthier financial market. We are committed to being active owners and good stewards, and dialogue is indeed a core part of our investment process.

For issuers that have financially material ESG risks, engagements may include dialogue on ESG matters. Engagements on ESG involve contact with issuers on ESG matters in the form of direct dialogue or information requests.

% of Invesco's engagements covering ESG themes¹



In 2023, Invesco conducted more than **2,200** engagements covering ESG themes firm-wide²

¹ Percentages don't add up to 100% because Invesco may engage with an issuer multiple times on ESG themes and conversations often cover more than one theme. Figures are rounded. These percentages were calculated through documentation by investment teams and/or the Global ESG team.
² The Global ESG team uses both their own and investment team documentation to calculate this figure on an annual basis.

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3.2 Our Approach to Proxy Voting

At Invesco, our approach to proxy voting is rooted in our fiduciary duty to our clients. We seek to make voting decisions that we believe best serve the interests of our clients and their investment objectives, by supporting good corporate governance practices that promote long-term value creation at the portfolio companies in which they invest.

Invesco has established a Policy Statement on Global Corporate Governance and Proxy Voting Policy (Global Proxy Voting Policy or Policy), which we believe describes policies and procedures reasonably designed to ensure proxy voting matters are conducted in the best interests of our clients. The Global Proxy Voting Policy annual review process takes into account views from portfolio management teams and various departments within Invesco, considers clients' best interests, regulatory requirements, local market standards and best practices.

Our Global Proxy Voting Policy and our internal proxy voting guidelines are both principles and rules-based and cover topics that typically appear on voting ballots. To the extent our Policy and internal guidelines do not cover a voting item, voting decisions are driven by a combination of our good governance principles and case-by-case analysis conducted by our portfolio management teams who take into consideration the information and recommendations provided by the portfolio company, and may also consider research and recommendations provided by Proxy Service Providers. Our portfolio management teams retain full and independent discretion on voting decisions and instruct votes in a manner they believe best serves the interests of their clients and investment objectives, absent conflicts of interest. The portfolio managers are also assisted on voting recommendations by the Investment Advisory Team. This team focuses on all voting activity and provides analysis and advice on voting recommendations. We understand that managing risks and opportunities at each portfolio company is not a 'one size fits all' exercise and that not every issue is material to every company. We believe that our portfolio management teams should have flexibility to make independent voting decisions. As a result, there may be instances where portfolio management teams reach different positions on voting issues.

We leverage the services of two proxy service providers globally (as well as the services of certain local proxy voting providers) to provide proxy research and recommendations on proxies. We also leverage Institutional Shareholder Services (ISS) to assist with the administration and operational processing of proxy votes and certain related functions, including, but not limited to, vote reporting and recordkeeping services. For example, ISS may flag emerging trends or issues that require review post proxy season by our portfolio management teams as part of our annual policy review process. Acting as our proxy voting agent, ISS monitors securities held in our accounts for which we have a fiduciary obligation to vote, provides information on shareholder meetings including proxy materials and receives electronic ballots on votable positions for each shareholder meeting. Our portfolio management teams, supported by the Investment Advisory Team, access proxy materials, proxy research and vote recommendations, and execute voting decisions using our proprietary proxy voting platform.

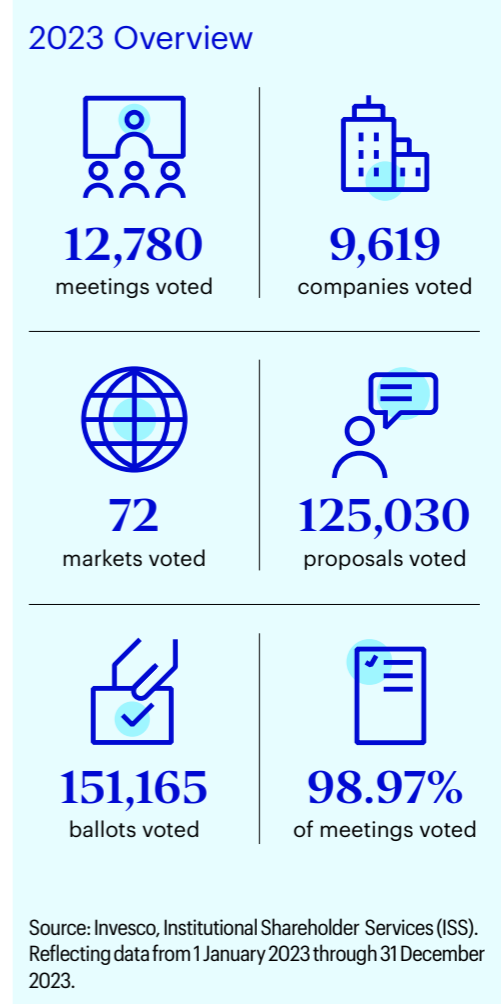
Invesco aims to vote all proxies where we have been granted proxy voting authority. In 2023, Invesco voted at 12,780 shareholder meetings, which represents 98.9% of votable meetings. We did not vote a proxy in certain circumstances which included for example, where temporary trading restrictions known as share blocking were in place, or where voting restrictions or other market or operational limitations existed. These matters are left to the discretion of the relevant portfolio manager. During the reporting period, we supported management on approximately 92% of proposals voted.

Global Invesco Proxy Advisory Committee (Global IPAC)

Guided by our philosophy that investment teams should manage proxy voting, Invesco's Global IPAC is an investments-driven committee comprising representatives from various investment management teams globally and is chaired by the Director of Proxy Voting & Governance. Representatives from Invesco's Legal, Compliance, Risk, ESG and Government Affairs departments may also participate in Global IPAC meetings. The committee is responsible for reviewing the Global Proxy Voting Policy and internal proxy voting guidelines annually to consider whether any changes are warranted. The Global IPAC provides a forum for investment teams to monitor, understand and discuss key proxy issues and voting trends within the Invesco complex, to assist Invesco in meeting regulatory obligations, review votes not aligned with our good governance principles and to consider conflicts of interest in the proxy voting process.

Investment Advisory Team

Portfolio managers that manage funds managed in the UK are supported on voting by the Investment Advisory Team. A team dedicated to reviewing voting research (both external and internal) and providing analysis and advice on AGM and EGM resolutions. The portfolio manager, working with the Investment Advisory Team, will make the ultimate decision on all resolutions and provide the voting instruction to the Investment Advisory Team to execute. The Investment Advisory Team provides monthly voting reports to each of the fund ranges that it supports which sets out those resolutions that have been voted against the details the rationale for the vote decision. In addition to voting analysis and voting recommendations, the Investment Advisory Team also facilitates company engagement on AGM/EGM resolutions where appropriate.



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2.0 Our Global Platform

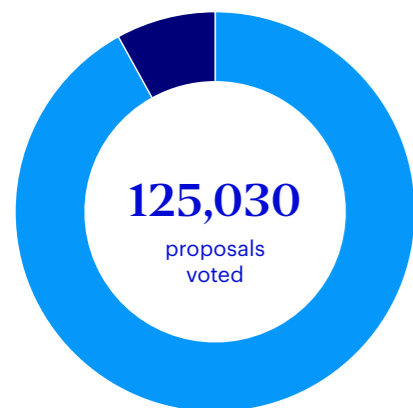
3.0 Active Stewardship

4.0 Our Product Range

5.0 Industry Involvement

2023 Global Voting Statistics

How we voted in 2023 (%)

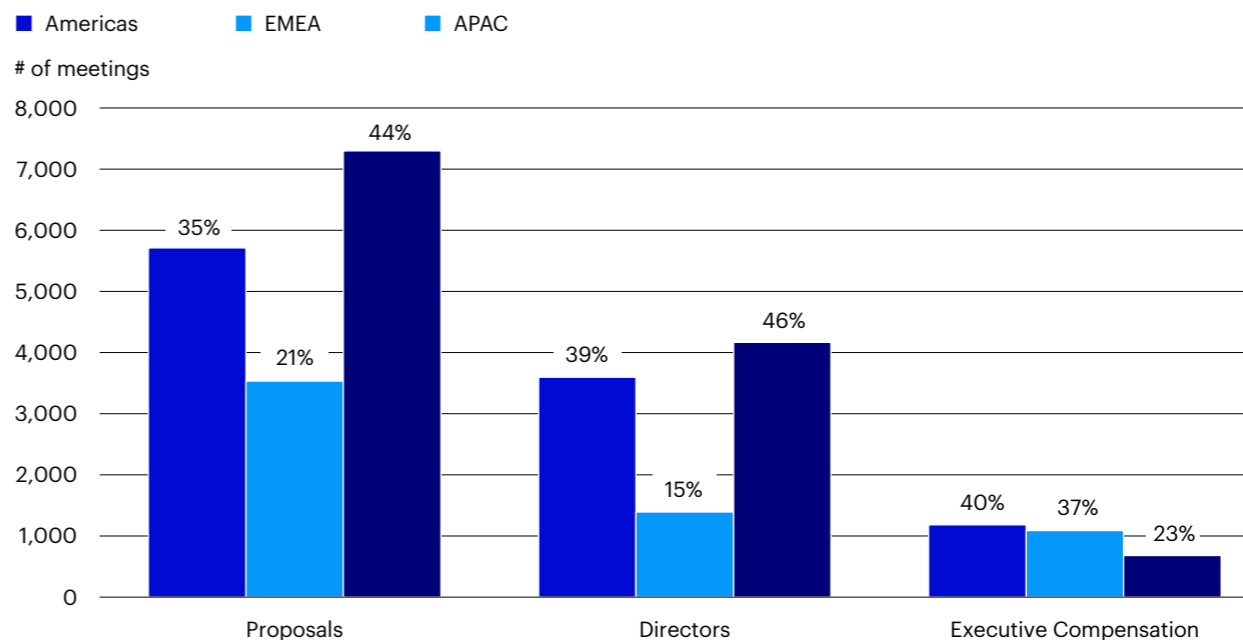


With management ¹	91.97
Against management ²	8.03

Total meetings voted by key market and region

Key market and region	Companies voted	Meetings voted	Proposals voted	# of meetings with at least one vote against management
APAC (ex. Japan)	2,385	4,610	32,537	2,346
Japan	1,133	1,160	12,578	749
EMEA (ex. UK)	1,681	2,071	31,150	1,279
UK	404	473	7,837	142
Americas (ex. US)	884	1,203	11,697	707
U.S.	3,132	3,263	29,231	2,245
Global total	9,619	12,780	125,030	7,468

Percentage (%) and number (#) of meetings with at least one vote against management²



Invesco, Institutional Shareholder Services (ISS). Reflecting data from 1 January 2023 through 31 December 2023.

1 Percentage of votes in favour of management.

2 Percentage of votes against management.

Case Study – Company A



UK Consumer Discretionary company



ESG Issues Addressed
Governance



Method of Engagement
Video Call/Vote

Issue

Engagement on executive remuneration and board composition.

Action

In 2023, Invesco’s UK Investment Advisory Team and investment teams engaged with Company A regarding concerns around remuneration.

In 2022, the new Remuneration Policy was approved following shareholder consultations (including Invesco), however the policy received 32% of the vote against. This was largely due to the increase of the maximum opportunity under the LTIP (Long-Term Incentive Plan).

In addition, governance concerns were also raised around board composition following changes in senior management, specifically in the roles of COO and CFOs. A review was held to better understand the overall board composition to see if any material concerns arose from the changes.

Outcome

After engaging with the company, they agreed not to increase the LTIP opportunity, and a review raised no concerns over the new board composition.

Following this decision, the Invesco funds supported the remuneration policy and voted in favour of the director re-election resolutions affected by the change.

Next steps

Invesco will continue to closely monitor the company’s remuneration practices and engage with the board to ensure it continues to provide an appropriate level of pay for performance.

Source: Invesco. For illustrative purposes only.

Case Study – Company B



UK Consumer Discretionary company



Issues Addressed
Environmental



Method of Engagement
Video Call, Vote

Issue

Engagement on sustainable sourcing, supply chain labour and circular economy initiatives.

Action

In 2023, Invesco engaged with Company B to discuss concerns around sustainable sourcing, supply chain labour and circular economy initiatives. These issues are material for Company B given its business model as a major UK fashion retailer. They source clothing, footwear and home products from suppliers globally, so have significant sustainability risks around materials sourcing, manufacturing, and end-of-life product disposal.

Through engagement, it was established that Company B has made major commitments on responsible sourcing, supply chain auditing and circular economy projects. A large in-house staff constantly monitors supplier factories, visiting each site every 9 months. This level of oversight surpasses industry norms and gives confidence in Company B’s ability to mitigate ESG risks.

Source: Invesco. For illustrative purposes only.

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Case Study – Company C



Environmental and Facilities Services



Issues Addressed
Remuneration and composition of the board



Method of Engagement
Video Calls

Issue

Concerns were raised with Company C regarding the CEOs salary and total compensation which were both above median compared to peers. In addition, concerns were raised over the composition of the board and succession planning of the CEO position.

Action

In January 2023 a call was held with the Chair, the Senior Independent Director and Investor Relations. During the call we spoke about the composition of the board, in particular the succession planning for the former CEO. Company C discussed the process by which the current CEO would take over the CEO role. The remuneration structure was also discussed with preference outlined for there to be a focus on free cash flow, Total Shareholder Return (TSR) and return on capital invested. The opinion was expressed that these metrics should drive the right behaviours.

Outcome

After engagement with Company C and discussing various issues regarding corporate governance, voting was cast in favour of both the remuneration report and the re-election of the chair.

Next steps

Board composition and remuneration will continue to be monitored and any concerns will be raised with the relevant members of the board.

Source: Invesco. For illustrative purposes only.



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4.0

Our Product Range

Meeting our clients where they are



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4.1 Our Assets Under Management and Client Base

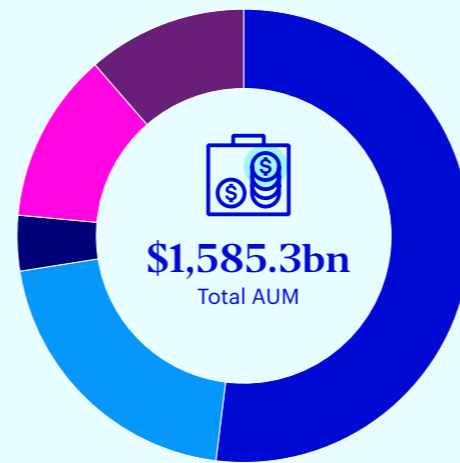
At Invesco, we provide a wide range of investment strategies to meet the diverse needs of our clients. We manage a variety of asset classes including equities, bonds, and real assets. Our multi-asset strategies and liability-driven investments are designed to help investors achieve their financial goals, whether they are institutional or retail investors.

We offer a range of ESG investment solutions that allow our clients to express their values through their investments. Our ESG expertise is broad and deep, and we are continually developing new products to meet the evolving needs of our clients in this area.

Our goal is to be the preferred ESG investment partner for our clients. We believe that by integrating ESG factors into our investment process, where appropriate, we can provide our clients with a more comprehensive view of the portfolio companies and markets in which they invest, ultimately helping them to make better-informed investment decisions.

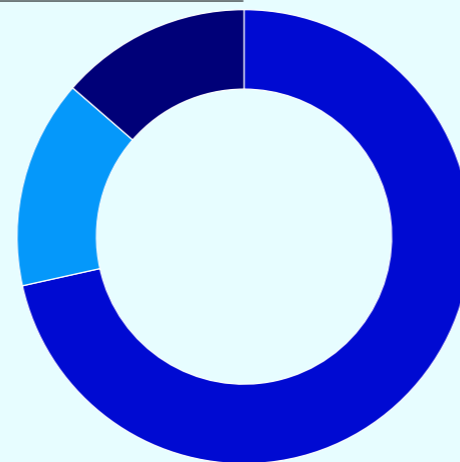
Breakdown of AUM (\$bn, as at 31 December 2023¹)

Equity²	823.7
Active	302.9
Passive	520.8
Fixed Income²	325.7
Active	280.0
Passive	45.7
Balanced²	62.7
Active	61.8
Passive	0.9
Money Market²	192.7
Active	192.7
Alternatives²	180.5
Active	147.9
Passive	32.6



Geographic Breakdown of AUM By Client Domicile Q4 2023 (\$bn, as at 31 December 2023¹)

Americas	1,133.9
Asia Pacific	235.5
EMEA	215.9



Channel Breakdown of our Client Base Q4 2023 (\$bn, as at 31 December 2023¹)



1 Preliminary – subject to adjustment.
2 Passive AUM includes index-based ETFs, UITs, non-fee earning leverage, foreign exchange overlays and other passive mandates. Active AUM are total AUM less passive AUM.

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Case Study – Sustainable Eurozone Capability and Strategy

In 2023, in partnership with a private bank client, Invesco created a Eurozone Strategy. The client wanted to develop a strategy that could identify mispriced change and a value-oriented sustainable investing strategy. The strategy was differentiated by:

1.

The proposition combines a strong ESG framework with financial performance through proven long-term alpha capture.

2.

Existing ESG strategies are dominated by the Quality factor. Typical exclusion lists prohibit exposure to Value stocks. The strategy offers ESG without the Growth/Quality factor dominance and hence provides prospective clients with the option of diversification and ESG considerations.

3.

The ESG framework is proprietary, transparent, and intrinsically linked to the underlying financials of the issuing companies, not based on qualitative assumptions.



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Industry Involvement

Enabling better conversations



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Our Global Thought Leadership team plays a pivotal role in bridging the gap between industry practice and academic theory. By collaborating with internal teams, we ensure that our content is not only grounded in practical expertise but also responsive to our clients' needs. We stay updated with policy, governmental, legal and regulatory developments to provide the most relevant and timely advice.

Our external partnerships with academic scholars and other industry practitioners further enriches our research. This broad network allows us to contribute to wider conversations in the asset management industry and deliver top-quality research that benefits our clients.

Case Study – Our collaboration with Cambridge Judge Business School

Invesco completed the sixth year of a long-term collaboration with Cambridge Judge Business School (CJBS) in 2023. Through this relationship, we support research activities in long-term asset management, alternative finance and data analytics – all while Invesco's clients benefit from access to cutting-edge insights and research from this globally renowned business school.



30+
Thought leadership items created in collaboration with CJBS

8
Global consulting research projects supported, providing opportunities for

40
MBA and MFin students

Founding sponsor for Centre for Alternative Finance through funding from Invesco

Numerous collaborations relating to climate risk, sustainable investing and environmental, social and governance (ESG) investing initiatives

Invesco expert speakers have participated in 19 CJBS-hosted academic events and research report launches

9
Invesco-sponsored studies published by CJBS

CJBS speakers at

65
Invesco client events, held across

19
different locations globally, attended by over

3,800+
Invesco clients

Case Study – Invesco's ESG Research partnership with Tsinghua University

China's green sectors and energy transition is a key investment theme when investing into China. Green sectors could be a key driver of good quality economic growth, creating new employment opportunities as well as export growth potential.

Over the past year, Invesco has continued the research partnership with Tsinghua's PBCSF with a focus on the investment opportunities in China's green sectors, such as electric vehicles and renewables, and the transition investment framework. Analysis highlights opportunities for investment in Chinese portfolio companies, as well as wider market opportunities in the China's green index. The partnership also included engagement with Chinese portfolio companies and industry bodies on the potential risks and investment opportunities from the energy transition related to climate change. Research findings were published in the form of white papers and thought leadership pieces throughout the year.



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5.2 Industry Initiatives

Invesco is actively involved in numerous industry partnerships and initiatives. Our level of participation can vary and we view our involvement as a journey, building upon past efforts to advocate for the ongoing enhancement of financial market operations. Active participation in these organizations not only allows us to stay at the forefront of industry developments but also enables us to contribute to improvement and transparency of the financial markets in a way that benefits our clients and the industry as a whole.

Some organisations we participate in are focused on supporting ESG topics. In 2023, these included:

- 30% Club Japan Investors Group
- Asian Corporate Governance Association (ACGA)
- Asia Investor Group on Climate Change (AIGCC)
- Better Building Partnership (BBP)
- Bipartisan Policy Center ESG Task Force
- Carbon Disclosure Project
- Coalition for Climate-Resilient Investment (CCRI) (founding member)
- Climate Bonds Initiative
- Confluence Philanthropy (Associate Advisor Menu)
- Corporate Responsibility Interface Center (CRIC) (DACH countries)
- Council of Institutional Investors (CII) (US)
- UK FCA Disclosures and Labels Advisory Group (DLAG)
- UK Green Technical Advisory Group (GTAG)
- Farm Animal Investment Risk & Return Initiative (FAIRR)
- Global Real Estate Sustainability Benchmark (GRESB)
- EFAMA SFDR and Taxonomy Committee (Chair)
- ESG Disclosure Study Group (Japan)
- Hong Kong Green Finance Association (HKGFA)
- Investment Company Institute (ICI) (ICI Fund Disclosure Working Group, ICI Global ESG Task Force, and ICI Proxy Issues Working Group)
- Investment Association (UK)
- Investor Forum (UK)

- Institutional Investors Group on Climate Change (IIGCC), including Net Zero Investment Framework (NZIF) working group
- Italian Sustainable Forum (ItaSIF)
- Investment Management Education Alliance (IMEA)
- Irish Funds ESG Legal committee
- One Planet Asset Manager Initiative
- Quoted Companies Alliance (QCA)
- Responsible Investment Association (RIA) (Canada)
- Responsible Investment Association Australasia (RIAA)
- SASB Alliance
- Transition Pathway Initiative
- Task force on Nature-Related Financial Disclosures' (TNFD) Forum
- UK Sustainable Investment and Finance Association (UKSIF), including Board of Directors
- World Economic Forum Financing the Transition to a Net Zero Future Working Group
- Singapore Green Finance Industry Taskforce

A signatory to:

- Principles for Responsible Investment (PRI)
- EFAMA Stewardship Code
- Indian Stewardship Code
- Japan's Stewardship Code
- UK Stewardship Code
- Net Zero Asset Managers Initiative
- Taskforce on Climate-Related Financial Disclosures (Supporter and Discloser), TCFD Consortium

Case Study – HKGFA

Invesco is a member of the HKGFA, an industry platform that facilitates the development of green finance and sustainable investments in Hong Kong.



Invesco is a co-chair of the Sustainability-related Disclosures, Policy and Standards Working Group as well as a co-lead of the Common Ground Taxonomy Working Group, contributing to industry research on taxonomy and transition, as well as providing inputs on regulatory developments in the region. Overall, the platform has offered insight on industry trends and regulatory developments and offers the opportunity for Invesco to contribute to industry dialogue, focused on building a more sustainable financial market.

Case Study – IIGCC

Invesco is a member of the IIGCC, a European membership body for investor collaboration on climate change.



Invesco is represented in the IIGCC Transition Research Working Group which was formed in 2023. This working group aims to provide guidance and develop analytical approaches that help investors establish the credibility of corporate transition plans. This is consistent with the principles established by the NZIF, which aims to support real world emissions reductions by encouraging decarbonisation from companies, at the underlying assets level they hold.

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Find out more

To find out more about Invesco's approach to ESG, please visit our website:

[invesco.com/corporate/about-us/esg](https://www.invesco.com/corporate/about-us/esg)

The use of environmental, social and governance factors to exclude certain investments for non-financial reasons may limit market opportunities available to strategies not using these criteria. Further, information used to evaluate environmental, social and governance factors may not be readily available, complete or accurate, which could negatively impact the ability to apply environmental, social and governance standards.

Investment Risks

The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested. Property and land can be difficult to sell, so investors may not be able to sell such investments when they want to. The value of property is generally a matter of an independent valuer's opinion and may not be realized.

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<https://www.invesco.com/jp/ja/>

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