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Introduction

This engagement policy describes generally how Invesco Fund Managers Limited and Invesco Asset Management Limited (together, "Invesco UK") will undertake stewardship activities for fund and client portfolios actively managed by its UK-based investment teams. This policy has been established in accordance with the engagement policy requirements set out in the UK Financial Conduct Authority's Conduct of Business Sourcebook and the Shareholder Rights Directive II (EU 2017/828).

Invesco UK believes that effective stewardship goes beyond managing assets. It involves active engagement and a commitment to long-term, sustainable value creation for clients and beneficiaries. We believe that active engagement is the most effective mechanism to drive responsible investment and strong investment stewardship.

Further information on Invesco UK's approach to stewardship can be found within the [UK Stewardship Code Report](#) and Invesco's Policy Statement on Global Corporate Governance and Proxy Voting.

Active engagement as a core pillar of the UK investment process

Engagement is an integral part of our investment process. Once we have made an investment, ongoing monitoring of our investee companies is the foundation of our stewardship approach. We monitor a variety of matters, including but not limited to business strategy, capital allocation, material environmental, social and governance ("ESG") factors, and other relevant financial and non-financial performance and risk topics and issues. This then informs the appropriate form of engagement that our investment teams may decide to undertake.

Our approach to engagement is therefore investor-led. Our investment teams will decide when active engagement with investee companies is warranted based on their investment objectives, client objectives and mandate, asset class, investment style, and position size. Investment teams may choose to engage investee companies in constructive dialogue on any of the matters that the investment team determines to be important to its investment strategy or has committed to take up on a client's behalf. These engagements may also be joint efforts between our global investment professionals, including support from our Investment Advisory team and Global ESG team.

Investment teams aim to engage with investee companies for insight to better understand their business strategy, to enhance the research process and to inform investment decisions and/or voting decisions, and where appropriate, to encourage actions that we believe are in the best interests of our clients. Our engagement approach may vary by asset class and is customised to each specific set of circumstances, but overall, we aim for engagements to be:

- i. **Targeted:** We prioritise our engagements with investee companies based on our investment objectives and our ability to engage proactively with investee companies to further those objectives. Our engagement objectives and the topics covered are specific to the issuer.
- ii. **Objective-driven:** We aim to conduct engagements that have clear objectives. In addition to gathering greater insight, some engagements may involve active dialogue intended to achieve specific outcomes that we believe promote risk mitigation or have the potential to enhance long-term sustainable value creation.
- iii. **Directed towards positive momentum:** Our engagements may be ongoing and, in some cases, span multiple years, with each one building on a series of prior dialogues. We monitor and track progress on these engagements so we can build on the momentum of previous engagements.

To engage effectively and make the most of limited time with investee company management teams or directors, we take a bottom-up approach and prioritise key issues. This means that the topics covered and our engagement objectives are determined in advance and are specific to each investee company. In addition, we encourage investee companies through open dialogue to raise and discuss issues that are material to the investee company and its stakeholders.

We believe peer-to-peer dialogue is the most productive form of engagement and our preference is to engage via direct communication. However, we recognise that each situation is unique and we may make use of different methods of engagement where required. This may include engagement through formal letter writing and email correspondence, collective engagement with other investee company stakeholders (subject to and in accordance with applicable regulatory constraints), engagement via industry bodies such as The Investor Forum or Investment Association, or by participating in the requisition of a shareholder resolution at the investee company's annual general meeting where we believe it is in the best interests of our clients to do so. In addition, Invesco may participate in various public policy consultations and industry initiatives with the objective of supporting the improvement of corporate governance and other industry standards applicable to investee companies.

As a large global asset manager, our investment teams are often located in different cities, regions, and time zones. As such, we have found the most effective (and most often used) methods of engagement to be video calls and phone calls. These methods also facilitate collaboration and dialogue among more stakeholders in our global investment teams.

Exercise of voting rights

As an asset manager, Invesco has a fiduciary responsibility to vote shares for clients who appoint us to vote securities held on their behalf in the manner we believe best serves the interests of our clients and their investment objectives. We recognize proxy voting as an integral aspect of the investment management services we provide to clients and an important tool that enables us to drive shareholder value.

Invesco has established a [Policy Statement on Global Corporate Governance and Proxy Voting Policy](#) ("Global Proxy Voting Policy"), which we believe describes policies and procedures reasonably designed to ensure proxy voting matters are conducted in the best interests of our clients. 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 Global Proxy Voting 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 investment teams who take into consideration the information and recommendations provided by the investee company, and may also consider research and recommendations provided by proxy service providers.

Our investment teams retain full and independent discretion on voting decisions and instruct votes in a manner they believe best serves the interests of our clients and their investment objectives, absent conflicts of interest. For Invesco UK, the proxy voting process is supported by the Investment Advisory team. This team evaluates proxy ballot items presented to shareholders, frames the analysis for proxy proposals to provide the basis for decision-making to investment teams, and casts votes in accordance with the investment teams instructions using Invesco's proprietary proxy voting platform. The Investment Advisory team provides monthly vote reporting including voting trends to fundamental equity investment teams and may engage together with investee companies on corporate governance topics and other matters. Investment teams retain the flexibility to vote proxies independently of, or consistent with, the Global Proxy Voting Policy and Investment Advisory team's recommendation. There may also be instances where different investment teams reach different positions on voting issues.

Invesco UK leverages a variety of third-party research providers, including proxy advisers, and our investment teams use proxy research to supplement Invesco's Global Proxy Voting Policy and internal proxy voting guidelines. We also utilise proxy advisers 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.

In the great majority of instances, we aim to vote at all meetings where we have the authority. However, in certain circumstances, Invesco may refrain from voting where the economic or other opportunity costs of voting exceed any benefit to clients. Further information can be found in Invesco's Global Proxy Voting Policy.

Conflicts Management

Invesco UK's investment teams are expected to manage conflicts of interest that arise in connection with their engagement activities in accordance with the requirements of Invesco's EMEA Code of Ethics and EMEA Conflicts of Interest Policy. These policy documents establish key requirements for the identification, recording, management, and escalation of potential and actual conflicts of interest and are reviewed annually to ensure they remain current based upon the scope of Invesco's activities, its operating structure, strategic plans, applicable regulatory changes, and the nature of its clients.

In addition, conflicts of interest may arise with respect to proxy voting as a result of Invesco's business dealings with an investee company or personal interests in an investee company, amongst others. To address the instances in which a potential or actual conflict of interest exists with respect to a proxy vote, Invesco maintains a conflicts of interest register and policy approach for managing such potential or actual conflicts, which is set out in Invesco's Global Proxy Voting Policy. In the limited instance where a conflict of interest is identified in relation to a proxy vote, the individual(s) with the conflict will remove himself or herself from the proxy voting process and the proxy will be voted in accordance with Invesco's Global Proxy Voting Policy and related procedures regarding conflicts of interest.