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Invesco NASDAQ-100 ESG UCITS ETF

(the "Fund")

Sustainability-related disclosures

Contents

Summary

The Fund's objective is to achieve the net total return performance of the NASDAQ-100 ESG Index® (the "Reference Index"), less fees, expenses and transaction costs. In order to achieve the investment objective, the Fund employs a replication method that looks to invest as far as possible and practicable in the constituents of the Reference Index.

This Fund promotes environmental and/or social characteristics but does not have as its objective sustainable investment, however the Fund intends to make sustainable investments. The environmental and/or social characteristics promoted by the Fund are to gain exposure to companies that meet certain ESG criteria i.e. issuers with limited/no involvement in certain business activities, with a more favourable ESG rating compared to similar issuers and with no involvement in severe ESG controversies. 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. The Fund takes into account the PAI indicators defined in Table 1 of Annex I of the RTS and ensures alignment with the OECD guidelines and UNGP, thereby ensuring that the sustainable investments do not cause any significant harm to environmental and/or social objectives.

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. A minimum of 10% of the Fund's NAV will be in sustainable investments.

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, ESG rating, carbon intensity 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 – 'Stewardship Report'.

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://indexes.nasdaqomx.com/.

No sustainable investment objective

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

The index methodology of the Reference Index ensures that sustainable investments do not cause significant harm by implementing exclusion criteria that takes into account some of the principal adverse impacts (PAI) indicators defined in Table 1 of Annex I of the regulatory technical standards for Regulation 2019/2088 (RTS) and alignment with OECD guidelines and UNGP, such that securities that do not meet certain thresholds will be excluded from the Reference Index. The Fund also takes into account the RTS PAI indicators by using the qualitative research and/or engagement of Invesco's ESG team, to assess whether the sustainable investments of the Fund causes significant harm to the relevant environmental or social investment objective. Where a company is determined to cause such significant harm, it can still be held within the Fund's portfolio but will not be considered a "sustainable investment" within the Fund.

Environmental or social characteristics of the financial product

The environmental and/or social promoted by the Fund are to gain exposure to companies that meet certain ESG criteria i.e. issuers with limited/no involvement in certain business activities, with a more favourable ESG rating compared to similar issuers and with no involvement in severe ESG controversies. The Fund achieves this by tracking the Reference Index, which has a methodology that is consistent with attaining the environmental and social characteristic promoted by the Fund, as further detailed in the section below titled "Reference Benchmark".

The environmental and social characteristics are achieved by applying the Index Provider's exclusion criteria to the Parent Index and by evaluating and weighting the companies on the basis of their business activities, controversies and ESG Risk Ratings.

Investment strategy

The Fund's objective of the Fund 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 employ a replication method that looks to invest as far as possible and practicable in the constituents of the Reference Index. The Fund intends to replicate the Reference Index by holding all of its constituent securities in a similar proportion to their weightings in the Reference Index.

The methodology of the Reference Index applies exclusion criteria to the NASDAQ-100® (the "Parent Index") to exclude securities that: 1) are involved (as defined by the Index Provider using data provided by Sustainalytics, an independent ESG and corporate governance research, ratings and analytics firm) in any of the following business activities: adult entertainment, alcohol, arctic oil and gas exploration, cannabis, controversial weapons, gambling, military weapons, nuclear power, oil & gas, oil sands, riot control, shale energy, small arms, thermal coal and tobacco; 2) have a controversy level higher than 4 as defined by Sustainalytics; 3) do not have a Sustainalytics ESG Risk Rating Score or have a Sustainalytics ESG Risk Rating Score that is higher than or equal to 40; and 4) are deemed not to comply with the principles of the United Nations Global Compact (as determined by the Index Provider using Sustainalytics data).

Each of the eligible component securities is then assigned a weighting factor based on its respective Sustainalytics ESG Risk Rating Score (the lower the Sustainalytics ESG Risk Rating Score of the security, the higher the assigned weighting factor), which is applied to re-weight the eligible securities using their market value in the Parent Index to construct the weighting of the Reference Index. The reweighted eligible component securities are then additionally subject to a set of capping constraints to ensure diversification.

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 investments will not be aligned with the environmental and social characteristics of the Fund.

A minimum of 10% of the Fund's NAV will be invested in sustainable investments.

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 this 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 MSCI and Sustainalytics 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. The same comparison is made against a relevant broad market index to verify that the fund has achieved an improvement against it.

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, initial 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. Thereafter, the Manager conducts periodic reviews of the index providers' controls for monitoring of the data quality and the correct implementation of the index methodologies. 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 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 is investment team-led and investment 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 gain exposure to companies that meet certain ESG criteria i.e. issuers with limited/no involvement in certain business activities, with a more favourable ESG rating compared to similar issuers and with no involvement in severe ESG controversies.

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://indexes.nasdaqomx.com.

Version	Date	Details of change
1.0	16 December 2022	Creation of the document
1.1	9 August 2024	Update to Summary and Engagement policies disclosures