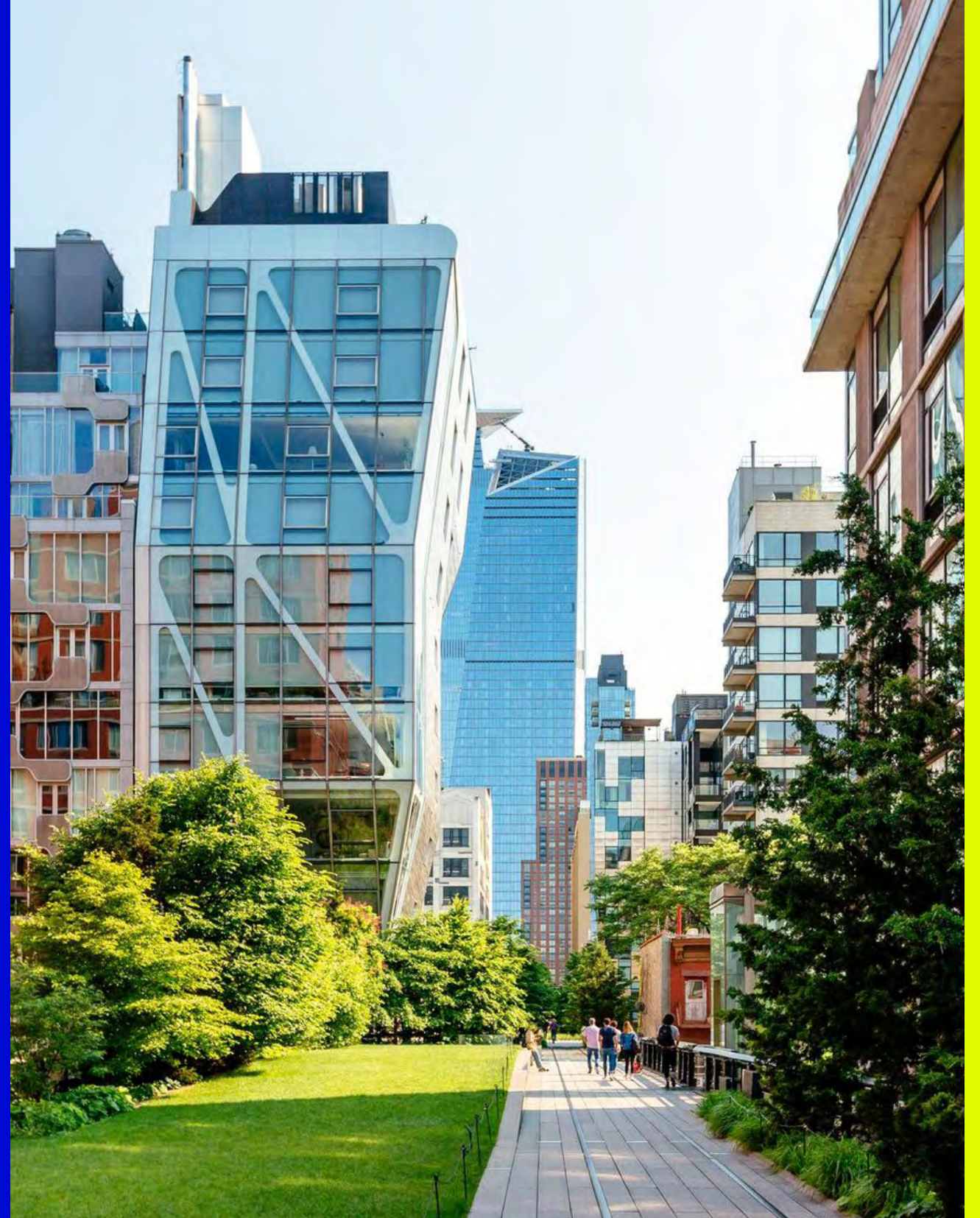


2024

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# Global Stewardship Investment Report



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# 1.0

## Stewardship approach

Client-centric and investment led



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**1.1**      **Our commitment to stewardship**

Invesco is committed to being a responsible steward of our clients’ assets. Our commitment to stewardship forms the foundation for our efforts to create long term value and mitigate risks for our clients’ investments. Our investment teams adopt and implement investment principles and practices that align with client and product needs and objectives. We do not apply a single, top-down, firm-wide investing policy or process. Instead, our investment teams implement policies or processes tailored to their asset classes, investment styles, and client objectives.

This Stewardship Report for 2024 showcases our accomplishments, reaffirms our commitment to global stewardship. As we move forward, Invesco remains committed to prioritizing stewardship, always keeping our fiduciary responsibility to our clients at the forefront.



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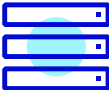


For an increasing number of people, climate change is becoming an important consideration for their portfolio. Moreover, standards and expectations in the industry are becoming more stringent, resulting in more complex regulations that can be difficult to navigate. Clients are searching for a partner to guide them through this landscape and take advantage of the opportunities created by a changing world.

At Invesco, our ambition in sustainable investing is to be the preferred sustainable 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. As a result, we offer a range of sustainable investment solutions that help our clients to express their priorities across active, passive, equity, fixed income, real estate, multi-factor, and other exposures.

We also adapt our offerings to meet specific client needs, using bespoke solutions, such as self-indexing, to deliver the desired investment outcomes. Our Global Sustainable Investing Services team guides, supports and informs us about our work in this area.

We use multi-dimensional analysis, fundamental research, high-quality data, and proprietary analytical tools to identify investments that we believe may benefit our clients by addressing material risks and opportunities. As responsible stewards, we engage in constructive dialogue, vote in our clients' best interests, and collaborate with regulators and policymakers to tackle issues affecting our clients, business, and assets under management.

To us, sustainable investing means creating long-term value for clients in alignment with their investment objectives.

 <p><b>Sustainable value creation</b></p> <p><b>Focus on sustainable value creation and effective risk mitigation</b></p> <p>We integrate financially material considerations in our investment capabilities, where appropriate, taking into account critical factors that help us deliver strong outcomes to clients.</p> <p>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 sustainability factors in a variety of ways, depending on the asset class, strategy and our clients' demands.</p> <p>Our Sustainable Investing Services team provides support and analysis, while our investment managers maintain discretion on portfolio decisions.</p>	 <p><b>Active ownership</b></p> <p><b>Exercising our rights and responsibilities as stewards of capital</b></p> <p>We engage with issuers in a constructive manner and use our expertise to cast voting decisions in our clients' best interests.</p>	 <p><b>Innovation and data</b></p> <p><b>Growing together, supporting our capabilities</b></p> <p>We believe having quality data is critical for effective investment analysis. We are enhancing our 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.</p>	 <p><b>Client partnerships</b></p> <p><b>Meeting our clients where they are</b></p> <p>Invesco has a client-centric approach focused on customising solutions to client needs and objectives. We provide a range of sustainability-focused capabilities that enable clients to express their values through investing. Some of our clients ask us to impose sustainable investing guidelines and restrictions on their portfolios. We therefore offer a suite of portfolio solutions to clients who wish to pursue sustainability-focused goals.</p>	 <p><b>Industry engagement</b></p> <p><b>Enabling better sustainability-focused conversations</b></p> <p>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 Global Real Estate Sustainability Benchmark (GRESB), and the Task Force on Climate-related Financial Disclosures (TCFD). We engage policymakers on the latest regulations and partner with academic institutions, such as the University of Cambridge and Tsinghua University.</p>
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# 2.0

## A global platform

Diverse capabilities that support  
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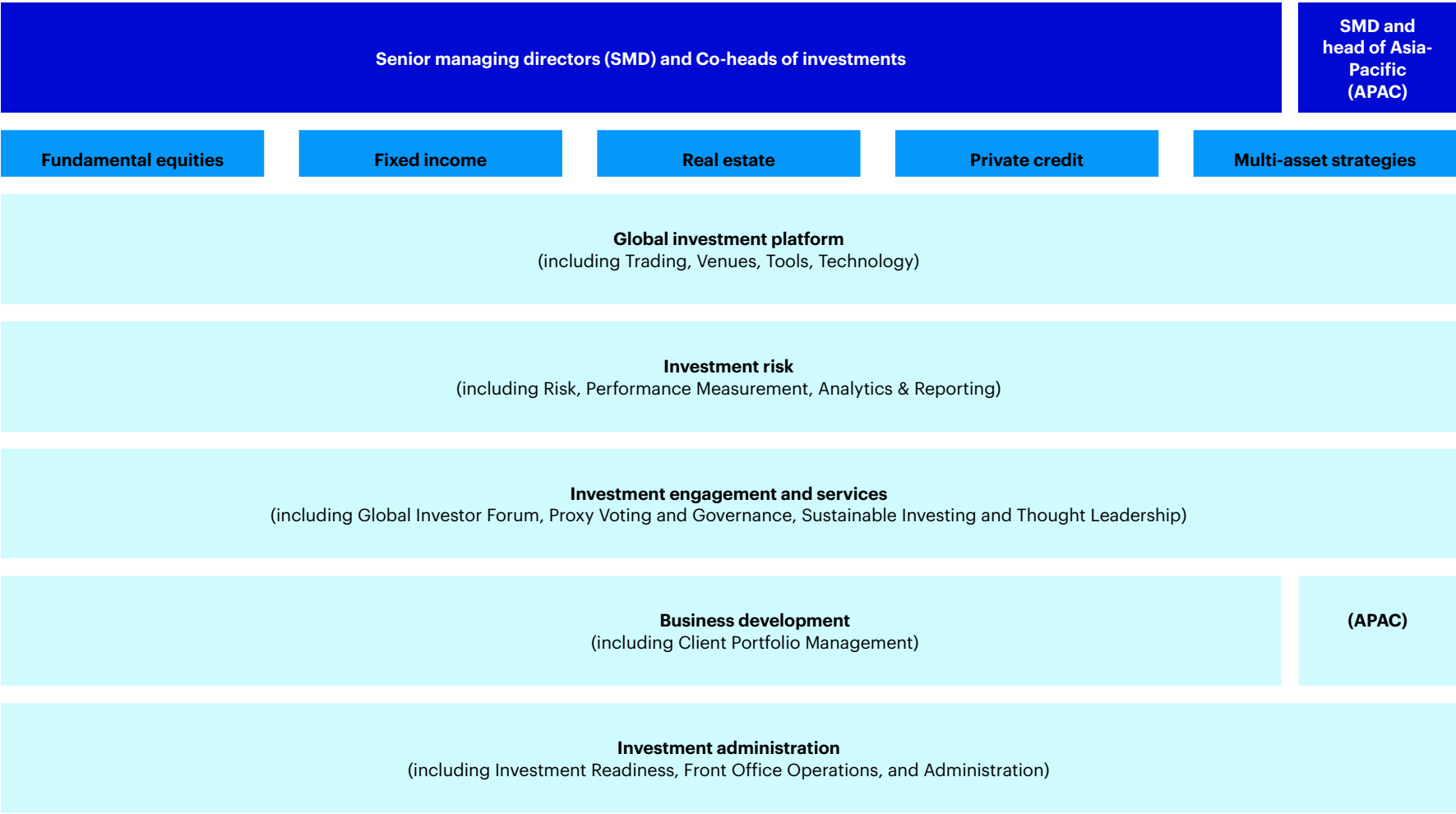
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2.1 Our investment capabilities and global support infrastructure

Invesco’s teams are dedicated to the effective stewardship of our clients’ assets. Our governance process is designed to be adaptable, enabling us to form and disband working groups as needed. This flexibility allows Invesco to focus on evolving stewardship priorities effectively.



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Source: Invesco, as of May 2025. Subject to change without notice.

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

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 an increase in regulatory developments relating to how asset managers consider environmental and climate risk. [Invesco Hong Kong Limited](#) and [Invesco Asset Management Singapore Ltd](#) address this through an Environmental Risk Management Policy that includes:

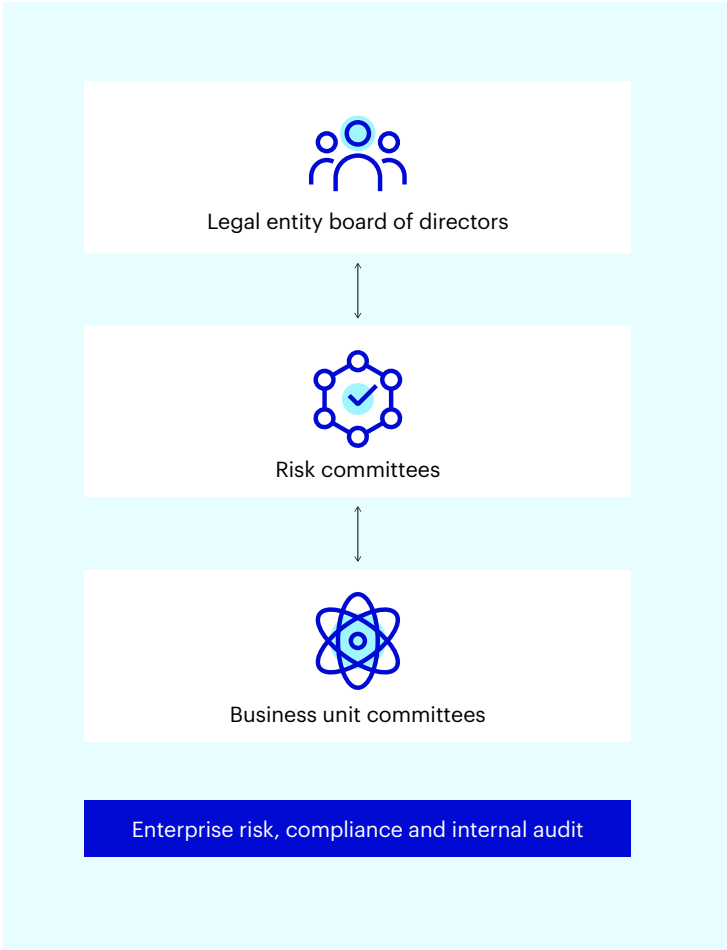
- **Governance:** Entity-level board and senior management oversight and leadership on environmental and climate related risks.
- **Investment Strategy:** Integrating environmental risks and, more specifically, climate risks, as part of the investment process, particularly when the risk is material.
- **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 related to environment 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 are exposed to.

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 the firm’s 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 the firm.



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

Governance structures

- 1. Invesco’s investment leaders drive the strategy and governance in our internal programs. They provide oversight of our specialized investment teams and offer a balance of global expertise, support, and connectivity. In this way, the investment leaders help provide better outcomes for clients, and drive consistency over the long term.
- 2. The Global Invesco Proxy Advisory Committee (Global IPAC) is an investments-driven committee comprised of representatives from various investment management teams globally. Representatives from Invesco’s Legal, Compliance, Risk, Sustainable Investing Services and Government Affairs departments may also participate in Global IPAC meetings. The Director of Proxy Voting and Governance chairs the committee. The Global IPAC is responsible for overseeing the proxy voting process and setting Invesco’s Global Proxy Voting Policy and internal guidelines for voting.
- 3. The Proxy Voting & Governance team serves as a dedicated resource to ensure that our global investment teams receive consistent support services needed to exercise proxy voting decisions with respect to securities held in client portfolios. This team manages proxy voting operations, implementation and compliance with regulatory and client reporting, proxy voting policies, and procedures.

- The team is responsible for making recommendations to the Global IPAC on potential enhancements to the firm’s Global Proxy Voting Policy, conducts analysis for proxy proposals to provide the basis for decision-making to investment teams, performs proxy voting trend analysis, supports governance and proxy voting research and engagements, while investment teams maintain full discretion on voting decisions. In addition, this team collaborates with investment teams and the Investments Proxy technology team on maintenance of Invesco’s proxy voting platform, and participates in client engagements with respect to our proxy voting policy and procedures.
- 4. The Investments Proxy Technology Team, comprised of five team members based in Hyderabad, India and New York, has been in place for over a decade. This team manages and maintains Invesco’s proprietary proxy voting platform that drives competitive advantage and scales our global proxy voting capabilities. The team is responsible for maintaining the integration and delivery of data between our proprietary system as well as with third-party systems, enabling automation and streamlining proxy voting workflows leveraging cutting edge technologies.

Resources

- 1. The ESG Executive Steering Committee, comprised of representatives designated by our investment leaders and representatives from other groups, specifically focuses on sustainable investing related issues, such as legal, marketing and compliance. The incorporation of sustainable investing considerations is determined by investment teams on a team-by-team basis.
- 2. UK Investment Advisory team has been in place since 2017 with four team members based in Henley responsible for supporting stewardship activities for Invesco Fundamental Equity EMEA-based portfolio management teams.
- 3. The Sustainable Investing Services team is a supporting function for investment teams that provides specialist knowledge and guidance on sustainable investing. The team is organised across four pillars: Client, Research, Analytics and Operations, located across the three regions of EMEA, Asia Pacific and North America.
- 4. The Legal and Compliance teams provide advisory support to our investment teams and operations teams in connection with the performance of Invesco’s stewardship activities. This may include providing regulatory advice and guidance in connection with engagement activities and support navigating the complexities of a variety of corporate actions.

As a large, global asset manager, Invesco believes our governance structure enables us to maintain consistent standards for stewardship. Our investment teams manage their own sustainable investing processes but can leverage the resources of the Sustainable Investing Services team.

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1. Source: Invesco, as of 31 December 2024. The description of Invesco’s governance and structure reflects the reporting period of 2024.

Invesco views business ethics as an essential part of its operations and reputation, embedding principles such as integrity, transparency, and accountability into all aspects of the firm. The company’s Code of Conduct sets clear ethical standards and offers guidance on issues such as conflicts of interest, anti-bribery, anti-corruption, and personal transactions.

The responsibility for business ethics at Invesco starts with the Board of Directors and executive leadership, with day-to-day oversight by the Global Head of Compliance, the regulated entities’ Chief Compliance Officers and compliance teams, while all employees are expected to uphold ethical standards and report concerns. Business ethics are managed through comprehensive policies, regular employee training, reporting systems, ongoing monitoring, and oversight by the Board and committees. Invesco continuously updates its policies and training to address new risks, ensuring ethical standards are maintained across the organisation.

Audits of the firm’s ethical standards are carried out through regular internal audits and ongoing compliance monitoring, typically conducted annually or more frequently for higher-risk areas. The internal audit team and compliance department review adherence to ethical policies, with findings reported to senior management and the Board. Results are used to improve policies, training, and controls, ensuring continuous enhancement of ethical standards.

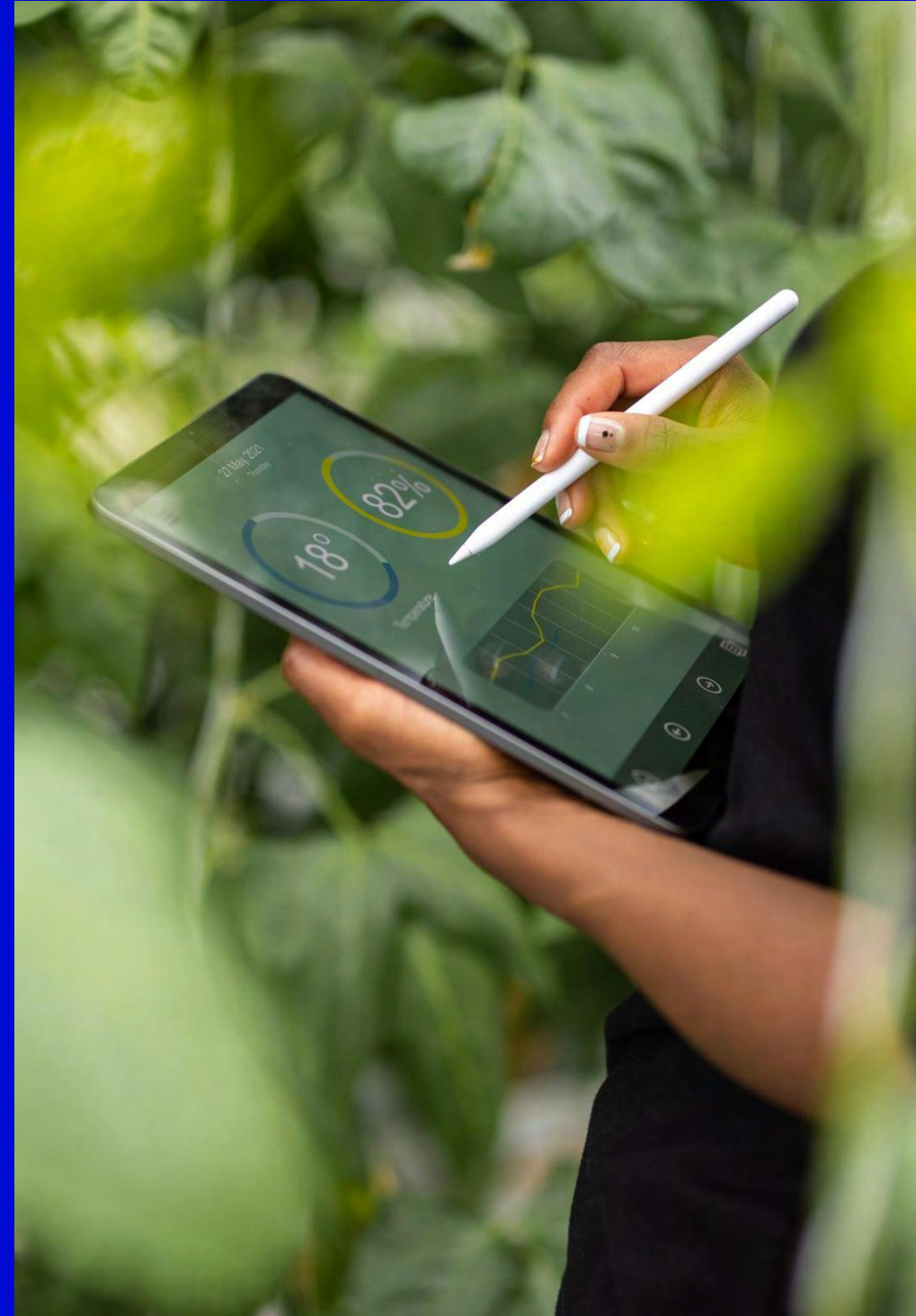


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# 3.0

## Proprietary tools and data providers

Delivering the insights to make better decisions



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At Invesco, we recognize that high-quality data on ESG factors is essential for effective investment analysis and to bolster our stewardship efforts. In 2024, we further enhanced our ESG data and analytics capabilities by expanding and updating our proprietary tools—ESGintel, PROXYintel, and ESGCentral. As ESG data continues to evolve rapidly, the industry 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 sustainability topics for corporate and sovereign issuers across a range of metrics and data points.

The tool enhances the investment process by:

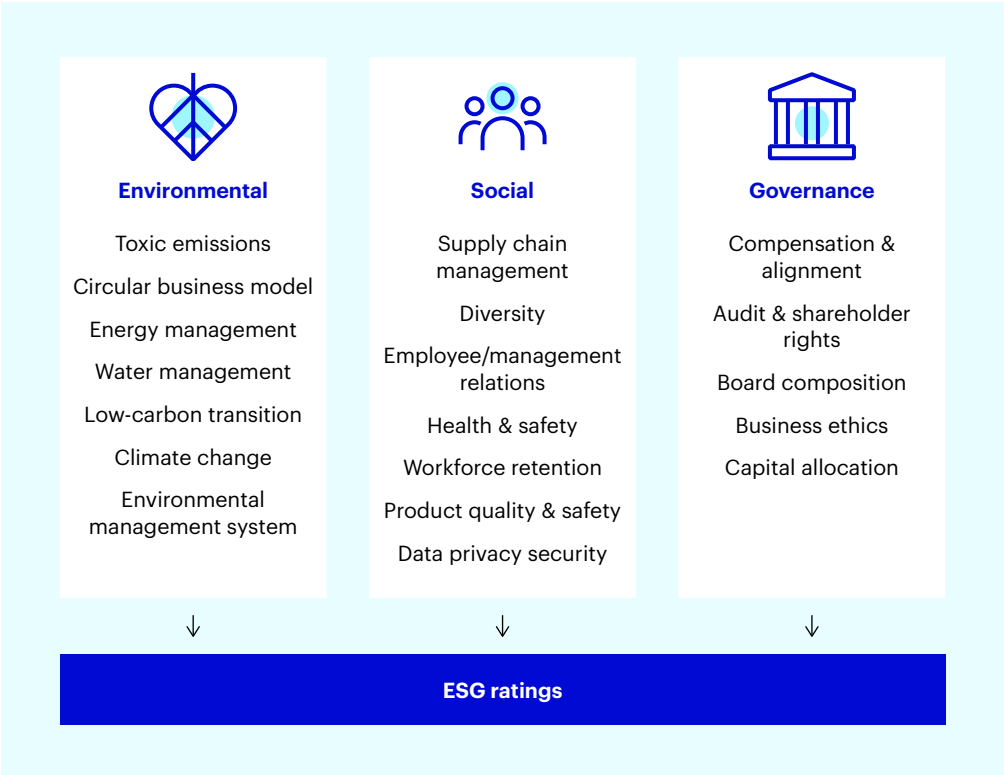
- Highlighting ESG factors with potential investment implications
- Facilitating the monitoring of issuers’ risk profiles

**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 sustainability 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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3.1.1 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 screening.

ESGCentral brings in 40+ data sources, including a number of major data providers (such as MSCI, Bloomberg, ISS and Sustainalytics), and integrates them with Invesco’s ESG portfolios and benchmarks to provide a holistic portfolio-level analytics capability. The platform’s data-fuelled insights highlight opportunities and risks within the portfolios. The tool enables users to screen the portfolios for negative

screens, net zero, Article 8, sustainable/responsible investing and other ESG frameworks. Through these capabilities, the platform supports compliance, risk management, reporting, and regulatory initiatives such as SFDR and TCFD. As a result, ESGCentral provides clear differentiation to Invesco’s sustainable investing approach.



	ESGintel	ESGCentral	Vision	PROXYintel
Description of tool	A research tool integrating third-party ESG data and Invesco’s views on materiality	A cloud-native platform that enables our investment teams to have holistic, customised, portfolio-level analytics capabilities	Cloud-based multi-asset research, analytics and portfolio construction platform helping clients better understand portfolio risks and trade-offs	A proxy voting platform that enables the proxy voting process with respect to securities held in client portfolios for which we have been delegated the authority to vote proxies
Scale of analysis	Issuer-level data	Portfolio-level, issuer-level data	Portfolio-level, issuer-level, security-level	Issuer-level data
Outputs	<ul style="list-style-type: none"><li>• An overall ESG rating out of 5</li><li>• E, S and G scores</li><li>• Peer comparison and historical comparison</li></ul>	<ul style="list-style-type: none"><li>• Portfolio-level analytics, monitoring and screening</li><li>• Support for risk management and regulatory compliance (e.g. SFDR)</li><li>• ESG reporting</li></ul>	<ul style="list-style-type: none"><li>• Financial modeling of assets, liabilities across retail, DB/DC, and insurance channels</li><li>• Portfolio construction at the fund-level and security-level</li><li>• Analytics and reporting</li></ul>	<ul style="list-style-type: none"><li>• Company filings and reports</li><li>• Proxy research and vote recommendations</li><li>• Internal proxy voting guidelines</li><li>• Vote decisions and rationales</li><li>• Vote outcomes</li></ul>
Primary use (by investment teams)	Research a company’s ESG profile during the investment process to identify ESG risks	Analyse portfolios to understand 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 other Frameworks	Screen, constrain, and optimize multi-asset portfolios with in-house capital market assumptions, factor-based & regulatory risk models, and analytics (performance, ESG, fixed-income, equity, market data, etc.) to meet economic, regulatory, and/or cash-flow goals and needs.	Supports the proxy voting decision-making process and those responsible for the administration of proxy voting

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

At Invesco, we believe that good quality data is essential for making good decisions. As such we constantly develop our research and proprietary tools to enhance out analysis capabilities. For example, we incorporate 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 firm resources and investing in the success of our clients, shareholders, and ourselves.

The Investment Advisory team has been in place since 2017 with four team members based in Henley responsible for supporting stewardship activities for Invesco Fundamental Equities EMEA which includes UK, European, Global and Asian equities teams managed in the UK. It analyses and executes all voting recommendations for Invesco Fundamental Equities EMEA and supports company engagement on governance matters. It works closely with the Invesco Public Policy team on regulatory consultations and reform and industry initiatives as they relate to Stewardship and Governance.



**Our use of service providers**  
Invesco uses external service providers to support our stewardship activities, including ESG rating providers, proxy service providers, business involvement screening, carbon data and more. Data from these service providers feeds into our proprietary tools and supports in-house 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 sustainability topics to ensure that companies are evaluated on financially material sustainability topics according to their business activities. External service providers<sup>1</sup> are used as an additional, complementary source of sustainability-focused information to enhance Invesco’s own research and analysis processes.

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

Our research providers, tools and technology

A broad platform

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

Proxy service providers	
Glass Lewis	ISS

Our Proprietary Tools		
ESGintel	ESGCentral	PROXYintel

Source: Invesco, as of February 2025. 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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3.2 Onboarding external service and data providers

Our investment teams enhance their proprietary research by integrating insights from both internal resources and external service providers, such as research firms, proxy advisory companies, and trade associations. This strategic combination enriches our understanding of regional, sector, industry, and company-level opportunities and risks, allowing us to deliver comprehensive investment solutions tailored to our clients’ diverse needs. By merging external perspectives with in-house expertise, we ensure a nuanced analysis that supports well-informed investment decisions.

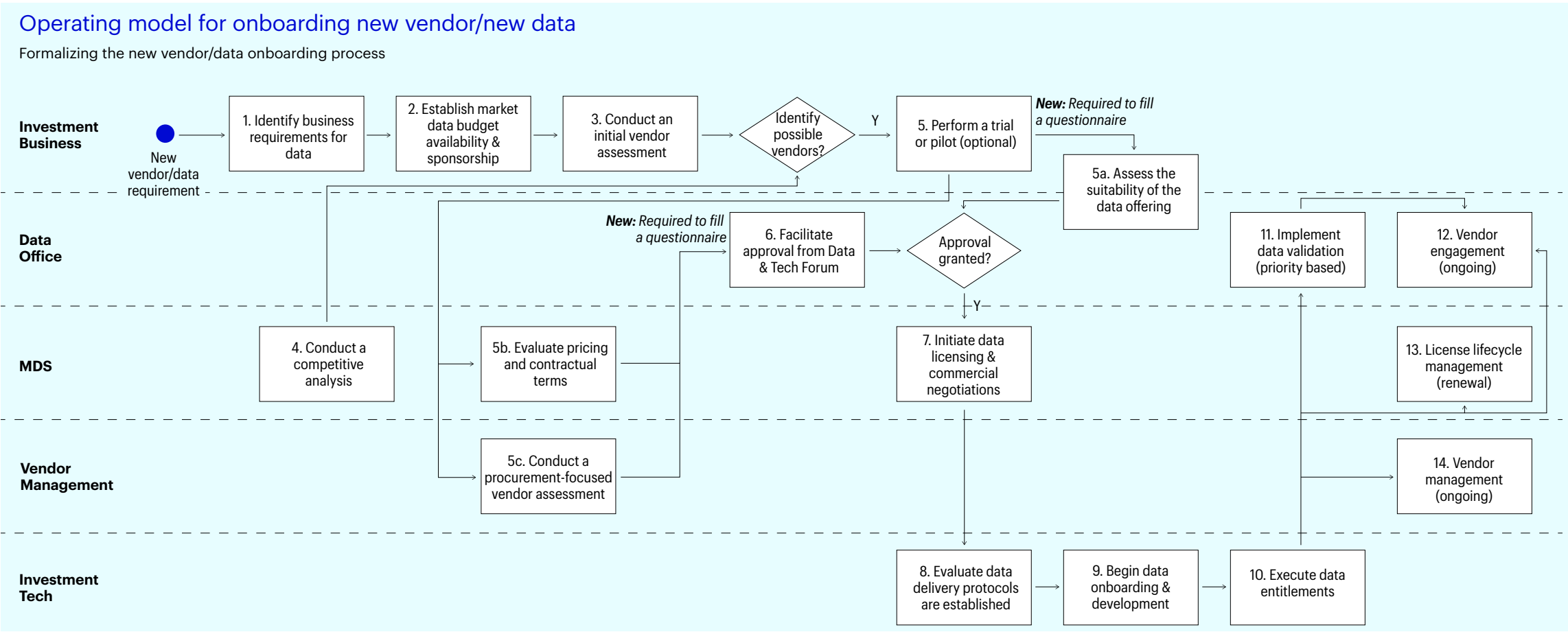
At Invesco, to on-board external service and data providers we generally follow this process:

- 1. Identify the business need and fill out a new data request template and make the business case.
- 2. Conduct an initial vendor assessment to ensure that vendor data aligns with Invesco’s policies

- 3. Assess the suitability of the data offering along with pricing and contractual terms and confirm the vendor’s operations meet Invesco’s Vendor Management Policies.

- 4. The request is then put forward for approval from the Data & Tech Forum. If approved, begin data licensing negotiations – includes evaluation of pricing and contractual terms, confirmation that the vendor has proper data security protocols (data encryption, access controls etc.) in place.

- 5. Work with Investment Tech and associated data office to begin data on-boarding process, including proper data entitlements, quality checks and development based on priorities and availability of funding and resources.



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Proxy service providers

Invesco has retained two independent third-party proxy voting service providers to provide proxy support globally: Institutional Shareholder Services Inc. (ISS) and Glass Lewis. The services may include one or more of the following: providing a comprehensive analysis of each voting item and interpretations of each voting item based on Invesco's internal proxy voting guidelines; and providing assistance with the administration of the proxy process and certain proxy voting-related functions, including, but not limited to, operational, reporting and record keeping services.

While Invesco may take into account the information and recommendations provided by the proxy service providers, including recommendations based upon Invesco's internal proxy voting guidelines, Invesco's investment teams retain full and independent discretion with respect to proxy voting decisions.

We monitor and conduct ongoing due diligence of both proxy service providers through periodic reviews and annual due diligence. Invesco will engage with both proxy service providers if concerns are identified or if our concerns have not been addressed. The Proxy Voting & Governance team will escalate any issues to the Global Invesco Proxy Advisory Committee. Periodic due diligence includes:

- On a monthly basis, Invesco holds meetings with the ISS client success team to ensure that they are meeting our service level expectations. This oversight includes a review of service levels, account maintenance, ongoing projects, regulatory developments or other governance-related developments, among other topics.
- Periodically throughout the year, Invesco holds meetings with the ISS custom research team to review service levels, proxy research and vote recommendations, and other governance-related developments. During these meetings we may discuss any vote recommendations that appear to be inconsistent with IVZ's proxy voting guidelines.
- On a quarterly basis, Invesco conducts post-vote analysis on a sub-set of votes cast to confirm that vote recommendations were applied in line with Invesco's custom proxy voting policy and votes were cast in line with account setup instructions.

Annual due diligence:

- Both proxy services providers are required to complete a due diligence questionnaire.
- Invesco conducts in-depth annual due diligence meetings with both proxy service providers. These meetings generally cover material changes in service levels, leadership and control, conflicts of interest, methodologies for formulating vote recommendations, operations, and research personnel, among other topics. Members of the Proxy Voting & Governance team attend these meetings in addition to representatives from Legal, Compliance, Sustainable Investing Services and Procurement.



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Invesco monitors external service and data providers to ensure that the services and data provided are of the highest quality. This monitoring process includes regular reviews and audits of the providers to ensure compliance with regulations and standards.

Since 2022, the Data and Technology ESG forum working group (led by an ESG Data Product Owner with the enterprise data team) has enhanced Invesco’s ability to monitor service providers and evaluate the quality of services provided.

We have implemented:

Vendor governance cadence

Invesco meets with five major data vendors to:

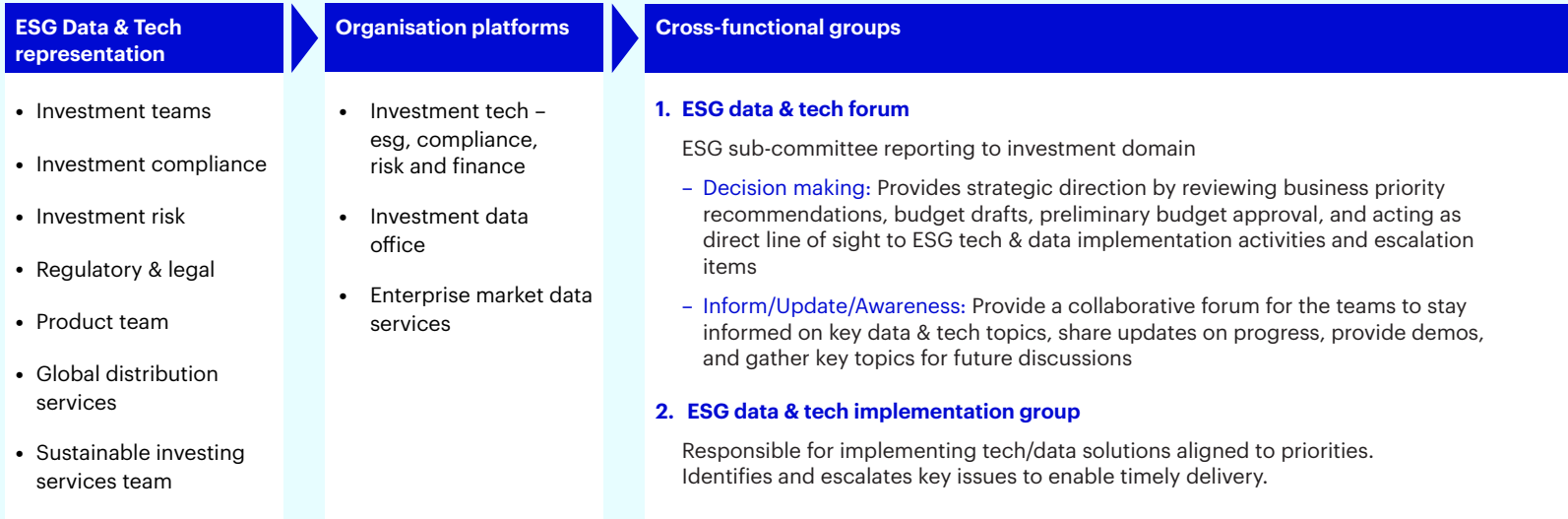
- Procure the latest data dictionaries, methodologies, and sample data for internal alignment.
- Escalate data issues received from the business teams to drive resolutions.

Increasing automation of data controls

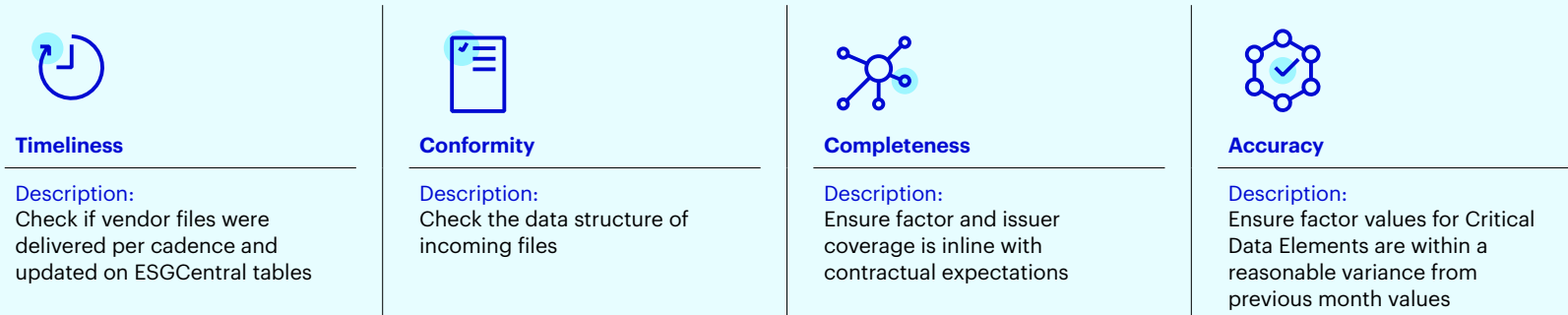
We have implemented enhanced automation of data controls in the following ways:

- **Timeliness checks** – Implemented on all major data vendors
- **Conformity checks** – Implemented on all major data vendors
- **Completeness checks** – Implemented for major vendors that are used in portfolio monitoring & compliance checks
- **Accuracy checks (proxy)** – Implemented for major vendors that are used in portfolio monitoring & compliance checks

Vendor Governance Cadence



ESG data quality checks



1.0 Stewardship approach

2.0 A global platform

3.0 Proprietary tools and data providers

4.0 Stewardship and investment

5.0 Active stewardship

6.0 Tailored solutions

7.0 Industry impact



3.2.3    Actions taken when expectations are not met

When gaps are identified or expectations are not met, we address them with support from our Sustainable Investing Services team, which engages with ESG service providers to enhance our capabilities and meet client needs. Recognising the rapid evolution of ESG research and data, we continuously explore new data sets and approaches for deeper insights into sustainability themes. Our effectiveness in serving clients’ best interests is further assessed through ongoing evaluations and feedback mechanisms.

Our ESG data governance model

Leveraging the expertise within our Investments Data Office, the ESG Data Governance model is spearheaded by a dedicated ESG Data Product Owner (reporting directly into our Investments Data Officer), who is responsible for:



The ESG Data Product Owner is supported by a team of ‘hands-on-keys’ Data Stewards, who are responsible for ensuring (and subsequently resolving any arising issues) data and process quality of ESG data loaded into Invesco’s strategic centralised ESG data platform.

In addition, we have established a Data and Technology ESG forum responsible for supporting and overseeing strategic roadmap development and execution, along with acting as a forum to manage key data issues and escalations from our ESG data consumers.

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Invesco considers privacy and data security to be essential to its business and client trust. The company has comprehensive policies, standards and controls in place to protect personal and sensitive data, comply with global privacy laws, and manage cybersecurity risks. Employees receive regular training, and Invesco maintains strict access controls, encryption, and incident response plans to safeguard data. Overall, privacy and data security are integrated into Invesco’s operations to ensure confidentiality and integrity of information.

Audits of privacy and data security controls are performed on a recurrent basis, through the internal audit team, with more frequent reviews for higher-risk areas. In addition to internal audits, Invesco also undergoes external audits of its data security and privacy practices. These external audits help ensure ongoing compliance with regulations and industry standards.

At Invesco a strong emphasis is placed on access control and the protection of personal and sensitive data as part of its overall data security and privacy strategy. The firm implements strict access controls to ensure that only authorized personnel can access sensitive information, using measures such as role-based permissions, multi-factor authentication, and regular access reviews.

To further protect data, encryption techniques for data both in transit and at rest are employed, ensuring that information remains secure from unauthorized access or breaches. Where appropriate, the firm also uses de-identification or anonymisation methods to remove or mask personal identifiers, reducing the risk of exposure if data is accessed improperly. These practices are part of Invesco’s broader commitment to complying with security and privacy laws and safeguarding client and employee information.

Invesco’s Global Security Department is responsible for the development, implementation, and periodic refresh of policies and standards aligned with industry guidelines (e.g., National Institute of Standards and Technology (NIST), International Organization for Standardization, American Society for Industrial Security) and applicable statutes, rules or regulations, and commercially reasonable administrative, physical, and technical safeguards to:

- 1. Protect the privacy, confidentiality, integrity, and availability of information assets and the systems that process those assets.
- 2. Protect those assets against accidental, unlawful, unauthorized access or use.
- 3. Prevent the damage, destruction, or unauthorized disclosure, distribution, loss, manipulation, modification, and/or transmission of those assets.
- 4. Enable the organisation to comply with applicable privacy requirements and obligations.



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# 4.0

## Stewardship & investment

Creating long-term value for our clients



**1.0**  
Stewardship  
approach

**2.0**  
A global  
platform

**3.0**  
Proprietary  
tools and  
data providers

**4.0**  
Stewardship  
and investment

**5.0**  
Active  
stewardship

**6.0**  
Tailored  
solutions

**7.0**  
Industry  
impact



4.1 Stewardship and investment

Our commitment to stewardship is integral to our client-focused asset management approach. When managing assets on behalf of clients who seek to incorporate sustainable factors into their investment process our investment teams tailor strategies to integrate stewardship and address financially material issues across various asset classes and geographies.

Our philosophy

When sustainable factors are included they act as one of several inputs. These include, investment selection, idea evaluation, company dialogue, and portfolio monitoring, with financially material aspects considered holistically within the broader investment risk and opportunity framework. Dialogue with portfolio companies is crucial, often involving board-level discussions to convey shareholder views on management, strategy, transparency, and capital allocation, with firm-level research initiated by analysts and portfolio managers who assess various factors specific to asset class, sector, geography, and company. When deeper insights are needed, our Sustainable Investing Services team provides proprietary analysis, but final decisions rest with our investment managers and analysts, who possess the deepest understanding of their respective asset classes and sectors.

The core aspects of our sustainable investing philosophy include materiality, momentum and engagement.

1.

**Materiality:** The concept of financial materiality refers to consideration of sustainability issues on a risk-adjusted basis and in an economic context.

2.

**Momentum:** The concept of an issuer’s sustainability momentum, or improving financially-material ESG factors over time, is particularly interesting in our view.

3.

**Engagement:** 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.



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When managing products with sustainable objectives, our investment teams consider sustainable factors aligned with the specific asset class, sector, geography, and company, ensuring these factors are a key component of our overall investment perspective. Aligned to our client mandates, we actively engage in dialogue with portfolio companies to address sustainability issues, leveraging proprietary analysis from our Sustainable Investing Services team when more detailed insights are required.

Equities - Invesco Japan equities

Invesco Japan takes a high-conviction fundamental active approach from a long-term perspective based on insights of a team of seasoned Japanese equity experts on the ground in Tokyo.

At Invesco Japan, when managing products with sustainable objectives, our portfolio managers and research analysts directly engage in dialogue with investee companies and determine the materiality of each company, which characterises our stewardship activities.

Invesco Japan has also internally developed a Proxy Voting Guideline to cast and manage proxy votes.<sup>1</sup> These features are aligned with our investment process that portfolio managers and research analysts – who have insights into the investee companies – integrate stewardship activities as part of investment decisions based on the potential for sustainable corporate value growth. We believe this is the best way to gauge both financial and sustainability opportunities and risks and make sensible investment decisions accordingly. We aim to consistently undertake stewardship activities focusing on corporate value growth potential.

Invesco Japan considers a multitude of sustainability materiality factors, challenges, and themes in its investment decision-making process. Engagement is crucial to strengthen conviction in investment decisions from a long-term perspective, contributing to reducing a company’s risk premium.

Invesco Japan believes that a companies’ ESG strategies and performance affect the sustainability of long-term corporate value growth significantly. In other words, as a long-term investor, we believe that ESG analysis plays a crucial role to strengthen conviction in investment decisions. When making final investment decisions, we place significant emphasis on qualitative analysis, including the assessment of ESG strategies, in addition to fundamental research based primarily on financial information. We conduct ESG analysis based on information obtained through constructive dialogue with companies, as well as other sources, including companies’ disclosures, and third-party ESG research. Through this process, we seek to identify the material characteristics of each company. We do not make investment decisions solely based on ESG information but consider it an important factor of corporate value creation.

1. Due to regional or asset-class specific considerations, certain Invesco entities (Invesco Asset Management (Japan) Limited, Invesco Asset Management (India) Pvt. Ltd, Invesco Taiwan Ltd and Invesco Capital Markets, Inc. for Invesco Unit Investment Trusts) may have local proxy voting guidelines or policies and procedures that differ from the Global Policy. In the event that local policies and the Global Policy differ, the local policy will apply.



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Scope: Equity portfolios managed by Invesco’s Asia ex-Japan.

When the Invesco Asia Equity Investment team researches and selects stocks in their investment process, when managing products with sustainable objectives, the team considers several factors including transparency and communication (corporate access), corporate culture (management style/mentality), strategy (business model, competitive product/service), financial disciplines and capital structure, risk management, governance, ownership, as well as financially material ESG factors.

The investment team believes that when products with sustainable objectives are being managed, sustainability issues can have an impact on sustainable value creation. Companies with improving sustainability factors may present good investment opportunities. Sustainability-related investment risk analysis is integrated throughout the investment process. With the investment team’s focus mainly on bottom-up stock selection, there is a strong emphasis on proprietary company research through detailed fundamental analysis.

The investment team’s proprietary stock analysis focuses on quantitative factors as well as qualitative factors. An assessment of financially material sustainability-focused factors is required to form the basis of the investment team’s analysis, and a risk rating (five tiers spanning low risk, low-medium risk, medium risk, medium-high risk, and high risk) is assigned to reflect the investment team’s views on sustainability impacts. Fair value will be adjusted to reflect our concerns on material risks and used as guidance for portfolio construction. The starting point for company-level ESG research is our portfolio managers and research analysts, who will look at a variety of factors. These will differ by industry, geography, and company, and will typically be one component of an overall investment view.

Our Head of Sustainable Investing, Asia ex-Japan, may also provide inputs to the research. The approach focuses on the financially material ESG issues identified at the company level. We identify issues that can influence the supply chain, manufacturing process, distribution channel, operations and finally the product/service itself.

The Invesco Asia Equity Investment team conducts various periodic meetings. In the weekly regional in-depth stock discussion meetings, detailed research and analysis are summarised and documented in the Stock Research. Stock Research Discussion Notes which include a sustainability section that provides a fair assessment of the impact of ESG factors on the company with an internal ESG rating. During these meetings the investment team challenges the investment thesis, including material ESG issues.

When managing products with sustainable objectives, the investment team will actively engage with investee companies to question or challenge them on ESG issues that could have an impact on their fundamentals. We interact with companies regularly in various forms of meetings on ESG issues, exercising both ownership rights and voice to effect changes. Ongoing engagement is to ensure that we agree and that the fundamentals and ESG factors did not change.

As part of oversight of the sustainability implementation, the Head of Sustainable Investing, Asia ex-Japan, together with the CIO Asia Ex-Japan, CIO Hong Kong & China, the Regional Head of Investments, APAC, and the Asia Pacific Investment Risk Team closely monitor and review portfolio performance and the risk profile periodically to ensure overall quality and integrity.



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Scope: Equity portfolios managed from Henley, UK.

Three principles underpin the Henley Equities Investment teams’ approach to investing: perseverance, inspiration, and progress. Our teams have a commitment to taking risks and believe in being informed by rigorous thought, challenge from our peers and thorough evidence.

When managing assets with sustainable requirements that include products with sustainable objectives, we analyse the magnitude of risks impacting a company’s financial integrity, brand/reputation, long-term profitability, and value creation, including financially material ESG risks. In our fundamental investment research, we analyse how companies address key financially material issues to assess incremental change.

As part of our ongoing portfolio monitoring and risk management, we have access to ESG ratings so we can continuously evaluate changes. Financially material issues are considered alongside other risks and valuation drivers to help identify better-managed companies that are well positioned to succeed in the long term. When managing products with sustainable objectives, our equity investment teams can rely on a mixture of external ESG data and internal proprietary ESG ratings, such as ESGintel. Our view of material aspects per sector underpins this research. This allows our investment managers to understand companies’ opportunities and risks from as many angles as possible. We believe our combination of ESG ratings and in-depth research enables our Henley portfolios to deliver a value proposition to clients. The equity investment teams are also supported by the Investment Advisory Team (referred to above) on voting analysis and recommendations and company engagement.



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Scope: Invesco Fixed Income (IFI) portfolios managed with sustainable requirements.

IFI's credit research is a critical component of our efforts to produce strong results for clients. This approach is also applied to short, dated securities held in IFI-managed global liquidity products. Our analysts are primarily focused on identifying risk factors that could be financially material, and these may be common to all industry participants or unique to a specific issuer.

Alongside their fundamental financial analysis,when managing products with sustainable objectives, IFI's credit analysts are tasked with understanding the financially material drivers for the companies they cover and conducting sustainability-based analysis. The starting point for ESG assessment is at the industry level. Context and materiality are critical, and having sector specialist credit analysts means that the team has an awareness of certain ESG factors that are more prevalent in some sectors than others. Our Global Sector analyst teams set out common ESG risk factors for each industry, and individual analysts then work within this framework on each issuer in their coverage area while also seeking to identify any idiosyncratic ESG risks to which individual issuers might be exposed.

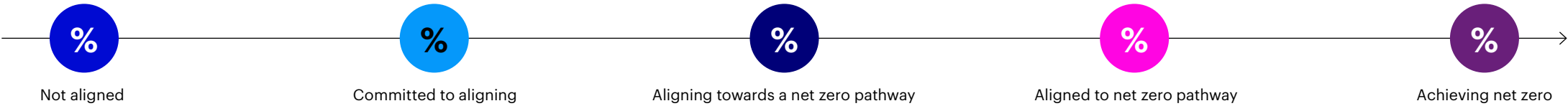
Issuers receive a proprietary overall ESG grade, accompanied by sub-grades covering the three pillars of Environmental, Social and Governance. In addition, sustainability momentum is captured through trend assessments, which add further useful information for portfolio managers in the same way that creditworthiness trend assessments do for fundamental credit ratings. All ESG research is stored on our research platform so that portfolio managers across asset classes may easily access it. The fixed income team are an active investor in the primary market, reviewing new issue prospectuses as part of our decision-making process.

IFI is committed to continuous innovation and improvement in its ESG corporate research process. Climate change considerations are increasingly central to the investment objectives of some individual investors and institutional asset owners. In some cases, asset owners have specific goals around aligning their investments including their corporate credit exposures to supporting the global goal of achieving net zero carbon emissions by 2050. We have implemented assessments of net zero alignment in our corporate bond research process in partnership with Invesco's Sustainable Investment Services team to support the management of products and mandates with these objectives. For these clients, the approach follows the guidance of the Net Zero Investment Framework developed by the Institutional Investors Group on Climate Change (IIGCC).

IFI's process to assess the net zero alignment of issuers

For client accounts and portfolios with stated net zero objectives

Net zero alignment spectrum



**Key Components Assessed**

1

**Net zero ambition**

The company has set a long-term goal consistent with achieving net zero emissions by 2050.

2

**Emissions targets**

The company has explicit short- and medium-term emissions reduction targets covering its scope 1, 2 and material scope 3 emissions.<sup>1</sup>

3

**Emissions performance**

The company demonstrates that its current emissions intensity performance meets targets that it has set with reference to climate science-based approaches.

4

**Disclosure**

The company discloses its scope 1, 2 and material scope 3 emissions.

5

**Decarbonisation strategy**

The company has a quantified plan setting out measures deployed to meet its greenhouse gas (GHG) reduction targets, proportion of green revenues and increases in green revenues.

6

**Capital allocation alignment**

The company's capital expenditures are clearly consistent with the goal of achieving net zero.

Source: IIGCC. For illustrative purposes only.

1. Scope 1 emissions refer to direct emissions from a company's owned or controlled sources. Scope 2 emission refers to indirect emissions from purchased or acquired energy. Scope 3 emissions refer to all indirect emissions that occur in the value chain of a reporting company.

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Scope: Multi-factor portfolios managed by IQS.

The IQS team is committed to adding value through the systematic application of factor investing. The IQS team believes that certain factors such as Value, Momentum and Quality explain wide parts of both returns and risks in equity markets.

The team has been implementing broadly diversified multi-factor strategies over more than 40 years, seeking to capture factor premiums<sup>1</sup> irrespective of the prevailing market environment and timing considerations.

IQS acknowledges that when managing products with sustainable objectives, ESG risks and opportunities can be potential drivers of future returns, which might not be apparent in historical data. As part of the investment process, IQS focuses on robust ESG analysis. Financially material aspects are considered and the IQS team has continuously developed and broadened its experience in the implementation of customised ESG criteria based on client mandates, which derive from open conversations with clients. In addition to the implementation of dedicated responsible investment policies, the team conducts an active dialogue with carefully selected investee companies through engagement programmes and participates in investor-driven proxy voting enabled through Invesco’s proprietary voting platform. When managing assets with sustainable objectives, the team offers a holistic approach, taking financially material ESG factors into consideration systematically at various levels of its portfolio management process.

When managing the assets of clients with sustainability requirements, the IQS team applies a constraint on negative ESG exposures (ESG exposure control) for portfolios relative to the respective markets, so that the portfolio’s ESG exposure meets the standard of the benchmark’s ESG exposure. This constraint is implemented in the optimisation set-up across the portfolios. IQS further restricts investment in stocks that suffer sharp downgrades to their ESG scores for a defined period (Adverse ESG Momentum stocks) as research indicates an underperformance of affected stocks after a downgrade.

When managing products with sustainable objectives, we have also integrated selected governance measures into Quality factors. The Quality factors prefer companies with good controls and are not financially constrained. In short, these are well-managed companies on measures that also correlate to good governance. The IQS team has adopted a controversial-weapons policy that seeks to limit investments in firms that manufacture land mines and cluster munitions.

IQS uses a ranking framework whereby no companies or sectors are automatically completely excluded from a given investment universe. Instead, all companies are provided with a score based on the points achieved in relation to various positive and negative factors. These point scores can then be used to develop a preference approach by either identifying companies that are best in sector or are over a certain threshold score. Furthermore, all portfolios can be managed to achieve an explicit carbon footprint reduction relative to the benchmark or universe. Lastly, the team can establish a minimum of social or green revenues in a portfolio and can also construct United Nations Sustainable Development Goals aligned portfolios.

Within IQS’s multi-asset product range, we facilitate the application of sustainability criteria to fixed income instruments using sustainability ratings. To assess an issuer in terms of these criteria, a large number of indicators are used and are combined into an overall rating. For sovereign bonds, details of how well countries perform on specific concerns, such as nuclear power as a percentage of nationally produced energy consumption and religious freedom, can also be provided.



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1. Factor premiums are the returns explained by exposure to factors.



Scope: Direct real estate portfolios managed by Invesco Real Estate (IRE).

Real estate investments provide an opportunity to implement sustainability strategies where appropriate that deliver tangible and measurable outcomes, given the nature of the asset class and level of influence in directly managed assets.

When managing products with sustainable objectives, a deliberate and disciplined approach to sustainability risk integration enables teams to successfully balance client-driven responsible investment objectives and fulfilling our fiduciary responsibilities by focusing on driving good performance. This philosophy is based on the belief that sustainability aims to deliver competitive financial returns and provides opportunities for growth and innovation.

Working with key stakeholders, this enables us to respond to changing market dynamics for greater levels of action and transparency. We aim our sustainability efforts towards achieving better buildings with broader insights, aiming towards a more risk-resilient portfolio. As we look across the globe, we can see our integration at work through:

- Optimising building energy efficiency with technology, producing on-site energy and promoting clean transportation;
- Renovation of buildings, minimising our embodied carbon by sourcing materials locally and re-using existing building structures;
- Engagement with our tenants to collaborate in improving wellbeing and environmental performance to reduce costs; and
- Focusing on the development of amenities and communities, creating spaces where people want to live, eat, work and play.

IRE is incorporating sustainability principles within operations to ensure that we continue to provide our clients with a transparent, data-driven approach to managing their investments. Our focus is on delivering strong investment performance while still prioritising the productivity, health, and well-being of our employees and key stakeholders. This ultimately de-risks the portfolio from adverse sustainability impacts, whilst responding to changing market dynamics, allowing opportunities to be identified.


Oversight of IRE's sustainability initiatives is supported by a global sustainability committee, comprised of senior members of the real estate business. They provide a unified direction and strategy for the global real estate business.

### Case study – Sustainable, affordable housing

In Germany, two newly built residential projects comprising 49 apartments exemplify excellence in sustainability standards through state-of-the-art wooden construction and adherence to the “KfW-40” energy efficiency standard. These developments prioritise environmental sustainability by using renewable materials, revitalising existing land, and integrating energy optimisation systems like photovoltaic roofs and district heating. Social interactions are fostered through affordable housing and innovative communal living arrangements for different age groups, while a new mobility concept reduces car traffic and promotes sustainable transportation. Close collaboration with the municipality of Mannheim and the inclusion of green recreational spaces further enhances the quality of life, making these projects a model for future sustainable communities.


ESG - A framework to drive performance

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




### Environmental

- Manage utilities to **reduce costs**
- **Optimise operations** with cost effective measures and technology
- **Monitor assets** for transition risks
- Measure exposure to physical risk stressors and seek opportunities for mitigation



### Social

- **Focus on healthy, active** and **adaptable** spaces for tenants
- Local **community engagement**
- **Engage with property managers** on ESG issues
- Encourage **sustainable practices** and the use of buildings by our tenants through **deployment of guides and resources**



### Governance

- Oversight via **Global Sustainability committee**
- Integration of sustainability **risk assessment** for acquisitions and loan underwriting
- Regulatory oversight for **reporting and performance requirements**
- **Annual disclosure** (GRESB, PRI)

1.0

Stewardship approach

2.0

A global platform

3.0

Proprietary tools and data providers

4.0

Stewardship and investment

5.0

Active stewardship

6.0

Tailored solutions

7.0

Industry impact

## GRESB performance

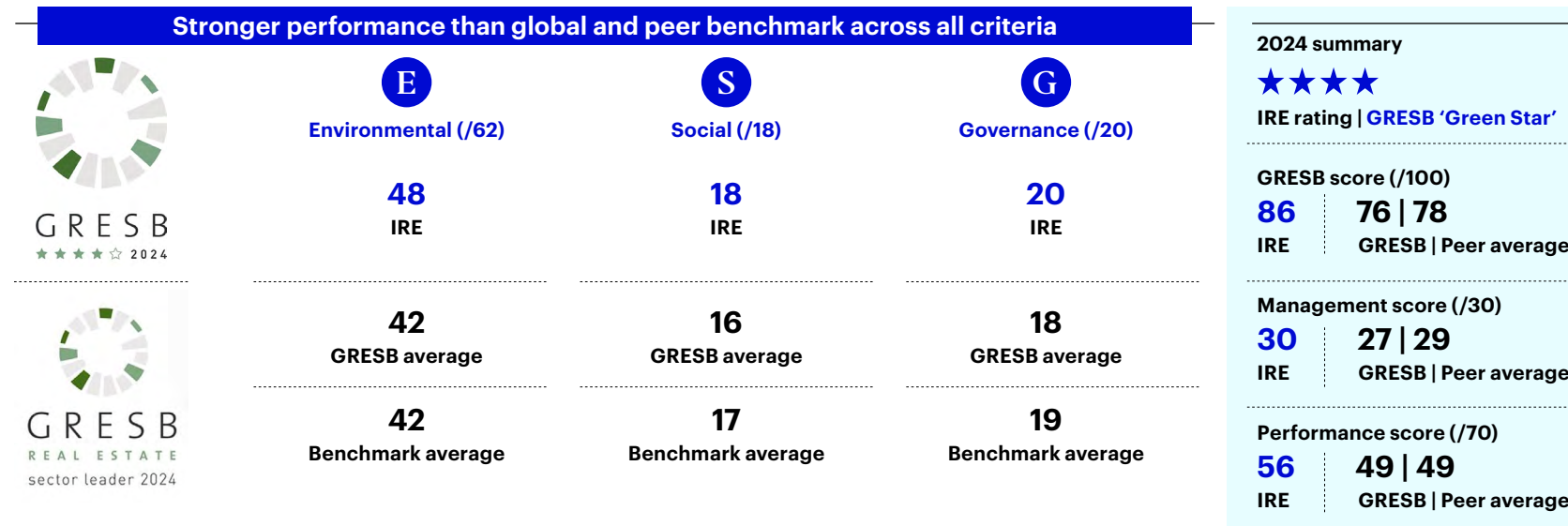
GRESB® is an international assessment to measure the sustainability performance of real asset portfolios across the globe. Information is reported in an annual assessment that includes the disclosure of material ESG and Resilience (ESG+R) performance at the portfolio level, such as energy, emissions, water, and waste data; green building certifications (GBCs), energy ratings, sustainability risk assessments, and indicators related to governance and stakeholder engagement. GRESB data is used by more than 100 institutional and financial investors to monitor investments across portfolios. In 2024 alone, more than 2,223 global GRESB participants reported to GRESB, covering more than 208,000 assets and \$7 trillion AUM.

In 2024, IRE submitted several portfolios to the GRESB benchmark and achieved an overall score of 86/100, ahead of the global and peer averages of 76 and 78 respectively.

## IRE GRESB performance 2024

## Global leadership

## Past performance does not predict future returns



Source: Invesco Real Estate, as of 30 September 2024. Any reference to a ranking, a rating or an award provides no guarantee for future performance results and is not constant over time. For more information, visit [gresb.com](https://www.gresb.com). This is not an Invesco website, any views and opinions expressed subsequently are not those of Invesco. Whilst the portfolio manager considers ESG+R aspects they are not bound by any specific ESG+R criteria and have the flexibility to invest across the ESG+R spectrum from best to worst in class.

## Case study – Logistics warehouse, France

Invesco continues to make significant strides in enhancing the sustainability of real estate assets, as demonstrated by the recent developments at the Villaroche Montereau-sur-le-Jard site in France. Between April 2024 and 2025, this Grade A courier warehouse built in 2020 underwent substantial sustainability improvements, increasing the value of the asset. These improvements included the installation of a “Cool roof,” which involves applying reflective paint to the roof to reduce the inner temperature by 3 to 4°C during summer, and a geothermal system that utilises the water table for heating and cooling, replacing the fossil-fuel based heating system used previously. Notably, this was the first logistics building in France to switch energy production to a renewable energy source on an occupied site with tenant cost-sharing.

Through a dedicated asset management approach to drive performance, these actions resulted in a 4.3% increase in asset valuation. Capex associated with the project was able to be recovered through both government grants as well as an increase in rent from the tenant as these goals aligned with both regulatory demand as well as tenant sustainability objectives. Overall, the project is expected to save 0.9 GWh and 240 tCO<sub>2</sub>e annually.

The Invesco Private Credit (IPC) platform is one of the largest global managers of private credit. With capabilities across broadly syndicated loans, direct lending, distressed credit, and structured products (CLO's), Invesco brings decades of private credit investing experience, supported by dedicated experts in each investment capability.

Private credit is an alternative asset class; investments are privately arranged debt instruments, usually below investment grade quality, but they are not securities.

Each vehicle has unique characteristics tailored to its underlying corporate issuer. Issuers are often private companies or may be sponsored by a private equity firm. A growing segment of Invesco's private credit clients are focused on sustainable investing and have asked for ESG-managed portfolios.

Since only a small pool of the investable universe is covered by third-party ESG rating providers, Invesco has developed a proprietary, quantifiable framework for rating each issuer and incorporated this into the credit process. As a result, our analysts are now responsible for independently rating each vehicle they cover from a sustainability perspective. They conduct due diligence reviews with issuers' management teams to inform a rigorous, multifaceted screening process in which each vehicle is measured on a scale of 1 to 5 (with 1 signifying 'no risk' and 5 signifying 'high risk') on a range of ESG factors.

To derive an issuer-level ESG rating, we use a weighting schematic for the issuer's broad industry category. These ratings are averaged into an overall ESG score that is approved by our Senior Investment Committee, subject to updates and reviews on at least an annual basis.

Applying our own sustainability approach to private credit has led to many positive outcomes, the most significant being our ability to provide an investment solution that has met institutional clients' objectives. Another major consequence is that we have substantively enhanced our analytical skills regarding ESG risks.

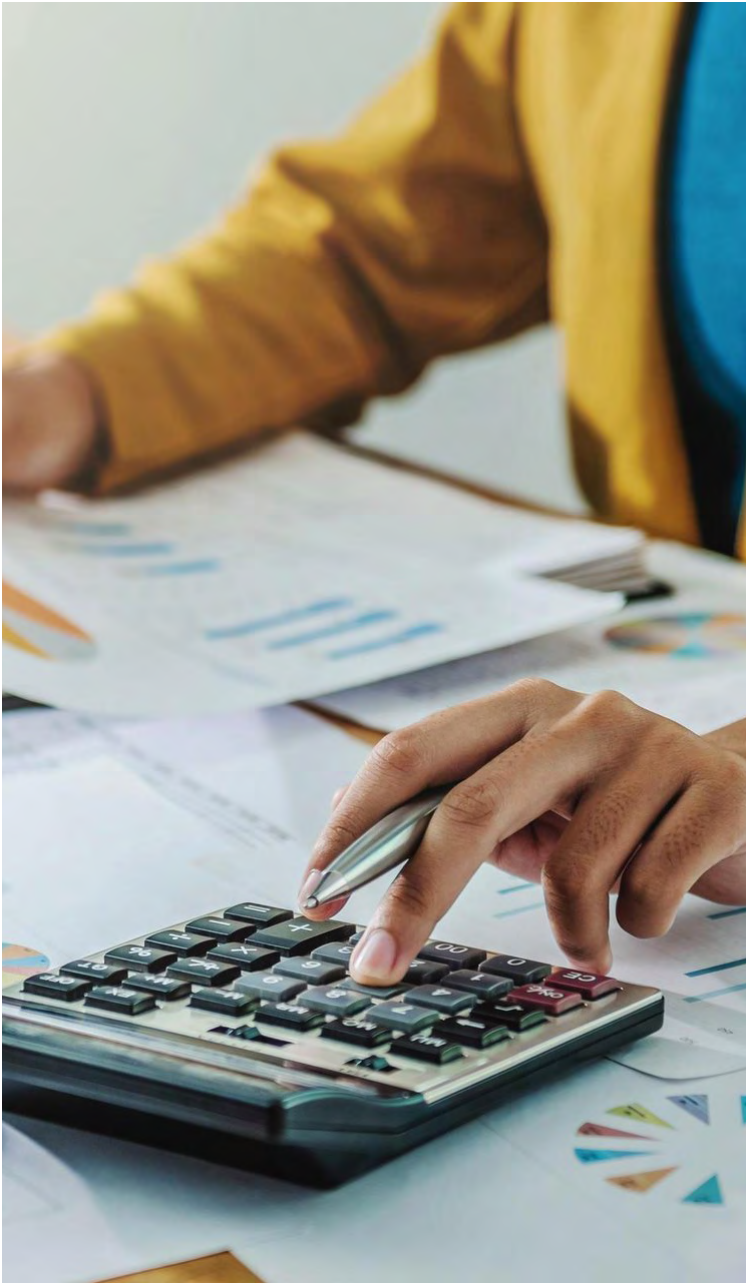
Although the process of rating each issuer has been time-consuming and complex, our analysts are now leaders in understanding the implications of ESG issues across the investable universe and, as such, they are able to make informed investment decisions.

**Private credit – Bank loans and direct lending**

Over the last decade, our clients have become increasingly interested in adopting sustainability-related considerations within their credit investment portfolios. While the incorporation of ESG considerations has expanded most notably in public market asset classes, doing so in private markets has proved more challenging given the private nature of its constituents, who are not typically evaluated by third-party ESG ratings providers.

In listening to our clients and aspiring to be at the forefront of ESG integration within private credit, in 2015, IPC began incorporating sustainability-related considerations into our investment process on an issuer-by-issuer basis – developing a proprietary framework specifically suited to private senior loan investments. We have since continued building and enhancing our ESG capabilities, and across our platform, we have evaluated more than 1000 issuers utilising this methodology and manage over USD 13 billion in dedicated ESG strategies.<sup>1</sup>

Where relevant to the specific strategy, we believe that the consideration of ESG factors may result in improved downside mitigation and the potential for more favourable outcomes as ESG risks pose potential credit risks that could impact valuation. By systematically evaluating the sustainability-related considerations of our prospective and existing investments, we believe we are better positioned to mitigate principal losses for our partners.



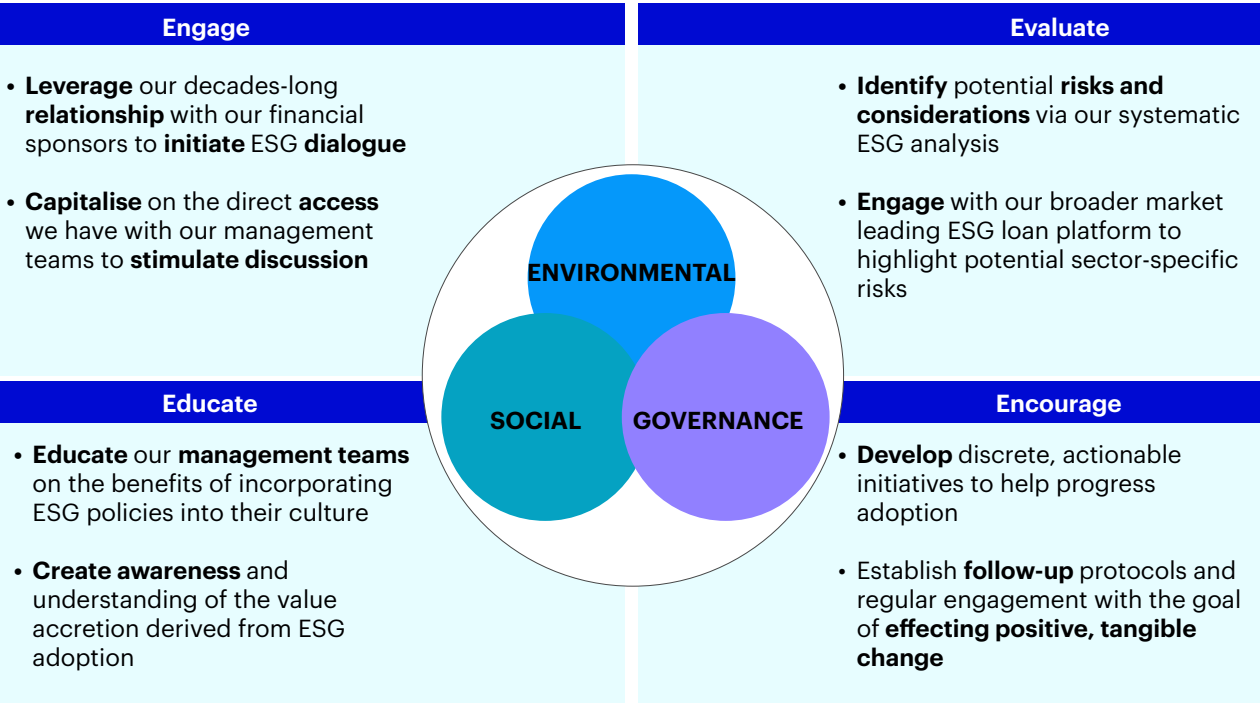
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1. Source: As of February 28, 2025



ESG philosophy and considerations

As part of our continued commitment to offering clients opportunities within private credit, we apply our proprietary framework for bank loans and direct lending, highlighting the four elements of our ESG philosophy below.



Our teams typically maintain a regular dialogue with issuers throughout our underwriting / diligence phases as well as holding period. Furthermore, we are able to comprehensively evaluate ESG risks and considerations using our systematic framework. In addition to direct engagement with the sponsor or management team, our teams also leverage the embedded expertise and proprietary knowledge of IPC's 20+ member sector-based credit research team which has evaluated over 1000 issuers using our ESG framework.

Applying our own sustainability approach in private credit has led to many positive outcomes, the most significant being our ability to provide an investment solution that has met institutional clients' objectives. Another major consequence is that we have substantively enhanced our analytical skills regarding ESG risks.

Although the process of rating each issuer has been time-consuming and complex, our analysts are now highly proficient in understanding the implications of ESG issues across the investable universe and, as such, they are able to make more informed investment decisions.



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# 5.0

## Active stewardship

Creating long-term value through dialogue and engagement



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platform

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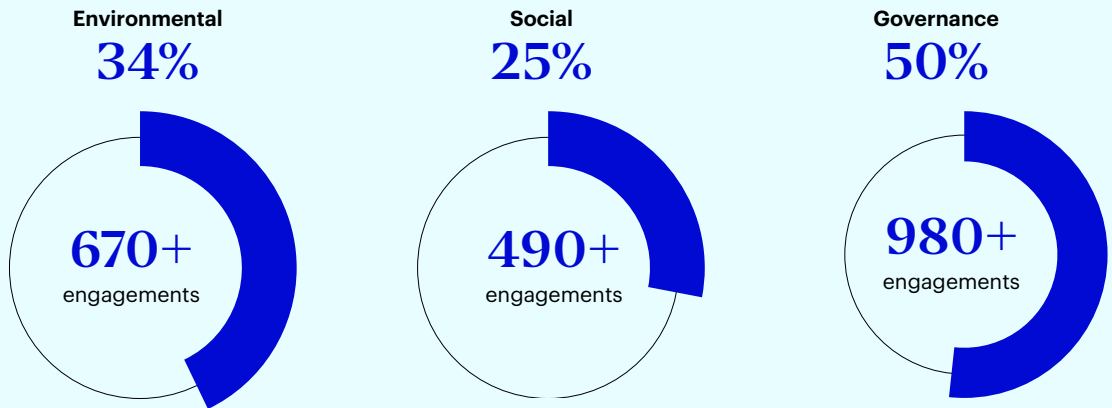


Dialogue is core to the investment process. As good stewards, Invesco considers engagement with issuers as a powerful and effective tool to promote long-term sustainable value creation for the benefit of our clients.

We believe in the power of engagement. We 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 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 sustainability matters. Engagements on sustainability involve contact with issuers on sustainability matters in the form of direct dialogue or information requests.

% of Invesco’s engagements covering sustainability-focused themes<sup>1</sup>



- 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 Sustainable Investing Services team.
- 2. The Sustainable Investing Services team uses both their own and investment team documentation to calculate this figure on an annual basis.

In 2024, Invesco conducted more than  
**1,990**  
engagements covering sustainability-focused themes firm-wide<sup>2</sup>

Case study – Company A



**Issue**  
This large cement and mining business faced ongoing safety issues.

**Action**  
Invesco UK engaged with the company in November 2023 regarding health and safety concerns. Despite applying the same safety standards globally and investing in training and equipment upgrades, the company acknowledged that it was not feasible to bring certain assets up to the safety levels of their best-performing assets, due to the unique challenges of operating underground mines.

Following engagement in November 2023, engagement continued in February 2024 to discuss governance and proxy matters. The company advised that the risk profile of health and safety issues had structurally decreased.



**Outcome**  
The company reported zero employee fatalities in 2024 and a fatality frequency rate lower than the World Steel Association average, attributing this to better safety practices. They believe exiting certain markets will improve their portfolio’s risk profile and have appointed a third-party auditor to review and publicly report on their safety practices and policies.



**Next steps**  
Invesco will continue monitoring the company’s overall performance in 2025 and seek engagement opportunities.

Source: Invesco. For illustrative purposes only.

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Invesco has established a Policy Statement on Global Corporate Governance and Proxy Voting, which 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 investment teams and various departments within Invesco, considering 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 investment 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 investment 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. 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 investment teams should have flexibility to make independent voting decisions. As a result, there may be instances where investment teams reach different positions on voting issues.

We leverage the services of proxy service providers to provide proxy research and recommendations on proxies, and to assist with the administration and operational processing of proxy votes and certain related functions, including, but not limited to, vote reporting and record keeping services. Acting as our proxy voting agent, Institutional Shareholder Services monitors securities held in our accounts for which we have an obligation to vote, provides information on shareholder meetings including proxy materials and receives electronic ballots on votable positions for each shareholder meeting. Our investment teams access proxy materials, proxy research and vote recommendations, and execute voting decisions using Invesco’s proprietary proxy voting platform.

Invesco aims to vote all proxies where we have been granted proxy voting authority. In 2024, Invesco voted at 12,935 shareholder meetings, which represents 98.85% of votable meetings. In certain circumstances portfolio managers may choose not to submit a proxy vote 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 93% of proposals voted.

**Oversight and governance**  
Oversight of the proxy voting process is provided by the Proxy Voting and Governance team and the 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. The Director of Proxy Voting and Governance chairs the committee and representatives from Invesco’s Legal, Compliance, Risk, Sustainable Investing Services team and Government Affairs departments may also participate in Global IPAC meetings. It is the responsibility of the Global IPAC to review the Global Proxy Voting Policy and the internal proxy voting guidelines annually to consider whether any changes are warranted. The Global IPAC provides a forum for investment teams to monitor, to 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.

At Invesco, the proxy voting process is supported by dedicated resources including the Proxy Voting and Governance team, a technology team, and the Investment Advisory team, among others.

Invesco’s Proxy Voting and Governance team monitor whether we have received proxy ballots for shareholder meetings in which we are entitled to vote. This involves coordination among various parties in the proxy voting ecosystem, including, but not limited to, our proxy voting agent, custodians and ballot distributors. We may choose to escalate a matter in accordance with our internal procedures to facilitate our ability to exercise our right to vote. Invesco’s proprietary voting platform streamlines the proxy voting process by providing our investment teams with direct access to proxy meeting materials, including ballots, Invesco’s internal proxy voting guidelines and recommendations, as well as proxy research and vote recommendations issued by Proxy Service Providers.

2024 Overview



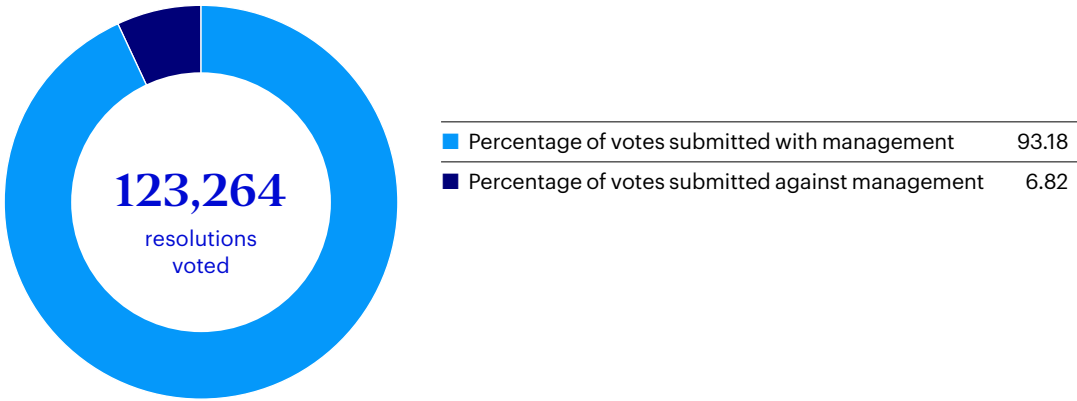
Source: Invesco ProxyIntel. Reflects the aggregated voting record for reporting period 1 January 2024 through 31 December 2024.

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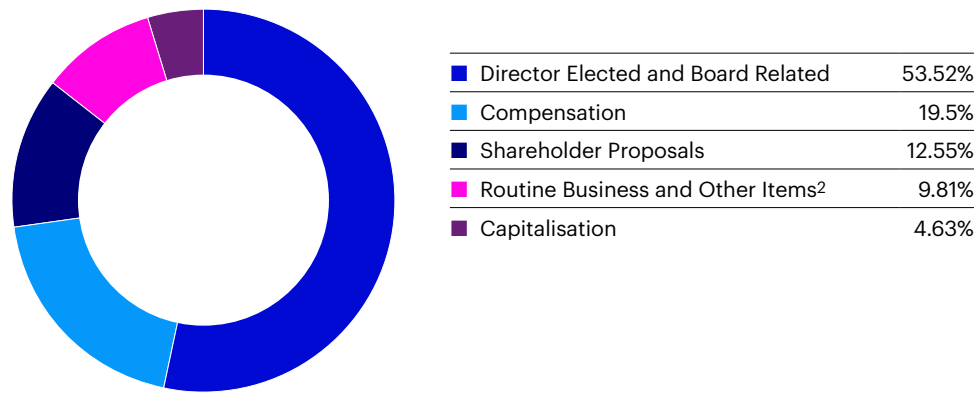
Total meetings voted by key market and region

Key market and region	Companies voted	Meetings voted	Proposals voted	# of meetings with at least one vote against management
APAC (ex. Japan)	2,413	4,915	34,330	2,400
Japan	1,125	1,150	12,620	742
EMEA (ex. UK)	1,601	2,045	29,952	1,181
UK	375	458	7,318	149
Americas (ex. US)	845	1,147	11,237	619
US	3,086	3,220	27,807	1,809
Global total	9,445	12,935	123,264	6,900

How we voted in 2024 (%)



Votes against management (%)<sup>1</sup>



Source: Invesco Proxyintel. Reflects the aggregated voting record for reporting period 1 January 2024 through 31 December 2024.

1. Reflects percentage breakdown of votes where we did not support management by issue.

2. “Other” proposals include the following management proposals in the following categories: Audit Related Company Articles, Corporate Governance, Environmental, Miscellaneous, Mutual Funds, Non-Routine Business, Routine Business, Social, and Takeover Related.

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# 6.0

## Tailored solutions

A comprehensive and diverse range of investment products



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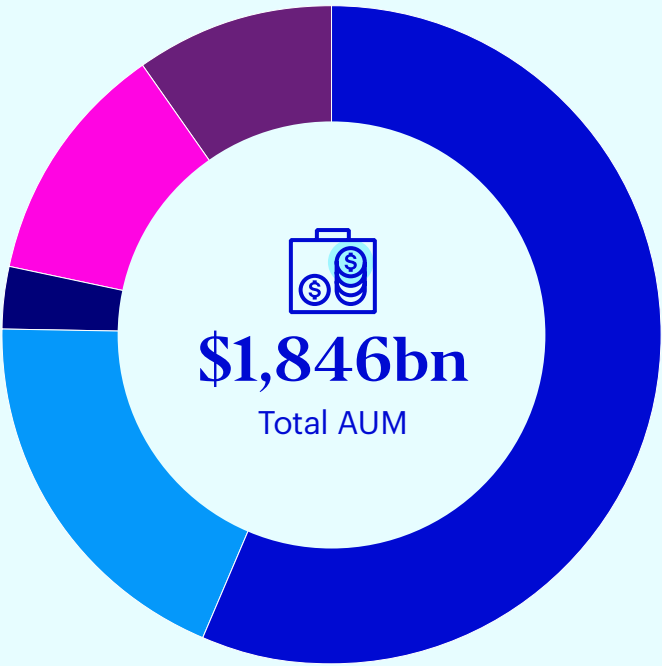


Invesco is dedicated to offering a comprehensive range of investment strategies tailored to meet the diverse needs of both institutional and retail investors. We manage a variety of asset classes, including equities, bonds, and real assets, ensuring that our clients have access to a broad spectrum of investment opportunities. Our multi-asset strategies and liability-driven investments are designed to help investors achieve their financial goals with flexibility and effective risk management.

We are particularly committed to providing sustainable investing solutions that enable our clients to align their investments with their values. Our expertise in sustainable investing is both extensive and deep, and we are continuously developing innovative products to address the evolving needs of our clients in this area. Our goal is to be the preferred investment partner for our clients.

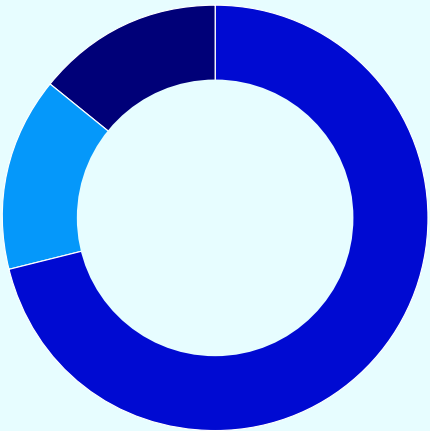
Breakdown of AUM  
(\$bn as at 31 December 2024<sup>2</sup>, Global AUM).

■ Equity <sup>1</sup>	1,044.9
Active	314.6
Passive	730.3
■ Fixed Income <sup>1</sup>	346.5
Active	295.8
Passive	50.7
■ Balanced <sup>1</sup>	59.3
Active	58.3
Passive	1.0
■ Money Market <sup>1</sup>	216.6
Active	216.6
■ Alternatives <sup>1</sup>	178.7
Active	141.2
Passive	37.5



Geographic breakdown of AUM  
By client domicile Q4 2024 (\$bn) As at 31 December 2024<sup>2</sup>

■ Americas	1,315.5
■ Asia Pacific	270.2
■ EMEA	260.3



Channel breakdown  
Of our Client Base Q4 2024 (\$bn)  
As at 31 December 2024



1. Passive AUM includes index-based ETFs, unit investment trusts (UITs), non-fee earning leverage and other passive mandates. Active AUM is total AUM less Passive AUM.

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Case study – Invesco launches \$1.6 billion Global Climate ETF backed by Finnish insurer

In 2024 Invesco announced the launch of the Invesco MSCI Global Climate 500 ETF (KLMT), a new exchange-traded fund designed to provide investors with exposure to companies leading in environmental performance and greenhouse gas emissions reduction. The ETF, which began trading in June on the New York Stock Exchange, debuted with a significant \$1.6 billion seed investment from a Finnish pension insurer.

KLMT seeks to track the MSCI ACWI Select Climate 500 Index, an innovative benchmark developed by MSCI in collaboration with the insurer. The index is tailored to support investors aiming to reduce their portfolio’s carbon footprint while increasing allocation to companies with robust climate action plans. Specifically, the index selects its constituents from the broader MSCI ACWI ex Select Countries Index, applying a methodology that targets an annualised reduction in weighted average greenhouse gas emissions intensity (relative to enterprise value including cash) and a reduction relative to revenue.

A key feature of the index is its focus on companies with emissions reduction targets approved by the Science Based Targets initiative (SBTi), a globally recognised standard for corporate climate commitments. The index also applies additional environmental, social, and governance (ESG) exclusion criteria to further refine its selection.

The launch of KLMT reflects growing investor demand for climate-focused investment solutions and underscores the role of institutional investors interested in driving the transition to a low-carbon economy. By prioritising companies with credible, science-based climate strategies, the ETF aims to offer investors a way to align their portfolios with global climate goals while managing risk and seeking long-term returns.

With its substantial initial investment and rigorous selection criteria, the Invesco MSCI Global Climate 500 ETF positions itself as a leading option for investors seeking to support and benefit from the global energy transition.



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Transparency and accountability are key principles at Invesco. We believe in keeping our clients informed about our stewardship and investment activities.

We provide our clients with the following reports that outline our approach to stewardship. These include:

**UK Stewardship code report**

This annual UK report is designed to meet the UK Stewardship Code as defined by the FRC and provides an overview of our stewardship practices in the UK. It highlights how our approach to stewardship differs across asset classes, details our proxy voting and engagement approach, and provides detailed case studies.

**Task force on climate related financial disclosures report**

This annual report is produced in line with the recommendations of the TCFD<sup>1</sup>. It describes the notable progress we have made to enhance our processes for monitoring, evaluating, and managing material climate related risk and opportunities at the investment level.

**Proxy voting reports**

In the UK and Europe, Invesco publicly discloses our proxy votes monthly in compliance with the UK Stewardship Code. Additionally, in accordance with the European Shareholder Rights Directive, Invesco publishes an annual report on implementation of our engagement policies, including a general description of voting behaviour, an explanation of the most significant votes and the use of proxy voting advisors.

**Effectiveness of our approach to clients**

At Invesco, we place a high value on understanding our clients’ needs and expectations. Our regional Client Research teams play a crucial role in this process. They continuously evaluate our effectiveness in understanding and meeting our clients’ needs and we periodically review our methods and look for ways to enhance them. This approach ensures that we stay in tune with our clients’ evolving needs and expectations. The goal of our Client Research teams is not just to understand what our clients need or expect from us, but also why they have these needs or expectations. This deeper understanding allows us to deliver relevant and differentiated experiences that truly meet our clients’ needs.

In 2024, we continued to gather feedback on digital properties, helping inform our digital experience roadmaps. In 2024, in EMEA (UK, Italy, Germany, Austria, and Switzerland), we gathered feedback from approximately 2,508 responses from investors, advisors, and institutional investors, including the launch of the Intelligence Plus survey in the UK.

We also use third-party research sources to monitor and track how we’re perceived in the industry as a sustainable investing provider by a variety of audiences (financial advisors, personal investors, and institutional investments), including NMG, RepTrak, Cogent, SS&C and Cerulli.

More broadly, as an investment firm, we recognise that one of the key indicators of alignment with client interests is the flow of assets under management (AUM). At a firm-wide level, we evaluate the effectiveness of our approach to clients through this measure.



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1. This report is published in certain markets, including where it is a regulatory requirement such as in UK and is made available to clients in other markets upon request.



# 7.0

## Industry impact

Enabling better conversations



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Our Global Thought Leadership team plays a crucial role in bridging the gap between industry practice and academic theory. By collaborating with internal teams, we ensure our content is grounded in practical expertise and is responsive to our clients' needs. We stay informed about policy, governmental, legal, and regulatory developments to provide the most relevant and timely advice.

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

Invesco's sovereign investment programme celebrates a decade of success

Invesco, in collaboration with Executive Education at Cambridge Judge Business School, hosts an annual Sovereign Investment Programme that welcomes representatives from sovereign institutions spanning over 20 countries to discuss the sovereign investment landscape.

The event features discussions on a variety of topics, such as the macroeconomic environment, digital trends, and sustainable investing. Participants also gain valuable insights from academic partners at Cambridge Judge Business School, alongside external market experts and Invesco's own subject matter experts.

Celebrating its tenth year, the Invesco Sovereign Investment Programme has firmly established itself as a cornerstone event for sovereign investors worldwide. As the programme continues to evolve, Invesco remain committed to providing valuable insights and fostering a collaborative environment for sovereign investors globally.



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.

Examples of our research topics include analysing investment risks and opportunities arising from China's low-carbon transition. This encompasses examining the growth of China's green sectors, transition leadership, transition investment frameworks, and green and transition indexes.

Through our collaboration with Tsinghua University, our investment teams have had the opportunity to engage with various corporations to discuss the latest development trends in China.

This research collaboration enhances our investment teams' understanding of current on-the-ground trends and provides valuable reference frameworks and analytical tools for our investment processes. Additionally, it offers our clients an in-depth perspective on investment risks and opportunities in China, including frameworks and investment approaches.



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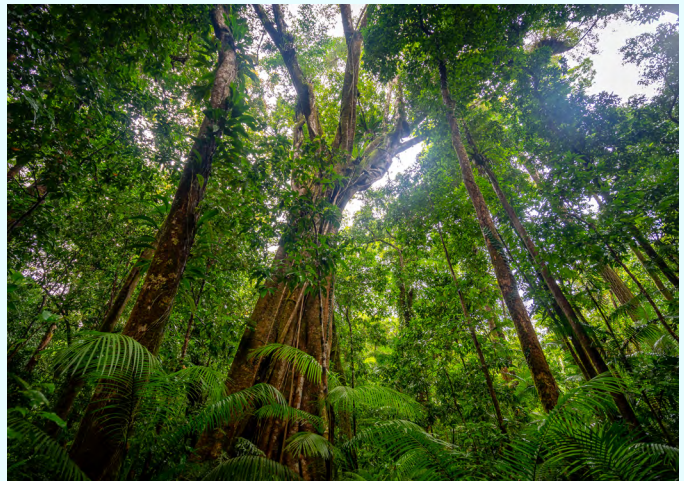
Invesco is actively engaged in numerous industry partnerships and initiatives, with varying levels of participation. We view our involvement as a journey, building on past efforts to advocate for the continuous enhancement of financial market operations. Our active participation in these organisations not only keeps us at the forefront of industry developments but also allows us to contribute to the improvement and transparency of financial markets, benefiting both our clients and the industry as a whole.

A signatory to:

- Principles for Responsible Investment (PRI)
- Indian Stewardship Code
- Japan’s Stewardship Code
- UK Stewardship Code
- Taskforce on Climate-Related Financial Disclosures (Supporter and Discloser), TCFD Consortium

Case study: SFC’s Hong Kong ESG ratings and data products providers VCoC working group (VCWG)

In 2024, Invesco participated in an industry-led working group initiated by the Hong Kong Securities and Futures Commission (SFC) to develop a voluntary code of conduct for ESG ratings and data providers. This code aims to establish a benchmark for delivering high-quality, reliable, and transparent ESG information, addressing the issue of greenwashing in Hong Kong’s expanding green and sustainable finance ecosystem. The SFC has expressed support for this voluntary code of conduct, recognising its potential to enhance the integrity of ESG ratings and data products.



(Source: <https://apps.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/doc?refNo=24PR159>)

Case study: Hong Kong green finance association (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 HKGFA’s sustainability-related disclosures, policy and standards working group contributing to regulatory consultations on ISSB-adoption in Hong Kong, climate disclosures standards, taxonomy development and regulations on ESG ratings/ data providers. We also contributed to a memo on transition investing approaches in 2024.



(Sources: <https://www.hkgreenfinance.org/working-group/sustainability-related-disclosures-policy-and-standards/> and <https://www.hkgreenfinance.org/hkgfa-webinar-approach-to-transition-investing-assessing-risks-and-opportunities/>)

Case study: Asia investor group on climate change (AIGCC)

Invesco is a member of the AIGCC, a leading network of institutional investors in Asia. Currently, Invesco co-chairs the Physical Risks & Resilience Working Group. Throughout 2024, Invesco actively participated in various AIGCC working groups, sharing insights on transition investing and climate adaptation strategies with AIGCC members. Additionally, AIGCC invited Invesco to attend and speak at a United Nations Framework Convention on Climate Change (UNFCCC), where climate adaptation was the topic.



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## Find out more

To find out more about Invesco's approach to sustainable investing, please visit our [website](#).

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.

### Important information

This document is written, unless otherwise stated, by Invesco professionals. The opinions expressed herein are based upon current market conditions, may differ from those of other investment professionals and are subject to change. This document does not form part of any prospectus. Any reference to a ranking, a rating or an award provides no guarantee for future performance results and is not constant over time. All data is as of 31 December 2024 and sourced by Invesco unless otherwise noted.

This document contains general information only and does not take into account individual objectives, taxation position or financial needs. Nor does this constitute a recommendation of the suitability of any investment strategy for a particular investor. Opinions are subject to change without notice. Neither Invesco Ltd. nor any of its member companies guarantee the return of capital, distribution of income or the performance of any fund or strategy. Past performance is not a guide to future returns. This document is not an invitation to subscribe for shares in a fund nor is it to be construed as an offer to buy or sell any financial instruments. As with all investments, there are associated inherent risks.

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