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# **Invesco Asset Management Limited**

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**IFPR Disclosure  
31 December 2023**

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# 1. Overview

The Investment Firms Prudential Regime (IFPR) is the FCA prudential regime for MiFID investment firms. The objective of the regime is to refocus prudential requirements and expectations away from only the risks that firms face, to also consider and look to manage the potential harm firms can pose to consumers and markets<sup>1</sup>.

The public disclosure component of IFPR aims to increase transparency and market confidence by giving stakeholders and market participants an insight into how the firm is run.

## 1.1 Basis and Frequency of Disclosure

This document sets out the Investment Firm Prudential Regime (IFPR) disclosures for Invesco Asset Management Limited (IAML). IAML is authorised as a MIFID entity in the UK. It is prudentially regulated by the Financial Conduct Authority (FCA) and is subject to the prudential requirements under the MIFIDPRU section of the FCA handbook<sup>2</sup>.

IAML is required to publish the IFPR disclosure at least annually or more frequently in the event of material events such as a major change to the business model of IAML or where a merger/ acquisition has taken place.

The MIFIDPRU disclosure framework is comprised of the following key components:

- Risk management objectives and policies
- Financial Resources Adequacy | Capital (Own Funds) and Liquidity Requirements
- Remuneration policy and practices
- Investment Policy<sup>3</sup>

This document sets out the public disclosures for IAML as of 31 December 2023, which represents the end of the Firm's financial accounting period used for the Audited Financial Statements of the company. This disclosure is published on the same day as the financial statements.

## 1.2 Validation and Sign-off

This disclosure is owned and approved by the IAML Board. The disclosure aims to provide complete and accurate information in compliance with the regulatory requirements contained in Chapter 8 of the MIFIDPRU requirements. The Firm's governance framework allows for appropriate challenge and oversight prior to publication. The disclosure is not required to be subject to independent external audit.

## 1.3 Medium and Location of Publication

This IFPR disclosure document is published in the 'About Us – Corporate policies' section of the Invesco website (<https://www.invesco.com/uk/en/about-us/corporate-policies.html>).

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<sup>1</sup> [FCA | Why we have introduced the IFPR](#)

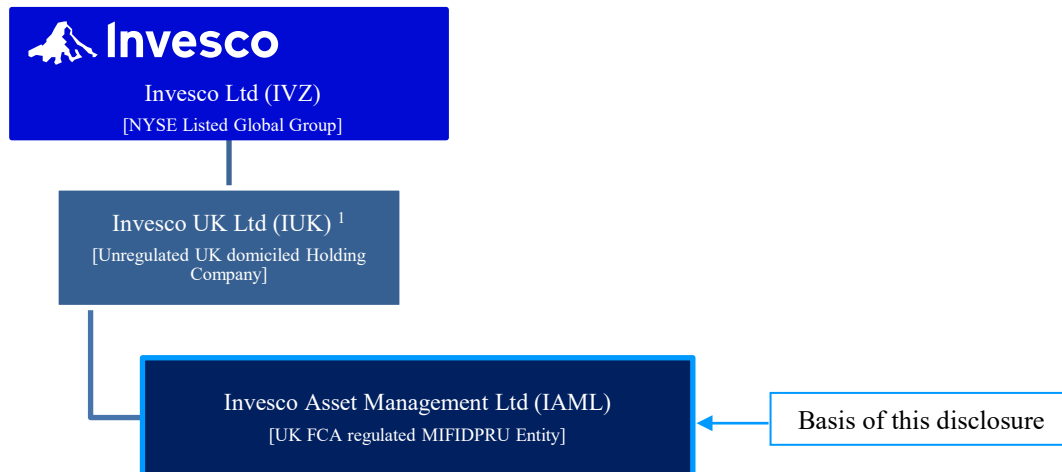
<sup>2</sup> The MIFIDPRU handbook has been introduced as part of the UK's implementation of the Investment Firms Prudential Regime (IFPR), which took effect from 1 January 2022.

<sup>3</sup> IAML is not subject to the Investment Policy disclosure requirements of MIFIDPRU as it falls below the size threshold outlined in MIFIDPRU 7.1.4.

## 2. Governance Arrangements

### 2.1 Business Overview and Legal Structure

Figure 1 – Abridged legal entity chart



<sup>1</sup> The legal entity structure of IUK, a UK Investment Holding Company, is included in [Appendix A](#) of this document

#### Global Group

IAML is a wholly owned subsidiary of Invesco Limited, a global investment management company listed on the New York Stock Exchange and regulated by the Securities and Exchange Commission in the United States. Invesco Ltd is domiciled in Bermuda. Globally, Invesco has:

- Specialized investment teams managing investments across a comprehensive range of asset classes, investment styles and geographies.
- Assets under management at 31 December 2023 of US\$ 1,585.3 billion (2022: US\$1,409.2 billion)
- 8,489 (2022: 8,611) employees focused on client needs across the globe.
- Proximity to our clients with an on-the-ground presence in over 20 countries.
- Solid financials, an investment grade debt rating, and a strong balance sheet.

#### UK MIFIDPRU entity

The key activities that IAML provides to clients are:

- Product & Distribution
- Investment Management & Advisory
- Placing and execution of orders as part of portfolio management activity
- Investment Operations

As at 31 December 2023, IAML managed directly contracted institutional mandates with Assets Under Management (AUM) of £27.0bn (2022: £27.7bn). In addition, it provided delegated discretionary portfolio management services to a number of collective funds that are contractually managed by other Invesco entities.

### 2.2 Governance Structure

The management body of the Firm is the IAML Board of Directors, which has both executive and supervisory functions. As at 31 December 2023, the IAML Board comprised 3 Executive Directors and 3 Non-Executive Directors. An additional 1 Executive Director was appointed in January 2024. For an overview of the Board, please see table 2.

#### *IAML Risk Committee*

As a non-significant firm under the MIFIDPRU handbook, IAML is not required to have an independent risk committee. However, it has opted nonetheless to operate a Risk Committee comprised solely of non-executive

directors.

The IAML Risk Committee is authorised by the IAML Board to oversee and advise the IAML Board on the current risk exposures and future risk strategy of IAML, including strategy for capital and liquidity management, risk management and internal control and the embedding and maintenance of a supportive culture in relation to the management of risk across IAML.

#### *EMEA Risk Management Committee (EMEA RMC)*

The EMEA RMC supports Management in overseeing risk management related activities across the EMEA region. The Committee reports directly to the IAML Risk Committee on risk matters. The Committee will also provide reporting to the IUK Audit Committee.

The role of the EMEA RMC is to advise the Board on the EMEA Enterprise Risk Management Framework. The EMEA RMC takes a ‘deep dive’ approach to analysing activities from a risk perspective and provide recommendations on mitigating actions to the IAML Risk Committee.

#### *Financial Resources Committee (FRC)*

The purpose of the FRC is to ensure regular review and challenge of the processes that influence IAML’s financial resources assessments.

## 2.3 Directorships

Table 2: Members of the IAML Board of Directors as at 31 December 2023

Director	IAML Role	FCA Senior Managers Regime	Number of directorships <sup>1</sup>
Stephanie Butcher	Director	SMF 1 Chief Executive	1
Alan Trotter	Director	SMF 2 Chief finance	1 <sup>1(b)</sup>
Mathieu Grosclaude	Director	SMF 3 Executive Director	1 <sup>1(b)</sup>
Judith Eden	Non-Executive Director	-	4 <sup>1(b)</sup>
Rachel Court	Non-Executive Director	SMF10 Chair of the Risk Committee	2 <sup>1(b)</sup>
Namukale Chintu	Non-Executive Director	-	2 <sup>1(b)</sup>

#### *Footnotes:*

- The following directorships are not within the scope of IFPR disclosures:
  - executive and non-executive directorships held in organisations which do not pursue predominantly commercial objectives; and
  - executive and non-executive directorships held within the same group or within an undertaking (including a non-financial sector entity) in which the firm holds a qualifying holding.
- Georgina Taylor was appointed as a director of IAML Board on 26 January 2024. She currently holds no other directorships that are within scope of the IFPR disclosure.

## 2.4 Selection and Appointment of Board Members

The IAML Board is responsible for ensuring that the composition of its members comprises suitable skills to fulfil the roles of directors. Periodically, the Board performs a self-evaluation of its own composition which includes an assessment of the following criteria:

- The overall balance of skills and expertise;
- Qualifications and professional experience;
- Gender;
- Diversity; and
- Tenure of the individual Board members.

IAML follows a formal selection process for appointing members of IAML Board, which is aligned with Global Invesco policy. The process is supported by the groups succession policy. In making a nomination, IAML seeks to ensure that the Board has the appropriate range and blend of necessary skills and competencies required for an effective operation of the Board.

On determination that a new or additional Board member is required, the Firm undertakes a due diligence

process of selecting its directors. Identification of director candidates falls within the scope of responsibilities of the Board. During the identification stage, the Board would give regard to the above criteria.

As part of the formal director appointment process, the IAML Board is assisted by the office of the Company Secretary, the Firm's Senior Management and Human Resources.

### 2.4.1 Diversity

IAML shares the group's principles, views and approach to diversity whereby a diverse, inclusive, and supportive workplace in which people feel equally valued, provides a more rewarding work environment. As such, creating and maintaining a diverse and inclusive workplace is a priority for the Firm.

IAML as part of Invesco EMEA group is signed up to the Women in Finance Charter, an initiative of the Government of the United Kingdom which aims to promote and achieve gender balance at all levels within the financial services industry.

As an EMEA group entity signatory of the Charter, IAML is committed to increasing gender balance at Senior Management level. While the Firm does not currently have a fixed numerical target in respect of diversity at Board level, diversity considerations form part of Board's deliberations in all Board appointments. In addition, EMEA's long term target is to achieve the percentage of women in senior roles to 30 - 40% by the end of 2023. In 2022, the EMEA group achieved this target.

As at 31 December 2023, the IAML was comprised of four female directors (67%)<sup>4</sup> and two male directors (33%).

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<sup>4</sup> In January 2024, an additional female director was appointed (71%).

## 3. Risk Management Objectives and Policies

### 3.1 Overview

Invesco promotes a risk culture that ‘managing risk is everyone’s job, every day’. This principle underscores the firm’s commitment to sound practices of risk management. These principles and the firm’s undertaking of enterprise risk management are set out within the EMEA Enterprise Risk Management (ERM) Policy and the EMEA ERM Framework, which are both approved and adopted by IAML.

### 3.2 Three Lines of Defence

As part of the RMF, IAML utilises a three lines of defence model, which provides a formalised process underpinned by risk related policies, risk ownership and escalation to the IAML Board, IAML Risk Committee and the EMEA Risk Management Committee. The model helps ensure the integrity and effectiveness of the systems and controls maintained by the Firm.

The first line of defence, which has primary ownership of the Firm’s risks, is represented by the business lines and functional areas carrying on the business activities.

The second line risk and compliance functions provide independent oversight and challenge of the risk and control activities conducted by the business lines and functional areas.

The Internal Audit (“IA”) function represents the third line of defence. The IA aims to provide independent, objective assurance by undertaking regular assessments of whether the risk and control environment is working appropriately and effectively.

### 3.3 Risk Management Framework

IAML has a formalised, comprehensive Risk Management Framework (RMF) in place to ensure that the Firm has effective risk management capabilities in order to manage all risks the business faces as a result of its operations.

The RMF comprises the following key elements:

- Appetite
- Strategy
- Governance
- Risk identification and assessment
- Risk monitoring, measuring and reporting

At a high level the risk management framework is designed to operate as follows:

- The individual business lines, functional areas and business committees formally identify, assess and manage all risks, and escalate risks that cannot be mitigated locally to the EMEA Operations Committee
- The EMEA Enterprise Risk Team oversees and assists the business units to report on risks and trends
- The IAML Risk committee reviews key operational risks including those that have been escalated

### 3.4 Risk Appetite Statements

Articulation of a firm’s risk appetite forms an integral part of the EMEA RMF. IAML derives its risk appetite from the overall EMEA Risk Appetite in order to ensure consistency of approach. The IAML risk appetite, including the specific risk appetite statements are defined and approved by the IAML Board and monitored by the IAML Risk Committee.

The Firm’s risk appetite statement, which defines the thresholds of risk tolerance IAML is prepared to take, is continually reviewed, and updated to reflect the current risk appetite of our parent and that of the local business. The Firm continually monitors its business activity against the risk appetite statements and approved key risk indicators. Where necessary, any incidents, breaches or anomalies are escalated through established escalation processes. Where appropriate, remedial actions are taken.

### 3.5 Internal Capital Adequacy and Risk Assessment process (ICARA)

On an annual basis or more frequently if there are material changes to the Firm's risk profile, IAML carries out a detailed assessment of the adequacy of its financial resources in the context of the risks to which it is exposed. The review is undertaken through the ICARA process. The ICARA aims to identify and manage any material risks and to assess the necessary level of own funds and liquid resources that IAML is required to hold.

Some of the key elements of the ICARA process are:

- Business model and strategy;
- Key risks and impact assessment;
- Internal own funds (capital) adequacy assessment and planning;
- Internal liquidity adequacy assessment;
- Capital and liquidity stress testing implications, and;
- Wind-down assessment.

The prudential regime outlined in the MIFIDPRU section of the FCA handbook sets out a rules-based requirement for ensuring that investment firms hold sufficient financial resources to minimise the potential for causing adverse impact on clients, the wider market and IAML itself in the course of its business operations. The ICARA process overlays the rules-based requirement with a risk-based assessment of adequate financial resources. IAML maintains its available financial resources in excess of the higher of the two assessments at all times.

In addition to the risk-based assessment, IAML has also considered and developed a formalised wind-down playbook ("WDP") which outlines the framework and process for managing the Firm's wind-down if the business were to make a decision to cease ongoing operations. The WDP sets out management actions, planned client communications and an operational step plan to execute an orderly wind-down. Inherent in this process is the evaluation of risks and their impact on the wind-down as well as consideration of how to mitigate them. The WDP is reviewed at least annually. The Firm's approach to wind-down is to put clients' interests first to minimise disruption and any losses.

### 3.6 Key Risks

IAML is exposed to Strategic Planning & Execution Risk as a result of planning and executing on its corporate strategy. Failure to do this in an appropriate and controlled manner could lead to financial loss, operational disruption, regulatory, reputational and/or consumer / market harm.

The most recent ICARA assessment determined a number of material risks arising from the Firm's regulated activities. These are described below as follows:

- Operational risk: Risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Due to agency nature of the IAML business model, operational risk is the largest inherent risk.
- Counterparty default risk: Risk of unexpected losses due to the default of counterparties. Non-material risks consist of cash placed at bank, management fees due or prepayments.
- Group Risk: The risk that the financial position of IAML may be adversely affected by its relationships (financial or non-financial) with other entities in the Invesco group or by risks which may affect the financial position of the whole group, for example reputational contagion.
- Market risk: For IAML, market risk primarily relates to foreign exchange risk associated with operational cash balances maintained in currencies other than GBP.

### 3.7 Operational Risk

Risk of loss resulting from inadequate or failed internal processes, or people and systems or from external events. The principal category of risk of harm is to the clients and the Firm itself. The harm is posed by



operational risk as operational failings drive the greatest threat to Firm's ability to provide appropriate service to clients, meet fiduciary and regulatory obligations, and meet its liabilities as they fall due; this includes the management of own funds.

IAML considers operational risk to be the largest category of risks to the achievement of IAML's strategic and business objectives.

The risk is managed by the EMEA Enterprise Risk team ("ERT") which facilitates a robust operational risk framework to ensure that key operational risks are adequately and effectively identified, monitored and mitigated by the business on a regular and timely basis. In doing so, IAML is seeking not to eliminate the risk but to increase awareness, understanding and effective management as appropriate.

As part of the internal control framework, the IAML Board reviews key operational risks on a regular basis, including any escalated matters. Further, at a high level, the Firm's operational risk framework consists of the following:

- **Incident Management** – a process for management of events resulting as a consequence of controls/processes not operating as required. The process is managed by the ERT. Incidents help identify the current likelihood and potential impacts of a risk occurring. The subsequent root-cause analysis of an incident and mitigating action(s) aims to reduce the potential for re-occurrence. This, in turn, may help to reduce the impact and likelihood of a risk and thus demonstrate an improvement to the control environment.
- **Operational Risk and Control Self-Assessment Process** – an integral part of the Operational Risk framework. The ERT meets with the business lines and functional areas on a regular basis to re-assess and challenge the business units' risk profiles to ensure that risks are adequately assessed and quantified, and controls are appropriate to manage the risks. During the reviews, relevant data such as incident data is discussed with business units to help inform the assessment.

Themes are identified by the EMEA ERT undertaking a review of all risk framework components and these are escalated to the EMEA Operations Committee and IAML Board.

As part of the ICARA process, the approach used for the operational risk capital assessment involves the use of scenarios. Those are developed as follows:

1. Scenarios are identified by the Management and subject matter experts, supported and facilitated by the EMEA ERT.
2. They are then developed and quantified, leveraging off the operational risk management framework.
3. Subsequently, the scenarios are inserted into an operational risk capital model (Monte Carlo) to determine the operational risk capital.

### 3.8 Concentration Risk

Risk of excessive exposure to one group of assets and related revenue stream, which if removed would cause severe damage to the business model. This exposure could be through a fund manager or management team, a sales force, a client concentration, a country / geographic concentration or specific product concentration. It is a risk of amplified losses as a result of exposure to groups of connected counterparties or counterparties in the same economic sector, geographic region or from the same activity.

The greatest concentration risk at IAML is within its cash placed with banks and intercompany loans.

### 3.9 Liquidity Risk

Risk that the Firm, although solvent, may be unable to meet its financial obligations as they fall due or unable to secure financial resources without excessive cost.

IAML identified liquidity risk as one of its key risks. In order to manage the risk effectively, IAML follows the principles and liquidity risk management framework ("LRMF") adopted from the wider EMEA group. The Firm's LRMF is documented in the corporate liquidity policy which further sets out the following:

- Liquidity risk management approach and risk appetite.
- Operation of the entire LRMF for IAML to maintain sufficient liquid resources, including the quantitative and qualitative requirements.

- Liquidity stress testing and stress scenarios (over a 30-day period).
- Crisis management and contingency funding plan.

The Firm maintains ongoing monitoring and reporting of compliance with internal liquidity limits, including the monitoring of KRIs and early warning indicators relating to idiosyncratic and market indicators and specific stress scenarios. Any triggers against the liquidity metrics would be escalated in line with the Firm's escalation procedures.

IAML maintains liquid resources in excess of the highest of (1) rules-based requirement contained in Chapter 6 of the MIFIDPRU handbook (2) risk based assessment of ongoing operations in the ICARA document (3) the liquidity required to execute an orderly wind-down.

### **3.10 Conflicts of Interest**

Conflicts of interest may arise when a person's private interest interferes, or appears to interfere, with the interests of Invesco, or where the interests of an employee or the firm are inconsistent with those of a client or potential client, or our shareholders.

The firm has adopted policies, procedures and controls designed to manage conflicts of interest, which include but are not limited to the Global Outside Business Activity Policy, Code of Ethics and Personal Trading Policies, Global Insider Trading, and Global Anti-Bribery and Corruption Policy.

Conflicts of interest may not always be clear-cut and it is not possible to describe every situation in which a conflict of interest may arise – the Global Code of Conduct Policy therefore includes clear procedures for raising questions with respect to whether a conflict of interest exists to Legal and Compliance or the Conflicts Working Group.

## 4. Own Funds

The IAML Board reviews the company's capital position on a regular basis. The Own funds and Own funds requirements are calculated in accordance with chapter 3 of the MIFIDPRU handbook. As at 31 December 2023, IAML maintained Own Funds of £184.4m (2022: £189.6m) and a rules-based capital requirement of £43.3m (2022: £46.4m) based on the Fixed Overhead Requirement (FOR).

In line with MIFIDPRU 8.4.1, IAML is obliged to disclose information concerning its own funds (capital resources) as follows:

- a. a reconciliation of common equity tier 1 items, additional tier 1 items, tier 2 items, and the applicable filters and deductions applied in order to calculate the own funds of the firm;
- b. a reconciliation of (a) with the capital in the balance sheet in the audited financial statements of the firm; and
- c. a description of the main features of the common equity tier 1 instruments, additional tier 1 instruments and tier 2 instruments issued by the firm.

The tables below provide the required information.

### 4.1 EU IF CC1.01 - Composition of regulatory own funds – non-SNIs

IAML's own funds comprise exclusively Common Equity Tier ("CET") 1 capital. As at 31 December 2023, IAML complied with the relevant capital regulatory obligations set out in MIFIDPRU 3.

Table OF1: MIFIDPRU 8 Annex 1 - Composition of regulatory own funds (non-SNIs)

Composition of regulatory own funds		Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
	Item		
<b>1</b>	<b>OWN FUNDS</b>	<b>184,414</b>	
<b>2</b>	<b>TIER 1 CAPITAL</b>	<b>184,414</b>	
<b>3</b>	<b>COMMON EQUITY TIER 1 CAPITAL</b>	<b>184,414</b>	
4	Fully paid up capital instruments	135,416	17. Called up share capital
5	Share premium	621	Share premium account
6	Retained earnings	57,968	Retained Earnings
7	Accumulated other comprehensive income	121	18. Other Reserves
8	Other reserves		
9	Adjustments to CET1 due to prudential filters		
10	Other funds		
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(9,713)	14. Investments and 10. Deferred Taxation
19	CET1: Other capital elements, deductions and adjustments		
<b>20</b>	<b>ADDITIONAL TIER 1 CAPITAL</b>		
21	Fully paid up, directly issued capital instruments		
22	Share premium		
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1		
24	Additional Tier 1: Other capital elements, deductions and adjustments		
<b>25</b>	<b>TIER 2 CAPITAL</b>		
26	Fully paid up, directly issued capital instruments		
27	Share premium		
28	(-) TOTAL DEDUCTIONS FROM TIER 2		
29	Tier 2: Other capital elements, deductions and adjustments		

### 4.2 EU IF CC2: Reconciliation of regulatory own funds to audited financial statements

The table below demonstrates the reconciliation with own funds in the balance sheet as at the end of financial year on 31 December 2023, where assets and liabilities have been identified by their respective classes. The information in the table reflects the Firm's balance sheet in the audited financial statements.

Table OF2: MIFIDPRU 8 Annex 1 - Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements (£'000)

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements				
		a	b	c
		Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation <sup>1</sup>	Cross-reference to template OF1
		As at period end	As at period end	
1	Property, plant and equipment	4		
2	Investments	4,852		11
3	Trade and other receivables	126,072		11
4	Cash and cash equivalents	88,089		
	<b>Total Assets</b>	<b>219,017</b>		
5	Trade and other payables	24,891		
	<b>Total Liabilities</b>	<b>24,891</b>		
6	Called up share capital	135,416		4
7	Share premium account	621		5
8	Other reserves	121		7
9	Retained earnings	57,968		6
	<b>Total Equity</b>	<b>194,126</b>		
1. As IAML has the same accounting and regulatory scope of consolidation, the figures shown in column (a) only in line with MIFIDPRU guidance				
2. Trade and other receivables includes a Deferred Tax Asset which is deducted from own funds				

### 4.3 EU IF CCA: Own funds: main features of own capital instruments

The CET 1 instruments issued by IAML are provided in a table below.

Table OF3: MIFIDPRU 8 Annex 1 - Own funds: main features of own capital instruments

Issuer	IAML
Public or private placement	Private
Governing law(s) of the instrument	UK
Instrument type	Ordinary share
Regulatory Treatment	
Amount recognised in regulatory capital (£'000)	135,416
Nominal amount of instrument	135,416
Issue price (in EUR?)	1
Redemption price	1
Accounting classification	Called up share capital
Original date of issuance	3 August 1988
Perpetual or dated	Perpetual
Original maturity date	No maturity
Issuer call subject to prior supervisory approval	N/A
Optional call date, contingent call dates and redemption amount	N/A
Subsequent call dates, if applicable	N/A
Coupons / dividends	
Fixed or floating dividend/coupon	Floating
Coupon rate and any related index	N/A
Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
Existence of step up or other incentive to redeem	N/A
Noncumulative or cumulative	Noncumulative
Convertible or non-convertible	Non-convertible
Write-down features	
If write-down, write-down trigger(s)	N/A
If write-down, full or partial	Full
If write-down, permanent or temporary	Permanent
Non-compliant transitioned features	N/A

## 5. Own Funds Requirements

### 5.1 Summary of our approach to the assessment of capital adequacy

In accordance with Chapter 4 of MIFIDPRU, IAML is at all times required to own funds in excess of the highest of:

- Permanent minimum capital requirement (“PMR”);
- Fixed overheads requirement (“FOR”); and
- K-Factor requirement (“KFR”).

The FOR amounts to one quarter of the Firm’s fixed overheads (expenditure) from the preceding year. Fixed overheads are calculated based on expenditure from the audited financial statements after the deduction of certain non-fixed expenditure items which are outlined in MIFIDPRU 4.5.

IAML complies with its applicable amount of PMR that equals to £75,000 as the firm does not have permission to hold client money or trade on own account. The PMR is a fixed, prescribed amount applicable to an investment firm based on its regulatory permissions to undertake specified regulated activities.

MIFIDPRU 4.6 sets out the calculations methodology for determining the KFR. The KFR equals to an aggregated sum that comprises the amounts of individually applicable K-factors. A firm’s regulatory permissions to undertake regulated activities drive the application of individual K-factors. The two relevant K-factors applicable to IAML are K-AUM and K-COH, based on IAML’s permission to manage client assets and act as delegated portfolio manager for other Invesco entities.

### 5.2 KFR and FOR Amounts

The Own Funds Requirement (OFR) represents the higher of the KFR or FOR. The amounts are presented in table 3.

Table 3: OFR value represented by the higher of the Firm’s KFR or FOR

IAML		
£'000	Dec-23	Dec-22
Pillar 1:		
<b>[A] Permanent Minimum Capital Requirement</b>	<b>75</b>	<b>75</b>
<b>[B] Fixed Overhead Requirement</b>	<b>43,271</b>	<b>46,363</b>
<b>[C] K-Factors</b>	<b>5,765</b>	<b>6,015</b>
Sum of K-AUM, K-CMH and K-ASA	5,457	5,683
Sum of K-COH and K-DTF	308	332
Sum of K-NPR, K-CMG, K-TCD and K-CON	-	-
<b>[1] Pillar 1 Total (Higher of A, B, C)</b>	<b>43,271</b>	<b>46,363</b>
<b>Own Funds Requirement (OFR)</b>	<b>43,271</b>	<b>46,363</b>

### 5.3 Overall Financial Adequacy requirement (OFAR)

Under IFPR, IAML carries out an Internal Capital Adequacy and Risk Assessment (ICARA) Process on an annual basis<sup>5</sup>. The results of the ICARA process are compiled in a document which describes the process followed by the Board of IAML to:

- Consider its business model and strategy;
- Identify the key risks inherently created by the operation of the business model;
- Oversee the assessment of identified risks and assessment of adequate financial resources;

<sup>5</sup> Or more frequently in the event of material changes in the business model.

- Assess the management of the risk of harm to clients, markets and IAML itself;
- Determine adequate financial resources (both capital and liquidity) to cover the nature and level of the risks to which it is or might be exposed;
- Consider the operational steps and resources (both financial and non-financial) that would be required for IAML to cease the performance of regulated activity in an orderly manner.

The ICARA document was approved by the Board in September 2023, with the directors of IAML concluding that:

- IAML has considerable liquid financial resources, a sizeable and diverse pool of Assets Under Management (AUM) supported by a broad range of clients;
- Maintains a depth of operational resilience, and;
- IAML expects to continue to generate revenues from the underlying client base that will exceed liabilities as they fall due and has demonstrated an ability to timely payment from investors.

The own funds threshold requirement is the amount of own funds that a firm needs to hold at any given time to comply with the overall financial adequacy rule.

IAML is required to hold own funds in excess of the highest of the below three requirements at all times:

- Permanent Minimum Capital Requirement (PMR)
- Assessment A - Higher of K-Factors or Risk Based Requirement
- Assessment B - Higher of Fixed Overhead Requirement or Wind Down Requirement

## 6. Remuneration Policy and Practices

### 6.1 Introduction

Invesco Asset Management Limited is subject to the prudential requirements of the Investment Firms Prudential Regime effective as of 1 January 2023 covered in the MIFIDPRU Prudential sourcebook for MIFID Investment Firms of the FCA Handbook. The undernoted disclosures, made in accordance with the requirements of MIFIDPRU 8, provide information regarding the remuneration policies and practices.

According to the IFPR firm categorization, IAML is considered does not meet the definition of a Small Non-interconnected (SNI) and is therefore classified as a non-SNI firm. It is also classified as a non-significant firm under the conditions laid out in MIFIDPRU 7.1.4.

### 6.2 Information about the Invesco Ltd. Compensation Committee

The Compensation Committee of Invesco Ltd. (the “company” or “Invesco”) is chaired by Mr. Henrikson and consists additionally of Sarah E. Beshar, Thomas M. Finke, William F. Glavin, Jr., Elizabeth S. Johnson, Denis Kessler, Sir Nigel Sheinwald, Paula C. Tolliver, G. Richard Wagoner, Christopher C. Womack, Phoebe A. Wood. The committee met seven times during 2023.

Under its charter, the committee:

- is comprised of at least three members of the Board, each of whom is “independent” of the company under the NYSE and SEC rules;
- members are appointed and removed by the Board;
- meets at least four times annually; and
- has the authority to retain independent advisors, at the company’s expense, whenever it deems appropriate to fulfil its duties, including any compensation consulting firm.

The committee's charter is available on Invesco’s web site at [www.invesco.com](http://www.invesco.com).

The committee’s charter sets forth its responsibilities, including:

- annually approving the compensation structure for, and reviewing and approving the compensation of senior officers and non-executive directors;
- overseeing the annual process for evaluating senior officer performance;
- overseeing the administration of the company’s equity-based and other incentive compensation plans; and
- assisting the Board with executive succession planning.

#### *External Consultants*

Each year the committee engages a third-party compensation consultant to provide an analysis of, and counsel on, the company’s executive compensation programme and practices. The nature and scope of the consultant’s assignment is set by the committee. The committee currently engages Johnson Associates, Inc., an independent consulting firm, as its third-party consultant for this review.

In general, the outside consultant,

- assists the committee throughout the year in its analysis and evaluation of our overall executive compensation programmes, including compensation paid to our directors and executive officers;
- attends certain meetings of the committee and periodically meets with the committee without members of management present;
- provides the committee with certain market data and analysis that compares executive compensation paid by the company with that paid by other firms in the financial services industry and certain investment management firms which we consider generally comparable to us; and
- provides commentary regarding market conditions, market impressions and compensation trends.

### 6.3 Compensation philosophy

As an investment management firm, one of our greatest assets is the skill and experience of our employees. It is critical that we are able to attract, retain and motivate talented professionals while aligning their incentives with the interests of our clients and shareholders.

We focus on the following four key multi-year strategic objectives that are designed to sharpen our focus on meeting client needs, further strengthen our business over time:

- achieve strong long-term investment performance;
- be instrumental in our clients' success;
- harness the power of our global platform; and
- perpetuate a high-performance organisation.

Invesco's compensation program is designed to support our multi-year strategic objectives and desire to reward the behaviours and discipline that generate strong, investment performance for our clients and shareholders over the long-term by:

- aligning the interests of our senior-level employees and executive officers of Invesco Ltd. with those of clients and shareholders through long-term awards and accumulation of meaningful share ownership positions;
- balancing pay-for-performance with economic outcomes such that compensation is affordable to Invesco Ltd. and its shareholders while fair to employees;
- reinforcing our commercial viability by closely linking rewards to Invesco Ltd., business unit and individual results and performance;
- attracting, recognizing and retaining the best talent in the industry by ensuring a meaningful mix of cash and deferred compensation; and
- discouraging excessive risk-taking that would have a material adverse impact on our clients, shareholders or company.

As employees progress to higher levels in the company, their ability to affect our performance generally increases and our need to retain these employees increases correspondingly. The compensation committee believes that as an individual's compensation increases, the percentage of that compensation that is deferred should therefore also increase.

### 6.4 Identifying Material Risk Takers

Invesco has identified individuals considered to be Material Risk Takers in line with the FCA handbook (SYSC 19G.5). These regulations introduced specific criteria for identifying individuals who have a material impact on the firm's risk profile, including:

- Board members of IUK and IAML
- Non- Executive Directors for IUK, IAML, and relevant committees
- Members of the executive leadership and operations committee
- Staff member with managerial responsibilities for business units, including CIOs, Desk Heads, Global Trading and Distribution Heads
- Heads of Risk, Compliance or Internal Audit
- Staff members with managerial responsibilities for AML regulations
- Staff members managing a material risk, including operational, investment and counterparty risks
- Individuals responsible for certain functions, including Operations, Technology and Business Security

Under the criteria, the number of individuals considered to be Material Risk Taker was 54 at 31 December 2023. The Committee's delegate approves the list of Material Risk Takers annually and individuals are notified of their identification and the implications of this status on at least an annual basis.

### 6.5 Link between Pay and Performance

Management, with the guidance and input from the Board, annually reviews and affirms our multi-year strategic imperatives. The Board establishes an annual operating plan, including financial planning and operational performance based on the multi-year strategic objectives. The Board is regularly updated on progress against our strategic objectives and operating plan which provides the context for performance evaluations at year end.

Based on the company's performance on multiple operating measures, the company's performance toward



achieving its strategic objectives and other factors, including pre-cash bonus operating income (“PCBOI”), the committee establishes a company-wide incentive pool that is a percentage of PCBOI. The pool size is limited to a percentage of PCBOI to ensure, at all times, the company-wide incentive pool is linked to Invesco’s operating results. All cash bonuses, deferred compensation (consisting of annual fund or stock deferrals and long-term equity awards) and amounts paid under sales commission plans are paid out of this pool.

Performance at an individual level is measured through a company-wide, on-line performance management process that:

- promotes alignment of individual employee efforts with the mission, principles and goals of our company;
- provides the feedback for employee growth and development; and
- improves our ability to assess and recognise performance.

The company’s performance management process ensures all employees have their performance consistently assessed regardless of their location or function and consists of 3 key assessments:

- An assessment of individual or team-based objectives which have been agreed between the manager and employee and are aligned with the mission, principles and goals of the company;
- Assessment against a single, global set of competencies which are based on Invesco’s business principles. The Invesco competency framework builds on these business principles by highlighting key behaviours that contribute to their achievement. In addition, the framework includes leadership competencies to help gauge the performance of our people managers; and
- An employee self-evaluation is completed prior to the manager evaluation of the employee.

Individual performance, as measured through the performance management process, is used to differentially reward high performers in support of our remuneration philosophy.

The following table describes each component of our 2020 compensation programme for employees as well as its purpose and key measures:

Component	Purpose	Description
<b>Base salary</b> Cash	Provides fixed pay for the performance of day-to-day job duties  Sole source of fixed cash compensation	Based on knowledge, skills, experience and scope of responsibility  Relatively small portion of total annual compensation  Evaluated on an annual basis; generally, remains static unless there is a promotion or adjustment needed due to economic trends in the industry
<b>Annual incentive award</b> Cash bonus and deferrals	Current year achievement of goals and objectives  Aligns with company, business unit and individual performance  Deferral portion aligns employee with client and shareholder interests and encourages retention by vesting over time	Based upon assessment of company performance and individual performance  With respect to deferred awards, we grant awards denominated in our product fund offerings  Our annual deferral awards vest over four years in equal annual increments of 25% per year

**Long-term incentive award**  
Equity and notional fund awards

Recognizes potential for future contributions to the company's long-term strategic objectives

Aligns staff with client and shareholder/ investor interests and encourages retention by vesting over time

Based upon assessment of company performance and individual performance

Our long-term awards include equity awards and notional fund awards. The long-term awards are time-based and vest over four years in equal annual increments of 25% per year

*Our annual awards*

We use our annual awards, which consist of cash and annual fund and stock deferred awards, to recognize current year performance and closely align employees' interests with those of clients and shareholders, differentially reward high performers and link compensation to financial results. Our annual stock deferral and fund deferral awards vest over four years in 25% increments each year. For employees falling under specific regulatory pay-out requirements additional retention periods apply

*Our long-term equity awards*

Our long-term equity awards are comprised of time-based and performance-based awards. The committee believes long-term equity awards should align employee and shareholder interests and, with respect to executive officers of Invesco Ltd., a portion of awards should be paid only upon achievement of targeted financial results. In particular, the committee believes that the design of the long-term equity awards should:

- focus our management on preserving value for our shareholders;
- hold our executives accountable for the sound management of the company; and
- tie a specific portion of our executive officers' compensation to a measure that management can most directly influence that will ultimately lead to shareholder value.

*Time-based awards*

Time-based equity awards vest in 25% increments each year. With respect to executive officers of Invesco Ltd., 40% of equity awards generally are time-based.

*Performance-based awards for executive officers<sup>6</sup>*

60% of equity awards are performance-based. Vesting is tied to the following two performance measures — adjusted operating margin and relative TSR over a three-year period. The committee believes tying vesting to both adjusted operating margin and relative TSR over a multi-year period aligns with shareholder interests and the following goals with respect to performance-based awards:

<sup>6</sup> For the Invesco UK Limited Consolidation Group this section applies to the Senior Managing Directors

## Relative TSR

- tracks value created for shareholders as a quantitative measure
- aligns with shareholder interests

## Adjusted operating margin (AOM)

- focuses discipline in corporate investments, initiatives and capital allocation
- is consistent with the way the business is managed
- is an important measure of overall strength of an asset manager
- aligns with Invesco Ltd.'s shareholder value framework
- is a primary measure of focus of industry analysts
- is improved through effective management over the long term
- more effectively avoids conflicts of interest with clients

## Performance award vesting matrix

The number of shares that vest will equal the target award amount multiplied by the vesting percentage associated with the Average AOM and Relative TSR ranking on the chart below. Vesting may range from 0% to 150%. We believe that the linked vesting performance thresholds provides significant rigor to our incentive program, as payouts are not a range of outcomes but represent specific performance levels.

Below is a summary of the features of our performance awards:

Performance period	Three years
Performance metric	Adjusted operating margin and relative TSR
Performance vesting range	0%-150%; ratable straight line interpolation used for actual AOM result
Vesting	3-year cliff
Dividends	Deferred and paid only to the extent an award vests
Settlement	Shares
Clawback	Subject to clawback policy in the event of fraudulent or wilful misconduct

The below vesting matrix is for performance-based equity awards granted in February 2023, in connection with 2022 pay.

Absolute 3-year Average AOM <sup>2</sup>	Relative TSR				
	Lowest	40% tile	55% tile	75% tile	Highest
> 37%	100%	116%	133%	142%	150%
37%	83%	103%	122%	133%	142%
34%	67%	90%	111%	123%	133%
32%	50%	75%	100%	113%	125%
30%	33%	58%	83%	100%	117%
28%	17%	42%	68%	88%	108%
<28.0%	0%	25%	50%	75%	100%

If Invesco's relative TSR is the lowest percentile and absolute 3-year average adjusted operating margin is less than 28%, then our CEO and each of our other executives will not be entitled to a distribution of any shares or accrued dividends. In addition, if the company's 3-year absolute TSR is negative, vesting will be capped at 100%.

The rigor of the thresholds, as well as the partial vesting of awards for failure to meet the target range and an upside

opportunity for performance beyond the target range, align with the company's operating plan and the committee's belief that the company's performance-based awards demonstrate our pay-for-performance philosophy.

#### *Remuneration Decision Making Rationale*

Salary increase decisions take into account market position, performance, and internal equity. Salary increases are targeted where market positioning does not already align with performance.

Bonus decisions support a meritocracy, providing the most significant rewards to the highest contributors. Individual cash bonuses are based on a variety of factors including internal performance comparisons, external market comparisons, and formulaic portions of incentive plans (for specific groups of employees) as well as the amount available to distribute in any given year.

As an individual's compensation increases, the proportion of that compensation received in the form of deferred compensation should increase in order to further the alignment of that employee's interest with those of Invesco Ltd.'s shareholders. As a result, employees earning over a threshold level in cash compensation will typically have a portion of their annual incentive award deferred into restricted shares of Invesco and/or into investment portfolios managed by the firm.

All employees can be considered for long-term equity grants, however, managers use equity pools to retain key talent, to reward those who make the strongest contributions in a given year, and who have high potential to impact business results in the future. Equity grants reward for longer term performance, and therefore, vest over a multi-year period.

#### *Remuneration in Control Functions*

Reporting lines for control functions are typically separated from the business units that they oversee. The amount of any incentives available for distribution to control functions is not determined by the performance of the business unit that they oversee. Decision making regarding remuneration for employees in control functions is not approved by any business unit overseen by these functions.

## **6.6 Quantitative Disclosures**

As at 31 December 2023, for Invesco UK Limited the total number of staff and total amount of remuneration expenditure was as follows:

#### **Aggregate quantitative information on remuneration**

	<b>Total Remuneration</b>	<b>Fixed Remuneration</b>	<b>Variable Remuneration</b>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
<b>All staff 2023</b>	<b>192.4</b>	101.2	91.2
<i>(2022)</i>	<i>(181.6)</i>	<i>(97.3)</i>	<i>(84.3)</i>
<i>2023 No. of beneficiaries</i>	<i>999</i>		
<i>(2022)</i>	<i>(1,010)</i>		

As at 31 December 2023, a total of 54 individuals have been identified as Material Risk Takers. Invesco Asset Management Limited aggregate remuneration expenditure for Material Risk Takers in the year to 31 December 2023 was as follows

### Aggregate quantitative information on remuneration for Material Risk Takers

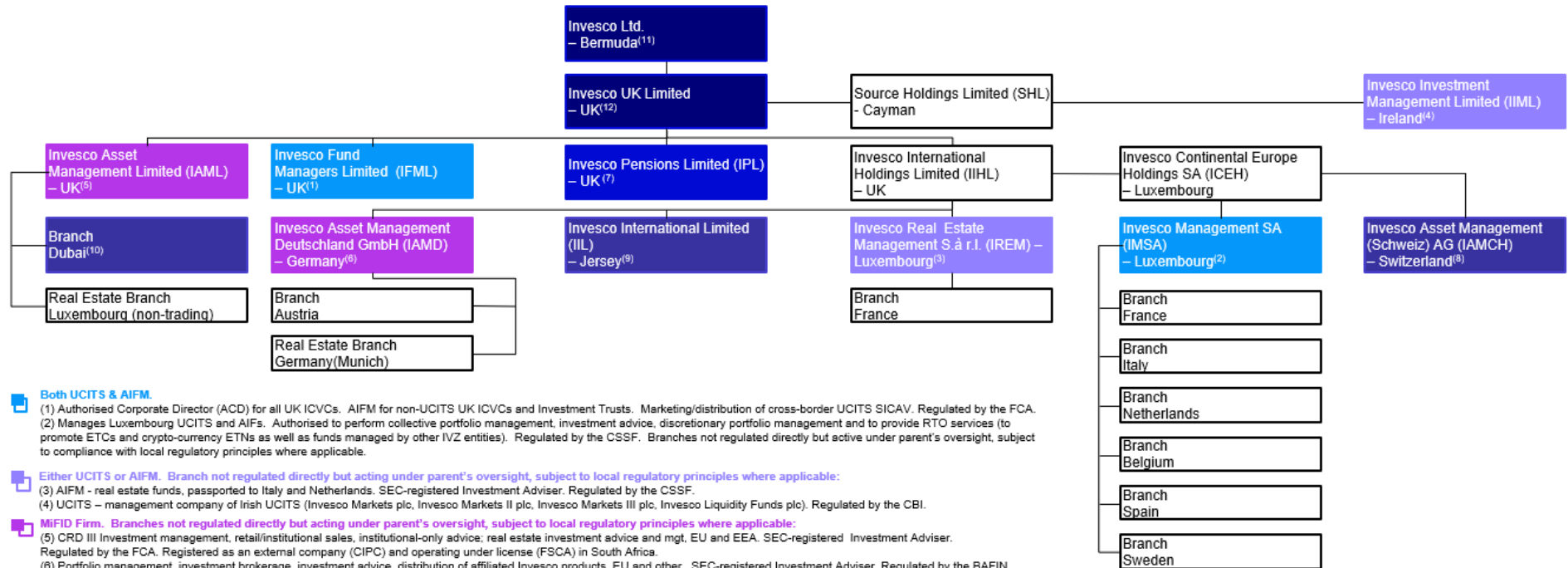
	Total Remuneration	Fixed Remuneration	Variable Remuneration
	£m	£m	£m
<b>2023 Senior management</b>	<b>20.5</b>	4.8	15.8
<i>(2022)</i>	<i>(16.6)</i>	<i>(4.4)</i>	<i>(12.2)</i>
<b>2023 Other Material Risk Takers</b>	<b>30.9</b>	7.6	23.3
<i>(2022)</i>	<i>(28.3)</i>	<i>(7.2)</i>	<i>(21.1)</i>
<i>2023 No. of beneficiaries</i>	<i>53</i>		
<i>(2022)</i>	<i>(51)</i>		

For the purpose of disclosure of guaranteed variable remuneration for the financial year, Invesco relies on the exemption according to MIFIDPRU 8.6.9 and to MIFIDPRU 8.6.10 to prevent individual identification of a Material Risk Taker. In compliance with applicable remuneration rules, Invesco only considers guarantees under exceptional circumstances and only for the first year of employment.

For the purpose of disclosure of number of Material Risk Takers receiving severance pay for the financial year, Invesco awarded severance pay to one Material Risk Takers. For the purpose of disclosure of severance pay amount and highest severance pay amount Invesco relies on the exemption according to MIFIDPRU 8.6.9 and to MIFIDPRU 8.6.10 to prevent individual identification of a Material Risk Taker.

# Appendix A | Overview of EMEA Corporate Structure (abridged)

The legal structure chart below comprises a subset of investment firms, management companies (“ManCos”) and other regulated entities that are direct or indirect subsidiaries of Invesco UK Limited (>50% interest), together with their associated branches and holding companies. All holdings are 100% unless shown otherwise.



**Both UCITS & AIFM.**

- (1) Authorised Corporate Director (ACD) for all UK ICVCs. AIFM for non-UCITS UK ICVCs and Investment Trusts. Marketing/distribution of cross-border UCITS SICAV. Regulated by the FCA.
- (2) Manages Luxembourg UCITS and AIFs. Authorised to perform collective portfolio management, investment advice, discretionary portfolio management and to provide RTO services (to promote ETCs and crypto-currency ETNs as well as funds managed by other IVZ entities). Regulated by the CSSF. Branches not regulated directly but active under parent's oversight, subject to compliance with local regulatory principles where applicable.

**Either UCITS or AIFM. Branch not regulated directly but acting under parent's oversight, subject to local regulatory principles where applicable:**

- (3) AIFM - real estate funds, passported to Italy and Netherlands. SEC-registered Investment Adviser. Regulated by the CSSF.
- (4) UCITS - management company of Irish UCITS (Invesco Markets plc, Invesco Markets II plc, Invesco Markets III plc, Invesco Liquidity Funds plc). Regulated by the CBI.

**MiFID Firm. Branches not regulated directly but acting under parent's oversight, subject to local regulatory principles where applicable:**

- (5) CRD III Investment management, retail/institutional sales, institutional-only advice; real estate investment advice and mgt, EU and EEA. SEC-registered Investment Adviser. Regulated by the FCA. Registered as an external company (CIPC) and operating under license (FSCA) in South Africa.
- (6) Portfolio management, investment brokerage, investment advice, distribution of affiliated Invesco products. EU and other. SEC-registered Investment Adviser. Regulated by the BAFIN.

**Solvency II Insurance Company:** (7) Unit-linked Life Assurance/pension fund clients. Regulated by the PRA.

**Other Regulated Activity:**

- (8) Authorised distributor and representative of foreign funds, retail and institutional. In addition, marketing of ETCs in Switzerland and cross-border marketing of funds to the extent that no licence/authorisation is required. Regulated by the FINMA.
- (9) Distributor.
- (10) Legal representative of IMSA for registration of Luxembourg-domiciled UCITS.

**Holding Company**

- (11) Invesco Ltd. is listed on the New York Stock Exchange under Ticker Symbol 'IVZ' and is regulated by the US Securities and Exchange Commission (SEC).
- (12) Invesco UK Limited is not directly authorised or regulated but is subject to supervision by the UK's Financial Conduct Authority (FCA) as the parent of a consolidation group.