

---

# Engagement Policy for Invesco Listed Real Assets

---

## Introduction: Invesco's Global Approach to ESG Integration and Engagement

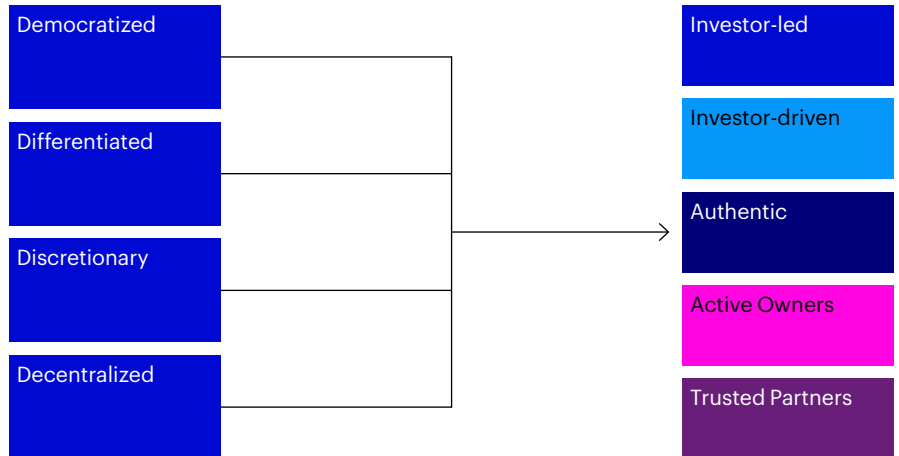
### Active Ownership

Invesco is committed to adopting and implementing responsible investment principles in a manner that is consistent with our fiduciary responsibilities to clients. As fiduciaries, our priority is to protect our clients' interest, while seeking to deliver strong, long-term investment performance. Invesco is a signatory to the UNPRI – Principles of Responsible Investment and recognizes the importance of ESG issues as part of robust investment process.

### The hallmark of Invesco's ESG approach is active ownership

In our function as fiduciaries for our clients, we see our role as business owners rather than shareholders. We believe that active ownership is the most effective mechanism to drive responsible investment and strong investment stewardship.

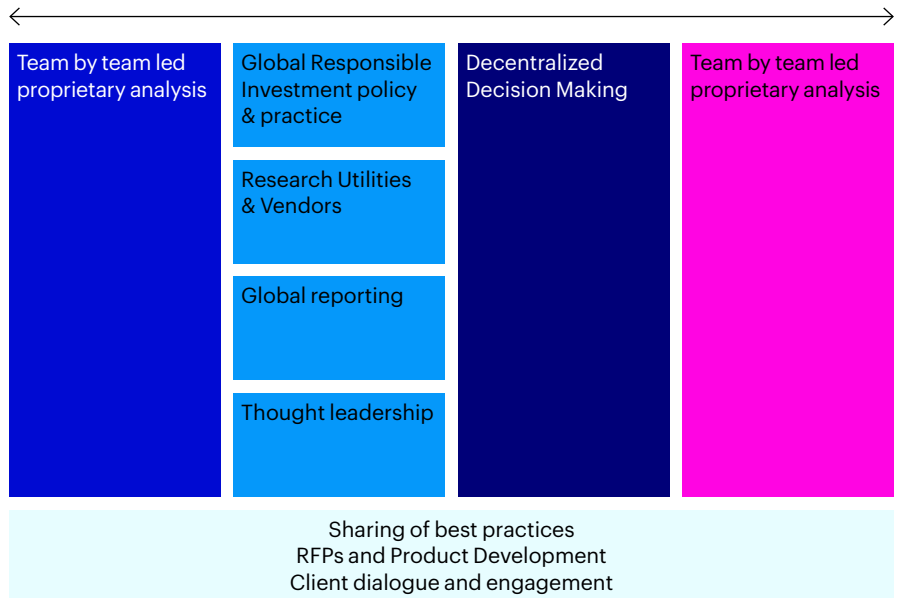
### ESG Integration: Centralized Support, Decentralized Decisions



Invesco's approach to responsible investment (RI) is decentralised ESG integration where every investment centre defines their own holistic ESG approach. This is key to achieve a robust ESG practice across all investment centres.

**Global**

**Local**



Invesco's Global ESG Risk Repository is Invesco's ESG knowledge engine and was built to comprise ESG reports and presentations, information on Invesco's ESG capabilities, corporate stewardship, ESG fund scores and oversight, ESG industry information, ESG issuer and industry ratings, and the ESG watchlist report. The Risk repository acts as a main source of information to many of our investment teams to make reliable investment decisions. Our investment teams are also enabled with access to critical watch lists to help them spot key issues with the companies in their portfolios.

### **Global Engagement philosophy**

Aligned closely to the democratized approach to active ownership, our Fund managers drive engagement. At Invesco, we believe that the most productive dialogue with our portfolio companies occurs outside peak voting season. Therefore, we suggest reaching out to Invesco in the early fall of each year.

For a streamlined approach, all requests for Invesco's engagement with corporate issuers are directed to our global centralized mailbox at [proxygovernance@invesco.com](mailto:proxygovernance@invesco.com). Once the request is received, ESG analysts look at all of Invesco holdings by issuer, pull historical voting data and relevant research and involve all Invesco fund managers that hold the respective issuer across Invesco. In advance of any call, issuers are requested to provide a "key topics" list of discussion points as well as any material changes to key items such as compensation, management or strategy in order to enable a focused and impactful engagement.

### **The Global ESG Team**

Invesco's Global ESG team acts as a center of excellence, responsible for leveraging best practices in ESG capabilities across Invesco. These include ESG integration, voting and engagement, supporting the distribution teams with client engagement, and advising product teams on ESG innovation. The team can assist ILRA with access to engagement, research, resources and training around ESG criteria and how they can be incorporated into a robust investment process.

## **ESG Integration for Invesco Listed Real Assets ("ILRA")**

ILRA is engaged with making investments into securities that have a real asset base, encompassing land, buildings, infra-structure and energy and natural resources. Land and buildings create the environment in which people live and work. Energy and infrastructure enable an efficient and effectively functioning society. ILRA recognises the role of the built environment in key environmental debates, such as climate change, and as an important factor in creating community and maintaining social cohesion. Management of real assets will play a key role in achieving multiple United Nations Sustainable Development Goals.

ILRA is a long term, fundamentally driven investor with an investment discipline that is guided by a rigorous investment process. The investment process relies on combining fundamental views and security valuation disciplines with top-down portfolio construction and risk management techniques. Understanding and allocating investment risk forms a key aspect of the structured process. Ensuring issues related to ESG are considered within the investment discipline is important as a measure of risk management and a means of adding fundamental bias to return outcomes.

A desire to maintain portfolios of investments which offer above average fundamental quality lies at the core of the group's investment philosophy. Excluding investments deemed to have poor fundamental quality is an explicit step within the construction of all of ILRA real estate, infrastructure and real asset portfolios. Factors fully aligned with the principles of good ESG behaviours and characteristics are explicit inputs within the investment analysis process. Ultimately, ILRA portfolios tend to favour investments with better than average ESG practices and characteristics.

## **Stewardship for IRE strategies**

### **Monitoring investee companies**

The specialist nature of ILRA's investment focus and depth of investment team allows rigorous investment monitoring to occur. Inputs into the investment decision and investment monitoring process are received from wide ranging sources. Financial information published by companies, analysis provided by third party research firms, a variety of industry specific and more general news feeds, in-house analysis and financial modelling and regular in-person dialogue with the company management teams provide some of the means by which companies are monitored on a day to day basis. When issues or activities of interest at the company level arise, they may be discussed at frequent investment team meetings. Decisions relating to the possibility of a change in investment opinion or the need to engage with a company will be drawn from collective input among the investment team and decisions will be collectively made among the Senior Portfolio Manager team.

### **Proxy Voting**

Invesco's Policy Statement on Global Corporate Governance and Proxy Voting ("Global Proxy Voting Policy") – developed and reviewed by our investment leadership – describes policies and procedures designed to ensure that we vote proxies in the best interests of our clients. It also aims to help clients understand our commitment to responsible investing and proxy voting, as well as the good governance principles that inform our approach to engagement and voting at shareholder meetings.

The ILRA Senior Portfolio Management team are ultimately responsible for voting decisions and will draw upon their deep knowledge of their investment universe and often long-term engagement with senior listed company executives in understanding specific company issues, regional or industry nuances in forming judgement. Ultimately, the investment teams' voting decisions are motivated with the long-term economic interest of shareholders in mind. Collective agreement among the decision-making Senior Fund Managers is required before votes are cast. Aligning the investment decision with the proxy voting decision results in robust voting outcomes for our clients. The Global ESG team assists with proxy voting analysis and company dialogue.

Invesco's proprietary proxy voting platform Proxyintel facilitates implementation of voting decisions and rationales across global investment teams. Investment teams are able to access AGM-related materials, proxy research and view votes cast by other shareholders within Invesco. This tool helps to build institutional knowledge across the Invesco complex with respect to individual companies and proxy issues. Invesco may supplement its internal research with information from independent third parties, including proxy advisory firms, to assist us in assessing the corporate governance of investee companies. Globally, Invesco leverages research from Institutional Shareholder Services Inc. (ISS) and Glass Lewis (GL).

To learn more about Invesco's proxy voting approach and good governance principles, please visit [invesco.com/corporate/about-us/esg](https://www.invesco.com/corporate/about-us/esg).

### **Engagement**

The ILRA team's fundamentally driven investment approach requires the investment team to maintain regular and meaningful engagement activity with companies within the investment universe and more importantly, companies held within portfolios. The objective of engagement is to obtain deep understanding of the investment opportunity and, often as a shareholder, to ensure that issues which help to define long term shareholder value creation and risk are considered. Engagement with companies may take the form of ILRA team driven targeted engagement or company driven reactive engagement. It may take the form of broad, dialogue based, ongoing engagement or alternatively comprehensive engagement, focused on key specific issues. Engagement issues tend to be company specific and are broadly spread across all key corporate, financial or ESG topics.

In addition to specific ILRA team engagement activity, Invesco is also part of several ESG focused organizations that facilitate collective dialogue with companies and continues to assess other collective engagements that we would like to be more actively involved in the future. This activity is coordinated by Invesco's Global ESG team and may involve real asset focused companies.

### **Management of Conflicts of Interest**

We endeavour to maintain and operate effective organisational and administrative arrangements while taking all appropriate steps to prevent and manage conflicts of interest whose existence may damage the interests of clients. Under Invesco's Global Code of Conduct, Invesco entities and individuals must act in the best interests of clients and must avoid any situation that gives rise to an actual or apparent conflict of interest. Invesco maintains policies and procedures that deal with conflicts of interest in all of its business dealings. In relation to conflicts of interest that exist in its stewardship and proxy voting activities, these policies can be found in the Global Policy Statement on Corporate Governance and Proxy Voting found on our website [invesco.com/corporate/about-us/esg](https://www.invesco.com/corporate/about-us/esg).