

## INVESCO PENSION SCHEME

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### APPENDIX I - IMPLEMENTATION STATEMENT YEAR ENDED 31 DECEMBER 2023

#### Implementation Statement ('IS')

The Trustee of the Invesco Pension Scheme (the 'Scheme') is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles ('SIP') during the Scheme Year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

In preparing the Statement, the Trustee has had regard to the guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions ('DWP's guidance') in June 2022.

#### 1. Introduction

The SIP was reviewed and updated during the Scheme Year and approved by the Trustee on 14 April 2023 to reflect the following key changes:

- The revised strategic asset allocation, namely a full redemption from diversified growth funds, unlisted infrastructure and multi-asset credit, and the introduction of an allocation to asset-backed securities; and
- The DWP's new guidance on Reporting on Stewardship and Other Topics through the SIP and Implementation Statement, which expects trustees to take a more active role in relation to monitoring and engaging with investment managers on stewardship.

As part of this SIP update, the employer was consulted and confirmed it was comfortable with the changes.

The Trustee has, in its opinion, followed the Scheme's voting and engagement policies during the Scheme Year.

#### 2. Voting and engagement

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. The investment managers voting and engagement policies were provided to the Trustee directly. However, the Trustee takes ownership of the Scheme's stewardship by monitoring and engaging with managers and escalating as necessary as detailed below.

As part of its advice on the selection and ongoing review of the investment managers, LCP incorporates its assessment of the nature and effectiveness of managers' approaches to voting and engagement.

Following the introduction of the DWP's guidance, the Trustee agreed to set stewardship priorities to focus monitoring and engagement with their investment managers on specific ESG factors. At the Q4 2022 meeting, the Trustee discussed and agreed stewardship priorities for the Scheme which were: Climate Change, Human Rights and Business Ethics.

The Trustee has selected these priorities as key market-wide risks and areas where it believes that good stewardship and engagement can improve long-term financial outcomes for the Scheme's members. The Trustee communicated these priorities to its investment managers in December 2022 and the managers acknowledged the notification.

The Trustee regularly invites the Scheme's investment managers to present at Trustee meetings. Over the Scheme Year, the Trustee met with Insight and Invesco to discuss the Scheme's investments. Additionally, the Trustee receives quarterly updates on ESG and Stewardship related issues from its investment advisers.

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### APPENDIX I - IMPLEMENTATION STATEMENT YEAR ENDED 31 DECEMBER 2023

#### Implementation Statement ('IS') (continued)

The Trustee seeks to appoint investment managers that have strong responsible investment skills and processes. The Trustee expects its investment managers to take account of financially material factors (including climate change and other ESG factors) when investing the Scheme's assets, and to improve their ESG practices over time. The Trustee also expects the managers to undertake voting and engagement on the Trustee's behalf in line with the managers' stewardship policies, considering the long-term financial interests of the Trustee. The Trustee expects its investment managers to provide information on stewardship policies, activities, and outcomes, as requested by LCP from time to time, to enable the Trustee to monitor them. The Trustee will continue to monitor the investment managers' ESG and stewardship practices and policies on an ongoing basis, focusing on how they impact the Trustee's stewardship priorities.

The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

The Trustee invested in a new pooled fund, the Insight High Grade ABS Fund, in May 2023. In selecting and appointing this manager, the Trustee reviewed LCP's Responsible Investment ('RI') assessments of the shortlisted manager.

#### 3. Description of voting behaviour during the Scheme Year

The Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Scheme Year. However, the Trustee monitors managers' voting and engagement behaviour on an annual basis and challenges managers where their activity has not been in line with the Trustee's expectations.

None of the Scheme's investment funds hold liquid equities and therefore there is not any voting behaviour to report on in this Statement.

We have omitted the Invesco Balance Risk 8 Fund as it does not hold any physical equities and any equity exposure is obtained by investing in derivatives that do not have any voting rights attached. The Scheme fully redeemed its holding in this fund in March 2023.

Additionally, the Trustee contacted the Scheme's other asset managers that do not hold listed equities, to ask if any of the assets held by the Scheme had voting opportunities over the Scheme Year. The Scheme's investment in the global infrastructure fund managed by IFM offers voting opportunity to a limited degree due to some private equity ownership. The Scheme fully redeemed its holding in this fund in April 2023.

None of the other funds that the Scheme invested in over the Scheme Year held any assets with voting opportunities.

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**APPENDIX I - IMPLEMENTATION STATEMENT  
YEAR ENDED 31 DECEMBER 2023****Implementation Statement ('IS') (continued)****3.1 Description of the voting processes****IFM Global Infrastructure Fund ('GIF')**

While the GIF primarily provides investors with exposure to a diversified portfolio of unlisted infrastructure assets, there are times where an opportunistic hold of a listed entity complements the unlisted portfolio. The acquisition of listed positions is generally motivated by gaining long-term strategic positions, with significant equity ownership, in attractive core infrastructure assets.

With regards to the voting and engagement activities between GIF and the underlying portfolio companies, the underlying holdings of GIF are private equity investments rather than public market listed equities. GIF's influence on such investments is made directly by IFM through IFM's Board representation on the underlying portfolio companies rather than through any form of proxy voting.

IFM follows an active ownership style with an equity stake sufficient to ensure control and influence decisions without needing to cast votes or at least provide meaningful oversight. IFM only invests if board representation is ensured and there are palpable governance structures in place. IFM encourages responsible corporate behaviour through engagement and voting, incorporate responsible investment principles into decision making, and seek to enhance value of investments in the long term.