

Responsible Investment Policy

Invesco Responsible Emerging
Markets Innovators Equity Fund

October 2021



Executive Summary

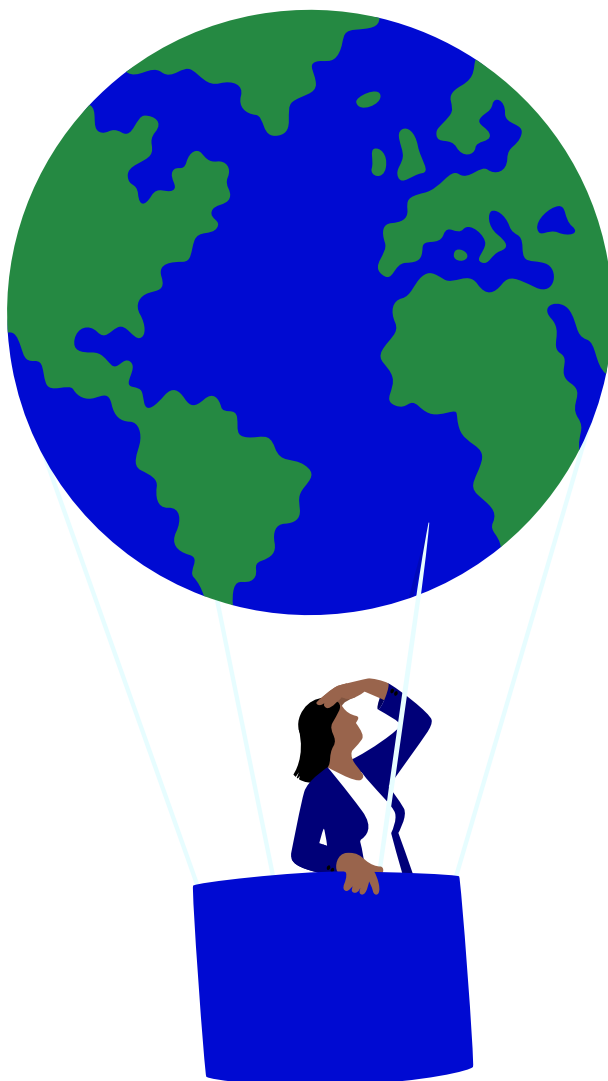
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The Invesco Responsible Emerging Markets Innovators Equity Fund (the Fund) applies a defined ESG framework to guide its active investments in emerging markets companies. Its ESG approach combines sector or industry exclusions and selection of issuers with stronger ESG characteristics compared to their sector peers. The Fund seeks to deliver diversified exposure across the emerging markets equity investment opportunity set with the investment objective of delivering capital appreciation.

The Fund is supported by Invesco's global ESG resources and infrastructure. Proprietary ESG ratings are an integral part of ensuring that the portfolio's investment mandate is delivered. Coordination on ESG engagement topics and ESG risk guidelines are also provided by Invesco's Global ESG team.

The Fund adopts an integrated approach to ESG, recognizing the necessity for investment behaviors that effectively combine high investment standards with active and responsible engagement activity.



Holistic ESG integration in the investment process

Invesco Responsible Emerging Markets Innovators Equity Fund Holistic Approach to Responsible Investing and ESG



The importance of responsible investing in emerging markets

Invesco Emerging Markets Innovators strategy (EMI) typically invests in companies that have innovative products and unique assets, can deliver strong long-term financial performance, and have meaningful options that play out over the course of years. Our focus on innovative products and services that capture demand and gain market share domestically and/or globally often requires a skilled workforce. Therefore, our approach typically avoids industries where cheap or ill-treated labor is a key competitive advantage or where commoditized products are a key source of revenue. Long-term success is typically achieved when companies have strong governance, including policies around capital allocation, management compensation, board of director's composition, product safety and community and labor relations. We delve into all these issues in order to assess the sustainability of a company's advantages and financial returns.

Holistic ESG integration in the investment process



The team's philosophical approach to investing has been around for almost 25 years.

ESG ratings for EMI are sourced from Invesco's proprietary ESGintel platform with a coverage of over

45,000

companies per year

ESG integration policy across the investment platform

The Fund views itself as a long term, fundamentally driven investor, with focus on quality and the goal of delivering consistent returns. The team's philosophical approach to investing has been around for almost 25 years. The process relies on a carefully created universe, rigorous fundamental due diligence and security valuation discipline, along with risk management techniques. We have incorporated aspects of ESG investing to further enhance our research process and evaluate ESG factors from a financial materiality perspective to ensure a targeted focus on the issues that matter most for sustainable value creation, risk management and impact to long-term investment results.

Companies will either pass or fail the aggregate fundamental investment analysis. A company that fails the analysis will not be considered for investment. The analysis uses a variety of factors to determine an overall assessment for each investment under consideration. Collectively, these factors create investment portfolios that favor investments with better ESG practices.

ESG specific portfolio construction

Invesco Responsible Emerging Markets Innovators Equity Fund integrates suitable screening approach to remove inappropriate investments. This results in a portfolio that offers the opportunity to deliver benchmark relative outperformance while providing an exposure to companies embracing higher standards of ESG. EMI incorporates Invesco's proprietary ESG rating, which ensures that key industry specific ESG issues are recognized in the investment process.

ESG ratings for EMI are sourced from Invesco's proprietary ESGintel platform with a coverage of over 45,000 companies and ESG datapoints obtained from several external resources that are calibrated by Invesco's Global ESG team to generate internal ESG ratings for companies. In addition to utilizing Invesco's centralized ESG resources, ESG ratings incorporate the investment team's research and industry knowledge as part of an integrated approach. The ESG rating process uses core inputs from ESGintel alongside asset class specific ESG factors and investment team's assessment in order to derive ratings and incorporates possible higher risks that may be idiosyncratic to Emerging Markets including the risk of limited information and disclosure for some companies given various regulatory requirements across Emerging Markets. Hence, incorporating active corporate engagement as part of the investment process to understand risks is critical and described in detail below.

Engagement activity

EMI's fundamentally driven investment approach requires the investment team to maintain regular and meaningful contact with companies within the investment universe and more importantly, companies held within portfolios. The objective of the engagement is to obtain deep understanding of the investment opportunity and to ensure that issues, which help to define long term shareholder value creation and risks are considered.

Engagement with companies may take the form of EMI driven, targeted engagement or company driven reactive engagement. It may take the form of broad, dialogue based, ongoing engagement or alternatively a comprehensive engagement focused on key specific issues. Engagement issues tend to be company specific and are broadly spread across all key corporate, financial, or suitable ESG topics. Historically, our engagement has broadly focused on the importance of having a long-term sustainable strategy, while remaining committed to the prioritization of financial goals and sound capital deployment.

In addition to specific EMI engagement activity, Invesco is also part of several 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. Among the initiatives relevant for EMI, Invesco is a leader and co-leader in the engagement with companies as part of the Climate Action 100+ and is part of the Investor Tailings and Mining Initiative and the World Economic Forum's Coalition for Climate Resilient Investment.

Holistic ESG integration in the investment process

Proxy voting policy

The Fund is guided by a combination of Invesco's global proxy policy and third-party proxy research in understanding best practice and determining proxy voting decisions on behalf of investors. The Invesco global proxy policy can be found here: [Invesco Global Proxy Policy](#)

Invesco generally retains full and independent discretion with respect to proxy voting decisions. Aligning the investment decision with the proxy voting decision results in robust voting outcomes for our clients.

To this effect, Invesco maintains a proprietary global proxy administration platform, known as the "ProxylINTEL". The platform streamlines the proxy voting and ballot reconciliation processes, as well as related functions, such as share blocking and managing conflicts of interest issuers. It enables fund investment analysts and managers to vote in an efficient manner, increase transparency, share knowledge, and effectively influence corporate practices and behaviors.

The EMI investment team is ultimately responsible for determining, agreeing, and submitting voting intentions. The team acts independently, with freedom to vote with or against management or the recommendations of third-party proxy research providers. The portfolio management team will draw upon their deep knowledge of their investment universe and often long-term engagement with company executives in understanding specific company issues or regional or industry nuances in forming judgement. Ultimately, the investment teams' decisions are motivated with the long-term economic interest of shareholders in mind.

Oversight at a firm-wide level

Invesco's **Corporate Responsibility Committee (CRC)** is composed of members of the executive leadership team. The committee drives the strategy, oversight, and governance of our internal programmes, which will include progress against ESG, demonstrating Invesco's broad executive leadership commitment to responsible investment. The CRC provides direction to Invesco's investment and corporate stewardship leaders on core ESG and CSR topics, participation in industry advocacy and policy efforts, and charitable and community organizations to enhance our impact in sustainable global efforts. Local and Global Management teams, including regional managing directors, report to the Global Corporate Responsibility Committee on matters related to ESG and CSR.

The Global Investment Council (GIC), made up of CIOs and MDs from Invesco's global investment centres and asset classes, is co-chaired by Invesco's CEO, Marty Flanagan, and Head of Investment SMD, Greg McGreevey. The GIC provides oversight to our specialised investment teams and offers a balance of global expertise, support and connectivity. In this way, it helps provide better outcomes for clients with greater consistency over the long term. The GIC ESG Sub-Committee focuses on ESG investment issues, including climate change.

Governance and Coordination

Corporate Responsibility Committee (CRC)
Biannually

Define corporate strategic vision for ESG and CR

Having established a vision, the full CRC responsibility for implementing and monitoring the vision is passed on to the CRC Working Group. The CRC Working group reports to the full CRC on these matters every six months.

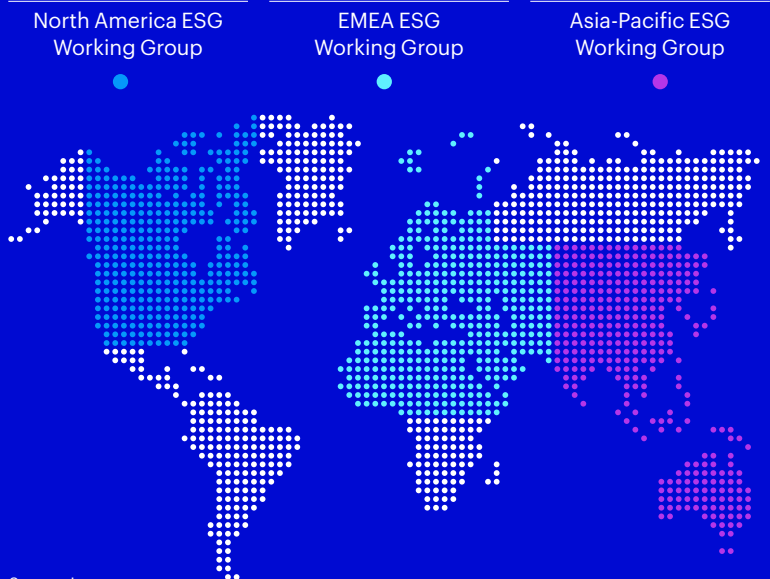
CRC Working Group (WG)
Monthly

Identify, track, assess and establish or decide policy matters pertaining to ESG or CSR

The WG's remit includes identifying and assessing actual or apparent inconsistent positions taken by different teams within Invesco and reconciling such differences by either (1) determining a consistent global policy position or (2) determining that such differences are appropriate in the circumstances.

Regional Working Groups

Define regional ESG requirements and implement activity accordingly.



Source: Invesco.

Key ESG characteristics of the Invesco Responsible Emerging Markets Innovators Equity Fund

There are two main elements to the ESG framework that will be reflected throughout the investment process.

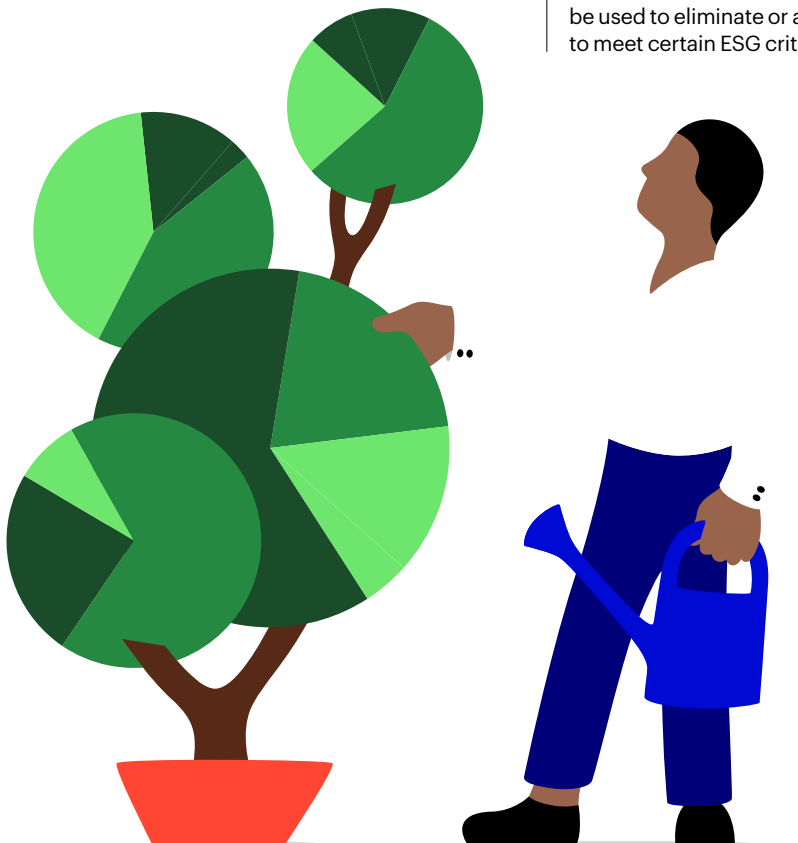
1. **Exclusions and negative screening criteria.** Systemically exclude companies and business activities that are inconsistent with the sustainability or socially responsible objectives. Recognize that some sectors or industries have an important ongoing role to play in the global economy but apply specific criteria to ensure that high standards are met, and sustainability considerations are being managed proactively.
2. **Positive screening criteria.** Avoid issuers, which are assessed as being worse positioned than their sector or industry peers in terms of addressing environmental, social and governance issues.

criteria can be used to identify companies which are particularly characterised by sustainable economic development, positively impactful products or processes. By applying these criteria, companies can be excluded or omitted from the investment universe if they fail to meet certain ESG criteria or violate international norms and recognized ESG rating agency standards.

Industry and activity exclusion factors are determined independent of the Fund's investment team, by Invesco's dedicated ESG department, in order to ensure an unbiased, rigorous and consistent process.

However, the final investment decisions are determined by the investment team, which incorporates ESG aspects as part of its rigorous research process. ESG risks and aspects are considered from the financial materiality perspective and their impact to long-term investment results.

Exclusion criteria and negative criteria can be used to eliminate or avoid issuers that fail to meet certain ESG criteria, while positive



Key ESG characteristics of the Invesco Responsible Emerging Markets Innovators Equity Fund

The Invesco Responsible Emerging Markets Innovators Equity Fund uses the following ESG criteria for screening purposes:

Exclusions and negative screening criteria	Threshold
Thermal Coal Extraction	>=5% of revenue
Thermal Coal Power Generation	>=10% of revenue
Unconventional Oil & Gas: Arctic Oil & Gas Exploration	>=5% of revenue
Unconventional Oil & Gas: Oil Sands Extraction	>=5% of revenue
Unconventional Oil & Gas: Shale Energy Extraction	>=5% of revenue
Oil & Gas Production (exploration, production, refining, transportation and/or storage)	>=25% of revenue
Controversial Weapons (including nuclear weapons systems, cluster munitions, anti-personnel landmines, depleted uranium munitions, riot control, biological weapons, chemical weapons, white phosphorous, non-detectable fragments, blinding laser weapons)	0% of revenue
Manufacture or Sales of nuclear weapons or components of nuclear weapons to countries that have not signed the Nuclear Non-Proliferation Treaty	>0% of revenue
Recreational Cannabis	>=5% of revenue
U.N. Global Compact Status	Non-compliant
Tobacco Products Production	>=5% of revenue
Tobacco Products Related Products/Services	>=5% of revenue
Tobacco Products Retail	>=5% of revenue
Gambling Operations	>=10% of revenue
Gambling Specialised Equipment	>=10% of revenue
Gambling Supporting Products/Service	>=10% of revenue
Adult Entertainment Production	>=10% of revenue
Adult Entertainment Distribution	>=10% of revenue
Alcoholic Beverages Production	>=10% of revenue
Alcoholic Beverages Related Products/Services	>=10% of revenue
Alcoholic Beverages Retail	>=10% of revenue
Positive screening criteria	Threshold
ESGintel Overall Score	Exclude companies that are level 4 or 5 on the overall rating

Key ESG characteristics of the Invesco Responsible Emerging Markets Innovators Equity Fund

In the issuer-specific evaluation, selection or exclusion research effort the investment team focuses on understanding ESG positioning and identifying ESG risks for portfolio companies and investment opportunities considered for the fund.

The investment team utilizes Invesco proprietary ESG database (ESGintel) that was built by the firm's Global ESG research team. ESGintel offers a comprehensive ESG database and methodology. The database provides environmental, social and governance insights, metrics, and direction of change for various ESG aspects. Indicators are selected for a particular company by the ESG research team based on sector materiality, which are then scored based on the company's third party data ranking compared to peers with 1 rated as being in the best quintile for a particular

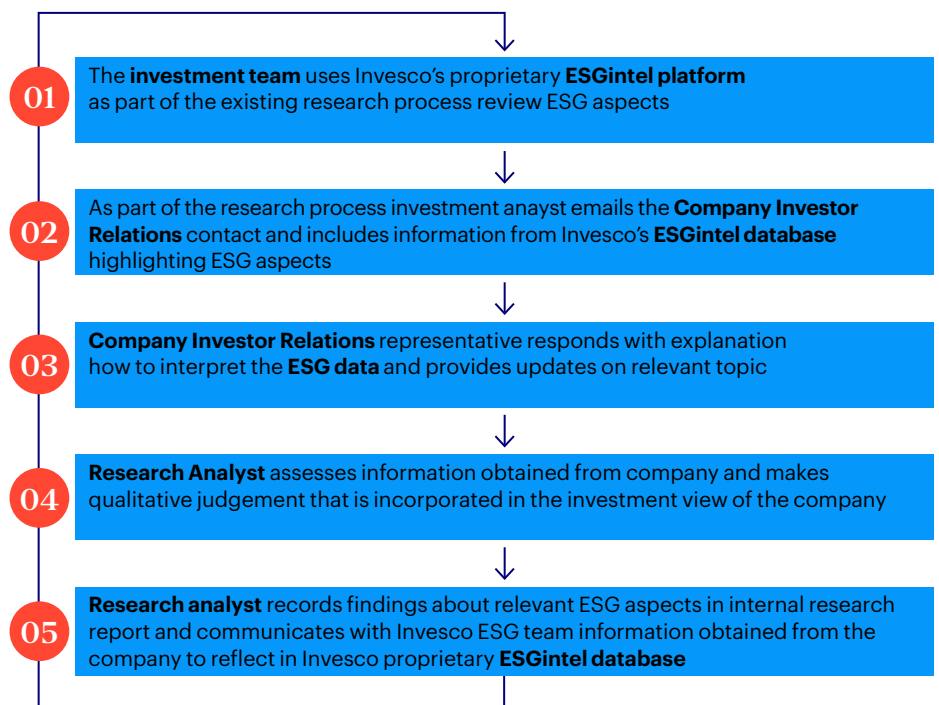
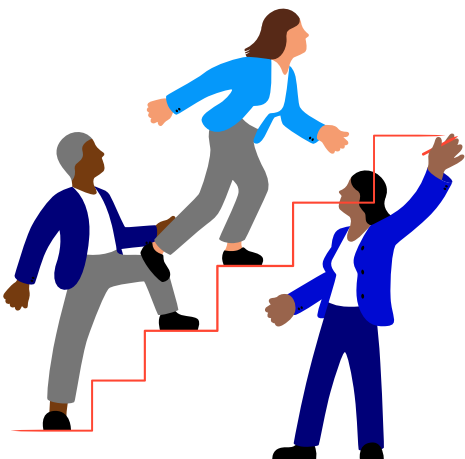
indicator and 5 being in the worst quintile. The indicator scores are then aggregated to the topic level, which make up of a group of indicators selected to represent a specific issue; such as low carbon transition. These topic level scores are then aggregated to give an overall average company rating between 1 and 5.

Invesco's approach takes a financial materiality perspective in selecting indicators to ensure a targeted focus on the issues that matter most for sustainable value creation and risk management. The investment team utilizes the platform to review ESG aspects to assess whether any ESG factors pose a material financial risk. This provides a holistic view on how a company's value chain is impacted in different ways by various ESG topics.

ESGintel database and factors for consideration



Research Process and ESG Review



Key ESG characteristics of the Invesco Responsible Emerging Markets Innovators Equity Fund



Cash is primarily used for daily liquidity needs and not viewed as a tactical allocation.

Exposure to sustainable investments/themes¹

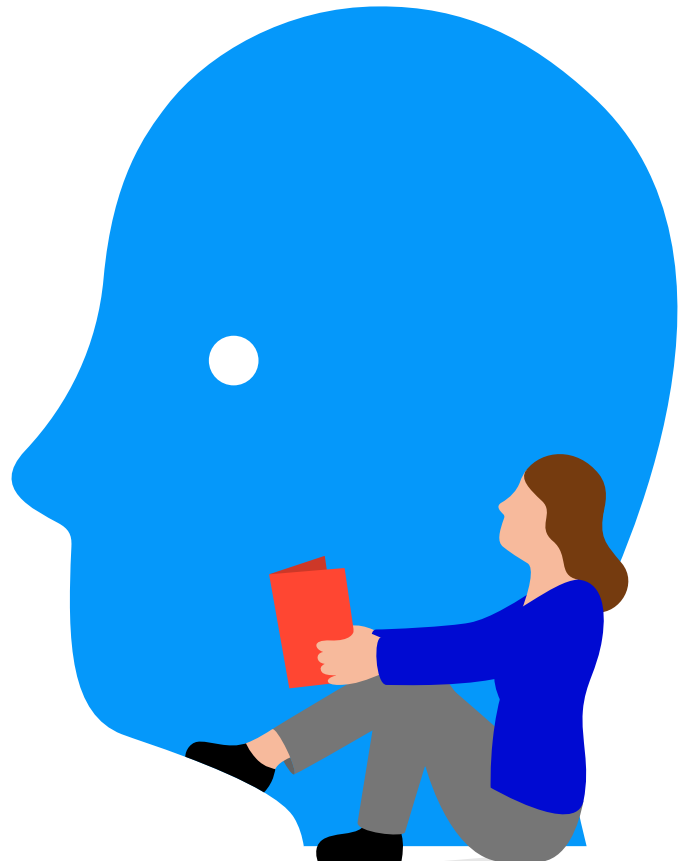
While the Fund does not target sustainable/impact investments per se as an objective, the investment team's focus on companies that have innovative products and unique assets, as well as the team's avoidance of companies with governance conflicts and a lack of sustainable advantage leads to an investable universe that does include exposure to sustainable investments (i.e. activities contributing to an environmental or social objective). This will include exposures to areas such as health care, education, financial inclusion, which are potentially higher scoring ESG investments. Additionally, the team's avoidance of poorly scoring companies by excluding those that scored at an overall level 4 or 5 in ESGintel reinforces exposure to higher quality investments. As a result, it is expected that the Fund will have a higher exposure to these sustainable sectors/ economic activities than the benchmark.

Scope of the ESG policy, including usage of derivatives and cash management

The ESG characteristics defined in this policy, covering exclusions, negative and positive screening as well as materiality assessments, are applied to the entire portfolio of equity investments of the Fund.

The Fund may enter into financial derivative instruments for efficient portfolio management and hedging purposes only, and as such the derivatives may not be fully aligned with the ESG guidelines in terms of negative and positive screening. There will be no unaligned derivative positions held for investment purposes.

The Fund typically has 0-5% cash. Cash is primarily used for daily liquidity needs and not viewed as a tactical allocation. As such, financial institutions where the cash is held and the cash instruments are not specifically assessed on their sustainability characteristics.



¹ 'Sustainable investment' means an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance

Investment Process of the Invesco Responsible Emerging Markets Innovators Equity Fund



Investable Universe Creation

- Establish an investable universe with a focus on companies that have innovative products or unique assets and strong corporate governance practices
- Avoid issuers that fail to meet certain ESG criteria



Idea Generation

- Source ideas from well-defined areas of the market that exhibit desired characteristics
- Filter out areas of the market that do not meet our criteria for generating sustainable returns



Rigorous and Repeatable Research

- Conduct independent research
- Continually investigate new angles and nuances of existing thesis
- Curiosity and imagination are essential in achieving differentiated research



Valuation and Modeling

- Use financial modeling as a tool to dig deeper into individual components of a company
- Use valuation model to help assess potential outcomes
- Valuation models serve as a journal of assumptions and discoveries



Portfolio Construction and Risk Management

- Build a high-conviction differentiated portfolio using a benchmark agnostic approach
- Position sizes are based on the investment team's level of conviction and assessment of risk

50-70
Holdings

Investment Process of the Invesco Responsible Emerging Markets Innovators Equity Fund

Idea Generation

The consistency of the investment philosophy and process allows the team to create a relatively stable investment universe and to be very deliberate in setting a research agenda. The team employs a disciplined, bottom-up, research-intensive approach with a growth investment style. The approach is benchmark agnostic, with respect to region or country, sector or security. Importantly, the team seeks to add value through security selection. The team seeks to invest in extraordinary companies that: deliver superior long-term earnings and cash flow growth, profitability and have sustainable competitive advantages; have real options that manifest over time; have innovative products or unique assets that capture EM demand and/or demand outside of EM; and strong governance practices.

Importantly, the universe construction is also framed by the team's view on areas

to avoid. Those include mean reversion/pattern recognition investing, including trying to time credit and inventory cycles. The team also typically avoids, capital-intensive, cyclical industries, companies without sustainable advantages, product cycle and gadget companies, and state-owned businesses.

Exclusion criteria and negative criteria are used to exclude issuers that fail to meet certain ESG criteria.

The focus on structural growth areas of the market and avoidance of areas that the team doesn't believe allow for the generation of long term alpha leads to an investment universe of around 300 stocks and allows the team to spend time developing deep understanding of selected areas such as technology, consumer, financial services and health care.

Tech and Internet	Biologics	Retail and Restaurants	Brands	Financial Services	Bottlenecks	Scaleable Service leaders	Extraordinary Advantaged Resources and Assets
E-commerce	Drug Development	Formats	Luxury	Insurance	Airports	Semi-conductors	Commercial Real Estate
Super apps	CMO/CDMO	Platforms	Cosmetics/ Personal Care	EM Banks	Platforms	IT	
Fintech		Aggregators		Exchanges			
Ride-Hailing		Omnichannel					

Fundamental research and security selection

The Emerging Markets Equity team conducts rigorous fundamental research of a company's financial statements, management structure, operations, and product development. Analysts gather information from a variety of sources with an emphasis on independent and differentiated research using a company's financial reporting, management meetings, site visits, etc. The goal is to develop a nuanced understanding of a company's competitive attributes, options, decision making process and governance, among other things.

The team typically visits companies, which are being considered for investment as well as other companies in the ecosystem (i.e. competitors, customers, suppliers, etc.). All team members travel extensively to visit the companies they cover in order to develop and refine new ideas and monitor existing positions in the portfolio. On average, the Emerging Markets Equity team visits 500 companies per year.

The team places an emphasis on cash flow generation and high, consistent returns on capital. Companies may be added to the portfolio when they are trading at attractive prices, as defined by traditional valuation measures such as Price to Earnings (P/E), the ratio of P/E to Earnings Growth Rate (PEG), Price to Cash Flow (P/CF), Price to Book (P/B), Return on Equity (ROE), Return on Capital Employed (ROCE), Enterprise Value to Earnings before Interest, Tax, Depreciation and Amortization (EV/EBITDA), and so forth, as is appropriate for the industry and activities of the company.



On average, the Emerging Markets Equity team visits

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Investment Process of the Invesco Responsible Emerging Markets Innovators Equity Fund

Portfolio construction

The portfolio takes a benchmark agnostic, bottom-up approach to portfolio construction and will offer a broadly diversified exposure across emerging markets equity investment opportunities. The portfolio typically consists of 50–70 companies and cash averages 0-5%. Positions sizes are a function of the team's level of conviction in the return potential and an assessment of associated risks.

The ESG relevant parameters around which the portfolio is built are as follows:

Negative Screening

- All companies, which have exposure to unsuitable ESG industries and activities are excluded.

Buy Discipline

The team maintains an investment universe of desired and suitable investment ideas and leverages that pre-screened investment universe as part of its buy discipline. New ideas such as initial public offerings are considered for investment and screened by Invesco's Global ESG team for any ESG risks or considerations requiring engagement with management. Ultimate investment decisions are solely made by the investment team after a thorough due diligence that is aligned with the earlier described investment process.

Sell Discipline

The team considers a portfolio company for elimination based on a number of factors including:

- Investment thesis including ESG considerations are invalidated
- Lose confidence in management or question strategic decisions including ESG related actions
- Price rises above our view of fair value

Fund Facts

Invesco Responsible Emerging Markets Innovators Fund

Investment Centre	Invesco Emerging Markets Equities Team, New York
Fund Manager	Justin Leverenz
Contracted Vehicle Type	SICAV
Domicile Country	Luxembourg
SICAV Launch Date	26/08/2021
Repositioned Date	14/10/2021
Fund Volume	USD 10.7mn

Source: Invesco as at 26th August 2021