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# Invesco Global Equity Income Advantage Equity Fund

## (the “Fund”)

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Sustainability-related disclosures

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# Summary

The Fund meets the Article 8 requirements of the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR). It promotes, among other things, environmental and/or social characteristics while also ensuring that investee companies follow good governance practices.

The Fund aims to promote environmental characteristics related to natural resource utilization and pollution (for example by exclusion of companies involved in fossil fuel, thermal coal, oil and gas production and generation). The Fund also promotes social characteristics related to human rights (by excluding companies in violation of any UN Global Compact's principles, based on third-party data and the Investment Manager's proprietary analysis and research) and by excluding controversial activities issuers involved in (but not limited to) manufacturing or sale of conventional weapons or production and distribution of tobacco.

Social features are considered by excluding companies with controversial business behaviours.

Finally, the Fund includes only issuers that score in the top 85% based on region and sector based on the MSCI ESG score.

## No sustainable investment objective

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.

## Environmental or social characteristics of the financial product

The Fund aims to promote environmental characteristics related to natural resource utilization and pollution (for example by exclusion of companies involved in fossil fuel, thermal coal, oil and gas production and generation). The Fund also promotes social characteristics related to human rights (by excluding companies in violation of any UN Global Compact's principles, based on third-party data and the Investment Manager's proprietary analysis and research) and by excluding controversial activities issuers involved in (but not limited to) manufacturing or sale of conventional weapons or production and distribution of tobacco.

Social features are considered by excluding companies with controversial business behaviours.

The Fund also includes only issuers that score in the top 85% based on region and sector based on the MSCI ESG score.

Finally, the Fund considers principal adverse impacts on sustainability factors by carrying out a qualitative and quantitative review of 14 mandatory indicators as defined by the Sustainable Finance Disclosure Regulation (primarily the indicators as defined in Table 1 of the Annex I of the regulatory technical standards for Regulation 2019/2088 and subject to availability of data). Please refer to the pre-contractual disclosures embedded to the prospectus and the annual report of the Fund for more information.

## Investment strategy

With regards to the ESG screening for the portion of equities in the Fund, exclusions depending on business involvement in controversial activities and controversies will be in place including exclusion of issuers in violations of the UN Global Compact or other social controversies based on third-party data.

The exclusions are based on the following parameters:

	Controversial Activities	Excluded If
<b>Coal</b>	Revenue derived from thermal coal extraction	>=5%
	Revenue derived from thermal coal power generation	>=5%
	Thermal coal power generation capacity as a % of total production capacity	>=5%
<b>Oil &amp; gas</b>	Revenue derived from oil and gas production	>=5%
	Revenue derived from oil and gas supporting products and services	>=5%
	Revenue derived from oil and gas generation	>=5%
<b>Unconventional oil and gas</b>	Revenue derived from projects or the extraction of Arctic oil and gas	>=0%
	Revenue derived from the extraction of oil sands	>=0%
	Oil sands extraction capacity as a % of total	>=0%
	Revenue Shale energy extraction	>=0%
<b>Military</b>	Military contracting weapons	>= 5%
	Military contracting weapons- related product and services	>= 5%
	Military contracting – non weapon related products and services	>= 5%
	Controversial weapons	0%
<b>Tobacco</b>	Revenue from products related to products and services	>=5%
	Revenue from products retail	>=5%
	Revenue from production	>=5%
<b>UN Global Compact</b>	UN Global Compact	Non-Compliant
<b>Recreational Cannabis</b>	Involvement in recreational cannabis	>=5%
<b>Labour Relations</b>	Controversies in the field of labour relations	Yes
<b>Social Supply Chain</b>	Controversies in the field of social supply chain	Yes

	<b>Controversial Activities</b>	<b>Excluded If</b>
<b>Forced child labour</b>	Controversies in the field of forced child labour	Yes
<b>Biodiversity</b>	Controversies in the field of endangering biodiversity	Yes
<b>Pollution</b>	Controversies in the field of preventing and managing of accidental pollution or soil pollution	Yes
<b>Community involvement</b>	Controversies in the field of community involvement (including e.g. impact of operations on the local economy, responsible tax strategy, transfer of technology and skills)	Yes
<b>Human Rights</b>	Controversies in Labour Rights including the supply chain, forced or child labour and discrimination	Yes
<b>Corruption</b>	Corruption Related Controversies	Yes

Definition of Controversial Weapons: Even though there is no official definition of the concept of controversial weapons, investors and stakeholders typically refer to weapons of mass destruction (nuclear, chemical and biological weapons) and some conventional weapons when they use the term controversial. These weapons are collectively referred to as controversial weapons because, in particular, they may be considered to be excessively injurious, to have indiscriminate effects or to damage the natural environment. International Humanitarian Law (IHL) prohibits or restricts the use of some weapons. Three rules of customary international law, binding on all States, apply to all weapons: the prohibition of weapons of a nature to cause superfluous injury or unnecessary suffering; the prohibition of weapons which are indiscriminate by nature; and the prohibition of weapons causing widespread, long-term and severe damage to the natural environment. Explicitly, those weapons include anti-personnel mines, cluster munitions, chemical weapons, biological weapons, nuclear weapons, incendiary weapons, non-detectable fragments, blinding lasers, white phosphorous and depleted uranium beyond others. The screening covers companies providing full weapon systems and platforms, or key parts and services, for controversial weapons. Definition of Key Parts or services for Weapons: Key parts include subsystems of the whole weapon system (e.g. if the system is a rocket, the motor, fins, and random are some of its key parts) as well as end products that are essential to weapon systems, such as combat equipment. Key services include services that are essential to weapon systems and combat, such as communication, testing or flight simulation training services, design services. Other examples of important subsystems for a weapons system, could be the barrel for a gun, ammunition magazines, engines and transmission for weapons platform, the fuze for munition, the guidance package for a missile, arming devices for warheads, targeting radars, etc.

A best-in-class approach is also implemented and measured based on a holistic ESG score (selecting the companies in the top 85% based on the MSCI ESG scoring from both a region and sector perspective).

There is no commitment with regard to a minimum reduction of the investments considered prior to the application of the exclusions. However, it is expected that between 20%-30% of the issuers will be excluded from the initial investment universe.

#### **Policy to assess good governance practices of the investee companies**

To ensure good governance of the investee companies, the investment teams first identify the companies which violate this principle by systematically screening for controversies within the investable universe. To achieve this, the investment teams evaluate an extensive volume of news data for violations of good governance. These violations are aligned with the UN Global Compact and severe controversies in the area of human rights, labour relations and labour rights and community involvement and also covers tax compliance. Violations of these controversies and an inability to resolve in a timely manner, lead to a company being excluded from the investable universe and disinvested in case of a holding.

#### **Proportion of investments**

The Fund will make equity investments aligned with the E/S characteristics for minimum 70% of its portfolio by virtue of binding elements of the Fund's investment strategy.

The Fund may hold up to 30% maximum in currencies, cash, money market funds or money market instruments for cash management/liquidity purposes or be exposed to other transferable securities such as equity-linked notes which will not be assessed for compliance with the above ESG framework.

For the avoidance of doubt, any derivatives used by the Fund (regardless of purpose) will not be taken into consideration in this calculation. As a result, the calculation is therefore intended to represent the physical investments and holdings of the Fund.

## Monitoring of environmental or social characteristics

In order to assess companies around the controversial activities mentioned above, the IQS team uses a combination of Moody's ESG, MSCI, Sustainalytics and ISS (Institutional Shareholder Services) to assess compliance. However, this can be supplemented with other service providers where appropriate.

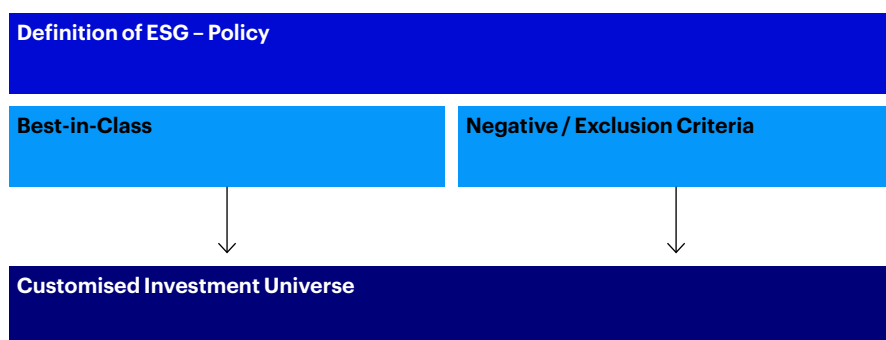
This data is used in order to place trade restrictions on issuers that breach the defined thresholds.

When there are proposed changes to the ESG metrics used, a formal signoff procedure takes place that includes members of the global ESG team, investment team, product and legal team.

## Methodologies for environmental or social characteristics

As further detailed in section "Investment strategy", the Fund excludes certain sectors and stocks being considered not aligned with the environmental and social characteristics of the Fund.

### ESG screening for equities



Source: Invesco. For illustrative purposes only.

### Best-in-Class criteria

By applying best-in-class criteria, issuers that do not score in the top 85%, based on MSCI ESG score within both region and sector will be excluded from the Fund's universe.

### Exclusion and negative criteria

By applying these criteria, companies, sectors or countries are excluded from the investment universe which fail to fulfil certain ESG criteria or that violate international norms and standards according to the definitions of the International Labour Organisation (ILO), the OECD or the United Nations. Using a wide range of data fields provided by Moody's ESG, the IQS team is able to define a set of ESG criteria. Exclusion criteria and negative criteria can be used to eliminate companies that fail to meet certain ESG criteria, while with positive criteria, companies can be identified, which are particularly characterised by sustainable economic development, positive products or processes.

### Counterparty Selection

While some counterparties may be excluded as investable entities under the above exclusion framework due to failure on one or more screens, it is felt that restricting their use as counterparties would impose an undue burden on the Fund and would impair our ability to ensure best execution.

### Securities Lending

To the extent the Fund engages in securities lending, the Fund will reserve the right to recall securities in advance of an important vote. In addition, the investment manager will ensure that any collateral received is aligned with these sustainability-related disclosures.

## Data sources and processing

In order to assess companies around the above activities, Invesco uses a combination of Moody's ESG, Sustainalytics and ISS (Institutional Shareholder Services) to assess compliance, however, this can be supplemented with other service providers.

The portion of equities of the Fund will be covered and assessed against the exclusion framework with the only exception of asset classes (including cash management, transferable securities such as equity-linked notes and index derivatives) that are not aligned with the environmental or social characteristics promoted by the Fund and are further explained below.

Below we provide a list of the data inputs used, as well as where the data is sourced from and if they are actuals or estimates.

Source	Data	Actual or estimate
MSCI	UN Global Compact Screening	Actual
Sustainalytics	UN Global Compact Screening	Actual
Sustainalytics	Business Involvement	Estimate
MSCI	ESG Score	Estimate
Moody's	Controversy screening	Actual

In the event any of the third party data providers significantly changes their methodology, or the data is no longer available, we reserve the right to change to another provider, subject to approval from Invesco's Global ESG team.

As much as possible we have incorporated data into our framework from reputable, well-regarded third parties. Due diligence monitoring is done to ensure data providers are providing on-time deliverables such as ESG data, research and recommendations. Invesco conduct these due diligence meetings with select service providers as necessary. Invesco is constantly evaluating vendors to ensure our investment teams/clients are provided with the current information and our expectations are met. When we identify an issue or our expectations are not met, our teams report the issue and follow up with the service provider to resolve it. By doing so we believe the quality of data is consistent with the best available external data available at the present time.

## Limitations to methodologies and data

ESG data and methodologies can present certain limitations:

- 1. Standardization Concerns**  
Varying ESG reporting methodologies across companies can impede comparative analytics and evaluations.
- 2. Data Integrity**  
ESG data accuracy is contingent on reliable company disclosures.
- 3. Data Availability**  
Selective ESG disclosure by entities can limit the insight into potential ESG-related risks and opportunities.
- 4. Timeliness of Data**  
The reporting lag in ESG data can impact the ability to react promptly to shifting scenarios.
- 5. Subjectivity in Interpretation**  
The inherent subjectivity of ESG factors can lead to varied interpretations, thereby posing challenges to maintaining consistent ESG-related investment strategies.
- 6. Scope of Data**  
ESG reporting is not standardized among issuers. This lack of standardization means that there can be a difference in available data between issuers.
- 7. Reliance on Estimates**  
Largely due to lack of standardization in disclosure and the potential data gaps found in certain ESG related datasets, many ratings and analyses often rely on estimates. This has the benefit of filling in missing information in a dataset, however the various methodologies behind these estimates introduce an additional level of complexity. Direct company disclosure is always preferred.

Despite these limitations, ESG data remains essential to our investment analysis and does not affect how the Fund meets its environmental or social characteristics. We incorporate ESG data as part of a comprehensive analysis process alongside key elements such as financial performance and market trends. In addition, we conduct multiple checks on the data prior to it being loaded into our proprietary ESG platform. Our investment analysts and portfolio managers have the ability to challenge the ESG data, overseen by a dedicated team of independent ESG analysts. This multifaceted approach diminishes the potential impact of data limitations.

## Due diligence

All environmental and social characteristics are coded into the portfolio optimization used to construct the portfolio during the rebalance process. This ensures, that the optimizer adheres to the ESG policy. Portfolio managers review every trade to ensure the data consistency.

There are multiple levels of controls in place to ensure that the Fund meets its environmental and social characteristics. The first step in this due diligence process is a review of the data received from ESG data vendors to ensure that each update file is as complete as possible before ingestion into internal systems. This includes an analysis of the changes between the current data file and previous data files, highlighting significant changes and potentially requesting confirmation of these changes.

In addition to the data quality assurance process mentioned above, our internal investment compliance process checks each new transaction against a list of eligible securities and calculates if the transaction is not aligned with the environmental and social characteristics.

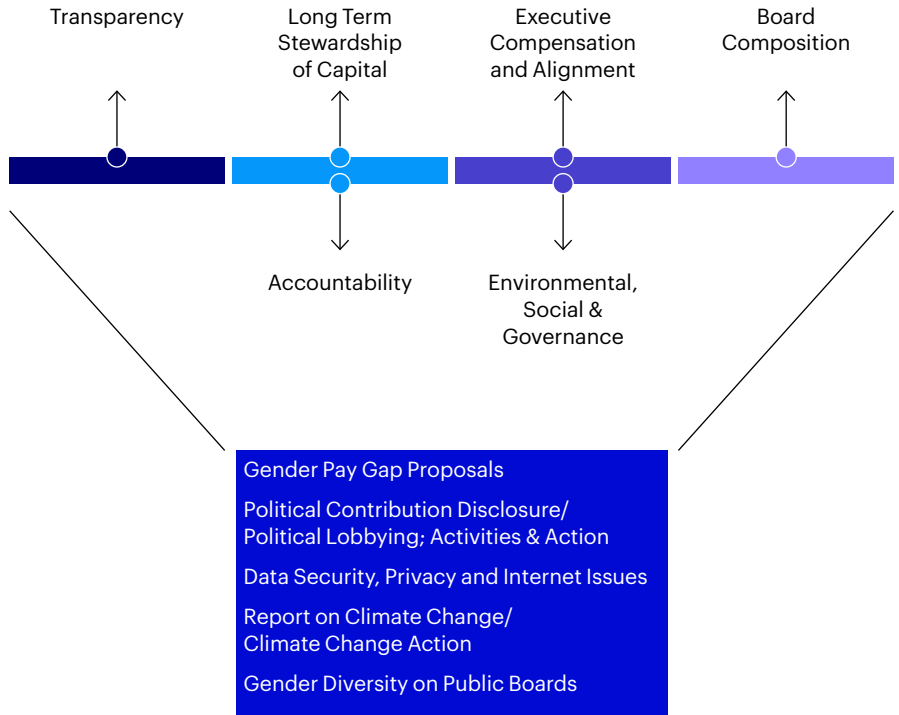
Any changes to the ESG criteria of the Fund must be reviewed and approved by Invesco's ESG client strategies team. This team is composed of ESG professionals with experience working with both clients and portfolio managers in the creation of ESG-labelled or related products. This process ensures that the criteria selected represent industry best practices for ESG-related products.

## Engagement policies

Invesco's Proxy Voting approach is governed by the Global Proxy Voting Policy, which is premised on respecting the fund manager's freedom to vote in what they believe is the best interests of the investors in the relevant fund or portfolio in order to achieve positive outcomes for clients. To this effect, Invesco maintains a proprietary global proxy administration platform, known as "PROXYintel". The platform streamlines the proxy voting and ballot reconciliation processes, as well as related functions, such as share blocking and managing conflicts of interest issues. This enables fund managers to vote in an efficient manner, increase transparency, share knowledge and effectively influence corporate practices and behaviours.

### Proxy Voting – Our good Governance Principles

Support of ESG shareholder proposals through Invesco's PROXYintel



Source: Invesco. For illustrative purposes only.

Invesco adopts and applies a dedicated ESG voting policy across managed funds, portfolios and mandates. Besides the support of shareholder proposals through Invesco's proprietary "PROXYintel" Fund Manager Portal, specific voting decisions on the following ESG topics are taken if applicable:

- Gender Pay Gap Proposals
- Political contribution disclosure/political lobbying
- Disclosure/political activities and action data security
- Privacy and internet issues
- Report on Climate Change/climate change action and
- Gender Diversity on public boards.



### Engagement

IQS enters regularly into dialogue with carefully selected target companies via the Global Engagement Service of Moody's ESG. The potential target companies are selected by IQS and a final selection of the companies to be engaged with is then agreed with Moody's ESG. In general, the team look to engage on topics related to the IQS Priority ESG Themes, which are Climate Change, Human Rights, Supply Chain Management, Water and Bribery/Corruption.

IQS selects investee companies which are at a size and stage making them likely to be influenceable. The objective is to identify weaknesses in the company's sustainability management and discuss these with management to enable the companies to achieve a better ESG performance in the medium to long term. Discussions can take place via telephone calls, personal meetings and written communication. Engagements are followed through over a period of years where necessary.



#### Direct dialogue with companies

- Address ESG risks and weaknesses
- Enhance ESG performance of companies
- Pooling of interest of different asset managers



#### IQS Engagement ESG themes

- Climate change
- Water management
- Bribery & corruption
- Supply Chain labour standards
- Human rights
- Global norms & conventions



#### Joint Engagement with Invesco ESG areas

- Good governance
- Climate change
- Social Equity
- Climate Action 100+

Source: Invesco Quantitative Strategies, Vigeo Eiris. For illustrative purposes only.

IQS' engagement priorities follow methods:

- Theme-based engagement, which aims to encourage companies to expose and reduce systemic risks in areas such as bribery reporting; climate change; human rights management systems; supply chain labour policy and water scarcity.
- Controversy-led engagement, which aims to prompt companies to observe internationally-recognized standards and conventions and correspondingly improve their company guidelines.

Moody's ESG undertakes a detailed assessment of the themes for each company that the IQS team has selected. This is based upon a long established and rigorous methodology and involves assessing the level of risk that a company is exposed to in any one area and then analysing how the company mitigates these risks. IQS also leverages on the firm-level engagement and actively supports the Climate Action 100+ initiative.

Please click [here](#) to access our engagement and proxy voting policy.

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<b>Version</b>	<b>Date</b>	<b>Details of change</b>
1.0	18 January 2024	Creation of the document