
Invesco Sustainable Allocation Fund

(the “Fund”)

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 follows an environmental, social and governance (ESG) integrated multi-asset strategy. While strict ESG filters are applied, the Fund follows a multi-stage process which is purely systematic, rule-based and designed for the broadest possible collection of diversified risk premiums. The Fund only invests in liquid global assets, such as listed equities, government bonds and exchange traded futures.

The consideration of sustainability criteria is an integral part of every step of our investment process. The investment process of the Fund is based on three building blocks:

1. ESG Policy
2. Asset allocation and portfolio construction
3. Proxy voting and engagement.

Combination of appealing characteristics

- Implementing holistic **ESG criteria** in investment process
- Extra return potential from **Multi-Factor Model**
- **Low volatility objective** for more stable return pattern
- Achieving **measurable improvement** of ESG characteristics



The ESG criteria are designed to ensure compliance with international conventions:

- UN Global Compact,
- UNGPs,
- OECD Guidelines for Multinational Enterprises,
- ILO Conventions,
- UNEP Stockholm Convention,
- OSPAR Convention,
- Montreal Protocol on substances that deplete the ozone layer,
- United Nations -Agenda 21 -1992,
- UN Convention on Biological Diversity, and
- The 2001 Stockholm Convention on Persistent Organic Pollutants

The investment team regularly reviews the ESG criteria in the Fund and will adapt the criteria if new knowledge on ESG is obtained. In particular, the Fund excludes securities based on:

- Level of involvement in Coal extraction and production;
- Level of involvement in conventional and unconventional Oil and Gas such as Arctic oil and gas exploration, oil sands extraction and Shale energy extraction;
- Level of involvement in Tobacco production and tobacco-related products;
- Level of involvement with recreational cannabis;
- Companies involved in the manufacture or sales of military or civil firearms.
- Countries with fails at fundamental rights and principles at work conventions
- Countries with are not member of international treatments like the Paris Agreement, the UN Convention on Biological Diversity and the Nuclear Non-Proliferation Treaty
- Countries with elevated levels of military expenditure
- Countries with weak scores in anti Money Laundering efforts, anti corruption campaigns or weak freedom scores.

Whilst the Fund does not have sustainable investment as its objective, the Fund aims to allocate at least 10% of its portfolio in sustainable investments.

No sustainable investment objective

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

However, the Fund has 10% minimum allocated to sustainable investments (as further explained under “Environmental and social characteristics of the product”).

The Fund uses the mandatory principal adverse impacts (PAI) indicators defined in Table 1 of Annex I of the regulatory technical standards for Regulation 2019/2088, combined with qualitative research and/or engagement, to assess whether the sustainable investments of the Fund cause significant harm (DNSH) to a relevant environmental or social investment objective.

Where a company is determined to cause such significant harm, it can still be held within the Fund but will not count toward the “sustainable investments” within the Fund. Please find below the table and metrics used to assess the DNSH.

PAI Indicators used to assess Do No Significant Harm (DNSH)

| PAI No. | PAI Indicator | Portfolio Rollups |
|--------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1,2,3 | ISS Scope 1 Emissions ISS Scope 2 Emissions ISS Scope 3 Emissions ISS Scope 1 Emissions (EUR) ISS Scope 2 Emissions (EUR) ISS Scope 3 Emissions (USD) | 1. Total Emissions (Financed) Scope 1+2 2. Carbon Footprint Scope 1+2 3. Total Emissions Scope 1+2+3 4. Carbon Footprint Scope 1+2+3 5. WACI 1+2 6. WACI 1+2+3 |
| 4 | SA Carbon – Fossil Fuel-Level of Involvement Range-SFDR | % of the Fund exposed to any fossil fuels revenue |
| 5 | SA Share of Non-Renewable Energy Production Percentage-SFDR | Adjusted Weighted Average |
| | SA Share of Non-Renewable Energy Consumption Percentage-SFDR | Adjusted Weighted Average |
| 6 | SA Energy Consumption Intensity Agriculture, Forestry & Fishing-SFDR | Adjusted Weighted Average |
| | SA Energy Consumption Intensity _Construction-SFDR | Adjusted Weighted Average |
| | SA Energy Consumption Intensity _Electricity, Gas, Steam & Air Conditioning Supply-SFDR | Adjusted Weighted Average |
| | SA Energy Consumption Intensity _Manufacturing-SFDR | Adjusted Weighted Average |
| | SA Energy Consumption Intensity _Mining & Quarrying-SFDR | Adjusted Weighted Average |
| | SA Energy Consumption Intensity _Real Estate Activities-SFDR | Adjusted Weighted Average |

| PAI No. | PAI Indicator | Portfolio Rollups |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| | SA Energy Consumption Intensity _Transportation & Storage-SFDR | Adjusted Weighted Average |
| | SA Energy Consumption Intensity Water Supply, Sewerage, Waste Management & Remediation Activities-SFDR | Adjusted Weighted Average |
| | SA Energy Consumption Intensity Wholesale & Retail Trade & Repair of Motor Vehicles & Motorcycles-SFDR | Adjusted Weighted Average |
| 7 | SA Activities Negatively Affecting Biodiversity Areas-SFDR | % Weight of Portfolio |
| 8 | SA Emissions to Water Tonnes-SFDR | ((Market Value/EVIC)*(Tonnes of Emissions to water))/Million EUR Invested; Same as Carbon footprint calculation |
| 9 | SA Hazardous Waste Production Tonnes-SFDR | ((Market Value/EVIC)*(Tonnes of Hazardous Waste))/Million EUR Invested; Same as Carbon footprint calculation |
| 10 | SA Breach of UN Global Compact Principles & OECD Guidelines for Multinational Enterprises-SFDR | % Weight of Portfolio |
| 11 | SA Lack of Processes & Compliance Mechanisms to Monitor Compliance with UN Global Compact Principles & OECD Guidelines for MNEs-SFDR | % Weight of Portfolio |
| 12 | SA Unadjusted Gender Pay Gap Percentage of Male Employees Gross Hourly Earnings-SFDR | Adjusted Weighted Average |
| 13 | SA Board Gender Diversity Percentage of Female Board Members-SFDR | Adjusted Weighted Average |
| 14 | SA Controversial Weapons-Evidence of Activity-SFDR | % Weight of Portfolio |
| Sovereign | | |
| 15 | SA Carbon Emissions Intensity-SFDR | Weighted Average |
| 16 | SA Any Country Social Violations-SFDR | No. of Counties involved in Violations; % of countries involved in violations |
| Optional Indicators | | |
| E | Lack of Carbon Emission Reduction Initiatives-SFDR | % Weight of Portfolio |
| S | Lack of Human Rights Policy-SFDR | % Weight of Portfolio |

The Fund also excludes companies, sectors, or countries from the investment universe when such companies violate international norms and standards according to the definitions of the International Labour Organisation (ILO), the OECD or the United Nations. All issuers considered for investment will be screened for compliance with, and excluded if they do not meet, UN Global Compact principles, based on third-party data and the investment team's proprietary analysis and research.

Environmental or social characteristics of the financial product

The Fund will have various environmental and social characteristics with a particular focus on environmental issues (such as carbon emissions) as further described below.

The Fund aims to select companies & countries that display excellence in sustainable management and sustainable products or processes, fulfilling ecological and social requirements particularly well, ranging from climate efficiency and low water consumption to labour safety and satisfaction.

The Fund has 10% minimum allocated to sustainable investments. To determine if an investment should be considered a sustainable investment, there is a three-step process. First, several qualitative checks are performed for the Fund and the selection criteria includes:

- Alignment with the UN Sustainable Development Goals (SDGs): In scope are companies that at least derive 25% of their revenues from social goods & services. Such social goods and services can be linked to SDGs
- Current holding of existing Article 9 products
- Energy transition score & ESG score: Best in class approach. Companies that score in the top 25% within the respective peer group for either score eligible
- GICS: Issuer operates within the "Food Products Industry" or "Healthcare Sector"
- The issue is classified as a green bond under an appropriate framework (ICMA/CBI/ EU GBS) and is subject to independent review (Second Party Opinion)

Note that Invesco relies on third-party data providers to assess issuer's performance on the above criteria. In addition, it should be noted that the full weight in the portfolio will count as sustainable investments when meeting the above criteria.

Second and as disclosed in the section above, the Fund uses the mandatory principal adverse impacts (PAI) indicators defined in Table 1 of Annex I of the regulatory technical standards for Regulation 2019/2088, combined with qualitative research and/or engagement, to assess whether the sustainable investments of the Fund cause significant harm (DNSH) to a relevant environmental or social investment objective.

Where a company or country is determined to cause such significant harm, it can still be held within the Fund but will not count toward the "sustainable investments" within the Fund. Please refer to section "No sustainable investment objective" for more information on the PAIs and metrics used to assess the DNSH as well as how the Fund considers international norms and standards.

The Fund applies, in addition to the regulatory mandated exclusions with regards to controversial weapons (please also refer to Section 7.5 I. (5) of the prospectus of the Fund) and sovereign debt sanctions, additional exclusions based on the following factors, which may be periodically updated:

- Level of involvement in Coal extraction and production;
- Level of involvement in conventional and unconventional Oil and Gas such as Arctic oil and gas exploration, oil sands extraction and Shale energy extraction;
- Level of involvement in Tobacco production and tobacco-related products;
- Level of involvement with recreational cannabis;
- Companies involved in the manufacture or sales of military or civil firearms.
- Countries with fails at fundamental rights and principles at work conventions
- Countries with are not member of international treatments like the Paris Agreement, the UN Convention on Biological Diversity and the Nuclear Non-Proliferation Treaty
- Countries with elevated levels of military expenditure
- Countries with weak scores in anti Money Laundering efforts, anti-corruption campaigns or weak freedom scores.

In addition, companies will be excluded if they are assessed as being in violation of any of the UN Global Compact's principles or significant controversies in community involvement, human rights, labour rights, pollution, or biodiversity. Countries will be excluded if they are assessed as being in violation of Fundamental Rights and Principles at work conventions, international Human Rights treaties, including Death penalty, not a party to the Paris Agreement, the UN Convention on Biological Diversity and the Nuclear Non-Proliferation Treaty & Nuclear or show a high level of corruption. Furthermore, the nuclear power share, actions with regards to the mitigation and adaption of climate change & reduction of air emissions as well as military expenditure are criteria applied to sovereign bonds. All analyses are based on third-party data and the investment team's proprietary analysis and research. Exclusions apply on a continuous basis during the life of the Fund.

Investment Strategy

The investment team, the Invesco Quantitative Strategies (hereafter “IQS”) team applies an integrated ESG (environmental, social, governance) investment approach and has been managing customised sustainable investment solutions for more than 30 years. With many years of experience, the team offers different approaches to integrate ESG criteria into the portfolio at different stages of the investment process across all asset classes.

The IQS team follows an integrated ESG approach. The team takes ESG factors into account at several levels of their management process:

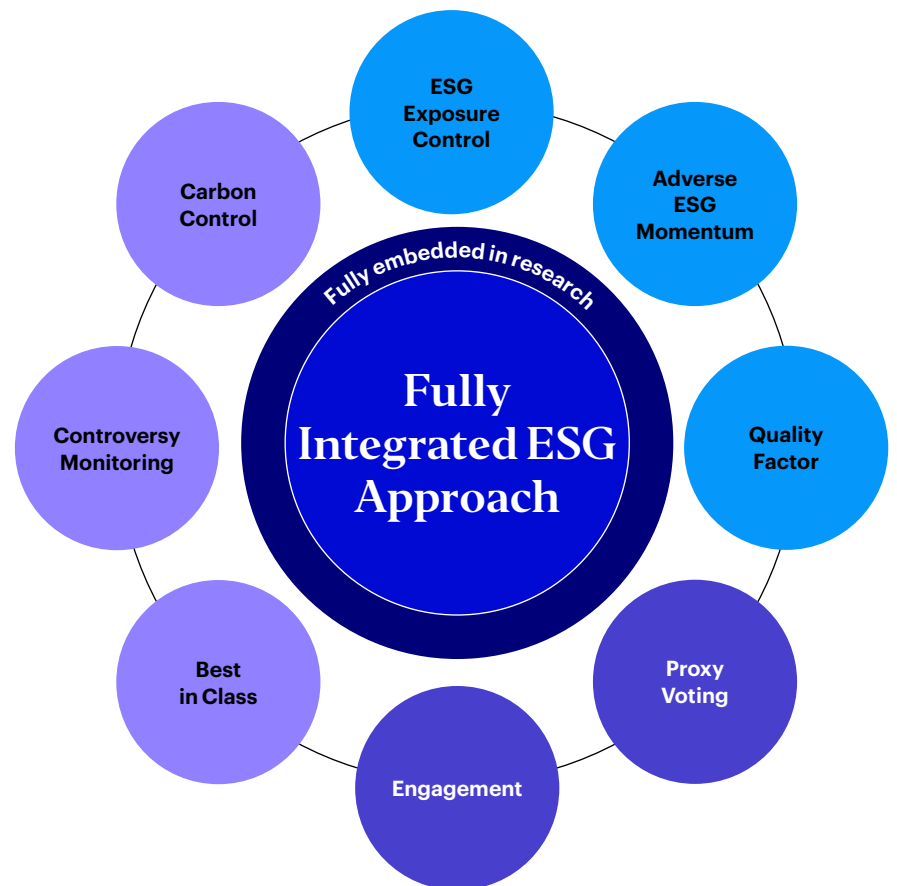
- Explicit and implicit consideration of key ESG aspects in the multi-factor optimization process
- Active dialogue with companies through engagement programs and investor-oriented proxy voting with Invesco’s proprietary proxy voting platform
- Offering optionality to implement additional, customized ESG criteria

Holistic ESG consideration in our investment process

Integrating key aspects of ESG

We consider ESG at several layers in our investment process:

- Standardized explicit and implicit incorporation of ESG key aspects into our investment process
- Active dialogue with companies and investor-driven proxy voting using Invesco’s proprietary Proxy Voting Platform
- Offering optionality to implement additional, customized ESG criteria tailored towards the client’s needs
- ESG fully embedded in research processes and analytics and documented in every research note



Source: Invesco. For illustrative purposes only.

The IQS team's investment process is built on the factors Momentum, Quality and Valuation, which can explain the long-term risk and return characteristics of equities. The team has identified that some signals within the Quality factor show positive correlation to governance factors. The calculation of these Quality signals is part of the daily factor score production and the multi-factor investment process. These Quality signals prefer companies with a high balance sheet quality which, for example, buy back shares and do not show disproportionate balance sheet growth. Governance factors also prefer companies in which management acts in the interests of shareholders and does not pursue unprofitable business projects.

Besides the implicit integration via the Quality factor, the team also explicitly uses its measures Adverse ESG Momentum and ESG Exposure Control. The team uses these measures to manage the risks which are associated with weakly scoring companies or portfolios.

For the Adverse ESG Momentum, the investment universe is screened daily for significant ESG downgrades. The team's research has shown that companies that experienced severe downgrades tend to underperform their peers in the following months. Therefore, the investment in companies which suffered severe downgrades would be restricted.

Additionally, the team uses the ESG Exposure Control. During the regular rebalancing the ESG exposure of the equity portfolio is managed against the exposure of the Fund's equity benchmark, hence the MSCI World Index. The team targets an exposure that is approximately at or above benchmark level. The key point is guarding against a risk that historically has been small but is expected to be material in the future.

Using a wide range of data fields provided by Moody's ESG (formerly Vigeo Eiris), the investment 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.

For the best-in-class approach, the IQS team uses the ESG score from Moody's ESG.

The Fund uses the following exclusion criteria:

| | Controversial Activities | Excluded If |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| Coal | Turnover derived from thermal coal mining | >=5% |
| | Turnover derived from burning coal for power generation | >=5% |
| | Proportion in electricity generation fuel mix from coal | >=10% |
| | Structural increase of thermal coal activities over 3 years | Yes |
| Unconventional oil & gas | Revenues that come from projects or the extraction of tar sands and oil shale, as well as the proportion of reserves in tar sands or oil shale | 0% |
| | Involvement in fracking activities | Yes |
| | Involvement in arctic drilling activities | Yes |
| Fossil fuel industry | Revenues are derived from fossil fuel industries including upstream (exploration and production), midstream (processing and transport) and power generation from fossil sources | >=5% |
| | Structural increase of fossil activities over 3 years | Yes |
| Chemicals of concern | Production of restricted chemicals | 0% |
| Bio-diversity | Controversies in the field of endangering biodiversity | Yes |
| Pollution | Controversies in the field of preventing and managing of accidental pollution or soil pollution | Yes |
| Community involvement | 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 |
| Nuclear power | Turnover from nuclear power | >=5% |
| | Proportion in electricity generation fuel mix from nuclear power | >=5% |
| Civilian Firearms | Manufacture or sale of civilian firearms or related products | >=5% |
| | Manufacture of civilian firearms or related products | >=5% |
| Military | Sales that are related to military sales including key parts or services for conventional weapons | >= 5% |
| | Controversial weapons | 0% |

| | Controversial Activities | Excluded If |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| Tobacco | Turnover from production and distribution | >=5% |
| | Turnover from production | >=5% |
| UN Global Compact | Fail to pass the global compact screening | Yes |
| Human Rights | Controversies in Labour Rights including the supply chain, forced or child labour and discrimination | Yes |
| Water | Controversies in Pollution or lack of protection of water resources | Yes |
| Recreational Cannabis | Involvement in recreational cannabis | Yes |
| Corruption | Controversies in corruption | Yes |
| Animal Welfare | Animal testing and extensive farming operations (Proportion of turnover (expressed as a threshold) that comes from the production of cosmetics tested on animals and/or from intensive farming operations) | >=5% |
| GMOs | Production of genetically modified organisms | 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.

We do not invest in sovereigns of countries that practice the death penalty, as it is the ultimate cruel, inhuman, and degrading punishment and a violation of the right to life.

For the best-in-class approach, the IQS team uses the ESG score from Moody's ESG. The score considers the issuers' ESG performance provided through 5 types of deliverables:

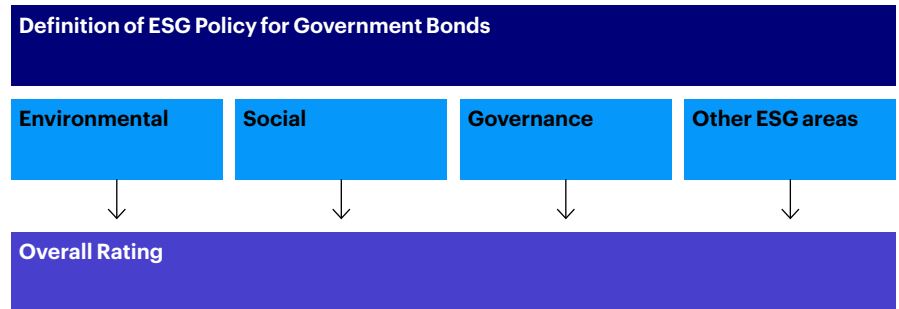
- Company Reports: including scores, ratings, risk analysis and ESG opinions
- Continuous Alerts: analysis of the impact of events likely to either positively or negatively affect the ESG Score
- Sector Reports: status and trends of the 36 sectors under review
- Scores & Ratings: social, environmental and governance KPIs, controversies
- Controversy Reports

During the construction of the portfolio, the Fund aims to reduce the aggregated Scope 1 and 2 greenhouse gas emission intensity by at least 30% compared to the market cap weighted benchmark.

The minimum reduction rate of the investment universe as a result of the above ESG screening is 30%. However, it is expected that the size of the investment universe of the Fund will be reduced by about 40% – 50% in terms of number of issuers after the application of the above ESG screening.

Derivatives, which are utilized to gain exposure to capital markets have to fulfil the ESG criteria on a constituent's level. This includes derivatives used for efficient portfolio management. The product does not use any derivatives on agricultural commodities.

ESG screening for Government Bonds



- Flexible use through a wide range of country-specific ESG-indicators
- Ratings for more than 180 countries
- Coverage of all OECD countries

Source: Invesco. For illustrative purposes only.

Within their multi-asset product range, IQS facilitates sustainability criteria in sovereign bonds with a sustainability rating via Moody's ESG. To assess a sovereign in terms of sustainability criteria, a large number of indicators are used from the area of political and social issues as well as environmental issues. These are combined into an overall rating. In addition, details of how well countries perform on specific concerns, like nuclear power as percentage of nationally produced energy consumption and religious freedom, can be provided as well. Reliable international sources, such as Amnesty International, UNICEF, World Bank and WHO, are used for the assessment.

In particular, the team applies the following criteria to bonds, including a best-in-class approach:

- Fundamental Rights and Principles at work conventions
- International Human Rights treaties, including Death penalty
- Party to the Paris Agreement, Mitigation, and adaption of climate change & Air emissions
- UN Convention on Biological Diversity
- Party to the Nuclear Non-Proliferation Treaty & Nuclear power share
- Military expenditure
- Corruption

In addition to the bespoke ESG criteria the IQS team has adopted a controversial weapons policy, which is applicable to all their managed funds, mandates and portfolios and seeks to limit investments in firms which manufacture land mines and cluster munitions.

The investment team uses two types of derivatives for their investment approach:

1. Equity index futures for hedging risks
2. Government bond futures for hedging and as source of active return

The Fund can invest up to 10% in other collective investment schemes (CIS). These CIS have to fulfil the guidelines set out by the Towards Sustainability Label (<https://towardssustainability.be/>).

Good governance

To ensure good governance of the investee companies, the IQS team first identifies the companies which violate this principle by systematically screening for controversies within the investable universe. To achieve this, the IQS team evaluates 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 investments aligned with its environmental and social characteristics for minimum 90% of its assets and 10% will be invested in money market instruments or cash for liquidity management purposes.

The Fund will have a minimum proportion of 10% of sustainable investments contributing to environmental objectives (such as climate change, water management, pollution prevention) and to social objectives (such as good health, well-being, and gender equality). 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 and countries 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.

For the best-in-class approach, the IQS team uses the ESG score from Moody's ESG. The score considers the issuers' ESG performance provided through 5 types of deliverables:

- Company Reports: including scores, ratings, risk analysis and ESG opinions
- Continuous Alerts: analysis of the impact of events likely to either positively or negatively affect the ESG Score
- Sector Reports: status and trends of the 36 sectors under review
- Scores & Ratings: social, environmental and governance KPIs, controversies
- Controversy Reports

During every monthly construction of the portfolio, the Fund aims to reduce the aggregated Scope 1 and 2 greenhouse gas emission intensity by at least 30% compared to the market cap weighted benchmark.

As mentioned in the section "Investment Strategy", the minimum reduction rate of the investment universe as a result of the ESG screening applied to the Fund is 30%. However, it is expected that the size of the investment universe of the Fund will be reduced by about 40% - 50% in terms of number of issuers after the application of the above ESG screening.

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

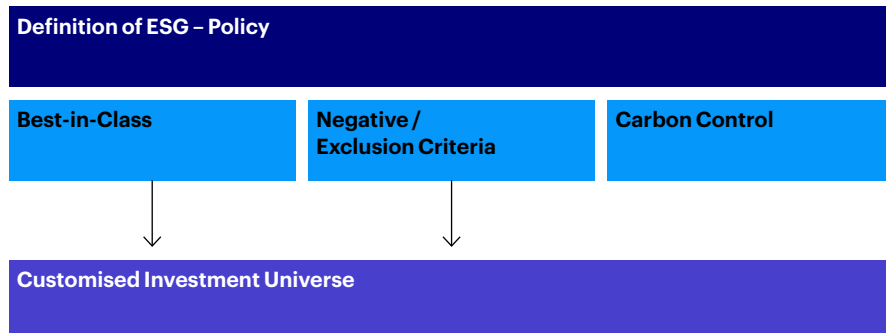
Customised ESG

In addition to the standard ESG integration, IQS implements further individual ESG requirements in numerous respects:

ESG screening for equities

Environmental, social and governance focus

- Flexible use through an individual client specific definition of over 250 ESG criteria
- Global universe of over 6,000 companies



Source: Invesco. For illustrative purposes only.

Best-in-Class criteria

By applying best-in-class criteria, companies and countries are identified that display excellence in sustainable management and sustainable products or processes. They fulfil ecological and social requirements particularly well, ranging from climate efficiency and low water consumption to labour safety and satisfaction.

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.

For the best-in-class approach, the IQS team uses the ESG score from Moody's ESG.

Counterparty Selection

While some counterparties may be excluded as investable entities under the Fund's ESG 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.

Disinvestment period

Where a previously eligible company subsequently fails an appropriate screen, subject to secondary validation the investment teams will ensure disinvestment in the next rebalancing but certainly within a period of 60 days, subject to liquidity/regulatory and other factors. At all times the best interests of shareholders will be taken into consideration.

Data sources and processing

Exclusion and negative screening – Details

In order to assess companies around the above-mentioned controversial activities, Invesco 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.

Sustainable Investments – Details

The process to determine if an investment should be considered a sustainable investment is described in "Environmental or social characteristics of the financial product".

For the qualitative checks and the selection criteria, Invesco uses a combination of Sustainalytics and the data sources mentioned above for the positive screening and best-in-class approach.

For the PAI indicators used to assess whether the sustainable investments cause significant harm (DNSH) to a relevant environment or social objective, Invesco uses a combination of Sustainalytics and ISS (Institutional Shareholder Services) as well as qualitative research and/or engagement, to assess whether the sustainable investments of the Fund cause significant harm (DNSH) to a relevant environmental or social investment objective. It is recognised that data in certain instances is limited and as a result the team may where deemed appropriate use proxies or where the data set is so limited as to not be representative of the investment universe to prioritise other actions, such as engagement to help increase the pool of data available.

Positive screening and best-in-class approach – Details

For the best-in-class approach the IQS team uses the ESG score from Moody's ESG.

All securities have to be covered by the ESG rating agencies to ensure compliance with the investment framework.

The Fund's investment universe will be covered and assessed against the exclusion framework with the only exception of asset classes (including cash management and index derivatives) that are not aligned with the environmental or social characteristics promoted by the Fund and are further explained below.

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.

Invesco use multiple datasets from different sources and it is difficult to generate the proportion of ESG data that is estimated. Certain categories of ESG data are more likely to be estimated (such as scope 3 emissions, certain business involvement categories, etc) due to a lack of consistent disclosure among issuers. Because of this, ESG data that is directly disclosed by an issuer is given preference over data that is generated by a vendor using a proxy, estimation model, industry average, or other means. Invesco is committed to review the current ESG datasets that are used and will continue work with vendors to improve upon both the timeliness and accuracy of data that is used in construction of our ESG products. This data review is an ongoing process that involves members of our investment teams, ESG research team, ESG data analytics team, and our investment technology team.

Limitations to methodologies and data

As mentioned above in “Data sources and processing”, except for the cash management and index derivatives used for hedging or efficient portfolio management, the Fund’s investment universe will be covered and assessed against the exclusion framework.

Cash Management

Currencies, cash and money market instruments that are held for cash management/liquidity purposes may not be assessed for compliance within the above framework. Where cash equivalents are held for investment purposes, they will be compliant with the framework.

Derivatives

Index derivatives will not be assessed on a look-through basis, unless such an index has a significant allocation to prohibited activities.

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 and maintains a minimum of 10% of holdings allocated to sustainable investments. 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 environmental and social characteristics and/or result in a breach of the minimum 10% sustainable investments threshold.

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.

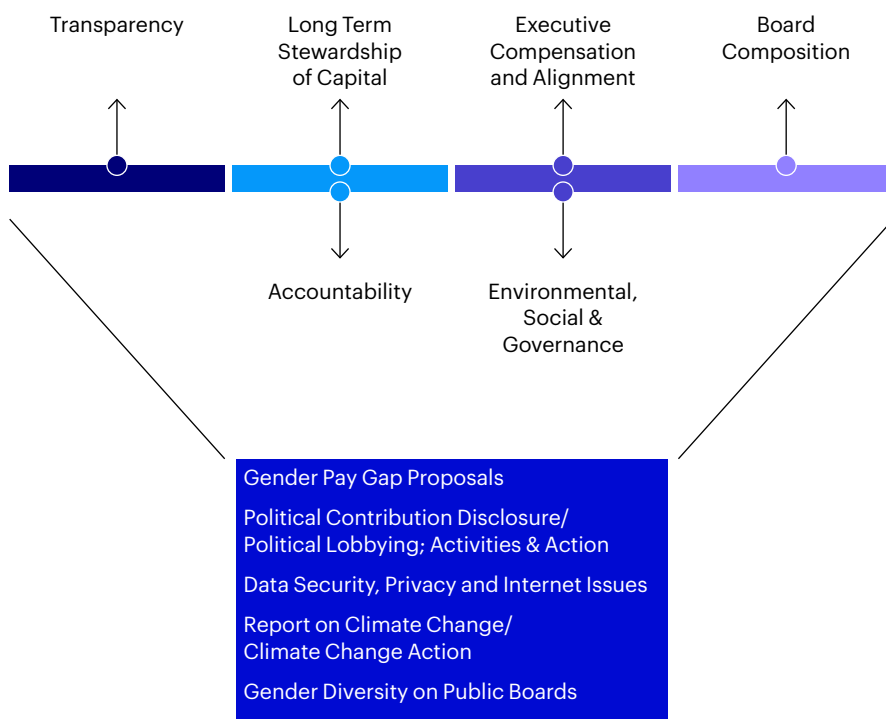
Engagement policies

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.

| Version | Date | Details of change |
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