Invesco

September 2024

Invesco Sustainable Pan European Structured Equity Fund

(the "Fund")

Sustainability-related disclosures

Contents

UCITS have no guaranteed return and past performance does not guarantee the future ones.

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-factor Low Volatility strategy. While strict ESG filters are applied, the investment team aims at earning factor premiums, using their proven multi-factor investment approach which considers Momentum, Quality and Value. Furthermore, the team's low volatility optimization targets to achieve reduced volatility compared to a market cap weighted benchmark, the MSCI Europe.

The Fund invests in European listed equities. 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: ESG Policy, security selection and 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.

Whilst the Fund does not have sustainable investment as it objective, the Fund aims to allocate at least 70% 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 70% 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
	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

PAI No.	PAI Indicator	Portfolio Rollups
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 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 70% 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”

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 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.

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, biodiversity or water, 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.

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

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 Europe 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.

With the integrated best-in-class approach, the investment team also focuses on the best performing companies in their sector with respect to the company's ability to transition into a low carbon economy.

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
	Involvement in coalbed methane, extra heavy oil and ultra deep drilling	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
	Support to fossil fuel industry (thermal coal, oil and gas)	>=25%
Environmental strategy	Company's commitment to define clear objectives and appropriate measures to ensure management of the environmental impacts of products and services	Insufficient environmental strategy
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

	Controversial Activities	Excluded If
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%
Tobacco	Turnover from production and distribution	>=5%
	Turnover from production	>=5%
	Turnover from production of e-cigarettes	0%
	Support to the tobacco industry	>=25%
UN Global Compact	UN Global Compact	Non-compliant
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	>=5%
Corruption	Controversies in corruption	Yes
Urgewald	On Urgewald Coal Exit List	Yes
	On Urgewald Global Oil & Gas Exit List	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 low carbon best-in-class approach, the IQS team uses the Energy Transition score from Moody's ESG. The score seeks to inform on a company's strategic approach to reducing their emissions and to adapt their business model to address the risks and opportunities tied to the transition to a low carbon economy. 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.

The product does not structurally invest into fixed income securities neither issued by states nor by corporates.

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 70% 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.

In addition, if a security has become illiquid to the point where there is no willing buyer or the issuer has for example defaulted/undergoing a restructure or filed for bankruptcy protection after the point of purchase, these assets may still be held in the Fund until they can be sold/removed.

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.

For the low carbon best-in-class approach the IQS team uses the Energy Transition score from Moody's ESG. The score seeks to inform on a company's strategic approach to reducing their emissions and to adapt their business model to address the risks and opportunities tied to the transition to a low carbon economy.

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.

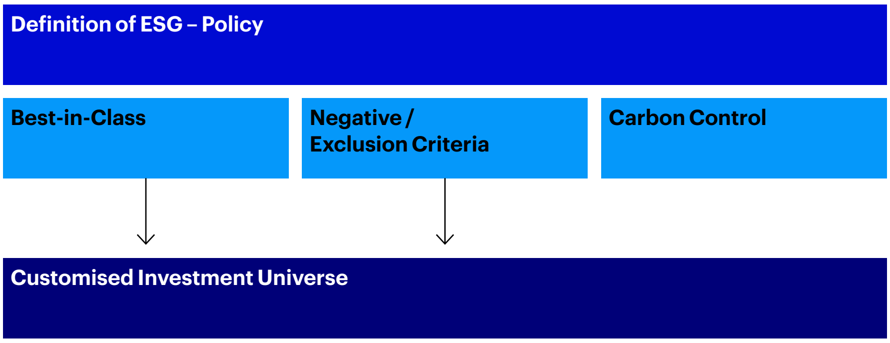
Methodologies for environmental or social characteristics

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 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.

With the integrated best-in-class approach, the IQS team also focuses on the best performing companies in their sector with respect to the company's ability to transition into a low carbon economy.

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 low carbon best-in-class approach the IQS team uses the Energy Transition 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. However, it should be noted that the majority of the data received from third party providers (as listed above) are estimated as of the date of the document. 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.

ESG data and methodologies can present certain limitations:

Standardization concerns
Varying ESG reporting methodologies across companies can impede comparative analytics and evaluations.

Data integrity
ESG data accuracy is contingent on reliable company disclosures.

Data availability
Selective ESG disclosure by entities can limit the insight into potential ESG-related risks and opportunities.

Timeliness of data
The reporting lag in ESG data can impact the ability to react promptly to shifting scenarios.

Subjectivity in interpretation
The inherent subjectivity of ESG factors can lead to varied interpretations, thereby posing challenges to maintaining consistent ESG-related investment strategies.

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.

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 and maintains a minimum of 70% 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 70% sustainable investments threshold.

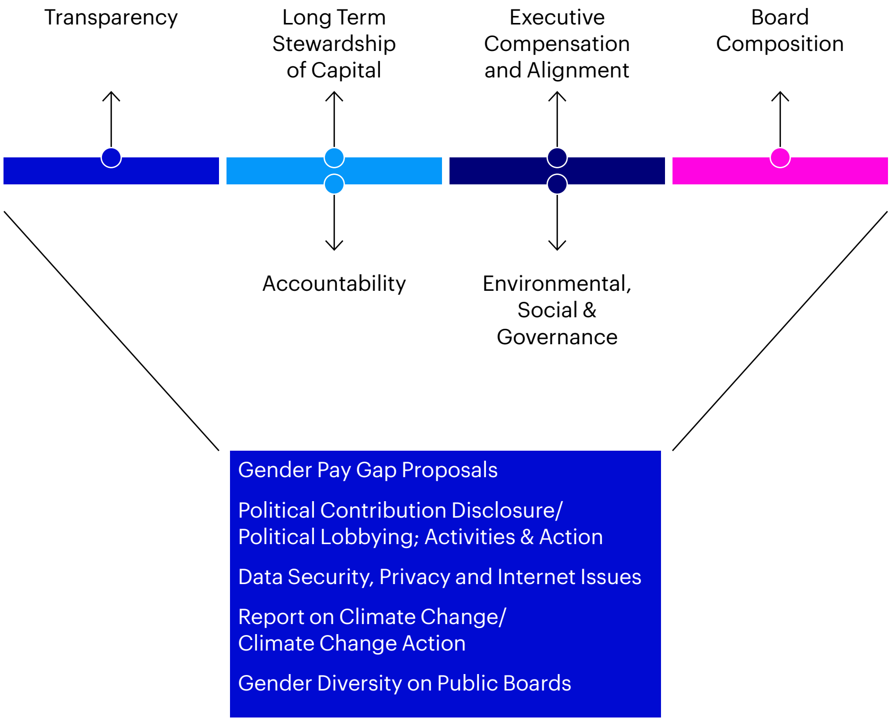
Any changes to the ESG criteria of the Fund must be reviewed and approved by Invesco’s ESG client strategies team. This team is composed of ESG professionals with experience working with both clients and portfolio managers in the creation of ESG-labelled or related products. This process ensures that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

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.

Please click here to access our engagement and proxy voting policy.

Version	Date	Details of change
1.0	16 December 2022	Creation of the document
1.1	18 January 2024	Update of the minimum % in sustainable investments from 10% to 70%
1.2	2 April 2024	Updated Febelfin criteria
1.3	6 September 2024	Various clarifications

UCITS have no guaranteed return and past performance does not guarantee the future ones.