
Invesco Social Progress Fund

(the “Fund”)

Sustainability-related disclosures

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

Summary

The Fund has sustainable investment as its objective as covered under Article 9 of the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR).

No significant harm of the sustainable investment objective

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, such company will be excluded from investment in the Fund.

Sustainable investment objective of the financial product

The Fund invests in companies with economic activities that contribute to social objectives. The Fund provides investors with exposure to companies that are characterized by strong social characteristics and the goal to strive for positive societal impact.

Investment strategy

The Fund aims to provide exposure to companies that are characterized by strong social characteristics and the goal to strive for positive impact. The companies that form the portfolio are active in fields that are aligned with the United Nations Sustainable Development Goals (UN SDGs).

The Invesco Quantitative Strategy ("IQS") team controls for factor criteria such as the quality, momentum and value of a company. During the construction of the portfolio, the Fund aims to increase the alignment with UN SDGs by at least 15% compared to the market cap weighted benchmark.

Proportion of investments

The Fund will invest in sustainable investments for at least 90% of its portfolio contributing to social objective.

Monitoring of sustainable investment objective

In order to assess companies around the controversial activities, the IQS team uses a combination of third party service providers to assess compliance. This data is used in order to place trade restrictions on issuers that breach the defined thresholds.

For the social best-in-class approach, the IQS team uses the Social pillar score from MSCI. The Social pillar gathers all the criteria that pertain to the issuer's Social and Societal impacts notably in terms of internal Human Resources, the issuer's respect of Human Rights in the community, the issuer's Community Involvement approach, its Relations with Customers, its Sustainable Relations with Suppliers, the Integration of Social factors in the issuer's supply chain.

Methodologies

In addition to the standard ESG integration, IQS implements further individual ESG requirements.

The IQS team applies a best-in class approach and screen against the exclusion criteria while applying a carbon control.

Data sources and processing

With regards to exclusions, in order to assess companies around controversial activities, Invesco uses a combination of third data service providers to assess compliance.

With regards to sustainable investments, the IQS team runs an optimization to maximize the revenues from social goods & services which are aligned with the 17 UN SDGs. The maximization approach targets to achieve a weighted revenue derived from Social Impact Solutions to be above 50% on average.

With regards to positive screening and best-in-class approach, the IQS team uses the Social pillar score from MSCI.

Limitations to methodologies and data

There may be some limitations due to standardization concerns, data integrity, data availability, timeliness of data, subjectivity in the interpretation, scope of data and reliance on estimates.

Due diligence

Data due diligence reviews are performed on data received from ESG data vendors to ensure that datasets are as complete as possible before ingestion into internal systems. In addition, our internal investment compliance process checks each new transaction against a list of eligible sustainable investments securities.

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

No significant harm to the sustainable investment objective

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, such company will be excluded from investment in the Fund.

PAI Indicator Thresholds used

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
7	SA Activities Negatively Affecting Biodiversity Areas-SFDR	% Weight of Portfolio
8	SA Emissions to Water _Tonnes-SFDR	$((\text{Market Value}/\text{EVIC}) * (\text{Tonnes of Emissions to water})) / \text{Million EUR Invested}$; Same as Carbon footprint calculation
9	SA Hazardous Waste Production _Tonnes-SFDR	$((\text{Market Value}/\text{EVIC}) * (\text{Tonnes of Hazardous Waste})) / \text{Million EUR Invested}$; 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

PAI No.	PAI Indicator	Portfolio Rollups
13	SA Board Gender Diversity _Percentage of Female Board Members-SFDR	Adjusted Weighted Average
14	Controversial Weapons - manufacturer or intended use involvement	% Weight of Portfolio
Sovereign		
15	SA Carbon Emissions Intensity-SFDR	Weighted Average
16	SA Any Country Social Violations-SFDR	No. of Countries 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 Manager's proprietary analysis and research.

Sustainable investment objective of the financial product

The Fund invests in companies with economic activities that contribute to social objectives.

The Fund provides investors with exposure to companies that are characterized by strong social characteristics and the goal to strive for positive societal impact.

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

Holistic ESG consideration in the investment process

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 investment 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 portfolio construction
- 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:

- IQS default
- Customization
- Research
- Active ownership



Source: Invesco. For illustrative purposes only.

The IQS team's investment process is controlling for financial criteria such as the quality of a firm. The team has identified that some signals within the Quality factor show positive correlation to governance factors. 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 daily screened 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.

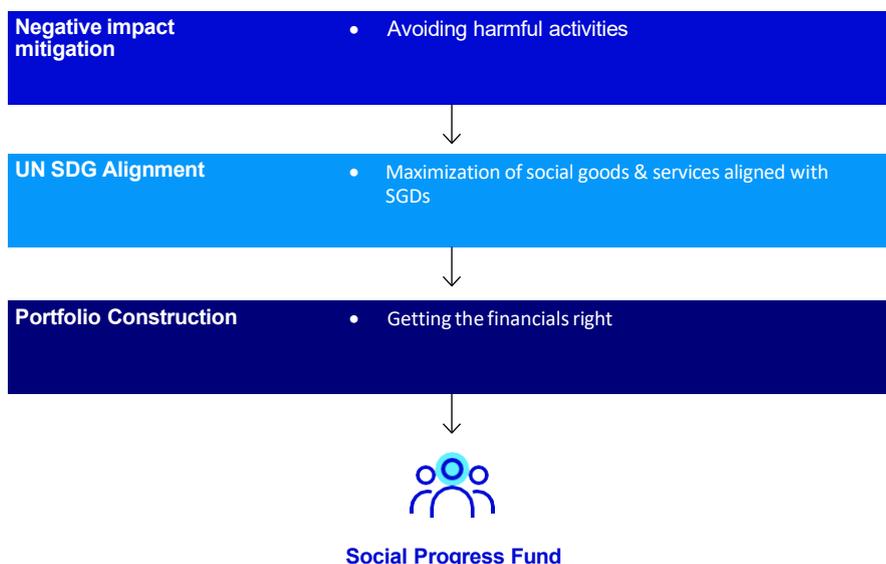
Approach to Social investing

The Fund aims to provide exposure to companies that are characterized by strong social characteristics and the goal to strive for positive impact. The companies that form the portfolio are active in fields that are aligned with the United Nations Sustainable Development Goals (UN SDGs).

Events like the Covid-19 pandemic or the Ukraine war have highlighted the importance of access to healthcare as well as human rights. Increasing regulation and legislation in social topics will shift investor's focus to the S in ESG, providing transparency and redirecting capital flows. The adoption of a 3rd dimension in making investment decisions – impact – on top of risk and return considerations as well as consumer awareness will further shift focus to social areas.

The United Nations have defined an agenda that aims to be a blueprint for global peace and prosperity. At its heart are the 17 Sustainable Development Goals (SDGs), which need to be tackled in order for mankind to retain and improve global living conditions. The team is convinced that, as a consequence, investment into alleviating social imbalance and aligning them with the UN SDGs will lead to tailwinds for the companies that will shape the society of the future, providing an investment opportunity.

The Fund combines a strict set of filters to avoid potential negative impact with a maximization of alignment with social objectives for alignment with the UN SDGs. Lastly, leveraging of decades of experience in constructing sustainable portfolios, portfolio construction ensures the objective is achieved in a financially sound manner.



1. Negative Impact Mitigation

The team applies a strict set of business involvement filters. There is a zero-tolerance approach for firms with significant exposure to controversial activities either deemed non-social or not contributing to sustainability. Relevant stocks are filtered out of the investable universe. A detailed list of revenue thresholds can be found below – “Key ESG elements in the Fund”. Furthermore, companies with severe controversies in a wide range of fields are also not eligible for portfolio selection. Out of the remaining companies, the best scoring 75% based on a Social score are retained. The score assesses a company’s strategy and policies with respect to Social objectives. As a result, the investable universe comprises around 1,000 global stocks.



2. UN SDG Alignment

After excluding companies with exposure to controversial activities and controversies, the team runs an optimization to maximize social revenues which are aligned with the 17 UN SDGs. The social goods & services dataset utilized provides a breakdown of a company’s revenues to various social themes.

Themes covered include the following: nutrition, sanitation, major diseases treatment, SME finance, education, affordable real estate and connectivity.

The maximization approach targets to achieve a weighted revenue derived from Social Impact Solutions to be above 50% on average. There is no particular focus area but instead the Fund aims to provide alignment with social objectives across a broad range of social categories.

There is no guarantee the goals can be achieved.

3. Portfolio Construction

In this final step of creating the portfolio, the team controls for factor criteria such as the quality, momentum and value of a company. Furthermore, the portfolio construction process is subject to liquidity and diversification constraints to limit the exposure to a single issuer and ensure ample liquidity in the portfolio.

During the construction of the portfolio, the Fund aims to increase the alignment with UN SDGs by at least 15% compared to the market cap weighted benchmark.

Derivatives, which are utilized to gain exposure to capital markets have to fulfill 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.

Key ESG elements in the Fund

Additional elements to the Fund's ESG framework that will be reflected through the portfolio construction process are:

1. Sector exclusions. Systemically excluding sectors and business activities that are inconsistent with the sustainability or socially responsible objectives.
2. Controversy monitoring. Systematic screening of news to identify companies involved in serious controversies.
3. Good governance assessment. Invests in companies with good governance via the strong engagement and proxy voting policy and some exclusions cover the good governance aspect as well.

These elements are described in more detail below.

Sector Exclusions

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 the data provided by MSCI, 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, with positive criteria, companies can be identified, which are particularly characterised by sustainable economic development, positive products or processes.

In order to ensure that the investments of the Fund do not significantly harm other environmental and social objectives, the Fund will employ screening to exclude issuers that do not meet the Fund's criteria on a range of other environmental and social metrics, including but not limited to the principal adverse impacts required to be considered pursuant to the applicable EU regulation and the level of involvement in those activities.

In this context, the Fund uses the following exclusion criteria, which may evolve over time:

Controversial Activities	Excluded If	
Coal	Revenues derived from exploration, mining, extraction, distribution or refining of hard coal and lignite	>=1%
	Turnover derived from burning coal for power generation	>=5%
	Proportion in electricity generation fuel mix from coal	>=5%
	Structural increase of thermal coal activities over 3 years	Yes
Unconventional oil & gas	Revenues that comes 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), distribution 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%
Nuclear power	Turnover from nuclear power	>=5%
	Proportion in electricity generation fuel mix from nuclear power	>=5%
GMOs	Production of genetically modified organisms	>=5%
Stem cell research	Research on human embryonic stem cells or on human foetal stem cells	Yes
Chemicals of Concern	Production of restricted chemicals	0%
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
Biodiversity	Controversies in the field of endangering biodiversity	Yes
Civilian Firearms	Manufacture or sale of civilian firearms or related products	>=5%
	Manufacture of civilian firearms or related products	>=5%

Controversial Activities	Excluded If
Military	Sales that are related to military weapons including support systems and services >=5%
	Controversial weapons (including nuclear weapons) >0%
Alcohol	Turnover from production and distribution >=5%
Tobacco	Turnover from distribution >=5%
	Turnover from production 0%
	Turnover from production of e-cigarettes 0%
	Support to the tobacco industry >=25%
Gambling	Turnover from gambling operations and products >=5%
Adult entertainment	Turnover from pornography and adult entertainment services or facilitating access >=5%
Predatory lending	High interest rate lending >=5%
Animal welfare	Production of cosmetic products tested on animals >=5%
	Production of non-cosmetic products tested on animals >=5%
	Production or sale of fur products >=5%
Recreational Cannabis	Involvement in recreational cannabis >=5%
Urgewald	On Urgewald Coal Exit List Yes
	On Urgewald Global Oil & Gas Exit List Yes
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
Corruption	Controversies in corruption Yes

Definition of controversial weapons: Military weapons that have potential to cause excessive or indiscriminate harm, violate international norms, or mass destruction. These weapons are often subject to international treaties and agreements designed to limit their use, promote disarmament, and protect civilians from their effects. Exclusion screening includes landmines, cluster munitions, chemical weapons, biological weapons, incendiary weapons, non-detectable fragments, blinding lasers, and depleted uranium.

Definition of nuclear weapons: Weapons that use nuclear energy and reactions to cause an explosion. Exclusion screening includes companies involved in the production of nuclear weapons, exclusive and dual-use delivery platform, intended and dual-use components, and services.

Definition for support systems and Services: Support systems and services includes research, development, testing and evaluation; analysis and planning; equipment maintenance, repair, and overhaul; systems support; weapons training and simulation systems and services.

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 avoidance of doubt, by virtue of applying the above exclusions, the Fund complies with the exclusions referred in CDR (EU) 2020/1818 with regards to minimum standards for EU Paris Aligned benchmarks.

Please refer to the glossary for more detailed descriptions on the items mentioned above.

The Fund does 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.

Controversy monitoring

In order to identify firms with exposure to controversies, the team follows an approach that relies both on external data vendors screens as well as an internal Natural Language Processing based framework for detection. The latter works with custom dictionaries created by the investment team with keywords related to relevant controversies. The algorithm is trained on existing ESG provider data, industry reports & NGO texts. Newsflow data is then screened against keywords from the dictionaries. The process is not only used for company exclusion but also as a basis for identification of engagement targets.

External data vendor screens provide further insights on controversies in the following fields:

- UN global compact
- Labour Rights, including
 - Social Supply chain
 - Health safety & working hours
 - Child and forced labor/Modern Slavery
 - Non discrimination

- Labor Relations
- Human Rights
- Gender equality (incl. gender diversity & pay gap)
- Product Safety
- Societal Impact of Products & Services
- Biodiversity
- Pollution
- Community Involvement
- Corruption

Good Governance: IQS Process and Philosophy

IQS has and remains steadfast in its belief that strong governance is the cornerstone for long-term prosperity and sustainably delivering against stakeholders' expectations.

To ensure our philosophy of Good Governance we first identify the companies which violate this principle by systematically screening for controversies within the investable universe.

We are able to do this by evaluating 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 invest in sustainable investments for at least 90% of its portfolio contributing to social objective. 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 sustainable investment objective

In order to assess companies around the controversial activities mentioned above, the IQS team uses a combination of 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 social best-in-class approach the IQS team uses the Social pillar score from MSCI. The Social pillar gathers all the criteria that pertain to the issuer's Social and Societal impacts notably in terms of internal Human Resources, the issuer's respect of Human Rights in the community, the issuer's Community Involvement approach, its Relations with Customers, its Sustainable Relations with Suppliers, the integration of Social factors in the issuer's supply chain.

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 25%. However, it is expected that the size of the investment universe of the Fund will be reduced by about more than 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 sign off procedure takes place that includes members of the global ESG team, investment team, product and legal team.

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. 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.

Methodologies

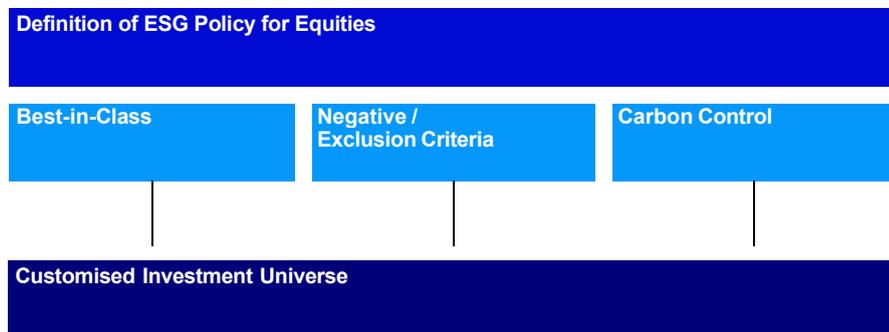
Customised ESG

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.

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 website 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 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 “Investment Strategy”.

For the qualitative checks and the selection criteria, Invesco uses a combination of 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 Social pillar score from MSCI.

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 ESG framework with the only exception of asset classes (including cash management and index derivatives) that are not aligned with the sustainable investment objective of 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 ESG 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 sustainable investment objective. 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

The sustainable investment objective is 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 sustainable investment objective. 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 sustainable investments securities and calculates if the transaction will result in a breach of the sustainable investment objective of the Fund.

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

The Fund

The Fund does not use engagement as a means of meeting its sustainable investment objective.

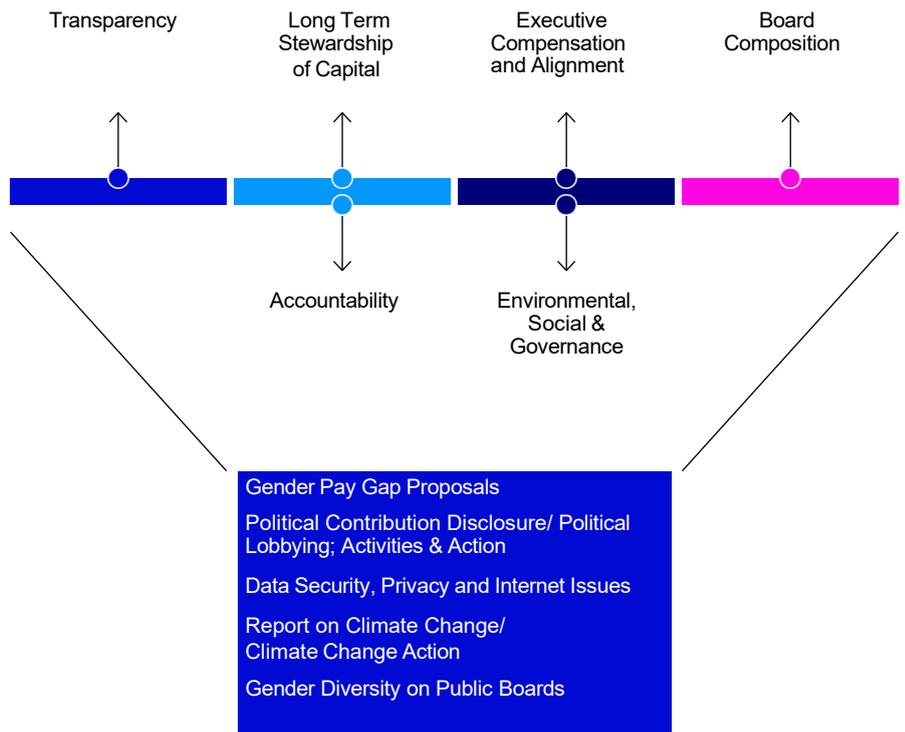
General

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. 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. For securities held in the Fund, an additional Priority ESG Theme is Healthcare Equity.

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. 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.

MSCI 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	2 April 2024	Updated Febelfin criteria
1.2	15 July 2024	Various clarifications
1.3	1 December 2024	Enhancement of the "Summary" section and various minor updates and clarifications
1.4	24 March 2025	Updates in light of the ESMA Guidelines on funds' names using ESG or sustainability-related terms, and change of data source from Moody's ESG to MSCI

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