



1.0 IIML's Approach to ESG Integration and Engagement

This policy sets forth the framework for IIML's approach to the integration of Environmental, Social and Governance ("ESG") criteria into investments.

Invesco is a signatory to the UNPRI - Principles of Responsible Investment and recognizes the importance of taking into consideration ESG criteria as part of a robust investment process in order to achieve long-term outcomes for our clients. Invesco also secured an A+ rating in 2017 and 2018 for Strategy & Governance.

The centralized and dedicated global team of Responsible Investment professionals delivers and equips investment teams with a best-in-class support platform of tools, research, resources, and training. The investment centres can tap into these resources to exercise their role as fiduciaries in the best interests of Invesco's clients and, in addition, to further encourage a strong corporate governance approach in our investee companies.

2.0 Scope

The obligations set out in the Shareholder Rights Directive II impact IIML in its role as asset manager. They apply to IIML's engagement with those fund umbrellas managed by IIML that invest in equities of companies domiciled in a Member State of the European Union (EU) and are listed on a recognized EU trading venue.

3.0 ESG Integration and Stewardship for Invesco ETFs

Invesco ETFs are index-tracking funds. They hold stocks in the companies included in the relevant index and do not actively select/deselect stocks. Changes to the portfolio are driven by changes to the underlying index. This in turn means that there would only be systematic monitoring of underlying companies in line with ESG criteria and to the extent that the ETF was following an ESG index. In such cases, the index provider would be responsible for such monitoring.

3.1 Proxy Voting

Invesco ETFs are index-based funds managed within a global group which includes a strong active fundamental management capacity. As such, Invesco ETFs are able to benefit from the voting and engagement activities of the group by the following system: where a stock is held by an active fund manager in the Invesco group, that fund manager decides how the Invesco holdings will be voted, including those of Invesco ETFs. We believe this leads to a better-quality voting decision as it will be made by an active fund manager close to the relevant company. Where two active managers hold the stock and have different views on a vote, Invesco ETFs will be voted with the larger active holder. (Minority active holders are free to vote their holdings differently.)

Where a stock is not held in any actively-managed Invesco portfolio, then Invesco ETFs have chosen to default to vote with ISS. (This affects a minority of positions.)

3.2 Engagement

As the majority of Invesco ETF holdings follow the voting of Invesco active fund managers, they participate in the associated engagement activities. From the perspective of investee companies, the Invesco ETF holdings are part of the overall Invesco holding and relationship.

4.0 Management of Conflicts of Interest

In relation to conflicts of interest that exist in its stewardship and proxy voting activities, Invesco has adopted the Global Policy Statement on Corporate Governance and Proxy Voting which can be found [here](#) in addition to other regional conflict of interest policies which are available upon request from the respective Invesco entities.

5.0 Funds covered by this Policy

The funds covered by this policy, as set out in the Scope section of this document, can be found on the Invesco ETF website (etf.invesco.com).

Important information

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