



# Invesco Fixed Income Factors

**ESG Portfolio Report**

**PORTFOLIO:**

Invesco EUR Government and Related Green Transition UCITS ETF

**REFERENCE BENCHMARK:**

BBG EuroAgg Treasury Index

March 28, 2024

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## Invesco EUR Government and Related Green Transition UCITS ETF

### Investment Risks

For complete information on risks, refer to the legal documents. The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested. The creditworthiness of the debt the Fund is exposed to may weaken and result in fluctuations in the value of the Fund. There is no guarantee the issuers of debt will repay the interest and capital on the redemption date. The risk is higher when the Fund is exposed to high yield debt securities. Changes in interest rates will result in fluctuations in the value of the fund. The Fund may be exposed to the risk of the borrower defaulting on its obligation to return the securities at the end of the loan period and of being unable to sell the collateral provided to it if the borrower defaults. This fund may use derivatives for investment purposes. The use of such complex instruments may impact the magnitude and frequency of the fluctuations in the value of the fund. The Fund intends to invest in securities of issuers that manage their ESG exposures better relative to their peers. This may affect the Fund's exposure to certain issuers and cause the Fund to forego certain investment opportunities. The Fund may perform differently to other funds, including underperforming other funds that do not seek to invest in securities of issuers based on their ESG ratings. The Fund's performance may be adversely affected by variations in the exchange rates between the base currency of the Fund and the currencies to which the Fund is exposed.

### Investment Objective

The Fund aims to provide the performance of the European government bond market by investing in an actively managed portfolio of government and government related bonds that also factors certain environmental, social, and corporate governance ("ESG") criteria into the portfolio construction and maximizes exposure to Green Bonds subject to exposure and liquidity considerations.

### Invesco Multi Asset Strategies (MAS) integrated ESG approach

The strategy implements a fully integrated ESG investment process which is built on a longstanding experience in customised ESG solutions and active engagement with companies.

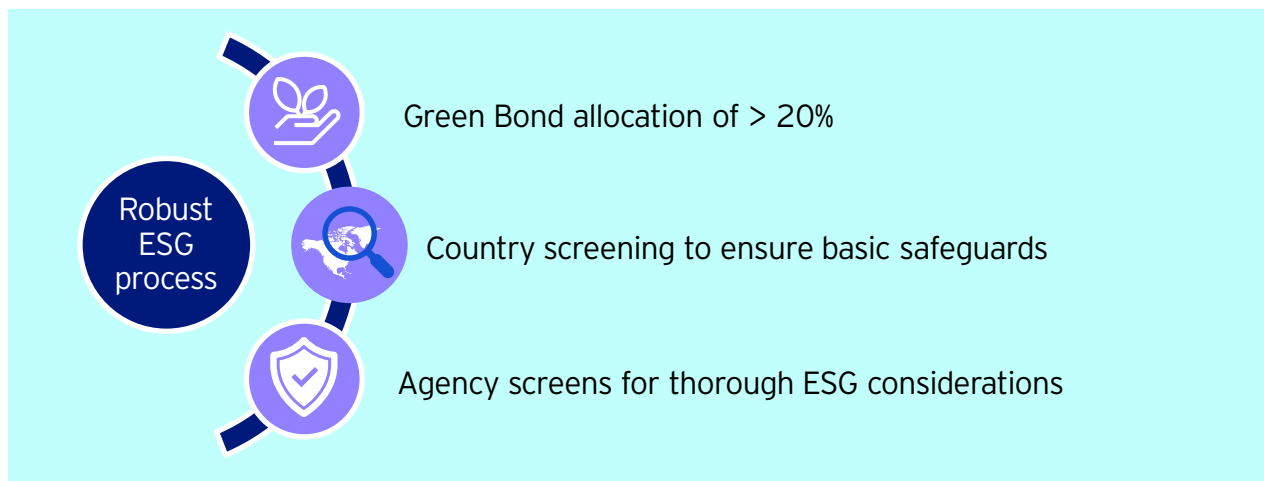
ESG aspects are considered in each step of the multi-factor investment process - the definition of the universe, portfolio construction and risk management.

There are two main pillars of ESG integration in the investment process - allocation to green bonds paired with a thorough assessment of the issuers - sovereign and government-related.

Both sovereign and government-related issuers must adhere to certain internationally recognised norms such as international human rights treaties, ILO's Fundamental Rights and Principles at Work, Paris Agreement, etc.

Government-related issuers undergo additional norms-based exclusions and controversies screening.

The ESG integration process can be customised to meet client-specific ESG requirements as well as internationally recognised norms, conventions and renowned ESG quality labels.

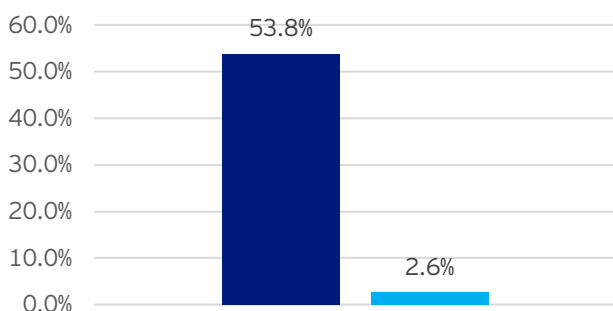


Source: Invesco Multi Asset Strategies. For illustrative purposes only. Any investment decision should take into account all the characteristics of the fund as described in the legal documents. For sustainability related aspects, please refer to <https://www.invescomanagementcompany.ie/dub-manco> An investment in this fund is an acquisition of units in an actively managed fund rather than in the underlying assets owned by the fund.

# ESG Portfolio Report

## Invesco EUR Government and Related Green Transition UCITS ETF

### Green bond share



The portfolio aims to maintain a green bond share of at least 20%.

### Country screening

ESG criteria	Portfolio	Benchmark
ILO's Fundamental Rights and Principles at Work (% weight) <sup>1</sup>	0.0	0.0
At least half of the 18 core International Human Rights Treaties (% weight)	0.0	0.0
Party to the Paris Agreement (% weight)	0.0	0.0
Party to the UN Convention on Biological Diversity (% weight)	0.0	0.0
Party to the Nuclear Non-Proliferation Treaty (% weight)	0.0	0.0
Military budgets <4% GDP (% weight)	0.0	0.0
FATF: No strategic AML/CFT deficiencies (% weight)	0.0	0.0
Minimum 40/100 on the Corruption Perception Index (% weight) <sup>2</sup>	0.0	0.0
'Free'/ 'Partly Free' by Freedom House (% weight)	0.0	0.0

### Agencies business involvement screening<sup>3</sup>

ESG criteria	Portfolio	
	5% threshold	10% threshold
Tobacco production (% weight)	0.0	0.0
Nuclear power (% weight)	0.0	0.0
Controversial Weapons (% weight)	0.0	0.0
Other Weapons & firearms (% weight)	0.0	0.0
Fossil Fuels industries (% weight)	0.0	0.0
Coal fuel power generation (% weight)	0.0	0.0

Source: Invesco, Bloomberg Green Bond data, Moody's ESG Business involvement data. March 28, 2024. Benchmark: BBG EuroAgg Treasury Index. <sup>1</sup> 8 fundamental conventions identified in the ILO's declaration on Fundamental Rights and Principles at Work. <sup>2</sup> By Transparency International. <sup>3</sup> Indicates portfolio weight of holdings which derive more than 5% or 10% (as indicated in the header) revenue from this business activity. Agencies are defined as Government Related Bonds that are Owned not Guaranteed and Sponsored according to Bloomberg Barclays sector classification.

# ESG Portfolio Report

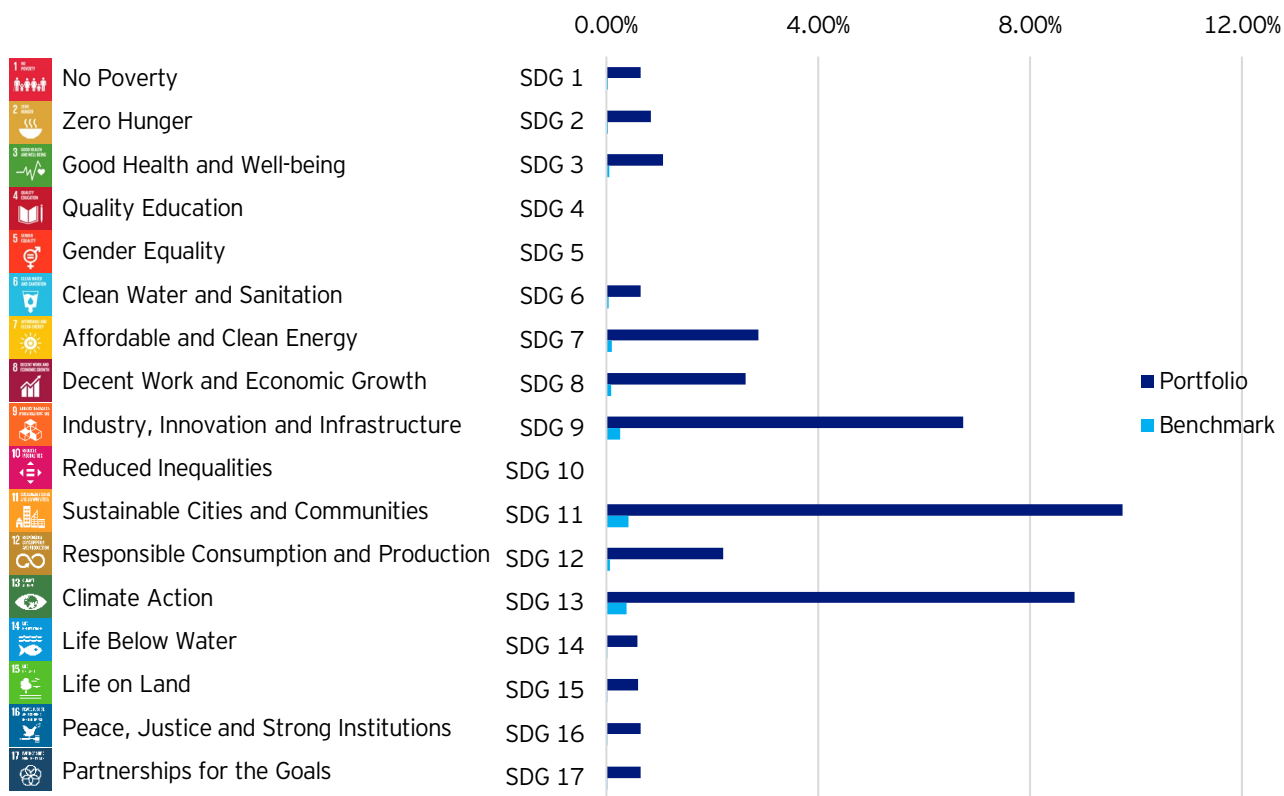


## Invesco EUR Government and Related Green Transition UCITS ETF

### Weighted allocation of green bond proceeds to project categories (Top 10 projects)

Category	Portfolio	Benchmark
Clean transportation	26.2%	1.3%
Renewable energy	5.3%	0.2%
Eco-efficient and/ circular economy	4.0%	0.1%
Green buildings	3.8%	0.2%
Energy efficiency	3.8%	0.1%
Other <sup>1</sup>	3.7%	0.2%
Sustainable water and wastewater management	1.7%	0.1%
Environmentally sustainable management of living natural resources and land use	1.7%	0.1%
Terrestrial and aquatic biodiversity conservation	1.1%	0.1%
Climate change adaptation	0.8%	0.1%

### Weighted allocation of green bond proceeds to UN SDGs<sup>2</sup>



Source: Invesco, NASDAQ, Bloomberg Green Bond data. As of March 28, 2024. Benchmark: BBG EuroAgg Treasury Index.

<sup>1</sup> The category "Other" includes projects that do not fall under any of the ICMA Green Bond Project Categories, for example International Cooperation by the Federal Republic of Germany which is part of its Green Bond Framework <sup>2</sup> UN Sustainable Development Goals.



### Examples of projects financed by frameworks to which the portfolio allocates its funds

#### Green Bond Framework by the Federal Republic of Germany

Total amount allocated - 14.6bn EUR in 2022

Example for disbursement:

Research and innovation project investigates how to compensate for fluctuations in electricity supply related to the increasing share of renewable energies. The project is conducted by SynErgie a Kopernikus Project in cooperation with industrial partners.



#### Climate Awareness Bond Framework by the European Investment Bank

Total amount allocated - 12.7bn EUR in 2022

Example for disbursement:

Investments in the energy-efficient modernisation of office buildings and the construction of nearly-zero energy buildings (NZEB).

The project contributes to the reduction of energy use and greenhouse gas (GHG) emissions as well as the promotion of the concept of energy building standards in Spain.



For illustrative purposes only. As of July 31, 2023. Source: German Federal Agency of Finance. [Green Bond Project Allocations](#). [Federal Republic of Germany Green Bond Investor Presentation](#). Picture [Trimet](#). Source: European Investment Bank. [Climate Awareness Bond Allocations](#). [GMP ENERGY EFFICIENT BUILDINGS \(eib.org\)](#). [EIB and Gmp join forces to promote investment in sustainable buildings in Madrid](#)

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