Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

- ☐ Yes
- ☒ No

☐ **It made sustainable investments with an environmental objective:___%**

- ☐ **in economic activities that qualify as environmentally sustainable under the EU Taxonomy**
- ☐ **in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy**

☐ **It made sustainable investments with a social objective:___%**

☒ **It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of 63 % of sustainable investments**

- ☐ **with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy**
- ☒ **with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy**
- ☒ **with a social objective**

☐ **It promoted E/S characteristics, but did not make any sustainable investments**

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Invesco Environmental Climate Opportunities Bond Fund (the "Fund") has various environmental and social characteristics. Screening was employed to exclude issuers depending on their level of involvement in certain activities considered controversial (such as (but not limited to) activities involved in coal, arctic oil & gas exploitation, oil sands extraction, shale energy extraction, conventional oil and gas, tobacco, recreational cannabis). The Fund also excluded issuers in violation of the UN Global Compact, based on third-party data and the Investment Manager's analysis and research.

The Fund supported the transition to a low carbon economy by funding companies in high carbon emitting sectors that show progress towards lowering their carbon footprint as well as low carbon sectors.

The Fund achieved its environmental and social characteristics by applying its exclusion and best-in class approach on an on-going basis.

How did the sustainability indicators perform?

The Fund used a variety of indicators to measure the attainment of the environmental and social characteristics. This included:

Sustainability Indicator	Indicator Performance
Revenue derived from thermal coal mining, excluded if >=5%	During the reference period, there were no active breaches of the Fund's exclusion criteria.
Revenue derived from arctic oil and gas exploitation; oil sands extraction; and shale energy extraction excluded if each >=5% of revenue	During the reference period, there were no active breaches of the Fund's exclusion criteria.
Revenue derived from oil and gas exploration, production, refining, trasnportation and/or storage, excluded if >=25% of revenue [1]	During the reference period, there were no active breaches of the Fund's exclusion criteria.
Controversial Weapons, excluded if >=0% of revenue	During the reference period, there were no active breaches of the Fund's exclusion criteria.
Revenue from production of tobacco products, excluded if >=5% of revenue	During the reference period, there were no active breaches of the Fund's exclusion criteria.
Revenue from tobacco related products and services, excluded if >=5% of revenue	During the reference period, there were no active breaches of the Fund's exclusion criteria.
Companies not compliant with the Ten Principles of the UN Global Compact Initiative, excluded if not compliant	During the reference period, there were no active breaches of the Fund's exclusion criteria.
Revenue dervied from the manufacture and sale of nuclear weapons to companies that have not signed the Nuclear Non-Proliferation Treaty, excluded if	During the reference period, there were no active breaches of the Fund's exclusion criteria.
Revenue derived from recreational cannabis, excluded if >=5%	During the reference period, there were no active breaches of the Fund's exclusion criteria.
The Fund's climate change score vs. overall climate comparator score	1.59 vs. 2.46
% of Non-scored issuers, qualitative comment from investment team	16% - When companies are not covered by the climate comparator, the investment team conducts quantitative and qualitative analysis to determine if these companies meet their definition of sustainable. The majority of unscored issuers are in areas essential to the transition such as low carbon electricity generation or distribution or in quasi government/inter government institutions.

...and compared to previous periods?

Not applicable.

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

The Fund intended to make sustainable investments by contributing to environmental objectives such as climate change.

The Fund sought to achieve the above objective by investing in green, sustainability-linked and transition bonds or by using a best-in-class approach and selecting companies that score higher, when compared to their peers, on environmental scores utilizing the Investment Manager's proprietary scoring methodology (Issuers that score 2 using a proprietary climate comparator that combines external ESG data and industry specific metrics to create a sector relative score between 1–5 for each issuer). Finally, the Fund could also invest in issuers which contribute positively to selected UN Sustainable Development Goals (SDGs) (generating at least 25% of the issuer's revenue) that relate to the above climate objective. It should be noted that the full weight in the portfolio counted as sustainable investments when meeting the above criteria.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

The Fund primarily used 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 was determined to cause such significant harm, it could still be held within the Fund but did not count toward the "sustainable investments" within the Fund. For the avoidance of doubt, the assessment was done prior to investment and on the full holding.

How were the indicators for adverse impacts on sustainability factors taken into account?

Please see above on how the indicators for adverse impacts on sustainability factors were taken into account.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The portion of sustainable investments excluded 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 were screened for compliance with, and excluded if they did not meet UN Global Compact principles, based on third-party data and the Investment Manager's proprietary analysis and research.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

How did this financial product consider principal adverse impacts on sustainability factors?

The Fund considered principal adverse impacts on sustainability factors (PAIs) by carrying out a qualitative and quantitative review of key metrics (primarily the 14 indicators as defined in Table 1 of the Annex I of the regulatory technical standards for Regulation 2019/2088). The quantitative review included a review of Invesco's Article 8 and 9 product holdings and the relevant PAI data. Through this initial review an absolute threshold was set that flagged issuers that failed to meet minimum standards, as well as companies that flagged on a binary output (such as controversial weapons or UN Global Compact violations). Once issuers were flagged for the quantitative review, an assessment was completed to understand if there is publicly available information from the issuer that we are aware of that can be shown to be addressing the poor performance on the flagged PAI. The ESG research team assigned the issuer a qualitative score as to how well they were addressing the poor performance. Those issuers that received the lowest qualitative scores were then identified as engagement targets and were primarily engaged through methods such as letters, meetings, proxy voting. If no improvement was established through such corporate engagement, then the Fund could consider divesting and/or excluding investments.

The below table shows the PAI data for the Fund:

Adverse sustainability indicator	PAI	Data	Metric
Greenhouse gas emissions	1.GHG Emissions	3,259.00	Scope 1 fund financed emissions (Tonnes of CO2 equivalent)
		575.83	Scope 2 fund financed emissions (Tonnes of CO2 equivalent)
		18,894.66	Scope 3 fund financed emissions (Tonnes of CO2 equivalent)
		22,729.49	Total Financed emissions (Scope 1 + Scope 2 + Scope 3) (Tonnes of CO2 equivalent)
	2. Carbon footprint	499.68	Fund level Carbon footprint (Scope 1 + Scope 2 + Scope 3) (Per Million EUR Invested)
	3. GHG Intensity of investee companies	1087.34	Fund level Total Emission Intensity- Scope 1+2+3 (Per Million EUR Revenue)
	4. Exposure to companies active in the fossil fuel sector	0	% of the fund exposed to any fossil fuels revenue
	5. Share of non-renewable energy consumption	59.97	Adjusted Weighted Average of all issuers in the fund's share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources (%)
	5. Share of non-renewable energy production	36.05	
	6. Energy consumption intensity per high impact climate sector		Adjusted weighted average energy consumption of issuers in the fund in GWh per million EUR of revenue of investee companies, per high impact climate sector
	Agriculture, Forestry & Fishing	0	
	Construction	0.02	
	Electricity, Gas, Steam & Air Conditioning Supply	2.02	
	Manufacturing	0.57	
	Mining & Quarrying	0	
	Real Estate Activities	0.02	
	Transportation & Storage	0.87	
	Water Supply, Sewerage, Waste Management & Remediation Activities	0.71	
	Wholesale & Retail Trade & Repair of Motor Vehicles & Motorcycles	0.07	
Biodiversity	7. Activites negatively affecting biodiversity-sensitive areas	4.27	Share of investments in the fund of investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those
Water	8. Emissions to water	48.61	Adjusted weighted average per issuer in the fund's emissions to water generated by investee companies per million EUR invested (Tonnes)
Waste	9. Hazardous waste and radioactive waste ratio	103.43	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average
Social and employee matters	10. Violations fo UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	0	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
	11. Lack of proceses and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	5.73	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/ complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
	12. Unadjusted gender pay gap	18.16	Weighted Average of all issuers' in the portfolio unadjusted gender pay gap of investee companies
	13. Board gender diversity	38.70	Waited Average of all issuers in the portfolio ratio of female to male board members in investee companies, expressed as a percentage of all board members
	14. Exposure to controversial weap-ons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	0	Share of investments in investee companies involved in the manufacture or selling of controversial weapons

Notes:

Although Scope 3 emissions are included in the above table showing the PAI scores for the Fund, they were not included in the quantitative review process to consider PAIs during the reporting period.

The data presented in the above table is calculated using information provided by a third-party data vendor. The accuracy, completeness, and relevance of the calculated data are contingent upon the accuracy and completeness of the data provided by this third-party vendor. The numbers reported represent our best effort to provide the most accurate calculations in light of the data available. However, there are no warranties or representations, express or implied, regarding the completeness, accuracy, or suitability of this data for any particular purpose.

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is:28 February 2023

What were the top investments of this financial product?

Large Investments	Sector	% Assets	Country
NextEra Energy Capital Holdings Inc 2.25% USD 01/06/2030	Utilities	1.76%	United States
Aptiv Plc 1.6% EUR 15/09/2028	Consumer Discretionary	1.62%	United Kingdom
Invesco Liquidity Funds plc - Invesco US Dollar Liquidity Portfolio	Cash	1.62%	Ireland
Scottish Hydro Electric Transmission Plc 1.5% GBP 24/03/2028	Materials	1.61%	United Kingdom
European Investment Bank 1.625% USD 09/10/2029	Financials	1.49%	Luxembourg
EDP - Energias de Portugal SA FRN 1.875% EUR 02/08/2081	Utilities	1.45%	Portugal
London Power Networks Plc 2.625% GBP 01/03/2029	Utilities	1.42%	United Kingdom
United Utilities Plc 6.875% USD 15/08/2028	Utilities	1.36%	United Kingdom
Terna - Rete Elettrica Nazionale FRN 2.375% EUR Perpetual	Utilities	1.30%	Italy
Koninklijke DSM NV 0.625% EUR 23/06/2032	Materials	1.28%	Netherlands
Schneider Electric SE 1% EUR 09/04/2027	Industrials	1.21%	France
AT&T Inc 2.55% USD 01/12/2033	Communication Services	1.21%	United States
BorgWarner Inc 2.65% USD 01/07/2027	Consumer Discretionary	1.21%	United States
Cie de Saint-Gobain 2.625% EUR 10/08/2032	Industrials	1.20%	France
Nidec Corp 0.046% EUR 30/03/2026	Industrials	1.19%	Japan

Asset allocation describes the share of investments in specific assets.

What was the proportion of sustainability-related investments?

The Fund made investments aligned with the E/S characteristics for a minimum of 70% of its portfolio (#1 Aligned with E/S characteristics) by virtue of binding elements of the Fund's investment strategy. A maximum of 30% was invested in money market instruments or ancillary liquid assets for liquidity management purposes (#2 Other).

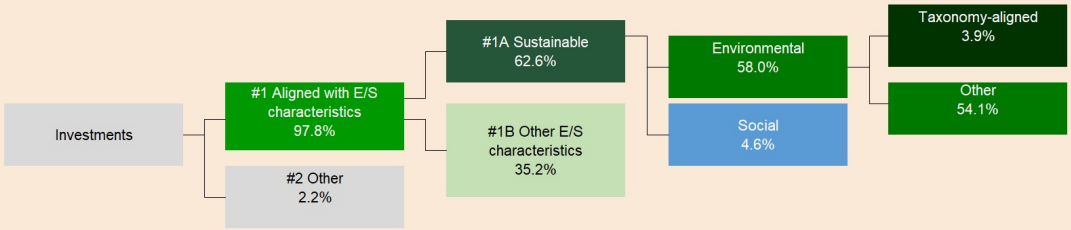
What was the asset allocation?

97.8% of the Fund's NAV was selected according to the binding elements of the investment strategy, on the basis that they aligned with the environmental and social characteristics of the Fund.

2.2%% of the Fund's NAV was invested in financial derivative instruments for hedging and/or efficient portfolio management purposes, cash that was held for ancillary liquidity purposes, and investments in other funds that were not subject to the same restrictions.

62.6% of the Fund's NAV was invested in sustainable investments.

All the above data is provided as of 28 February 2023.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives

- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

In which economic sectors were the investments made?

The below table shows the GICS sector breakdown as at 28 February 2023

Sector (GICS)	Weight %
Utilities	24.97
Financials	24.27
Industrials	12.19
Consumer Discretionary	11.13
Communication Services	7.08
Materials	6.29
Health Care	4.09
Information Technology	3.00
Real Estate	2.70
Consumer Staples	2.05
Energy	0.00
Sovereign	0.00
Cash	2.22
Others/Derivatives	0.01
Total	**100.00**

GICS Level 4 breakdown for Energy Sector

Sub-Industry Code	Sub-Industry Name	Weight
10101010	Oil & Gas Drilling	0.00
10101020	Oil & Gas Equipment & Services	0.00
10102010	Integrated Oil & Gas	0.00
10102020	Oil & Gas Exploration & Production	0.00
10102030	Oil & Gas Refining & Marketing	0.00
10102040	Oil & Gas Storage & Transportation	0.00
10102050	Coal & Consumable Fuels	0.00
Total		**0.00**

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

Whilst the Fund did not commit to a minimum of sustainable investments with an environmental objective aligned with EU Taxonomy, 3.93% (Turnover) of the Fund's portfolio was aligned with the EU Taxonomy.

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[1]?

☐ **Yes**

☐ **In fossil gas** ☐ **In nuclear energy**

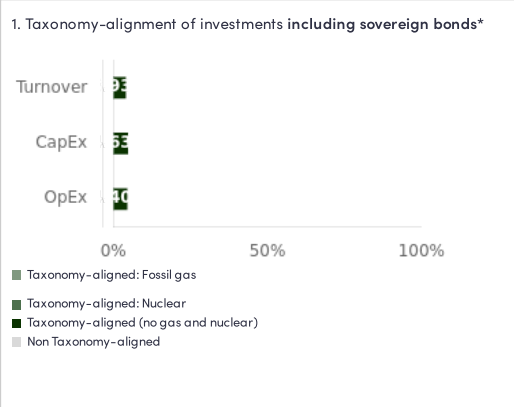
☒ **No**

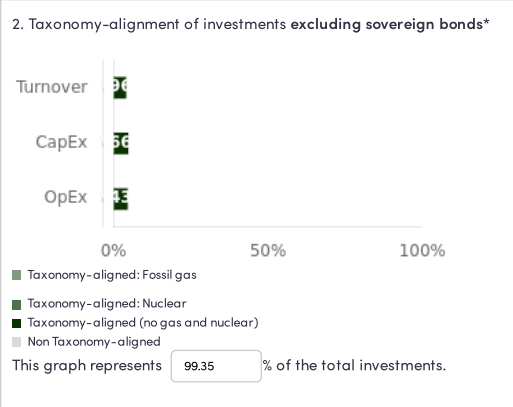
[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do no significant harm to any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

What was the share of investments made in transitional and enabling activities?

The below table shows the share of investments in transitional and enabling activities as at 28th February 2023.

	Aligned
Enabling	1.27%
Transition	0.00%

'Aligned' means % of revenues of the investments of the Fund that are aligned to the EU Taxonomy.

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

Not applicable.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

58.0% of the Fund's NAV was invested in sustainable investments with an environmental objective not aligned with the EU Taxonomy. The Investment Manager monitored closely the evolution of the dataset and their reliance and increased the portion of sustainable investments aligned with EU Taxonomy as the case may be, which decreased the exposure to sustainable investments not aligned with EU Taxonomy in the Fund.

What was the share of socially sustainable investments?

4.60%

What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

As described above, under normal market circumstances, the Fund could hold up to 30% maximum in liquid assets or money market instruments for cash management/liquidity purposes which was not assessed for compliance with the Fund's ESG criteria. Long exposure to derivatives (such as index CDS) did not conform to the climate methodology.

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The Fund achieved the environmental and social characteristics by complying with the exclusions and the best-in-class approach, which was consistent with attaining the environmental and social characteristics promoted by the Fund.

Please refer to the section "How did the sustainability indicators perform" above for further information.

In addition, as part of the Fund's consideration of principal adverse impacts on sustainability factors, the ESG team monitored the investments against PAI indicators. Invesco conducted research into certain issuers in the Fund's portfolio that were deemed to flag against PAI indicators. Please see below an example of researched issuers during the reference period:

Holding	Principal Adverse Impact	Action Taken
An EMEA Industrials Issuer	PAI 6: Energy consumption intensity	**Research conducted.** The issuer initially flagged on PAI 6 (Energy consumption intensity). Invesco conducted additional research on the issuer and determined that the issuer has developed a credible strategy to address the PAI and has set stretching targets to address the issue within a reasonable timeframe. Through the research, Invesco has identified the issuer's energy consumption intensity was lower than the initial data suggested, meaning the issuer no longer flagged on that PAI.
An EMEA Materials Issuer	PAI 1,2,3: GHG Emissions	**Research conducted.** The issuer initially flagged for PAI 1,2 and 3 (GHG emissions). The issuer has acknowledged the issue and set targets to address it. They commit to reduce scope 1 GHG emissions 17.5% and scope 2 GHG emissions 65% per ton of cementitious materials, alongside a target to reduce scope 3 emissions per metric ton of clinker and cement purchased by 25.1%. All targets are set for 2030, with a 2020 base year. Invesco's ESG team engaged with the company to discuss their carbon emissions. The company was the first in their sector to sign the "Business Ambition for 1.5°C" pledge and have their targets approved by the Science-Based Targets initiative (SBTi).
A North American Real Estate Issuer	PAI 6: Energy consumption intensity	**Research conducted.** The issuer initially flagged on PAI 6 (Energy consumption intensity). Through additional research, Invesco has determined the the entity has committed to address the issue and is developing a strategy. In June of 2022, the company committed to net zero across the value chain for 2040 (which includes scope 1, 2 and 3). The company has also set interim targets for net zero operations (scope 1 and 2 by 2030). As a part of this effort, the company is committed to setting an SBTI and they have disclosed emissions in their CDP report. They have included multiple milestones for decarbonation strategies: 1GW of solar generation capacity (supported by storage) by 2025; carbon neutral construction by 2025; net zero for operations by 2030.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

How did this financial product perform compared to the reference benchmark?

The Fund was not compared to a reference benchmark.

- ***How does the reference benchmark differ from a broad market index?***

Not applicable.

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

Not applicable.

- ***How did this financial product perform compared with the reference benchmark?***

Not applicable.

- ***How did this financial product perform compared with the broad market index?***

Not applicable.