RI TRANSPARENCY REPORT

2020

Principal Global Investors
About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the PRI website, ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation’s response to the PRI during the reporting period specified above. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information.

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Usage restrictions

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**OO 01.1** Select the services and funds you offer

<table>
<thead>
<tr>
<th>Select the services and funds you offer</th>
<th>% of asset under management (AUM) in ranges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund management</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>&lt;10%</td>
</tr>
<tr>
<td></td>
<td>10-50%</td>
</tr>
<tr>
<td></td>
<td>&gt;50%</td>
</tr>
<tr>
<td>Fund of funds, manager of managers, sub-advised products</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>&lt;10%</td>
</tr>
<tr>
<td></td>
<td>10-50%</td>
</tr>
<tr>
<td></td>
<td>&gt;50%</td>
</tr>
<tr>
<td>Other</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>&lt;10%</td>
</tr>
<tr>
<td></td>
<td>10-50%</td>
</tr>
<tr>
<td></td>
<td>&gt;50%</td>
</tr>
<tr>
<td>Total 100%</td>
<td></td>
</tr>
</tbody>
</table>

**OO 01.2** Additional information. [Optional]

Principal Global Investors, LLC is a diversified asset management organization and a wholly-owned subsidiary of Principal Financial Group Inc. Traded on the Nasdaq Global Select Market under the ticker symbol PFG, Principal Financial Group Inc. is a member of the Fortune 500 and a leading global financial institution offering a wide range of financial products and services through a diverse family of financial services companies. Principal Global Investors multi-boutique organization currently manages assets on behalf of a broad range of sophisticated investors in over 75 countries encompassing public and private pension funds, foundations and endowments, central banks, insurance companies, sub-advisory arrangements, sovereign wealth funds, and individual investors. The network of specialized investment boutiques offers a single point of access to world-class investment capabilities and expertise in fixed income, equity, and real estate investments, asset allocation, lifecycle funds, exchange-traded funds, stable value management, and other structured investment strategies. The multi-boutique strategy of Principal Global Investors enables us to provide an expanded range of top-tier investment capabilities through our network of specialized affiliates and boutiques that includes: Principal Global Equities, Principal Global Fixed Income/Morley Capital Management, Principal Real Estate Investors, Principal Real Estate (Europe), Aligned Investors, Columbus Circle Investors, Edge Asset Management, Claritas Administração de Recursos LTDA, Origin Asset Management, Principal Portfolio Strategies, Post Advisory Group, and Spectrum Asset Management.

**OO 02** Mandatory

**OO 02.1** Select the location of your organisation’s headquarters.

United States

**OO 02.2** Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

**OO 02.3** Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

1810

**OO 02.4** Additional information. [Optional]

Principal Global Investors has major regional offices in the following countries: Australia, Hong Kong, Japan, Singapore, United Kingdom, and the United States.

**OO 03** Mandatory

**OO 03.1** Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

**OO 03.2** List your subsidiaries that are separate PRI signatories and indicate if you would like to report their RI activities in your organisation’s consolidated report.

<table>
<thead>
<tr>
<th>Name of PRI signatory subsidiary (Up to six subsidiaries may be reported)</th>
<th>RI implementation reported here on a consolidated basis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claritas Administração de Recursos LTDA</td>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>
All investment teams and boutiques are included in Principal Global Investors signatory status and are included in the annual reporting process.

### O0 04.

#### O0 04.1
Indicate the year end date for your reporting year.
- 31/12/2019

#### O0 04.2
Indicate your total AUM at the end of your reporting year.

<table>
<thead>
<tr>
<th>Total AUM</th>
<th>457,000,441,579 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>43,000,441,579 USD</td>
</tr>
</tbody>
</table>

#### O0 04.4
Indicate the assets which are subject to an execution and/or advisory approach. Provide this figure based on the end of your reporting year.
- Not applicable as we do not have any assets under execution and/or advisory approach

### O0 05.

#### O0 05.1
Provide an approximate percentage breakdown of your AUM at the end of your reporting year using the following asset classes and investment strategies:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Internally managed (%)</th>
<th>Externally managed (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Listed equity</td>
<td>10-50%</td>
<td>&lt;10%</td>
</tr>
<tr>
<td>Fixed income</td>
<td>10-50%</td>
<td>&lt;10%</td>
</tr>
<tr>
<td>Private equity</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Property</td>
<td>10-50%</td>
<td>0</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Commodities</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Hedge funds</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Fund of hedge funds</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Forestry</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Farmland</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Inclusive finance</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Cash</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Money market instruments</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other (1), specify</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other (2), specify</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

#### O0 06.

#### O0 06.1
Select how you would like to disclose your asset class mix.
- O as percentage breakdown
- ✅ as broad ranges

#### O0 06.3
Indicate whether your organisation has any off-balance sheet assets [Optional].
Indicate whether your organisation uses fiduciary managers.

- Yes, we use a fiduciary manager and our response to OO 5.1 is reflective of their management of our assets.
- No, we do not use fiduciary managers.

**OO 07**
Mandatory to Report, Voluntary to Disclose

**OO 08**
Mandatory to Report, Voluntary to Disclose

**OO 09**
Mandatory

**OO 09.1**
Indicate the breakdown of your organisation’s AUM by market.

- **Developed Markets**
  - 98

- **Emerging Markets**
  - 2

- **Frontier Markets**
  - 0

- **Other Markets**
  - 0

**OO 10**
Mandatory

**OO 10.1**
Select the active ownership activities your organisation implemented in the reporting year.

- **Listed equity – engagement**
  - We engage with companies on ESG factors via our staff, collaborations or service providers.
  - We require our external managers to engage with companies on ESG factors on our behalf.
  - We do not engage directly and do not require external managers to engage with companies on ESG factors.

- **Listed equity – voting**
  - We cast our (proxy) votes directly or via dedicated voting providers.
  - We require our external managers to vote on our behalf.
  - We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf.

- **Fixed income SSA – engagement**
  - We engage with SSA bond issuers on ESG factors via our staff, collaborations or service providers.
  - We require our external managers to engage with SSA bond issuers on ESG factors on our behalf.
  - We do not engage directly and do not require external managers to engage with SSA bond issuers on ESG factors. Please explain why you do not.

- **Fixed income Corporate (financial) – engagement**
  - We engage with companies on ESG factors via our staff, collaborations or service providers.
  - We require our external managers to engage with companies on ESG factors on our behalf.
  - We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

- **Fixed income Corporate (non-financial) – engagement**
  - We engage with companies on ESG factors via our staff, collaborations or service providers.
  - We require our external managers to engage with companies on ESG factors on our behalf.
  - We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

- **Fixed income Corporate (securitised) – engagement**
  - We engage with companies on ESG factors via our staff, collaborations or service providers.
  - We require our external managers to engage with companies on ESG factors on our behalf.
  - We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

**OO 11**
Mandatory

**OO 11.1**
Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).
<table>
<thead>
<tr>
<th>Asset class</th>
<th>ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Listed equity</strong></td>
<td>- We incorporate ESG into our external manager selection process</td>
</tr>
<tr>
<td></td>
<td>- We incorporate ESG into our external manager appointment process</td>
</tr>
<tr>
<td></td>
<td>- We invest only in pooled funds and external manager appointment is not applicable</td>
</tr>
<tr>
<td></td>
<td>- We incorporate ESG into our external manager monitoring process</td>
</tr>
<tr>
<td></td>
<td>☑️ We do not do ESG incorporation</td>
</tr>
<tr>
<td><strong>Fixed income - SSA</strong></td>
<td>- We incorporate ESG into our external manager selection process</td>
</tr>
<tr>
<td></td>
<td>- We incorporate ESG into our external manager appointment process</td>
</tr>
<tr>
<td></td>
<td>- We invest only in pooled funds and external manager appointment is not applicable</td>
</tr>
<tr>
<td></td>
<td>- We incorporate ESG into our external manager monitoring process</td>
</tr>
<tr>
<td></td>
<td>☑️ We do not do ESG incorporation</td>
</tr>
<tr>
<td><strong>Fixed income - corporate (financial)</strong></td>
<td>- We incorporate ESG into our external manager selection process</td>
</tr>
<tr>
<td></td>
<td>- We incorporate ESG into our external manager appointment process</td>
</tr>
<tr>
<td></td>
<td>- We invest only in pooled funds and external manager appointment is not applicable</td>
</tr>
<tr>
<td></td>
<td>- We incorporate ESG into our external manager monitoring process</td>
</tr>
<tr>
<td></td>
<td>☑️ We do not do ESG incorporation</td>
</tr>
<tr>
<td><strong>Fixed income - corporate (non-financial)</strong></td>
<td>- We incorporate ESG into our external manager selection process</td>
</tr>
<tr>
<td></td>
<td>- We incorporate ESG into our external manager appointment process</td>
</tr>
<tr>
<td></td>
<td>- We invest only in pooled funds and external manager appointment is not applicable</td>
</tr>
<tr>
<td></td>
<td>- We incorporate ESG into our external manager monitoring process</td>
</tr>
<tr>
<td></td>
<td>☑️ We do not do ESG incorporation</td>
</tr>
</tbody>
</table>
Fixed income - securitised - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes

- We incorporate ESG into our external manager selection process
- We incorporate ESG into our external manager appointment process
- We invest only in pooled funds and external manager appointment is not applicable
- We incorporate ESG into our external manager monitoring process
- We do not do ESG incorporation

If your organisation does not integrate ESG factors into investment decisions on your externally managed assets, explain why not.

The Principal Financial Group announced structural changes to bring together Principal Funds and Principal Trust, formerly under the Retirement & Investor Services segment - within Principal Global Investors. While the structural changes began to be implemented immediately, full operational integration is still ongoing and a Responsible Investment policy and process will not be fully implemented until 2020.


Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.

- Organisational Overview
- Strategy and Governance
- RI implementation directly or via service providers
  - Listed Equity incorporation
  - Engagements
    - (Proxy) voting
  - Fixed income - SSA
  - Fixed income - Corporate (financial)
  - Fixed income - Corporate (non-financial)
  - Fixed income - Securitised
- Direct - Other asset classes with dedicated modules
  - Property
- Closing module

Additional information (Optional)

The Principal Financial Group announced structural changes to bring together Principal Funds and Principal Trust, formerly under the Retirement & Investor Services segment - within Principal Global Investors. While the structural changes began to be implemented immediately, full operational integration is still ongoing and a Responsible Investment policy and process will not be fully implemented until 2020.


Provide a breakdown of your internally managed listed equities by passive, active - quantitative (quant), active - fundamental and active - other strategies.

<table>
<thead>
<tr>
<th>Passive</th>
<th>57</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td></td>
</tr>
</tbody>
</table>
**OO FI 01**
Mandatory to Report, Voluntary to Disclose
Gateway
General

**OO FI 01.1**
Provide a breakdown of your internally managed fixed income securities by active and passive strategies

<table>
<thead>
<tr>
<th>Sector</th>
<th>Passive</th>
<th>Active - quantitative (quant)</th>
<th>Active - fundamental and active - other</th>
</tr>
</thead>
<tbody>
<tr>
<td>SSA</td>
<td>22</td>
<td>3</td>
<td>65</td>
</tr>
<tr>
<td>Corporate (financial)</td>
<td>7</td>
<td>1</td>
<td>92</td>
</tr>
<tr>
<td>Corporate (non-financial)</td>
<td>4</td>
<td>1</td>
<td>95</td>
</tr>
<tr>
<td>Securitised</td>
<td>15</td>
<td>0</td>
<td>85</td>
</tr>
</tbody>
</table>

**OO FI 03**
Mandatory to Report, Voluntary to Disclose
Descriptive
General

**OO FI 03.1**
Indicate the approximate (±5%) breakdown of your SSA investments, by developed markets and emerging markets.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Developed markets</th>
<th>Emerging markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>SSA</td>
<td>99</td>
<td>1</td>
</tr>
</tbody>
</table>

**OO FI 03.2**
Indicate the approximate (±5%) breakdown of your corporate and securitised investments by investment grade or high-yield securities.

<table>
<thead>
<tr>
<th>Type</th>
<th>Investment grade (±5%)</th>
<th>High-yield (±5%)</th>
<th>Total internally managed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate (financial)</td>
<td>&gt;50%</td>
<td>&gt;50%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>10-50%</td>
<td>10-50%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&lt;10%</td>
<td>&lt;10%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0%</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>

**OO SAM 01**
Mandatory to Report, Voluntary to Disclose
Gateway
Private

**OO PR 01**
Mandatory to Report, Voluntary to Disclose
Descriptive
General
Private

**OO PR 02**
Mandatory to Report, Voluntary to Disclose
Gateway
General
<table>
<thead>
<tr>
<th>Private</th>
<th>OO PR 03</th>
<th>Mandatory to Report, Voluntary to Disclose</th>
<th>Descriptive</th>
<th>General</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private</td>
<td>OO Checks</td>
<td>If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.</td>
<td>Checks</td>
<td></td>
</tr>
</tbody>
</table>
Indicate if you have an investment policy that covers your responsible investment approach.

Yes

Indicate the components/types and coverage of your policy.

<table>
<thead>
<tr>
<th>Policy components/types</th>
<th>Coverage by AUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy setting out your overall approach</td>
<td></td>
</tr>
<tr>
<td>Formalised guidelines on environmental factors</td>
<td></td>
</tr>
<tr>
<td>Formalised guidelines on social factors</td>
<td></td>
</tr>
<tr>
<td>Formalised guidelines on corporate governance factors</td>
<td></td>
</tr>
<tr>
<td>Fiduciary (or equivalent) duties</td>
<td></td>
</tr>
<tr>
<td>Asset class-specific RI guidelines</td>
<td></td>
</tr>
<tr>
<td>Sector specific RI guidelines</td>
<td></td>
</tr>
<tr>
<td>Screening / exclusions policy</td>
<td></td>
</tr>
<tr>
<td>Other, specify (1)</td>
<td></td>
</tr>
<tr>
<td>Other, specify (2)</td>
<td></td>
</tr>
</tbody>
</table>

- Applicable policies cover all AUM
- Applicable policies cover a majority of AUM
- Applicable policies cover a minority of AUM

Indicate if the investment policy covers any of the following:

- Your organisation’s definition of ESG and/or responsible investment and it’s relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)

Other description (1)

Other RI considerations, specify (2)

Describe your organisation’s investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties and how they consider ESG factors and real economy impact.

Principal Global Investors has always been a research-focused long-term oriented investment organization, focused on ESG integration. Adding ESG considerations can become an investment performance driver and a risk-management tool. ESG integration within our established investment process helps us deliver repeatable and achievable, long-term outperformance for our clients. For Principal Global Investors, ESG means incorporating those issues that are material and relevant to the evaluation of sustainable earnings trends, sentiment, and valuations.

Our client-first investment process is central to integrating ESG factors across our investment boutiques and asset classes. We use a flexible approach to ESG to recognize that there is no single one-size-fits-all approach to something as individual as views on environmental, social, and governance issues.

Several formal controls are in place to guide ESG integration within the investment process. Governance of the process is guided by established policies at the overall and boutique level. At the overall level, our responsible investment policy has been adopted and approved by our chief executive officer and our operating committee. The policy is reviewed twice a year and is available publicly via our Responsible Investing website. There are no specific environmental, social or governance issues covered by the policy. Our responsible investment policy covers all AUM.

Additionally, our equities, fixed income, and real estate boutiques investment processes are guided by their respective policies that touch on specific ESG issues. Additionally, our Principal Global Investors (PGI) Code of Ethics is in place to prevent conflicts of interest, and a proxy voting policy rounds out our formalized ESG integration controls.

No
**SG 02**

<table>
<thead>
<tr>
<th>SG 02.1</th>
<th>Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.</th>
</tr>
</thead>
<tbody>
<tr>
<td>✔ Policy setting out your overall approach</td>
<td></td>
</tr>
<tr>
<td>✔ URL</td>
<td></td>
</tr>
<tr>
<td><a href="https://www.principalglobal.com/about-us/responsible-investing">https://www.principalglobal.com/about-us/responsible-investing</a></td>
<td></td>
</tr>
<tr>
<td><a href="https://www.principalglobal.com/about-us/responsible-investing">Attachment (will be made public)</a></td>
<td></td>
</tr>
<tr>
<td>✔ Asset class-specific RI guidelines</td>
<td></td>
</tr>
<tr>
<td>✔ URL</td>
<td></td>
</tr>
<tr>
<td><a href="https://www.principalglobal.com/about-us/responsible-investing">https://www.principalglobal.com/about-us/responsible-investing</a></td>
<td></td>
</tr>
<tr>
<td><a href="https://www.principalglobal.com/about-us/responsible-investing">Attachment (will be made public)</a></td>
<td></td>
</tr>
</tbody>
</table>

**SG 02.2**

<table>
<thead>
<tr>
<th>SG 02.2</th>
<th>Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Your organisation’s definition of ESG and/or responsible investment and it’s relation to investments</td>
<td></td>
</tr>
<tr>
<td>✔ Other RI considerations, specify (1)</td>
<td></td>
</tr>
<tr>
<td>✔ URL</td>
<td></td>
</tr>
<tr>
<td><a href="https://www.principalglobal.com/principal-real-estate-investors/knowledge/insights/responsible-property-investing-policies">Attachment</a></td>
<td></td>
</tr>
</tbody>
</table>

**SG 02.3**

<table>
<thead>
<tr>
<th>SG 02.3</th>
<th>Additional information (Optional).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our responsible investment policy covers all AUM. Our Real Estate Boutique, Principal Real Estate Investors, has an additional policy covering responsible property investing guidelines for equity and debt investments. And, our Equities and Fixed Income Boutiques have additional policies covering engagement. Our parent firm has its own environmental policy covering the firm’s environmental focus areas of: Carbon Footprint; Water Efficiency; Waste and Recycling; Environmental Preferable Purchasing; and Employee Awareness.</td>
<td></td>
</tr>
</tbody>
</table>

**SG 03**

<table>
<thead>
<tr>
<th>SG 03.1</th>
<th>Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.</th>
</tr>
</thead>
<tbody>
<tr>
<td>✔ Yes</td>
<td></td>
</tr>
</tbody>
</table>

**SG 03.2**

<table>
<thead>
<tr>
<th>SG 03.2</th>
<th>Describe your policy on managing potential conflicts of interest in the investment process.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal Global Investors’ Code of Ethics is in place to prevent instances where conflicts of interest arise between the personal securities transactions of persons associated with Principal Global and the securities that Principal Global holds, buys, or sells in its clients’ accounts. The Code of Ethics requirements mirror those of Rule 17j-1 as promulgated under the Investment Company Act of 1940.</td>
<td></td>
</tr>
</tbody>
</table>

**SG 04**

<table>
<thead>
<tr>
<th>SG 04.1</th>
<th>Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.</th>
</tr>
</thead>
<tbody>
<tr>
<td>✔ Quarterly or more frequently</td>
<td></td>
</tr>
<tr>
<td>☐ Annually</td>
<td></td>
</tr>
<tr>
<td>☐ Less frequently than annually</td>
<td></td>
</tr>
<tr>
<td>☐ Ad-hoc basis</td>
<td></td>
</tr>
<tr>
<td>☐ It is not set/reviewed</td>
<td></td>
</tr>
</tbody>
</table>

**SG 05**

<table>
<thead>
<tr>
<th>SG 05.1</th>
<th>Additional information (Optional).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal Global Investors undergoes periodic ESG strategic reviews. An ESG Strategic Review was completed during 2019 and presented to senior management. Several priorities from that review were implemented by the ESG Working Group in 2019, which meets quarterly or more frequently. Regular updates on the progress of the group are presented to senior management, including the Operating Committee of Principal Global Investors.</td>
<td></td>
</tr>
<tr>
<td>The Principal Financial Group (PFG) board of directors receives semiannual reports from the corporate-wide PFG ESG Committee and Sustainability Team on progress towards sustainability goals, including ESG progress updates on Principal Real Estate Investors and Principal Global Investors.</td>
<td></td>
</tr>
</tbody>
</table>
In our dedicated real estate boutique, Principal Real Estate Investors, responsible property investing initiatives, goals, and performance are monitored and overseen at the highest levels of management. Portfolio and Fund Performance Reports are issued quarterly, detailing energy and water reductions and associated cost savings, GHG emissions, and green certifications such as LEED and ENERGY STAR. Senior management — including the Senior Director of Sustainability and Operations, portfolio management, asset management, and the Responsible Property Investing Working Group — receive reports quarterly.

There are two Principal Real Estate Investors Responsible Property Investing Working Groups — one for real estate equity and one for lending. Both working groups consist of senior-level leaders and regional directors from various disciplines including portfolio management, asset management, marketing, operations, acquisitions, underwriting, loan servicing, and sales. This group meets quarterly to review goals, objectives, and performance progress, and establish action plans at the property, fund, and portfolio levels.

The Senior Managing Directors of Portfolio Management and Private Real Estate Production are informed via several in-person meetings per year with the Senior Director of Sustainability and Operations, and through regular memos, emails, and reports. Additionally, these senior management review and approve the PRPI initiative budget and work plan annually.

The CEO of Principal Real Estate Investors and the Strategic Working Group (senior decision makers that define the strategy and goals for Principal Real Estate Investors) are briefed on initiative progress through presentations from the Senior Director of Sustainability and Operations and informal meetings.

<table>
<thead>
<tr>
<th>SG 06</th>
<th>Voluntary</th>
<th>Descriptive</th>
<th>General</th>
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<td>Private</td>
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<table>
<thead>
<tr>
<th>SG 07</th>
<th>Mandatory</th>
<th>Core Assessed</th>
<th>General</th>
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</thead>
<tbody>
<tr>
<td>SG 07.1</td>
<td>Indicate the internal and/or external roles used by your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for responsible investment.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Roles

- **Board members or trustees**
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment

- **Internal Roles (triggers other options)**
  - Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee
    - Oversight/accountability for responsible investment
    - Implementation of responsible investment
    - No oversight/accountability or implementation responsibility for responsible investment
  - Other Chief-level staff or head of department, specify Christopher Reddy, Executive Director
    - Oversight/accountability for responsible investment
    - Implementation of responsible investment
    - No oversight/accountability or implementation responsibility for responsible investment
  - Portfolio managers
    - Oversight/accountability for responsible investment
    - Implementation of responsible investment
    - No oversight/accountability or implementation responsibility for responsible investment
  - Investment analysts
    - Oversight/accountability for responsible investment
    - Implementation of responsible investment
    - No oversight/accountability or implementation responsibility for responsible investment
  - Dedicated responsible investment staff
    - Oversight/accountability for responsible investment
    - Implementation of responsible investment
    - No oversight/accountability or implementation responsibility for responsible investment
  - Investor relations
    - Other role, specify (1)

Other description (1)

- Senior Director, Operations and Sustainability
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
Our responsible investment policy has been adopted and approved by our chief executive officer, Pat Halter, and our operating committee. Operating Committee members are updated on the firm's ESG efforts regularly, and senior executive operating committee members who oversee investable asset classes are responsible for implementation and oversight efforts within their asset classes. Staff members of investable asset classes are responsible for implementation efforts within the sectors that they follow.

The Executive Director, Principal Global Asset Management—Investments and Client Solutions, was appointed to serve as the executive in charge of all ESG efforts across the organization and to elevate our ESG positioning. He is a member of the PFG ESG Committee.

The Senior Director of Real Estate Operations and Sustainability is responsible for overseeing all of Principal Real Estate Investors’ portfolio-wide Responsible Property Investing and lending efforts across the investment lifecycle, including incorporating ESG issues in the property selection process, operations, and dispositions, and is a member of the Principal Financial Group Sustainability Committee. This role reports up through to the Chief Operating Officer. Additionally, external managers and service providers in the form of property teams also assist with the oversight and day-to-day implementation of responsible property investing efforts at the property level including implementation of all Pillars of Responsible Property Investing (PRPI) initiative policies including benchmarking of utility consumption, attainment of energy, water, and waste audits, implementation of operational best practices, and engagement with tenants and the community on sustainability matters.

The ESG-dedicated strategist is responsible for coordinating ESG-integration efforts across the assets classes and boutiques, suggesting integration enhancements and improvements, documenting ESG activity throughout the calendar year, and is a member of the Principal Financial Group Sustainability Working Group and attends the PFG ESG Committee.

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CDP Climate Change

Your organisation’s role in the initiative during the reporting period (see definitions)

Moderate

Provide a brief commentary on the level of your organisation’s involvement in the initiative. [Optional]

Principal Financial Group has submitted information annually since 2010. Principal Financial Group achieved an A- on the CDP Climate Change Questionnaire in 2019, achieving an A or A- score for the seventh consecutive year. CDP (formally Climate Disclosure Project) is the only global disclosure system for companies, cities, states and regions to manage their environmental impacts and for investors or purchasers to access environmental information for use in financial decisions. Via the CDP, we have committed to publicly disclosing and reporting environmental information for the benefit of investors; connecting the organization’s environmental performance to its overall strategy, performance and prospects.

CDP Forests
CDP Water
CFA Institute Centre for Financial Market Integrity

CDP Water

Your organisation’s role in the initiative during the reporting period (see definitions)

Basic

Principal Real Estate Investors has participated in GRESB since 2010. In 2019, Principal Real Estate Investors submitted disclosure for 4 funds, attended GRESB conferences and events, and shared GRESB membership and performance information with current and prospective clients via communications, RFI responses, and their publicly available Responsible Property Investing Report. Additionally, Principal Real Estate investors is represented by third-party sustainability experts on the GRESB Benchmarking Committee, GRESB Data Quality Working Group, and GRESB Resilience Working Group – these committees work to improve the GRESB reporting process and distribution of ESG transparency information for the real estate industry.

Green Bond Principles
HKVCA: ESG Committee
Institutional Investors Group on Climate Change (IIGCC)
Interfaith Center on Corporate Responsibility (ICCR)
International Corporate Governance Network (ICGN)
Investor Group on Climate Change, Australia/New Zealand (IGCC)
International Integrated Reporting Council (IIRC)
Investor Network on Climate Risk (INCR)/CERES
Local Authority Pension Fund Forum
Principles for Financial Action in the 21st Century
Principles for Sustainable Insurance
Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
Responsible Finance Principles in Inclusive Finance
Shareholder Association for Research and Education (Share)
United Nations Environmental Program Finance Initiative (UNEP FI)
United Nations Global Compact
Other collaborative organisation/initiative, specify

The Principal’s overall corporate citizenship responsibility efforts: https://www.principal.com/about-us/corporate-citizenship

Your organisation’s role in the initiative during the reporting year (see definitions)

Advanced

Provide a brief commentary on the level of your organisation’s involvement in the initiative. [Optional]

At Principal we place value on ethical corporate governance, social responsibility and sustainability. There are many company-wide initiatives surrounding these values. A Social Responsibility Report is compiled each year to report on these initiatives, and is publicly available on our dedicated website, https://www.principal.com/about-us/corporate-citizenship
## SG 10.2
### Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives.

<table>
<thead>
<tr>
<th><strong>Description</strong></th>
<th><strong>Frequency of contribution</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Organized Principal Financial Group ESG insight session with EY Attended Citi Markets podcast series entitled &quot;ESG in Transition&quot; Attended Moody’s analytics session on “Environmental, Social &amp; Governance and Credit Risk Ideas for Fixed Income Investors” Summit Series program for clients, included speakers from MSCI and Principal on ESG topics Invited NASDAQ’s ESG in-house experts to participate in an all-day Principal Global Firm Relations meeting.</td>
<td>Quarterly or more frequently</td>
</tr>
</tbody>
</table>

**Frequency of contribution**
- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

- Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc.)

### SG 10.2
### Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives.

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<thead>
<tr>
<th><strong>Description</strong></th>
<th><strong>Frequency of contribution</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Provided financial support for academic or industry research on responsible investment</td>
<td>Quarterly or more frequently</td>
</tr>
</tbody>
</table>

**Frequency of contribution**
- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

- Encouraged better transparency and disclosure of responsible investment practices across the investment industry

### SG 10.2
### Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives.

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<tr>
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<tbody>
<tr>
<td>Encouraged better transparency and disclosure of responsible investment practices across the investment industry</td>
<td>Quarterly or more frequently</td>
</tr>
</tbody>
</table>

**Frequency of contribution**
- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually

- Spoke publicly at events and conferences to promote responsible investment

### SG 10.2
### Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives.

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<thead>
<tr>
<th><strong>Description</strong></th>
<th><strong>Frequency of contribution</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Spoke publicly at events and conferences to promote responsible investment</td>
<td>Quarterly or more frequently</td>
</tr>
</tbody>
</table>

**Frequency of contribution**
- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
Description
- Provided critical ESG education to the Principal International CIOs.
- Spoke to affiliate asset managers in Latin America about the PRI.
- Currently four PGI sister companies are UN PRI signatories.

Frequency of contribution
- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other
- Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)
- Wrote and published articles on responsible investment in the media
- A member of PRI advisory committees/working groups, specify
- On the Board of, or officially advising, other RI organisations (e.g. local SIFs)

Description
- The Senior Director of Real Estate Operations and Sustainability serves on several councils and industry organizations, including the Urban Land Institute’s Sustainable Development and Responsible Property Investment Product Council, which “aims to accelerate adoption and firmly embed ‘triple bottom line’ principles as a core part of any real estate investment strategy and decision making process,” U.S. Department of Energy’s Better Buildings Commercial Real Estate Steering Committee, Real Estate Roundtable Sustainability policy Advisory Committee, and U.S. Department of Energy’s Better Buildings Finance and Resilience Initiative.

Frequency of contribution
- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other
- Other, specify

SG 10.3 Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]
- During our annual Summit Series, a collection of asset class forums for our clients, we held a session on responsible investing and ESG Integration.
- We provide resources, including published case studies, on sustainable real estate investing: https://www.principalglobal.com/us/principal-real-estate-investors/knowledge/insights/sustainability-profiles
- Increased client choice on ESG screens for their portfolios by offering a Controversial Weapons screen.
- Named as a World’s Most Ethical Company by Ethisphere Institute.
- 2019 was the fourth year of our #SustainabilitySunday Twitter campaign conducted by Principal Real Estate Investors. Campaign posts focus on the value of sustainability and share tips and recommendations with over 16,200 followers.

Principal’s robust Diversity and Inclusion effort manifests itself in a variety of ways, including nearly a dozen active Employee Resource Groups, inclusion programs, Board of Directors diversity, and recruitment of world class talent. Recent highlights include:
- Women and minorities comprise more than 50% of our Board of Directors.
- Named one of America’s Best Employers for Diversity (Forbes, 2020).
- Ranked No. 5 on Forbes 2019 list of America’s Best Employers for Women.
- Earned a perfect score on the Human Rights Campaign Foundation’s Corporate Equality Index in 2020.
- Earned the 2019 Military Friendly Employer designation by Victory Media.
- Named one of the 2020 NAFE Top Companies for Executive Women.
- Named one of the 2019 Working Mother 100 Best Companies for Women.
- Recognized by JUST Capital as one of America’s 100 Most JUST Companies, a list of organizations that are doing right by employees, customers, communities, shareholders, and the environment. (November 2019)
- Scored 100 out of 100 on the Human Rights Campaign Foundation Corporate Equality Index for support of lesbian, gay, bisexual, transgender and queer equality in the workplace. (March 2019)

One of Iowa’s Top Workplaces, according to an employee survey conducted by Top Workplaces and published by The Des Moines Register. We were one of
Only 20 large companies to make the list. (September 2019)

One of Forbes’ Best Employer for New Grads. (September 2019)

One of Pensions & Investments’ Best Places to Work in Money Management (December 2019)

Recognized by IDG’s Computerworld as one of its 100 Best Places to Work in IT for 18 consecutive years, ranking 21st for 2018. (June 2019)

One of 100 companies to be named one of the World’s Most Ethical Companies by the Ethisphere Institute, which recognizes organizations that have had a material impact on the way business is conducted by fostering a culture of ethics and transparency at every level of the company. This is the ninth year Principal has been recognized by Ethisphere. (February 2019)

<table>
<thead>
<tr>
<th>SG 11</th>
<th>Voluntary</th>
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<th>PRI 4,5,6</th>
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<table>
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<th>SG 12</th>
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<th>Core Assessed</th>
<th>PRI 4</th>
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</table>

<table>
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<tr>
<th>SG 12.1</th>
<th>Indicate whether your organisation uses investment consultants.</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Yes, we use investment consultants</td>
<td></td>
</tr>
<tr>
<td>☑ No, we do not use investment consultants</td>
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</table>

<table>
<thead>
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<th>SG 13</th>
<th>Mandatory</th>
<th>Descriptive</th>
<th>PRI 1</th>
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</thead>
</table>

<table>
<thead>
<tr>
<th>SG 13.1</th>
<th>Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Yes, in order to assess future ESG factors</td>
<td></td>
</tr>
<tr>
<td>☑ Yes, in order to assess future climate-related risks and opportunities</td>
<td></td>
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</tbody>
</table>

Describe

Principal Real Estate Investors conducted a climate risk analysis for one real estate fund, which incorporated the review of Representative Concentration Pathways (RCP) options. We utilized RCP emissions scenario 4.5 for our analysis, as it aligns with our average planned hold period for real estate assets.

☐ No, our organisation does not currently carry out scenario analysis and/or modelling

<table>
<thead>
<tr>
<th>SG 13.2</th>
<th>Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Allocation between asset classes</td>
<td></td>
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<tr>
<td>☑ Determining fixed income duration</td>
<td></td>
</tr>
<tr>
<td>☑ Allocation of assets between geographic markets</td>
<td></td>
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<tr>
<td>☑ Sector weightings</td>
<td></td>
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<tr>
<td>☐ Other, specify</td>
<td></td>
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<tr>
<td>☐ We do not consider ESG issues in strategic asset allocation</td>
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<tr>
<th>SG 13.3</th>
<th>Additional information. [OPTIONAL]</th>
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<tbody>
<tr>
<td></td>
<td>Principal Real Estate Investors is examining the results of the climate risk assessment to better understand real estate asset allocation strategies in different geographical markets.</td>
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<thead>
<tr>
<th>SG 13 CC</th>
<th>Mandatory to Report, Voluntary to Disclose</th>
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<th>Mandatory to Report, Voluntary to Disclose</th>
<th>Additional Assessed</th>
<th>PRI 1</th>
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<th>Voluntary</th>
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<th>Mandatory to Report, Voluntary to Disclose</th>
<th>Descriptive</th>
<th>PRI 1</th>
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<th>Voluntary</th>
<th>Descriptive</th>
<th>General</th>
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<table>
<thead>
<tr>
<th>SG 19</th>
<th>Mandatory</th>
<th>Core Assessed</th>
<th>PRI 2, 6</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>SG 19.1</th>
<th>Indicate whether your organisation typically discloses asset class specific information proactively. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Listed equity - Incorporation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Do you disclose?</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ We do not proactively disclose it to the public and/or clients/beneficiaries</td>
</tr>
<tr>
<td>Disclosure to public and URL</td>
</tr>
<tr>
<td>-----------------------------</td>
</tr>
<tr>
<td>○ Broad approach to ESG incorporation</td>
</tr>
<tr>
<td>✅ Detailed explanation of ESG incorporation strategy used</td>
</tr>
</tbody>
</table>

Quarterly or more frequently


---

Listed equity - Engagement

<table>
<thead>
<tr>
<th>Do you disclose?</th>
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<tbody>
<tr>
<td>○ We do not disclose to either clients/beneficiaries or the public.</td>
</tr>
<tr>
<td>○ We disclose to clients/beneficiaries only.</td>
</tr>
<tr>
<td>✅ We disclose to the public:</td>
</tr>
</tbody>
</table>

The information disclosed to clients/beneficiaries is the same

| Yes |
| No |

Disclosure to clients/beneficiaries

- Details on the overall engagement strategy
- Details on the selection of engagement cases and definition of objectives of the selections, priorities and specific goals
- Number of engagements undertaken
- Breakdown of engagements by type/topic
- Breakdown of engagements by region
- An assessment of the current status of the progress achieved and outcomes against defined objectives
- Examples of engagement cases
- Details on eventual escalation strategy taken after the initial dialogue has been unsuccessful (i.e. filing resolutions, issuing a statement, voting against management, divestment etc.)
- Details on whether the provided information has been externally assured
- Outcomes that have been achieved from the engagement
- Other information

Quarterly or more frequently

https://www.principalglobal.com/documentdownload/66071

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Listed equity - (Proxy) Voting

<table>
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The information disclosed to clients/beneficiaries is the same

| Yes |
| No |

Disclosure to clients/beneficiaries

- Disclose all voting decisions
- Disclose some voting decisions
- Only disclose abstentions and votes against management

Ad hoc/when requested
### Fixed Income

**Do you disclose?**

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- **We disclose to the public:**

  - The information disclosed to clients/beneficiaries is the same
    - Yes
    - No

**Disclosure to public and URL**

- [ ] Broad approach to RI incorporation
- **[ ] Detailed explanation of RI incorporation strategy used**

Quarterly

https://www.principalglobal.com/principal-global-fixed-income/knowledge/insights

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### Property

**Do you disclose?**

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- **We disclose to the public:**

  - The information disclosed to clients/beneficiaries is the same
    - Yes
    - No

**Disclosure to public and URL**

- **[ ] ESG information on how you select property investments**
- **[ ] ESG information on how you monitor and manage property investments**
- **[ ] Information on your property investments’ ESG performance**
- [ ] Other

Quarterly or more frequently


---

If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.
**LEI 01**

**Mandatory**

**Gateway**

**PRI 1**

<table>
<thead>
<tr>
<th>LEI 01.1</th>
<th>Indicate which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities, and the breakdown of your actively managed listed equities by strategy or combination of strategies.</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Screening alone (i.e., not combined with any other strategies)</td>
<td>☒ Thematic alone (i.e., not combined with any other strategies)</td>
</tr>
<tr>
<td>☒ Percentage of active listed equity to which the strategy is applied — you may estimate +/- 5% 97%</td>
<td>☒ Screening and integration strategies</td>
</tr>
<tr>
<td>☒ Percentage of active listed equity to which the strategy is applied — you may estimate +/- 5% 2%</td>
<td>☒ Thematic and integration strategies</td>
</tr>
<tr>
<td>☒ Percentage of active listed equity to which the strategy is applied — you may estimate +/- 5% 1%</td>
<td>☐ Screening and thematic strategies</td>
</tr>
<tr>
<td>☐ All three strategies combined</td>
<td>☐ We do not apply incorporation strategies</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LEI 01.3</th>
<th>If assets are managed using a combination of ESG incorporation strategies, briefly describe how these combinations are used. [Optional]</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Screening plus Integration strategy is applied for those clients that have requested to exclude specific industries that do not align with their particular philosophy. The stock selection process that incorporates ESG issues within our investment process as part of the fundamental research by our analysts remains consistent with other clients. Negative screening is then applied to ensure the portfolio is compliant with client guidelines.</td>
<td></td>
</tr>
<tr>
<td>The Thematic plus Integration strategy is applied for Shariah-compliant investment solutions to global institutional investors. Alpha is generated primarily through the application of a consistent and disciplined stock and security selection process, which is guided by Shariah principles and an experienced and highly regarded Shariah advisor. The stock selection process incorporates ESG issues within our investment process as part of the fundamental research into stocks by our analysts.</td>
<td></td>
</tr>
<tr>
<td>Risk monitoring is performed for mandates that require monitoring of their portfolio against an ESG policy or ESG ratings threshold. Some client mandates require risk factor compliance screening of their portfolio vs. globally recognized norms identified in their ESG policy, while others require a portfolio ESG score be produced to ensure the portfolio maintains comparable or better ESG ratings than the benchmark.</td>
<td></td>
</tr>
</tbody>
</table>

**LEI 02**

**Voluntary**

**Additional Assessed**

**PRI 1**

**Private**

**LEI 03**

**Voluntary**

**Additional Assessed**

**PRI 1**

**Private**

**LEI 04**

**Mandatory**

**Descriptive**

**PRI 1**

<table>
<thead>
<tr>
<th>LEI 04.1</th>
<th>Indicate and describe the type of screening you apply to your internally managed active listed equities.</th>
</tr>
</thead>
<tbody>
<tr>
<td>☒ Negative/exclusionary screening</td>
<td></td>
</tr>
<tr>
<td>☒ Product</td>
<td></td>
</tr>
<tr>
<td>☒ Activity</td>
<td></td>
</tr>
<tr>
<td>☒ Sector</td>
<td></td>
</tr>
<tr>
<td>☒ Country/geographic region</td>
<td></td>
</tr>
<tr>
<td>☒ Environmental and social practices and performance</td>
<td></td>
</tr>
<tr>
<td>☒ Corporate governance</td>
<td></td>
</tr>
</tbody>
</table>

**Description**

Negative/Exclusion screening is applied in several ways. We offer specific thematic products, for example Shariah, which screen on exclusionary factors. Client mandates may direct certain exclusions for their funds, including environmental and social thematic exclusions. Additionally, some client mandates require compliance screening of their portfolio vs. risk factors identified in their ESG policy. Multiple applications of ESG factors are reviewed as part of the qualitative research across all actively managed fundamentally influenced funds and are then applied in varying capacities by the PM and/or the Analyst.

| ☐ Positive/best-in-class screening |
| ☒ Norms-based screening |
| ☐ UN Global Compact Principles |
| ☐ The UN Guiding Principles on Business and Human Rights |
| ☐ International Labour Organization Conventions |
| ☐ United Nations Convention Against Corruption |
| ☒ OECD Guidelines for Multinational Enterprises |
| ☐ Other, specify |

Sustainable Development Goals (SDGs) promulgated by the UN Department of Economic and Social Affairs.
Risk monitoring is performed for mandates that require monitoring of their portfolio against an ESG policy or ESG ratings threshold. Some client mandates require risk factor compliance screening of their portfolio vs. globally recognized norms identified in their ESG policy, while others require a portfolio ESG score be produced to ensure the portfolio maintains comparable or better ESG ratings than the benchmark.

Within Energy & Materials, our analysts have identified the UN’s Sustainable Development Goals (SDGs) as a key component of integrating our fundamental analysis with ESG and sustainability principles. The UN SDGs are used as a framework to engage with companies on key operating areas of their business. For example, with companies that extract natural resources, such as miners, the SDGs are relevant to human rights such as Good Health & Well-Being (#3), Quality Education (#4), and Gender Equality (#5). When meeting with companies, we can use these SDGs as a framework to discuss and encourage transparent reporting on important issues such as worker health & safety, employee training & development, fair wages, and equal representation.

Describe how you notify clients and/or beneficiaries when changes are made to your screening criteria.

The exclusions are noted in the clients’ Investment Management Agreements. These exclusions are applied through rules within our Compliance and Order Management System, Charles River. Securities are screened on a pre-trade basis to prohibit their purchase and holdings are monitored daily via the compliance feature of Charles River to ensure no excluded securities are held in these portfolios. Quarterly reports are sent to the client detailing their holdings and any exceptions to their established investment policy. Screening criteria changes would only be made if the client initiated an amendment to the Investment Management Agreement.

Indicate which processes your organisation uses to ensure ESG screening is based on robust analysis.

- Comprehensive ESG research is undertaken or sourced to determine companies’ activities and products.
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies.
- Third-party ESG ratings are updated regularly to ensure that portfolio holdings comply with fund policies.
- Trading platforms blocking / restricting flagged securities on the black list.
- A committee, body or similar with representatives independent of the individuals who conduct company research reviews some or all screening decisions.
- A periodic review of internal research is carried out.
- Review and evaluation of external research providers.
- Other, specify

None of the above

Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your ESG screening strategy.

- <10%
- 10-50%
- 51-90%
- >90%

Indicate how frequently third party ESG ratings are updated for screening purposes.

- Quarterly or more frequently
- Bi-Annually
- Annually
- Less frequently than annually

Indicate how frequently you review internal research that builds your ESG screens.

- Quarterly or more frequently
- Bi-Annually
- Annually
- Less frequently than annually

Additional information. [Optional]

Risk monitoring is performed for mandates that require monitoring of their portfolio against an ESG policy or ESG ratings threshold. Some client mandates require risk factor compliance screening of their portfolio vs. globally recognized norms identified in their ESG policy, while others require a portfolio ESG score be produced to ensure the portfolio maintains comparable or better ESG ratings than the benchmark.
LEI 07.2 Describe your organisation’s processes relating to sustainability themed funds. [Optional]

The Socially themed funds Screening plus Integration strategy, is applied for those clients that have requested to exclude specific industries that do not align with their particular philosophy. The stock selection process that incorporates ESG issues within our investment process as part of the fundamental research by our analysts remains consistent with other clients. Negative screening is then applied to ensure the portfolio is compliant with client guidelines. Additionally, some client mandates require risk factor compliance screening of their portfolio vs. globally recognized norms identified in their ESG policy. Multiple applications of ESG factors are reviewed as part of the qualitative research across all actively managed fundamentally influenced funds and are then applied in varying capacities by the PM and/or the Analyst.

We also have the capability to offer a sustainability-focused proxy voting policy if a client wished to customize their proxy policy according to a sustainability theme offered by our service provider.

LEI 08 Mandatory Core Assessed PRI 1

LEI 08.1 Indicate the proportion of actively managed listed equity portfolios where E, S and G factors are systematically researched as part of your investment analysis.

<table>
<thead>
<tr>
<th>ESG issues</th>
<th>Proportion impacted by analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental</td>
<td></td>
</tr>
<tr>
<td>&gt; &lt;10%</td>
<td></td>
</tr>
<tr>
<td>10-50%</td>
<td></td>
</tr>
<tr>
<td>51-90%</td>
<td></td>
</tr>
<tr>
<td>&gt;90%</td>
<td></td>
</tr>
<tr>
<td>Social</td>
<td></td>
</tr>
<tr>
<td>&lt;10%</td>
<td></td>
</tr>
<tr>
<td>10-50%</td>
<td></td>
</tr>
<tr>
<td>51-90%</td>
<td></td>
</tr>
<tr>
<td>&gt;90%</td>
<td></td>
</tr>
<tr>
<td>Corporate Governance</td>
<td></td>
</tr>
<tr>
<td>&lt;10%</td>
<td></td>
</tr>
<tr>
<td>10-50%</td>
<td></td>
</tr>
<tr>
<td>51-90%</td>
<td></td>
</tr>
<tr>
<td>&gt;90%</td>
<td></td>
</tr>
</tbody>
</table>

LEI 08.2 Additional information. [Optional]

The documentation of ESG research takes place through our equity investment process via our Global Research Platform. Analysts are the best placed to determine the importance of ESG factors in relation to a specific company or industry. Analyst valuation models are sector specific, with Governance being the most consistently applied across the investment teams. Certain sectors are more sensitive to EPS impacts from Environmental and Social factors. Our stock selection approach focuses on the early identification of fundamental change and differentiating companies on the basis of sustainable earnings trends, investor sentiment, and relative valuation. Direct communication between investors and companies on ESG matters (engagement) is an important element of the portfolio management and research services provided to our clients. Engagement is one of the many elements that influence our holistic view of the shareholder value and long-term risk adjusted return potential. In a typical year, we conduct more than 2,500 discussions with corporate management teams for both current and prospective investments. Analysts may engage on ESG issues and any other fundamental concerns during meetings with management. Where such concerns are discussed, they are documented by the analysts and stored within our research database.

LEI 09 Mandatory Core Assessed PRI 1

LEI 09.1 Indicate which processes your organisation uses to ensure ESG integration is based on robust analysis.

- Comprehensive ESG research is undertaken or sourced to determine companies’ activities and products
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Third-party ESG ratings are updated regularly
- A periodic review of the internal research is carried out
- Structured, regular ESG specific meetings between responsible investment staff and the fund manager or within the investments team
- ESG risk profile of a portfolio against benchmark
- Analysis of the impact of ESG factors on investment risk and return performance
- Other, specify

Client requirement of ESG risk factor compliance screening of their portfolio vs. globally recognized norms identified in their ESG policy

None of the above

LEI 09.2 Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your integration strategy.

<10%
LEI 09.3  Indicate how frequently third party ESG ratings that inform your ESG integration strategy are updated.
- Quarterly or more frequently
- Bi-Annually
- Annually
- Less frequently than annually

LEI 09.4  Indicate how frequently you review internal research that builds your ESG integration strategy.
- Quarterly or more frequently
- Bi-Annually
- Annually
- Less frequently than annually

LEI 09.5  Describe how ESG information is held and used by your portfolio managers.
- ESG information is held within centralised databases or tools, and it is accessible by all relevant staff
- ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- Systematic records are kept that capture how ESG information and research were incorporated into investment decisions
- Other; specify
  - ESG group meets on a quarterly basis with the high-level talking points disseminated out to the larger group via internal meetings.
- None of the above

LEI 09.6  Additional information. [Optional]
We consistently look to our analysts to research ESG considerations as part of their assessment for positive fundamental change and qualitative risk assessment across all our strategies. Individual portfolio managers are responsible for aligning our research with portfolio specific objectives and parameters, including client specific ESG considerations if any. The stock selection research process is consistently applied across all portfolios.
<table>
<thead>
<tr>
<th>LEA 01.1</th>
<th>Indicate whether your organisation has an active ownership policy (includes engagement and/or voting).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LEA 01.2</th>
<th>Attach or provide a URL to your active ownership policy.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Attachment provided:</td>
</tr>
<tr>
<td></td>
<td>URL provided:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LEA 01.3</th>
<th>Indicate what your active engagement policy covers:</th>
</tr>
</thead>
</table>

### General approach to Active Ownership
- Conflicts of interest
- Alignment with national stewardship code requirements
- Assets/funds covered by active ownership policy
- Expectations and objectives
- Engagement approach

### Engagement
- ESG issues
- Prioritisation of engagement
- Methods of engagement
- Transparency of engagement activities
- Due diligence and monitoring process
- Insider information
- Escalation strategies
- Service Provider specific criteria
- Other; (specify)

- Interaction with other shareholders and stakeholders

### Voting
- ESG issues
- Prioritisation and scope of voting activities
- Methods of voting
- Transparency of voting activities
- Regional voting practice approaches
- Filing or co-filing resolutions
- Company dialogue pre/post-vote
- Decision making processes
- Securities lending processes
- Other; (specify)

- Service Provider Approach and Client Direction Accommodations

<table>
<thead>
<tr>
<th>LEA 01.4</th>
<th>Do you outsource any of your active ownership activities to service providers?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LEA 01.5</th>
<th>Where active ownership activities are conducted by service providers, indicate whether your active ownership policy covers any of the following.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Outline of service provider’s role in implementing your organisation’s active ownership policy</td>
</tr>
<tr>
<td></td>
<td>Description of considerations included in service provider selection and agreements</td>
</tr>
<tr>
<td></td>
<td>Identification of key ESG frameworks which service providers must follow</td>
</tr>
<tr>
<td></td>
<td>Outline of information sharing requirements of service providers</td>
</tr>
<tr>
<td></td>
<td>Description of service provider monitoring processes</td>
</tr>
<tr>
<td></td>
<td>Other; (specify)</td>
</tr>
</tbody>
</table>

- Custom Proxy policies for Environmentally-focused clients
None of the above

### LEA 01.6 Additional information [optional]

Direct communication between investors and companies on ESG matters (engagement) is an important element of the portfolio management and research services provided to our clients.

Engagement is one of the many elements that influence our holistic view of the shareholder value and long-term risk adjusted return potential.

Engagement includes:

1. Direct communication with companies
2. Data insights that can drive additional dialogue
3. Proxy voting policies

**Direct communication with the companies we invest in**

In a typical year, we conduct more than 2,500 discussions with corporate management teams for both current and prospective investments.

Analysts may raise concerns about ESG issues and any other fundamental concerns during meetings with management. This can include encouraging:

- Collaboration with the companies on responsible ESG practices
- Greater transparency in their ESG practices and how those practices may fit into the company’s overall business activities
- Management of governance risks and reacting swiftly to achieve a competitive advantage relative to peers

**Data insights that can drive additional dialogue**

In recent years, many third-party research and data providers have undertaken efforts to formalize ESG considerations in the contexts of scoring systems, quantitative factors, qualitative assessments, reporting, and advice.

We find the company ratings and ESG insights from external sources may be relevant to understanding the fundamental outlook for future earnings of companies. This information may impact our outlook on the company’s ability to be competitive in the short-term and long-term among their peers.

Information from these third-party sources can inspire more ESG engagement when our fundamental analysts are meeting with companies.

A key distinction of our research process is the breadth of coverage, encompassing companies large and small, in developed and emerging markets worldwide. We have also found there are practical limitations to currently available ESG data worth noting.

ESG information can be limited, tilted toward larger companies and have systematic biases that could be detrimental to the economic interest of clients.

**Proxy Voting Policies**

Principal Global Investors has adopted and implemented written Proxy Voting Policies and Procedures that are designed to reasonably ensure that proxies are voted in the best interests of those advisory clients who have authorized us to address these matters on their behalf. Our guiding principles in performing proxy voting are to make decisions that:

- Favor proposals that have the potential to maximize a company’s shareholder value, and
- Are not influenced by conflicts of interest.

Our Proxy Voting Policies and Procedures are designed to guide us in voting proxies, not necessarily in making investment decisions; our portfolio management teams base their investment decisions on a variety of factors.

Principal Global Investors’ general Proxy Voting Policy uses the Institutional Shareholder Services, Inc. (ISS) Standard Proxy Voting Guidelines, except where a portfolio management team may decide to diverge from the Guidelines. In such a case, certain procedures and documentation have to be met. In the rare event that a proxy ballot is received, the relevant Portfolio Manager is responsible for voting the ballot.

A client may authorize Principal Global Investors to vote proxies and may obtain a summary report relating to their account by contacting their relationship manager. A client may also obtain a copy of our complete proxy voting policies and procedures upon request.

The Principal Global Investors proxy voting policy allows for accommodation of individual client guidelines, if desired, while still utilizing the ISS proxy voting service.

### LEA 02 Mandatory

<table>
<thead>
<tr>
<th>Type of engagement</th>
<th>Reason for interaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual / Internal staff engagements</td>
<td>- To influence corporate practice (or identify the need to influence it) on ESG issues</td>
</tr>
<tr>
<td></td>
<td>- To encourage improved/increased ESG disclosure</td>
</tr>
<tr>
<td></td>
<td>- To gain an understanding of ESG strategy and/or management</td>
</tr>
<tr>
<td></td>
<td>- We do not engage via internal staff</td>
</tr>
<tr>
<td>Collaborative engagements</td>
<td>- To influence corporate practice (or identify the need to influence it) on ESG issues</td>
</tr>
<tr>
<td></td>
<td>- To encourage improved/increased ESG disclosure</td>
</tr>
<tr>
<td></td>
<td>- To gain an understanding of ESG strategy and/or management</td>
</tr>
<tr>
<td></td>
<td>- We do not engage via collaborative engagements</td>
</tr>
<tr>
<td>Service provider engagements</td>
<td>- To influence corporate practice (or identify the need to influence it) on ESG issues</td>
</tr>
<tr>
<td></td>
<td>- To encourage improved/increased ESG disclosure</td>
</tr>
<tr>
<td></td>
<td>- To gain an understanding of ESG strategy and/or management</td>
</tr>
<tr>
<td></td>
<td>- We do not engage via service providers</td>
</tr>
</tbody>
</table>

**LEA 02.2 Indicate whether your organisation plays a role in the engagement process that your service provider conducts.**

Yes
From a quantitative perspective, our proprietary investment research platform will indicate any outlying factors, ESG or other, that could require engagement with a company. From a fundamental perspective, analysts will raise any concerns about ESG issues, and indeed any other fundamental concerns, during meetings with management with the responses they receive impacting their opinion of the stock’s outlook. Where such concerns are discussed, they are documented by the analysts and stored within our research database.

### LEA 03.1 Indicate whether your organisation has a formal process for identifying and prioritising engagements.

Yes

### LEA 03.2 Indicate the criteria used to identify and prioritise engagements for each type of engagement.

<table>
<thead>
<tr>
<th>Type of engagement</th>
<th>Criteria used to identify/prioritise engagements</th>
</tr>
</thead>
</table>
| **Individual / Internal staff engagements** | ☑ Geography/market of the companies  
☑ Materiality of the ESG factors  
☑ Exposure (size of holdings)  
☑ Responses to ESG impacts that have already occurred  
☑ Responses to divestment pressure  
☑ Consultation with clients/beneficiaries  
☑ Consultation with other stakeholders (e.g. NGOs, trade unions, etc.)  
☑ Follow-up from a voting decision  
☑ Client request  
☑ Breaches of international norms  
☑ Other; (specify)  
☑ We do not outline engagement criteria for our individual engagements |
| **Collaborative engagements** | ☑ Potential to enhance knowledge of ESG issues through other investors  
☑ Ability to have greater impact on ESG issues  
☑ Ability to add value to the collaboration  
☑ Geography/market of the companies targeted by the collaboration  
☑ Materiality of the ESG factors addressed by the collaboration  
☑ Exposure (size of holdings) to companies targeted by the collaboration  
☑ Responses to ESG impacts addressed by the collaboration that have already occurred  
☑ Responses to divestment pressure  
☑ Follow-up from a voting decision  
☑ Alleviate the resource burden of engagement  
☑ Consultation with clients/beneficiaries  
☑ Consultation with other stakeholders (e.g. NGOs, trade unions, etc.)  
☑ Other; (specify)  
☑ We do not outline engagement criteria for our collaborative engagement providers |
| **Service-provider engagements** | ☑ Geography/market of the companies  
☑ Materiality of the ESG factors  
☑ Exposure (size of holdings)  
☑ Responses to ESG impacts that have already occurred  
☑ Responses to divestment pressure  
☑ Consultation with clients/beneficiaries  
☑ Consultation with other stakeholders (e.g. NGOs, trade unions, etc.)  
☑ Follow-up from a voting decision  
☑ Client request  
☑ Breaches of international norms  
☑ Other; (specify)  
☑ We do not outline engagement criteria for our service providers |
<table>
<thead>
<tr>
<th>LEA 04</th>
<th>Mandatory</th>
<th>Core Assessed</th>
<th>PRI 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LEA 04.1</strong></td>
<td>Indicate whether you define specific objectives for your organisation’s engagement activities.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Individual / Internal staff engagements</strong></td>
<td>All engagement activities</td>
<td>Majority of engagement activities</td>
<td>Minority of engagement activities</td>
</tr>
<tr>
<td><strong>Collaborative engagements</strong></td>
<td>All engagement activities</td>
<td>Majority of engagement activities</td>
<td>Minority of engagement activities</td>
</tr>
<tr>
<td><strong>Service-provider engagements</strong></td>
<td>All engagement activities</td>
<td>Majority of engagement activities</td>
<td>Minority of engagement activities</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LEA 05</th>
<th>Mandatory</th>
<th>Core Assessed</th>
<th>PRI 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LEA 05.1</strong></td>
<td>Indicate whether you monitor and/or review engagement outcomes.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Individual / Internal staff engagements</strong></td>
<td>Yes, in all cases</td>
<td>Yes, in a majority of cases</td>
<td>Yes, in a minority of cases</td>
</tr>
<tr>
<td><strong>Collaborative engagements</strong></td>
<td>Yes, in all cases</td>
<td>Yes, in a majority of cases</td>
<td>Yes, in a minority of cases</td>
</tr>
<tr>
<td><strong>Service-provider engagements</strong></td>
<td>Yes, in all cases</td>
<td>Yes, in a majority of cases</td>
<td>Yes, in a minority of cases</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LEA 05.2</th>
<th>Indicate whether you do any of the following to monitor and/or review the progress of engagement activities.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Individual / Internal staff engagements</strong></td>
<td>Define timelines/milestones for your objectives</td>
</tr>
<tr>
<td><strong>Collaborative engagements</strong></td>
<td>Define timelines/milestones for your objectives</td>
</tr>
<tr>
<td><strong>Service-provider engagements</strong></td>
<td>Define timelines/milestones for your objectives</td>
</tr>
<tr>
<td>LEA 06.1</td>
<td>Indicate whether your organisation has an escalation strategy when engagements are unsuccessful.</td>
</tr>
<tr>
<td>----------</td>
<td>--------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>✓ Yes</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LEA 06.2</th>
<th>Indicate the escalation strategies used at your organisation following unsuccessful engagements.</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Collaborating with other investors</td>
<td></td>
</tr>
<tr>
<td>☐ Issuing a public statement</td>
<td></td>
</tr>
<tr>
<td>☐ Filing/submitting a shareholder resolution</td>
<td></td>
</tr>
<tr>
<td>☐ Voting against the re-election of the relevant directors</td>
<td></td>
</tr>
<tr>
<td>☐ Voting against the board of directors or the annual financial report</td>
<td></td>
</tr>
<tr>
<td>☐ Submitting nominations for election to the board</td>
<td></td>
</tr>
<tr>
<td>☐ Seeking legal remedy / litigation</td>
<td></td>
</tr>
<tr>
<td>☑ Reducing exposure (size of holdings)</td>
<td></td>
</tr>
<tr>
<td>☑ Divestment</td>
<td></td>
</tr>
<tr>
<td>☑ Other; specify</td>
<td></td>
</tr>
<tr>
<td>☐ No</td>
<td></td>
</tr>
<tr>
<td>Reaching out via formal letter to firm advocating our position.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LEA 07.1</th>
<th>Indicate whether insights gained from your organisation’s engagements are shared with investment decision-makers.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of engagement</td>
<td>Insights shared</td>
</tr>
<tr>
<td>Individual/Internal staff engagements</td>
<td>✓ Yes, systematically</td>
</tr>
<tr>
<td></td>
<td>☐ Yes, occasionally</td>
</tr>
<tr>
<td></td>
<td>☑ No</td>
</tr>
<tr>
<td>Collaborative engagements</td>
<td>✓ Yes, systematically</td>
</tr>
<tr>
<td></td>
<td>☐ Yes, occasionally</td>
</tr>
<tr>
<td></td>
<td>☑ No</td>
</tr>
<tr>
<td>Service-provider engagements</td>
<td>☐ Yes, systematically</td>
</tr>
<tr>
<td></td>
<td>☑ Yes, occasionally</td>
</tr>
<tr>
<td></td>
<td>☑ No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LEA 07.2</th>
<th>Indicate the practices used to ensure that information and insights gained through engagements are shared with investment decision-makers.</th>
</tr>
</thead>
<tbody>
<tr>
<td>☑ Involving investment decision-makers when developing an engagement programme</td>
<td></td>
</tr>
<tr>
<td>☑ Holding investment team meetings and/or presentations</td>
<td></td>
</tr>
<tr>
<td>☑ Using IT platforms/systems that enable data sharing</td>
<td></td>
</tr>
<tr>
<td>☐ Internal process that requires portfolio managers to re-balance holdings based on interaction and outcome levels</td>
<td></td>
</tr>
<tr>
<td>☑ Other; specify</td>
<td></td>
</tr>
<tr>
<td>☐ None</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LEA 07.3</th>
<th>Indicate whether insights gained from your organisation’s engagements are shared with your clients/beneficiaries.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of engagement</td>
<td>Insights shared</td>
</tr>
<tr>
<td>Individual/Internal staff engagements</td>
<td>☐ Yes, systematically</td>
</tr>
<tr>
<td></td>
<td>✓ Yes, occasionally</td>
</tr>
<tr>
<td></td>
<td>☑ No</td>
</tr>
<tr>
<td>Collaborative engagements</td>
<td>☐ Yes, systematically</td>
</tr>
<tr>
<td></td>
<td>✓ Yes, occasionally</td>
</tr>
<tr>
<td></td>
<td>☑ No</td>
</tr>
<tr>
<td>Service-provider engagements</td>
<td>☐ Yes, systematically</td>
</tr>
<tr>
<td></td>
<td>✓ Yes, occasionally</td>
</tr>
<tr>
<td></td>
<td>☑ No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LEA 07.4</th>
<th>Additional information. [Optional]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct communication between investors and companies on ESG matters (engagement) is an important element of the portfolio management and research</td>
<td></td>
</tr>
</tbody>
</table>

TRANSPARENCY 28
Engagement is one of the many elements that influence our holistic view of the shareholder value and long-term risk adjusted return potential.

Engagement includes:
1. Direct communication with companies
2. Data insights that can drive additional dialogue
3. Proxy voting policies

Direct communication with the companies we invest in

In a typical year, we conduct more than 2,500 discussions with corporate management teams for both current and prospective investments. Analysts may raise concerns about ESG issues and any other fundamental concerns during meetings with management. This can include encouraging:

- Collaboration with the companies on responsible ESG practices
- Greater transparency in their ESG practices and how those practices may fit into the company's overall business activities
- Management of governance risks and reacting swiftly to achieve a competitive advantage relative to peers

<table>
<thead>
<tr>
<th>Type of engagement</th>
<th>Tracking engagements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual/Internal staff engagements</td>
<td>Yes, we track the number of our engagements in full</td>
</tr>
<tr>
<td></td>
<td>Yes, we partially track the number of our engagements</td>
</tr>
<tr>
<td></td>
<td>We do not track</td>
</tr>
<tr>
<td>Collaborative engagements</td>
<td>Yes, we track the number of collaborative engagements in full</td>
</tr>
<tr>
<td></td>
<td>Yes, we partially track the number of our collaborative engagements</td>
</tr>
<tr>
<td></td>
<td>We do not track</td>
</tr>
<tr>
<td>Service-provider engagements</td>
<td>Yes, we track the number of service-provider engagements in full</td>
</tr>
<tr>
<td></td>
<td>Yes, we partially track the number of our service-provider engagements</td>
</tr>
<tr>
<td></td>
<td>We do not track</td>
</tr>
</tbody>
</table>

Additional information: [Optional]

Direct communication between investors and companies on ESG matters (engagement) is an important element of the portfolio management and research services provided to our clients. Engagement is one of the many elements that influence our holistic view of the shareholder value and long-term risk adjusted return potential.

Engagement includes:
1. Direct communication with companies
2. Data insights that can drive additional dialogue
3. Proxy voting policies

Direct communication with the companies we invest in

In a typical year, we conduct more than 2,500 discussions with corporate management teams for both current and prospective investments. Analysts may raise concerns about ESG issues and any other fundamental concerns during meetings with management. This can include encouraging:

- Collaboration with the companies on responsible ESG practices
- Greater transparency in their ESG practices and how those practices may fit into the company's overall business activities
- Management of governance risks and reacting swiftly to achieve a competitive advantage relative to peers

Data insights that can drive additional dialogue

In recent years, many third-party research and data providers have undertaken efforts to formalize ESG considerations in the contexts of scoring systems, quantitative factors, qualitative assessments, reporting, and advice. We find the company ratings and ESG insights from external sources may be relevant to understanding the fundamental outlook for future earnings of companies. This information may impact our outlook on the company's ability to be competitive in the short-term and long-term among their peers.

Information from these third-party sources can inspire more ESG engagement when our fundamental analysts are meeting with companies.

A key distinction of our research process is the breadth of coverage, encompassing companies large and small, in developed and emerging markets worldwide. We have also found there are practical limitations to currently available ESG data worth noting.

ESG information can be limited, tilted toward larger companies and have systematic biases that could be detrimental to the economic interest of clients.

Proxy Voting Policies

Principal Global Investors has adopted and implemented written Proxy Voting Policies and Procedures that are designed to reasonably ensure that proxies are voted in the best interests of those advisory clients who have authorized us to address these matters on their behalf. Our guiding principles in performing proxy voting are to make decisions that:

- Favor proposals that have the potential to maximize a company's shareholder value, and
- Are not influenced by conflicts of interest.

Our Proxy Voting Policies and Procedures are designed to guide us in voting proxies, not necessarily in making investment decisions; our portfolio management teams base their investment decisions on a variety of factors.

Principal Global Investors' general Proxy Voting Policy uses the Institutional Shareholder Services, Inc. (ISS) Standard Proxy Voting Guidelines, except where a portfolio management team may decide to diverge from the Guidelines. In such a case, certain procedures and documentation have to be met. In the rare event that a proxy ballot is received, the relevant Portfolio Manager is responsible for voting the ballot.

29
A client may authorize Principal Global Investors to vote proxies and may obtain a summary report relating to their account by contacting their relationship manager. A client may also obtain a copy of our complete proxy voting policies and procedures upon request.

The Principal Global Investors proxy voting policy allows for accommodation of individual client guidelines, if desired, while still utilizing the ISS proxy voting service.

**LEA 09**
- Mandatory to Report, Voluntary to Disclose
- Core Assessed
- PRI 2

**LEA 10**
- Voluntary
- Additional Assessed
- PRI 2

**LEA 11**
- Voluntary
- Descriptive
- PRI 2

**LEA 12**
- Mandatory
- Descriptive
- PRI 2

**LEA 12.1**
Indicate how you typically make your (proxy) voting decisions.

**Approach**

☐ We use our own research or voting team and make voting decisions without the use of service providers.

☒ We hire service providers who make voting recommendations and/or provide research that we use to guide our voting decisions.

**Based on**

☐ The service-provider voting policy we sign off on

☐ Our own voting policy

☐ Our clients’ requests or policies

☒ Other (explain)

The service provider provides voting recommendations. However, we deviate from their recommendation to better align with our desired outcomes on a case-by-case basis.

☐ We hire service providers who make voting decisions on our behalf, except in some pre-defined scenarios where we review and make voting decisions.

☐ We hire service providers who make voting decisions on our behalf.

**LEA 12.2**
Provide an overview of how you ensure that your agreed-upon voting policy is adhered to, giving details of your approach when exceptions to the policy are made.

Principal Global Investors has multiple proxy voting policies in place depending on clients’ or investment manager’s desired outcome. Examples include: custom, regional, platform-specific and sustainable policies.

In addition, a UK-based subsidiary of Principal Global Investors has engaged the services of Broadridge’s ProxyEdge, which integrates the vote recommendations provided by Glass Lewis. Glass Lewis’ UK Guidelines integrate such issues as: Board Diversity, Environmental and Social Risk Oversight, Remuneration, Disclosure, and Capital Management.

**LEA 12.3**
Additional information [Optional]

Principal Global Investors has adopted and implemented written Proxy Voting Policies and Procedures that are designed to reasonably ensure that proxies are voted in the best interests of those advisory clients who have authorized us to address these matters on their behalf. Our guiding principles in performing proxy voting are to make decisions that:

- Favor proposals that have the potential to maximize a company’s shareholder value, and
- Are not influenced by conflicts of interest.

Our Proxy Voting Policies and Procedures are designed to guide us in voting proxies, not necessarily in making investment decisions; our portfolio management teams base their investment decisions on a variety of factors.

Principal Global Investors’ general Proxy Voting Policy uses the Institutional Shareholder Services, Inc. (ISS) Standard Proxy Voting Guidelines, except where a portfolio management team may decide to diverge from the Guidelines. In such a case, certain procedures and documentation have to be met. In the rare event that a proxy ballot is received, the relevant Portfolio Manager is responsible for voting the ballot.

A client may authorize Principal Global Investors to vote proxies and may obtain a summary report relating to their account by contacting their relationship manager. A client may also obtain a copy of our complete proxy voting policies and procedures upon request.

The Principal Global Investors proxy voting policy allows for accommodation of individual client guidelines, if desired, while still utilizing the ISS proxy voting service. In addition, we have established a Proxy Voting Committee to oversee all aspects of the proxy voting philosophy and process.

**LEA 14**
- Voluntary
- Additional Assessed
- PRI 2

**LEA 15**
- Mandatory
- Descriptive
- PRI 2

**LEA 15.1**
Indicate the proportion of votes participated in within the reporting year in which where you or the service providers acting on your behalf raised concerns with companies ahead of voting.

☒ 100%
LEA 15.3 Additional information. [Optional]
Our service provider, ISS, provides companies the opportunity to review a draft of their vote recommendation analysis for fact-checking purposes. This includes analysis and recommendations on Management and Shareholder proposals. Principal Global Investors is also provided a report summarizing the proposals and recommendations prior to the company meeting date, which includes a Company Governance risk score.

LEA 16 Mandatory Core Assessed PRI 2

LEA 16.1 Indicate the proportion of votes where you, and/or the service provider(s) acting on your behalf, communicated the rationale to companies for abstaining or voting against management recommendations. Indicate this as a percentage out of all eligible votes.

- We do not communicate the rationale to companies
- Not applicable because we and/or our service provider(s) did not abstain or vote against management recommendations

LEA 16.3 In cases where your organisation does communicate the rationale for abstaining or voting against management recommendations, indicate whether this rationale is made public.

- Yes
- No

LEA 17 Mandatory Core Assessed PRI 2

LEA 17.1 For listed equities in which you or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.

- We do track or collect this information

<table>
<thead>
<tr>
<th>Votes cast (to the nearest 1%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>99%</td>
</tr>
</tbody>
</table>

Specify the basis on which this percentage is calculated

- Of the total number of ballot items on which you could have issued instructions
- Of the total number of company meetings at which you could have voted
- Of the total value of your listed equity holdings on which you could have voted
- We do not track or collect this information

LEA 17.2 Explain your reason(s) for not voting on certain holdings

- Shares were blocked
- Notice, ballots or materials not received on time
- Missed deadline
- Geographical restrictions (non-home market)
- Cost
- Conflicts of interest
- Holdings deemed too small
- Administrative impediments (e.g., power of attorney requirements, ineligibility due to participation in share placement)
- Client request
- Other (explain)

LEA 17.3 Additional information. [Optional]
Ballots may not be voted due to a number of reasons including, but not limited to, restrictions for share blocking countries, restrictions on foreigner’s ability to exercise votes, requirements to vote in person, requirements to provide local agents with power of attorney to facilitate the voting instructions, and untimely notice of shareholder meeting. Therefore, some meetings were not voted.
LEA 18.1 Indicate whether you track the voting instructions that you or your service provider on your behalf have issued.

Yes, we track this information

LEA 18.2 Of the voting instructions that you and/or third parties on your behalf have issued, indicate the proportion of ballot items that were:

- For (supporting) management recommendations: 89%
- Against (opposing) management recommendations: 7%
- Abstentions: 4%

No, we do not track this information

LEA 18.3 In cases where your organisation voted against management recommendations, indicate the percentage of companies which you have engaged.

100

LEA 18.4 Additional information. [Optional]

We generally follow recommendations of our service provider so would follow their guidance on these issues.

LEA 19 Mandatory Core Assessed PRI 2

LEA 19.1 Indicate whether your organisation has a formal escalation strategy following unsuccessful voting.

Yes

LEA 20 Voluntary Descriptive PRI 2

LEA 21 Voluntary Descriptive PRI 2

LEA Checks Checks

If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.
Indicate (1) Which ESG incorporation strategy and/or combination of strategies you apply to your actively managed fixed income investments; and (2) The proportion (+/- 5%) of your total actively managed fixed income investments each strategy applies to.

<table>
<thead>
<tr>
<th>Strategy Combinations</th>
<th>SSA</th>
<th>Corporate (financial)</th>
<th>Corporate (non-financial)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Screening alone</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Thematic alone</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Integration alone</td>
<td>100</td>
<td>94</td>
<td>94</td>
</tr>
<tr>
<td>Screening + integration strategies</td>
<td>0</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Thematic + integration strategies</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Screening + thematic strategies</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>All three strategies combined</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>No incorporation strategies applied</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
ESG Integration within the investment process is utilized for the purposes of risk management and alpha generation. Our research teams are organized by areas of industry sector specialization, our analysts are responsible for providing essential insights into industry trends, and company-specific considerations, which may include certain ESG issues deemed material and relevant to the evaluation of sustainable earnings trends, sentiment, and valuation. Our analysts utilize a Fundamental, Technical, and Valuation (FTV) factor variable framework to establish a level of conviction and ultimately a portfolio recommendation at the security and industry level. Every corporate issuer in our coverage universe is assigned a specific ESG score, with all assessments captured via the ESG scoring grid. That score is an essential deliverable of investment thesis just as current and projected credit rating would be. That ESG score is then explicitly utilized within the FTV framework. In addition, an ESG score is integrated into our FTV scoring model. Both industries and issuers are scored using this model. In addition, we do have client-directed socially-responsible mandates, where a screened list supplied by the client is applied as an overlay to the ESG-integration investment process.

We manage a small number of mandates with specific ESG exclusions. Specifically, we manage some US-based public pension plan mandates that place restrictions on investing in Iran and Sudan and tobacco companies, as well as some European-based pension funds with cluster munition restrictions.

[Table and chart information]

- Screened alone: 0
- Thematic alone: 0
- Integration alone: 100
- Screening + integration strategies: 0
- Thematic + integration strategies: 0
- Screening + thematic strategies: 0
- All three strategies combined: 0
- No incorporation strategies applied: 0

**FI 01.2** Describe your reasons for choosing a particular ESG incorporation strategy and how combinations of strategies are used.

ESG Integration within the investment process is utilized for the purposes of risk management and alpha generation. Our research teams are organized by areas of industry sector specialization, our analysts are responsible for providing essential insights into industry trends, and company-specific considerations, which may include certain ESG issues deemed material and relevant to the evaluation of sustainable earnings trends, sentiment, and valuation. Our analysts utilize a Fundamental, Technical, and Valuation (FTV) factor variable framework to establish a level of conviction and ultimately a portfolio recommendation at the security and industry level. Every corporate issuer in our coverage universe is assigned a specific ESG score, with all assessments captured via the ESG scoring grid. That score is an essential deliverable of investment thesis just as current and projected credit rating would be. That ESG score is then explicitly utilized within the FTV framework. In addition, an ESG score is integrated into our FTV scoring model. Both industries and issuers are scored using this model. In addition, we do have client-directed socially-responsible mandates, where a screened list supplied by the client is applied as an overlay to the ESG-integration investment process.

**FI 01.3** Additional information [Optional].

We manage a small number of mandates with specific ESG exclusions. Specifically, we manage some US-based public pension plan mandates that place restrictions on investing in Iran and Sudan and tobacco companies, as well as some European-based pension funds with cluster munition restrictions.

**FI 02** Mandatory to Report, Voluntary to Disclose

<table>
<thead>
<tr>
<th>Core Assessed</th>
<th>PRI 1</th>
</tr>
</thead>
</table>

**FI 03** Mandatory

<table>
<thead>
<tr>
<th>Additional Assessed</th>
<th>PRI 1</th>
</tr>
</thead>
</table>

**FI 03.1** Indicate how you ensure that your ESG research process is robust:

- Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Issuer information and/or ESG ratings are updated regularly to ensure ESG research is accurate
- Internal audits and regular reviews of ESG research are undertaken in a systematic way.
- A materiality/sustainability framework is created and regularly updated that includes all the key ESG risks and opportunities for each sector/country.
- Other, specify

**Specify description**

- Dialog with other PRI signatories to understand best practices; largest boutique expanded ESG Research providers to include norm-based research and controversial weapons list.
- None of the above

**FI 03.2** Describe how your ESG information or analysis is shared among your investment team.

- ESG information is held within a centralised database and is accessible to all investment staff
- ESG information is displayed on front office research platforms
- ESG information is a standard item on all individual issuer summaries, research notes, tear sheets, or similar documents
- Investment staff are required to discuss ESG information on issuers as a standard item during investment committee meetings
- Records capture how ESG information and research was incorporated into investment decisions
- Other, specify
- None of the above

**FI 04** Mandatory

<table>
<thead>
<tr>
<th>Gateway</th>
<th>PRI 1</th>
</tr>
</thead>
</table>

**FI 04.1** Indicate the type of screening you conduct.

- Corporate (financial)
- Corporate (non-financial)
PR1  Describe your approach to integrating ESG into traditional financial analysis.

ESG Integration within the investment process is utilized for the purposes of risk management and alpha generation. Our research teams are organized by areas of industry sector specialization, and our analysts are responsible for providing essential insights into industry trends, and company-specific considerations, which may include certain ESG issues deemed material and relevant to the evaluation of sustainable earnings trends, sentiment, and valuation. Analysts at our largest boutique utilize a Fundamental, Technical, and Valuation (FTV) factor variable framework to establish a level of conviction and ultimately a portfolio recommendation at the security and industry level. They are also expected to provide timely insights on key risk considerations at a company-specific and industry level, which may also include qualitative ESG-related considerations and events. In addition, an ESG score is integrated in to our FTV scoring model. Both industries and issuers are scored using this model. In addition, we do have client-directed socially-responsible mandates, where a screened list supplied by the client is applied as an overlay to the ESG-integration investment process. In the future our largest fixed income boutique will offer a norms-based screen as a portfolio construction option and our dedicated High Yield boutique plans to offer carbon-footprint portfolio reports.

FI 05  Mandatory Core Assessed PRI 1

Private

FI 06  Mandatory Core Assessed PRI 1

FI 06.1  Indicate which systems your organisation has to ensure that fund screening criteria are not breached in fixed income investments.

<table>
<thead>
<tr>
<th>Type of screening</th>
<th>Checks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negative/exclusionary</td>
<td>☐ Analysis is performed to ensure that issuers meet screening criteria</td>
</tr>
<tr>
<td>screening</td>
<td>☐ We ensure that data used for the screening criteria is updated at least once a year.</td>
</tr>
<tr>
<td></td>
<td>☑ Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria</td>
</tr>
<tr>
<td></td>
<td>☐ Audits of fund holdings are undertaken yearly by internal audit or compliance functions</td>
</tr>
<tr>
<td></td>
<td>☐ Other, specify</td>
</tr>
<tr>
<td></td>
<td>☐ None of the above</td>
</tr>
</tbody>
</table>

PR1  Describe your approach to screening for internally managed active fixed income.

Negative/exclusionary screening
- Analysis is performed to ensure that issuers meet screening criteria
- We ensure that data used for the screening criteria is updated at least once a year.
- Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria
- Audits of fund holdings are undertaken yearly by internal audit or compliance functions
- Other, specify
- None of the above

Positive/best-in-class screening
- Analysis is performed to ensure that issuers meet screening criteria
- We ensure that data used for the screening criteria is updated at least once a year.
- Audits of fund holdings are undertaken yearly by internal audit or compliance functions
- Other, specify
- None of the above

Norms-based screening
- Analysis is performed to ensure that issuers meet screening criteria
- We ensure that data used for the screening criteria is updated at least once a year.
- Audits of fund holdings are undertaken yearly by internal audit or compliance functions
- Other, specify
- None of the above

FI 10  Mandatory Descriptive PRI 1

FI 10.1  Describe your approach to integrating ESG into traditional financial analysis.

Our primary consideration of ESG issues takes place within our investment process by our sector-focused research analysts. Our research team is organized by areas of industry sector specialization and our analysts are responsible for providing essential insights into industry trends and company-specific considerations, which may include certain ESG issues deemed material and relevant to the evaluation of sustainable earnings trends, sentiment, and valuation. Our analysts are also expected to provide timely insights on key risk considerations at a company-specific and industry level which may also include ESG-related considerations and events. ESG is factored into the "Fundamentals" component of our Financials, Technicals, and Valuations framework, which runs throughout our investment process. It is based on independent internal research and provides a consistent, comparative framework to evaluate all investment opportunities. To ensure they appropriately integrate ESG factors into their investment theses, the analysts of our largest boutique, supplement their own fundamental research with insights from third-party ESG research providers.

We conduct frequent discussions with corporate management teams for both current and prospective investments. Where appropriate, analysts will raise any concerns about ESG issues (along with any other fundamental concerns) during meetings with management. The company responses impact our opinion of the company’s outlook.

Prior to issuance, the focus of our research is more focused on identifying potential ESG issues and evaluating how they impact the investment case for a particular company. If ESG issues are discovered, we determine the extent to which we will be compensated for the risks created by these issues or if we would avoid the investment. Following issuance and our investment, the focus of our monitoring shifts to ensuring the issuer is fulfilling the terms of the agreement and not engaging in any activities (ESG or otherwise) that could jeopardize the value of our investment.

Our analysts obtain the information necessary for his/her independent analysis from a variety of sources, including, but not limited to company information available on websites and through regulatory filings, meetings and calls with management teams, industry conferences and publications, media reports, formal and informal research from and dialogue with sell-side analysts, direct dialogue with and publications from the credit rating agencies, industry contacts, and various internal resources (economic team, legal counsel, analysts in other asset classes, etc.). In addition, analysts have access to MSCI Research and ISS-Ethix reports, from which ESG related data can be extracted. Over 6,000 companies are covered in the MSCI universe and ISS-Ethix researches and screens more than 20,000 debt and equity issuers worldwide. A sizable portion of our research data and information is available at no cost through disclosures from the company or as part of the service package provided by sell-side firms. Information from MSCI and the credit rating agencies is paid for directly as part of a service contract.

FI 10.2  Describe how your ESG integration approach is adapted to each of the different types of fixed income you invest in.

SSA
We are a research driven organization and our team of research analysts are experts in their particular area of focus, across asset classes and regions. Independent research and analysis on SSA issuers is conducted by dedicated analysts on the Fixed Income Emerging Market and Municipal teams for the companies and government issuers he or she covers. The product of this analysis is a view of the risks of the investment and recommended actions. We incorporate ESG issues into our analysis through our qualitative research at the discretion of our analysts. The analysts provide the essential insights into country or issuer specific considerations including ESG issues.

For SSA issuers, government and quasi-government agencies will generally engage with investors before bond issuance, but government issuers of sovereign bonds do not usually engage with investors prior to coming to market. However, we are able to engage with sovereign emerging market debt issuers at IMF investor conferences.

Corporate (financial)
For financial corporate bond issuers, analysts are expected to incorporate all factors impacting the creditworthiness of a company when conducting his/her analysis, which include social, governance issues such as cyber-security and risk management practices, and to a lesser extent environmental...
issues. These issues can be company specific or country specific, and analysts are expected to evaluate each. Analysts evaluate raw data from a variety of sources as well as comments from the credit rating agencies when determining the impact of ESG issues on our investment decision. Systems are in place for analysts to document, distribute, and store information to support his/her investment decision. To the extent ESG issues impact the investment decision, they may be documented in these databases. While ESG issues are an important consideration in our research, we incorporate ESG factors to expand our understanding of the company’s credit quality and relative value so we may uphold our fiduciary duty to our clients.

**Corporate (non-financial)**

For non-financial corporate bond issuers, PGI analysts are expected to incorporate all factors impacting the creditworthiness of a company when conducting his/her analysis, which include social, governance, and environmental issues. These issues are sector or country specific, such as environmental factors pertaining to the utility sector. Analysts evaluate raw data from a variety of sources as well as comments from the credit rating agencies when determining the impact of ESG issues on our investment decision. Systems are in place for analysts to document, distribute, and store information to support his/her investment decision. To the extent ESG issues impact the investment decision, they may be documented in these databases. While ESG issues are an important consideration in our research, we incorporate ESG factors to expand our understanding of the company’s credit quality and relative value so we may uphold our fiduciary duty to our clients.

**Securitised**

For Securitized assets that are made up of pools of residential mortgages or auto loans (ABS), there is not the opportunity to engage on ESG issues. Pools are generally fixed upon issue announcement and for the life of the security. For this reason, an evaluation of the originator becomes more important prior to purchase, as this allows you to incorporate governance factors into the analysis. There is not the opportunity to engage on concerns post-investment to change the trajectory of creditworthiness.

For CMBS (Commercial Mortgage Backed Securities), every property supporting the investment would have an environmental survey done as part of the underwriting. Looking through to the underlying properties allows the analysts to incorporate ESG factors into his or her analysis and allows us to monitor the performance of the deal for as long as we own the security.

### Fi 11

**Mandatory**

<table>
<thead>
<tr>
<th>Fi 11.1</th>
<th>Indicate how ESG information is typically used as part of your investment process.</th>
</tr>
</thead>
<tbody>
<tr>
<td>SSA</td>
<td>Corporate (financial)</td>
</tr>
<tr>
<td>ESG analysis is integrated into fundamental analysis</td>
<td></td>
</tr>
<tr>
<td>ESG analysis is used to adjust the internal credit assessments of issuers</td>
<td></td>
</tr>
<tr>
<td>ESG analysis is used to adjust forecasted financials and future cash flow estimates</td>
<td></td>
</tr>
<tr>
<td>ESG analysis impacts the ranking of an issuer relative to a chosen peer group</td>
<td></td>
</tr>
<tr>
<td>An issuer’s ESG bond spreads and its relative value versus its sector peers are analysed to find out if all risks are priced in</td>
<td></td>
</tr>
<tr>
<td>The impact of ESG analysis on bonds of an issuer with different durations/maturities are analysed</td>
<td></td>
</tr>
<tr>
<td>Sensitivity analysis and scenario analysis are applied to valuation models to compare the difference between base-case and ESG-integrated security valuation</td>
<td></td>
</tr>
<tr>
<td>ESG analysis is integrated into portfolio weighting decisions</td>
<td></td>
</tr>
<tr>
<td>Companies, sectors, countries and currency and monitored for changes in ESG exposure and for breaches of risk limits</td>
<td></td>
</tr>
<tr>
<td>The ESG profile of portfolios is examined for securities with high ESG risks and assessed relative to the ESG profile of a benchmark</td>
<td></td>
</tr>
<tr>
<td>Other, specify in Additional Information</td>
<td></td>
</tr>
</tbody>
</table>

**Additional information [OPTIONAL]**

We are a research driven organization and our team of research analysts are experts in their particular area of focus, across industries and regions. Independent research and analysis is conducted by each analyst on the Fixed Income Credit Research team for the companies and industries he or she covers. The product of this analysis is a view of the risks of the investment and recommended actions. We incorporate ESG issues into our analysis through our quantitative research and inclusion into scored valuation models. The analysts provide the essential insights into industry trends and company-specific considerations including ESG issues. These insights are crucial to the evaluation of sustainable competitive advantages and risks at a company-specific and industry level. ESG factors can inform buy or sell decisions and underweight or overweight decisions at the issuer level. However, Portfolio Managers do not use ESG factors to weight particular benchmark sectors unless mandated by client-specific thematic directives.

We conduct frequent discussions with corporate management teams for both current and prospective investments. Where appropriate, analysts will raise any concerns about ESG issues (along with any other fundamental concerns) during meetings with management. The company responses impact our opinion of the company’s outlook.

Prior to bonds issuance, our research is more focused on identifying potential ESG issues and evaluating how they impact the investment case for a particular company. If ESG issues are discovered, we determine the extent to which we will be compensated for the risks created by these issues or if we would avoid the investment. Following issuance and our investment, the focus of our monitoring shifts to ensuring the issuer is fulfilling the terms of the agreement and not engaging in any activities (ESG or otherwise) that could jeopardize the value of our investment.

Our analysts obtain the information necessary for his/her independent analysis from a variety of sources, including, but not limited to company information available on websites and through regulatory filings, meetings and calls with management teams, industry conferences and publications, media reports, formal and informal research from and dialogue with sell-side analysts, direct dialogue with and publications from the credit rating agencies, industry contacts, and various internal resources (economic team, legal counsel, analysts in other asset classes, etc.). In addition, analysts have access to MSCI Research and ISS-Ethix reports, from which ESG related data can be extracted. Over 6,000 companies are covered in the MSCI universe and ISS-Ethix researches and screens more than 20,000 debt and equity issuers worldwide. A sizable portion of our research data and information is available at no cost through disclosures from the company or as part of the service package provided by sell-side firms.
## FI 12.1 Indicate the extent to which ESG issues are reviewed in your integration process.

<table>
<thead>
<tr>
<th>Environment</th>
<th>Social</th>
<th>Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>SSA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate (financial)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate (non-financial)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Securitised</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Environmental
- SSA: Occasionally
- Corporate (financial): Systematically
- Corporate (non-financial): Systematically
- Securitised: Systematically

### Social
- SSA: Not at all
- Corporate (financial): Systematically
- Corporate (non-financial): Occasionally
- Securitised: Systematically

### Governance
- SSA: Not at all
- Corporate (financial): Systematically
- Corporate (non-financial): Occasionally
- Securitised: Systematically

## FI 12.2 Please provide more detail on how you review E, S and/or G factors in your integration process.

### SSA

Macroeconomic research (which would include an assessment of corruption) is part of the investment process for sovereign debt. For municipal issuers, assessment of ESG factors varies with the type of bond issuance. For example, General Obligation bonds would focus more on the governance factor, while debt issued out of specific agencies (such as water or sewer departments) would have an environmental element in addition to governance, and agencies that focus on affordable housing or education would incorporate social factors as well as governance. Information on these factors would be obtained through research obtained from economists, investment banks, think-tanks, rating agencies, and directly from interaction with the issuer.

### Corporate (financial)

Analysts are expected to incorporate all factors impacting the creditworthiness of a company when conducting his/her analysis, which could include environmental, social, and/or governance issues. These issues can be company specific, sector specific, or country specific, and analysts are expected to evaluate each. Analysts evaluate raw data from a variety of sources as well as comments from the credit rating agencies when determining the impact of ESG issues on our investment decision and are required to assign a specific ESG signal for each issuer in their coverage, ranging from green (positive) to red (warning). The next level of integration involves our analysts assigning an explicit ESG score that is an input into the Fundamental, Technical, and Valuation (FTV) framework, culminating in a level of conviction and ultimately a portfolio recommendation at the security and industry level. They are also expected to provide timely insights on key risk considerations at a company-specific and industry level, which may also include qualitative ESG-related considerations and events. Systems are in place for analysts to document, distribute, and store information to support his/her investment decision. To the extent ESG issues impact the investment decision, they may be documented in these databases.

### Corporate (non-financial)

Analysts are expected to incorporate all factors impacting the creditworthiness of a company when conducting his/her analysis, which could include environmental, social, and/or governance issues. These issues can be company specific, sector specific, or country specific, and analysts are expected to evaluate each. Analysts evaluate raw data from a variety of sources as well as comments from the credit rating agencies when determining the impact of ESG issues on our investment decision and are required to assign a specific ESG signal for each issuer in their coverage, ranging from green (positive) to red (warning). The next level of integration involves our analysts assigning an explicit ESG score that is an input into the Fundamental, Technical, and Valuation (FTV) framework, culminating in a level of conviction and ultimately a portfolio recommendation at the security and industry level. They are also expected to provide timely insights on key risk considerations at a company-specific and industry level, which may also include qualitative ESG-related considerations and events. Systems are in place for analysts to document, distribute, and store information to support his/her investment decision. To the extent ESG issues impact the investment decision, they may be documented in these databases.

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For CMBS (Commercial Mortgage-backed Securities), every property supporting the investment would have a environmental survey done as part of the underwriting. Looking through to the underlying properties allows the analysts to incorporate ESG factors into his or her analysis and allows us to monitor the performance of the deal for as long as we own the security.
| FI 14 | Mandatory to Report, Voluntary to Disclose | Core Assessed | PRI 2 | Private |
| FI 15 | Mandatory to Report, Voluntary to Disclose | Additional Assessed | PRI 1,2 | Private |
| FI 16 | Mandatory to Report, Voluntary to Disclose | Additional Assessed | PRI 1,2 | Private |
| FI 17 | Mandatory to Report, Voluntary to Disclose | Additional Assessed | General | Private |
| FI 18 | Voluntary | Descriptive | PRI 1,2 | Private |
Indicate if your organisation has a Responsible Property Investment (RPI) policy.

<table>
<thead>
<tr>
<th>PR 01.1</th>
<th>Mandatory</th>
<th>Core Assessed</th>
<th>PRI 1-6</th>
</tr>
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<tbody>
<tr>
<td>Yes</td>
<td></td>
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</tbody>
</table>

Provide a URL or attach the document

<table>
<thead>
<tr>
<th>PR 01.2</th>
<th>URL</th>
</tr>
</thead>
<tbody>
<tr>
<td><a href="https://www.principalglobal.com/documentdownload/108106">https://www.principalglobal.com/documentdownload/108106</a></td>
<td></td>
</tr>
<tr>
<td>No</td>
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</tbody>
</table>

Provide a brief overview of your organisation’s approach to responsible investment in property, and how you link responsible investment in property to your business strategy. [Optional]

Principal Real Estate Investors has a long-standing commitment to corporate stewardship and an established track record in responsible property investing. In 2010, to help formalize this commitment, we became a signatory to the United Nations-sponsored Principles of Responsible Investment (PRI), as is evidenced by our participation in this survey. Since 2013, Principal Real Estate Investors and its partners have used a unique, overarching Environmental, Social, Governance (ESG) framework called the Pillars of Responsible Property Investing (PRPI) initiative. This framework helps drive asset management and fiduciary governance as we strive to deliver positive financial and environmental results.

Not only does the PRPI framework guide our approach to real estate investment and management, it also supports our property management partners who handle daily operations across our portfolio. The PRPI initiative provides specific tasks, and an overall management philosophy that guides day-to-day decision making in investing, management oversight, property operations, new developments, and stakeholder engagement. Furthermore, the PRPI initiative provides for competitive distinction in the marketplace and helps to orient our business strategy from the executive level to the building operator level.

Our Responsible Investing Policy guides our approach to real estate investment and management and states that appropriate consideration of environmental, social, and governance issues is integral to our fiduciary responsibility and critical in delivering superior risk adjusted returns. This policy covers all phases of (1) the real estate equity investment lifecycle – including acquisitions, development, operations, and dispositions and (2) the lending process – including loan origination, due diligence, underwriting, and portfolio monitoring, as specified below:

- Partner with clients and investors to implement ESG strategies and best practices.
- Engage property tenants, residents and guests to build partnerships and programs that meet the needs of our communities.
- Collaborate with joint-venture partners, property managers, technicians, vendors, service providers, and lenders to implement our responsible property investing strategies, help ensure best-in-class operations, and help to potentially increase the value of our investments.
- Evaluate ESG aspects in due diligence activities of new acquisitions and loans, including utility performance, quality of building systems, resilience, transportation options, health and wellbeing aspects, and socio-economic factors.
- Monitor and track the sustainability performance of our investments including energy use, greenhouse gas (GHG) emissions, water use, and waste production in addition to building-level sustainability attributes such as certifications.
- Optimize building performance, decrease risk, and reduce climate and environmental impacts of investments by:
  o Implementing best-practice operational policies and energy, GHG, water, and waste management techniques, as applicable.
  o Enforcing compliance of operational and/or utility management requirements.
- Pursuing cost-effective development and management strategies that enhance operational and environmental performance.
- Requiring all properties to achieve and exceed all applicable ESG laws and regulations.
- Achieving portfolio-wide energy, GHG, water, and waste performance targets for investments, as applicable.
- Improve resilience to the physical and economic risks associated with climate change and natural disasters through due diligence processes, appropriate insurance coverages, operational policies, property-level retrofits, and regular analysis and disclosure of climate risk and resilience issues.
- Promote accomplishments in the market, share best practices with the industry, and certify properties in LEED, ENERGY STAR, BREEAM, and other industry recognized certification programs where appropriate.
- Strengthen governance practices by requiring employees to affirm our Corporate Code of Business Conduct and Ethics, oversee equity and debt ESG activities through senior management working groups led by the Senior Director of Operations and Sustainability, and providing ESG performance transparency through annual reports and international frameworks including GRESB, PRI, and GDF.

Principal Real Estate Investors has several additional ESG policies that directly support the implementation of the Responsible property investing policy (which can be viewed here: https://www.principalglobal.com/documentdownload/108106):

- Health and wellness guidelines – provides an overview of our health and wellness goals and healthy building practices for operational assets.
- Real estate development guidelines – guidelines on the incorporation of ESG considerations for new development and major renovation activities.
- Building technology and innovations policy – documents our approach to ensuring specialized smart building aspects are appropriately incorporated into each of our individual assets.

The responsible property investing efforts discussed in this question response and all other responses apply to Principal Real Estate Investors but exclude Principal Real Estate Investors Europe, recently acquired in 2018, which constitutes a small part of our assets under management. In 2019, we conducted a gap analysis of our responsible property investing efforts as they apply to our European assets and created a three-year plan for integrating our ESG efforts globally. In 2019, all ESG policies became applicable to our European assets. Additional program expansion activities will include the tracking of energy consumption and cost data as well as mandatory low and no-cost improvement requirements for these properties.

Indicate if your most recent fund placement documents (private placement memorandums (PPMs) or similar) refer to responsible investment aspects of your organisation.

<table>
<thead>
<tr>
<th>PR 02.1</th>
<th>Mandatory</th>
<th>Core Assessed</th>
<th>PRI 1,4,6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td></td>
<td></td>
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</tbody>
</table>
**PR 02.2** Indicate how your fund placement documents (PPMs or similar) refer to the following responsible investment aspects of your organisation:

- Policy and commitment to responsible investment
- Approach to ESG issues in pre-investment processes
- Approach to ESG issues in post-investment processes

**PR 02.3** Describe how your organisation refers to responsible investment for property funds in fund placement documents (PPMs or similar). [Optional]

Principal Real Estate Investors believes that leasing, acquiring or developing properties that adhere to the standards of responsible property investing can provide potential opportunities to deliver attractive risk-adjusted returns, and we articulate that where appropriate in private placement memorandums, presentations, and select marketing materials. Through our communications and fund placement materials, we describe our unique fiduciary framework, the Pillars of Responsible Property Investing: These Pillars – Market Resilience, Corporate Governance, and Property Performance – orient and guide our staff and property management partners, leading to greater success across environmental, social, and governance indicators. As part of the Property Performance Pillar, we also discuss the specifics of sustainable property certifications, such as Leadership in Energy and Environmental Design (LEED), BOMA 360, IREM Certified Sustainable Property (CSP), BREEAM, Fitwel, and ENERGY STAR, and how each may influence or be a component of the fund investment strategy.

We also seek to make investors aware of the financial and economic benefits of responsible property investment practices, most succinctly detailed in our publicly available document “Responsible Property Investing Report.” This publication cites recent research and studies on how the consideration of Environmental, Social, and Governance (ESG) factors enhances investment management capabilities and drives results by aligning interests, providing a deeper perspective, facilitating operational excellence, reducing risk, and powering a competitive advantage. This report also details our approach as it relates to responsible property investing throughout the property lifecycle including pre-investment and post-investment processes. Additionally, in 2017, we became the sole participant in a groundbreaking pilot study by the U.S. Department of Energy to measure the financial benefits of owning and operating green properties. Our publicly available document “Connecting the Dots to Financial Performance” summarizes the results of this study for our investors, which includes correlations between green buildings, increased net operating income, and reduced operating expenses. We later participated in a 2019 follow-on study with the U.S. Department of Energy which analyzed a variety of financial (vacancy, lease gap, and market value) and energy performance metrics (energy consumption, energy cost, ENERGY STAR score, LEED certification). Due to the small sample size, we were unable to draw many statistically significant conclusions. However, one statistically significant finding was that ENERGY STAR labelled properties were associated with lower vacancy rates and shorter lease gaps for office properties.

Additionally, Principal Real Estate Investors conducted an internal study regarding tenant satisfaction scores and their relationship to property level sustainability efforts. Through this study, we were able to identify top tenant interests in sustainability, interpret overall tenant awareness of sustainability initiatives, and identify an indirect connection between sustainable buildings and higher tenant satisfaction.

**PR 03** Voluntary

<table>
<thead>
<tr>
<th>PR 04</th>
<th>Mandatory</th>
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</thead>
<tbody>
<tr>
<td>Gateway/Core Assessed</td>
<td>PRI 4</td>
</tr>
</tbody>
</table>

**PR 04.1** Indicate if your organisation typically incorporates ESG issues when selecting property investments.

- Yes

**PR 04.2** Provide a description of your organisation’s approach to incorporating ESG issues in property investment selection.

Our responsible property investing (RPI) philosophy guides every aspect of our investment process including consideration of ESG issues in property selection. Additionally, our Responsible Property Investing Working Group, which is composed of senior leaders representing various areas across our organisation, helps to further our RPI efforts and ensure consistency among each area of our business.

All investments for every client are evaluated by an investment committee using a process that includes ESG variables. If client mandates require greater focus on ESG issues, then we modify our process to meet the client’s goals.

We thoroughly evaluate ESG issues, for both short- and long-term impacts, from the earliest stages of our pre-investment process. Starting with basic factors such as geographic location, environmental concerns, regulatory conditions, and/or social matters, we consider ESG issues that are unique to each site and those which are obvious today or may have greater impact in the future. For example, we consider proximity to health or environmental concerns such as pollution sources, sensitive ecosystems, and exposure to extreme weather events. We take into account local market resilience, from both an economic and regulatory perspective. These considerations inform our investment process from the outset.

Our due diligence of new acquisitions includes the formal review of a broad spectrum of ESG risks and opportunities such as overall building performance and energy efficiency, viability of green certifications like LEED, BREEAM, and ENERGY STAR, indoor environmental quality, occupant health and safety, toxic materials, environmental assessments, compliance with accessibility regulations, tenant satisfaction, walkability score and more depending on the specific property. Additionally, in 2019, we expanded our due diligence requirements to include the review of property sustainability programs and policies, occupant amenities, high performance equipment, and climate risk and resilience features. For new development projects, other criteria may also be utilized such as an ecological impact assessment.

To better assess and respond to geographically specific ESG issues, Principal relies on local market expertise provided by our property management and development partners, and a regional asset manager and engineering organizational structure that allows for greater insight and focus on key local market conditions.

ESG issues are factored into our financial modelling and impact our determination of present and future asset value. For example, we consider energy expenses and operating costs among other ESG factors to determine our purchase price, but also incorporate a continuous improvement methodology to identify and capitalize on value-creation opportunities and risk reduction through improved property performance.

Finally, ESG issues, when applicable, are also incorporated into the investment Committee underwriting process, as well as into the annual business plan for each individual asset. ESG information gained in the investment selection process is maintained and included in records and files for the asset throughout the ownership period. ESG information gathered in the investment process forms the baseline of key performance indicators, which are tracked and monitored over the life of the investment. We then actively work with our property management partners to continuously improve the environmental and financial performance of the asset.

**PR 04.3** Indicate which E, S and/or G issues are typically considered by your organisation in the property investment selection process, and list up to three examples per issue.

- Environmental
Energy efficiency
- Environmental example 1, description
  Review of energy performance through utility invoices, assessment of energy efficient equipment, and performance certifications like LEED, BREEAM, or ENERGY STAR. See PR 4.4 for more information.

Water efficiency
- Environmental example 2, description
  Review of water performance through utility invoices, assessment of water efficient equipment, and performance certifications like LEED and BREEAM. See PR 4.4 for more information.

GHG emissions
- Environmental example 3, description
  Review of GHG emissions through energy utility invoices, assessment of energy efficient equipment, and performance certifications like LEED, BREEAM, or ENERGY STAR. See PR 4.4 for more information.

Social
Building safety and materials
- Social example 1, description (OPTIONAL)
  Review of property for structural vulnerabilities through physical condition reports, and radon testing for multifamily properties. See PR 4.4 for more information.

Health, Safety and wellbeing
- Social example 2, description (OPTIONAL)
  Review tenant satisfaction surveys and occupant amenities; perform onsite interviews of building occupants; check buildings for mold/asbestos, indoor environmental quality, and other health hazards. See PR 4.4 for more information.

Socio-economic
- Social example 3, description (OPTIONAL)
  Review of crime reports, credit analysis, onsite interviews, tenant survey forms, and tenant financial data. See PR 4.4 for more information.

Governance
- Anti-bribery & corruption
  See PR 4.4 for more information.

- Conflicts of interest
  See PR 4.4 for more information.

- Governance structure
  See PR 4.4 for more information.

- Governance example 3, description
  See PR 4.4 for more information.

Additional information. [Optional]
Principal Real Estate Investors has a robust process in place to assess the entity's governance risk during the property investment selection process. We conduct thorough and extensive due diligence and underwriting on all of our partners and vendors to ensure that they abide by the same high standards for ethics, governance, and financial practices that we demand from ourselves. This process typically involves financial checks, reference checks, and Office of Foreign Assets Control verification on all potential partners and vendors. All of our employees are trained to recognize corrupt practices. We maintain a whistle-blower mechanism for employees and other stakeholders to report their concerns.

All employees subscribe to the Global Code of Business Conduct and Ethics upon being hired by the firm. While each employee is responsible for overall compliance, Principal maintains a robust in-house compliance department. Our code of ethics policy is in place to provide policies and procedures consistent with applicable laws and regulations and to prevent conflicts of interests or the appearance of such conflicts when officers, directors, supervised persons, employees and other persons of Principal Real Estate Investors own or engage in transactions involving securities held and/or traded in our client accounts. Protegent PTA on-line pre-clearance system monitors all personal trading and third-party vendors perform annual SSAE 16 audits of controls of investment transactions.

In addition, we have a stringent expense management policy for property managers that forbids the use of property budgets for political contributions. Principal employees may also not make political contributions without approval.

In addition to governance factors, Principal Real Estate Investors uses a due diligence checklist and property condition assessment addendum to ensure that environmental and social factors are also considered during property investment decisions. The due diligence checklist includes factors such as a property’s green building certifications; phase I and II environmental reports identifying ecological risks and mitigation procedures; a property condition assessment; and health and well-being testing including indoor air quality, water quality, radon, and review of tenant satisfaction data. In 2019, we added an addendum to our property condition assessment that requests the formal review of high-performance building attributes including utility performance, efficient equipment, sustainability programs and policies, occupant amenities, and climate risk and resilience building features.
PR 06.2  Indicate how ESG issues impacted your property investment deal structuring processes during the reporting year.

<table>
<thead>
<tr>
<th>Choice</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>✔️ ESG issues impacted the investment in terms of price offered and/or paid</td>
<td></td>
</tr>
<tr>
<td>✔️ ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants</td>
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</tr>
<tr>
<td>✔️ ESG issues were considered but did not have an impact on the deal structuring process</td>
<td></td>
</tr>
<tr>
<td>✔️ Other, specify</td>
<td></td>
</tr>
<tr>
<td>✔️ Not applicable, our organisation did not select any investments in the reporting year</td>
<td></td>
</tr>
<tr>
<td>✔️ We do not track this potential impact</td>
<td></td>
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</tbody>
</table>

PR 06.3  Additional information.

- ESG issues have affected positively property investment selection and deal structuring processes during the reporting year. For example, select assets considered for acquisition are evaluated on their ability to qualify for Freddie Mac’s Multi-Family “Green Advantage” program, which can yield beneficial loan rates and alter prices offered. Additionally, assets considered for acquisition undergo risk assessments that incorporate ESG factors to identify opportunities to improve asset value, such as the ability to create amenities that enhance tenant experiences, impacting the prices offered as well as the decision to purchase the asset.

PR 07  Mandatory

PR 07.1  Indicate if your organisation includes ESG issues in your selection, appointment and/or monitoring of third-party property managers.

- Yes

PR 07.2  Indicate how your organisation includes ESG issues in your selection, appointment and/or monitoring of third party property managers.

**Types of actions**

- ✔️ Selection process of property managers incorporated ESG issues

**Coverage**

- ✔️ >75% to 100%
- ○ >50% to 75%
- ○ <50%

**Types of actions**

- ✔️ Contractual requirements when appointing property managers includes ESG issues

**Coverage**

- ✔️ >75% to 100%
- ○ >50% to 75%
- ○ <50%

**Types of actions**

- ✔️ Monitoring of property managers covers ESG responsibilities and implementation

**Types of actions**

- ✔️ Performance against quantitative and material environmental / resource targets over specified timeframe.
- ✔️ Performance against quantitative and material environmental / resource targets against relevant benchmarks
- ○ Performance against quantitative and qualitative targets to address social impacts of the portfolio/investment,
Provide brief description of your organization's selection, appointment and monitoring of third party property managers and how they contribute to the management of ESG issues for your property investments.

For all properties, Principal Real Estate Investors uses third-party property management firms. Property management firms are retained through a competitive selection process to provide management and leasing services. The factors we consider when selecting a property management and leasing company include but are not limited to the following:

- Asset type and property issues and challenges.
- Market or sub-market conditions and challenges.
- Firm qualifications, experience, past performance, and reputation.
- Ability to adhere to Principal Real Estate Investors' ESG policies.
- Market share and potential conflicts of interest.
- Proposed key personnel including experience and expertise, industry certifications, capacity and current assignments.
- Market competitive fee structure.
- Ability to source additional opportunities such as acquisitions.

While service fees are an important consideration, we generally make a selection based on the overall fit of a management company and its key employees with a particular assignment. Property managers are under 30-day cancelable contracts, which provide our firm with the ability to terminate firms quickly if there are performance issues.

Property managers are contractually required to contribute to ESG efforts through the Pillars of Responsible Property Investing initiative, including to but not limited to the following:

**Environmental Measurement**

- Benchmark energy, water, and waste production/consumption and costs monthly in EPA's ENERGY STAR Portfolio Manager.
- Develop a sustainability plan as part of the annual budgeting process, implement sustainable building renovation and operations practices.
- Comply with our Utility Data Management policy, which requires property teams to ensure accurate and timely data on energy, water, waste, and other key metrics in ENERGY STAR Portfolio Manager.

**Resource Management**

- Achieve standard practices that enable cost savings and sustainability improvements through no- and low-cost measures, strategic capital improvements, best-in-class building operations, and transportation and sustainable purchasing policies.

**Stakeholder Engagement, and Health and Wellness**

- Comply with our health and wellness policy, which provides an overview of our health and wellness goals and healthy building practices for operational assets.
- Utilize our green leasing language, which allows us to: pass through energy efficiency-related capital expenses to tenants; require disclosure of tenant utility consumption information for the purposes of whole building benchmarking, require tenants to purchase efficient equipment and fixtures during tenant improvement projects, and install submeters to track tenant space energy consumption.
- Participate in our enhanced appraisal program by collecting relevant sustainability information detailed in the Appraisal Checklist (such as certification information, energy performance information, and list of high-performance building features) to share with appraisers.
- Leverage utility and regional incentives, rebates and technical resources.
- Increase performance certifications such as ENERGY STAR, LEED, BOMA 360, IREM, Fitwel, BREEAM, and other applicable certifications.
- Develop a tenant and community engagement plan.

We have standard policies and procedures in place for all property managers, including property managers who are affiliated with our joint venture partners. In addition, our comprehensive program to monitor and evaluate our property managers includes but is not limited to: ongoing thorough and extensive underwriting, property manager and joint venture partner watch list, day-to-day oversight of compliance with policies and procedures by a robust multi-disciplined internal staff, frequent visits to the properties and management companies by staff throughout the year, annual property management company scorecard evaluations including a specific sustainability component; annual operational and internal control compliance certification by management company, tenant surveys; formal audit program; a requirement to watch an orientation webinar on sustainability policies; and annual property inspections. In addition, property managers are required to submit energy, water and waste data and complete a comprehensive protocol of responsible property investing measures, policies, and procedures as part of our Pillars of Responsible Property Investing initiative.

We utilize three compliance approaches to regularly assess property teams’ ESG commitments and progress. To monitor property manager progress and provide feedback, we have created a web-based Status Board, which tracks property performance and environmental consumption metrics. The Status Board is viewable by all property managers. While specific properties are not listed, management firms are shown so that firms can see how they are performing against their peers. Status board information is also included in our annual Property Manager Scorecard, which grades property teams on their data management, data accuracy, and responsiveness to ESG responsibilities. We also evaluate responsiveness to ESG responsibilities through our mandatory annual Compliance Survey, which helps us assess progress and compliance with the Pillars of Responsible Investing Initiative and gather crucial information for investor reporting efforts. Property teams provided information about their property-level sustainability efforts and tenant engagement activities, pursuit of green certifications, and use of Pillars of Responsible Investing Initiative resources via an online survey. Additionally, in 2016 we created the Energy Playbook program, which holds property managers accountable for creating energy targets and identifying energy efficiency projects to meet these targets. This program was expanded in 2019 to include 75 participating properties that have identified over 440 energy efficiency projects, which should save a total of $2.9 million in annual energy costs and over 19.8 million kWh. We monitor participating property teams by requesting quarterly updates on the implementation of energy efficiency updates and reviewing property performance towards their energy goal using data from ENERGY STAR Portfolio Manager.

Adhering to our policies and procedures is an expectation of their standard performance and part of their management fee and contractual agreement, and we do not incentivize them monetarily for these achievements. However, we do strive to recognize and support exemplary property teams. Therefore, we created the Cornerstone Awards in 2018 which acknowledges the ESG leadership of our top performing property teams and joint venture partners and shares sustainability and tenant engagement best practices with the rest of our portfolio. In 2019, we completed the first round of the Cornerstone Awards program and recognized five properties for their leadership in sustainability efforts. We shared winning property accomplishments with stakeholders and encouraged award winners to share the news of their award via print and social media using a customizable press release template.
Indicate if your organisation, and/or property managers, considers ESG issues in post-investment activities relating to your property assets.

- Yes

Indicate whether your organisation, and/or property managers, considers ESG issues in the following post-investment activities relating to your property assets.

- We consider ESG issues in property monitoring and management
- We consider ESG issues in property developments and major renovations
- We consider ESG issues in property occupancy engagements
- We consider ESG issues in community engagements related to our properties
- We consider ESG issues in other post-investment activities, specify

Describe how your organisation, and/or property managers, considers ESG issues in post-investment activities related to your property assets.

Property managers are contractually required to contribute to ESG efforts through the Pillars of Responsible Property Investing initiative, including to but not limited to the following:

Environmental Measurement
- Targeted portfolio-wide energy reduction target of 20 percent by 2020 and GHG, water, and waste reduction target of 10 percent by 2030.
- Benchmark energy, water, and waste production/consumption and costs monthly in EPA’s ENERGY STAR Portfolio Manager.
- Develop a sustainability plan as part of the annual budgeting process, implement sustainable building remodeling and operations practices.
- Comply with our Utility Data Management policy, which requires property teams to ensure accurate and timely data on energy, water, waste and other key metrics in ENERGY STAR Portfolio Manager, and coordinate with automatic utility data providers as necessary.

Resource Management
- Achieve standard practices that enable cost savings through no- and low-cost measures, strategic capital improvements, and best-in-class building operations.
- Implement Energy Playbook and property assessment program to perform in-depth analyses to identify financially viable technologies and efficient operational techniques.
- Establish transportation and sustainable purchasing policies.

Stakeholder Engagement, and Health and Wellness
- Comply with our health and wellness policy, which provides an overview of our health and wellness goals and healthy building practices for operational assets.
- Utilize our green leasing language, which allows us to pass through energy efficiency-related capital expenses to tenants, require disclosure of tenant utility consumption information for the purposes of whole building benchmarking, require tenants to purchase efficient equipment and fixtures during tenant improvement projects, and install submeters to track tenant space energy consumption.
- Participate in our enhanced appraisal program by collecting relevant sustainability information detailed in the Appraisal Checklist (such as certification information, energy performance information, and list of high-performance building features) to share with appraisers.
- Leverage utility and regional incentives, rebates and technical resources.
- Create safe, healthy living and work environments by abiding by our health and wellness policy which requires accessible stairways, healthy food options, a smoke-free building policy, no or low VOC paints, and other measures where applicable.
- Increase performance certifications such as ENERGY STAR, LEED, BOMA 360, IREM, Fitwel, BREEAM, and other applicable certifications.
- Develop a tenant and community engagement plan.

Additionally, Principal Real Estate Investors initiated/continued the following programs with select properties:

- We provide extensive guidance, instructional resources, templates, and tips to property managers to streamline their execution of ESG initiatives. We have created handbooks outlining property manager responsibilities and containing worksheets to summarize the PRPI requirements, “how-to” guidelines for using ENERGY STAR Portfolio Manager, “field guides” for common energy efficiency opportunities, and sustainable building and operations/maintenance protocols.
- We continued our Energy Playbook program to assist property managers in setting energy performance targets and identifying efficiency projects to achieve their goals in 2016. This program was expanded in 2019 to include 75 participating properties that have identified over 440 energy efficiency projects, which should save a total of $2.9 million in annual energy costs and over 19.8 million kWh.
- We continued to conduct third-party property assessments and technical investigations of PRPI initiative properties. These assessments help individual assets achieve energy, water, and waste performance improvements through the identification of operational and capital improvements. In 2019, we conducted 6 property assessments identifying about 150 efficiency and sustainability improvement opportunities with average annual energy cost savings between 10% and 20%. We also expanded the scope of these assessments to include evaluation of additional ESG factors, including identification of tenant engagement and education opportunities to improve energy and sustainability performance.
- Advanced energy monitoring to provide better information and enable property teams to respond to energy demand and efficiency opportunities as well as energy procurement and curtailment strategies.
- We initiated efforts to optimize the energy performance of industrial and retail assets. In 2019, we created the Triple Net Lease Addendum, which outlines operational best practices to increase energy efficiency for select retail and industrial properties and distributed it to properties in our portfolio.
- In 2019, we completed the first round of the Cornerstone Awards program and recognized five properties for their leadership in sustainability efforts. We shared winning property accomplishments with stakeholders and encouraged award winners to share the news of their award via print and social media using a customizable press release template.
- Completed a climate risk assessment on one of our real estate funds to build organizational capacity on climate risk, inform our future energy management strategies in the face of a changing climate, and align with Task Force on Climate-related Financial Disclosures (TCFD) recommendations. As a next step, we are creating Climate Prescriptions, resources that detail property-level resilience strategies to combat material climate risks discovered throughout our portfolio.
- Worked to bring low-cost market recognition for sustainability achievements to our properties by obtaining Institute of Real Estate Management (IREM) Certified Sustainable Property (CSP) certifications for 5 of our fund properties. This certification requires property teams to market their energy efficiency initiatives to tenants and benchmark utility consumption in addition to placing significant importance on energy use reductions.

As part of our RPI philosophy, we believe that by conducting business equitably and ethically, we can strengthen local marketplaces, improve the health and productivity of occupants, and subsequently reinforce the financial performance of our properties.

To this end, we work with our property managers to integrate a number of protocols in the course of their business practices:
- Designing, constructing, and overseeing capital and tenant improvements with the health, safety, and welfare of tenants in mind.
- Ensuring consistent treatment of tenants and vendors through standardized building-management practices.
- Managing tenant comfort and satisfaction through indoor air-quality and water-infiltration risk-mitigation plans and operations and maintenance protocols.
- Promoting quality craftsmanship and fair labor practices through responsible contracting and standardized construction contracts and service agreements.
- Encouraging increased tenant engagement and community outreach.
- Promoting supplier diversity through vendor and purchasing initiatives.
- Fostering safe and healthy work environments through recycling, green cleaning, integrated pest management, and green landscaping practices.
- Ensuring compliance of federal, state, municipal or other governmental law, ordinance, rule or regulation through accessibility assessments and third-party reports.

### Core Assessed

#### PR 09 - Mandatory

<table>
<thead>
<tr>
<th>Target/KPI</th>
<th>Progress Achieved</th>
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<tbody>
<tr>
<td>A portfolio-wide environmental (GHGs, water, and waste) reduction target of 10% by 2020, and a recently revised energy reduction target of 20% by 2020. 100% compliance with Pillars of Responsible Property Investing (PRPI) initiative environmental policies and other sustainability-oriented procedures. Certify sustainability performance with appropriate certifications strategies including LEED, ENERGY STAR, and IREM.</td>
<td>PRPI initiative properties achieved 16.8% reduction in energy use over baseline, avoiding 140K metric tons of GHG emissions, and 22.3% reduction in water use. Principal Real Estate Investors annually requires property teams to certify compliance with ESG policies. As of December 31, 2019, 100% of property teams certified compliance. 45 properties are ENERGY STAR certified; 6 properties were LEED certified; 5 properties were BREEAM certified; and 6 properties received IREM certification.</td>
</tr>
</tbody>
</table>

#### PR 09.1 - Indicate the proportion of property assets for which your organisation, and/or property managers, set and monitored ESG targets (KPIs or similar) during the reporting year.

- >90% of property assets
- 51-90% of property assets
- 10-50% of property assets
- <10% of property assets

#### PR 09.2 - Indicate which ESG targets your organisation and/or property managers typically set and monitor

- Environmental

#### PR 09.3 - Additional information. [Optional]

We work with 100% of Principal Real Estate Investors properties to comply with all federal, state, municipal and other governmental, laws, ordinances, rules, and regulations. For example, all properties meet disability access requirements in accordance with ADA code.

ESG issues are included in standard property management agreements, which are standard for all property management partners, including in cases when property managers are affiliated with joint venture partners. Property manager performance reviews take their ESG services and accomplishments into account. Adhering to our policies and procedures is an expectation of their standard performance and part of their management fee. We do not provide additional reward or incentivize them monetarily for these achievements.

To monitor each property manager's progress and provide feedback on how we measure progress, we have created a web-based status board, which tracks annual progress under the PRI, GRESB, and EPA's ENERGY STAR platform.
progress against several metrics. The status board is viewable by all property managers. While specific properties are not listed, management firms are
shown so that firms can see how they are performing against their peers. Status board information is also included in our annual Property Manager
Scorecard, which grades property teams on their data management, data accuracy, and responsiveness to ESG responsibilities.

We employ the following tracking, monitoring, and benchmarking protocol to assess performance and identify trends and opportunities:

- Continually track and monitor energy, water, and waste performance data across all office, retail, and multifamily properties with the EPA’s ENERGY
  STAR Portfolio Manager benchmarking tool.
- Annually participate in the GRESB Assessment, the global benchmark for real estate assets, allowing for select fund benchmarking across critical ESG
  management, policy, and performance indicators.
- Maintain an internal property performance Status Board to monitor and communicate performance metrics and deliverables with our property
  management partners.
- Annual Compliance Survey completed by property teams to assess progress and compliance with the Pillars of Responsible Investing Initiative and
  gather crucial information for investor reporting efforts.
- Annual certification by property management firms to ensure adherence to all policies and procedures including our Pillars of Responsible Investing
  Initiative.

PR 10  Voluntary  Descriptive  PRI 2
Private

PR 11  Mandatory  Core Assessed  PRI 2

PR 11.1  Indicate the proportion of active property developments and major renovations where ESG issues have been considered.

- >90% of active developments and major renovations
- 51-90% of active developments and major renovations
- 10-50% of active developments and major renovations
- <10% of active developments and major renovations
- N/A, no developments and major renovations of property assets are active

PR 11.2  Indicate if the following ESG considerations are typically implemented and monitored in your property developments and major
renovations.

- Environmental site selection requirements
- Environmental site development requirements
- Sustainable construction materials
- Water efficiency requirements
- Energy efficiency requirements
- Energy generation from on-site renewable sources
- Waste management plans at sites
- Health and safety management systems at sites
- Health and wellbeing of residents
- Construction contractors comply with sustainability guidelines
- Resilient building design and orientation
- Other, specify

PR 11.3  Additional information [Optional]

We have a formalized sustainability approach related to design and construction activities through the PRPI Guidelines for Real Estate Development. These
guidelines encourage new development partners and stakeholders to pursue designs that achieve performance certifications and incorporate procedures
that enable staff to track and monitor energy, water, and waste in Portfolio Manager, in addition to other requirements.

In accordance with our Real Estate Development Guidelines, nearly all new developments and major renovations are built to LEED Silver standards, BREEAM
Good rating, or higher and obtain certification. LEED provides a comprehensive framework to ensure a broad range of ESG issues are addressed. We also
work with property managers to ensure that design, construction, and overseeing capital and tenant improvements is consistently accomplished with the
health, safety, and welfare of tenants in mind.

The primary drivers behind our ESG approach in new developments and existing buildings include:

- Reduce costs and enhance asset value.
- Meet client and investor objectives.
- Fulfill commitments of the United Nations Principles of Responsible Investment.
- Align operations with community, tenant, and stakeholder expectations.
- Enhance occupant health and well-being.
- Fulfill regulatory requirements.
- Gain competitive advantage.

We utilize standard AIA contracts with all contractors to ensure contractor compliance and require ongoing status reports. We promote quality
craftsmanship and fair-labor practices through responsible contracting and standardized construction contracts and service agreements. Our "Indoor Air
Quality Guidelines and Building Maintenance and Operations Protocol," includes steps to maintain air quality during construction. Contractors are required
to follow the guidelines and construction managers are responsible for verifying their compliance.

PR 12  Mandatory  Core Assessed  PRI 2

PR 12.1  Indicate the proportion of property occupiers your organisation, and/or your property managers, engaged with on ESG issues during the
reporting year.

- >90% of occupiers

TRANSPARENCY
Indicate if the following practices and areas are typically part of your, and/or your property managers’, occupier engagements.

- Distribute a sustainability guide to occupiers
- Organise occupier events focused on increasing sustainability awareness
- Deliver training on energy and water efficiency
- Deliver training on waste minimisation
- Provide feedback on energy and water consumption and/or waste generation
- Provide feedback on waste generation
- Carry out occupier satisfaction surveys
- Health and wellbeing of residents
- Offer green leases
- Other, specify

Indicate the proportion of all leases signed during the reporting year that used green leases or the proportion of Memoranda of Understandings (MoUs) with reference to ESG issues.

- >90% of leases or MoUs
- 50-90% of leases or MoUs
- 10-50% of leases or MoUs
- <10% of leases or MoUs
- 0% of leases or MoUs
- N/A, no leases or MoUs were signed during the reporting year

Our standard green leasing language includes the following clauses:

1. Tenants shall fully cooperate in all programs that promote the building’s energy, water, and waste management and efficiency; environmental standards; and safety.
2. Requirements for tenants to disclose utility data for the purposes of whole building benchmarking.
3. The landlord’s right to install submeters and other energy measurement devices to track tenant space energy consumption.
4. A tenant cost recovery clause allowing for the pass-through of efficiency-related capital expenses to tenants.
5. The requirement that tenants must purchase ENERGY STAR and/or WaterSense certified equipment and fixtures during tenant improvements.

This leasing language earned us the 2017 Green Lease Leaders Award from the Institute of Market Transformation and the U.S. Department of Energy. All Principal real estate assets are required to incorporate green leasing language, as appropriate by property type, when new leases are put into place.

Principal Real Estate Investors encourages the use of green lease language for its transactions and is developing further guidance for property managers, brokers, and staff. We have also adjusted our standard lease language and direction to property managers to ensure that we and our building occupants remain in compliance with local energy disclosure mandates as they become increasingly prevalent. We recognize that utility costs are part of the total cost of occupancy for tenants and encourage leasing brokers and property managers to recognize this and factor into any lease negotiations.

Lease language is modified to fit specific situations, property types and market conditions. More comprehensive language may be used especially if the building is LEED certified or intends to become LEED certified. The building rules and regulations are also modified to address building standards and building operations and practices.

Individual lease adoption is subject to asset manager approval and negotiations. Tenant cost recovery, tenant utility data disclosure, energy efficiency standards, and submetering requirements are included in the green leasing language to establish standards that protect the sustainability goals Principal values throughout its real estate portfolio.
<table>
<thead>
<tr>
<th>PR 14</th>
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<tr>
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<td>PRI 1,2</td>
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<td>PR 16</td>
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<td>PRI 1,3</td>
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<td></td>
<td>Private</td>
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</table>
### CM1 01
#### Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:

- **Third party assurance over selected responses from this year's PRI Transparency Report**
- **Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year**
- **Third party assurance or audit of the correct implementation of RI processes (that have been reported to the PRI this year)**
- **Internal verification of responses before submission to the PRI (e.g. by the CEO or the board)**
  - **Whole PRI Transparency Report has been internally verified**
  - **Selected data has been internally verified**
  - **Other, specify**

- **OO section reviewed to ensure it met Compliance standards, Business Units verified respective asset class submissions for accuracy, Compliance reviewed LEA, Consultant reviewed PR section.**
- **None of the above**

### CM1 02
#### We undertook third party assurance on last year's PRI Transparency Report

- **Whole PRI Transparency Report was assured last year**
- **Selected data was assured in last year's PRI Transparency Report**
- **We did not assure last year's PRI Transparency report**
- **None of the above, we were in our preparation year and did not report last year.**

### CM1 03
#### We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:

- **We adhere to an RI certification or labelling scheme**
- **We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year’s PRI Transparency Report**
- **ESG audit of holdings**
- **Other, specify**
  - Third-party real estate consultants verify the OO, SG and PR portion of the PRI survey submission.
- **None of the above**

### CM1 04
#### Do you plan to conduct third party assurance of this year's PRI Transparency report?

- **Whole PRI Transparency Report will be assured**
- **Selected data will be assured**
- **We do not plan to assure this year’s PRI Transparency report**

### CM1 07
#### Indicate who has reviewed/verified internally the whole - or selected data of the - PRI Transparency Report. and if this applies to selected data please specify what data was reviewed

- **CEO or other Chief-Level staff**

#### Sign-off or review of responses

- **Sign-off**
- **Review of responses**

#### What data has been verified

- **Policies**
- **Overarching strategy and processes**
- **Asset class specific processes**
- **Quantitative data related to RI processes**
- **Other**

#### Relevant modules

- **Organisational Overview**
- **Strategy and Governance**
- **Direct - Listed Equity Incorporation**
What data has been verified

- Policies
- Overarching strategy and processes
- Asset class specific processes
- Quantitative data related to RI processes
- Other

Relevant modules

- Organisational Overview
- Strategy and Governance
- Direct - Listed Equity Incorporation
- Direct - Listed Equity Active Ownership
- Direct - Fixed Income
- Direct - Property

RI/ESG Team

What data has been verified

- Policies
- Overarching strategy and processes
- Asset class specific processes
- Quantitative data related to RI processes
- Other

Specify

Data related to GHG emissions of Real Estate portfolio

Relevant modules

- Organisational Overview
- Strategy and Governance
- Direct - Listed Equity Incorporation
- Direct - Listed Equity Active Ownership
- Direct - Fixed Income
- Direct - Property

Investment Teams

What data has been verified

- Policies
- Overarching strategy and processes
- Asset class specific processes
- Quantitative data related to RI processes
- Other

Specify

All answers for their respective asset class

Relevant modules

- Organisational Overview
- Strategy and Governance
- Direct - Listed Equity Incorporation
- Direct - Listed Equity Active Ownership
- Direct - Fixed Income
- Direct - Property

Legal Department

Other (specify)