

Principal Global Investors Responsible Investment Policy Statement

Given our organization's long-standing commitment to corporate stewardship and our track record in responsible property investing, we view the UNPRI as a natural progression in the development of our business. For this reason, we became a signatory to the [United Nations Principles for Responsible Investment \(UNPRI\) in December 2010](#). All investment teams and boutiques within the global asset management business of Principal Global Investors are covered by our UNPRI signature, and consistent with our [multi-boutique business model](#), each boutique will define the scope and pace of its own implementation path, driven by what fits best with its investment process and the needs of its clients.

Our Approach

At Principal Global Investors, our commitment to Responsible Investing and ESG issues revolves around one key factor - which is our fiduciary responsibility to our clients. Acting in their long-term best interests comes first and foremost. Our approach to Responsible Investing is at all times driven by that priority.

Our Commitment

The Principles for Responsible Investing are based on the premise that environmental, social, and corporate governance (ESG) issues can impact the performance of investment portfolios and investors should give them appropriate consideration to fulfill their fiduciary duty. In signing the principles, Principal Global Investors publicly commits, where consistent with our fiduciary responsibilities, to the following:

1. To incorporate ESG issues into our investment analysis and decision-making processes
2. To be active owners and incorporate ESG issues into our ownership policies and practices
3. To seek appropriate disclosure on ESG issues from the entities we invest in
4. To promote acceptance and implementation of the principles within the investment industry
5. To work with other signatories to enhance effectiveness in implementing the principles
6. To report on our activities and progress towards implementing the principles



An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

Integration

As a fiduciary for our clients, we welcome the broader investment prism that the Principles represent. Furthermore, we value the voice that our status as a UNPRI signatory gives us in defining and shaping the ESG discussion, the development of best practices, and ultimately the potential to enhance the risk-adjusted returns we deliver to clients.

Integration of ESG factors takes place across all asset classes that PGI manages. The integration approach is determined by the specific investment process of the underlying asset class, whether it is Equities, Fixed Income or Real Estate.

For listed securities, the consideration of ESG issues currently takes place within our investment process as part of the fundamental research driving security selection. Our analysts are best placed to determine the importance of such factors in relation to a specific security or sector. The analysts provide the essential insights into industry trends and company-specific considerations integrating ESG factors into their final investment thesis. These insights and considerations have always been crucial to the evaluation of sustainable competitive advantages and risks at a company-specific and industry level.

For Real Estate investments, Principal Real Estate Investors maintains a unique sustainability and investment platform, known as the Pillars of Responsible Property Investing (PRPI). PRPI is a unique, overarching environmental-social-and-governance framework developed to drive superior asset management and fiduciary governance, and deliver positive financial and environmental results. The Pillars of Responsible Property Investing initiative demonstrates our commitment to the UNPRI, and is a natural progression of our sustainable investment philosophy.

Client-Driven Mandates

While ESG considerations are integrated into our investment process, Principal Global Investors currently manages a small number of client mandates with specific ESG exclusions. In addition to integration, these mandates require negative screening as well. The exclusions are noted in the clients' Investment Management Agreements and are applied through rules within our Compliance and Order Management System.



Reporting

The sixth Principle for Responsible Investment states that we will report on our activities and progress towards implementing the principles. To this end, Principal Global Investors has committed to fulfill the annual signatory reporting requirement. Our most current RI Transparency report can be found on the UNPRI website.