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PRINCIPAL LISTED INFRASTRUCTURE

Sustainability Report

SEPTEMBER 2026

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We are pleased to share this edition of our strategy's sustainability report, where we offer insights into how the listed infrastructure companies in our portfolio contribute to the communities and economies they serve, and how we assess those contributions in the context of long-term value creation.

Our portfolios focus on essential infrastructure businesses, including utilities, transportation, communications and energy infrastructure. These companies typically operate under regulated or long-term contracted frameworks and provide services that are critical to economic activity. Their ability to generate sustainable financial returns depends on reliable and affordable service, effective management of environmental and social risks, and disciplined investment for the future.

Recent developments have reinforced both the importance and complexity of infrastructure. Growth in artificial intelligence (AI) and data infrastructure is accelerating electricity demand and increasing investment needs across digital infrastructure, generation, transmission, storage and natural gas systems. Aging assets, extreme weather, water scarcity and changing patterns of economic activity have also highlighted the need for greater resilience. Meeting these needs requires capital investment that balances reliability, affordability, energy security, emissions reduction and community impacts.

The sustainability landscape has also become more nuanced. In the United States, changes to federal energy policy and Inflation Reduction Act (IRA) incentives increased uncertainty for some technologies, even as state regulation, customer demand and long-lived infrastructure needs continued to support investment. Across markets, the discussion is increasingly moving beyond broad labels toward measurable outcomes, including reliability, access, climate resilience, disciplined capital allocation, credible emissions management, responsible resource use and effective governance.

We believe disciplined analysis of material sustainability factors is fundamental to investment analysis and active ownership, and it has been part of our process since the strategy's inception in 2019. We are grateful for our ongoing partnership with Principal Asset Management's Sustainable Investing team, which helps make our processes scalable and this reporting effort possible.

Thank you for reading.



A blue ink signature of Emily Foshag.

EMILY FOSHAG, CFA

Portfolio Manager,
Head of Listed Infrastructure
New York



A blue ink signature of Alex Mottershead.

ALEX MOTTERSHEAD, CFA

Portfolio Manager
New York



A blue ink signature of Rishika Davda.

RISHIKA DAVDA, CFA

Senior Analyst
London

Our approach to sustainable investing

Our approach to sustainable investing is informed by our infrastructure sector focus, our experiences analyzing sustainability considerations and our observations of the world around us. It remains grounded in our fiduciary responsibility to our clients.

We invest exclusively in publicly traded companies that operate infrastructure businesses—utilities, toll roads, airports, rail operators, energy and communications infrastructure. These companies comprise a small subset of publicly traded companies globally. More than 85 percent of the sector’s market capitalization is concentrated in 100 companies.*¹

In addition to infrastructure sector expertise, many of our team members bring differentiated sustainability experience to our roles, having contributed to environmental, social and governance initiatives at predecessor firms and/or studied sustainability issues at the graduate level. This experience enhances our efforts to analyze sustainability in a manner that remains additive to financial returns.

The key pillars of our approach are as follows:

A FORWARD-LOOKING, IMPACT-ORIENTED APPROACH

Given the dominant role infrastructure plays in supporting global sustainability agendas and the monopolistic nature of these businesses, listed infrastructure companies have potential for positive impact on society and the environment that is not always well captured by traditional environmental, social and governance (ESG) scores or historical metrics. We prioritize investment in companies that add differentiated value to their communities, and that we expect to continue to do so over the long-term. We also strive to build a portfolio that remains in touch with the challenges and opportunities present in the real economy, rather than one that simply screens well on the surface.

[Read more about the unique role listed infrastructure companies can play in driving sustainable impact.](#) ↓

*¹ Investment team research.



INDEPENDENT THINKING

Analyzing a company's sustainability practices and impact potential in a manner that remains additive to financial returns is a complex task. Our investment team owns the rigor around this important analysis. We employ a proprietary ratings framework which seeks to benchmark companies against best-in-class practices and identify the more compelling opportunities for progress, ideally opportunities that are not well understood by other market participants. We also map the contributions of our portfolio companies to the United Nations Sustainable Development Goals, focusing on those goals where infrastructure is generally accepted to be a key contributor.^{*2} The proprietary research produced by our investment team members is ultimately instrumental in guiding our engagement activities.

[Read why we chose the SDGs as our framework for demonstrating portfolio contributions.](#) >

VALUATION DISCIPLINE

Our investment process explicitly links our independent views of a company's fundamentals, including sustainability practices, with its market valuation. While we are happy to own sustainability leaders, when market valuations of such companies become disconnected from fundamentals, we aim to reallocate capital to companies whose market valuations, in our view, do not reflect their impact potential. We believe our valuation discipline can increase the likelihood that a company making positive social and environmental contributions retains access to fairly priced capital across market cycles.



ACTIVE OWNERSHIP

Stewardship activities are essential to our role as active, long-term investors. We typically find our sector focus and expertise enhance our engagement efforts. Company executives may be more likely to respond to constructive dialogue if we first demonstrate a deep knowledge of their business and respect for the challenges they face. Establishing these relationships requires regular discussions over the course of many years.

[Read more about how our team conducts active ownership activities and our current engagement priorities.](#) >

LONG-TERM INVESTMENT HORIZON

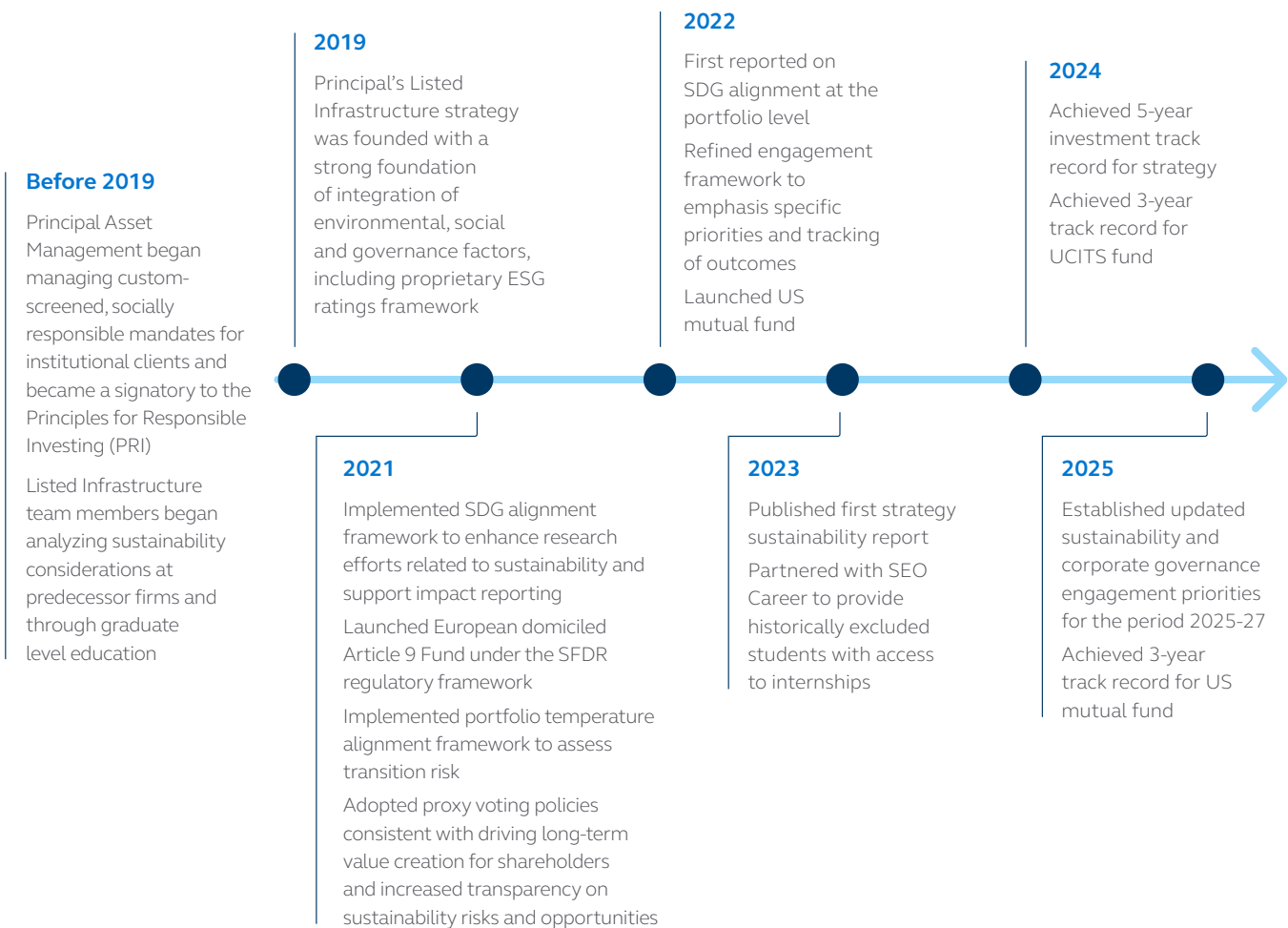
We invest in companies with the intention to remain shareholders for the long-term. Relative to other shareholder types, our focus can support a company in focusing on long-term value creation rather than on meeting quarterly expectations. Infrastructure capital investment cycles are lengthy and require decades of planning, and investors may require patience before sustainable impact potential is realized. We may also participate in capital raises for companies that are out of favor with other market participants and participate in initial public offerings that are less appealing to short-term investors.

^{*2} Our SDG mapping framework leverages the guidance published by the CFA Asset Owners Society and GRESB in 2020. Source: [GRESB SDG-ESG Infrastructure Investment Framework](#)

DIVERSITY OF THOUGHT

Investment team diversity is frequently linked to strong investment performance, and we are intentional about drawing upon the perspectives of a diverse pool of investment talent in building our portfolios. We also believe that harnessing diversity of thought is key to our ability to analyze sustainability challenges and opportunities in a way that remains additive to investment performance, as a team bringing diverse perspectives is likely to be better equipped to assess the nuances and trade-offs associated with a company’s sustainability initiatives.

Our sustainable investing evolution



2025 highlights



127 BILLION

USD invested by portfolio companies in infrastructure and related services



OVER 135 MILLION

utility customers received electric and/or natural gas service from portfolio companies



94 MILLION

customers served clean drinking water



50.7 MILLION

customers provided sewage and sanitation services



OVER 12 GW

in new renewables capacity commissioned by portfolio companies



32.2 PERCENT

of the average company board was comprised of women



28 PERCENT

of portfolio company workforces were subject to collective bargaining agreements



92 PERCENT

of portfolio companies have adopted quantitative carbon emissions reduction targets, including 100 percent in high emissions sectors



90 PERCENT

of portfolio companies delivered stable or improving emissions intensity over the past three years



26 ENGAGEMENTS HELD

that were dedicated to corporate governance and sustainability topics



49 SHAREHOLDER MEETINGS VOTED,

including 13 with against management votes

All figures are aggregated based on company reports covering fiscal year 2025 or the most recent data if 2025 figures are not yet available, unless otherwise indicated.

Contributions to the Sustainable Development Goals

Our mapping framework | Alignment and contributions

Our mapping framework

We believe infrastructure is uniquely positioned at the intersection of environmental, social, and economic progress. A 2018 study from the Inter-American Development Bank makes the case that infrastructure has the potential to explicitly and directly support progress toward over 70 percent of the 169 Sustainable Development Goal (SDG) targets outlined in the United Nation's 2030 Agenda for Sustainable Development.^{*3} OECD calculations demonstrate that nearly seven trillion of annual investment in infrastructure will be required in the coming decade to support economic growth while meeting the SDGs.^{*4}

Before recommending a security for investment, we evaluate and document a company's alignment with the UN SDGs, ensuring its contributions to social and environmental progress are in line with our expectations for an infrastructure company operating in the relevant subsector and country. Given our explicit infrastructure sector focus, we have identified 6 of the SDGs to which sustainable infrastructure companies are most likely to contribute, as well as the individual targets and indicators that are most applicable to each company and which vary depending on subsector and/or country of operation. Contributions must be measurable and disclosed at the time of investment, or we must be able to identify a clear path for future measurability and disclosure through our engagement activities.

The SDGs where we focus our alignment research include:



Importantly, our alignment research incorporates the concept of misalignment, such that we are continuously evaluating the numerous positive and negative contributions our portfolio companies are making. Ultimately, we seek to invest only in companies that we believe have a net positive impact on society.

^{*3} [IADB - What is Sustainable Infrastructure? A Framework to Guide Sustainability Across the Project Lifecycle](#)

^{*4} [OECD Sustainable Infrastructure Policy Initiative](#)

Why the SDGs?

GLOBALLY RECOGNIZABLE AND APPLICABLE

The SDGs and underlying targets are recognized globally and universally applicable, considering different national realities, capacities and levels of development and respecting national policies and priorities. The framework lends itself well to a global investment portfolio that allocates capital to both developed and developing countries, recognizing that the pathway towards a sustainable future may look different depending on a country's starting point but that all efforts that further the 2030 Agenda should be celebrated.

FORWARD-LOOKING

The SDGs are framed as goals, which are necessarily forward-looking and focused on potential rather than the current state. In this framework, where a company is today is less important than where it is going, which is consistent with how we evaluate investment opportunities more broadly and our ambition to drive positive impact.

INTEGRATES ALL THREE PILLARS OF SUSTAINABILITY

The 17 SDGs and 169 targets are explicit in their intention to the three dimensions of sustainable development: economic, social and environmental. We believe any framework that examines each pillar in isolation may prove less practical when the goal is real world progress.

Contributions to the Sustainable Development Goals

Our mapping framework | [Alignment and contributions](#)

Alignment and contributions

PORTFOLIO SUMMARY

While we analyze alignment and contributions to the SDGs at the individual company level, the pages that follow aggregate, where possible, the positive contributions to our strategy's focus SDGs across the portfolio. We also provide company examples that demonstrate positive contributions to key SDG targets. In some instances, portfolio level aggregation is difficult given the current state of data availability and comparability and/or the potential for such contribution may not apply broadly across the portfolio.

Focus SDG alignment of our portfolio

		% of portfolio aligned	Utilities	Transportation	Energy	Communications
% of total portfolio			49%	19%	14%	14%
	Clean water & sanitation	34%	22%	1%	8%	3%
	Affordable & clean energy	84%	45%	14%	10%	14%
	Decent work & economic growth	91%	45%	19%	13%	14%
	Industry, innovation & infrastructure	91%	45%	18%	14%	14%
	Sustainable cities & communities	84%	44%	19%	6%	14%
	Climate action	79%	41%	19%	4%	14%

As of 31 December 2025. Percentages exclude cash and may not equal 100% due to rounding.

Overall SDG alignment across the portfolio



Data as of 31 December 2025. Sustainable Development Goals (SDGs) are a collection of 17 global goals set by the United Nations General Assembly. This is provided for information only and should not be construed as specific investment advice, a recommendation to buy, sell or hold, or be relied on in any way as a guarantee, promise, forecast or prediction of future events regarding an investment or the markets in general.

All figures are aggregated based on company reports covering fiscal year 2025 or the most recent data if 2025 figures are not yet available.



SDG 6—Clean Water and Sanitation

94 MILLION

customers served clean drinking water
compared to 76.7 million in 2024, reflecting increased contributions from Companhia de Saneamento Basico do Estado de Sao Paulo SABESP, the largest sanitation company in Brazil, and Guangdong Investment Limited, which provides water to major cities including Hong Kong, Shenzhen, and Dongguan.

50.7 MILLION

customers provided sewage and sanitation services
compared to 48.2 million in 2024, reflecting the new positions mentioned above

MORE THAN 4.2 BILLION

USD invested in water distribution and sanitation infrastructure
compared to 3.5 billion in 2024

67 PERCENT

of companies have water risk management programs in place, including 100 percent of companies with operations in geographies experiencing high water stress
compared to 54 percent in 2024

Sources: Company reports, MSCI ESG research, investment team estimates. Figures represent 2025 actuals or latest available data if 2025 figures have not yet been reported.

COMPANY SPOTLIGHT(S)

Company Name

Guangdong Investment Limited

Business Overview

Guangdong Investment Limited is a Hong Kong-listed utility company. Water resources represent the company's largest business segment. Through the Dongshen Water Supply Project and an extensive portfolio of municipal water supply and wastewater treatment assets, Guangdong Investment delivers essential water services to Hong Kong, Shenzhen, Dongguan, and numerous municipalities across mainland China. The company continues to expand its water infrastructure portfolio to support growing urban populations and rising demand for safe drinking water and modern sanitation services.

Challenge(s)

Southern China faces increasing pressure on freshwater resources as rapid urbanization, industrial development, and population growth drive higher demand for clean water. At the same time, municipalities must expand wastewater collection and treatment capacity to improve water quality and protect rivers and reservoirs from pollution. Water utilities therefore face the dual challenge of increasing access to reliable drinking water while investing in treatment infrastructure capable of supporting long-term environmental sustainability.

Contributions

Guangdong Investment continued to strengthen its contribution to water security during 2025 through ongoing expansion of its municipal water supply and wastewater treatment businesses. At year-end, the company operated water supply projects with an aggregate designed capacity of approximately 16.6 million tonnes per day, an increase from approximately 16.2 million tonnes one year earlier. Its wastewater treatment portfolio also expanded to approximately 3.1 million tonnes per day of designed treatment capacity, reflecting continued investment in essential public infrastructure.

The company's flagship Dongshen Water Supply Project remained one of southern China's most strategically important water systems. Under the current water supply agreement, the project continues to provide a reliable source of raw water to Hong Kong while also supporting the rapidly growing metropolitan areas of Shenzhen and Dongguan. The long-term concession framework provides stability for regional water planning and helps ensure dependable access to safe drinking water for millions of residents.

Beyond the Dongshen system, Guangdong Investment operates municipal water supply and wastewater treatment facilities across multiple provinces, including Guangdong, Jiangsu, Guangxi, Hainan, Guizhou, Yunnan, Hubei, and Gansu. These assets serve both major urban centers and smaller municipalities, enabling local governments to expand access to treated drinking water while increasing wastewater collection and treatment capacity as communities continue to grow.

The expansion of wastewater infrastructure is an equally important component of the company's contribution. By increasing municipal treatment capacity, Guangdong Investment helps reduce untreated wastewater

discharges into rivers and other waterways, supporting improved water quality and healthier local ecosystems. Modern treatment facilities also help municipalities comply with increasingly stringent environmental standards while protecting downstream water resources used by surrounding communities.

In addition to expanding water and wastewater capacity, Guangdong Investment continued to improve the efficiency and resilience of its water infrastructure during 2025. The Dongshen Water Supply Project supplied approximately 2.078 billion tonnes of water to Hong Kong, Shenzhen and Dongguan during the year. Elsewhere, a reclaimed water project in Wuxi can convert approximately 34,000 tonnes of wastewater per day into high quality water for industrial reuse, while the Daluo carbon neutral water plant generated more renewable electricity than it consumed in its production area and reduced its self use water rate to 2%.

Collectively, these investments directly support greater access to safe drinking water while improving wastewater treatment across the regions served by the company. As demand for reliable water infrastructure continues to increase throughout southern China, Guangdong Investment remains an important partner in helping municipalities expand essential water services and improve the quality of local water resources.

RELEVANT SDG TARGET(S)



6.1 Achieve universal and equitable access to safe and affordable drinking water for all



6.3 Improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials





SDG 7—Affordable and Clean Energy

OVER 136 MILLION

utility customers received electric and/or natural gas service

compared to 145 million in 2024, reflecting the exit from a second Chinese gas utility during 2025

OVER 86 GW

of renewables capacity was operated globally

compared to 84 GW in 2024

OVER 12 GW

in new renewables capacity commissioned, a 15 percent year-over-year increase

compared to 16 GW added in 2024, primarily reflecting a stepdown in investment from EDPR due to balance sheet constraints

15 PERCENT

of the average energy used by portfolio companies was renewable energy

compared to 18 percent in 2024, primarily reflecting the exit from an airport holding that used 100 percent renewable energy

76 BILLION

USD invested in energy infrastructure

compared to 76 billion in 2024

1.1 MILLION

to whom financial support was provided

compared to over 158 million USD of financial support provided in 2024

Sources: Company reports, MSCI ESG research, investment team estimates. Figures represent 2025 actuals or latest available data if 2025 figures have not yet been reported.

COMPANY SPOTLIGHT(S)

Company Name

EDP Renováveis SA

Business Overview

EDP Renováveis (EDPR) is one of the world's largest renewable energy developers, owning and operating wind, solar, battery storage, and offshore wind assets across Europe, North America, South America, and Asia-Pacific. As the renewable energy subsidiary of EDP Group, the company develops, constructs, owns, and operates utility-scale renewable generation projects under long-term contractual arrangements that support the transition toward lower-carbon electricity systems.

Challenge(s)

Global electricity demand continues to accelerate as economies electrify transportation, buildings, manufacturing, and digital infrastructure. Meeting this growth while reducing greenhouse gas emissions requires significant investment in renewable generation capacity, energy storage, and supporting infrastructure. Renewable developers must continue deploying clean generation at scale while integrating new technologies that improve the reliability and flexibility of increasingly renewable-based electricity systems.



Contributions

EDPR continued to expand its renewable generation platform during 2025, reinforcing its position as one of the world's leading developers of clean electricity infrastructure. During the year, the company commissioned approximately 2.0 gigawatts of new renewable capacity, increasing its global installed portfolio to approximately 20.4 gigawatts. The additions reflected a diversified mix of technologies and geographies, supporting continued growth in renewable electricity generation across multiple markets.

Solar energy represented approximately 48% of new capacity commissioned during 2025, while onshore wind accounted for 28%. Battery energy storage contributed approximately 17% of new additions, more than doubling EDPR's installed storage capacity to approximately 0.6 gigawatts. Offshore wind represented the remaining additions through continued development of the Noirmoutier offshore wind project in France. This increasingly diversified portfolio enables EDPR to generate renewable electricity using complementary technologies while improving the integration of variable renewable resources into electricity systems.

Renewable electricity generation increased approximately 11% year over year, reaching roughly 41 terawatt-hours during 2025. Growth was driven by newly commissioned

projects across North America, continued expansion in South America, and additional solar generation throughout Asia-Pacific markets. Regional diversification allows the company to continue expanding renewable generation while reducing dependence on any single electricity market.

EDPR also maintained a substantial development pipeline to support future renewable deployment. At year-end 2025, approximately 1.6 gigawatts remained under construction, including utility-scale solar, battery storage, onshore wind, and offshore wind projects. These developments provide visibility into continued renewable capacity additions over the coming years as electricity demand continues to increase globally.

In Asia-Pacific, EDPR continued expanding distributed solar generation through its SolarNova program in Singapore, installing rooftop photovoltaic systems across public housing and government buildings. By utilizing existing building infrastructure to generate clean electricity, these projects help increase renewable generation within densely populated urban environments while making more efficient use of available land.

Through continued investment in wind, solar, offshore wind, and battery storage, EDPR is increasing the share of renewable electricity available across the markets it serves. The company's ongoing expansion of clean generation capacity directly supports the global transition toward a more renewable electricity system while helping meet rising demand for low-carbon power.

RELEVANT SDG TARGET(S)

-  **7.1** Ensure universal access to affordable, reliable and modern energy services
-  **7.2** Increase substantially the share of renewable energy in the global energy mix

Company Name

Williams Companies, Inc.

Business Overview

Williams Companies is a U.S. energy-infrastructure company headquartered in Tulsa, Oklahoma. The company owns and operates approximately 32,000 miles of pipelines across 24 states, together with natural-gas processing, storage, and related infrastructure. Its principal asset is the Transco pipeline, which extends from South Texas to New York and is the largest-volume natural-gas pipeline system in the United States. Williams delivers natural gas used for electricity generation, residential and commercial heating, and industrial activity

Challenge(s)

U.S. natural gas demand is increasing as utilities seek dispatchable generation to support manufacturing growth, electrification and fast-growing data-center capacity. Williams must help meet these reliability needs while managing affordability, minimizing construction impacts and reducing methane and other greenhouse-gas emissions associated with natural-gas transportation and use. We discuss the broader data-center and natural-gas context in the [Other Developments and Carbon Footprint sections](#).

Contributions

Williams expanded its natural-gas network during 2025 to support reliable energy service in markets experiencing population, industrial and electricity-demand growth. In April, the company commissioned two fully contracted Transco expansions: the Texas to Louisiana Energy Pathway and the Southeast Energy Connector, adding approximately 364 million cubic feet per day and 150 million cubic feet per day of capacity, respectively. Both projects principally used existing corridors and facilities, limiting additional land disturbance.

At the same time, Williams continued reducing the emissions intensity of its operations. By year-end 2025, the company had reduced Scope 1 and 2 emissions intensity by 28% from its 2018 baseline and outperformed its annual target to reduce methane emissions intensity by 5% from 2024 levels.

These projects support dependable energy delivery in regions where demand is growing, while the Southeast Energy Connector also supports coal-to-gas switching in Alabama. Williams separately advanced behind-the-meter power opportunities for digital-infrastructure customers, including its Socrates project, which is discussed in more detail in the [Data centers section](#).

RELEVANT SDG TARGET(S)

 **7.1** Ensure universal access to affordable, reliable and modern energy services



SDG 8—Decent Work and Economic Growth

45 BILLION

Economic Value Added
compared to 47 billion in 2024

2,100

jobs added by portfolio companies
compared to 1,500 jobs lost in 2024

28.5 PERCENT

of portfolio company workforces were
subject to collective bargaining agreements
compared to 32.1 percent in 2024

97 PERCENT

of portfolio companies implemented
diversity programs
compared to 100 percent in 2024

32.2 PERCENT

of the average company board was
comprised of women
compared to 33.3 percent in 2024

100 PERCENT

of portfolio companies had no material
workplace accidents
compared to 100 percent in 2024

Sources: Company reports, MSCI ESG research, investment team estimates. Figures represent 2025 actuals or latest available data if 2025 figures have not yet been reported.

COMPANY SPOTLIGHT(S)

Company Name

CSX Corporation

Business Overview

CSX Corporation is a major North American freight-transportation company headquartered in Jacksonville, Florida. It provides rail, intermodal, and rail-to-truck transload services to customers in the energy, industrial, construction, agricultural, and consumer-products sectors. Its network connects every major metropolitan area in the eastern United States, links more than 240 short-line railroads, and provides access to more than 70 ocean, river, and lake ports.

Challenge(s)

Freight rail supports industrial production and commerce but presents significant operational and workforce-safety challenges. Employees work around moving trains, heavy machinery, automotive-loading facilities, and other potentially hazardous equipment. Railroads must reduce workplace injuries while maintaining service across a large network exposed to severe weather and infrastructure constraints. CSX must also invest in capacity and technology that improve productivity, reduce freight bottlenecks, and allow new and existing customers to connect efficiently with domestic and international markets.

Contributions

CSX reported meaningful improvements in employee and operational safety during 2025. Its Federal Railroad Administration personal-injury frequency index declined by 24% from the prior year to 0.94, while its train-accident rate improved by 13% to 3.08. These results indicate progress in reducing injuries and operating incidents across a business in which employees routinely work near heavy equipment and moving trains.

Technology deployment supported CSX's safety efforts. In July 2025, the company began installing a Mobile Collision Safety system across its heavy-equipment fleet. The system combines GPS, cameras, radar, and lidar to identify workers or other machinery entering high-risk areas around equipment. Where the technology detects an imminent collision risk, it can stop the equipment automatically. The system was developed through CSX's employee-driven InnovationX program in response to observed risks involving machinery and workers in restricted operating areas.

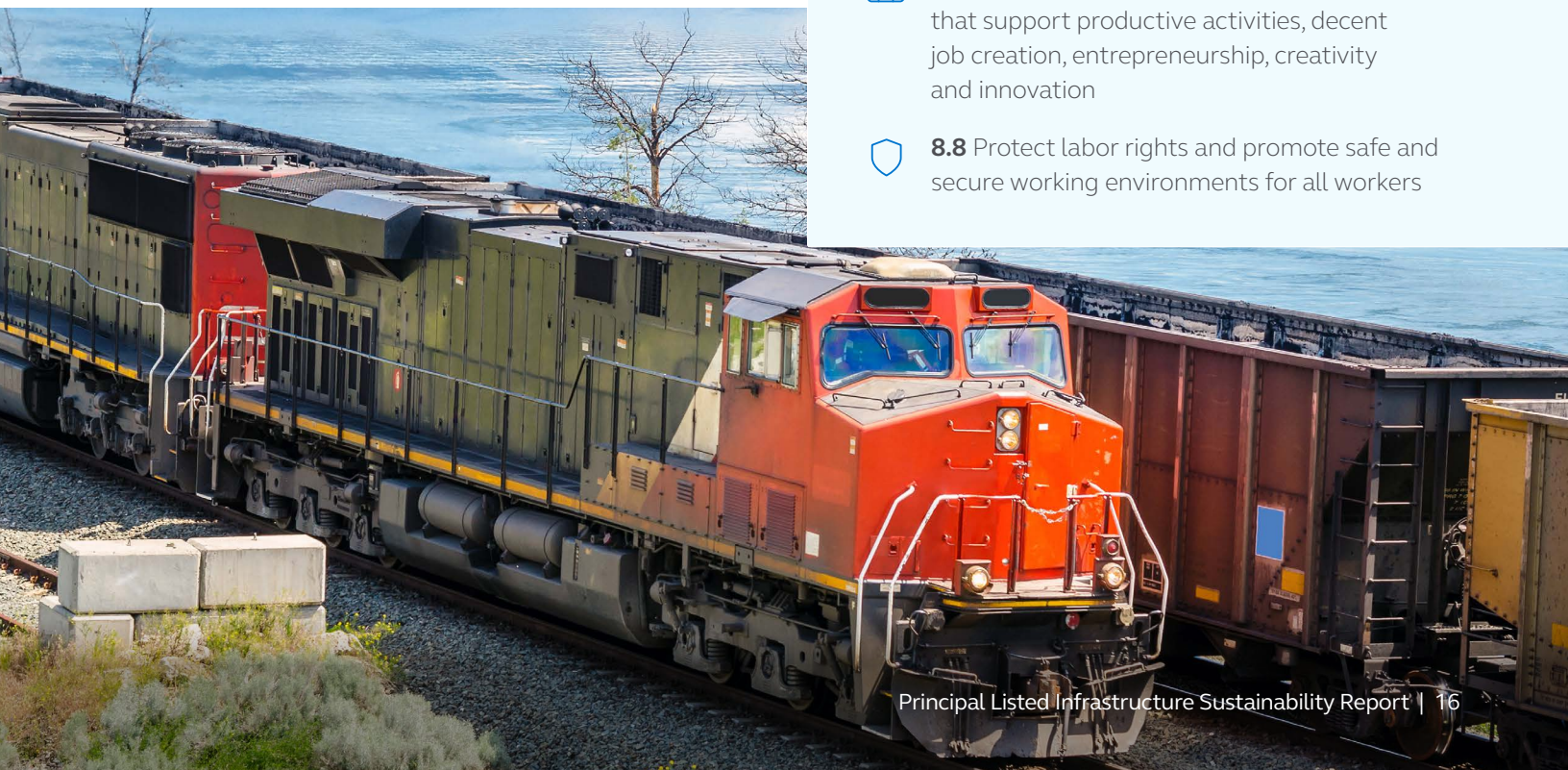
CSX also expanded the use of autonomous electric shuttles at selected automotive terminals. At its Selkirk facility, an autonomous shuttle transports unloading crews between work areas, replacing a gasoline-powered vehicle and allowing the employee who previously drove the shuttle to move into a more productive unloading role. The project illustrates how technological upgrading can simultaneously reduce emissions, limit employee exposure to repetitive vehicle movements, and improve terminal productivity.

Infrastructure investment also supported broader economic productivity. CSX rebuilt approximately 60 miles of its Blue Ridge Subdivision after Hurricane Helene and restored full service in less than one year, reconnecting customers and communities dependent on the corridor. It reopened Baltimore's expanded Howard Street Tunnel, removing a longstanding clearance constraint and preparing the route for double-stack intermodal trains following completion of related clearance work. In Chicago, CSX led construction of the 75th Street CREATE Flyover, which separates intersecting freight and passenger movements at one of the country's busiest rail hubs.

During 2025, CSX added 85 new or expanded rail-served facilities and ended the year with approximately 600 customer-development projects at various stages. These investments can support construction and permanent employment, improve market access for industrial customers, and increase the productivity of supply chains across the eastern United States. Together, improved safety performance, technology adoption, and capacity investment demonstrate CSX's contribution to safer work and productive economic activity.

RELEVANT SDG TARGET(S)

-  **8.2** Achieve higher levels of economic productivity through diversification, technological upgrading and innovation
-  **8.3** Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation
-  **8.8** Protect labor rights and promote safe and secure working environments for all workers





SDG 9—Industry, Innovation, and Infrastructure

127 BILLION

USD invested in infrastructure
compared to 98 billion in 2024

OVER 600 BILLION

revenue ton miles of freight
transportation provided
*compared to over 1.3 trillion in 2024, reflecting the
exit of the largest rail operator in North America*

72 THOUSAND

miles of road and rail operated
*compared to 63 thousand in 2024, reflecting the
addition of one more rail operator to the portfolio*

702 MILLION

airport passengers served
compared to 502 million in 2024

755 MILLION

passengers served by urban
mobility networks
compared to 718 million in 2024

6.3 BILLION

USD invested to improve data transmission
in developing countries
compared to 5.9 billion in 2024

90 PERCENT

of portfolio companies delivered stable or
improving emissions intensity over the past
three years
compared to 86 percent in 2024

Sources: Company reports, MSCI ESG research, investment
team estimates. Figures represent 2025 actuals or latest
available data if 2025 figures have not yet been reported.

COMPANY SPOTLIGHT(S)

Company Name

Aéroports de Paris S.A. (Groupe ADP)

Business Overview

Groupe ADP develops and operates airport infrastructure in France and international markets. Its principal assets include Paris-Charles de Gaulle, Paris-Orly and Paris-Le Bourget, together with airport interests operated through TAV Airports, GMR Airports and other subsidiaries and partnerships. At year-end 2025, the group's network comprised 26 airports in 17 countries. These facilities served approximately 379 million passengers during the year, including 107 million passengers at the three Paris-region airports.

Challenge(s)

Airports must expand and modernize infrastructure to accommodate passenger growth while maintaining safety, reliability and accessibility. At the same time, terminals, runways and ground operations consume substantial energy and materials. Groupe ADP must upgrade long-lived assets, improve their resource efficiency and prepare airports for lower-carbon energy and transportation systems without disrupting essential regional and international connectivity.

Contributions

Groupe ADP invested approximately €1.27 billion during 2025, including approximately €906 million at Aéroports de Paris. Projects at the Paris airports included rehabilitation and regulatory upgrades to Runway 1 and associated taxiways at Paris-Charles de Gaulle, expansion of aeronautical areas and refurbishment of aircraft stands at Paris-Orly 4, and renovation of departure and check-in facilities at Paris-Charles de Gaulle Terminals 2A and 2C. These investments support the safety, capacity and reliability of infrastructure serving one of Europe’s most important aviation hubs.

The rehabilitation of Runway 1 at Paris-Charles de Gaulle also demonstrated how major infrastructure projects can incorporate circular-economy principles. Approximately 259,000 tonnes of materials were collected during the project, of which 76% were directly reused. Groupe ADP estimated that this approach reduced the construction-related carbon emissions typically associated with comparable works by approximately half. Reusing materials on site reduces the extraction and transportation of new resources while limiting waste generated by airport modernization.

The company also continued adapting its airport infrastructure to lower-carbon energy systems. Renewable sources supplied 43% of Groupe ADP’s total energy consumption in 2025. Also during 2025, Groupe ADP launched construction of a geothermal well at Paris-Charles de Gaulle and advanced the connection of Paris-Le Bourget to the district-heating network of the nearby city of Dugny, with commissioning targeted for 2026. It also modernized electrical capacity to enable greater electrification of ground activities and expanded charging infrastructure for passengers and airport users.

Across its international portfolio, Groupe ADP opened expanded facilities at Antalya Airport in April 2025, increasing annual capacity to approximately 65 million passengers. The extension and modernization of Terminal 1 at Delhi Airport also increased that airport’s capacity to approximately 100 million passengers. These projects enhance regional and international connectivity while improving the ability of existing airport platforms to accommodate long-term traffic growth.

Environmental upgrades accompanied this broader infrastructure investment. By September 2025, 22 Groupe ADP airports participated in the Airport Carbon Accreditation program, including ten that had reached Levels 4, 4+ or 5. The group also received Science Based Targets initiative validation for emissions-reduction targets covering its Paris airport operations. Together, these initiatives demonstrate Groupe ADP’s efforts to combine reliable transportation infrastructure with more efficient technologies and lower-carbon operating practices.

RELEVANT SDG TARGET(S)



9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being



9.4 Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes

Company Name

Equinix, Inc.

Business Overview

Equinix is a global digital-infrastructure company structured as a real estate investment trust. At year-end 2025, it operated approximately 280 International Business Exchange and xScale data centers across 77 markets in 36 countries. Its facilities enable enterprises, cloud providers, telecommunications networks and digital-service companies to exchange data securely and access distributed computing, network and cloud infrastructure.

Challenge(s)

Demand for digital infrastructure is growing rapidly as cloud services, AI and data-intensive applications become more widely adopted. Equinix must expand capacity while maintaining near-continuous availability, improving energy and water efficiency and increasing the use of lower-carbon electricity. The broader implications of data-center load growth are discussed later in the [Data centers section](#).

Contributions

Equinix maintained annual average uptime of more than 99.9999% during 2025, supporting the continuity of digital services used by businesses, network providers and cloud platforms. The company also maintained global certification under the ISO 22301 business-continuity-management standard, supporting a consistent approach to operational resilience across its facilities.

At the same time, Equinix improved the energy efficiency of its infrastructure. Average global power usage effectiveness declined to 1.37 in 2025, representing a company reported year-over-year improvement of 5.3% when measured across its efficiency program. The company invested approximately \$36 million in energy-efficiency initiatives during the year. These investments included improvements to cooling, electrical systems and other supporting equipment that reduce the amount of energy required in addition to the electricity consumed directly by customer computing equipment.

Equinix also maintained 96% renewable-energy coverage across its global retail data-center portfolio for the eighth consecutive year above 90%. Renewable electricity utilization reached approximately 7,950 gigawatt-hours during 2025. The company had 29 power-purchase agreements under contract representing approximately 1,472 megawatts, including 854 megawatts already operational, up from 299 megawatts in 2024. These contracts support the development and procurement of renewable electricity in markets where Equinix operates.

Resource-efficiency initiatives extended beyond electricity. Average water usage effectiveness across the global portfolio improved to 0.91, from 0.95 in the prior year. Equinix also exported approximately 19 gigawatt-hours of recovered heat from data centers for use by surrounding communities, allowing heat generated by computing equipment to serve as an input for local energy systems rather than being released unused. The total number of green-building certifications increased to 78, including 68 data centers with LEED certification.

Green financing supported further investment in sustainable digital infrastructure. As of 30 June 2025, Equinix allocated approximately \$2.3 billion of green-bond proceeds across 151 projects in 31 countries supporting renewable-energy generation, energy savings and more efficient facilities. These initiatives demonstrate how Equinix is combining reliable digital connectivity with efficiency improvements and cleaner energy procurement as its infrastructure platform expands.

RELEVANT SDG TARGET(S)

- ☐ **9.1** Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being
- 9.4** Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes





SDG 11—Sustainable Cities and Communities

127 BILLION

USD invested in infrastructure
compared to 97 billion in 2024

755 MILLION

passengers transported on trains,
ferries and subways
compared to 718 million in 2024

4.79 MILLION

daily trips on roads operated by
portfolio companies
compared to 4.76 million in 2024

100 PERCENT

of portfolio companies employ stakeholder
engagement programs
compared to 100 percent in 2024

Sources: Company reports, MSCI ESG research, investment team estimates. Figures represent 2025 actuals or latest available data if 2025 figures have not yet been reported.

COMPANY SPOTLIGHT(S)

Company Name

Motiva Infraestrutura de Mobilidade S.A.

Business Overview

Motiva, formerly CCR S.A., is a Brazilian mobility-infrastructure company operating toll roads, metro systems, commuter rail and light rail. During 2025, its portfolio also included airports in Brazil and international markets. By early 2026, the company managed approximately 4,475 kilometers of roads, while its rail operations transported roughly 750 million passengers annually. Motiva's infrastructure connects major metropolitan areas, employment centers, logistics corridors and regional communities across Brazil.

Challenge(s)

Brazil's large urban areas face congestion, uneven access to employment and public services, and a continuing need for reliable mass-transit infrastructure. Rail systems require sustained investment in tracks, power systems, stations and rolling-stock-support facilities to maintain safe and accessible service. At the same time, transportation infrastructure contributes to greenhouse-gas emissions and urban air pollution through purchased electricity, operational vehicle fleets and refrigerants. Motiva must expand and modernize mobility services while reducing the environmental footprint of its own operations.

Contributions

Motiva’s metro, commuter-rail and light-rail systems transported 754.8 million passengers during 2025, representing a comparable increase of 2.1% after excluding the discontinued ferry operation. Passenger growth was supported by higher occupancy in areas served by ViaQuatro’s Line 4 and ViaMobilidade’s Lines 8 and 9 in São Paulo, as well as continued demand growth following the opening of the Gentileza Intermodal Terminal, which connects with Rio de Janeiro’s VLT Carioca light-rail system. In addition, the Varginha station on Line 9 began operating in January 2025, extending rail access to underserved communities in the far south of the city. The accessible station was expected to serve more than 50,000 passengers per day and includes elevators, adapted restrooms and tactile guidance. Overall, these transport services provide high-capacity alternatives to private vehicles and connect passengers with workplaces, education, health care and other urban services.

Motiva invested approximately R\$1.3 billion in rail infrastructure during 2025. Major projects included upgrades to electrical networks and substations on São Paulo’s Lines 8-Diamond and 9-Emerald, rehabilitation of permanent-way infrastructure, improvements to the Presidente Altino maintenance yard and renovation of the Domingos de Moraes and Jandira stations. These investments support the safety, capacity and reliability of public transportation infrastructure used by millions of passengers.

The company also reduced the environmental impact of its directly controlled operations. Motiva ended 2025 with combined Scope 1 and 2 greenhouse-gas emissions

61% below its 2019 baseline, exceeding its Science Based Targets initiative-validated target of a 59% reduction by 2033. Emissions declined to approximately 25,859 tonnes of carbon-dioxide equivalent, including a 25% reduction from 2024.

All Motiva road, rail and airport assets have been supplied exclusively with renewable electricity since the end of 2024, eliminating market-based Scope 2 emissions. The company uses a combination of self-generation, renewable-energy contracts and renewable-energy certificates. In addition, ethanol was the exclusive fuel for 92.4% of Motiva’s directly owned light-vehicle fleet in 2025. Further planned measures include electrifying operational vehicles, expanding lower-carbon fuels and improving refrigeration systems in trains and buildings.

By maintaining high-capacity public transportation systems, modernizing essential rail assets and reducing operational emissions, Motiva contributes to more accessible urban mobility and a lower environmental impact from the infrastructure supporting Brazilian cities.

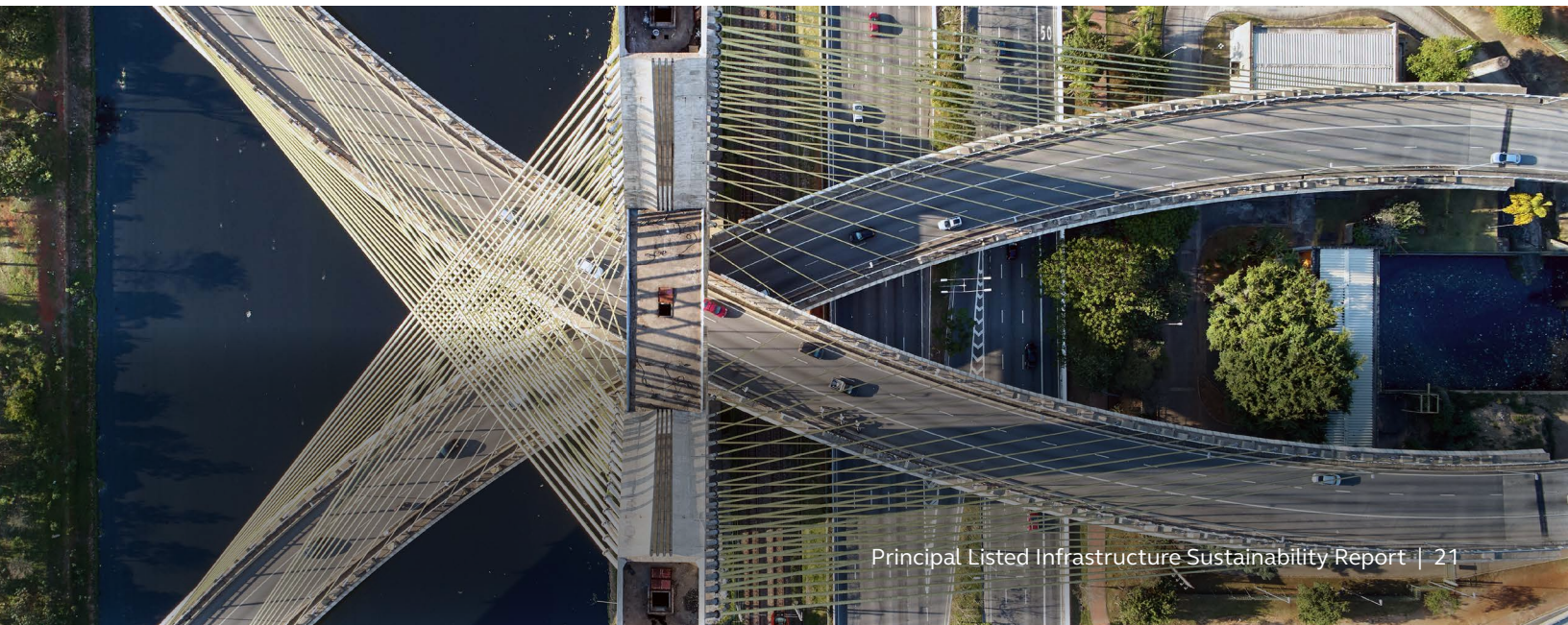
RELEVANT SDG TARGET(S)



11.2 Provide access to safe, affordable, accessible and sustainable transport systems for all



11.6 Reduce the adverse per capita environmental impact of cities





SDG 13—Climate Action

AT LEAST 77 BILLION

USD of investments planned over the next decade to strengthen resilience and adaptive capacity to climate change

compared to at least 24 billion in 2024, reflecting better company disclosures related to resilience spend

92 PERCENT

of portfolio companies have adopted quantitative carbon emissions reduction targets, including 100 percent in high emissions sectors

compared to 97 percent in 2024

14 PORTFOLIO COMPANIES

are playing an outsized role in facilitating the integration of climate change measures into national policies, strategies and planning

compared to 13 in 2024

Sources: Company reports, MSCI ESG research, investment team estimates. Figures represent 2025 actuals or latest available data if 2025 figures have not yet been reported.

COMPANY SPOTLIGHT(S)

Company Name

PG&E Corporation

Business Overview

PG&E Corporation is the parent company of Pacific Gas and Electric Company, a regulated electric and natural-gas utility serving more than 16 million people across approximately 70,000 square miles in Northern and Central California. The company operates electricity transmission and distribution infrastructure in communities exposed to wildfires, drought, extreme heat, storms and other physical climate hazards.

Challenge(s)

The conditions that contribute to severe wildfires in California, including prolonged drought, extreme heat and dry vegetation, are intensifying. Electric equipment damaged by wind, vegetation or other external factors can become a source of ignition. PG&E must reduce wildfire risk through infrastructure

hardening, inspection, vegetation management and rapid-response technologies, while also incorporating forward-looking conditions into the design of long-lived assets.

Contributions

PG&E reached a major grid-hardening milestone in October 2025, when it reported that 1,259 miles of powerlines had been constructed and energized underground in high-fire-risk areas across 27 California counties. Undergrounding substantially reduces the potential for overhead distribution equipment to ignite fires and also protects lines from wind, falling vegetation and other hazards. PG&E estimated that undergrounding and related system-hardening measures had reduced risk across its overall system by approximately 8.4%.

The company also reduced the average construction cost of undergrounding from approximately \$4 million per mile at the beginning of the program to \$3.1 million per mile in 2025. PG&E attributed the improvement to greater use of local contractors, specialized trenching equipment, narrower trenches, reduced soil removal and reuse of excavated material. Lower costs improve the company's ability to deploy wildfire-risk-reduction measures across a broader portion of its service territory.

PG&E complemented undergrounding with strengthened poles, covered conductors, vegetation management and real-time risk-monitoring systems. By October 2025, its network included nearly 1,600 weather stations, more than 650 high-definition cameras and over 1,400 miles of strengthened poles and covered powerlines. These technologies help the company monitor local weather and vegetation conditions, identify emerging threats and deploy preventive measures before an ignition occurs.

In April 2025, PG&E submitted its 2026–2028 Wildfire Mitigation Plan to California's Office of Energy Infrastructure Safety. The plan proposed undergrounding an additional 1,077 miles of powerlines and strengthening approximately 570 miles of overhead infrastructure. It also incorporated drone inspections, artificial-intelligence-enabled

weather forecasting and sensors designed to identify vibration, sound or light associated with potential equipment failures.

The plan continued the use of Enhanced Powerline Safety Settings, which rapidly de-energize circuits when equipment detects a potential fault. The technology protects approximately 1.8 million customers in elevated- and extreme-fire-risk areas and contributed to a reduction of more than 72% in reportable ignitions on applicable primary distribution lines during 2024 relative to the 2018–2020 average.

Further, PG&E launched climate-informed design guidance for its electric-asset categories during the 2025 reporting cycle. The initiative updates engineering guidance for new assets to reflect projected climate conditions and translates the findings of the company's climate-vulnerability assessment into infrastructure-planning standards.

RELEVANT SDG TARGET(S)



13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters



13.2 Integrate climate change measures into national policies, strategies and planning



In addition to tracking company contributions to our strategy's Focus SDGs, we recognize the positive secondary impacts infrastructure businesses may have on other objectives outlined in the 2030 Agenda for Sustainable Development. We highlight here additional examples of portfolio company leadership in supporting SDGs 1 and 5.



Secondary SDG Spotlight— 1 and 5

Company Name

Companhia de Saneamento Básico do Estado de São Paulo—Sabesp

Business Overview

Sabesp is Brazil's largest sanitation company and one of the largest water and wastewater utilities globally. It supplies treated water and provides sewage collection and treatment across 376 municipalities in the State of São Paulo. The company serves approximately 30.4 million people with water and 27.5 million with sewage services. Its concession framework requires it to accelerate universal access to water and sanitation across its service area by 2029.

Challenge(s)

Achieving universal sanitation requires extending networks to households that remain outside existing water and sewage systems, including communities in informal settlements, peripheral urban districts and rural locations. Sabesp must rapidly increase infrastructure investment and service connections while ensuring that new customers receive reliable and affordable access. Reaching underserved areas is essential because households without formal network access may face higher costs, inconsistent water availability and greater exposure to untreated sewage.

Contributions

Sabesp invested R\$15.2 billion in water and sanitation infrastructure during 2025, approximately 2.2 times its investment in 2024. Investment accelerated during the second half of the year as the company expanded construction activity intended to meet the universalization requirements of its post-privatization concession contract.

The investment program produced significant growth in the number of households and other service units connected to essential infrastructure. During 2025, Sabesp added 664,161 water-service units, equivalent to 152% of its applicable 2024–2025 contractual target. The company estimated that the additions expanded access to water services for approximately 1.82 million people who were not previously served.

Sabesp also added 781,464 sewage-collection units, reaching 133% of its target and expanding sewage-collection access to approximately 2.14 million people. An additional 1.37 million service units gained access to sewage treatment, representing 134% of the company's target and extending treatment services to an estimated 3.76 million people. Affordability measures complemented network expansion: approximately 2.06 million customer accounts benefited from Sabesp's social and vulnerable tariff programs in 2025, which provide targeted discounts for low-income households and residents of informal settlements.

These additions are directly relevant to access to basic services. A household connection to a public water network can provide a more dependable source of treated water than informal or intermittent alternatives. Sewage collection and treatment reduce exposure to untreated waste in homes, streets and local waterways. These benefits are especially important for vulnerable households, for which illness, time spent obtaining water or dependence on higher-cost alternatives can compound existing economic hardship.

The 2025 results followed progress reported at the first anniversary of Sabesp's privatization. By June 2025, the company had added 874 kilometers of water and sewage networks and had a backlog of 542 projects contracted through 2029. The scale of the program provides a foundation for reaching municipalities and neighborhoods that remain outside formal sanitation coverage.

RELEVANT SDG TARGET(S)



1.4 Ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services

COMPANY SPOTLIGHT(S)

Company Name

Severn Trent Plc

Business Overview

Severn Trent is a U.K.-based regulated water and wastewater company serving communities across the Midlands and parts of Wales. Its workforce of more than 10,000 employees includes engineers, network operators, treatment specialists, scientists, customer-service employees, administrators and senior managers. The company operates in a utility sector in which women have historically been underrepresented, particularly in field-based, engineering and operational roles.

Challenge(s)

Severn Trent's workforce remained 71% male at the time of its 2025 pay-gap analysis. Men were particularly overrepresented in operational positions responsible for maintaining water and wastewater networks, which tend to be more highly paid than administrative and customer-contact roles where female representation is greater. Addressing the gender pay gap therefore requires not only equal compensation practices but also increased recruitment, retention and progression of women into operational, technical and senior leadership positions.

Contributions

Severn Trent's median gender pay gap declined from 8.2% in 2024 to 5.4% in 2025, reaching its lowest level since the company began reporting in 2017. Its mean gender pay gap also narrowed from 1.9% to 0.5%. The company attributed the improvement to sustained initiatives intended to improve the recruitment, retention and advancement of women across the organization.

Progress was visible in parts of the business where women have historically been less represented. Within Customer Operations, the proportion of women in the upper and upper-middle pay quartiles increased from 14% in 2024 to 17% in 2025. Customer Operations accounts for nearly half of Severn Trent's workforce and includes many of the roles responsible for operating and maintaining water

and wastewater assets. Increasing female representation in these roles is important to addressing occupational segregation and the structural causes of the company's median pay gap.

Severn Trent also provided broad access to performance-related compensation. Employees who had worked for Severn Trent Water for more than three months participated in the annual bonus scheme, meaning that approximately 95% of employees—including frontline workers, administrators, advisers, managers and technical experts—were eligible for the same bonus opportunity regardless of salary or gender. The median gender bonus gap was negative 0.5% in 2025, indicating that the median bonus paid to women was marginally higher than that paid to men.

Women continued to have substantial representation in company leadership. The FTSE Women Leaders Review published in February 2026, using data from October 2025, ranked Severn Trent fourth among participating companies for women on boards, with 62.5% female board representation. Women represented 44.1% of leadership positions, placing the company 15th in the review. Severn Trent also reported that it had satisfied all key recommendations for the review cycle.

To sustain progress, the company set an objective for leadership to remain broadly gender-balanced, with no more than 60% of leadership positions held by any one gender. It also targeted women to represent 35% of new hires, acknowledging that achieving this level remains challenging in a male-dominated utility industry.

RELEVANT SDG TARGET(S)



5.1 End all forms of discrimination against all women and girls everywhere



5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life

Other Developments that shaped 2025

Data Centers in the spotlight

The rapid expansion of AI and cloud computing brought data centers into sharper focus in 2025, as investment in digital infrastructure translated into significant new demand for physical infrastructure. While data centers are essential to the digital economy and can support productivity, innovation and economic development, their rapid growth is creating increasingly complex considerations around electricity supply, grid capacity, water use, emissions, affordability and local community impacts.

Electricity demand is at the center of this discussion. In its 2025 Energy and AI report, the International Energy Agency (IEA) projected that global electricity consumption from data centers could more than double from 2024 levels to approximately 945 terawatt-hours by 2030, with AI the most important driver of the increase. The IEA's 2026 Electricity outlook reinforced the broader demand-growth theme, identifying AI, data centers and advanced manufacturing as important contributors to renewed electricity-demand growth in advanced economies through 2030. In the U.S., data centers are expected to account for nearly half of electricity-demand growth over this period.

The scale and concentration of this demand present challenges for power systems. Large data centers can require hundreds of megawatts—and increasingly more than one gigawatt—of continuous electricity capacity at individual locations. Development timelines can also be considerably shorter than those required to permit and construct new generation and transmission infrastructure. As a result, rapid digital infrastructure growth is increasingly testing the ability of utilities to add capacity while maintaining reliability, affordability and progress toward decarbonization.

Portfolio company Equinix, one of the world's largest operators of digital infrastructure and colocation data centers, illustrates both the opportunity and the sustainability considerations associated with this growth. Its global platform supports cloud, enterprise, telecommunications and digital-service customers, while its sustainability strategy emphasizes operational resilience, energy efficiency, renewable electricity procurement and water stewardship. We discuss [Equinix's](#) specific efficiency, renewable-energy and green-financing metrics in the SDG 9—Industry, Innovation and Infrastructure section above.

Water management is another increasingly important consideration for the sector. Data centers can consume

water directly through cooling systems and indirectly through electricity generation, with the overall footprint varying considerably according to cooling technology, climate, server utilization and the local electricity mix. Facility design, source selection and opportunities to use reclaimed or other non-potable water therefore influence the resource intensity of digital infrastructure and the potential impact on surrounding communities.

For electric utilities, data center growth creates opportunities to invest in generation, transmission and distribution infrastructure, while also raising questions around reliability, emissions and how the costs of new infrastructure are allocated between large new users and existing customers. Portfolio company Entergy Corporation is particularly exposed to these dynamics following Meta's decision to develop a large AI data center in Richland Parish, Louisiana. In August 2025, the Louisiana Public Service Commission approved an agreement allowing Entergy Louisiana to move forward with new generation and transmission investments associated with the project, with Meta's contributions toward system costs expected to provide benefits to existing customers.

The development highlights the trade-offs involved in meeting rapidly growing demand. Dispatchable generation can improve reliability, support economic development and help large new loads connect on accelerated timelines, but additional natural gas capacity also has implications for emissions and longer-term decarbonization objectives. Entergy is pairing this expansion with renewable energy investment, including its joint development agreement with portfolio company NextEra Energy to build up to 4.5 gigawatts of solar and battery storage across its service territories. NextEra is also using a broader mix of resources, including natural gas generation, renewable energy and battery storage, to serve data centers, manufacturing and other large customers.

Data center growth also has implications further upstream. Portfolio company Williams Companies, also discussed in the [SDG 7](#) and [Natural gas activities](#) sections, operates natural gas infrastructure serving regions experiencing increasing electricity demand. Its Socrates Power Innovation project – where Williams supplies onsite natural gas fueled power to a hyperscale data center in Ohio – illustrates how pipeline infrastructure and on-site generation can support rapidly growing AI-related electricity loads, while also increasing the importance of

methane management and lifecycle-emissions reduction.

The community dimension is equally important. Data center developments can bring substantial capital investment, construction activity, tax revenues and broader economic development. However, they may also increase competition for electricity, water and land and require significant new generation and transmission infrastructure. The balance of these benefits and costs differs considerably by location, making community acceptance and regulatory support increasingly important factors in determining where development occurs.

We are focused on allocating capital to companies contributing to the data center buildout in markets where this investment is wanted and can deliver meaningful economic benefits to host communities. Louisiana provides a notable example. Meta's Richland Parish development has received strong support from state and local officials, with Louisiana Governor Jeff Landry positioning the investment as an opportunity to establish the state as a significant participant in the growth of AI infrastructure. The project is expected to bring substantial investment and employment to the region, while Meta is funding infrastructure directly associated with connecting its facility to Entergy's system.

The experience elsewhere demonstrates that the benefits of data center investment are not viewed uniformly. Concerns around electricity affordability, grid capacity, water consumption and the distribution of economic benefits have prompted greater scrutiny of development

in some jurisdictions. In July 2026, New York Governor Kathy Hochul announced a one-year statewide pause on environmental permitting for new hyperscale data centers while the state develops standards addressing impacts on ratepayers, the environment, the electricity grid and host communities.

The contrast between Louisiana and New York highlights an increasingly important consideration for infrastructure investors. The opportunity is not simply about identifying companies with exposure to rising data center demand. In our view, attractive long-term opportunities are more likely to emerge where the economic case for development is aligned with the interests of utilities, customers, regulators and host communities. This includes considering how infrastructure costs are allocated, whether investment contributes to wider grid reliability and resilience, how emissions and water impacts are managed, and whether communities share meaningfully in the economic benefits.

AI and data center growth therefore represent more than a new source of electricity demand. They are accelerating investment requirements across digital infrastructure, generation, transmission, storage and natural gas systems while increasing scrutiny of the environmental and social implications of that growth. For infrastructure companies, the challenge—and opportunity—will be to enable this expansion in locations where it can support economic development while managing energy, water, grid and community considerations responsibly.

Other Developments that shaped 2025

An evolving U.S. political and policy landscape

The U.S. political and policy landscape shifted in 2025 following the change in federal administration. Energy affordability, reliability and domestic production became more prominent federal priorities, while several climate-related policies and incentives introduced or expanded under the Inflation Reduction Act (IRA) were reconsidered or scaled back. For listed infrastructure companies, this has created a more complex operating environment in which federal and state priorities increasingly diverge.

The shift was visible across energy policy. In June 2025, the Environmental Protection Agency (EPA) proposed repealing federal greenhouse gas emissions standards for fossil fuel-fired power plants and revising other

power-sector environmental rules. July tax and spending legislation also modified key IRA clean-energy incentives, including by accelerating the phaseout of certain wind and solar production and investment credits and tightening qualifying requirements for projects placed in service after 2027. These changes increased uncertainty for some clean-energy technologies even as electricity demand and investment needs continued to rise.

Our 2025 engagements with portfolio companies demonstrated how these policy changes are influencing corporate decision-making. Xcel Energy, for example, told us that the range of economically viable emerging technologies had narrowed under the prevailing policy

environment, with hydrogen becoming less attractive and carbon capture facing tax and economic headwinds. At the same time, Xcel emphasized that approved state resource plans remain in place and that its longer-term coal transition and 2030 emissions objectives have not changed. The discussion highlighted a broader shift in utility planning: affordability, reliability, load growth and technology availability are becoming more prominent sustainability considerations alongside carbon reduction.

This distinction between federal policy and state-level planning is increasingly important. Xcel operates across multiple jurisdictions with differing clean-energy policies and resource needs, and management highlighted continued state-level support for approved resource plans in Colorado and the Upper Midwest. Federal policy changes may therefore influence the timing and economics of the transition without necessarily determining its ultimate direction.

Coal retirements provide one of the clearest examples of this tension. CMS Energy, through its Consumers Energy subsidiary, had planned to retire the J.H. Campbell coal plant in Michigan on May 31, 2025 as part of its strategy to exit coal generation. On May 23, the U.S. Department of Energy (DOE) invoked emergency authority under Section 202(c) of the Federal Power Act and directed MISO and Consumers Energy to keep the approximately 1.5 GW plant available to operate, citing regional reliability concerns. The order was subsequently renewed in August and again in November, extending Campbell's operation beyond its planned closure date.

A similar situation emerged for Xcel Energy at the end of the year. On December 30, 2025, DOE directed the owners of Craig Station Unit 1 in Colorado, including Xcel subsidiary Public Service Company of Colorado, to keep the unit available beyond its planned year-end retirement. Separately, Xcel discussed a proposed extension of Comanche Unit 2 through the end of 2026, reflecting reliability, affordability and workforce-transition considerations.

These examples illustrate that coal retirement schedules are becoming less linear. Reliability concerns, rising electricity demand, lower accredited capacity for variable renewable resources and affordability considerations may result in short-term extensions even where companies remain committed to longer-term decarbonization.

The shifting environment extends beyond energy policy. One company indicated to us that formal gender diversity targets had been softened in response to the evolving U.S. legal environment, although the company's underlying focus on attracting a broad talent pool remained. Another expressed that it had adjusted some diversity-related language while maintaining its existing strategy and disclosure metrics. These examples suggest companies are increasingly distinguishing between underlying business practices and the terminology or targets used to communicate them publicly.

For infrastructure investors, these developments reinforce the importance of assessing sustainability within the broader context of reliability, affordability, regulatory support and capital allocation. Federal policy can materially change project economics and near-term operating decisions, but infrastructure investment remains heavily influenced by state regulation, customer demand and the long-lived nature of physical assets. In our engagements, we continue to focus on whether companies can navigate these competing priorities while preserving financial discipline and delivering reliable, affordable services.

The experience of 2025 serves as a reminder that the U.S. energy transition is unlikely to follow a straight line. Policy priorities may change, individual asset retirements may move, and the relative attractiveness of technologies will evolve. For long-term infrastructure investors, understanding how companies adapt to those changes—without losing sight of the economic fundamentals underlying their investment plans—remains central to our approach.

Carbon Footprint

Overview | Thermal coal | Natural gas

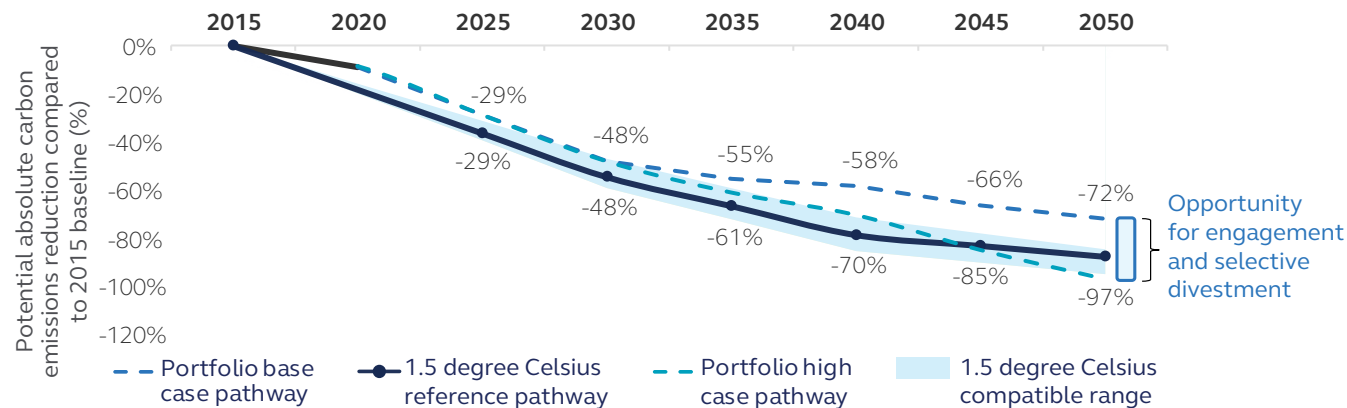
Overview

We seek to own companies with credible, forward-looking plans to reduce carbon emissions, which helps position the portfolio favorably relative to the benchmark on carbon footprint metrics. Our analysis focuses not only on the ambition of stated emissions targets, but also on the quality of the actions, capital plans and governance structures supporting those targets. This emphasis strengthens our confidence in the portfolio's long-term emissions-reduction potential and aligns with structural trends toward decarbonization. By prioritizing companies that are actively managing transition risks, we aim to support attractive long-term investment outcomes alongside measurable environmental progress.

MSCI Carbon scores as of 31 December 2025	Portfolio	Benchmark
Total portfolio carbon emissions (Tonnes of CO ₂ e per 1M invested)	222.31	377.60
Carbon intensity (Tonnes of CO ₂ e per 1M sales)	544.99	1,021.01
Issuer carbon intensity	790.70	962.33

Source: MSCI ESG research. Carbon emissions includes Scope 1 & Scope 2 emissions but excludes Scope 3 emissions. Reflects representative portfolio of the Global Listed Infrastructure composite as of 31 December 2025.

Long-term emissions reduction potential of our portfolio

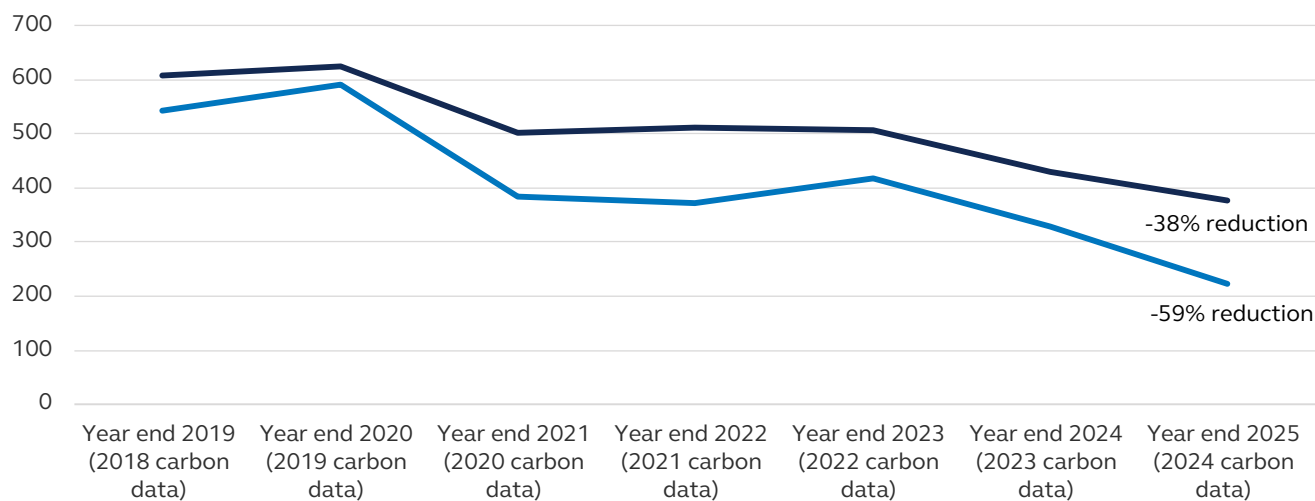


As of 31 December 2025. Sources: MSCI, Climate Analytics, company reports, Principal Global Investors. The chart compares potential carbon emissions reductions trajectories of the representative portfolio of our Global Listed Infrastructure Strategy with a 1.5-degree Celsius reference pathway. Data includes scope 1 & 2 emissions. This information is shown for illustrative and informational purposes only should not be relied on in any way as a guarantee, promise, forecast or prediction of future events or investment returns for any investor. Actual results may differ materially from that depicted above based on numerous factors. See important information for further information.

Measuring progress

Our strategy has delivered material Scope 1 and Scope 2 carbon emissions reductions that exceed the benchmark since inception. The key drivers of year-over-year reduction at year-end 2025 (based on 2024 carbon data) included the exit of two of the top-5 emitters from the prior year’s portfolio and stable or absolute emissions reductions across the majority of portfolio holdings. At the security level, we continued to see emissions reductions at several key utility holdings as coal retirements, generation-mix changes and operational efficiency initiatives lowered reported emissions.

Total portfolio carbon emissions (tonnes of CO2e per US\$1mn invested)



Source: Principal Asset Management, MSCI ESG research. As of 31 December 2025. Based on representative portfolio of the Global Listed Infrastructure composite. Carbon data lagged by one year for both portfolio and benchmark. We use references to carbon and carbon emissions as shorthand for greenhouse gas (GHG) emissions, of which carbon is understood to be the most significant component. Carbon emissions includes Scope 1 & Scope 2 emissions but excludes Scope 3 emissions.

At year-end 2025, nine of the portfolio’s 15 largest emitters either reduced reported emissions year-over-year or remained broadly in line with prior-year levels. We interpret year-over-year emissions changes with some caution because reported data is typically lagged and short-term movements can reflect weather, demand, generation mix and other factors outside management’s direct control. A single year of higher emissions is

therefore not necessarily inconsistent with a credible long-term reduction pathway. Even so, we review the latest emissions data with portfolio companies during our annual sustainability engagements, ask companies to explain material increases where they occur, and assess whether the most recent results remain consistent with the company’s stated transition plans.

Our approach to Scope 3 emissions

Our efforts to measure the progress our portfolio companies are making in reducing emissions continue to focus primarily on Scope 1 and 2 emissions—those over which a company has the most direct control. However, for many of our portfolio companies, Scope 3 emissions represent the largest share of total emissions.

Scope 3 emissions refer to indirect emissions generated across a company's value chain that are not otherwise captured in Scope 1 or 2. Persistent challenges in accurately measuring Scope 3 emissions include limited access to supplier and customer data, varying levels of reporting maturity across geographies and sectors, and differences in methodologies across the 15 Scope 3 categories. Traceability remains particularly complex for companies with extensive supply chains or customer-related emissions, where companies may have limited ability to directly measure or influence the underlying sources of emissions.

These challenges continue to affect both Scope 3 reporting and target-setting. Corporate commitments remain highly variable: some companies have established quantitative reduction targets covering material Scope 3 categories, while others focus on supplier or customer engagement, procurement practices, or other measures intended to influence value-chain emissions. We believe this variation reflects, in part, meaningful differences in companies' ability to measure and directly influence emissions outside their operational control.

The frameworks governing Scope 3 target-setting evolved significantly during 2025. In March, the Science Based Targets initiative (SBTi) released the first consultation draft of Version 2 of its Corporate Net-Zero Standard. Scope 3 was a central focus of the proposed revisions, reflecting feedback from companies that value-chain emissions remain one of the most significant barriers to setting and implementing science-based net-zero targets. The draft proposed a more flexible approach focused on the emissions sources where companies have the greatest ability to drive change, while maintaining an emphasis on direct emissions reductions.

DID YOU KNOW?

Listed infrastructure is generally more carbon intensive than most broad equity indices, reflecting both the essential services these businesses provide and the current structure of the real economy. For many infrastructure companies, emissions are influenced not only by management decisions but also by regulated or concession-based operating frameworks, customer demand, policy requirements and available technologies. As a result, progress toward environmental and social objectives typically requires sustained coordination among companies, regulators, customers and communities.

We incorporate forward-looking emissions analysis into our portfolio construction process by comparing the portfolio's expected carbon-reduction pathway with IPCC scenarios likely to limit warming to 1.5 degrees. For each holding, we estimate an absolute emissions pathway through 2050 based on the company's disclosed reduction targets, our assessment of the planning and governance supporting those targets, and the company's record of progress against prior commitments. We then aggregate those company-level pathways into a portfolio-level view. Broadly, we expect the portfolio to show emissions-reduction potential through 2030 that is consistent with 1.5-degree-aligned scenarios, supported by a mix of sustainability leaders and companies with meaningful scope to improve.

For the period beyond 2030, our engagement activities are intended to support companies as they work toward credible net-zero pathways. To reflect the potential impact of this work, we also model a higher-case portfolio emissions pathway that incorporates additional progress we believe could be achievable through effective company execution and continued engagement.



The consultation also provided greater clarity around the potential use of environmental attribute certificates (EACs) in addressing Scope 3 emissions. Rather than allowing these instruments to broadly substitute for value-chain decarbonization, the draft contemplated their use for indirect mitigation in limited circumstances—for example, where emissions cannot be traced to an individual source or where significant barriers prevent direct mitigation. SBTi subsequently conducted company pilot testing and, in November 2025, released a second draft of the revised standard for further consultation. The standard therefore remained under development at year end, but the process provided greater visibility into how future science-based Scope 3 targets may balance environmental integrity with the practical challenges companies face in measuring and influencing value-chain emissions.

Disclosure standards also continued to evolve. During 2025, the International Sustainability Standards Board (ISSB) considered targeted amendments to IFRS S2 in response to implementation challenges associated with greenhouse gas emissions reporting, including certain Scope 3 Category 15 emissions. These developments reinforced our view that Scope 3 measurement and disclosure frameworks remain an area of active development as standard setters seek to preserve decision-useful information while addressing practical limitations in data availability and methodology.

Against this evolving backdrop, we continue to engage actively with portfolio companies for which Scope 3 emissions are material. Our approach emphasizes the credibility of a company's overall transition strategy rather than the adoption of a particular target in isolation. We encourage companies to improve the transparency and consistency of value-chain emissions reporting, establish targets covering material Scope 3 categories where reliable measurement and meaningful management influence are possible, and demonstrate concrete actions to address emissions across their supply chains and customer bases.

We expect our approach to continue evolving as SBTi finalizes its revised Corporate Net-Zero Standard, Scope 3 measurement methodologies mature and companies gain better access to value-chain data. Ultimately, we believe credible Scope 3 strategies should reflect both ambition and practical accountability, with companies prioritizing the emissions sources where they have the greatest ability to deliver measurable real-world reductions.

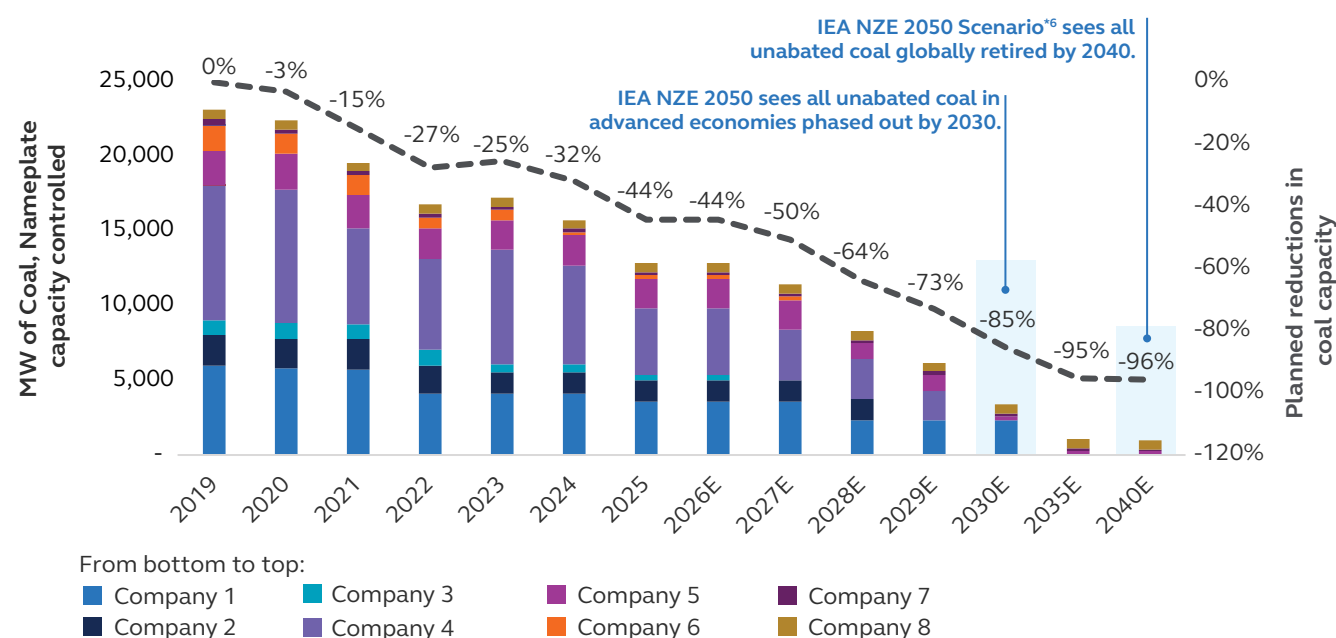
Spotlight on: Thermal coal activities

Given the widely available substitutes to thermal coal-based power generation, we continue to seek visibility on planned coal capacity reductions of our portfolio companies as part of our fundamental research process. We generally expect companies with exposure to coal generation to align their emissions pathways with a below 2-degree climate change scenario.

LATEST PROGRESS^{*5}

- › Strategy portfolio companies closed c. 3 GW of coal in 2025
- › Two portfolio companies saw planned 2025 coal retirements delayed by U.S. Department of Energy emergency orders, as discussed in the [An evolving U.S. political and policy landscape](#) section. The delays affect approximately 1.8 GW of coal capacity that would otherwise have closed in 2025; the assets are currently expected to retire by 2028, though timing may continue to evolve.
- › Since 2019, portfolio companies have closed over 10GW of coal, or 44 percent reduction in capacity.
- › No new coal capacity has been built by portfolio companies since strategy inception

Completed and planned coal capacity closures by portfolio companies



As of 31 December 2025. Source: Company reports, Principal Real Estate, International Energy Agency. The chart depicts actual and planned coal capacity closures by companies held in the representative portfolio of our Global Listed Infrastructure Strategy. Estimates based on expected capacity at year end. This information is shown for illustrative and informational purposes only should not be relied on in any way as a guarantee, promise, forecast or prediction of future events or investment returns for any investor. Actual results may differ materially from that depicted above based on numerous factors.

^{*5} Source: Company reports, Principal Asset Management investment team research. References to 2019 refer to the activities of companies held in the representative portfolio as of 31 December 2025.

^{*6} IEA NZE 2050 Scenario refers to the International Energy Agency's Net Zero Emissions by 2050 Scenario.

Carbon Footprint

Overview | Thermal coal | **Natural gas**

Spotlight on: Natural gas activities

Natural gas continues to play a multifaceted role across global markets, with its economic viability and environmental impact varying by region and application. It can support reliability where coal remains prevalent or where renewable penetration creates a need for dispatchable backup, but its lifecycle footprint depends heavily on methane management, infrastructure efficiency and available lower-carbon alternatives. Companies engaged in natural gas therefore have immediate opportunities to reduce fugitive emissions through leak detection, monitoring, modernization and operating improvements.

Recent developments have also highlighted the relationship between natural gas demand and accelerating electricity consumption from AI, data centers and advanced manufacturing. Portfolio companies are increasingly responding with combinations of natural gas, renewable generation, battery storage and other technologies rather than relying on a single source of generation.

Natural gas pipeline operators are likewise adapting to growing power generation, industrial and LNG demand. Portfolio company Williams Companies placed its Texas to Louisiana Energy Pathway and Southeast Energy Connector projects into service during 2025, adding 364 MMcf/d and 150 MMcf/d of capacity, respectively. The Southeast Energy Connector supports coal-to-gas switching in Alabama, while the Texas to Louisiana project supports growing Gulf Coast demand, including LNG exports. Williams also placed its Louisiana Energy Gateway project into service and continued advancing major Transco expansions.

Williams also increased its exposure to power demand associated with data centers through its Socrates Power Innovation project, discussed earlier in the Data centers section. The project reinforces the potential for natural gas infrastructure to support rapidly growing electricity loads, while also increasing the importance of methane management and other efforts to reduce lifecycle emissions.

Portfolio company APA Group provides a similar example in Australia, where gas transmission and storage can support reliability as renewable generation grows and coal-fired power plants retire. In February 2025, APA announced a five-year expansion plan for its East Coast Gas Grid designed to increase north-to-south gas transportation capacity by approximately 24% and add storage capacity in southern markets.

APA made further progress during 2025 through agreements to develop a new pipeline connecting its Roma Brisbane Pipeline with CS Energy's proposed Brigalow Peaking Power Plant and to acquire the operational Atlas to Reedy Creek Pipeline. In February 2026, APA reached final investment decision on Stage 3A of its East Coast Gas Grid expansion and committed early works funding for Stage 3B, reinforcing the role of gas infrastructure in supporting energy security and dispatchable power.

The expansion of LNG infrastructure was another significant development during 2025. Portfolio company Sempra reached a final investment decision on Port Arthur LNG Phase 2 in September 2025. The expansion is expected to add approximately 13 million tonnes per annum of liquefaction capacity through two additional trains. Construction subsequently commenced. The project was one of several major U.S. LNG developments reaching final investment decisions during the year and reflects the continued expansion of the United States' role as a major global LNG supplier as European and Asian markets seek diversified sources of natural gas.

U.S. natural gas consumption reached another record in 2025, averaging approximately 92.0 Bcf/d, up 2% from 2024. Growth was driven by colder weather and record industrial demand, while power-sector consumption declined as solar and battery additions displaced some gas-fired generation. These trends show that renewable penetration can moderate gas use in power generation even as total consumption remains elevated.

Globally, 2025 was transitional for gas markets. Demand growth slowed amid weaker industrial activity and elevated LNG prices early in the year, while supply conditions eased as new liquefaction capacity ramped in the United States, Canada and Africa. Global LNG production increased by almost 7%, with most of the increase occurring in the second half.

The geopolitical role of natural gas also continued to evolve. Russian pipeline deliveries to the European Union declined approximately 90% between 2021 and 2025, and in December 2025 the European Union reached an agreement to phase out Russian natural gas imports by November 2027. At the same time, the United States led a new wave of LNG investment: more than 80 billion cubic meters per year of U.S. liquefaction capacity reached final investment decisions during 2025, a record for the U.S. LNG industry.

Looking into 2026, the IEA expected global LNG production to increase by more than 7%, the fastest growth since 2019, with North America accounting

for most incremental supply. Improved availability was expected to support stronger demand growth in China and other emerging Asian economies, while continued renewable deployment was expected to reduce gas demand in Europe.

These developments reinforce natural gas's complex position in the energy transition. Its role is expanding in certain markets where reliability, industrial growth, AI-related electricity demand and energy security are priorities, while renewable generation, storage, electrification and efficiency are reducing or displacing its use in others. For infrastructure companies with natural gas exposure, we believe the long-term investment case therefore increasingly depends not simply on growth in gas demand, but on the role individual assets play within their respective energy systems, the availability and cost of lower-carbon alternatives, and companies' ability to manage methane and other lifecycle emissions.



Active Ownership Activities

Our approach | Engagement activities and outcomes | Proxy Voting

Our approach

Stewardship activities are an important component of our role as active, long-term investors. We believe that our infrastructure sector expertise strengthens the quality of our engagements, as company leaders are more inclined to engage in meaningful dialogue when we demonstrate a deep understanding of their operations and respect for the complexities they navigate. Building this level of trust takes time—often years of consistent interaction—which is difficult to achieve for generalist investors to achieve. Companies are also more likely to grant access to senior leadership when they view the exchange as constructive and mutually valuable.

Principal Asset Management has been a signatory of the United Nations-supported Principles for Responsible Investment (PRI) since 2010, underscoring our firm-wide commitment to ESG integration. The PRI promotes a sustainable global financial system by

encouraging signatories to uphold six key principles, advocate for responsible market practices, and collaborate on solutions to systemic challenges across governance and regulation.

The Principal Listed Infrastructure strategy incorporates this framework within our engagement approach. We are committed to encouraging responsible ESG practices, enhanced disclosure, and sound risk management across our portfolio companies. Sustainability considerations are integrated into our investment analysis and engagement planning from the outset. We also maintain records of company interactions and have identified a set of engagement priorities aligned with the outcomes we aim to achieve within the infrastructure sector.



Active Ownership Activities

Our approach | **Engagement activities and outcomes** | Proxy Voting

Engagement activities and outcomes

ENGAGEMENT PRIORITIES

Our corporate governance and sustainability-related engagement efforts in 2025 emphasized the following topics. These priorities reflect the latest governance and sustainability themes on which we (1) expect to most frequently engage our portfolio companies over the period 2025-27, and (2) believe we have the potential to influence outcomes that can in turn improve our investment returns. Our corporate governance and sustainability-related engagement efforts are designed to complement our frequent discussions with companies on broader topics of relevance to shareholder returns, including company strategy, capital allocation and financial resilience, among others.

1. Alignment of executive compensation with shareholder interests

We believe that well-structured compensation policies have the potential to align the financial interests of shareholders and executives. Where we find material misalignment between executive compensation and company performance, or have other concerns about a company's approach to compensation, we will raise these issues through our engagement efforts and advocate for adjustments. In particular, we will look to leverage our infrastructure sector focus to ensure executives at companies in the same peer group are being held accountable to comparable performance standards.

2. Management of environmental risks and opportunities

Environmental risks and opportunities, including climate-related physical and transition risks, are often highly material financially for infrastructure companies given their exposure to government policy and regulation and reliance on long-lived physical assets to deliver critical services. We will advocate for issuers to accelerate and/or expand carbon emissions reduction targets and encourage third party validation of such targets when we assess these steps to be additive to a company's long-term financial performance.

We will also advocate for appropriate consideration of safety, affordability, reliability and labor relations as a company navigates environmental risks and opportunities. Further, we will emphasize topics such as natural resource use and management and/or biodiversity in accordance with our assessment of materiality for a given issuer.

3. Workforce and board diversity

We believe that infrastructure companies with workforces, boards, and in some cases, suppliers, that reflect the composition of the communities in which they operate will be better positioned to meet the evolving needs of their customers and deliver superior long-term financial performance. For issuers that are laggards in terms of diversity practices and/or policies, we will advocate for improvement on this basis.

4. Opportunities to enhance market perception

We believe improved market recognition of a company's sustainability credentials can support our efforts to generate excess returns over time. We will engage with issuers and other third-party research providers, such as MSCI, with the aim of clearing misconceptions around an issuer's sustainability credentials, in particular for emerging market and small-cap companies.

SUMMARY OF 2025 ENGAGEMENT ACTIVITIES

In 2025, we held 26 engagements dedicated to corporate governance and sustainability topics, representing approximately two dedicated engagements per every three portfolio companies at year end. Consistent with our engagement framework, these engagements typically involved proactive outreach and a request for a specific meeting with the individual(s) responsible for ESG and sustainability.

To potentially have the most positive impact with our engagements and stay current on evolving sustainability initiatives, our engagement framework prioritizes meeting with those at a company with responsibility for leading sustainability initiatives. This augments our relationships with C-Suite executives, which we typically meet in other settings 2-4 times a year. During 2025, 81 percent of our engagements were with sustainability leaders at portfolio companies, up from 78 percent in 2024.

We also value most the opportunities to meet one on one with company representatives so we can continue to further our specific engagement agenda. Within our engagements during 2025, all but one were conducted as one on one meetings.

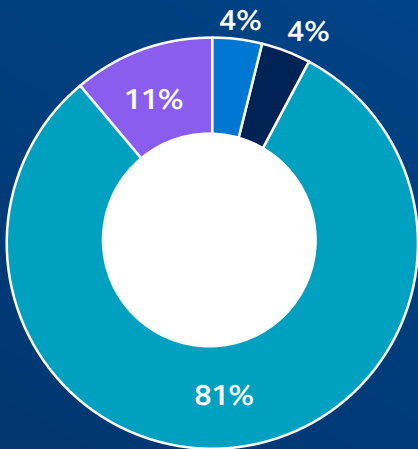
Following our discussions, we noted the following outcomes:

- ▶ At least five companies implemented changes or enhancements to executive compensation structures or related disclosure in 2025, including increased performance-based compensation, revised long-term incentive structures, and improved transparency around sustainability-related performance measures.
- ▶ Several companies achieved or materially advanced environmental targets during the year. EDP/EDPR received Science Based Targets initiative (SBTi) approval for its Scope 1, 2 and 3 targets; ENN Energy had already achieved a 41% reduction in GHG emissions from its 2019 baseline against a 50% reduction target for 2030; and National Grid's U.K. electricity transmission business achieved its previously established natural-environment targets.

Source: Principal Asset Management.

SUMMARY OF ENGAGEMENTS

Management level

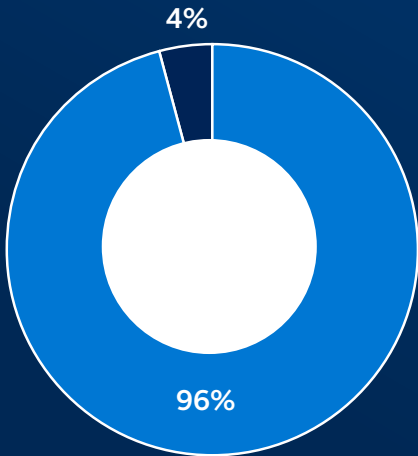


Legend reads clockwise

- Senior management
- Board members
- Sustainability executives
- Investor relations
- Upper Management
- Active investors

SUMMARY OF ENGAGEMENTS

Engagement type



Legend reads clockwise

- Meeting 1x1
- Other

- ▶ Board diversity improved at several portfolio companies, including following prior engagement. DTE Energy increased female representation on its board from 27% when we first raised the issue in 2023 to 33% following the appointment of an additional female director in 2025. Guangdong Investment also increased female board representation to approximately one-third, exceeding its 25% internal objective.
- ▶ Several companies introduced or refreshed environmental and sustainability strategies during 2025, including new or expanded targets covering Scope 3 emissions, renewable energy, biodiversity, nature and other financially material environmental risks. These developments increasingly reflect a broader approach to environmental risk management beyond operational carbon emissions alone.
- ▶ Companies continued to strengthen sustainability-related disclosure and engagement with third-party research providers. Several issuers reported enhanced dialogue with MSCI and other ESG research providers, while EDP/EDPR increased transparency around performance against compensation-related KPIs and other companies committed to addressing identified disclosure gaps.
- ▶ Nature and biodiversity emerged as a more prominent area of portfolio company activity and engagement. Multiple companies advanced TNFD-aligned assessments, nature strategies or biodiversity initiatives during 2025, with further nature-related disclosure expected as companies move from initial risk assessment toward integration into environmental management frameworks.



ENN Energy CHINESE GAS UTILITY COMPANY

ENGAGEMENT TYPE

Direct

BACKGROUND

ENN Energy is one of China's leading gas utilities and a relative sustainability leader among Chinese infrastructure companies. The company provides city gas and integrated energy solutions across China, positioning it to support the country's transition toward lower-carbon energy while benefiting from demand for cleaner and more efficient energy services.

The engagement also reflected themes that have emerged across our discussions with Chinese companies since 2022, including the credibility of transition plans, integration of sustainability into governance and remuneration, progress on diversity, and the gap that can exist between underlying sustainability practices and external ESG perceptions.

OBJECTIVES

Our objectives were to better understand the credibility of ENN's transition plan, assess progress toward its emissions-reduction targets, evaluate how sustainability is incorporated into management accountability, and discuss opportunities to improve external recognition of the company's sustainability practices. We also sought to understand ENN's board diversity ambitions and the role of renewable and integrated-energy investments within its broader strategy.

ACTIVITIES

In September 2025, we held a one-on-one sustainability engagement with Karen Liu, ENN's Chief Director of Investor Relations and Sustainability. The discussion represented our first dedicated sustainability engagement with ENN and built on themes we have raised in our engagements with Chinese companies since 2022.

We reiterated our engagement priorities and discussed ENN's recently introduced "4F Framework," including its updated 2030 sustainability plan, carbon-neutrality roadmap and Scope 1–3 objectives. We sought to understand the implementation measures supporting ENN's emissions targets, including value-chain optimization, customer engagement, leakage reduction and remote monitoring, as well as the growing role of renewable and integrated-energy investments.

We also discussed ENN's approach to benchmarking sustainability performance against Chinese and international peers and its use of a digital ESG platform to evaluate the implications of sustainability factors for revenue and cash flow.

OUTCOMES

On governance and diversity, we discussed progress toward ENN's 30% female board representation objective and the challenges management sees in recruiting directors with certain technical skill sets. We also reviewed the existing linkage between sustainability performance and short-term executive compensation and discussed whether sustainability measures could ultimately be incorporated into long-term incentives.

Finally, we discussed ENN's engagement with MSCI, Sustainalytics and other third-party research providers. The conversation focused on areas where global ESG methodologies may not fully capture differences in Chinese governance and regulatory practices and the steps ENN is taking to improve external understanding of its sustainability strategy and performance.

Because this was our first dedicated sustainability engagement with ENN, we do not attribute the company's existing achievements directly to our engagement. Rather, the discussion strengthened our understanding of ENN's transition roadmap, governance practices and efforts to address external ESG perceptions. Management highlighted a significant improvement in its S&P Global Corporate Sustainability Assessment score to 79 in 2024 and its AA rating from MSCI. Going forward, we intend to continue engaging with ENN on its emissions trajectory, renewable-energy investments, board diversity objective, potential long-term incentive linkage and efforts to ensure external assessments more accurately reflect the company's underlying sustainability performance.

DTE Energy U.S. UTILITY COMPANY

ENGAGEMENT TYPE

Direct

BACKGROUND

DTE Energy (DTE) is a Michigan-based regulated electric and natural gas utility. Given the company's long-term energy transition and significant capital needs, we believe strong governance and appropriate board composition are important to overseeing strategy and managing related risks and opportunities.

Board diversity has been a particular focus of our DTE engagements. We believe boards with varied backgrounds and perspectives can improve oversight and decision-making, and we had identified an opportunity for DTE to improve female representation.

OBJECTIVES

Beginning in 2023, we engaged DTE on opportunities to increase board gender diversity. We encouraged the company to appoint another female director and sought clarity on timing.

Our discussions continued into early 2024, but DTE declined to commit to a timeframe for appointing an additional gender-diverse director. We believed the lack of progress warranted escalation.

Our objective was to encourage DTE to use board refreshment to assemble an appropriate mix of perspectives and expertise to oversee its long-term strategy.

ACTIVITIES

We first raised board gender diversity with DTE during our August 2023 sustainability engagement. At the time, three of the company's 11 directors were women, representing 27.3% of the board. We communicated an opportunity to improve female representation and noted Principal was considering a policy under which we could vote against nominating committee chairs where female board representation remained below 30%.

We continued dialogue into early 2024 regarding the opportunity for board refreshment. In April 2024, we again raised plans to appoint an additional female director. Given the absence of a commitment or timeframe, we escalated through proxy voting and voted against Gary Torgow, chair of the Board's nominating committee, at DTE's 2024 annual meeting.

We continued to monitor board composition following this escalation and revisited the topic during our November 2025 sustainability engagement, focusing on future board refreshment as five directors approach DTE's mandatory retirement age by 2030.

OUTCOMES

In February 2025, DTE appointed Casey Santos to its Board of Directors. Her appointment increased the number of women directors from three to four and female representation from 27.3% to 33.3%, moving DTE above the 30% threshold that had been a focus of our engagement.

We were encouraged by this outcome following repeated engagement and escalation. Santos also brought more than 25 years of experience in digital transformation, AI and cybersecurity, adding expertise we believe is increasingly relevant as utilities modernize networks and operations.

DTE made further progress later in 2025 when Joi Harris was elected to the Board as part of her appointment as President and CEO. Together, these appointments demonstrate meaningful progress in female representation at board and senior leadership levels, consistent with the outcome we had advocated for since 2023.

Looking ahead, DTE has a significant opportunity to continue refreshing its board, with five directors expected to reach mandatory retirement age by 2030. We intend to continue engaging to encourage consideration of diversity alongside the skills, experience and perspectives required to oversee DTE's evolving business.

National Grid Plc U.K AND U.S. UTILITY COMPANY

ENGAGEMENT TYPE

Direct

BACKGROUND

National Grid operates electricity and gas networks in the U.K. and U.S., placing it at the center of energy transition investment, reliability requirements and affordability pressures. Its capital program is increasingly driven by electricity network expansion and environmental management across a large infrastructure base.

The company maintains a broad sustainability agenda covering decarbonization, nature, workforce diversity and governance. It is also adapting to evolving frameworks, including the Science Based Targets initiative (SBTi) net-zero standard and the Taskforce on Nature-related Financial Disclosures (TNFD).

OBJECTIVES

Consistent with our 2025–2027 engagement priorities, we reviewed National Grid’s latest sustainability disclosures and followed up on prior engagement themes.

We focused on climate strategy, including SBTi engagement, updated emissions targets and Scope 3 and supplier-related objectives; nature-related risk management and TNFD-aligned disclosure; workforce and board diversity following the removal of formal targets; executive remuneration; and external ESG perceptions, including CA100+ disclosure scores.

ACTIVITIES

In December 2025, we held a one-on-one sustainability engagement with Cerys Reece, Investor Relations Manager; Steven Thompson, Environmental Sustainability Manager; and Meredith Pickett, U.S. Director and U.K. Senior Manager, Environment and Sustainability.

On executive compensation, we discussed National Grid’s new remuneration policy, including the increased performance-based component and the change in compensation benchmarking from the FTSE 1–40 to the FTSE 1–30.

On environmental matters, we discussed the company’s emissions trajectory, SBTi engagement and how the revised standard could affect future target-setting. We also discussed progress against nature targets, movement toward a group-wide approach and future TNFD-informed disclosure, including U.S. vegetation management.

We also sought context for removing formal gender-diversity targets from National Grid’s reporting. Management cited the evolving U.S. legal environment while emphasizing its continued focus on attracting a broad talent pool and maintaining senior leadership and board representation.

Finally, we discussed areas where management believes external ESG assessments may not fully reflect National Grid’s practices, particularly CA100+ lobbying-disclosure scores and related U.S. legal constraints.

OUTCOMES

We view several developments positively. For one, the updated remuneration framework strengthens shareholder alignment through a higher variable pay component and refreshed benchmarking during a period of significant capital investment.

On nature, completion of U.K. transmission environmental targets and movement toward a group-wide framework represent a shift from discrete targets to integrated management of nature-related risks, supported by TNFD-aligned disclosure. In climate strategy, alignment with the revised SBTi standard may delay near-term updates, particularly on Scope 3 and supplier engagement, but should improve credibility and comparability once new targets are set.

The removal of formal diversity targets is less positive from a monitoring perspective, though strong senior-level representation suggests limited near-term risk to workforce diversity outcomes. Management’s comments on CA100+ scores also highlight continuing gaps between underlying practices and external assessment frameworks.

We will continue engaging annually on executive remuneration, emissions target setting, nature-related disclosure, diversity and external ESG assessment alignment.

Active Ownership Activities

Our approach | Engagement activities and outcomes | **Proxy Voting**

Proxy Voting

Principal Asset Management has adopted and implemented a written Proxy Voting Policy that is 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.

Principal Asset Management creates its own sets of proxy voting guidelines which are updated and approved no less than annually by our Proxy Voting Committee. A senior investor supporting the listed infrastructure strategy represents our perspectives on this committee. In addition to the Voting Guidelines, the firm has established unique sustainable voting guidelines, which we elect to use for the listed infrastructure accounts for which we are authorized to vote proxies.

We believe the Sustainable Voting Guidelines are consistent with our objectives as investors in a subset of public companies for which sustainability considerations are financially material. These guidelines support standardized reporting on ESG issues, request information regarding an issuer's adoption of, or adherence to, relevant norms, standards, codes of conduct or universally recognized international initiatives. The guidelines will also generally recommend votes against directors due to failure to manage ESG and sustainability risks, including climate change.

In the case of Shareholder proposals, we manually vote these ballot types given the case-by-case evaluation needed rather than utilizing an established vote

norm embedded within the guidelines. There may also be voting themes or ballots where our portfolio management team decides to diverge from the sustainable voting guidelines. In such a case, certain procedures and documentation are executed and maintained. If a proxy ballot is received, the relevant portfolio manager is responsible for voting the ballot.

Principal Asset Management maintains an interactive vote dashboard within our website. This allows for transparency in our voting history across our broad security ownership regardless of client type or investment vehicle and includes vote rationales. We also maintain and share a Proxy Voting Philosophy Summary to clearly articulate and communicate our general approach to material ballot types. Additionally, if a client has authorized Principal Asset Management to vote for proxies, they may obtain a summary report relating to their account by contacting their relationship manager. In addition to publicly posting, A client may also obtain a copy of our complete Proxy Voting Policy, which also contains the guidelines, and procedures upon request.

ISS is utilized for the administration of all proxy ballots and other record keeping. Principal Asset Management operations, compliance, and the proxy voting committee work closely with ISS in the execution of these responsibilities.

We do not consider proxy voting to be a substitute for engagement, and in practice we aim for our engagements to preemptively address the topics that feature in our votes against management. However, we do view proxy voting as an appropriate medium for escalating an issue on which we have been engaging for at least one year.

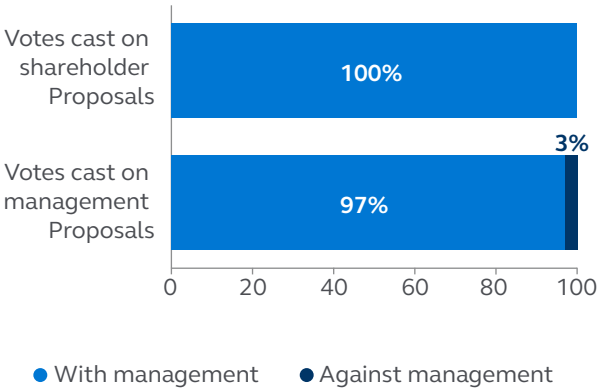
2025 VOTING RECORD

Meeting statistics

Category	Total number	Total %
Votable meetings	49	
Meetings voted	49	100.0%
Proxy contests voted	0	0.0%
Meetings with against management votes	13	26.5%
Meetings with against policy votes	5	10.2%
Meetings with results available	49	100.0%

Source: Principal Asset Management

Summary of votes cast



Top 10 holdings	12/31/2025 weight	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES	13 CLIMATE ACTION	Alignment commentary
NextEra Energy, Inc.	7.22%	✓	✓	✓	✓	✓	✓	Global leader in renewables adoption and development and well-positioned to capture market share in future energy transition technologies. Efficiency and relatively low customer bills encourage economic development, and industry-leading storm hardening and hurricane recovery efforts mitigate effects of climate change. Target to reach "Real Zero" by no later than 2045, defined as zero absolute scope 1 and 2 carbon emissions with no reliance on offsets, is industry-leading.
Williams Companies, Inc.	5.13%	✓	✓	✓	✓	✓		Williams was one of the first energy infrastructure companies to establish a Net Zero 2050 target and has reduced GHG emissions by 47% on an absolute basis since 2005. The company has been an innovator in developing solar power for its own needs. As a natural gas infrastructure company, Williams is one of the major enablers of the replacement of coal fired power generation in the US.
CSX Corporation	4.54%		✓	✓	✓	✓	✓	Freight rail as a whole has environmental advantage over trucking, plays a core role in economic growth and are key local employers. CSX has mapped targets to six key UN SDGs (3, 7, 8, 11, 12 and 13) with key targets around renewable usage, emissions targets as well as core priorities related to labor, safety and waste.
National Grid plc	4.48%		✓	✓	✓	✓	✓	National Grid supplies gas and electricity to millions in the UK and the US. The company's efforts directly contribute to the decarbonisation of the energy system, from building and maintaining transmission lines that bring clean energy to demand and exploring ways to reduce the carbon intensity of gas. NG has made several strong, public commitments which demonstrate leading alignment with SDGs 5, 7, 9 and 13. The geographic location of its businesses also makes resiliency planning important (SDG 11).
Entergy Corporation	4.29%		✓	✓	✓	✓	✓	We see unique opportunities for Entergy to drive decarbonization through electrification of its industrial customers' processes on the Gulf Coast. Entergy is further differentiated by its storm hardening programs which are crucial for climate change mitigation in its service territories. Entergy is a leader in developing a hydrogen capability for power generation and industrial customers. The company already has one of the lowest emission-intensity generation fleets among major utilities
Sempra	4.09%		✓	✓	✓	✓		Sempra has a detailed set of emissions reductions targets for all of its businesses. The sell-down of its LNG business reduces corporate wide emissions intensity. SoCalGas, Sempra's CA gas utility, has an impressive target to have 20% of its supply be from renewable natural gas by 2030. Oncor, Sempra's Texas utility, plays a key role in connecting renewable power to market
American Tower Corporation	3.80%		✓	✓	✓	✓	✓	American Tower's alignment is a function of its efforts to increase access to wire-less communication in each of its markets, including in several developing countries. As well, its business model of developing and leasing neutral infrastructure to multiple communications providers, as an alternative to each company building its own, fundamentally reduces consumption of energy, materials and resources. The sustainability strategy was refreshed in 2021 and is aligned with UN's SDGs and updates provided annually.
CMS Energy Corporation	3.52%	✓	✓	✓	✓	✓	✓	CMS Energy demonstrates strong alignment with multiple UN SDGs. The company is accelerating coal retirement, scaling renewables, storage, and demand response, and targeting net-zero carbon for electricity by 2040 and methane by 2030. Water stewardship is advanced through a 99% use reduction by 2026, while economic growth is supported via local job creation, supplier diversity, and infrastructure upgrades. Grid modernization, EV charging, and community energy programs enhance resilience and affordability.
Crown Castle Inc.	3.46%		✓	✓	✓	✓	✓	Crown Castle's business model is based on the principal of shared infrastructure. By developing and leasing neutral infrastructure to multiple communications providers, as an alternative to each company building its own, this fundamentally reduces consumption of energy, materials and resources, whilst increasing the reach of data and connectivity to a wider community.
Xcel Energy Inc.	3.20%	✓	✓	✓	✓	✓	✓	XEL was an early mover in the energy transition among US regulated utilities, via its "Steel for Fuel" strategy of converting O&M to capex via retiring coal and building wind generation capacity. The company's net zero 2050 target is in line with peers but its coal exit by 2030 is ahead of the peer average. XEL has an impressive set of other targets, including the most comprehensive water targets among US utilities. ESG reporting is also well above average in detail and clarity.

Key: ✓ Aligned ✗ Misaligned

Companies shown are taken from the top ten holdings of the Global Sustainable Listed Infrastructure Fund Portfolio as of 31 December 2025. A check indicates full alignment with the goal and an X indicates some material aspect of a company's operations or products are misaligned with the goal. United Nations Sustainable Development Goals (UN SDGs) are a collection of 17 global goals set by the United Nations General Assembly. This is provided for information only and should not be construed as specific investment advice, a recommendation to buy, sell or hold, or be relied on in any way as a guarantee, promise, forecast or prediction of future events regarding an investment or the markets in general.

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Portfolio pathways are calculated using holdings and weightings from the representative portfolio, actual Scope 1&2 carbon emissions data for each portfolio company and PGI analysis of the forward-looking carbon reduction potential of each portfolio holding. Portfolio pathways from 2015-2020 reflect reported carbon emissions reductions of the representative portfolio's holdings assuming portfolio end weights on 31 December 2025 and the carbon emissions reductions illustrated post-2020 are projections. There is no assurance that such events or projections will occur and may be significantly different than that shown here. The 1.5-degree reference pathway and compatible range are calculated using 1.5-degree Celsius national pathways derived from global IPCC pathways compatible with the Paris Agreement and published by Climate Analytics. National pathways are then weighted by portfolio country weights to construct the reference pathway. More information about the methodology for the national emissions pathways published by Climate Analytics can be found here: <https://1p5ndc-pathways.climateanalytics.org/methodology/>. There is no guarantee that the 1.5-degree reference pathway will occur and what is required to limit global temperature change to 1.5 degrees may be significantly different than that shown within this report.

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