

Principal Global Investors Funds (PGIF)

Global High Yield Fund [“the Fund”]

Website disclosure pursuant to Article 10 of the EU Sustainable Finance Disclosure Regulation

a) Summary

The environmental characteristics considered by the Fund are toxic and carbon emissions, environmental opportunities, material sourcing and land use, product waste, water stress, financing environmental impact, and climate change vulnerability. The social characteristics considered by the Fund are health, safety and nutrition, product safety and quality, human capital and community management, privacy and data security, access to healthcare, communications and finance, insuring health and demographic risk and responsible investment.

No reference benchmark has been designated for the purposes of attaining the above characteristics promoted by the Fund.

In order to meet the environmental and social characteristics promoted, the manager incorporates internally generated ESG scores to the selection of underlying assets as part of its investment decision making process for the Fund. ESG scores are assigned to each instrument covered and incorporated into each instrument’s overall assessment.

The Investment Manager uses a proprietary ESG scoring model to assess current holdings and potential investments on a forward-looking basis. This proprietary methodology draws on a range of data sources to provide a consistent framework across the universe of issuers, incorporating frequent rating updates. It also has the ability to identify companies in transition to better ESG scores.

The binding elements of the investment strategy are as follows:

1. The Investment Manager assigns a proprietary ESG score to each instrument (excluding currency hedging instruments and cash) covered by the Fund.
2. Companies that score lower than 3, according to the propriety methodology, are deemed to have an ESG profile that is unfit to be included in the strategy’s opportunity set and therefore would not make it into the Fund.
3. The strategy strives to have similar or better scores than the benchmark (ICE BofA Merrill Lynch Global High Yield USD Hedged Index) for the following metrics:
 - MSCI ESG Quality Score,
 - MSCI ESG Rating,
 - MSCI Carbon Risk Category, and
 - MSCI Controversies score.

4. The Investment Manager excludes companies or issuers where their revenue is significantly derived from products that are considered unsuitable for the Fund for example, cluster munitions, anti-personnel mines, nuclear weapons outside of the Treaty on the Non-Proliferation of Nuclear Weapons, biological weapons or chemical weapons.

In accordance with the binding elements of the investment strategy, 80% of investments made will be aligned to the E/S characteristics, whilst the remaining 20% will be cash, cash equivalents and hedging instruments and/or investments that may not be aligned with the E/S characteristics promoted by the Fund.

The Investment Manager is responsible for implementing the investment strategy, to ensure that the environmental and/or social characteristics are met throughout the lifecycle of the Fund. The Investment Manager uses third party data to review and update their internal ESG processes and methodologies on an ongoing basis, with a regularity of at least once a quarter. Any changes or updates will be considered as part of the investment decision making process.

The Investment Manager considers principal adverse impacts (PAI) on sustainability factors by combining internal analysis of the Fund's holdings and third-party data against the following indicators.

- PAI 1 - GHG emissions
- PAI 2 - Carbon footprint
- PAI 3 - GHG intensity of investee companies
- PAI 4 - Exposure levels for companies active in the fossil fuel sector
- PAI 5 - Share of non-renewable consumption and production
- PAI 6 - Energy consumption intensity per high impact climate sector
- PAI 7 - Activities negatively affecting biodiversity-sensitive areas
- PAI 10 - Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- PAI 11 - Lack of monitoring the compliance with UNGC principles and OECD guidelines for MNEs
- PAI 13 - Board gender diversity
- PAI 14 - Exposure to controversial weapons

The PAIs are considered as part of the Investment Manager's proprietary ESG scoring methodology and as such, the indicators are reviewed at regular intervals or when newly reported information becomes available.

The Investment Manager's analysts supplement their own fundamental research with data insights and analytics from third-party data providers, MSCI ESG research and Bloomberg, to ensure they appropriately integrate ESG factors into their investment theses.

The Fund seeks to directly engage on ESG issues with the companies they own. Engagement with management for fixed income investors regarding ESG practices comes primarily through discussion with management regarding key ESG factors that the Investment Adviser views as having a meaningful impact on their business / credit profile. This input is provided via direct management meetings and through feedback provided to syndicate bond underwriters for new debt issuances.

b) No sustainable investment objective

This Fund promotes environmental or social characteristics but does not have as its objective sustainable investment.

c) Environmental or social characteristics of the financial product

The environmental characteristics considered by the Fund are toxic and carbon emissions, environmental opportunities, material sourcing and land use, product waste, water stress, financing environmental impact, and climate change vulnerability. The social characteristics considered by the Fund are health, safety and nutrition, product safety and quality, human capital and community management, privacy and data security, access to healthcare, communications and finance, insuring health and demographic risk and responsible investment.

No reference benchmark has been designated for the purposes of attaining the above characteristics promoted by the Fund.

d) Investment strategy

The Fund will invest in companies or issuers that are consistent with the manager's Policy on Responsible Investing which takes account of environmental, social, and corporate governance ("ESG") criteria.

In order to meet the environmental and social characteristics promoted, the manager incorporates internally generated ESG scores to the selection of underlying assets as part of its investment decision making process for the Fund. ESG scores are assigned to each instrument covered and incorporated into each instrument's overall assessment.

The Investment Manager uses a proprietary ESG scoring model to assess current holdings and potential investments on a forward-looking basis. This proprietary methodology draws on a range of data sources to provide a consistent framework across the universe of issuers, incorporating frequent rating updates. It also has the ability to identify companies in transition to better ESG scores.

This proprietary methodology is combined with rigorous fundamental research and manager subsequently screens investments incorporating the environmental and social characteristics described. As a result of this analysis, the lowest scoring ESG issuers are excluded from consideration for investment, and these exclusions can be applied at both an issuer and sector level. All holdings incorporate this commitment to environmental and social characteristics, with the exception of currency hedging instruments and cash.

The companies in which investments are made follow good governance practices and the Investment Manager invests in companies based on an evaluation of the board structure, management and business ethics.

The Investment Manager selectively (dependent upon the sector of the company) scores the following governance factors for every company invested in:

- Board Evaluation: Factors include CEO/chairman independent, entrenched board, board member experience, the presence of key committees (audit, compensation, etc.).
- Management Evaluation: Factors include management tenure, relevant experience, compensation & incentives.
- Business Ethics: Risk and history of ethics issues such as fraud, corruption, misconduct, instability, etc; anticompetitive practices; preventative measures against such problems.
- Financial System Instability: Extent to which companies may face enhanced regulatory scrutiny from contributions to systemic risk in financial markets; risk oversight, governance, commitments to ethical standards.
- Regulatory / Legal Track Record: History of regulatory, legal, and compliance issues.

In order to actively support good governance, the Investment Manager engages with issuers through an escalation process when issuers have a change in one or more ESG factors that may result in a reduced ESG rating. For lower rated ESG scores, the Investment Manager will also carry out further due diligence and company engagement to better underwrite the ESG factors. Engagement with management regarding ESG practices comes primarily through discussion regarding key ESG factors that the Investment Manager views as having a meaningful impact on their business / credit profile.

The binding elements of the investment strategy are as follows:

1. The Investment Manager assigns a proprietary ESG score to each instrument (excluding currency hedging instruments and cash) covered by the Fund.
2. Companies that score lower than 3, according to the propriety methodology, are deemed to have an ESG profile that is unfit to be included in the strategy's opportunity set and therefore would not make it into the Fund.
3. The strategy strives to have similar or better scores than the benchmark (ICE BofA Merrill Lynch Global High Yield USD Hedged Index) for the following metrics:
 - MSCI ESG Quality Score,
 - MSCI ESG Rating,
 - MSCI Carbon Risk Category, and
 - MSCI Controversies score.
4. The Investment Manager excludes companies or issuers where their revenue is significantly derived from products that are considered unsuitable for the Fund for example, cluster munitions, anti-personnel mines, nuclear weapons outside of the Treaty on the Non-Proliferation of Nuclear Weapons, biological weapons or chemical weapons.

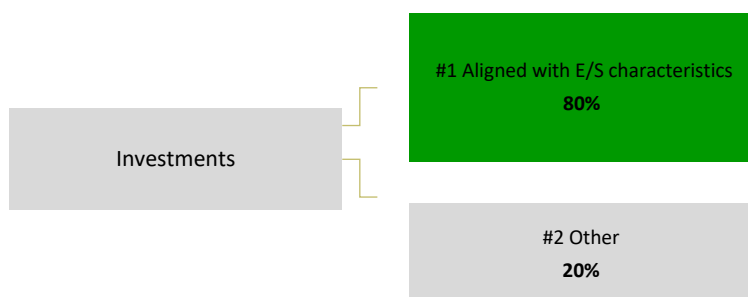
e) Proportion of investments

The Fund's asset allocation will be as follows:

In accordance with the binding elements of the investment strategy, 80% of investments made will be aligned to the E/S characteristics, whilst the remaining 20% will be cash, cash equivalents and hedging instruments and/or investments that may not be aligned with the E/S characteristics promoted by the Fund.

While the Fund promotes environmental characteristics, the Fund's investments do not take into account the criteria for environmentally sustainable economic activities, including enabling or transitional activities within the meaning of the Taxonomy Regulation. As such, a minimum of 0% of the Net Asset Value of the Fund shall be invested in Taxonomy-aligned investments.

The “do no significant harm” principle applies only to those investments underlying the Fund that take into account the criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. The investments underlying the remaining portion of the Fund do not take into account the criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation.



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

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristic, have no minimum environmental or social safeguards, nor are qualified as sustainable investments.

f) Monitoring of environmental or social characteristics

The Investment Manager is responsible for implementing the investment strategy, to ensure that the environmental and/or social characteristics are met throughout the lifecycle of the Fund. The Investment Manager uses third party data to review and update their internal ESG processes and methodologies on an ongoing basis, with a regularity of at least once a quarter. Any changes or updates will be considered as part of the investment decision making process.

The Manager's compliance and risk function will monitor the integration of ESG requirements through a combination of automated, manual and periodic reviews.

Monitoring of exclusions are automated and monitored on a pre and post trade basis to prevent and detect investments that would not be compliant with the investment strategy.

g) Methodologies

In order to meet the environmental and social characteristics promoted, the Investment Manager incorporates internally generated ESG scores to the selection of underlying assets as part of its investment decision making process for the Fund. ESG scores are assigned to each instrument covered and incorporated into each instrument's overall assessment.

The Investment Manager uses a proprietary ESG scoring model to assess current holdings and potential investments on a forward-looking basis. This proprietary methodology draws on a range of data sources to provide a consistent framework across the universe of issuers, incorporating frequent rating updates. It also has the ability to identify companies in transition to better ESG scores.

This proprietary methodology is combined with rigorous fundamental research and the Investment Manager subsequently screens investments incorporating the environmental and social characteristics described. As a result of this analysis, the lowest scoring ESG issuers are excluded from consideration for investment, and these exclusions can be applied at both an issuer and sector level. Companies that score lower than 3, according to the propriety methodology, are deemed to have an ESG profile that is unfit to be included in the strategy's opportunity set and therefore would not make it into the portfolio of the Fund. All holdings incorporate this commitment to environmental and social characteristics, with the exception of currency hedging instruments and cash.

The Investment Manager considers principal adverse impacts (PAI) on sustainability factors by combining internal analysis of the Fund's holdings and third-party data against the following indicators.

- PAI 1 - GHG emissions
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The PAIs are considered as part of the Investment Manager's proprietary ESG scoring methodology and as such, the indicators are reviewed at regular intervals or when newly reported information becomes available.

h) Data sources and processing

The Investment Manager's analysts are responsible for generating an ESG score on every credit they cover, and their score is informed by information the analysts collect from company disclosures, direct engagement with the management of the companies they cover, publicly available information, and relevant third-party data.

The Investment Manager's analysts supplement their own fundamental research with data insights and analytics from third-party data providers, MSCI ESG research and Bloomberg, to ensure they appropriately integrate ESG factors into their investment theses.

The Investment Manager continuously engages with their chosen third-party data providers to improve the quality and consistency of their data as well as increase their coverage of the high yield universe.

i) Limitations to methodologies and data

One of the key limitations impacting the methodologies and data is the reliance on third party data providers and the availability and quality of ESG related data. Such data is not yet systematically disclosed by underlying issuers and may be estimated by data providers or remain unavailable, and when disclosed may follow various methodologies. The Investment Adviser's internally generated ESG scores are limited by the availability of public information and disclosures required by individual issuers.

In order to overcome these limitations, the Investment Manager's analysts supplement the data with qualitative assessments based on company and industry research and/or alternative data sources. The analysts also engage with the issuers directly to try to obtain required ESG information if they are not provided by the current ESG data sources.

Incorporation of and reliance on MSCI data is limited by their coverage of the Investment Manager's investable universe. Imperfect and absent data in the high yield space helps the Investment Manager to stay committed to continuing to produce its own proprietary internal ESG scores so that the Investment Manager can make investment decisions that are as informed as possible.

The Investment Manager reviews the internal ESG methodology on an ongoing basis to ensure the data and calculations are effective and up to date and monitors the investments against the binding criteria in order to attain each of the environmental or social characteristics promoted by the Fund.

j) Due diligence

The Investment Adviser's analysts obtain information they need for their fundamental analysis from a diverse range of sources including:

- Public company information
- Meetings and calls with corporate management teams
- Industry contacts, conferences, and publications
- Media reports
- Direct dialogue with and publications from rating agencies
- Third-party insights

The Investment Adviser's analysts also leverage various internal resources, including economic teams, legal counsel, and investment professionals from other asset classes.

In addition, the Investment Adviser's analysts supplement their own fundamental research with insights from third-party ESG research providers to help ensure they appropriately integrate ESG factors into their investment thesis.

Each issuer is assigned a specific ESG score, a numeric based system ranging from 1-poor to 10-excellent, indicating the Investment Adviser's overall assessment of the company's ESG standing. The Investment Adviser's analysts raise any concerns about ESG issues, and other fundamental concerns, during meetings with corporate management teams. The response feeds into the assessment of the company's outlook and potential fit for the portfolio.

The Investment Adviser uses its qualitative analysis to assist in validating ESG data and the overall scores which indicate whether a holding has environmental or social characteristics as outlined in the Fund's supplement. In addition, the Adviser conducts due diligence on the underlying investee companies as part of the investment process. This process assesses the investee companies and rules out investments where it can be reasonably assumed that they severely violated generally accepted global norms in their business practices and conduct.

The Manager conducts due diligence on the Investment Adviser on an ongoing basis to ensure that processes and procedures are being followed appropriately and in accordance with the Fund supplement.

k) Engagement policies

The Fund seeks to directly engage on ESG issues with the companies they own. Engagement with management for fixed income investors regarding ESG practices comes primarily through discussion with management regarding key ESG factors that the Investment Adviser views as having a meaningful impact on their business / credit profile. This input is provided via direct management meetings and through feedback provided to syndicate bond underwriters for new debt issuances.

ESG is integrated into the Investment Adviser's normal investment process – each analyst is required to complete a proprietary internal ESG score of every company the Fund invests in. As such, engagement is often initiated with the objective of preparing as comprehensive an ESG analysis as possible so that ESG risks can be properly considered in the risk/return profile of the company.

Common reasons for engagement include, but are not limited to, a lack of third-party or publicly available ESG data that is required for a comprehensive and complete internal ESG analysis and score, a change in one or more ESG factors that resulted in a reduced ESG rating, or recent news or events that materially impact the company's ESG profile. Analysts track engagement and follow up on its efficacy, ensuring that topics discussed, or concerns raised by the analysts get addressed.

l) Designated reference benchmark

There is no specific index designated as a reference benchmark to determine whether the Fund is aligned with the environmental and/or social characteristics that it promotes.

Definitions:

- The “Manager” shall mean Principal Global Investors (Ireland) Limited.
- The “Investment Management” shall mean Principal Global Investors, LLC.
- “prospectus” shall mean the Funds’ prospectus.
- “supplement” shall mean, in the context of any one sub-fund, the relevant Fund supplement.
- “ESG” shall mean environmental, social and governance.
- “Sustainable Finance Disclosure Regulation (SFDR)” shall mean Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

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Important information:

This document is intended for institutional, professional or retail investor use only in permitted jurisdictions as defined by local laws and regulations. It is intended for information purposes only. It is not an offer or a solicitation to anyone to subscribe for units in the Fund. It should not be construed as investment advice.

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