

Responsible Investment Policy Statement

Principal Global Investors has been a signatory to the United Nations Principles for Responsible Investment (UN PRI) since 2010, highlighting the firm's dedication to Environmental, Social and Governance (ESG) issues. UN PRI works to achieve a sustainable global financial system by encouraging the adoption of six principles and collaboration on their implementation; by fostering good governance, integrity, and accountability; and by addressing obstacles to a sustainable financial system that lie within market practices, structures, and regulation.

All global investment teams that comprise the global asset management business of Principal Global Investors are covered by our UNPRI signature. Consistent with a specialized investment team model, each team defines the scope and pace of its own implementation path, driven by what fits best with its investment process and the needs of its clients.

Principal Global Investors has worked with many regional jurisdictions on their Stewardship and Governance codes governing locally listed firms including, the United Kingdom, Japan, Hong Kong, Singapore and Australia. Principal Global Investors either submitted to adhere, or submitted a statement of support to these jurisdictions. In addition, in the UK, we achieved Tier 1 status for the FRC's UK Stewardship Code, demonstrating the highest level of commitment. We have made a submission to the 2020 upgraded code.

Principal Global Investors has also aligned with global policy initiatives and accords that support our ESG goals. In addition to UNPRI and UN Global Compact, PGI or PGI investment teams have joined: the Better Building Alliance, US Green Building Council, Energy Star Partner, Global Real Estate Sustainability Benchmark (GRESB), US Department of Energy Better Buildings Initiative, The Council of Institutional Investors (CII), The International Corporate Governance, and Investor Alliance for Human Rights.

Our Approach

At Principal Global Investors, our commitment to responsible investing and environmental, social, and corporate governance (ESG) issues revolves around a key factor — our fiduciary responsibility to our clients. Acting in their best interests comes first and foremost. Our approach to responsible investing is at all times driven by that priority.

Our Commitment

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

1. To incorporate ESG issues into our investment analysis and decision-making processes

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



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

Integration

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

Integration of ESG factors takes place across all actively managed asset classes that PGI manages. The integration approach is determined by the specific investment process of the underlying asset class, whether it is equities, fixed income, asset allocation or real estate. Our ESG Oversight Committee has worked with each investment team to help categorize alignment with our framework into traditional and ESG Integrated Strategies. ESG integration is further classified as Foundational, Enhanced, Thematic or Impact.

Managed appropriately, we believe ESG integration contributes to enhanced long-term returns and reduced risks. Consistent with our overall investment philosophy, our ESG approach focuses on fundamental change. It is embedded directly within our research process in assessing the fundamental attributes of companies and assigning proprietary ESG ratings. Our focus is not limited to companies that rate highly according to third-party research providers, but rather companies that are demonstrating a commitment to improvement. In short, we encourage companies to always strive to be better versions of themselves. Our focus and commitment can therefore be summarized by our guiding purpose: By encouraging corporations to be leaders on sustainability through better long-term stewardship of human, natural and financial resources, we play an active role in the betterment of society.

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

In fixed income, ESG Integration within the investment process is utilized for the purposes of risk management and alpha generation. Our research teams are organized by areas of industry sector specialization, our analysts are responsible for providing essential insights into industry trends, and company-specific considerations, which may include certain ESG issues deemed material and relevant to the evaluation of sustainable earnings trends, sentiment, and valuation. Every corporate issuer in our coverage universe is assigned a specific ESG score, with all assessments captured via the ESG scoring grid. That score is an essential deliverable of investment thesis. Both industries and issuers are scored using this model.

For real estate investments, Principal Real Estate Investors (PrinREI) maintains a proprietary sustainability and investment platform, known as the Pillars of Responsible Property Investing (PRPI). PRPI is a unique, overarching environmental-social-and-governance framework developed to drive superior asset management and fiduciary governance, and deliver positive financial and environmental results. The PRPI philosophy integrates ESG within every aspect of PrinREI's investment process for these assets, including acquisitions and development, dispositions, operations management and lending. The Pillars of Responsible Property Investing initiative demonstrates our commitment to the UNPRI and is a natural progression of our sustainable investment philosophy.

As asset allocators, the building blocks that Principal Global Asset Allocation (PGAA) selects when constructing portfolios can be influential in determining the overall ESG sensitivity of a strategy. We first determine the ESG rating for each asset class in our investment universe, using the representative indices as a baseline. This analysis allows us to understand, at a high level, the ESG implications and a desired investment outcome. Once we progress to the implementation of those selected asset classes, we rely on multi-pronged approach to ensure that we are building portfolios that reflect our ESG philosophy. PGAA believes that using ESG considerations in its investment process, a qualitative and quantitative assessment of the ESG profile of a sub-advisor or a strategy, allows for superior ESG profiles and enhanced investor returns, without veering from our primary investment objective. We encourage our sub-advisors to be signatories to the UNPRI. This ensures that we are engaging with investment partners that share our belief that ESG issues can affect the performance of investment portfolios. Further, we require that each sub-advisor submit an ESG policy, which details its individual philosophy and ESG methodology.

Client-Driven Mandates

While ESG considerations are integrated into our investment process, Principal Global Investors currently manages client mandates with specific ESG exclusions and other ESG requirements. In addition to integration, these mandates may require negative screening. The exclusions are noted in the clients' directed guidelines and, when possible, are applied through rules within our Compliance and Order Management System.

Reporting

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

Date of last policy review: February 2022

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