

Principal Global Investors Funds (PGIF)

Principal High Grade Securities 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 greenhouse gas emissions reduction and transitioning to renewable sources of power. The social characteristics considered by the Fund are health and safety and product liability.

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

In order to address the environmental characteristic promoted, the Sub-Investment Manager applies binding screening criteria to the selection of underlying assets as part of its investment decision making process. This selection criteria may not be disapplied or overridden by the Sub-Investment Manager.

The Sub-Investment Manager employs an approach based on assigning a tiered ESG risk level, as further described below, to each holding considered within the Fund. This assessment is subsequently incorporated in the fundamental analysis integral to investment decision making. Companies assigned with a high-risk level could support a change in the underlying credit recommendation. Companies with a medium risk level can have material ESG challenges, but the Sub-Investment Manager believes these are typically manageable. Companies assigned a low risk level have effective ESG policies and relatively minor issues.

The binding elements of the Fund's investment strategy are as follows:

1. Average rating - The average MSCI ESG rating of the Fund (based on the percentage of net assets of the Fund and the corresponding MSCI ESG rating of the parent company/issuer) will be BBB or better.
2. Minimum rating - No more than 20% of the net assets of the Fund will be invested in securities issued by companies with an MSCI ESG rating of BB or lower at any time.

N.B. In the absence of an MSCI ESG rating, the Sub-Investment Manager shall apply an estimated comparable rating, based on research inputs including MSCI. External ESG ratings will not be applied to cash, cash equivalents, and US Treasuries.

3. A set of fixed exclusion criteria is in place to exclude companies from consideration for investment:
 - a. where their revenue is significantly derived from involvement in:
 - i. producing thermal coal,
 - ii. tobacco,
 - iii. firearms,
 - iv. gambling (as defined by the GICS Industry Sector classification), and

- v. adult entertainment sectors (as defined by the GICS Industry Sector classification).
- b. The Fund will exclude companies that are direct producers of or are associated with:
 - i. controversial chemicals such as herbicides and pesticides deemed as health hazards,
 - ii. minerals such as those which have been proven to be carcinogenic, and
 - iii. products such as opioids and other addictive substances as defined by the Sub-Investment Manager's proprietary standards.
- c. The Fund will exclude holdings where an investee company's involvement in controversial weapons is identified as defined by the ISS Controversial Weapons Research methodology.

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 Sub-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 Sub-Investment Manager considers principal adverse impacts 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 10 - Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises

Data quality is supported by using information sourced directly from the company, including ESG policy statements and sustainability reports, ESG risk-mitigation practices and performance and goal disclosures and company engagement, as well as reputable vendors like Bloomberg, MSCI, and other third-party providers. Supported by these company and outside data and opinions, the Sub-Investment Manager determines if a company's ESG policies are both comprehensive and effective, and if management is responsibly meeting ESG challenges.

Engagement is an essential research input whereby the Fund assesses management's progress in addressing sustainability challenges, as well as exhibiting sound governance practices. The engagement process starts by identifying issuers which have material sustainability issues. The Fund sets up one-on-one meetings with key company personnel to cover topics including emissions targets, exposure to climate change and energy transition risks, cyber security controls, employee and customer safeguards and effective enterprise risk management systems. Engagement questions are framed in terms of legacy issues, recent developments, and future plans.

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 greenhouse gas emissions reduction and transitioning to renewable sources of power. The social characteristics considered by the Fund are health and safety and product liability.

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

d) Investment strategy

In order to address the environmental characteristic promoted, the Sub-Investment Manager applies binding screening criteria to the selection of underlying assets as part of its investment decision making process. This selection criteria may not be disappplied or overridden by the Sub-Investment Manager.

The Sub-Investment Manager employs an approach based on assigning a tiered ESG risk level, as further described below, to each holding considered within the Fund. This assessment is subsequently incorporated in the fundamental analysis integral to investment decision making. Companies assigned with a high-risk level could support a change in the underlying credit recommendation. Companies with a medium risk level can have material ESG challenges, but the Sub-Investment Manager believes these are typically manageable. Companies assigned a low risk level have effective ESG policies and relatively minor issues.

The Sub-Investment Manager's proprietary analysis to identify this tiered risk level for each company incorporates a review of a company's ESG risk-mitigation policies, ESG performance data and goal disclosures, supported by management discussions. This is supported with further third-party data and research, such as Bloomberg and MSCI. However, the Sub-Investment Manager will consider, but does not rely on, rating agency and other third-party research opinions to solely make its determination.

The Sub-Investment Manager identifies governance considerations as integral to the investment philosophy and process and has the expectation that management is acting responsibly and ethically. Factors included in the Sub-Investment Manager's analysis of corporate governance include management oversight and accountability, risk management, financial disclosure and accounting standards, board quality, ethics and business conduct, political contributions, shareholder rights and a commitment to compliance and cybersecurity. This analysis is supported by resources including company financials and other disclosures, meetings with company management, third-party research, and industry conferences. The Sub-Investment Manager also engages with investee companies on an ongoing basis to ensure stewardship and progress towards addressing environmental and social concerns.

The binding elements of the Fund's investment strategy are as follows:

4. Average rating - The average MSCI ESG rating of the Fund (based on the percentage of net assets of the Fund and the corresponding MSCI ESG rating of the parent company/issuer) will be BBB or better.
5. Minimum rating - No more than 20% of the net assets of the Fund will be invested in securities issued by companies with an MSCI ESG rating of BB or lower at any time.

N.B. In the absence of an MSCI ESG rating, the Sub-Investment Manager shall apply an estimated comparable rating, based on research inputs including MSCI. External ESG ratings will not be applied to cash, cash equivalents, and US Treasuries.

6. A set of fixed exclusion criteria is in place to exclude companies from consideration for investment:
 - d. where their revenue is significantly derived from involvement in:

- i. producing thermal coal,
 - ii. tobacco,
 - iii. firearms,
 - iv. gambling (as defined by the GICS Industry Sector classification), and
 - v. adult entertainment sectors (as defined by the GICS Industry Sector classification).
- e. The Fund will exclude companies that are direct producers of or are associated with:
 - i. controversial chemicals such as herbicides and pesticides deemed as health hazards,
 - ii. minerals such as those which have been proven to be carcinogenic, and
 - iii. products such as opioids and other addictive substances as defined by the Sub-Investment Manager's proprietary standards.
- f. The Fund will exclude holdings where an investee company's involvement in controversial weapons is identified as defined by the ISS Controversial Weapons Research methodology.

This screening and exclusion policy will apply across all securities holdings as described in the investment policy and does not specifically align itself to external guidelines or principles.

Please refer to the Prospectus for further information on the Exclusions Policy which is also applicable for the Fund's investments in addition to any Fund specific exclusions.

e) Proportion of investments

The Fund's asset allocation will be as follows:

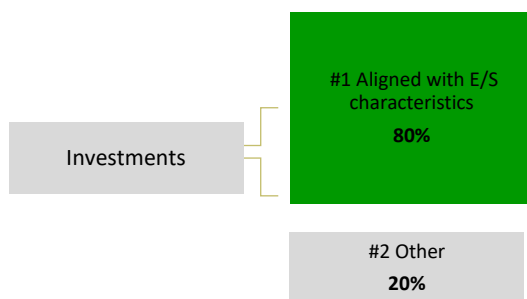
In accordance with the binding elements of the investment strategy, 80% of investments made will be aligned to the E/S characteristics, whilst the remaining 20% will be cash, cash equivalents and hedging instruments and/or investments that may not be aligned with the E/S characteristics promoted by the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

The Sub-Investment Manager uses the following indicators to measure the attainment of each of the characteristics promoted by the Fund:

- For assessing an investee company's practice on GHG emissions, the Sub-Investment Manager considers indicators on GHG emissions, carbon footprint, GHG intensity of investee companies and exposure levels for companies active in the fossil fuel sector.
- For assessing an investee company's practice on transitioning to renewable sources of power, the Sub-Investment Manager considers indicators on their share of non-renewable energy production.
- For assessing an investee company's practice on product liability and practice on health and safety, the Sub-Investment Manager considers indicators on violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.

The Sub-Investment Manager considers principal adverse impacts 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 10 - Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises

The principal adverse impacts on sustainability factors are considered as part of the Sub-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

Data quality is supported by information sourced directly from the company, including ESG policy statements and sustainability reports, ESG risk-mitigation practices and performance and goal disclosures and company engagement, as well as reputable vendors like Bloomberg, MSCI, and other third-party providers. Supported by these company and outside data and opinions, the Sub-Investment Manager determines if a company's ESG policies are both comprehensive and effective, and if management is responsibly meeting ESG challenges. The assessment of these observations is processed through a proprietary ESG model and then further integrated into the qualitative section of the Fund's fundamentals-based credit analysis. Sustainability data reports are used internally by the Sub-Investment Manager's credit team and portfolio managers. The Sub-Investment Manager considers, but does not rely on, opinions and estimated data.

i) Limitations to methodologies and data

The limitations of the methodologies and data are based on a lack of disclosure (transparency) by investee companies as well as varying regulatory requirements across jurisdictions. For example, the consistency and comparability of measuring and reporting certain environmental metrics varies and/or is not consistently reported by certain issuers. Because many environmental and social characteristics considered under the Fund's ESG scoring methodology are based on longer-term company, industry, regional, sovereign, and supranational goals, and commitments, this means that the data which is currently available in company reporting is not always a limiting factor. The Sub-Investment Manager expects evolving regulations to support the quality of data and disclosures, thus enabling its ability to monitor the achievement of these longer-term targets.

The Sub-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

An integral part of the Fund's environmental assessment of utilities and energy companies is based on company disclosures and external sources such as Bloomberg and MSCI data, which the Sub-Investment Manager may use to compare to global and industry metric tons of GHG emissions. The Sub-Investment Manager also reviews energy intensity figures to better compare major multi-state electric utilities with smaller scale utilities. For example, a larger firm with higher absolute emissions may have a more efficient profile relative to its size (e.g., assets or sales), compared with a smaller company.

The Fund also takes a forward-looking view of US and western European utility names with credible decarbonization strategies and other responsible environmental initiatives. In the Sub-Investment Manager's ongoing engagement with issuers, it assesses if interim targets are being met and that the company is progressing toward overall emissions reduction goals, which for many utilities include net zero emissions by 2050.

Importantly, the Fund carefully considers GHG reduction goals in addition to actual emissions when determining a company's success in meeting environmental challenges. Accuracy and the quality of data are among the primary challenges. From a social perspective, the success of a company's climate change policies directly impacts the health and safety of its stakeholders.

The Sub-Investment Manager uses myriad research sources including:

- Audited company financial statements

- Rating agency, sell-side research and other independent third-party opinions
- Bloomberg news and data, MSCI
- Industry conferences
- Financial media
- Economic, regulatory, industry and sustainability websites
- One-on-one meetings including ESG engagement with investee companies
- Analyst dialogue
- Company ESG policies/sustainability reports

The Sub-Investment Manager may consider other sources which are deemed relevant and reliable.

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

k) Engagement policies

Engagement is an essential research input whereby the Fund assesses management's progress in addressing sustainability challenges, as well as exhibiting sound governance practices. The engagement process starts by identifying issuers which have material sustainability issues. The Fund sets up one-on-one meetings with key company personnel to cover topics including emissions targets, exposure to climate change and energy transition risks, cyber security controls, employee and customer safeguards and effective enterprise risk management systems. Engagement questions are framed in terms of legacy issues, recent developments, and future plans. Important takeaways are documented from each meeting with management including the accuracy of data and whether the discussions confirm that the issuer is properly managing its sustainability risks.

l) where an index is designated as a reference benchmark to attain the environmental or social characteristics promoted by the financial product

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 Manager” shall mean Principal Global Investors, LLC.
- The “Sub-Investment Manager” shall mean Spectrum Asset Management, Inc., an affiliate of 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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