

No consideration of adverse impacts of investment decision on sustainability factors

05 December 2024

This document sets out disclosures for Principal Asset Management entities (“**Firms**”), considered to be financial market participants (“**FMPs**”) under the EU Sustainable Finance Disclosure Regulation (“**SFDR**”), in respect of the principal adverse impacts of its investment decisions on sustainability factors. Refer to Appendix 1 for the list of Firms identified as FMPs.

The SFDR [article 4 (1) (b) of the SFDR and article 12 of the Delegated Regulation (EU) 2022/1288 supplementing Regulation EU 2019/2088 (RTS)] requires FMPs to make a “comply or explain” decision whether to consider the principal adverse impacts (“**PAIs**”) of its investment decisions on sustainability factors. In compliance with this requirement each Firm has decided to position itself in the ‘explain’ option described in Article 4(3) of the SFDR and discloses the following statement:

Principal Asset Management entities do not consider any adverse impacts of its investment decisions on sustainability factors at entity level.

Each Firm has carefully evaluated the requirements of the PAI regime in Article 4 SFDR, and in the final Regulatory Technical Standards (the “**PAI regime**”).

Each Firm is supportive of the policy aims of the PAI regime, to improve transparency to clients, investors and the market, as to how FMPs integrate consideration of the adverse impacts of their investment decisions on sustainability factors. However, each Firm has decided that it will not comply with the PAI regime at this time for the reasons set out herein.

Each Firm is concerned about the availability and quality of data to comply with many of the technical reporting requirements of the PAI regime. Such data is not yet systematically disclosed by relevant stakeholders, and when disclosed may follow various methodologies. Furthermore, based on Art. 4 SFDR the publication of a PAI statement is mandatory for financial market participants that exceed an average of 500 employees during the financial year (Art. 4 III SFDR). Principal Asset Management entities has less than 500 employees.

Principal Asset Management entities will monitor the quality of PAI-data in order to reevaluate the decision on whether or not to consider PAIs at each entity level, each year. Notwithstanding its decision not to comply with the PAI regime (as detailed above), each Firm also wishes to re-affirm its overall commitment to sustainable investing matters. Copies of sustainable investing policies are available on the Firms’ website, or by request.

Version Number	Purpose/Change	Board Approval	Date
1.0	First draft of document	Yes	5. April 2023
1.1	Change of the name of the document, passage of time changes, and changes to FMPs in Appendix 1.	No	5. December 2024

Appendix 1 – FMPs

Firms identified as FMPs and subject to the PAI statement:

- Principal Global Investors (Ireland) Limited (“PGII”)
- Principal Real Estate SAS (“Pre-SAS”)
- Principal Real Estate Spezialfondsgesellschaft mbH (“PSG”)
- Principal Real Estate Europe (PREL)