Principal
Asset Management℠

GLOBAL SUSTAINABLE EQUITY

Impact and engagement report 2025

Contents

Our approach to sustainable investing

Our core philosophy is to invest in companies that provide tangible solutions to the world's most pressing sustainability challenges. We believe this approach not only generates the greatest potential for positive impact but also creates a direct link to value creation through drivers such as increased growth and long-term profitability. By focusing on solution providers, we aim to capture the economic opportunities arising from the global transition toward a more sustainable future in order to provide compelling risk adjusted returns over time.

Key pillars of our sustainable investing approach

Our investment process is built upon three key pillars, establishing a framework for a thorough and forward-looking sustainable investing approach.

1 | Forward-looking and impact-oriented analysis

We focus on identifying companies poised to deliver key technologies and solutions that will help facilitate a sustainable transition of the global economy. Our analysis is not just about a company's current practices but its future potential to deliver impact. We believe emphasizing a company's potential for improvement, rather than its current ratings, helps identify opportunities to drive meaningful impact and investment returns. We seek companies in areas like renewable energy, natural capital, and financial inclusion. This forward-looking perspective allows us to invest in companies that are at the forefront of the sustainability transition, and have the potential to generate both shareholder value and positive impact.

2 | Focus on green and social capital

Our Strategy centers on three critical areas:

Climate solutions: This includes companies in renewable energy, clean technology, and energy efficiency. With this, we aim to invest in the companies delivering solutions across the green transition that will help decarbonize the global economy.

Natural capital: We invest in companies that are helping decouple economic growth from environmental degradation and biodiversity loss. This encompasses sectors like sustainable agriculture, water solutions, and resource efficiency.

Social capital: This includes companies that help bridge the global financial inclusion gap, provide solutions for a sustainable healthcare system, and improve the global nutrition challenge.

3 | Impact metrics aligned with UN SDGs

To map the potential impact of our investments, we align our metrics with seven out of the 17 United Nations Sustainable Development Goals (SDGs) or "Focus SDGs", which are the key focus areas where we believe our companies can have a material impact.

The Focus SDGs provide a framework for addressing global challenges, from poverty and hunger to climate action and biodiversity loss. By using the Focus SDGs as our guide, we can better measure the alignment and real-world impact of our portfolio companies, promoting greater transparency and accountability for our investments.

Our SDG alignment methodology follows four steps:

1 | Proprietary SDG tool

Based on text analytics, our proprietary SDG tool is used to establish the investment universe by identifying the companies that have exposure to one or more of the Focus SDGs. The tool does this by searching through SEC filings for pre-defined text-based classifiers that encapsulate the solutions needed to align with each SDG. For a company to be allowed in the investment universe, it needs to have exposure to at least one of the Focus SDGs.

2 | SDG revenue mapping

To help confirm sufficient alignment, each company's revenue is mapped to the Focus SDGs. This is embedded in our fundamental analysis where our experienced investment team analyze company statements and public disclosures, leveraging its deep industry knowledge to determine the percentage of a company's revenue alignment with each of the Focus SDGs. The revenue mapping considers alignment with the underlying targets of the Focus SDGs as the basis for verification of alignment.

3 | Key SDG contribution points

Our investment team identifies and defines specific SDG contribution points for each portfolio company. These contribution points establish clear, measurable targets that help us monitor progress toward SDG alignment, as well as measure social and environmental impact.

4 | Focused engagements

To help facilitate progress towards the SDG contribution points, the investment team engages with holding companies as active owners.

An in-depth fundamental investment process

Our investment process is grounded in thorough fundamental company research. We believe that sustainable investing should not sacrifice financial rigor, which is why we embed the evaluation of sustainability factors directly within the fundamental research process. Our investment team conducts a deep analysis of a company's sustainability performance, along with its financials, management quality, and long-term growth prospects. These insights are crucial to evaluating how a company is positioned to deliver both value creation and positive contributions towards the SDGs.

Furthermore, we employ a disciplined portfolio construction methodology to help manage risk effectively. By doing this, we aim to mitigate systematic risks, such as growth or quality factors that tend to be driven by macro factors. This approach helps our portfolio remain resilient and driven primarily by idiosyncratic risk stemming from stock selection.

Letter from the investment team

The past year has been challenging for the sustainable investment industry, as many companies have faced headwinds from policy shifts in key regions and macroeconomic pressures, such as persistent inflation and high interest rates. While many companies have demonstrated resilience, others have been materially impacted.

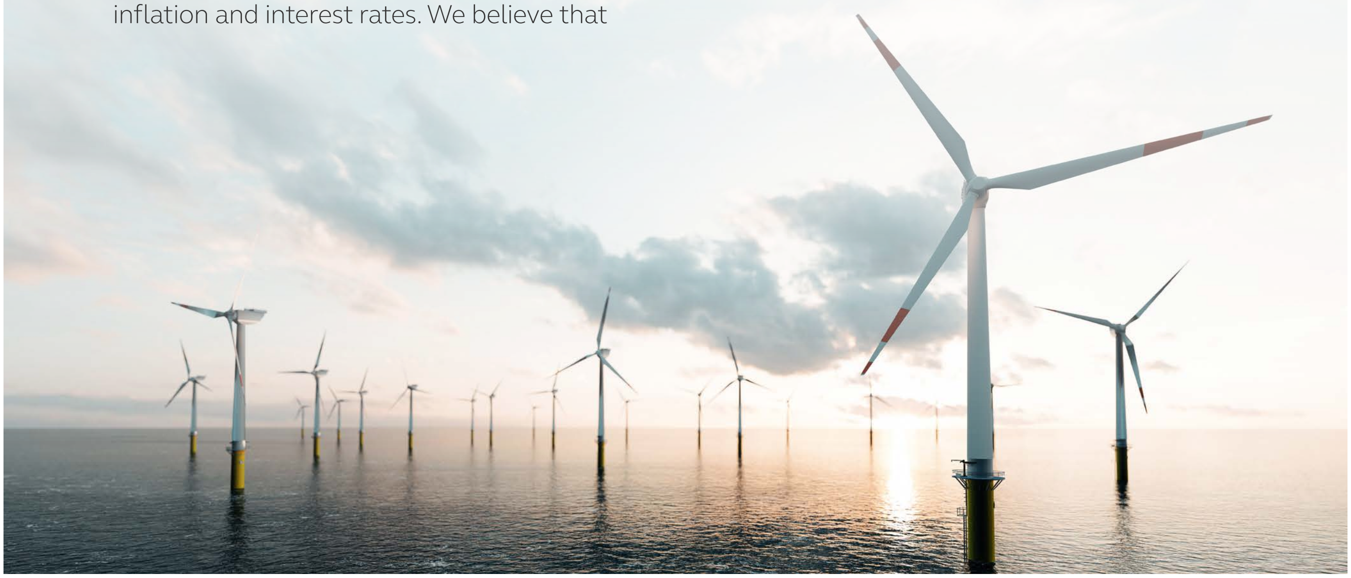
From an investor's perspective, this period underscores the critical importance of a thoughtful portfolio construction and rigorous stock selection process. Historically, many have approached sustainable investing from a top-down perspective—a broad, thematic allocation without a deep dive into the individual investment merits of each company. We believe a greater focus on fundamental analysis helps to identify companies with the potential to deliver both positive impact and financial value.

The past year has also highlighted the need for more robust portfolio construction by the sustainable investment industry. Historically, portfolios heavily concentrated in high-growth, high-quality companies, generally perform well during periods of low interest rates, but experience significant volatility and pressure on returns amid rising inflation and interest rates. We believe that the industry can do better. Going forward, we expect heightened scrutiny on portfolio construction and increased focus on bottom-up fundamentals, which, in our view, helps to build more resilient portfolios that can still perform in challenging economic environments.

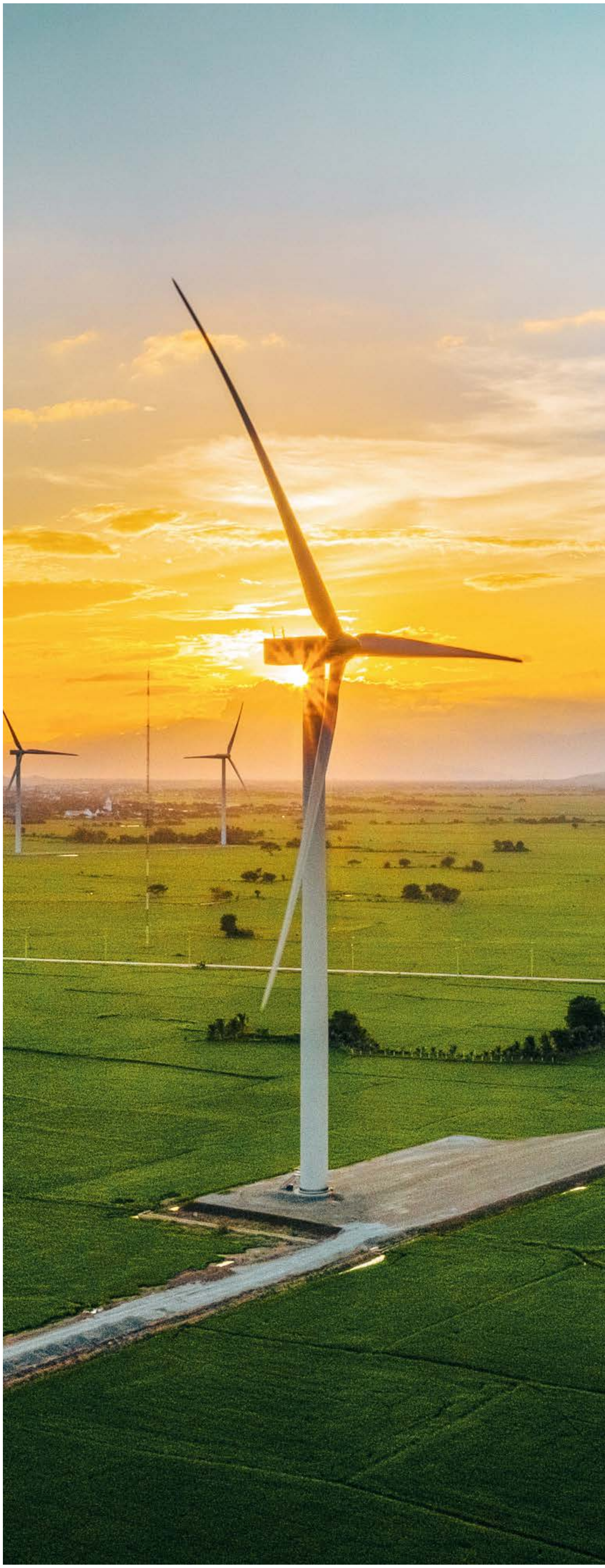
Our disciplined investment philosophy combines a focus on impact with a rigorous stock selection and portfolio construction process. In our view, this helps us identify companies that are well positioned to deliver financial value in addition to real world impact. Our investment process emphasizes mitigating systematic risk to help lower our sensitivity to macroeconomic factors that are difficult to predict and that are likely to remain volatile in times of high geopolitical uncertainty. We believe this approach will help us deliver attractive investment returns over time.

Martin Slipsager Frandsen
Portfolio Manager

Steven Larson, CFA
Portfolio Manager



Timeline of Global Sustainable Equity



Before 2020

Principal Asset Management began managing custom-screened, socially responsible mandates for institutional clients and became a signatory to the Principles for Responsible Investing (PRI) and a signatory to the Financial Reporting Council UK Stewardship Code.

2021

During the initial roll out of the Sustainable Finance Disclosure Regulation (SFDR), our European domiciled fund met the disclosure requirements described in Article 8 of SFDR.

The environmental characteristics promoted by the Fund were company contributions towards the United Nations SDGs and environmental stewardship. The social characteristics promoted were public health, health and safety, and workforce and community management.

2023

We developed our proprietary methodology using text analytics and natural language processing to evaluate companies' alignment to the SDGs.

2024

Our Sustainability Alignment tools were recognized as the "Most Innovative Application of Artificial Intelligence".[1]

The Fund name was changed to the Global Sustainable Equity Fund and determined to meet the disclosure requirements described in Article 9 of SFDR, focusing on sustainable investments across climate solutions, natural capital, and social capital themes.

[1] Recognized by Asia Asset Management (AAM) in 2024 Best of the Best Awards and won the Best of the Best Regional Awards - Most Innovative Application of Artificial Intelligence. Awarded in January 2024 and assessed for the 2023 year. In order to be considered for the award, the Firm paid Asia Asset Management's Journal of Investments & Pensions an application fee to be evaluated.

2024 sustainability and impact highlights[2]

95% of SDG contribution

points are on track to be achieved 1.5°C by 2050[3]; the portfolio is aligned with a 1.5°C scenario by 2050[4]

274m cubic meters

of water conserved

$46.28B USD

of capital deployed to infrastructure/renewables

Over 72 million acres

sustainably engaged/conserved

Nearly 1 million

metric tons of waste reduced/diverted

Over 10 Gigawatts (GW)

of renewable energy generated

(2) All impact metrics are aggregated based on company reports covering fiscal year 2024 or the most recent data if 2024 figures are not yet available, unless otherwise indicated.

(3) Source: Principal Equities proprietary SDG mapping tool, as of 30 June 2025.

(4) Using the IEA Sustainable Development Scenario (SDS), the Global Sustainable Equity Fund has a potential temperature increase of 1.5°C, whereas the MSCI All Country World has a potential temperature increase of 2.8°C, as of 30 June 2025.

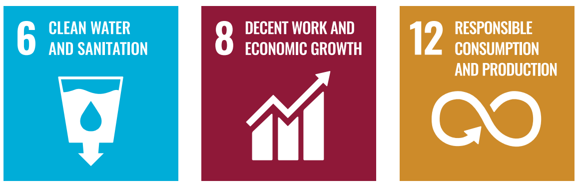
Alignment with key SDGs

The Strategy intentionally invests in companies that contribute to a sustainable future, conceptualized through seven of the Sustainable Development Goals. These are targeted through three themes: Natural Capital (SDG 6, 8, and 12), Social Capital (SDG 2 and 3), and Climate Solutions (SDG 7 and 9).

Focus SDGs

Natural capital

Decoupling economic growth

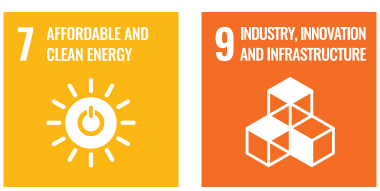


Social capital

Sustainable healthcare and social equity

Climate solutions

Reaching the Paris Agreement



Source: SDG images from United Nations Department of Economic and Social Affairs: Sustainable Development.

Our proprietary SDG mapping and monitoring tool, based on leading edge text analytics, uses custom-built text algorithms to identify the extent to which companies actively align with the SDGs and corresponding indicators outlined in the United Nation's 2030 Agenda for Sustainable Development. The tool places particular emphasis on SDGs related to Natural Capital, Social Capital, and Climate Solutions.

Using language from earnings calls, investor relations days, annual reports, corporate responsibility reports and regulatory filings, we codify relevant phrases and styles of speaking into key metrics for each SDG. These metrics inform our view of a company's alignment—or lack of alignment—with each SDG.

We prioritize active SDG alignment over passive compliance. Our metrics specifically recognize companies that demonstrate active SDG commitment and whose business success is directly linked to SDG achievement.

For example, under SDG 2 (Zero Hunger), we recognize companies developing technologies that both increase agricultural yields and reduce the environmental impact of industrial farming.

Our approach delivers two key benefits:

1 | We prioritize companies that actively contribute to SDG success rather than those with passive alignment.

2 | We focus on companies whose business models are positioned to benefit from SDG achievement.

Our proprietary SDG mapping and monitoring tool identifies the various ways companies can align with SDGs and their underlying sub-themes. For instance, when assessing alignment with “Zero Hunger”, we look beyond simple keyword matching to analyze multiple relevant activities, including: healthy food, nutrition education, local food assistance, agriscience, increased crop yields, refrigerated transportation etc.

Overview of key SDG investment themes

Climate solutions | Natural capital | Social capital | Sustainable food

2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Precision agriculture	Value based healthcare	Water infrastructure	Build renewable energy	Automated production	Infrastructure for renewable energy	Eliminate food waste
Agriscience	Minimal invasive surgery	Water equipment	Energy efficiency	Recycling systems	Carbon capture & storage	Food inventory management
Meat alternatives	Telehealth solutions	Smart water solutions	Materials for the green transition	Circular economy	Cloud/semi-infrastructure	Food logistics
Sustainable fertilizers	Next generation cancer treatment	Water treatment	Infrastructure for renewable energy	Reduced waste generation	Sustainable infrastructure equipment	Reduce impact on biodiversity
Food packaging	Diabetes, obesity, allergy solutions	Sanitation and clean water	Equipment for renewable energy	Decoupling growth from resource usage	Technology infrastructure	Environmentally sound chemical management
Nutrition	Access to medicines/vaccines	Blue economy	Clean energy technology	Reduced material usage	Build water infrastructure	Recycling
Food production	Nutrition	Desalination	Sustainable infrastructure equipment	Next generation materials	General infrastructure	Inventory management
Increased biodiversity	Livestock disease	Irrigation solutions		Financial inclusion		
	Food testing			Support growth in SMEs		

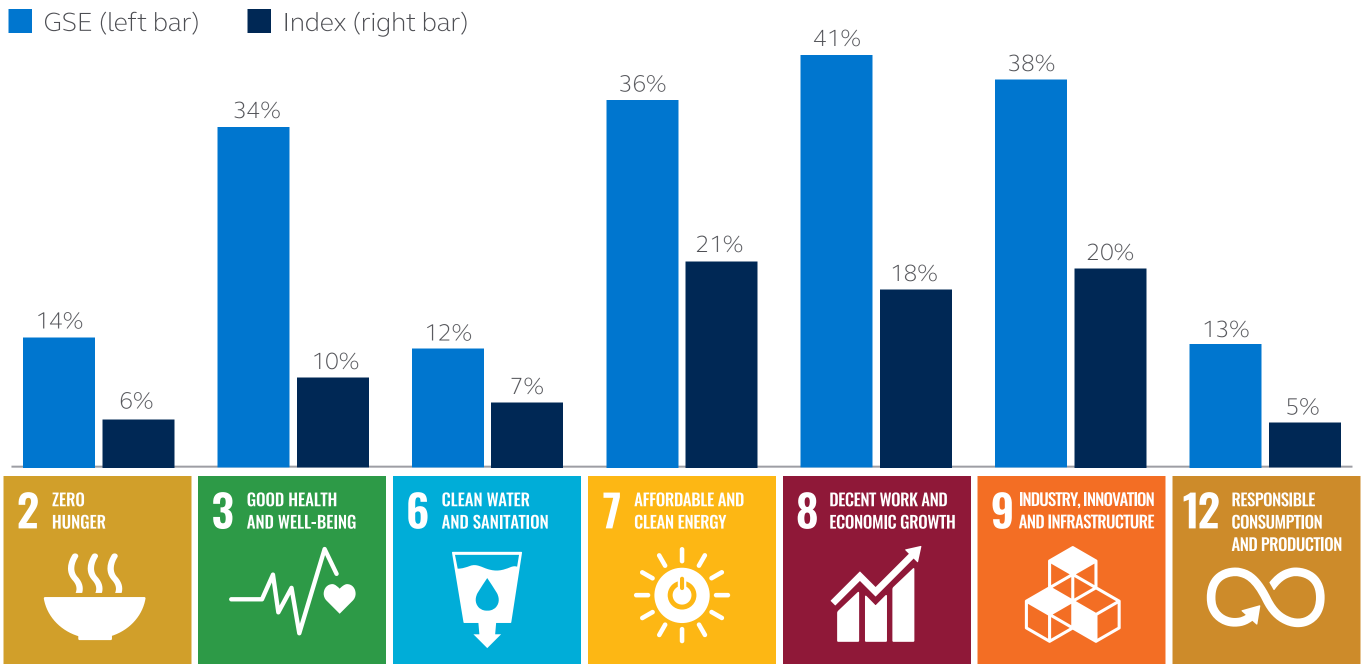
Sustainable Development Goals

Portfolio exposure analysis

Our sustainable investment strategy continues to demonstrate strong alignment with key SDGs, showing higher exposure compared to the benchmark.

Overall, the Strategy maintains notably higher alignment across all Focus SDGs compared to the benchmark, with particularly strong alignment in SDG 7 (Affordable and Clean Energy), SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation, and Infrastructure), and SDG 3 (Good Health). This positioning reflects our dedicated approach to sustainable investing and our commitment to generating both financial returns and positive impact across climate, natural, and social capital dimensions.

SDG exposure for sustainable investments



Source: Principal Equities proprietary SDG mapping tool, based upon the representative portfolio versus the MSCI World Index, as of 30 June 2025.

The SDG alignment shown in the chart above demonstrates how our investment strategy intentionally seeks to invest in companies that contribute to a sustainable future, conceptualized through the Focus SDGs.

We focus on bottom-up stock selection as the main driver of relative performance while navigating a diverse opportunity set that is unconstrained by benchmarks. Our Strategy pursues its “borderless” approach across a global opportunity set of both developed and emerging markets. We invest where we see the most compelling structural change opportunities with attractive valuations, rather than positioning in relation to a market index.

Through our proprietary SDG exposure tool, rigorous fundamental research and detailed company analysis, our investment process helps us identify companies that meaningfully contribute to the Focus SDGs.

Our Strategy demonstrates clear SDG alignment, with significant exposure to SDG 8 (Decent Work and Economic Growth) at 41%, SDG 9 (Industry, Innovation, and Infrastructure) at 38%, SDG 7 (Affordable and Clean Energy) at 36%, and SDG 3 (Good Health and Well-being) at 34%.

This alignment reflects our focus on identifying companies with robust business models that can deliver meaningful contributions to sustainable development. Our portfolio includes companies providing solutions across key challenges including food security, supply chain resilience, automation, infrastructure modernization, and water scarcity.

SSE Plc

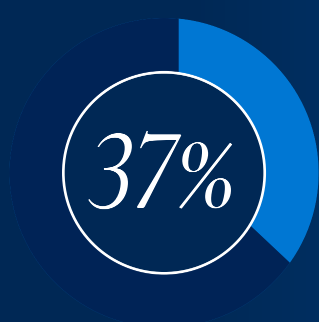
A leader in the green transition

SSE is one of the leading developers of renewable energy and energy infrastructure in Europe.

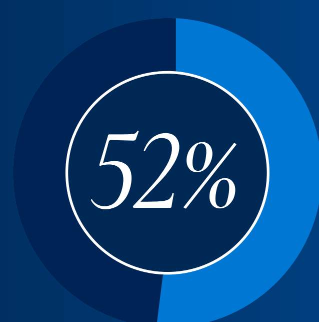
The company has a vast pipeline of renewable energy, that will likely fuel growth for decades to come. This includes 2.7GW that is in construction, 15GW of secured pipeline, and 13GW of early-stage development, which compares to only 2.5GW of operational capacity today.

SSE benefits from a positive feedback loop, as the buildout of renewable energy also leads to significant growth in its energy infrastructure business from integrating the renewables and upgrading the grids.

Business alignment with SDGs



Renewable energy



Energy networks

Source: Principal Equities proprietary SDG mapping tool based on holdings, as of 31 December 2024. Companies, investments, or securities mentioned above are presented for illustrative purposes only and not meant as a recommendation to buy, sell, or hold such securities.

SUSTAINABILITY EXAMPLE

John Deere

A market leader in digitalizing agriculture

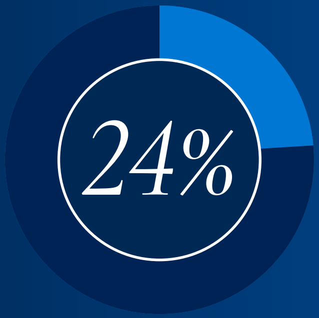
John Deere is a leading U.S. agricultural equipment company, with their headquarters in the Midwest.

Deere's precision farming solutions lower the environmental footprint of agriculture while increasing productivity to meet the future 56% global increase in food demand. This includes the See & Spray™, where vision technology is mounted on sprayers to lower herbicide usage by 70-80%.

The innovative software solutions are driving real value creation for Deere, including double digit growth, expanding margins, and materially lower capital intensity.

Business alignment with SDGs

Agriculture equipment



Digital construction, forestry, infrastructure

Source: Principal Equities proprietary SDG mapping tool based on holdings, as of 31 December 2024. Companies, investments, or securities mentioned above are presented for illustrative purposes only and not meant as a recommendation to buy, sell, or hold such securities.

Impact tracking

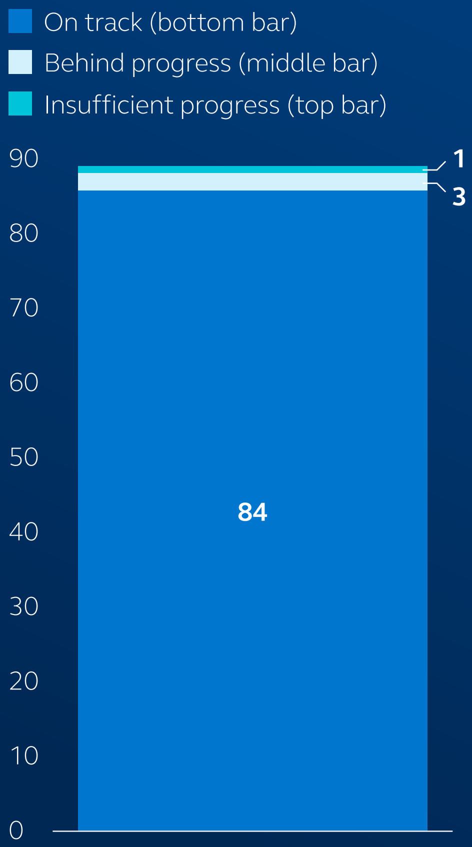
A key step in the investment process is the investment team establishing SDG contribution points for each holding, which are the tangible targets that the companies in the portfolio need to deliver on in order to ensure that they continuously deliver a positive impact.

During the year, the Strategy evaluated and monitored 88 SDG contribution points across its 44 holdings. These contribution points represent specific, measurable sustainability targets for each holding, with approximately two points assigned per company. Notably, 84 points (95%) are on track to meet their targets, while 3 points (3%) are behind progress, and only 1 point (1%) is showing insufficient progress.

For contribution points that are falling behind or not demonstrating sufficient progress, we follow a framework of enhanced monitoring and analysis to better understand the key drivers for underperformance. Refer to the table on the next page outlining our key areas of focus for these issuers.

As illustrated in the following exhibit, the high number of contribution points that are on track (84 out of 88) demonstrates the Strategy's effectiveness in selecting and engaging with companies that are delivering on their sustainability commitments, while providing a structured framework for monitoring and measuring real-world impact across our holdings. Specifically, our systematic approach has delivered significant measurable impact[5] over the past 12 months, including 274.7 million cubic meters of water conserved, 72.9 million acres of land sustainably managed, nearly 925,000 metric tons of waste reduced, and 10.85GW of renewable energy installed. Additionally, $46.3B USD has been deployed to infrastructure and renewables projects.

SDG contribution points



SDG impact of stocks

Representative portfolios over the last 12 months

274,683,171
cubic meters of water conserved

72,942,879
acres sustainably engaged/conserved

924,927
metric tons of waste reduced/diverted

10.85GW
of renewable energy generated

$46.28B USD
of capital deployed to infrastructure/renewables

Source: Principal Equities proprietary SDG mapping tool based on holdings, as of 31 December 2024.

[5] Impact metrics reflect total company-reported figures and are not proportional to the fund's ownership position in each company.

Contribution metrics by company

The table outlines the key SDG contribution points for selected companies, highlighting their specific measurements and progress across different SDG themes.

SDG theme	Natural/Social Capital	Social Capital	Social Capital	Social Capital	Climate Solutions
Company name	Deere & Company	AIA	Ecolab	Sanofi	SSE
Contribution	Growth in precision agriculture (measured by engaged acres)	Growth in number of healthy individuals	Improve offering of safe and clean access to food	Increase medical care to underserved communities	Growth of renewable portfolio
Target date set	2021	2021	2019	2018	2022
Measurement of contribution	By 2026, reach 500 million engaged acres with 50% highly engaged. By 2030, ensure 75% of engaged acres are sustainably engaged.	By 2030, engage 1 billion people in health and wellness.	By 2030, goal is to help customers protect 2 billion people from foodborne illnesses and infection	Reach 2 million non-commun-icable disease (NCD) patients treated by 2030.	By 2030, build a renewable energy portfolio that generates at least 50TWh by 2030.
Progress to date	455 million acres have been engaged to date	As of FY24, 496 million people have been engaged	In 2024, helped customers protect 1.7 billion people from foodborne illnesses and infections.	Reached over 586,000 NCD patients in FY24	Achieved production of 11.2TWh as of 2024
Target assessment	On track	On track	On track	On track	On track

Source: Principal Equities proprietary SDG mapping tool based on holdings, as of 31 December 2024.

The following table highlights the contribution points considered to be behind expected progress and outlines the actions around enhanced monitoring and analysis.

SDG theme	Natural/Social Capital	Social Capital	Social Capital	Social Capital
Company name	Trane Technologies plc	Analog Devices, Inc.	Rockwell Automation, Inc.	Zai Lab Ltd.
Contribution	Lower CO2 footprint of clients by 1gigaton	Integrate sustainable design capabilities into product solutions and services	Improve product packaging, integrating sustainable or recycled materials	Improve human health: Reach one million patients by 2030
Target date set	2019	2022	2023	2019
Measurement of contribution	Reduce customer carbon footprint by 1 gigaton	Reduce water withdrawal normalized to production output by 50%	Minimum 35% recycled content for bags by 2026	Improve human health: Reach one million patients by 2030
Progress to date	157 million mtCO2e	6%	10%	57,000 people
Target assessment	Insufficient progress	Behind	Behind	Behind
Investment team assessment	Trane`s target was seen as ambitious (equivalent to 2% of global emissions). While Trane is unlikely to meet its target, the magnitude of their CO2 impact is still impressive	End market down cycle has led to company being behind schedule. We will monitor that the company returns to the desired trajectory when the cycle turns	End market down cycle has led to company being behind schedule. We will monitor that the company returns to the desired trajectory when the cycle turns	Zai Lab is behind, but we are comfortable that the progress will not be linear and that Zai will recover its lag of progress, when their products reach mass market in China

Source: Principal Equities proprietary SDG mapping tool based on holdings, as of 31 December 2024.

Our enhanced monitoring approach for companies considered to be behind on progress includes:

Monitoring and analysis: This includes closer tracking of relevant company disclosures, sector developments, and ESG data signals to better understand the underlying drivers of performance.

Prioritization for engagement: These areas are flagged as priorities for potential engagement and added to our watchlist for future dialogue with management teams, where we will seek clarity on progress and encourage improved disclosure and practices.

Integration into ongoing review: Incorporating the lagging contribution points into our regular portfolio review cycle ensures that investment decisions continue to reflect the most up-to-date sustainability performance, and that underperformance is appropriately analyzed and evaluated.

Collaboration and industry insights: We review relevant industry initiatives, standards, and best practices that can support improvement in these areas, with a view to aligning our future engagement strategy with leading frameworks.

Forward-looking commitment: While we have not yet undertaken direct engagement, these contribution points are identified as focus areas for our 2025 stewardship agenda.

Carbon performance

Climate scenario alignment

Our strategic focus on climate solutions, particularly aligned with SDGs 7 (Affordable and Clean Energy) and 9 (Industry, Innovation, and Infrastructure), has resulted in an improved climate profile for the portfolio. While our investment process identifies companies poised to deliver key technologies and solutions that will help facilitate a sustainable transition, for climate solutions we place significant emphasis on companies that contribute to the Paris Climate Agreement objectives through clean technology, energy efficiency, and green infrastructure solutions.

Temperature alignment analysis: Portfolio and benchmark comparison to the SDS budget

	2025	2030	2040	2050
Portfolio	-71.81%	-70.04%	-49.17%	+6.34%
Benchmark	+17.21%	+39.23%	+143.06%	+375.71%

Source: ISS Climate Impact Assessment as of 30 June 2025. Benchmark: MSCI All Country World. Red denotes overshoot.

The portfolio exceeds its SDS budget in **2050.**

The portfolio and benchmark are associated with potential temperature increases of **1.5°C** and **2.8°C**, respectively.

The portfolio's potential temperature increase is measured against the International Energy Agency's Sustainable Development Scenario (SDS)[6], analyzing both current and projected greenhouse gas emissions against established carbon budgets. While our analysis indicates a modest overshoot of +6.34% by 2050, the portfolio's overall 1.5°C trajectory remains consistent with Paris Agreement objectives.

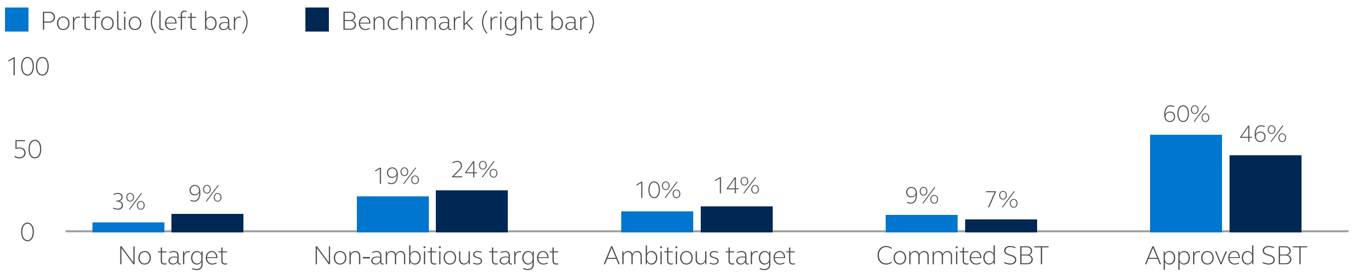
Our investment in companies delivering green transition solutions positions the Strategy to maintain strong alignment with net zero pathways. This is evidenced by our substantial exposure to climate-related SDGs, with the portfolio showing 36% exposure to Clean Energy (SDG 7) and 38% to Industry and Infrastructure (SDG 9), compared to benchmark exposures of 21% and 20% respectively.

[6] The Sustainable Development Scenario pathway is fully aligned with the Paris Agreement by holding the rise in global temperatures to "well below 2°C … and pursuing efforts to limit [it] to 1.5°C", and meets Sustainable Development Goals (SDGs) objectives related to (SDG 7), amongst others.

Climate targets assessment

In order to transition, holding companies need to commit to alignment with international climate goals and demonstrate future progress. Currently companies associated with 78% of the portfolio's value are committed to such a goal. This includes ambitious targets set by the companies, as well as committed and approved Science Based Targets (SBT).

Portfolio and benchmark alignment to company targets and SBTs



Source: ISS Climate Impact Assessment as of 30 June 2025. Benchmark: MSCI All Country World

The Strategy shows notably better climate ambition than the benchmark, with only 3% of the portfolio having no climate targets (versus 9% for the benchmark). Most significantly, 60% of the portfolio is invested in companies with approved SBTs, substantially ahead of the benchmark at 46%. This is complemented by additional exposure to companies with committed SBTs and ambitious climate targets, reflecting our strategic focus on companies that are actively planning and implementing their transition to a low-carbon economy. This robust commitment to climate goals across the Strategy positions it well for the ongoing energy transition while supporting global efforts to address climate change.

While the portfolio demonstrates strong alignment with climate targets overall, 3% of holdings currently have no formal emissions reduction targets disclosed, as of 30 June 2025. This includes Argenx and Ascendis Pharma, which have not yet published specific climate targets, while Lineage Logistics has made commitments through The Climate Pledge to achieve net-zero carbon emissions by 2040. The absence of formal targets for these companies represents an opportunity for constructive engagement. We view active dialogue with portfolio companies on climate strategy as an important aspect of our investment approach and expect to engage with these issuers on target-setting as part of our ongoing stewardship activities.

Emissions analysis

The portfolio demonstrates outstanding environmental credentials as of 30 June 2025, with carbon metrics showing lower emissions across all key indicators relative to the benchmark.

The portfolio's carbon emissions measure 34.67 tonnes (of CO2e per $1M invested), 42.4% lower than the benchmark's 60.23 tonnes. Similarly, the portfolio's carbon intensity is 81.07 tonnes (of CO2 per $1M sales), 44.9% below the benchmark's 147.08 tonnes.

ISS carbon metrics

	Portfolio	Benchmark	Net performance
Total portfolio carbon emissions (tonnes of CO2e per $1M invested)	34.67	60.32	42.5%
Carbon intensity (Tonnes of CO2 per $1M sales)	80.91	147.14	45%

Source: ISS Climate Impact Assessment as of 30 June 2025. Benchmark: MSCI All Country World. Carbon emissions includes Scope 1 & Scope 2 emissions but excludes Scope 3 emissions.

These metrics, combined with the Strategy's increased exposure to climate solutions through Clean Energy (36% vs 21%) and Industry & Infrastructure (38% vs 20%), demonstrate effective positioning for both climate risk management and opportunities in the transition to a low-carbon economy.

Active ownership

Our approach

Principal Asset Management has been a signatory to the Principles for Responsible Investment ("PRI") since 2010, highlighting the firm's dedication to sustainability issues. The PRI works to support a sustainable global financial system by encouraging 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 within market practices, structures, and regulation.

Stewardship activities are essential to our role as active, long-term investors. Our analysts and portfolio managers regularly meet with the management of companies in which we invest, and those we are considering for investment. Our analysts may identify and comment on the most relevant engagement priorities within their company thesis documentation.

Focused company engagement is essential to encourage progression on the relevant SDG contribution points. This process helps the investment team to identify possible opportunities for the portfolio to continue to deliver on the SDG contribution points, as well as possible risks associated with misalignment.

As a result, we commit to:

- Engage and collaborate with the companies we invest in using our shareholder advantage to encourage responsible practices by the company when aligned with our investment thesis of the company.
- Foster greater transparency by the companies in which we invest on their sustainability practices.
- Encourage companies to manage risks related to sustainability factors and react swiftly to achieve a competitive advantage relative to peers regarding remuneration, boards/directors, audit issues, regulations, litigations, and other market factors that could impact a company.
- Encourage companies to publicly report relevant metrics and how these align with the overall business activities considering such importance will vary significantly depending upon industry and geography.
- Keep records or notes on relevant engagement activities.

Summary of engagements

During the reporting period[7] we held 37 engagements with portfolio companies, representing a majority (or 84%) of portfolio companies.

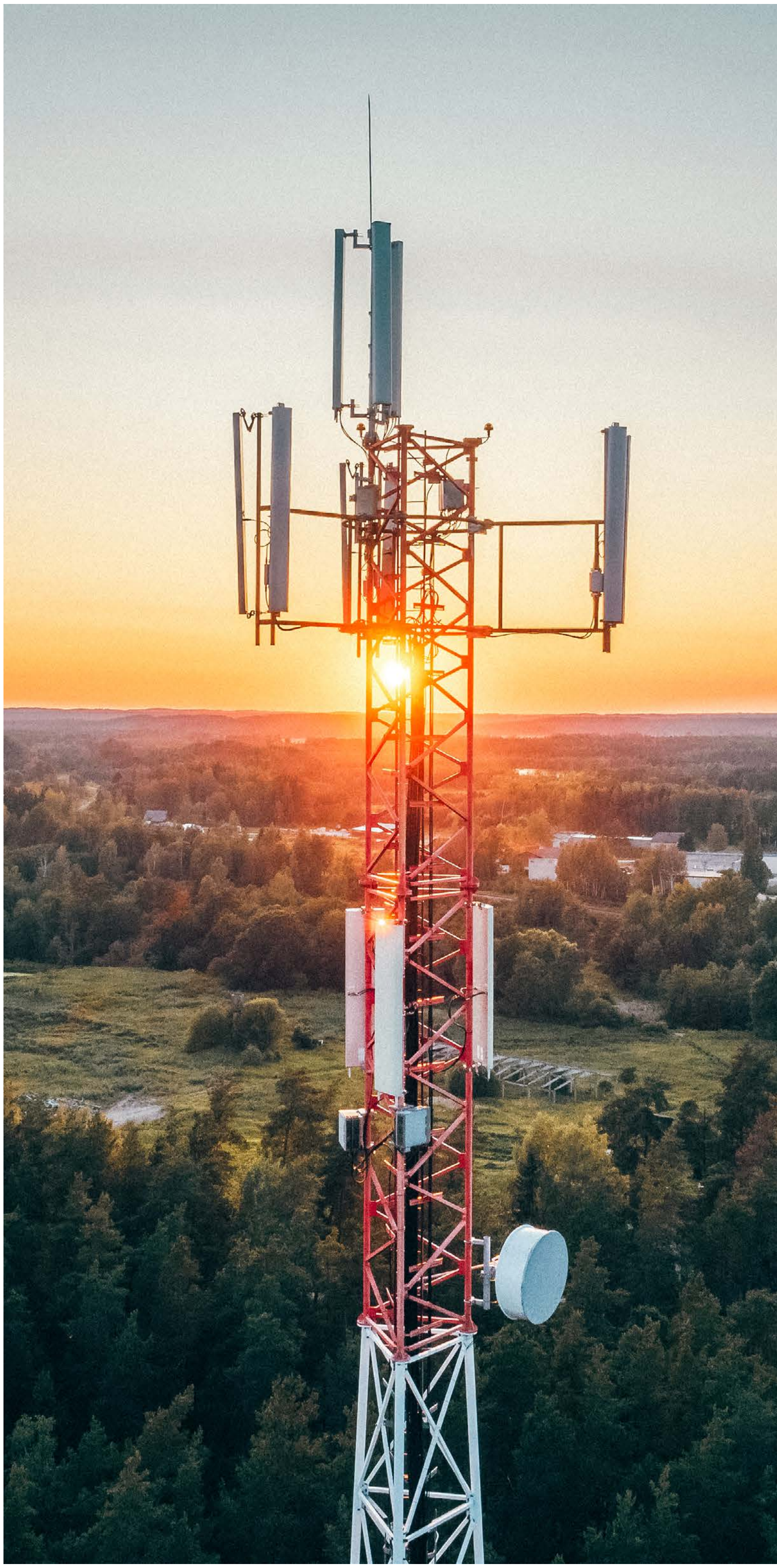
Our analysts generally meet with senior executives to discuss a range of topics relevant to our investment theses. We incorporate discussion on the issues of greatest importance to us, and typically discuss corporate responsibility, governance, and progression towards the SDG contribution points.

Most importantly, these issues are considered within the context of their impact on the durability of a company's fundamentals which ultimately drive the timing, amount and certainty of future earnings, cashflows, and potential for sustainable impact.

[7] The reporting period for the annual report is 01 July 2024 – 30 June 2025.

CASE STUDY

Motorola Solutions



Engaging to improve resilience during natural disasters

The increasing frequency and severity of natural disasters are creating a growing and predictable need for advanced disaster management and public safety technologies. As a leader in mission-critical communications, Motorola Solutions is increasingly supporting authorities and first responders in times of crisis. We believe that their strategic integration of Artificial Intelligence (AI) into their solutions may drive future positive impact and help improve the resilience of society.

Therefore, our engagement with Motorola Solutions has focused on their AI-driven strategy for climate resilience, specifically how their technology helps authorities operate more effectively during natural disasters. As a result, we have been engaging with the company on how their command center software is leveraging AI to analyze real-time and historical data to allow for more accurate and timely threat assessments, enabling proactive resource deployment and enhancing situational awareness for first responders. In addition, we are focused on how Motorola's AI-powered video security and analytics solutions are being used in disaster scenarios. We are asking for more detail on how these systems can autonomously detect and track the spread of hazards, identify distressed individuals, and monitor critical infrastructure, thereby improving the speed and efficiency of response efforts.

In a future with rising temperatures and an increasing frequency of natural disasters, the world needs to build better resilience in order to protect its citizens in times of crisis. We see Motorola as a key enabler of solutions that will help advance societal resilience, leveraging the integration of AI into their products. Therefore, this will continue to be a key engagement focus for us going forward.

CASE STUDY

NVIDIA

Engaging to drive energy efficiency in Artificial Intelligence

The proliferation of AI workloads is creating significant and growing demand for computational power. While this is a key component of developing the innovation and technology needed for a sustainable transition, it also poses a major challenge to the existing energy infrastructure. The rapid expansion of AI data centers, filled with thousands of high-performance chips, is putting a noticeable strain on the electrical grid. We believe that NVIDIA's ability to address this challenge is critical to mitigating the otherwise material rise in power demand over the coming decades from the rise of AI.

As such, we have conducted engagement with the company, including its CFO, that highlighted their emphasis on computational efficiency and that their new Blackwell architecture represents a major leap forward compared to its predecessor, Hopper.

The key metric here is performance per watt. Blackwell is engineered to deliver a superior performance-per-watt ratio, meaning it can perform more computations per unit of energy consumed. While uncertainty persists and overall consumption of energy is high, indications are for an efficiency level that reflects 25x less energy consumption versus Hopper.

In our view, technology and innovation is key to delivering a transition to a sustainable future. AI will be crucial in accelerating the pace of innovation, but at the same time, we will need to see further advances in solutions that makes AI datacenters greener. NVIDIA is highly focused on improving the energy efficiency of their chips, not least because it lowers the operational cost for their customers. While this is helpful, more is needed across the AI supply chain, which will be a key focus for us going forward.

Proxy voting

Principal Asset Management creates our own set of proxy voting guidelines which are updated and approved annually by our Proxy Voting Committee. A senior member of the Principal Equities team represents our interests on this committee. In addition to the Principal Asset Management Voting Guidelines (Base Guidelines), we have implemented Sustainable Voting Guidelines and Board Aligned Voting Guidelines, and provide other custom guidelines (Custom Guidelines), for certain strategies based on the product type, client preference or desired investment outcome.

We believe the Sustainable Voting Guidelines are consistent with our objectives as sustainability-minded investors. 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 including affirmative support for related shareholder resolutions advocating enhanced disclosure and transparency. The guidelines will also generally recommend votes against directors due to failure to manage ESG and sustainability risks, including climate change.

The Proxy Voting Committee utilizes Institutional Shareholder Services, Inc. (ISS) and other external and internal inputs in creating the annual guidelines. ISS is utilized for the administration of all proxy ballots and other record keeping.

There may also be voting themes or ballots where our team decides to diverge from our standard 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.

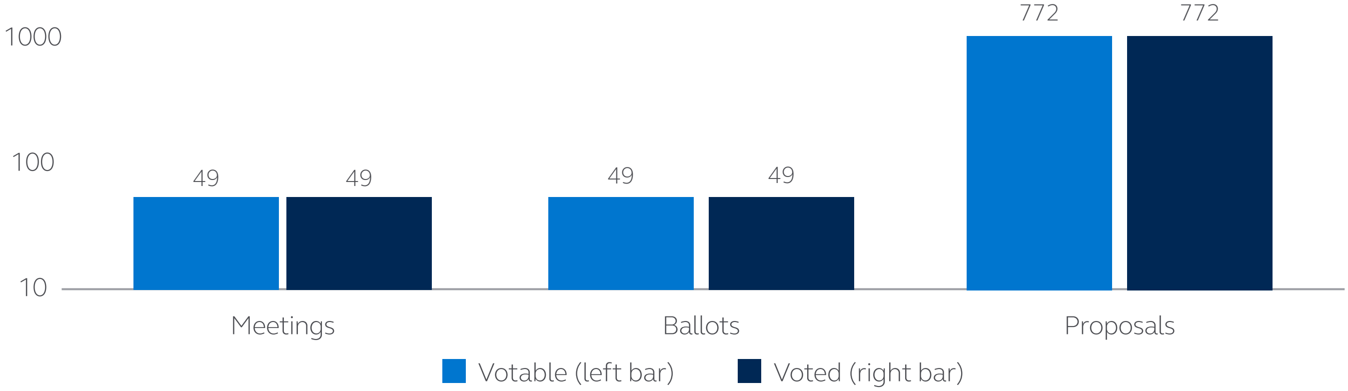
A client may authorize Principal Asset Management to vote proxies and may obtain a summary report relating to their account by contacting their relationship manager. A client may also obtain a copy of our complete Proxy Voting Policy, which also contains the Guidelines, and procedures upon request.

We do not consider proxy voting to be a substitute for engagement, and in practice we aim for our engagements to pre-emptively 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.

2024 Voting record[8]

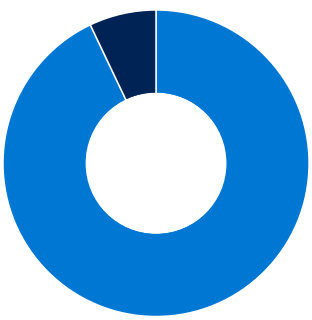
Voting statistics

With 49 distinct company meetings available to vote, 49 were voted, leaving 0 unvoted. Across 772 unique proposals available to vote, we voted 772 for which 0 proposals were voted in varying ways for the same meeting agenda item.



Vote alignment with management

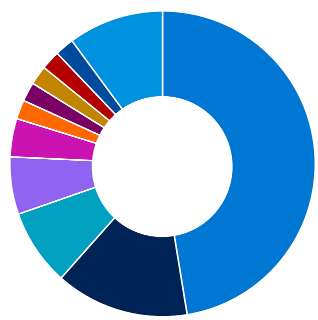
Votes cast were in line with management recommendations approximately 92% of the time, with almost 8% contrary to management recommendations.



92.36% Votes with management
7.64% Votes against management

Meetings voted by market

Of the top five markets with the highest concentration of meetings, the USA had the most with 23 meetings.



46.94% USA
14.29% Japan
8.16% United Kingdom
6.12% Ireland
4.08% Norway
2.04% Canada
2.04% Curacao
2.04% Denmark
2.04% France
2.04% Germany
10.20% Other markets

[8] ISS Board Statistics Report, covering period 01 January 2024 to 31 December 2024.

Risk considerations

Investing involves risk, including possible loss of principal. Past Performance does not guarantee future return. Equity markets are subject to many factors, including economic conditions, government regulations, market sentiment, local and international political events, and environmental and technological issues that may impact return and volatility. There is a risk that an investment will decline in value. International investing involves greater risks such as currency fluctuations, political/social instability, and differing accounting standards. Risk is magnified in emerging markets, which may lack established legal, political, business, or social structures to support securities market.

Important information

This material covers general information only and does not take account of any investor's investment objectives or financial situation and should not be construed as specific investment advice, a recommendation, 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. The opinions and predictions expressed are subject to change without prior notice. The information presented has been derived from sources believed to be accurate; however, we do not independently verify or guarantee its accuracy or validity.

Any reference to a specific investment or security does not constitute a recommendation to buy, sell, or hold such investment or security, nor an indication that the investment manager or its affiliates has recommended a specific security for any client account. Subject to any contrary provisions of applicable law, the investment manager and its affiliates, and their officers, directors, employees, agents, disclaim any express or implied warranty of reliability or accuracy and any responsibility arising in any way (including by reason of negligence) for errors or omissions in the information or data provided.

This material may contain 'forward looking' information that is not purely historical in nature. Such information may include, among other things, projections and forecasts. There is no guarantee that any forecasts made will come to pass. Reliance upon information in this material is at the sole discretion of the reader.

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 2022 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://1p5ndcpathways.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.

Neither this document, nor the ESG considerations contained therein, relate to a specific investment strategy/product managed by Principal Global Investors, LLC (or its affiliates) nor their classification under the Sustainable Finance Disclosure Regulation (EU) No. 2019/2088. More information on Principal Global Investors responsible investment policy can be found at https://www.principalglobal.com/about-us.

Integration of sustainability considerations and/or environmental, social and governance (ESG) factors is qualitative and subjective by nature. There is no guarantee that the criteria used, or judgment exercised, will reflect the beliefs or values of any particular investor. Investment teams have a high degree of investment process autonomy and may consider or weight sustainability and/or ESG criteria or factors differently (or not at all). For those teams that consider sustainability and/or ESG factors as part of the investment process in strategies that are not explicitly sustainability and/or ESG-oriented, those sustainability considerations and/or ESG factors are generally no more significant than other factors in the investment selection process, such that sustainability considerations and/or ESG factors may not be determinative in deciding to include or exclude any particular investment in the portfolio. Information regarding responsible practices or other sustainability metrics, including ESG data, differs by source and may not be accurate or complete. Integration of sustainability considerations and/or ESG factors may present additional advantages or risks, may not protect against market risk or volatility, and under certain circumstances may detract from investment performance. You should not make any investment assumptions based solely on the information contained herein. Information is provided as additional insight into the relevant investment processes and should not be viewed as a change in an investment team's underlying investment objectives, strategies, risk parameters, or portfolio construction guidelines. There is no assurance that any strategy or integration of sustainability considerations and/or ESG factors will be successful or profitable.

This material is not intended for distribution to or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

This document is issued in:

• Europe by Principal Global Investors (Ireland) Limited, 70 Sir John Rogerson's Quay, Dublin 2, D02 R296, Ireland. Principal Global Investors (Ireland) Limited is regulated by the Central Bank of Ireland. Clients that do not directly contract with Principal Global Investors (Europe) Limited ("PGIE") or Principal Global Investors (Ireland) Limited ("PGII") will not benefit from the protections offered by the rules and regulations of the Financial Conduct Authority or the Central Bank of Ireland, including those enacted under MiFID II. Further, where clients do contract with PGIE or PGII, PGIE or PGII may delegate management authority to affiliates that are not authorised and regulated within Europe and in any such case, the client may not benefit from all protections offered by the rules and regulations of the Financial Conduct Authority, or the Central Bank of Ireland. In Europe, this document is directed exclusively at Professional Clients and Eligible Counterparties and should not be relied upon by Retail Clients (all as defined by the MiFID).

- United Kingdom by Principal Global Investors (Europe) Limited, Level 1, 1 Wood Street, London, EC2V 7 JB, registered in England, No. 03819986, which is authorized and regulated by the Financial Conduct Authority ("FCA").
- This document is marketing material and is issued in Switzerland by Principal Global Investors (Switzerland) GmbH.
- Singapore by Principal Global Investors (Singapore) Limited (ACRA Reg. No. 199603735H), which is regulated by the Monetary Authority of Singapore and is directed exclusively at institutional investors as defined by the Securities and Futures Act 2001. This advertisement or publication has not been reviewed by the Monetary Authority of Singapore.
- Hong Kong SAR by Principal Asset Management Company (Asia) Limited, which is regulated by the Securities and Futures Commission. This document has not been reviewed by the Securities and Futures Commission. This document may only be distributed, circulated or issued to persons who are Professional Investors under the Securities and Futures Ordinance and any rules made under that Ordinance or as otherwise permitted by that Ordinance.
- Other APAC Countries/Jurisdictions, this material is issued for institutional investors only (or professional/sophisticated/qualified investors, as such term may apply in local jurisdictions) and is delivered on an individual basis to the recipient and should not be passed on, used by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

MM14674 | 10/2025 | 4790128-102026