

Principal Global Investors Funds (PGIF)

European Responsible Equity 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 include, but are not limited to, promoting environmental stewardship and company contribution towards the United Nations Sustainable Development Goals (“SDGs”). The social characteristics which the Fund focuses on are public health, health and safety and workforce and community management.

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 Sub-Investment Manager combines an assessment of ESG risks with screening and exclusion criteria.

The Sub-Investment Manager subsequently uses these ESG risk levels to identify the key risks to the stakeholders and the associated positive change to the environmental and social characteristics to be considered in each holding and references these outcomes in investment decision making.

The binding elements of the investment strategy are as follows:

1. The Sub-Investment Manager applies a carbon risk score, using MSCI data, to all investee companies in the Fund's portfolio.
2. The Sub-Investment Manager aims for an aggregate carbon risk level for the Fund that is 20% lower than MSCI Europe NTR.
3. The Sub-Investment Manager aims for 40% of the Net Asset Value of the Fund to contribute to at least one of the seven focus SDGs.
4. The Fund applies exclusions across the following categories and criteria:
 - a) excludes thermal coal producers from the Fund's holdings as defined by GICS Industry Sector classification.
 - b) excludes companies with involvement in controversial weapons as defined by the ISS Controversial Weapons Research methodology
 - c) excludes companies where their revenue is significantly derived from involvement in producing tobacco, as defined by the GICS Industry Sector classification.
 - d) excludes companies where their revenue is significantly derived from involvement in the gambling sector, as defined by the GICS Industry Sector classification.

In accordance with the binding elements of the investment strategy, 85% of investments made will be aligned to the E/S characteristics, whilst the remaining 15% 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 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 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 has integrated MSCI, ISS and Bloomberg ESG analytics in its processes and monitoring tools at the company specific level and portfolio level. This equips the Sub-Investment Manager's analysts and portfolio managers with company-specific ESG scores, but more importantly with trends in the scores and underlying measures over time, as well as notification of potential controversies and other notable ESG risk considerations. Each company has an overall ESG score, along with the underlying scores of ESG which the Sub-Investment Manager has integrated directly on its central research dashboard.

The Sub-Investment Manager engages with companies on ESG issues to encourage them to improve their sustainability practices, in order to lower their sustainability risk and increase their opportunities to benefit. Engagement may lead the Sub-Investment Manager to make decisions that favour actions intended to maximize a company's shareholder value and contribute to the overall research to develop a holistic fundamental view of the company.

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 company contribution towards the United Nations Sustainable Development Goals and environmental stewardship. The social characteristics which the Fund focuses on are public health, health and safety and workforce and community management.

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

d) Investment strategy

The Sub-Investment Manager analyses potential investee companies identified pursuant to the foregoing process to determine whether they are consistent with the ESG considerations, as further detailed below, that are promoted by the Fund.

In order to meet the environmental and social characteristics promoted, the Sub-Investment Manager combines an assessment of ESG risks with screening and exclusion criteria.

In order to consider ESG risk, the Sub-Investment Manager assigns an ESG risk level to each holding considered within the Fund. To assign the ESG risk levels, the Investment Manager evaluates an investee company's relationships with each of its stakeholders; shareholders, customers, employees, suppliers and their supply chains, their communities and the environment. The Sub-Investment Manager will use a proprietary methodology incorporating partnership with third party data providers (MSCI, ISS and Bloomberg etc.) to help provide consistent data across the investment universe when making these evaluations. The Sub-Investment Manager will also assign an ESG risk trend of either improving, stable or deteriorating. This risk trend designation provides important context to the risk level and informs the Sub-Investment Manager's tolerance for that risk.

The Sub-Investment Manager subsequently uses these ESG risk levels to identify the key risks to the stakeholders and the associated positive change to the environmental and social characteristics to be considered in each holding and references these outcomes in investment decision making.

The Sub-Investment Manager identifies governance considerations as integral to the investment philosophy and process. Improving governance policies and practices are identified as providing a basis for an improved relative valuation, while governance dilution or deterioration represent an inherent source of risk and downward valuation. In order to ensure good governance, the Sub-Investment Manager engages with senior executives from investee companies within the Fund. The Sub-Investment Manager incorporates discussions on the ESG issues of greatest importance as identified by the proprietary ESG risk evaluation of the holding. The Sub-Investment Manager will both look for and ask for actions and plans that fit a SMART framework to address any ESG issues: Specific, Measurable, Attainable, Relevant and Time-bounded. Following this engagement with management, the Sub-Investment Manager will then re-assess the ESG risks to ensure a circular, continual process.

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4. The Fund applies exclusions across the following categories and criteria:
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e) Proportion of investments

The Fund's asset allocation will be as follows:

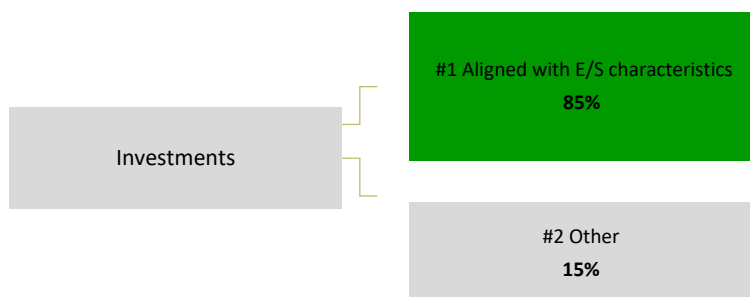
In accordance with the binding elements of the investment strategy, 85% of investments made will be aligned to the E/S characteristics, whilst the remaining 15% will be cash, cash equivalents and hedging instruments and/or investments that may not be aligned with the E/S characteristics promoted by the 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 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 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 considers the following binding criteria as part of its investment strategy in order to select the investments to attain each of the environmental or social characteristics promoted by the Fund:

1. The Sub-Investment Manager applies a carbon risk score, using MSCI data, to all investee companies in the Fund's portfolio.
2. The Sub-Investment Manager aims for an aggregate carbon risk level for the Fund that is 20% lower than MSCI Europe NTR.
3. The Sub-Investment Manager aims for 40% of the Net Asset Value of the Fund to contribute to the SDGs.
4. The Fund applies exclusions across the following categories and criteria:
 - a) excludes thermal coal producers from the Fund's holdings as defined by GICS Industry Sector classification.
 - b) excludes companies with involvement in controversial weapons as defined by the ISS Controversial Weapons Research methodology

- c) excludes companies where their revenue is significantly derived from involvement in producing tobacco, as defined by the GICS Industry Sector classification.
- d) excludes companies where their revenue is significantly derived from involvement in the gambling sector, as defined by the GICS Industry Sector classification.

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 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 multinational enterprises (MNEs)
- PAI 13 - Board gender diversity
- PAI 14 - Exposure to controversial weapons

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.

Consideration of principal adverse impacts on sustainability factors will be confirmed as part of the periodic reporting to be disclosed in the annual report for the Fund.

h) Data sources and processing

The Sub-Investment Manager has integrated MSCI, ISS and Bloomberg ESG analytics in its processes and monitoring tools at the company specific level and portfolio level. This equips the Sub-Investment Manager's analysts and portfolio managers with company-specific ESG scores, but more importantly with trends in the scores and underlying measures over time, as well as notification of potential controversies and other notable ESG risk considerations. Each company has an overall ESG score, along with the underlying scores of ESG which the Sub-Investment Manager has integrated directly on its central research dashboard.

Where relevant data is not available, it is estimated on a best-efforts basis. The Sub-Investment Manager seeks only to use estimated data when it has confidence that it is a reasonable representation of actual data.

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 investee companies and may be estimated by data providers or remain unavailable, and when disclosed may follow various methodologies.

In order to overcome these limitations, the Sub-Investment Manager chooses not to rely upon any one data provider. The Sub-Investment Manager expects to utilize the raw data from each vendor, rather than solely rely upon their ESG rankings. This increases the correlation of data across data vendors, but does not eliminate the limitations, and therefore the oversight of the Sub-Investment Manager's portfolio managers is needed in the decision-making

process. The Sub-Investment Manager's portfolio managers and analysts supplement the data with qualitative assessments based on company and industry research and/or alternative data sources.

The Sub-Investment Manager also engages with the companies directly to try to obtain required ESG information if they are not provided by current ESG data sources.

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

The integration of ESG considerations is embedded within the fundamental research conducted by the Sub-Investment Manager's analysts, as the Sub-Investment Manager feels they are best placed to determine the importance of such factors in relation to a specific company or industry. The Sub-Investment Manager's analysts provide the essential insights into industry trends and company-specific considerations including ESG issues. These insights are crucial to the evaluation of sustainable competitive advantages and risks at a company-specific and industry level. The Sub-Investment Manager's analysts have discretion to focus on the considerations and concerns they feel are most important and impactful to sustainable earnings, sentiment, and relative valuation.

The Sub-Investment Manager 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 Sub-Investment Manager 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 also conducts due diligence on the Sub-Investment Manager 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 Sub-Investment Manager engages with companies on ESG issues on the basis that direct communication between investors and companies on ESG matters is an important element of the overall investment process. Engagement may lead the Sub-Investment Manager to make decisions that favour actions intended to maximize a company's shareholder value and contribute to the overall research to develop a holistic fundamental view of the company.

The Sub-Investment Manager's engagement policy is designed to guide engagement and not necessarily prescribe specific criteria in making investment decisions. As a result, the Sub-Investment Manager commits to:

- Engage and collaborate with investee companies to encourage responsible ESG practices
- Encourage greater transparency by investee companies on their ESG practices.
- Encourage investee companies to manage risks related to ESG factors
- Seek out ESG research that will further the Sub-Investment Manager's overall knowledge on a company.
- Keep records or notes on relevant engagement activities.
- Encourage investee companies to achieve best in class ESG metrics.

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 Manager” shall mean Principal Global Investors, LLC.
- The “Sub-Investment Manager” shall mean Principal Global Investors (Europe) Limited
- “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.
- “United Nations Sustainable Development Goals or SDGs” shall mean a collection of 17 interlinked global goals designed to be a blueprint to achieve a better and more sustainable future for all. The SDGs were set in 2015 by the United Nations General Assembly and are intended to be achieved by the year 2030. They address global challenges including poverty, inequality, climate change, environmental degradation, peace and justice.

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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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