Welcome to your CDP Climate Change Questionnaire 2022

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Over the last 140 years, we've learned that people live their best lives when they feel secure. Everything we do is built around this understanding. Principal® meets people where they are on their financial journey, understanding their progress, possibilities, and hurdles—then offering choices for a clear path forward. We are driven to help more people around the world share in this confidence. We're committed to expanding the population of those living in financial security, doing so through long-term, responsible actions, and creating new opportunities for generations to come.

Founded in 1879 as a small life insurance company in Des Moines, Iowa, we've become a strong global leader in retirement, long-term savings and asset management, while expanding our insurance business. Our employees are passionate about helping clients of all income and portfolio sizes achieve their goals – offering innovative ideas, investment experience and real-life solutions to make financial progress possible. Twenty years ago, Principal debuted as a public company. Since the IPO, our assets under management have soared to more than six times their 2001 level, and our customer count has nearly quadrupled. We're a member of the FORTUNE 500®, serving 51 million customers in more than 80 nations and territories as of December 31, 2021.

Principal has a clear purpose: to foster a world where financial security is accessible to all. We are committed to increasing the number of people reaching financial security around the globe. This purpose guides us as we work with customers, investors, communities, and employees. We remain dedicated to our commitments to corporate sustainability and the social, environmental, and economic impact we have on our stakeholders and are taking action, making progress, and driving outcomes for a more diverse, inclusive, and sustainable world.

We remain focused on our corporate sustainability commitments:

1. Harnessing the power of our people: We hold ourselves accountable to advance and support a work environment of integrity, respect, community, and trust. We track our progress through regular surveying and analysis of employee diversity, advancement, sentiment, and pay data. We're committed to leveling the playing field for individuals, with a focus on improving the employee experience and advancement of women and people of color.
2. Embedding sustainable practices: We continue our focus on sustainability in how we go to market and serve our customers around the world. We're setting significant environmental goals for our company to combat the climate crisis and working to advance our commitment to sustainable sourcing.
3. Advancing inclusive products and services: We're committed to doubling the number of diverse, small and midsized businesses we support by the end of 2025. The Principal® Foundation has committed $30 million over the next two years to support economic mobility and financial empowerment, helping us deliver on our broad mandate to help more people and businesses gain access to financial systems and benefit from greater financial security.

To find out more, visit us at principal.com and principal.com/sustainability.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years
Reporting year	January 1, 2021	December 31, 2021	No

C0.3

(C0.3) Select the countries/areas in which you operate.

Australia
Brazil
Chile
China

France
Germany
Hong Kong SAR, China
India
Indonesia
Ireland
Italy
Japan
Luxembourg
Malaysia
Mexico
Netherlands
Philippines
Portugal
Singapore
Spain
Sweden
Switzerland
Thailand
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland
United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C-FS0.7

(C-FS0.7) Which activities does your organization undertake, and which industry sectors does your organization lend to, invest in, and/or insure?

	Does your organization undertake this activity?	Insurance types underwritten	Industry sectors your organization lends to, invests in, and/or insures
Banking (Bank)	No		
Investing (Asset manager)	Yes		Exposed to all broad market sectors
Investing (Asset owner)	Yes		Agricultural chemicals Electronic components manufacturing Fast food Metal smelting, refining & forming Metallic mineral mining Natural gas extraction Oil & gas extraction initial Oil & gas refining Other base chemicals Paper products Personal care & household products Pharmaceuticals

			Semiconductors manufacturing Specialty chemicals Supermarkets, food & drugstores Wood & paper materials
Insurance underwriting (Insurance company)	Yes	Life and/or Health	

C0.8

(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, an ISIN code	US74251V1026

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain

Board-level committee	The Nominating and Governance Committee, a committee of the Board of Directors, as well as the Chairman, President, and CEO, have responsibility to review environmental and corporate social responsibility matters of significance to the Company, which is outlined in the Committee Charter (https://investors.principal.com/investor-relations/our-business/corporate-governance/nominating-and-governance-committee/default.aspx). This is conducted through quarterly presentations to the above group, which are facilitated by the Principal® ESG Task Force. An example of a climate-related action plan that was shared with the Nominating and Governance Committee in 2021 was the decision to expand our existing greenhouse gas (GHG) inventory from US-region only to company-wide for all global locations where we manage or control our offices, with the purpose of pursuing SBTi approval for Principal GHG reduction targets in the near future. The Nominating and Governance Committee has oversight for Principal climate-related activities, including understanding progress towards our enterprise goal of reducing our U.S. scope 1 and 2 GHG emissions by 40% by 2035, and achieving net-zero carbon emissions by 2050.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Setting performance objectives Monitoring implementation and performance of objectives	Climate-related risks and opportunities to our own operations Climate-related risks and opportunities to our investment activities	The Charter of the Nominating and Governance Committee, a committee of the Board of Directors, charges that Committee to "review environmental and corporate social responsibility matters of significance to the Company." The review process includes the company's performance against specific sustainability metrics, such as carbon emissions reductions, waste diversion, and water consumption. Senior management submits a report of the company's progress towards its carbon emissions reduction goal for each quarterly board meeting and formally presents directly to the Nominating and Governance Committee once per calendar year.

	Monitoring and overseeing progress against goals and targets for addressing climate-related issues	The impact of our own operations on the climate	

C1.1d

(C1.1d) Does your organization have at least one board member with competence on climate-related issues?

	Board member(s) have competence on climate-related issues	Primary reason for no board-level competence on climate-related issues	Explain why your organization does not have at least one board member with competence on climate-related issues and any plans to address board-level competence in the future
Row 1	No, but we plan to address this within the next two years	Important but not an immediate priority	While we have board members with competence of ESG-related topics, which includes climate-related issues, we currently do not have a board member with explicit competence on climate-related issues. We plan to address this within the next two years.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Other C-Suite Officer, please specify Chief Marketing Officer (CMO)	CEO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our investing activities Risks and opportunities related to our insurance underwriting activities	Quarterly

			Risks and opportunities related to our own operations	
Sustainability committee	Other, please specify reports to the Nominating and Governance Committee on the board of directors	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our investing activities Risks and opportunities related to our insurance underwriting activities Risks and opportunities related to our own operations	Quarterly
Environment/ Sustainability manager	Operations - COO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our investing activities	Quarterly
Other, please specify VP of Enterprise Worksite Services	Finance - CFO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our own operations	Quarterly
Other, please specify Executive Director – Investments and Client Solutions	Other, please specify the Executive Director – Investments and Client Solutions reports to the CEO of Principal Global Investors, who reports to the CEO	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our investing activities	Quarterly
Other, please specify Enterprise Operational Risk Lead	Risk - CRO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our own operations	Quarterly

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Other C-Suite Officer	Monetary reward	Emissions reduction target	The Chief Marketing Officer at Principal Financial Group® has financial and non-financial performance incentives directly tied to sustainability. Specifically, these incentives require contributions to the Principal ESG Task Force and the establishment of the company's long-term sustainability performance goals and metrics for social and environmental initiatives, which includes topics related to energy, water, waste, and greenhouse gas emissions reduction targets.
Environment/Sustainability manager	Monetary reward	Emissions reduction target Energy reduction target	The Managing Director of ESG and Operations at Principal Real Estate Investors has financial and non-financial performance incentives directly tied to investment performance of real estate assets. Specifically, these incentives require meeting the sustainability performance goals and metrics of Principal Real Estate Investors, which includes energy, water, waste, and greenhouse gas emissions reduction targets.
Other, please specify Vice President of Enterprise Worksite Services	Monetary reward	Emissions reduction target	The Vice President of Enterprise Worksite Services at Principal Financial Group has financial and non-financial performance incentives directly tied to sustainability. Specifically, these incentives require contributions to the Principal ESG Task Force and the establishment of

			the company's long-term sustainability performance goals and metrics for energy, water, waste, and greenhouse gas emissions reduction targets.
Executive officer	Monetary reward	Emissions reduction target Energy reduction target	A portion of the Executive Director of Investments and Client Solutions' annual goals relates to ESG strategy, with the inclusion of developing and implementing a strategy to address the rapidly growing climate-related opportunities and threats associated with transitional risk of the portfolio.
Other, please specify Managing Director, Global Business Consultant	Monetary reward	Emissions reduction target Energy reduction target	The Managing Director, Global Business Consultant is one of Principal main points of contact regarding ESG items and leads Principal ESG Working Group, which has various responsibilities including managing climate risk and strategically aligning projects in relation to the firm's climate risk strategy as well as managing sustainable procurement projects.
Portfolio/Fund manager	Monetary reward	Emissions reduction target Energy reduction target	For asset managers, there is an added sustainability component where operating earnings of each asset increase when utility consumption is reduced – this reflects positively on the asset manager's performance.

C-FS1.4

(C-FS1.4) Does your organization offer its employees an employment-based retirement scheme that incorporates ESG criteria, including climate change?

	Employment-based retirement scheme that incorporates ESG criteria, including climate change	Provide reasons for not incorporating ESG criteria into your organization's employment-based retirement scheme and your plans for the future
Row 1	No, but we plan to in the next two years	While the investment management team(s) managing the individual investments in our company 401(k) plan may incorporate ESG principles in their portfolios, there continues to be regulatory uncertainty on the extent of permitted use of ESG investments. Further, the investment platform offered by our recordkeeper does not currently make available investment options with an explicit ESG objective available to our plan. At such time that investment options with an ESG objective become available on the platform and there is less regulatory

		uncertainty with ESG investments, we would anticipate the plan's investment committee would evaluate the addition of such an investment to the 401(k) plan line-up.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	1	
Medium-term	1	5	
Long-term	5	10	

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

A substantive financial impact on our business is defined in our risk management process as an event that results in a loss of $5 million in earnings after tax in a single quarter or $50 million after tax impact to our Capital at Risk analysis over a 12-month time frame.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations
Upstream
Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

Annually

Time horizon(s) covered

Short-term
Medium-term
Long-term

Description of process

Principal is utilizing an integrated, multi-disciplinary approach to identifying, assessing and responding to climate-related risks and opportunities. Ultimately reporting to the Board of Directors, various groups like the ESG Task Force and Environmental Workgroup, as well as numerous enterprise, financial & pricing risk, operational & business risk committees identify risks and opportunities from changes in regulation, physical climate parameters and other climate-related risks.

i) How risks are assessed at company level – Principal actively monitors changes in regulation and works to manage communications to employees, associates and those that work for Principal in order to help promote a company that is environmentally responsible. For risks and opportunities related to physical climate parameters, the Business Continuity (BU) team provides oversight and coordination for BC activities throughout the company. Each business area is required to collaborate with the BC team to develop a BC plan. The BC plans are designed to ensure Principal is able to resume operations within a specified time frame. For Operational Risks, each Chief Risk Officer (CRO) for their respective area is required to complete Risk & Control Self-Assessment reviews for risk applicable to their business areas. The risk assessments focus on operational risks and include emerging risks.

ii) How risks are assessed at asset level – Principal develops targeted communications to specific regions and/or assets. For risks tied to physical climate parameters, Principal assesses the specific risks based on the type of potential disaster in the region or location of each individual office location, as well as if the location provides services/functions that were deemed critical (need of recovery with 72 hours or less). Principal seeks to mitigate these risks by looking at opportunities, e.g. alternate work site, working remotely from home and/or shifting work to other non-impacted office locations. Principal prioritizes the following factors with regards to climate change risks and opportunities: adhering to applicable rules and regulations is our highest priority, followed by contractual agreements with our customers, service level agreements with our suppliers and finally, other business unit dependencies. Risks that are identified as having an estimated annual loss of $50,000,000 USD or more are considered to have a substantive financial impact and are evaluated. The Chief Risk Officers embedded within each business unit or risk professionals in functional areas help align risk management practice with the strategies of the unit as well as with enterprise-wide objectives. The Enterprise Operational Risk Lead and supporting staff are separate from the business units and provide objective oversight, framework enablement and aggregated risk analysis. Internal Audit & Risk Consulting provides independent assurance around effective risk management design and control execution. Principal cannot predict the long-term impacts of climate change but will continue to monitor new developments and consider how climate-related risk analyses will be integrated into the risk and opportunity management program.

For example, this is how our process played out in 2021:

In relation to business continuity and operational risk planning, the organization recognizes that climate change has created exposure to more frequent and severe disruption events. Business resiliency, which is defined as the firm's ability to prepare, respond to, recover and learn from operational disruptions, is a critical component of Principal's overall business strategy. Our Business Resiliency Program aligns, centralizes, and integrates our resiliency disciplines and capabilities to deliver a coordinated approach to Incident Management, Business Continuity and Disaster Recovery. While Principal's Enterprise Risk Management (ERM) Framework considers the impacts of climate change, it continues to evolve to explicitly consider the impacts of climate change-related financial, physical, and transition risks across the corporate-wide portfolio. The impact of climate change risks is increasingly incorporated into business-as-usual considerations in risk appetite, impact on financial and non-financial risk categories, scenario and stress testing, operational resilience and potential capital and liquidity implications. Our Business Resilience program sets policy expectations and implementation frameworks that focus on incident monitoring and response, continuity planning and disaster recovery. Businesses are established and maintain resilient, validated, and sustainable recovery strategies to support the ability to react, respond, and recover from a disruption event. All functions are validated by executing recovery strategies and failover by relocating to alternate facilities upon unavailability of the primary site, shifting work to other locations when staff are unavailable, and technology failover if a Data Center experiences a disruption. Real Estate and Business Continuity teams assess climate-related chronic physical risks to understand their potential impact.

Value chain stage(s) covered

Direct operations
Upstream
Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term
Medium-term
Long-term

Description of process

Principal Real Estate Investors has dedicated resources and policies in place to identify and assess climate-related risks and opportunities to its business. These include staff and third-party consultants whose responsibilities include monitoring any changes to the regulatory environment, and any legal impacts they may have on its portfolio. The Responsible Property Investing Policies that have been put into place aim to address many issues related to Environmental, Social, and Governance (ESG). Principal Real Estate Investors prioritizes the following factors with regards to climate change risks and opportunities: adhering to applicable rules and regulations is our highest priority, followed by contractual agreements with our customers, service level agreements with our suppliers and finally, other business unit dependencies. Risks that are identified as having an estimated annual loss of $50,000,000 USD or more are considered to have a substantive financial impact and are evaluated. Principal tracks and manages climate related risks in the following ways:

• Due diligence - Our due diligence of new acquisitions includes the formal review of a broad spectrum of ESG risks and opportunities such as overall building performance and energy efficiency, physical and transition climate risk analysis, viability of green certifications like LEED, BREEAM, and ENERGY STAR, indoor environmental quality, occupant health and safety, toxic materials, environmental assessments, compliance with accessibility regulations, tenant satisfaction, walkability score and more depending on the specific property.

• Operations – We incorporate ESG factors into standard operational procedures such as conducting indoor air quality assessments, ensuring all properties have business continuity and emergency plans in place, and engaging tenants/residents about sustainability topics.

• Quarterly reporting – We produce quarterly utility performance updates, which detail energy reduction and associated cost savings, GHG emissions, energy, and water use.

• Disaster analysis and insurance coverage – We conduct disaster analysis on all standing real estate investments. The analysis is used to inform the appropriate level of insurance needed for the property and includes a review of the risk of natural disasters including flooding, earthquakes, hurricanes, and severe convective storms.

• Climate Risk Analysis - As part of each new development project and property acquisition, we review physical and transition risks through a third-party climate risk data provider. Physical risks reviewed include sea level rise, flooding, tropical cyclones, extreme heat, and extreme cold. The Property Condition Assessment ("PCA") consultant includes evaluation of the property's high risk hazards in their onsite review and provides recommendations for mitigation practices via capital improvements and/or operations practices. These recommendations are reviewed by the acquisitions team and engineer, and incorporated into the underwriting and committee approval process as needed. Upon closing, the asset manager and property manager are notified of the property's climate risks and prescribed climate risk mitigation strategies for each identified risk.

Below is a case study on physical risk-

A data center in the Chicago MSA purchased by a Principal client was identified as being at high risk for extreme heat. The property team has taken steps for emergency preparedness, including subscribing to local alert systems, developing a tenant communication plan, and updating building policies to include risk mitigation strategies and emergency response actions.

The site and it's supporting services were built per the ASHRAE 90.1 2007 (with Indiana Amendments) standards. Per this standard, equipment should be sourced that meets or exceeds the extreme annual design conditions for the region. All equipment currently supporting critical and non-critical load is designed to be able to operate at or above the 20-year high temperature at the closest reporting weather station. For the data center’s critical load, all systems exist in a N+1 configuration, meaning if one unit fails the load will still be protected. Although failure could occur, employees critical to operating the site can move to a critical space for cooling and comfort and the building would still be able to perform the core function of hosting data center equipment.

All heating and cooling equipment is maintained and serviced quarterly by licensed contractors, is monitored by the facility management team in real time 24x7, and emergency generator power is available to support the full building load for at least 24 hours. The property prescribes an emergency action plan that includes ample rations (including water) to support a team of four (4) for 30 days in the event of a shelter in place order, need for sustained occupancy or similar.

The transition risk analysis reviews emissions and benchmarking regulations. Carbon emissions (either actual historical property emissions or proxy estimate based on the property sector and location) are reviewed relative to current and predicted regulations to determine the level of emission reduction required at the property to meet common global warming scenarios (1.5°, 2°, and 3°C). Research of several databases is completed to identify all policies and regulations the property is subject to. This information is shared with the asset manager and property manager to ensure ongoing operational compliance and proactive steps to meet future requirements. On the existing asset portfolio, Principal Real Estate Investors continually monitors building energy use benchmarking and disclosure laws along with local building codes, to ensure compliance with current regulations. As of 2021, examples of this regulation include but are not limited to New York City’s Benchmarking Law LL84, Washington DC’s Building Energy Performance Standards and Benchmarking, the Cambridge Building Energy Use Disclosure Ordinance No. 1360, and California AB 802. Many jurisdictions have implemented building benchmarking and building code laws as a way to monitor and reduce climate-related environmental impacts, and Principal properties are currently affected by these laws. Principal employs third party consultants as well as an in-house engineering staff to ensure properties monitor and comply with such laws.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain

Current regulation	Relevant, always included	We consider the impacts of climate change as it continues to evolve to explicitly consider the impacts of climate change-related financial, physical and transition risks across the corporate-wide portfolio. Compliance with current regulations remains consistent with U.S. regulation and local regulations specific to international locations. We conduct on-going monitoring and assessment of climate-related risks through operational and business resiliency discussions and risk-based assessments. Risk based scenario testing, modeling and regulation monitoring/implementation informs the business on needed adjustments to business process or product pricing. As part of the new property development and acquisition due diligence processes, a thorough review of current benchmarking and disclosure regulations is completed. Several databases are utilized to identify regulatory requirements that impact the property, and this information is shared with the asset manager and property manager to ensure compliance with requirements. On the existing asset portfolio, Principal Real Estate Investors continually monitors building energy use benchmarking and disclosure laws along with local building codes, to ensure compliance with current regulations. Examples of this regulation include but are not limited to New York City's Benchmarking Law LL84, the Cambridge Building Energy Use Disclosure Ordinance No. 1360, and California AB 802. Many jurisdictions have implemented building benchmarking and building code laws as a way to monitor and reduce climate-related environmental impacts, and Principal properties are currently affected by these laws. Principal employs third party consultants as well as an in-house engineering staff to ensure properties monitor and comply with such laws.
Emerging regulation	Relevant, always included	Our compliance functions provide guidance and oversight to support lines of business and service center business areas, in identifying applicable and proposed laws and regulations and implementing measures to meet requirements. Compliance anticipates evolving regulatory standards and stays informed of industry trends, legislative initiatives, applicability to business operations and public expectations. Principal Real Estate Investors continually monitors emerging building energy use benchmarking and disclosure laws along with local building codes, to ensure compliance with current regulations. Many jurisdictions are implementing new building benchmarking and building code laws as a way to monitor and reduce climate-related environmental impacts. Principal employs third party consultants as well as an in-house engineering staff to ensure properties monitor and comply with emerging laws. Currently about 50 Principal Real Estate Investors assets, representing approximately $5.0 billion in asset

		value, are located in jurisdictions with recent regulations that require annual benchmarking and reporting of energy and/or water use. As part of the new property development and acquisitions due diligence processes, Principal Real Estate Investors uses a third party climate risk data provider to analyze property carbon emissions relative to current and anticipated regulations. This analysis is used to determine the level of emission reduction required at the property to meet regulatory requirements. The asset manager and property manager are provided this information to ensure ongoing operational compliance and proactive steps to meet future requirements. All Principal Real Estate Investors property managers are contractually required to ensure their properties are in compliance with all local rules and regulations, including current and emerging climate-related laws, benchmarking regulations, and regional emerging reporting obligations. An example of climate related risks from emerging regulation, is monitoring the Sustainable Finance Disclosure Requirement (SFDR).
Technology	Relevant, always included	Technology adaptability, availability and performance and system data integrity are important considerations in risk identification and assessing risk. Overall system health contributes to operational efficiency and improved performance, leading to reduced greenhouse gas (GHG) emissions and reduced climate risk. Principal Real Estate Investors created a "Building Technology and Innovations" policy to guide the incorporation of new building technologies into real estate assets (it can be found online here: https://www.principalglobal.com/documentdownload/108106). This policy is part of our overarching ESG policies and creates a standardized process by which new technologies are assessed and ensures that they are properly analyzed and appropriately implemented at the property level. This policy and associated decision-making strategy can be leveraged for technologies that increase operational efficiencies, thereby reducing greenhouse gas emissions and reducing climate-related risks. An example of climate-related risks from technology that apply to Principal's asset ownership business is the installation of a cool roof for one of our retail assets.
Legal	Relevant, always included	While our operations are not commonly subject to climate or environmental related litigation, a failure to comply with laws could result in penalties or reputational damage. Throughout numerous frameworks we actively monitor regulatory compliance, third party oversight, fraud, reputation, and business process risk. This risk-based approach positions us well to proactively identify issues that may arise. Principal Real Estate Investors utilizes multiple resources, internally and externally, to ensure compliance with all local, state, and federal compliance legislation. A legal fine or judgement for being non-compliant with laws is seen as negatively impacting the value of the portfolio. An example of a legal risk is a fine or judgement for a property not adhering to an energy

		benchmarking or audit requirement, such as the laws in New York City, or Cambridge, MA. This legal consideration is included as part of the asset's review process, and is included as part of the management strategy for the asset.
Market	Relevant, always included	We define market risk as the risk of incurring losses due to adverse fluctuations in market rates and prices. Our primary market risk exposures are to interest rates, equity markets and foreign currency exchange rates. The active management of market risk, including climate-related impacts, is an integral part of our operations. Climate related risks can manifest through market risk in multiple ways. Direct impacts to the enterprise are typically associated with the investment portfolio supporting our liabilities. Risk evaluation is embedded in our portfolio management process. Additional impacts to fee revenue related to our asset management services also exist as client demand for climate-related investment solutions continues to evolve. Principal Real Estate Investors monitors market risks by tracking the presence of low-carbon products in the portfolio including, BOMA 360, LEED, IREM, BREEAM, and ENERGY STAR certified properties in addition to tracking and monitoring asset-level energy, water, and waste consumption. Additionally, we use third-party consultants to track market trends including shifts in supply and demand for low carbon real estate. As part of the Principles of Responsible Property Investing (PRPI) initiative, Principal Real Estate Investors seeks to certify as many properties as possible as a low-carbon building. An example of managing this risk is by maintaining products that are meeting the demand for investments in properties with sustainability-related certifications.
Reputation	Relevant, always included	While our operations are not commonly subject to climate or environmental related reputational risk, our Reputation Risk Management Program provides the policy, processes, tools and accountability measures to enhance our capacity to identify emerging reputation threats to the business, mobilize a response, and mitigate the impact to the company's people, clients, assets, market share and reputation. It is meant to supplement, and not supplant, current escalation policies, procedures and structures. Through our sustainability efforts, public reporting, transparency and external engagement with the environmental community we take many actions to maintain our reputation. As an example, we maintain environmental transparency through our Sustainability Report (https://secure02.principal.com/publicvsupply/GetFile?fm=EE12496&ty=VOP) Principal Real Estate Investors continually monitors reputation through annual tenant and resident surveys conducted by a third-party expert, Kingsley Associates. These surveys offer tenants and residents from all operational real estate assets to provide feedback regarding building operations, service, and other aspects of management. Tenants are also asked about sustainability practices at the property, Principal Real Estate Investors uses these responses to further gauge sustainability reputation (which can be climate-risk related) at each property in their portfolio. An example of climate-related reputation risk is

		how property teams use both survey results in marketing efforts to attract potential tenants and/or residents.
Acute physical	Relevant, always included	We recognize acute physical risk has widespread and varying implications on our operations. In these events, an Integrated, multi-disciplinary response and risk management processes may be enacted. Components include (but are not limited to) Business resiliency BC and DR plan activation, annual table top exercises and impact assessments, mortality and morbidity risk management, in particular portfolio concentration risk management, risk monitoring and trend analysis and assessments on owned and leased operations. The list of table top exercises includes hurricane, winter storm, typhoon, and flooding. Principal Real Estate Investors recognizes that climate change may lead to an increase in the frequency and severity of natural disasters. Examples of acute physical risks include heat waves and floods. Principal Real Estate Investors owns real estate assets in locations that may be susceptible to climate-related physical damage or disruptions to property operations as a result of natural disasters. In order to address acute physical risks posed to the portfolio, Principal's climate risk strategy identifies asset level climate risks during due diligence and weaves climate risk analysis throughout the acquisitions process. Physical risks reviewed include sea level rise, flooding, tropical cyclones, extreme heat, and extreme cold. The Property Condition Assessment ("PCA") consultant includes evaluation of the property's high risk hazards in their onsite review and provides recommendations for mitigation practices via capital improvements and/or operations practices. These recommendations are reviewed by the acquisitions team and engineer, and incorporated into the underwriting and committee approval process as needed. Upon closing, the asset manager and property manager are notified of the property's climate risks and prescribed climate risk mitigation strategies for each identified risk.
Chronic physical	Relevant, always included	We recognize climate change may lead to an ongoing increase in the frequency and severity of natural disasters and chronic physical risks like drought and rising sea levels. As climate risk efforts mature and assets in locations susceptible to chronic physical damage or disruptions to property operations are identified, we will take an informed, risk-based approach to assessing and mitigating the risks. Like acute physical risk, an Integrated, multi-disciplinary response and risk management processes will be followed. To stay abreast of this risk, we continually monitor the chronic physical condition of portfolio properties. Principal climate risk strategy identifies asset level climate risks during due diligence and weaves climate risk analysis throughout the acquisitions

		process. As part of each new development project and property acquisition, we review physical and transition risks through a third-party climate risk data provider. Physical risks reviewed include sea level rise, flooding, tropical cyclones, extreme heat, and extreme cold. The Property Condition Assessment (“PCA”) consultant includes evaluation of the property’s high risk hazards in their onsite review and provides recommendations for mitigation practices via capital improvements and/or operations practices. These recommendations are reviewed by the acquisitions team and engineer, and incorporated into the underwriting and committee approval process as needed. Upon closing, the asset manager and property manager are notified of the property’s climate risks and prescribed climate risk mitigation strategies for each identified risk.

C-FS2.2b

(C-FS2.2b) Do you assess your portfolio’s exposure to climate-related risks and opportunities?

	We assess the portfolio's exposure	Explain why your portfolio's exposure is not assessed and your plans to address this in the future
Investing (Asset manager)	Yes	
Investing (Asset owner)	Yes	
Insurance underwriting (Insurance company)	No, and we do not plan to in the next two years	We manage our mortality and morbidity concentration risk to ensure a geographically diverse block of businesses, and conduct ongoing monitoring and assessment of mortality and morbidity experience relative to that assumed in pricing and in force management. We monitor the effectiveness of our underwriting programs, but do not have plans to explicitly incorporate climate risks in the near future.

C-FS2.2c

(C-FS2.2c) Describe how you assess your portfolio’s exposure to climate-related risks and opportunities.

	Type of risk management process	Proportion of portfolio covered by risk management process	Type of assessment	Time horizon(s) covered	Tools and methods used	Provide the rationale for implementing this process to assess your portfolio's exposure to climate-related risks and opportunities
Investing (Asset manager)	A specific climate-related risk management process	3.1743	Qualitative and quantitative	Long-term	Portfolio temperature alignment Risk models Scenario analysis External consultants Other, please specify MSCI Climate Value at Risk software	Physical and transition climate risk are analyzed as part of both the private equity real estate due diligence process for new developments and acquisitions, and regularly as part of our portfolio-level property review. This analysis is completed through MSCI's Real Estate Climate Value at Risk service. We provide asset information including address, value, square footage, and emissions (if the information is available). MSCI uses this information to map the location of each asset and overlay their climate risk model in order to provide a risk level and estimate the property's value at risk (as a dollar amount and percent of overall value) over the next 15 years. Physical risk analysis Physical risks reviewed include sea level rise, flooding, tropical cyclones, wildfires, extreme heat, extreme cold. For existing property acquisitions, information on identified high risks is provided to the Property Condition Assessment ("PCA") consultant, who considers the high risk hazards in their onsite review and provides recommendations for mitigation practices via capital improvements and/or operations practices. These recommendations are reviewed by the engineer and

						acquisitions team and incorporated into the underwriting and committee approval process as needed. Upon closing, the asset manager and property manager are notified of the property’s climate risks and prescribed climate risk mitigation strategies for each identified risk. For new property developments, the engineer reviews the property design to determine if it properly accounts for high-risk hazards. Design adjustments and/or operational procedures for risk mitigation are implemented as applicable. Transition risk analysis From a policy and legal perspective, an increasing number of jurisdictions and regional governments are adopting climate action plans, renewable energy portfolio standards, or other environmental regulations targeting greater energy efficiency and reduced carbon emissions associated with commercial buildings. The MSCI risk report provides a rating for each asset’s estimated value at risk as a result of anticipated regulations in the next 15 years, and the estimated annual reductions to comply with the 1.5°, 2°, and 3°C warming scenarios in the next 15 years. This is based on the property’s actual emissions (depending on data availability) or a proxy based on property type and location. In addition, our climate risk analysis identifies properties exposed to specific energy disclosure or reduction mandates or energy “tune-up” requirements.

						As required through our Pillars of Responsible Property Investing (PRPI) initiative, property managers must comply with these regulations in a timely manner. Portfolio/Scenario analysis Portfolio level reporting on owned assets from MSCI covers the same set of transition and physical risks, with additional scenario analysis. Transition scenario analysis reviews each property’s carbon emission reduction and value at risk due to complying with the 1.5°, 2°, and 3°C warming scenarios in the next 15 years. Physical scenario analysis looks at upside and downside current and future potential extreme weather risk. The portfolio analysis helps identify the highest risk assets in the portfolio. The portfolio management team reviews this information and can use it when making future buy/sell decisions. Additionally, information is provided to asset managers and property managers of high risk assets, along with relevant climate risk mitigation strategies. The asset manager and property manager work together to identify capital improvements and operational changes for improved risk mitigation and incorporate those into budgets and procedures as soon as possible. In 2021, 98.7% of discretionary assets under management by Principal Real Estate Investors (PrinREI) were analyzed for climate risk (calculated by

						AUM); plus 100% of all newly acquired assets and development deals. Disaster analysis This is applicable to 100% of the assets that PREI maintains the insurance policies. Principal conducts disaster analysis for all standing real estate investments. The analysis includes a review of the risk of natural disasters including flooding, earthquakes, hurricanes, and severe convective storms. Insurance This is applicable to 100% of the assets where PREI maintains the insurance policies. The disaster analysis mentioned above is also used to inform the appropriate level of insurance needed for properties. The insurance process also includes a review of sea level rise risk. All insurance information is then used to inform risk management processes for the asset.
Investing (Asset owner)	A specific climate-related risk management process	1.683	Qualitative and quantitative	Long-term	Portfolio temperature alignment Risk models Scenario analysis External consultants	Physical and transition climate risk are analyzed as part of both the private equity real estate due diligence process for new developments and acquisitions, and regularly as part of our portfolio-level property review. This analysis is completed through MSCI's Real Estate Climate Value at Risk service. We provide asset information including address, value, square footage, and emissions (if the information is available). MSCI uses this information to map the location of each asset and overlay their climate risk model in order to provide a

					Other, please specify MSCI Climate Value at Risk software	risk level and estimate the property's value at risk (as a dollar amount and percent of overall value) over the next 15 years. Physical risk analysis Physical risks reviewed include sea level rise, flooding, tropical cyclones, wildfires, extreme heat, extreme cold. For existing property acquisitions, information on identified high risks is provided to the Property Condition Assessment ("PCA") consultant, who considers the high risk hazards in their onsite review and provides recommendations for mitigation practices via capital improvements and/or operations practices. These recommendations are reviewed by the engineer and acquisitions team and incorporated into the underwriting and committee approval process as needed. Upon closing, the asset manager and property manager are notified of the property's climate risks and prescribed climate risk mitigation strategies for each identified risk. For new property developments, the engineer reviews the property design to determine if it properly accounts for high-risk hazards. Design adjustments and/or operational procedures for risk mitigation are implemented as applicable. Transition risk analysis From a policy and legal perspective, an increasing number of jurisdictions and regional governments are

						adopting climate action plans, renewable energy portfolio standards, or other environmental regulations targeting greater energy efficiency and reduced carbon emissions associated with commercial buildings. The MSCI risk report provides a rating for each asset's estimated value at risk as a result of anticipated regulations in the next 15 years, and the estimated annual reductions to comply with the 1.5°, 2°, and 3°C warming scenarios in the next 15 years. This is based on the property's actual emissions (depending on data availability) or a proxy based on property type and location. In addition, our climate risk analysis identifies properties exposed to specific energy disclosure or reduction mandates or energy "tune-up" requirements. As required through our Pillars of Responsible Property Investing (PRPI) initiative, property managers must comply with these regulations in a timely manner. Portfolio/Scenario analysis Portfolio level reporting on owned assets from MSCI covers the same set of transition and physical risks, with additional scenario analysis. Transition scenario analysis reviews each property's carbon emission reduction and value at risk due to complying with the 1.5°, 2°, and 3°C warming scenarios in the next 15 years. Physical scenario analysis looks at upside and downside current and future potential extreme weather risk. The portfolio analysis helps identify the highest the

						highest risk assets in the portfolio. The portfolio management team reviews this information and can use it when making future buy/sell decisions. Additionally, information is provided to asset managers and property managers of high risk assets, along with relevant climate risk mitigation strategies. The asset manager and property manager work together to identify capital improvements and operational changes for improved risk mitigation and incorporate those into budgets and procedures as soon as possible. 100% of private equity real estate assets owned by Principal (as of 6/30/2021) were analyzed for climate risk (calculated by AUM); plus 100% of all newly acquired assets and development deals. Disaster analysis This is applicable to 100% of the assets that PREI maintains the insurance policies. Principal conducts disaster analysis for all standing real estate investments. The analysis includes a review of the risk of natural disasters including flooding, earthquakes, hurricanes, and severe convective storms. Insurance This is applicable to 100% of the assets where PREI maintains the insurance policies. The disaster analysis mentioned above is also used to inform the appropriate level of insurance needed for properties. The insurance

						process also includes a review of sea level rise risk. All insurance information is then used to inform risk management processes for the asset.

C-FS2.2d

(C-FS2.2d) Does your organization consider climate-related information about your clients/investees as part of your due diligence and/or risk assessment process?

	We consider climate-related information
Investing (Asset manager)	Yes
Investing (Asset owner)	Yes

C-FS2.2e

(C-FS2.2e) Indicate the climate-related information your organization considers about clients/investees as part of your due diligence and/or risk assessment process, and how this influences decision-making.

Portfolio

Investing (asset manager)

Type of climate-related information considered

Emissions data
Energy usage data
Emissions reduction targets
Other, please specify
physical climate risk hazards (coastal & fluvial flooding, extreme heat, extreme cold, tropical cyclone, wildfire)

Process through which information is obtained

Directly from the client/investee
Data provider

Industry sector(s) covered by due diligence and/or risk assessment process

Energy
Materials
Utilities
Real Estate

State how this climate-related information influences your decision-making

Principal Global Investors identifies key engagement by sector. Climate risk is the key consideration for the energy, materials, industrials and utility sectors. We assess those on a wide range of quantitative and qualitative metrics by sector and company-specific considerations. We use supplemental reporting tools including overall climate risk measures through our MSCI ESG analytics. Identifying best industry practices, ensuring all safety/health requirements are in place as well as ongoing oversight from internal and external bodies will help to alleviate the impact of major climate events such as forest fires and flooding. Two-way interaction with company holdings will be ongoing in an effort to mitigate such tangible risks.

Principal Real Estate Investors standard climate risk strategy identifies asset level climate risks (physical and transitional) during due diligence. Physical risks reviewed include coastal and fluvial flooding, tropical cyclones, wildfires, extreme heat, and extreme cold. Information on identified high risks is provided to the Property Condition Assessment (“PCA”) consultant, who considers the high risk hazards in their onsite review and provides recommendations for mitigation practices via capital improvements and/or operations practices. These recommendations are reviewed by the acquisitions team and engineer, and incorporated into the underwriting and committee approval process as needed. Upon closing, the asset manager and property manager are notified of the property’s climate risks and prescribed climate risk mitigation strategies for each identified risk.

The transition risk analysis reviews emissions and benchmarking regulations. Carbon emissions (either actual historical property emissions or proxy estimate based on the property sector and location) are reviewed relative to current and predicted regulations to determine the level of emission reduction required at the property to meet common global warming scenarios (1.5°, 2°, and 3°C). Research of several databases is completed to identify all policies and regulations the property is subject to. This information is shared with the asset manager and property manager to ensure ongoing operational compliance and proactive steps to meet future requirements.

This analysis is completed for assets purchased by discretionary private equity real estate funds.

Portfolio

Investing (asset owner)

Type of climate-related information considered

Emissions data

Energy usage data

Emissions reduction targets

Other, please specify

physical climate risk hazards (coastal & fluvial flooding, extreme heat, extreme cold, tropical cyclone, wildfire)

Process through which information is obtained

Directly from the client/investee

Data provider

Industry sector(s) covered by due diligence and/or risk assessment process

Real Estate

State how this climate-related information influences your decision-making

As part of the Pillars of Responsible Property Investing ESG platform, GHG emissions and energy usage data is tracked using the ENERGY STAR Portfolio Manager tool. Property-level information is input via automatic upload or by the property management team on a monthly basis. Each quarter our third party sustainability consultant, RE Tech Advisors, reviews the data for accuracy and provides aggregated performance data at the fund-level and for all Principal Real Estate data. This data is then used to track performance relative to emissions and utility performance targets, and to identify properties for performance improvement initiatives.

Principal Real Estate Investor standard climate risk strategy identifies asset level climate risks (physical and transitional) during due diligence. Physical risks reviewed include coastal and fluvial flooding, tropical cyclones, wildfires, extreme heat, and extreme cold. Information on identified high risks is provided to the Property Condition Assessment ("PCA") consultant, who considers the high risk hazards in their onsite review and provides recommendations for mitigation practices via capital improvements and/or operations practices. These recommendations are reviewed by the acquisitions team and engineer, and incorporated into the underwriting and committee approval process as needed. Upon closing, the asset manager and property manager are notified of the property's climate risks and prescribed climate risk mitigation strategies for each identified risk.

The transition risk analysis reviews emissions and benchmarking regulations. Carbon emissions (either actual historical property emissions or proxy estimate based on the property sector and location) are reviewed relative to current and predicted regulations to determine the level of emission reduction required at the property to meet common global warming scenarios (1.5°, 2°, and 3°C). Research of several databases is completed to identify all policies and regulations the property is subject to. This information is shared with the asset manager and property manager to ensure ongoing operational compliance and proactive steps to meet future requirements.

This analysis is completed for assets purchased by discretionary private equity real estate funds

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Investing (Asset owner) portfolio

Risk type & Primary climate-related risk driver

Acute physical

Cyclone, hurricane, typhoon

Primary potential financial impact

Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification

Operational risk

Company-specific description

Climate change may lead to an increase in the frequency and severity of natural disasters, such as changes in precipitation extremes and droughts. Principal owns real estate assets in locations that may be susceptible to climate-related physical damage. Analysis of the assets shows the highest risk climate hazard for the fund is tropical cyclones, which was identified as a risk for assets in FL, PA, VA, MD, TX, and CA. Of the assets located in these states, 45.1% by gross asset value were identified as potentially being at risk of tropical cyclone (31.6% of gross asset value nationwide) as of December 31, 2021.

Time horizon

Long-term

Likelihood

More likely than not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

9,996,891

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

The MSCI climate risk analysis estimates the discounted cost of the value at risk from tropical cyclones is $9,996,891. This discounted risk takes into account the impact from the upsides and downsides of potential extreme weather. These are the additional costs from more frequent and intense extreme weather events (negative values), or the cost savings from fewer and less intense extreme weather events (positive values) compared to today's climate. This assumes that trends in extreme weather continue and the analysis is based on the Average outcome of a future physical risk scenario.

Cost of response to risk

96,456

Description of response and explanation of cost calculation

Principal responds to climate-related risks and opportunities by instilling resiliency into our strategy as part of the following processes:

• Due diligence – Evaluate ESG aspects in due diligence activities of new acquisitions and loans, including physical and transition climate risk analysis, utility performance, quality of building systems, resilience, transportation options, health and wellbeing aspects, and socio-economic factors. The cost of due diligence is estimated to be $5,700 per acquisition x 2 acquisitions (in 2021) = $11,400

• Disaster analysis – Conduct disaster analysis for all standing real estate investments. The analysis includes a review of the risk of natural disasters including flooding, earthquakes, hurricanes, and severe convective storms. The cost of disaster analysis is estimated to be $1,000 per property x 69 properties=$69,000

• Insurance – The disaster analysis mentioned above is also used to inform the appropriate level of insurance needed for properties. The insurance process also includes a review of sea level rise risk. All insurance information is then used to inform risk management processes for the asset. The cost for this is estimated to be $30 per acquisition x 2 acquisitions = $60

• Portfolio climate risk analysis for select funds – All properties owned by the Principal Life Insurance Company General Account were analyzed for climate risk in 2021. After the analysis, we distribute climate risk educational materials to property managers whose properties were flagged for climate risks.

Below is a case study on how Principal address tropical cyclone risk –

After tropical cyclone risk was identified at one of PREI's facilities in Parsippany, NJ, climate risk educational materials were distributed to the property managers at the site, which resulted in the implementation of weekly roof inspections, weekly parking lot storm drains inspections, and weekly generator tests.

The cost of climate risk portfolio analysis for the PLIC portfolio was $15,996 in 2021
Therefore, the total cost of response to risk =$11,400+$69,000+$60+$15,996=$96,456

Comment

This management strategy has evolved in 2021 to include more risks identified through a more rigorous climate-related asset Risk assessment process.

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Investing (Asset manager) portfolio

Opportunity type

Products and services

Primary climate-related opportunity driver

Development of new products or services through R&D and innovation

Primary potential financial impact

Reduced indirect (operating) costs

Company-specific description

Principal has more than 163 million square feet under management in the Real Estate Investment Portfolio as of December 31, 2021. The opportunity for Principal Real Estate Investors is to more efficiently manage client-owned properties to reduce portfolio carbon footprints and overall environmental impact. These activities can lead to lower operating expenses for our tenants and enhance leasing activity and asset value. This helps both Principal and clients reduce environmental impact and improve performance.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

5,810,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Principal Real Estate Investors has reduced energy use 14.0% since baseline, representing $5,810,000 in annual savings and 135,200 metric tons of avoided greenhouse gas emissions. Baselines represent the start date for the estimated energy savings calculations described on this page. Such baselines are individually set and generally date back to 2008 (irrespective of potentially earlier acquisition date).

Cost to realize opportunity

1,000,000

Strategy to realize opportunity and explanation of cost calculation

Principal Real Estate Investors has five LEED certified professionals on staff as well as a Private Equity ESG Working Group comprised of real estate professionals who focus on driving portfolio-wide initiatives such as: energy, GHG emissions, water, and waste reduction; incorporation of environmentally sustainable building features; and operational best practices.

We have a set of contractually-required sustainability requirements for our property management partners which are monitored and enforced.

A case study of the above being put into action is the Park Place project located in Irvine, CA. Initiatives for lowering the property's carbon footprint, impact on the environment, and operating costs included:

• Replaced fluorescent lightbulbs and light fixtures with LED, resulting in an estimated annual cost savings of $154k.
• On-site battery storage system reduces the property's impact on the grid and saves costs by limiting grid energy usage during peak times, resulting in cumulative associated savings of over $155k.
• Installed variable frequency drives (VFDs) on main supply and return fans to more efficiently manage energy used to air condition the building, resulting in nearly $22k in annual savings.
• Replaced roofs on two buildings with a PVC replacement (Sika Sarnafil) that reduces energy needs by an estimated 112,000 kWh per year
• Renegotiated the direct energy contract, saving $156k annually and securing 75% of the property's energy from National Green-e Certified renewable energy credits.

• Installed filters on cooling towers to reduce chiller tube water deposits, saving $52k annually.

Beyond energy efficiency, the property has a robust tenant engagement program that provides tenants with information regarding sustainability practices and energy conservation practices to improve efficiency across the campus .

Principal Real Estate Investors has engaged a third-party sustainability consultant to help with development, support, strategic implementation and oversight of our Pillars of Responsible Property Investing initiative. The consultant works closely with our internal Private Equity ESG Working Group as well as our property management teams on the PRPI initiative to increase building efficiency and climate resilience. The cost of the consultant contract for supporting the PRPI initiative in 2021 was $1,000,000.

Comment

This strategy is most effective due to its focus on capital expenditures, as well as operational improvements at the asset level.

C3. Business Strategy

C3.1

(C3.1) Does your organization's strategy include a transition plan that aligns with a 1.5°C world?

Row 1

Transition plan

No, our strategy has been influenced by climate-related risks and opportunities, but we do not plan to develop a transition plan within two years

Explain why your organization does not have a transition plan that aligns with a 1.5°C world and any plans to develop one in the future

Our current climate goal was initially developed in 2020 when Science Based Target initiative (SBTi) analyses were aligned with the Paris Agreement's requirement to limit global warming to well below 2 degrees Celsius compared to pre-industrial levels. In 2021, SBTi unveiled a new strategy to increase the minimum ambition in corporate target setting from "well below 2 degrees Celsius" to "1.5 degrees Celsius."

We are committed to addressing climate issues and understand the increased urgency for climate action. While we have monitored and reported our U.S. scope 1, 2, and some 3 GHG emissions, in 2021 we began taking global inventory of our scope 1 and 2 GHG emissions in all of our international offices. To ensure that our GHG management and reduction goals are global and comprehensive, we are gathering the necessary GHG emissions data from all Principal managed and controlled facilities around the world in order to set a goal that aligns with a 1.5 degree Celsius world that is inclusive of and reflects our global operations. We expect to set new, enterprise-wide GHG reduction targets that align with a 1.5 degree Celsius world within the next two years, which covers the “operations” scope of a climate transition plan. As for the other aspects of a climate transition plan, which include our assets and business model, we are committed to further developing our roadmap of a transition plan that includes governance, scenario analysis, financial planning, value chain engagement, policy engagement, risk & opportunities, and scope 1, 2 & 3 accounting with verification over the next two years – with the understanding that a comprehensive transition plan inclusive of the above may require additional time/resources and an industry-approved methodology for asset/portfolio emissions, which is still currently lacking.

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

	Use of climate-related scenario analysis to inform strategy
Row 1	Yes, qualitative and quantitative

C3.2a

(C3.2a) Provide details of your organization’s use of climate-related scenario analysis.

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
Transition scenarios Bespoke	Portfolio	1.5ºC	Parameters, assumptions, and analytical choices in MSCI’s Real Estate Climate Risk model are as follows: Assumptions: • GHG emissions reduction prices – based on NIES’s AIM-CGE 3°C/NDC, 2°C, and 1.5°C scenarios.

transition scenario			Analytical choices: • Time horizon: 15 years • Transition risk scenarios align with 1.5°, 2°, and 3°C. The default scenario is the 2 degrees AIM-CGE (Asia-Pacific Integrated Assessment/Computable General Equilibrium) Advance transition scenario, and additional scenarios included in the portfolio-level analysis are GCAM, IMAGE and REMIND. • Average energy intensities are collected from various databases, for example: EU Energy Building Database (https://ec.europa.eu/energy/eu-buildings-database_en), EIA's Commercial Buildings Energy Consumption Survey (CBECS) (https://www.eia.gov/consumption/commercial/)
Physical climate scenarios RCP 8.5	Portfolio		Parameters, assumptions, and analytical choices in MSCI's Real Estate Climate Risk model are as follows: Parameters: • Discount rate for net present value of risk calculations: 7.4% (from MSCI Climate VaR methodology part 5: Real estate) Assumptions: • Physical hazards are based on an aggressive outcome of a future physical risk scenario Analytical choices: • Time horizon: 15 years • Physical risk information from climate change simulation models such as CLIMADA

C3.2b

(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.

Row 1

Focal questions

What physical climate risks does the Principal Real Estate Investors (PrinREI) portfolio have highest exposure to?
What level of risk does the Principal Real Estate Investors (PrinREI) portfolio have from transition risk?
What global warming scenario does the Principal Real Estate Investors (PrinREI) portfolio currently align with?
Which properties in the Principal Real Estate Investors (PrinREI) portfolio need priority action for physical and/or transition risk mitigation?
How can we improve the resilience of our properties and overall Principal Real Estate Investors (PrinREI) portfolio?

Results of the climate-related scenario analysis with respect to the focal questions

Question: What physical climate risks does the portfolio have highest exposure to?
Result -
1. Tropical cyclones
2. Coastal flooding

Question: What level of risk does the portfolio have from transition risk? What global warming scenario does the portfolio currently align with?
Result -
• Based on the actual emissions data (to the extent available) and proxy emissions for assets where actual emissions are not available, the fund's emissions intensity slightly exceeds the 2°C global warming limit.

Question: Which properties in the portfolio need priority action for physical and/or transition risk mitigation?
Result -
• 1 asset has over 5% value at risk as a result of physical climate hazards – specifically coastal flooding
• 6 assets with historic emissions data available have over 5% value at risk as a result of transition risk.

Question: How can we improve the resilience of our properties and overall portfolio?
Result -
• Identify and implement capital improvements for improved risk mitigation.
• Ensure property-specific operations procedures include disaster response practices including: emergency and business resilience plan, method for communicating alerts and updates to tenants, and updated vendor contracts and maintenance plans.
• Complete property-specific carbon action plans to identify emissions reduction opportunities.

• Continue to prioritize collecting utility usage information from properties to increase actual emissions data used in analysis (replace proxy data).

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	The demand for green and sustainable real estate has enabled a continuous focus on the climate-related business strategy for the products offered by Principal Real Estate Investors. Due to the impact of the development and expansion of low emission goods and services, Principal Real Estate Investors has realized more than $48 million in energy costs avoided, thereby increasing asset value. The climate-related impacts on business strategy for products and services span across the short, medium, and long term time horizons. Principal Real Estate Investors has avoided non-compliance fees with jurisdictional bench marking and disclosure laws along with building code regulations. Additionally, Principal Real Estate Investors has identified additional opportunities to reduce operational utility expenditures at the property level via efficiency improvement projects and review of energy procurement contracts.
Supply chain and/or value chain	Yes	Principal Real Estate Investors considers third party property managers to be part of supply chain engagement. Principal ensures the clarity of its engagement with property managers by ensuring all ESG requirements are included in contractual requirements, and clear policies are in place to guide their ESG efforts (including sustainable procurement guidelines). To monitor progress and provide feedback, property teams are scored in a transparent online setting against their performance on ESG metrics, additionally property teams receive an annual audit and must participate in an annual compliance certification to ensure sustainability requirements are being met. The climate-related impacts on business strategy across the value chain apply primarily to the short and medium term time horizons.

Investment in R&D	Yes	Due in part to the impact of identified climate-related risks and opportunities, Principal Real Estate Investors utilizes the proprietary Pillars of Responsible Property Investing (PRPI) program which takes into account adaptation and mitigation strategies during all aspects of the real estate life cycle from acquisition, to operation, to disposition. During the acquisition process, our due diligence process requires review of climate change adaptation and mitigation procedures including review of floodplain maps, presence of retaining walls, hazard analyses (including wildfire and other climate-related risks), and energy and water supply to the property (which is important for climate-related resource scarcity events). Additionally, the due diligence process includes the following climate-risk and resilience factors: utility performance, physical and transition climate risk analysis, green certifications, sustainability programs and policies, occupant amenities, socio-economic factors and asset-level climate risk review. The climate-related impacts on investment in R&D span across the short, medium, and long term time horizons. In operations, property teams are required to produce business continuity and disaster preparedness plans to ensure operation of the property in climate-related disasters. Principal Real Estate Investors commissions an annual catastrophe analysis report from Risk Placement Services which identifies the probability of property-level climate threats for all portfolio properties. In 2021, Principal climate risk strategy identified additional asset level climate risks (physical and transitional) during due diligence and climate risk analysis was formally incorporated into the acquisitions process. A third-party climate risk data provider is engaged to analyze the property's risk levels for applicable risks.
Operations	Yes	Climate-related risks and opportunities have led Principal to set environmental targets. In 2020, Principal committed to GHG reduction target of 40% by 2035 in the U.S., from a 2019 baseline. This target focuses primarily on Scope 1 and Scope 2 market-based emissions from Principal operations. This goal was developed using guidance from the Science-Based Target Initiative. This goal has impacted Principal operational strategy by identifying and prioritizing energy efficiency and energy conservation projects that have the ability to reduce energy consumption, and therefore reduce carbon emissions.

		One example of these energy conservation projects is adjusting the chilled water temperature reset for the chillers at Principal World Headquarters in Des Moines, Iowa. This project has the potential to reduce GHG missions by 68 mtCO2e annually.

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Indirect costs Acquisitions and divestments Assets	Principal Real Estate Investors incorporates climate risk into the standard due diligence process for real estate acquisitions to help further understand a property's susceptibility to natural disasters and ensure utility supply. The key information from the risk analysis will be incorporated into the annual business plan for the assets. For example, ESG aspects are evaluated during the due diligence stage for all new acquisitions and loans. Items reviewed include utility performance, quality of building systems, resilience, transportation options, health and wellbeing aspects, and socio-economic factors. Additionally, disaster analysis is conducted for all standing real estate investments. The analysis includes a review of the risk of natural disasters including flooding, earthquakes, hurricanes, and severe convective storms. The disaster analysis mentioned above is also used to inform the appropriate level of insurance needed for properties. The insurance process also includes a review of sea level rise risk. All insurance information is then used to inform risk management processes for the asset. A case study of how disaster analysis affects financial planning is the project at one of PREI's facilities located in Parsippany, NJ. After major storm and flooding risks were identified, the team increased the operational budget for the site to implement weekly roof inspections to review and clean all roof drains, weekly inspections of parking lot storm drains, and weekly generator tests to prepare for major storms and flooding.

C-FS3.6

(C-FS3.6) Does the policy framework for your portfolio activities include climate-related requirements for clients/investees, and/or exclusion policies?

Yes, our policies include climate-related requirements that clients/investees need to meet

C-FS3.6a

(C-FS3.6a) Provide details of the policies which include climate-related requirements that clients/investees need to meet.

Portfolio

Investing (Asset manager)

Type of policy

Sustainable/Responsible Investment Policy

Portfolio coverage of policy

3.1341

Policy availability

Publicly available

Attach documents relevant to your policy

Environmental, social, and governance policies.pdf

Criteria required of clients/investees

Disclosure of Scope 1 emissions
Disclosure of Scope 2 emissions

Develop a climate transition plan
Other, please specify
Disclose energy, water, and waste cost and consumption; benchmark performance data

Value chain stages of client/investee covered by criteria

Direct operations only

Timeframe for compliance with policy criteria

Clients/investees must be compliant within the next year

Industry sectors covered by the policy

Real Estate

Exceptions to policy based on

Other, please specify
Select properties are excluded given property type or partner requirements

Explain how criteria coverage and/or exceptions have been determined

Principal Real Estate Investors' ESG Policy guides our approach to real estate investment and management and states that appropriate consideration of environmental, social, and governance issues is integral to our fiduciary responsibility and critical in delivering superior risk adjusted returns. This policy covers all phases of (1) the real estate equity investment lifecycle – including acquisitions, development, operations, and dispositions and (2) the lending process – including loan origination, due diligence, underwriting, and portfolio monitoring. Principal Real Estate Investors has several additional ESG policies that directly support the implementation of the Responsible property investing policy (which can be viewed online here: https://www.principalglobal.com/documentdownload/108106):

• Real estate development guidelines – guidelines on the incorporation of ESG considerations for new development and major renovation activities.
• Building technology and innovations policy – documents our approach to ensuring specialized smart building aspects are appropriately incorporated into each of our individual assets.
• Health and wellness guidelines – provide an overview of our health and wellness goals and healthy building practices for operational assets
The calculation of portfolio coverage takes into account properties that are in the Pillars of Responsible Property Investing initiative compared to

properties that are not a part of the initiative.

Principal Real Estate Investors' ESG Policy applies broadly across actively managed open-end strategies. Exceptions may be granted in select cases, but not all properties meeting the below cases will be granted exemption:

• New, niche property types that require a specialized ESG strategy (such as data centers)
• Joint venture partner requirements, primarily in cases of assets with a planned short-term hold

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Portfolio

Investing (Asset owner)

Type of policy

Sustainable/Responsible Investment Policy

Portfolio coverage of policy

1.683

Policy availability

Publicly available

Attach documents relevant to your policy

Environmental, social, and governance policies.pdf

Criteria required of clients/investees

Disclosure of Scope 1 emissions
Disclosure of Scope 2 emissions
Develop a climate transition plan
Other, please specify
Disclose energy, water, and waste cost and consumption; benchmark performance data

Value chain stages of client/investee covered by criteria

Direct operations only

Timeframe for compliance with policy criteria

Clients/investees must be compliant within the next year

Industry sectors covered by the policy

Real Estate

Exceptions to policy based on

Other, please specify

Select properties are excluded given property type or partner requirements

Explain how criteria coverage and/or exceptions have been determined

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• New, niche property types that require a specialized ESG strategy (such as data centers)
• Joint venture partner requirements, primarily in cases of assets with a planned short-term hold

C-FS3.6c

(C-FS3.6c) Why does the policy framework for your portfolio activities not include climate-related requirements for clients/investees, and/or exclusion policies?

Currently Principal Global Investors doesn’t have an exclusions policy but is working towards one in 2022. Our research is leading the platform exclusions to include exposure to controversial weapons, assault-style weapons manufacturers, thermal coal & ESG breaches. The exclusions are targeted toward companies or issuers participating in economic activity which may be deemed to be harmful to the environment or society. The nature of categories chosen to be excluded may change over time as markets evolve.

C-FS3.7

(C-FS3.7) Does your organization include climate-related requirements in your selection process and engagement with external asset managers?

	Climate-related requirements included in selection process and engagement with external asset managers
Row 1	Yes

C-FS3.7a

(C-FS3.7a) Provide details of the climate-related requirements included in your selection process and engagement with external asset managers.

Coverage

Minority of assets managed externally

Mechanisms used to include climate-related requirements in external asset manager selection

Publish requirements of external investment managers in relation to climate issues

Describe how you monitor and engage with asset managers to ensure investment activities are consistent with your climate strategy

Principal Real Estate Investors has a set of climate-related policies for property managers to adhere to, related to the management of the assets owned by Principal. These are published on our proprietary Property Management Resource Tool. Additionally, a consulting firm is utilized to review the performance of each asset, and to ensure proper measures are put into place to increase the energy efficiency performance of an asset.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Year target was set

2020

Target coverage

Country/region

Scope(s)

Scope 1
Scope 2

Scope 2 accounting method

Market-based

Scope 3 category(ies)

Base year

2019

Base year Scope 1 emissions covered by target (metric tons CO2e)

6,454

Base year Scope 2 emissions covered by target (metric tons CO2e)

24,226

Base year Scope 3 emissions covered by target (metric tons CO2e)

Total base year emissions covered by target in all selected Scopes (metric tons CO2e)

30,680

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

100

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

Base year Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

Target year

2035

Targeted reduction from base year (%)

40

Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]

18,408

Scope 1 emissions in reporting year covered by target (metric tons CO2e)

4,021

Scope 2 emissions in reporting year covered by target (metric tons CO2e)

12,417

Scope 3 emissions in reporting year covered by target (metric tons CO2e)

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)

16,438

% of target achieved relative to base year [auto-calculated]

116.0528031291

Target status in reporting year

Achieved

Is this a science-based target?

Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science Based Targets initiative in the next two years

Target ambition

Well-below 2°C aligned

Please explain target coverage and identify any exclusions

We currently measure our scope 1 and 2 GHG emissions for our U.S. locations for which we have operational control. We estimate that our U.S. scope 1 and 2 emissions represent 80% of our company-wide scope 1 and 2 emissions. In 2022, we began a data collection process to calculate scope 1 and 2 emissions from our international locations for which we have operational control.

Plan for achieving target, and progress made to the end of the reporting year

List the emissions reduction initiatives which contributed most to achieving this target

One of the main drivers of our electricity reduction and—by extension— our scope 2 GHG emissions was our demolition of two buildings on our Des Moines campus (which we created into green space), lighting retrofit projects, and operational optimization. In addition, we acknowledge that we are direct beneficiaries of the innovative and significant work that our primary utility provider in Des Moines (MidAmerican Energy) has done to invest in renewable energy projects in Iowa, including wind and solar generation, and the exploration of new technologies to advance the company's transition to net-zero greenhouse gas emissions. These innovations and investments into cleaner energy have significantly reduced our scope 2 GHG emissions in 2020 and 2021.

At the end of 2021, we did a deep dive to understand where our emissions reductions over the previous two years were coming from. Our preliminary analysis indicates that 60% of the 14,242 mtCO2e reduction in GHG emissions is from cleaner energy provided by our primary utility provider in Des Moines. For the remaining 40%, more than half is due to lower electricity consumption, and the remainder is from lower fuel usage.

Target reference number

Abs 2

Year target was set

2020

Target coverage

Company-wide

Scope(s)

Scope 1
Scope 2

Scope 2 accounting method

Market-based

Scope 3 category(ies)

Base year

2019

Base year Scope 1 emissions covered by target (metric tons CO2e)

8,068

Base year Scope 2 emissions covered by target (metric tons CO2e)

30,282

Base year Scope 3 emissions covered by target (metric tons CO2e)

Total base year emissions covered by target in all selected Scopes (metric tons CO2e)

38,350

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

100

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

Base year Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

Target year

2050

Targeted reduction from base year (%)

79

Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]

8,053.5

Scope 1 emissions in reporting year covered by target (metric tons CO2e)

5,026

Scope 2 emissions in reporting year covered by target (metric tons CO2e)

15,521

Scope 3 emissions in reporting year covered by target (metric tons CO2e)

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)

20,547

% of target achieved relative to base year [auto-calculated]

58.7625633324

Target status in reporting year

Underway

Is this a science-based target?

Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science Based Targets initiative in the next two years

Target ambition

Well-below 2°C aligned

Please explain target coverage and identify any exclusions

In addition to working toward a 40% reduction in greenhouse gas emissions over the next 14 years, we also aspire to achieve net-zero carbon emissions by 2050. This target is an outcome of our Net-Zero target NZ1. We estimated our US scope1+2 emissions to represent 80% of our company-wide scope1+2 emissions, and we are in the process of collecting data on our non-US locations.

Plan for achieving target, and progress made to the end of the reporting year

We pursue opportunities to invest in energy-efficient systems and processes that reduce carbon and energy usage, and we're always exploring the market for more innovative and advanced technologies to help reduce our energy consumption and emissions. We're acting diligently and thoughtfully to reduce our energy consumption and our scope 1 and 2 greenhouse gas emissions in the U.S. as well as expanding our GHG inventory to all Principal controlled operations around the world. In 2021, we saw a net reduction in energy consumption of 5% compared to 2020, and a 6.5% reduction in scope 1 and scope 2 market-based GHG emissions. We pursue opportunities to invest in energy-efficient systems and processes that reduce carbon and energy usage, and we're always exploring the market for more innovative and advanced technologies to help reduce our energy consumption. Our utility provider in Des Moines (MidAmerican Energy) recently announced plans for a renewable energy project in Iowa, including wind and solar generation, and the exploration of new technologies to advance the company's transition to net-zero greenhouse gas emissions to meet their goal of achieving 0% grid emissions by 2025. MidAmerican Energy has been significantly increasing the percentage of renewable energy in its energy portfolio since 2013 and estimates that 88% of their grid energy came from renewable sources in 2021. Of our total energy consumption in the U.S. in 2021, we estimate that approximately 61% came from renewable sources. We're aiming to increase this percentage in 2022 through our long-standing relationship with MidAmerican Energy, and we're exploring renewable energy options in our other global locations.

List the emissions reduction initiatives which contributed most to achieving this target

C-FS4.1d

(C-FS4.1d) Provide details of the climate-related targets for your portfolio.

Target reference number

Por1

Year target was set

2,021

Portfolio

Investing (Asset manager)

Product type/Asset class/Line of business

Real estate/property

Sectors covered by the target

Real estate

Portfolio coverage of target

3.1341

Target type

Portfolio emissions

Target type: Absolute or intensity

Absolute

Scopes included in temperature alignment

Metric (or target numerator if intensity)

tCO2e

Target denominator

Base year

2,019

Figure in base year

121,878.8

Percentage of portfolio emissions covered by the target

100

Interim target year

2,035

Figure in interim target year

73,127.28

Target year

2,050

Figure in target year

0

Figure in reporting year

105,821.2

% of target achieved relative to base year [auto-calculated]

13.1750558752

Aggregation weighting used

Proportion of portfolio emissions calculated in the reporting year based on asset level data

100

Proportion of the temperature score calculated in the reporting year based on company targets

Target status in reporting year

New

Is this a science-based target?

Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science-based target initiative in the next two years

Target ambition

Well-below 2°C aligned

Please explain target coverage and identify any exclusions

The target currently covers open-ended funds where Principal has discretionary managing authority. This includes owned assets (owned by the PLIC General Account), and managed assets in Principal Real Estate core and core-plus open end funds.
Closed-end funds are not currently participating due to fund restrictions, but are encouraged to utilize best practices and participate to the extent possible. Separate accounts (funds managed on behalf of clients who retain ultimate decision making authority) are supported in participating to the extent desired. We provide regular updates on ESG benefits and best practices to educate separate account decision makers on the benefits and assistance we can provide to reduce their properties' emissions.

Operating in the finance and insurance industry, we understand that while it's important and meaningful to measure and reduce our direct scope 1 and indirect scope 2 greenhouse gas emissions, our largest emissions impact is from our owned and managed portfolios. Calculating our scope 3 portfolio emissions is a complex and lengthy process, requiring us to review different frameworks, consult industry experts, and adopt new ways of working across our investment teams. We have made significant progress in calculating emissions for those asset classes with readily available emissions data (mainly public equities and real estate equities that complete our ESG questionnaire), and we're eager to advance this work in 2022 across our other asset classes and investments globally as emissions reporting and data transparency is enhanced across the industry.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Net-zero target(s)

C4.2c

(C4.2c) Provide details of your net-zero target(s).

Target reference number

NZ1

Target coverage

Company-wide

Absolute/intensity emission target(s) linked to this net-zero target

Abs2

Target year for achieving net zero

2050

Is this a science-based target?

No, and we do not anticipate setting one in the next 2 years

Please explain target coverage and identify any exclusions

We aspire to achieve net-zero carbon emissions by 2050. This target covers 100% of our company-wide scope1+2 emissions, and we are in the process of materializing our non-US locations emissions.

Do you intend to neutralize any unabated emissions with permanent carbon removals at the target year?

Unsure

Planned milestones and/or near-term investments for neutralization at target year

Planned actions to mitigate emissions beyond your value chain (optional)

40% reduction by 2035

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	4	776
Implementation commenced*	0	0
Implemented*	2	126
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy efficiency in buildings

Heating, Ventilation and Air Conditioning (HVAC)

Estimated annual CO2e savings (metric tonnes CO2e)

126

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 1

Scope 2 (location-based)

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

21,297

Investment required (unit currency – as specified in C0.4)

0

Payback period

<1 year

Estimated lifetime of the initiative

Ongoing

Comment

Initiative 1: For a building located in Mason City, Iowa, the facility management team reduced the weekday HVAC schedule and removed weekend schedule completely to reduce energy consumption. This project has the potential to reduce GHG missions by 58 mtCO2e annually.

Initiative 2: Adjusted the chilled water temperature reset for the chillers at Principal World Headquarters in Des Moines, Iowa. This project has the potential to reduce GHG missions by 68 mtCO2e annually.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Financial optimization calculations	We perform a detailed cost benefit analysis on capital investments, which includes completing a Business Case form that includes key metrics such as simple payback, energy savings estimates, and any material impacts to Principal business.

C-FS4.5

(C-FS4.5) Do any of your existing products and services enable clients to mitigate and/or adapt to the effects of climate change?

Yes

C-FS4.5a

(C-FS4.5a) Provide details of your existing products and services that enable clients to mitigate and/or adapt to climate change, including any taxonomy used to classify the products(s).

Product type/Asset class/Line of business

Investing

Real estate/Property

Taxonomy or methodology used to classify product

Internally classified

Description of product

Principal Real Estate Investors, a subsidiary of Principal Global Investors, provides institutional investors with multiple investment fund options that consist of a significant number of “green” or sustainability certified real estate assets, climate risk analysis and adaptation, and specific emissions reduction targets (40% reduction by 2035, net zero by 2050 over a 2019 baseline). While not actively marketed as low carbon products, our focus is on developing, owning, and operating efficient, ESG-centric assets. Our property managers, tenants, and clients seek to reduce emissions through our Pillars of Responsible Property Investing initiative, which covers our wholly owned office, retail, industrial, and multifamily assets. Our team is tasked with improving each building’s competitive stature, reducing costs, and delivering enhanced financial and environmental performance through reduced energy, water and waste consumption/production.

We have an internal ESG alignment classification system for investment products:

• Traditional: ESG considerations are not driver of decision-making and not a factor in the investment process.
• Screening: The exclusion or inclusion of certain sectors, companies or practices based on specific ESG criteria.
• ESG Integration – Foundational: Main objective is performance while demonstrating ESG integration and engagement. There are three major integration methods: ESG score as an added factor; ESG score as a filter; or Individual E, S, and G scores as filters. We define foundational ESG integration as using an ESG score as another risk factor.
• ESG Integration – Enhanced Features: Main objective is performance while demonstrating ESG integration and engagement. Strategies that integrate ESG into the investment process and commit to promoting specific ESG characteristics, which could include Sector/Security Exclusions or Carbon Risk Management.
• Thematic: Investment in themes or assets specifically related to sustainability (for example clean energy, green technology or sustainable agriculture).
• Impact: Targeted investments aimed at solving social or environmental problems, and including community investing, that generate measurable environmental or social impact.

Product enables clients to mitigate and/or adapt to climate change

Mitigation
Adaptation

Portfolio value (unit currency – as specified in C0.4)
8,878,800,000

% of total portfolio value
1.24

Type of activity financed/insured or provided
Green buildings and equipment

C5. Emissions methodology

C5.1

(C5.1) Is this your first year of reporting emissions data to CDP?
No

C5.1a

(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

Row 1

Has there been a structural change?
No

C5.1b

(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

	Change(s) in methodology, boundary, and/or reporting year definition?

Row 1	No

C5.2

(C5.2) Provide your base year and base year emissions.

Scope 1

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

6,454

Comment

Scope 2 (location-based)

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

34,166

Comment

Scope 2 (market-based)

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

24,226

Comment

Scope 3 category 1: Purchased goods and services

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

412,390.81

Comment

In 2021, Principal initiated a study to evaluate the scope 3 emissions from purchased goods and services. Due to data limitations, we are using the spend-based method to estimate the emissions from spend, in order to gain a better understanding on what our supply chain emissions look like in each category. We have completed the study for 2019, 2020 and 2021 data and will keep collecting this data in an annual basis.

Scope 3 category 2: Capital goods

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Principal did not purchase or acquire capital goods that were used to manufacture products, provide a service, or sell, store, and deliver merchandise.

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

6,458.7

Comment

Scope 3 category 4: Upstream transportation and distribution

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Principal is a financial services provider. As a result, the nature of our business does not involve transportation and/or distribution of physical products.

Scope 3 category 5: Waste generated in operations

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

188

Comment

Scope 3 category 6: Business travel

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

6,099

Comment

Scope 3 category 7: Employee commuting

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 8: Upstream leased assets

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

6,928

Comment

Scope 3 category 9: Downstream transportation and distribution

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 10: Processing of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Principal is a financial services provider. As a result, the nature of our business does not involve the processing of a sold, physical product.

Scope 3 category 11: Use of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Principal is a financial services provider. As a result, the nature of our business does not involve the use of physical products.

Scope 3 category 12: End of life treatment of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Principal is a financial services provider. As a result, the nature of our business does not involve the use of physical products. Therefore, there are no emissions for the end of life treatment of sold products.

Scope 3 category 13: Downstream leased assets

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

3,507

Comment

Scope 3 category 14: Franchises

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Principal does not have franchise operations.

Scope 3 category 15: Investments

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3: Other (upstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3: Other (downstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

C5.3

(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

4,021

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based

23,739

Scope 2, market-based (if applicable)

12,417

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source

Currently excluding non-US data

Relevance of Scope 1 emissions from this source

Emissions are relevant but not yet calculated

Relevance of location-based Scope 2 emissions from this source

Emissions are relevant but not yet calculated

Relevance of market-based Scope 2 emissions from this source (if applicable)

Emissions are relevant but not yet calculated

Explain why this source is excluded

In 2021, Principal initiated the data collection project for the operations outside of the US. While the data collection is still in progress, we are reporting US only emissions data.

Estimated percentage of total Scope 1+2 emissions this excluded source represents

20

Explain how you estimated the percentage of emissions this excluded source represents

Non-US GHG emissions were estimated using the energy intensity of the US portfolio and the IEA emissions factors for each country

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

408,937.733

Emissions calculation methodology

Spend-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Emissions for goods and services were calculated using data on the economic value of purchased goods and services, and the GHG Protocol Quantis Scope 3 evaluator.

Capital goods

Evaluation status

Not relevant, calculated

Emissions in reporting year (metric tons CO2e)

0

Emissions calculation methodology

Other, please specify

no emission

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Principal did not purchase or acquire capital goods in the reporting year that were used to manufacture products, provide a service, or sell, store and deliver merchandise.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

3,488.65

Emissions calculation methodology

Average data method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Emissions for fuel-and-energy-related activities were calculated using emissions data, and the GHG Protocol Quantis Scope 3 evaluator.

Upstream transportation and distribution

Evaluation status

Not relevant, calculated

Emissions in reporting year (metric tons CO2e)

0

Emissions calculation methodology

Other, please specify

No emission

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Principal is a financial services provider. As a result, the nature of our business does not involve transportation and/or distribution of physical products.

Waste generated in operations

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

99.23

Emissions calculation methodology

Average data method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Using the EPA WARM v15 tool to estimate carbon emissions from tonnage of mixed waste sent to the landfill, compost, and recycling. Principal sent roughly 252.57 tons of waste to the landfill, 5.53 tons of organics to compost facilities, and 588.93 tons of recyclables to recycling facilities in 2021, which equates to 99.23 mtCO2e, according to the tool.

The weight of the mixed waste sent to the landfill is obtained from Principal's waste, recycling and compost haulers, who are able to weigh each container pickup.

Business travel

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

1,912

Emissions calculation methodology

Hybrid method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Business travel includes rental car mileage and business air travel mileage broken down by flight segments. The emissions data for air travel is obtained directly through BCD travel. The data for rental car mileage is obtained through Enterprise. Emissions factors, assumptions and calculation methodologies are derived from EPA Climate Leaders Business Travel Emissions Factors (2018).

Employee commuting

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

10,868

Emissions calculation methodology

Average data method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Emissions estimated using Average data method

Upstream leased assets

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

9,403.6

Emissions calculation methodology

Average data method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Upstream leased assets include facilities that are not responsible for utility payments per their lease agreement. CO2e emissions are calculated using the Corporate Standard for Greenhouse Gas Protocol Technical Guidance for Calculating Scope 3 Emissions Average Data Method, which involves estimated emissions for each leased asset. Emissions factors are broken out per eGRID subregion and are based on the Department of Energy, Energy Information Administration's 2012 Commercial Building Energy Consumption Survey (CBECS). These emissions factors are listed per square foot. Therefore, the emissions factor is multiplied by the square footage of each upstream leased asset in order to estimate the total emissions for the particular asset.

Downstream transportation and distribution

Evaluation status

Not relevant, calculated

Emissions in reporting year (metric tons CO2e)

0

Emissions calculation methodology

Other, please specify

No emission

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Principal is a financial services provider. As a result, the nature of our business does not involve transportation and/or distribution of physical products.

Processing of sold products

Evaluation status

Not relevant, calculated

Emissions in reporting year (metric tons CO2e)

0

Emissions calculation methodology

Other, please specify

No emission

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Principal is a financial services provider. As a result, the nature of our business does not involve the processing of a sold, physical product.

Use of sold products

Evaluation status

Not relevant, calculated

Emissions in reporting year (metric tons CO2e)

0

Emissions calculation methodology

Other, please specify

No emission

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Principal is a financial services provider. As a result, the nature of our business does not involve the use of physical products.

End of life treatment of sold products

Evaluation status

Not relevant, calculated

Emissions in reporting year (metric tons CO2e)

0

Emissions calculation methodology

Other, please specify

No emission

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Principal is a financial services provider. As a result, the nature of our business does not involve the use of physical products. Therefore, there are no emissions for the end of life treatment of sold products.

Downstream leased assets

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

1,883.6

Emissions calculation methodology

Hybrid method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

27

Please explain

Downstream leased assets include facilities that Principal either owns, or owns the head lease, and sub-leases to other parties. 27% of the emissions were from 801 Grand building, for which we were able to obtain full building energy data from utility supplier. 63% of the emissions are calculated using the Corporate Standard for Greenhouse Gas Protocol Technical Guidance for Calculating Scope 3 Emissions Average Data Method, which involves estimated emissions for each leased asset. Emissions factors are broken out per eGRID subregion and are based on the Department of Energy, Energy Information Administration’s 2012 Commercial Building Energy Consumption Survey (CBECS). These emissions factors are listed per square foot. Therefore, the emissions factor is multiplied by the square footage of each upstream leased asset in order to estimate the total emissions for the particular asset.

Franchises

Evaluation status

Not relevant, calculated

Emissions in reporting year (metric tons CO2e)

0

Emissions calculation methodology

Other, please specify

No emission

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Principal does not have franchise operations.

Other (upstream)

Evaluation status

Not relevant, calculated

Emissions in reporting year (metric tons CO2e)

0

Emissions calculation methodology

Other, please specify

No emission

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Principal doesn’t have other upstream emissions.

Other (downstream)

Evaluation status

Not relevant, calculated

Emissions in reporting year (metric tons CO2e)

0

Emissions calculation methodology

Other, please specify

No emission

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Principal doesn’t have other downstream emissions.

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.0000011525

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

16,438

Metric denominator

unit total revenue

Metric denominator: Unit total

14,262,700,000

Scope 2 figure used

Market-based

% change from previous year

3.4

Direction of change

Decreased

Reason for change

A decrease in Gross Scope 1 and Scope 2 Market-based emissions has led to a more favorable Intensity metric. The decrease in 2021 emissions is partly due to the emissions reduction's activities reported in C4.3b.

C7. Emissions breakdowns

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	8,170	Decreased	31	The increase in renewable energy in the MidAmerican grid in 2021 increased Principal renewable energy consumption. In 2020, MidAmerican submitted to Iowa Utilities Board that their emissions factor was 845 lb/MWh. In April 2021, MidAmerican filed with the Iowa Utilities Board that their emissions factor had reduced to 492 lb/MWh. This equates to a 42% decrease in emissions from the MidAmerican grid, due to this change. In 2020 Principal emitted 19,452 mtCO2e from the MidAmerican grid, therefore Principal reduction in emissions due to this change is 19,452 mtCO2e*42% = 8,170 mtCO2e. The total emissions from 2020 was 26,259 mtCO2e. Therefore, the Emissions value is 8,170/26,259 = 31%

Other emissions reduction activities	126	Decreased	0.48	2020 gross Scope 1+2 emissions was 26,259 mtCO2e, therefore emissions reductions from projects in 2020 represent an emissions value of 126/26259= 0.48%
Divestment				
Acquisitions				
Mergers				
Change in output				
Change in methodology				
Change in boundary				
Change in physical operating conditions				
Unidentified				
Other				

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	No

C8.2a

(C8.2a) Report your organization’s energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	20,367	20,367

Consumption of purchased or acquired electricity		45,014	8,115	53,129
Total energy consumption		45,014	28,482	73,496

C8.2g

(C8.2g) Provide a breakdown of your non-fuel energy consumption by country.

Country/area

United States of America

Consumption of electricity (MWh)

53,129

Consumption of heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

53,129

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

CY21 Principal Financial Group Assurance Statement.pdf

Page/ section reference

Verified GHG data is on Page 2 of the attached assurance statement.

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

CY21 Principal Financial Group Assurance Statement.pdf

Page/ section reference

Verified GHG data is on Page 2 of the attached assurance statement.

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 2 approach

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

CY21 Principal Financial Group Assurance Statement.pdf

Page/ section reference

Verified GHG data is on Page 2 of the attached assurance statement.

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category

Scope 3: Business travel

Scope 3: Upstream leased assets

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

CY21 Principal Financial Group Assurance Statement.pdf

Page/section reference

Verified GHG data is on Page 2 of the attached assurance statement.

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C6. Emissions data	Year on year change in emissions (Scope 1)	ISO14064-3	Verified GHG data is on Page 2 of the attached assurance statement. 1
C6. Emissions data	Year on year change in emissions (Scope 2)	ISO14064-3	Verified GHG data is on Page 2 of the attached assurance statement. 1
C6. Emissions data	Year on year change in emissions (Scope 1 and 2)	ISO14064-3	Verified GHG data is on Page 2 of the attached assurance statement. 1
C8. Energy	Energy consumption	ISO14064-3	Verified energy data is on Page 2 of the attached assurance statement. 1

[1]CY21 Principal Financial Group Assurance Statement.pdf

C11. Carbon pricing

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, and we do not currently anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our customers/clients

Yes, other partners in the value chain

C-FS12.1b

(C-FS12.1b) Give details of your climate-related engagement strategy with your clients.

Type of clients

Clients of Asset Managers (Asset owners)

Type of engagement

Education/information sharing

Details of engagement

Share information about your products and relevant certification schemes (i.e. Energy STAR)

% client-related Scope 3 emissions as reported in C-FS14.1a

100

Portfolio coverage (total or outstanding)

3.1341

Rationale for the coverage of your engagement

Engagement targeted at clients with increased climate-related opportunities

Impact of engagement, including measures of success

The impact of this engagement is measured through various methods, most prominently through Principal Real Estate Investor's ENERGY STAR Partner of the Year status. This information is featured prominently on the Responsible Property Investment web page, which receives more than 505 visitors annually. Other methods of tracking success include Principal #SustainabilitySunday campaign. In 2021, Principal continued the sixth year of the #SustainabilitySunday Twitter campaign. Each week features a post that focuses on sustainability and how it can help create value for our investors, value to the communities in which we own property, and tips and recommendations for the public.

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

Principal continues to engage our food service supplier to conduct an audit of their processes throughout our global headquaters in Des Moines to identify opportunities to reduce energy, waste and water associated with food service. Principal continues to work with the food service provider because this service has the biggest potential impact to our ongoing operations due to the large amounts of energy, waste and water associated with food service. As a follow-up, Principal hosts monthly meetings to review and implement these opportunities. This work continued into 2022.

Success is measured through the energy, waste and water reduction realized from the opportunities that are implemented. In 2021, we diverted 71% of the waste from landfill. The main driver for this change was the continuation of the roll-out of the composting program in food prep areas and cafés, in partnership with our food service supplier. Additionally, Principal manages a food donation program through our food service supplier, to further reduce waste and help tackle hunger in local communities.

Furthermore, Principal engages with our building management company to continuously monitor our energy consumption, water usage, and waste for our U.S. offices. In 2021, we had an absolute reduction in energy consumption by 5% from 2020. We also pursue opportunities to invest in energy-efficient systems and processes that reduce carbon and energy usage, and we're always exploring the market for more innovative and advanced technologies to help reduce our energy consumption. Our utility provider in Des Moines (MidAmerican Energy) recently announced plans for a renewable energy project in Iowa, including wind and solar generation, and the exploration of new technologies to advance the company's transition to net-zero greenhouse gas emissions to meet their goal of achieving 0% grid emissions by 2024. MidAmerican Energy has been significantly increasing the percentage of renewable energy in its energy portfolio since 2013 and estimates that 88% of their grid energy came from renewable sources in 2021. Of our total energy consumption in the U.S. in 2021, we estimate that approximately 61% came from renewable sources. We're aiming to increase this percentage in 2022 through our long-standing relationship with MidAmerican Energy, and we're exploring renewable energy options in our other global locations.

We incorporate responsible water management practices to strive to meet or exceed LEED guidelines for water efficiency. We continue to monitor our water consumption and implement water savings techniques wherever possible.

Our employee grassroots initiative, the Green Team, implements practices to help reduce our environmental footprint and promote green practices among employees. In 2021, the Green Team hosted on-campus recycling events to keep electronics and paper out of landfills. Through these efforts, we were able to recycle 3,516 pounds of electronics and 6,000 pounds of paper. Additionally, the Green Team hosted a volunteer event in October to help Trees Forever plant 58 trees around Weeks Middle School in Des Moines. We communicate regularly with employees and stakeholders about sustainability initiatives and progress. We continue to support employee efforts to make a positive impact on the environment.

Principal has a Supplier Code of Conduct that is publicly available on our website and distributed to all of our suppliers and business partners. Suppliers are expected to conduct their operations in an environmentally conscientious manner and to comply with all applicable laws and regulations.

We're committed to working with our business partners and suppliers to understand their sustainability practices and use this information when making purchasing decisions. We're committed to improving our screening, evaluation, and review of new and existing suppliers against sustainability criteria and incorporating our findings into our supplier selection process. Our sustainability criteria may include topics related to climate action and environmental commitments, compliance with human rights and fair labor principles, diversity, equity, and inclusion commitments, among others.

2022 supplier program goals:
• Supplier Code of Conduct: update our Supplier Code of Conduct by integrating more comprehensive sustainability related guidelines, thereby encouraging our suppliers to remain committed to positive social and environmental performance.
• Supply chain management: research and evaluate supply chain management solutions to help manage supplier risk, environmental performance, and human rights.
• Continue to drive inclusion through category management and a preferred supplier program.
• Allocate 9% of U.S. spend with diverse suppliers for both tier one and tier two vendors. We expect all suppliers, vendors, and businesses we do business with to comply with our Supplier Code of Conduct, and/or our Global Code of Conduct.

C-FS12.2

(C-FS12.2) Does your organization exercise voting rights as a shareholder on climate-related issues?

	Exercise voting rights as a shareholder on climate-related issues
Row 1	Yes

C-FS12.2a

(C-FS12.2a) Provide details of your shareholder voting record on climate-related issues.

Method used to exercise your voting rights as a shareholder

Exercise voting rights through an external service provider

How do you ensure your shareholder voting rights are exercised in line with your overall climate strategy?

Vote tracking
Publish requirements of external service providers in relation to climate-related issues
Review external service provider's climate-related policies
Review external service provider's climate-related performance (e.g. active ownership, proxy voting records)
Include climate-related requirements in requests for proposals
Include climate-related requirements in performance indicators and incentive structures
Other, please specify

We have created a custom voting guideline that considers and incorporates sustainability as our base policy. Additionally, we offer specific sustainable voting guidelines that a client may select for their fund based on their desired outcomes.

Percentage of voting disclosed across portfolio

100

Climate-related issues supported in shareholder resolutions

Climate transition plans
Climate-related disclosures
Emissions reduction targets
Board oversight of climate-related issues
Other, please specify

Energy Efficiency and Renewable Energy

Do you publicly disclose the rationale behind your voting on climate-related issues?

C12.3

(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?

Row 1

Direct or indirect engagement that could influence policy, law, or regulation that may impact the climate

Yes, we engage directly with policy makers

Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?

No, and we do not plan to have one in the next two years

Describe the process(es) your organization has in place to ensure that your engagement activities are consistent with your overall climate change strategy

Principal executive management team is responsible for providing environmental high level initiatives that are aligned with the company’s overall climate change strategy. Principal Vice President – Enterprise Worksite Services, as well as their direct reports, are responsible for carrying out the high level initiatives (which are directly tied to compensation). Aligning environmental high level initiatives with the company’s overall climate strategy and tying the completion of the high level initiatives to compensation ensures that all engagement is consistent across the company.

Principal Asset Manager IV oversees the ESG Task Force and is charged with ensuring that all of our direct and indirect activities that influence policy are consistent with our overall climate change strategy.

The role of the ESG Task Force, which consists of cross-functional team members, is to promote sustainability efforts at Principal and to educate and engage employees at work and away. As head of Corporate Services with responsibility for the company’s corporate real estate programs, this position is charged with promoting environmentally responsible business practices and developing plans that will promote our sustainability efforts as to energy usage, water usage, recycling, landscaping practices, researching LEED requirements for existing buildings and leased space and the mass transit program for employees.

The responsibility to review environmental and social responsibility matters of significance to Principal was added to the Nominating and Governance Committee’s charter in 2012, reflecting the Board of Directors’ interest in these matters.

C12.3a

(C12.3a) On what policy, law, or regulation that may impact the climate has your organization been engaging directly with policy makers in the reporting year?

Focus of policy, law, or regulation that may impact the climate

Other, please specify

Investment options in retirement plans

Specify the policy, law, or regulation on which your organization is engaging with policy makers

U.S. Department of Labor's Prudence and Loyalty in Selecting Plan Investments

Policy, law, or regulation geographic coverage

National

Country/region the policy, law, or regulation applies to

United States of America

Your organization's position on the policy, law, or regulation

Support with minor exceptions

Description of engagement with policy makers

Principal has actively engaged with lawmakers and regulators to help craft a final regulation that would be sustainable, arguing that the DOL proposal should enable consideration of ESG criteria by a fiduciary when making retirement plan investment decisions.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation

Principal has actively engaged with lawmakers and regulators to help craft a final regulation that would be sustainable, arguing that the DOL proposal should enable consideration of ESG criteria by a fiduciary when making retirement plan investment decisions.

Have you evaluated whether your organization's engagement is aligned with the goals of the Paris Agreement?

No, we have not evaluated

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In mainstream reports

Status

Complete

Attach the document

2021 10k.pdf

Page/Section reference

"Our financial results may be adversely impacted by global climate changes" 10k Pg. 39

Content elements

Risks & opportunities

Comment

Principal discloses GHG performance and potential climate-related risks to its business within its annual Proxy Statement,10-K, and Sustainability Report.

Publication

In mainstream reports

Status

Complete

Attach the document

Proxy Statement 2022.pdf

Page/Section reference

“Environmental Impact” Proxy Statement pg.21

Content elements

Emissions figures

Comment

Principal discloses GHG performance and potential climate-related risks to its business within its annual Proxy Statement,10-K, and Sustainability Report.

Publication

In voluntary sustainability report

Status

Complete

Attach the document

2021 Sustainability Report.pdf

Page/Section reference

2021 Sustainability Report pages 38-45

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets

Comment

Principal discloses GHG performance and potential climate-related risks to its business within its annual Proxy Statement,10-K, and Sustainability Report.

C-FS12.5

(C-FS12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.

	Environmental collaborative framework, initiative and/or commitment	Describe your organization's role within each framework, initiative and/or commitment
Row 1	Principle for Responsible Investment (PRI) Task Force on Climate-related Financial Disclosures (TCFD) UN Global Compact	Principal Global Investors has been a signatory to the United Nations Principle for Responsible Investment (UNPRI) since 2010, highlighting the firm's dedication to the Environmental, Social and Governance (ESG) issues. We value the voice that being a PRI signatory provides in defining and shaping the ESG discussion, the development of best practices, and ultimately the potential to enhance the outcomes for our clients, and for those who depend on them. Through the Principal Global Investors signatory status, other Principal entities, including Principal Financial Group, seek to uphold the Principles of Responsible Investing. In 2021, Principal ESG Task Force adopted the Task Force on Climate-related Financial Disclosures (TCFD) framework, the Global Reporting Initiative (GRI) standards, and the Sustainability Accounting Standards Board (SASB) framework. In 2021, Principal became a signatory of the U.N. Global Compact and released our first

		Communication on Progress in June 2022. Our 2021 Sustainability Report has been prepared in accordance with the GRI and the SASB standards and in alignment with United Nations Sustainable Development Goals (U.N. SDGs) and the TCFD framework. We continue to use the TCFD recommendations to further understand and increase the transparency of Principal's climate-related risks and opportunities.

C14. Portfolio Impact

C-FS14.0

(C-FS14.0) For each portfolio activity, state the value of your financing and insurance of carbon-related assets in the reporting year.

Investing in all carbon-related assets (Asset manager)

Are you able to report a value for the carbon-related assets?

No, but we plan to assess our portfolio's exposure in the next two years

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

Lack of internal resources

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

Currently we lack the tools and data necessary to aggregate and report on the carbon-related assets in our portfolios, but have internally been making progress towards this valuation for the portfolios that have available carbon data.

Investing in coal (Asset manager)

Are you able to report a value for the carbon-related assets?

No, but we plan to assess our portfolio's exposure in the next two years

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

Lack of internal resources

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

Currently we lack the tools and data necessary to aggregate and report on the carbon-related assets in our portfolios, but have internally been making progress towards this valuation for the portfolios that have available carbon data.

Investing in oil and gas (Asset manager)

Are you able to report a value for the carbon-related assets?

No, but we plan to assess our portfolio's exposure in the next two years

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

Lack of internal resources

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

Currently we lack the tools and data necessary to aggregate and report on the carbon-related assets in our portfolios, but have internally been making progress towards this valuation for the portfolios that have available carbon data.

Investing all carbon-related assets (Asset owner)

Are you able to report a value for the carbon-related assets?

No, but we plan to assess our portfolio's exposure in the next two years

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

Lack of internal resources

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

Currently we lack the tools and data necessary to aggregate and report on the carbon-related assets in our portfolios, but have internally been making progress towards this valuation for the portfolios that have available carbon data.

Investing in coal (Asset owner)

Are you able to report a value for the carbon-related assets?

No, but we plan to assess our portfolio's exposure in the next two years

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

Lack of internal resources

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

Currently we lack the tools and data necessary to aggregate and report on the carbon-related assets in our portfolios, but have internally been making progress towards this valuation for the portfolios that have available carbon data.

Investing in oil and gas (Asset owner)

Are you able to report a value for the carbon-related assets?

No, but we plan to assess our portfolio's exposure in the next two years

Primary reason for not providing a value for the financing and/or insurance to carbon-related assets

Lack of internal resources

Please explain why you are not providing a value for the financing and/or insurance to carbon-related assets and your plans for the future

Currently we lack the tools and data necessary to aggregate and report on the carbon-related assets in our portfolios, but have internally been making progress towards this valuation for the portfolios that have available carbon data.

C-FS14.1

(C-FS14.1) Does your organization measure its portfolio impact on the climate?

	We conduct analysis on our portfolio's impact on the climate	Disclosure metric
Investing (Asset manager)	Yes	Portfolio emissions
Investing (Asset owner)	Yes	Portfolio emissions

C-FS14.1a

(C-FS14.1a) Provide details of your organization’s portfolio emissions in the reporting year.

Investing (Asset manager)

Portfolio emissions (metric unit tons CO2e) in the reporting year

105,821.2

Portfolio coverage

2.00876

Percentage calculated using data obtained from clients/investees

0

Emissions calculation methodology

Other, please specify

US EPA Emissions & Generation Resource Integrated Database (eGRID)

Please explain the details and assumptions used in your calculation

In 2021, 249 assets managed by Principal Real Estate in discretionary investment funds benchmarked energy data in EPA ENERGY STAR Portfolio Manager. Scope 1 and Scope 2 emissions are calculated using ENERGY STAR Portfolio Manager tool. The tool uses manually uploaded energy use data from various property management teams, and the tool uses the most recent eGRID factors to estimate the CO2e emissions from the energy consumed on-site.

Investing (Asset owner)

Portfolio emissions (metric unit tons CO2e) in the reporting year

13,061.1

Portfolio coverage

1.683

Percentage calculated using data obtained from clients/investees

0

Emissions calculation methodology

Other, please specify

US EPA Emissions & Generation Resource Integrated Database (eGRID)

Please explain the details and assumptions used in your calculation

In 2021, 43 assets owned by the Principal Life Insurance Co. general account benchmarked energy data in EPA ENERGY STAR Portfolio Manager. Scope 1 and Scope 2 emissions are calculated using ENERGY STAR Portfolio Manager tool. The tool uses manually uploaded energy use data from various property management teams, and the tool uses the most recent eGRID factors to estimate the CO2e emissions from the energy consumed on-site.

C-FS14.2

(C-FS14.2) Are you able to provide a breakdown of your organization's portfolio impact?

	Portfolio breakdown	Please explain why you do not provide a breakdown of your portfolio impact
Row 1	None of the above, but we plan to do this in the next two years	Principal Global Investors is in the process of taking inventory of our alignment to various impact areas and utilize the U.N. SDGs to measure our portfolio's exposure to these, including SDG 13, Climate Action. These goals are highly interconnected and when applied together create a stronger strategy for transformation.

C-FS14.3

(C-FS14.3) Did your organization take any actions in the reporting year to align your portfolio with a 1.5°C world?

	Actions taken to align our portfolio with a 1.5°C world	Please explain why you have not taken any action to align your portfolio with a 1.5°C world
Investing (Asset manager)	No, and we do not plan to in the next two years	Principal is not using the 1.5-degree model to set carbon reduction goals for its AUM because at present, we lack the tools and data necessary to aggregate this analysis internally for use in portfolio construction and trajectory. However, ESG considerations, including climate change, are among the many qualitative and quantitative factors used in investment selection and overall portfolio construction.
Investing (Asset owner)	No, and we do not plan to in the next two years	Principal is not using the 1.5-degree model to set carbon reduction goals for its AUM because at present, we lack the tools and data necessary to aggregate this analysis internally for use in portfolio construction and trajectory. However, ESG considerations, including climate change, are among the many qualitative and quantitative factors used in investment selection and overall portfolio construction.

C15. Biodiversity

C15.1

(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?

	Board-level oversight and/or executive management-level responsibility for biodiversity-related issues
Row 1	No, and we do not plan to have both within the next two years

C15.2

(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity
Row 1	No, and we do not plan to do so within the next 2 years

C15.3

(C15.3) Does your organization assess the impact of its value chain on biodiversity?

	Does your organization assess the impact of its value chain on biodiversity?
Row 1	No, and we do not plan to assess biodiversity-related impacts within the next two years

C15.4

(C15.4) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?
Row 1	No, and we do not plan to undertake any biodiversity-related actions

C15.5

(C15.5) Does your organization use biodiversity indicators to monitor performance across its activities?

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	No	

C15.6

(C15.6) Have you published information about your organization’s response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located
No publications		

C16. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C16.1

(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chairman, President, and Chief Executive Officer	Chief Executive Officer (CEO)

FW-FS Forests and Water Security (FS only)

FW-FS1.1

(FW-FS1.1) Is there board-level oversight of forests- and/or water-related issues within your organization?

	Board-level oversight of this issue area	Explain why your organization does not have board-level oversight of this issue area and any plans to address this in the future
Forests	No, and we do not plan to in the next two years	
Water	No, and we do not plan to in the next two years	

FW-FS1.1c

(FW-FS1.1c) Does your organization have at least one board member with competence on forests- and/or water-related issues?

Forests

Board member(s) have competence on this issue area

No, and we do not plan to address this within the next two years

Primary reason for no board-level competence on this issue area

Important but not an immediate priority

Explain why your organization does not have at least one board member with competence on this issue area and any plans to address this in the future

Water

Board member(s) have competence on this issue area

No, and we do not plan to address this within the next two years

Primary reason for no board-level competence on this issue area

Important but not an immediate priority

Explain why your organization does not have at least one board member with competence on this issue area and any plans to address this in the future

FW-FS1.2

(FW-FS1.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests- and/or water-related issues.

Name of the position(s) and/or committee(s)

There is no management level responsibility for forests- and/or water-related issues

Reporting line

Issue area(s)

Responsibility

Coverage of responsibility

Frequency of reporting to the board on forests- and/or water-related issues

FW-FS2.1

(FW-FS2.1) Do you assess your portfolio's exposure to forests- and/or water-related risks and opportunities?

	We assess our portfolio's exposure to this issue area	Explain why your portfolio's exposure is not assessed for this issue area and any plans to address this in the future
Investing (Asset manager) – Forests exposure	No, and we do not plan to in the next two years	Currently Principal Global Investors does not have the tools to measure our aggregate portfolio exposure within this impact topic. We are in the process of evaluating resources to help provide analysis and insight, but have found the data and reporting to be scarce as it pertains to this impact topic. As ESG data becomes more available in this space we will re-evaluate reporting on this impact metric. Please note that all client requests for portfolio level impact reporting are conducted on a case-by-case basis.

Investing (Asset manager) – Water exposure	No, and we do not plan to in the next two years	Currently Principal Global Investors does not have the tools to measure our aggregate portfolio exposure within this impact topic. We are in the process of evaluating resources to help provide analysis and insight, but have found the data and reporting to be scarce as it pertains to this impact topic. As ESG data becomes more available in this space we will re-evaluate reporting on this impact metric. Please note that all client requests for portfolio level impact reporting are conducted on a case-by-case basis.
Investing (Asset owner) – Forests exposure	No, and we do not plan to in the next two years	Currently Principal Global Investors does not have the tools to measure our aggregate portfolio exposure within this impact topic. We are in the process of evaluating resources to help provide analysis and insight, but have found the data and reporting to be scarce as it pertains to this impact topic. As ESG data becomes more available in this space we will re-evaluate reporting on this impact metric. Please note that all client requests for portfolio level impact reporting are conducted on a case-by-case basis.
Investing (Asset owner) – Water exposure	No, and we do not plan to in the next two years	Currently Principal Global Investors does not have the tools to measure our aggregate portfolio exposure within this impact topic. We are in the process of evaluating resources to help provide analysis and insight, but have found the data and reporting to be scarce as it pertains to this impact topic. As ESG data becomes more available in this space we will re-evaluate reporting on this impact metric. Please note that all client requests for portfolio level impact reporting are conducted on a case-by-case basis.

FW-FS2.2

(FW-FS2.2) Does your organization consider forests- and/or water-related information about clients/investees as part of its due diligence and/or risk assessment process?

	We consider forests- and/or water-related information	Explain why information related to this issue area is not considered and any plans to address this in the future
Investing (Asset manager) – Forests-related information	No, and we do not plan to in the next two years	Currently Principal Global Investors does not have the tools to measure our aggregate portfolio exposure within this impact topic. We are in the process of evaluating resources to help provide analysis and insight, but have found the data and reporting to be scarce as it pertains to this impact topic. As ESG data becomes more available in this space we will re-evaluate reporting on this impact metric. Please note that all client requests for portfolio level impact reporting are conducted on a case-by-case basis.

Investing (Asset manager) – Water-related information	No, and we do not plan to in the next two years	Currently Principal Global Investors does not have the tools to measure our aggregate portfolio exposure within this impact topic. We are in the process of evaluating resources to help provide analysis and insight, but have found the data and reporting to be scarce as it pertains to this impact topic. As ESG data becomes more available in this space we will re-evaluate reporting on this impact metric. Please note that all client requests for portfolio level impact reporting are conducted on a case-by-case basis.
Investing (Asset owner) – Forests-related information	No, and we do not plan to in the next two years	Currently Principal Global Investors does not have the tools to measure our aggregate portfolio exposure within this impact topic. We are in the process of evaluating resources to help provide analysis and insight, but have found the data and reporting to be scarce as it pertains to this impact topic. As ESG data becomes more available in this space we will re-evaluate reporting on this impact metric. Please note that all client requests for portfolio level impact reporting are conducted on a case-by-case basis.
Investing (Asset owner) – Water-related information	No, and we do not plan to in the next two years	Currently Principal Global Investors does not have the tools to measure our aggregate portfolio exposure within this impact topic. We are in the process of evaluating resources to help provide analysis and insight, but have found the data and reporting to be scarce as it pertains to this impact topic. As ESG data becomes more available in this space we will re-evaluate reporting on this impact metric. Please note that all client requests for portfolio level impact reporting are conducted on a case-by-case basis.

FW-FS2.3

(FW-FS2.3) Have you identified any inherent forests- and/or water-related risks in your portfolio with the potential to have a substantive financial or strategic impact on your business?

	Risks identified for this issue area	Primary reason why your organization has not identified any substantive risks for this issue area	Explain why your organization has not identified any substantive risks for this issue area
Forests	No	Not yet evaluated	Currently Principal Global Investors does not have the tools to identify forest and/or water related risks across our portfolios. We are in the process of evaluating resources to help provide analysis and insight, but have found the data and reporting to be scarce as it pertains to these impact areas. As ESG data becomes more available in this space we will re-evaluate

			reporting on this impact risk metric. Please note that all client requests for portfolio level impact reporting are conducted on a case-by-case basis
Water	No	Not yet evaluated	Currently Principal Global Investors does not have the tools to identify forest and/or water related risks across our portfolios. We are in the process of evaluating resources to help provide analysis and insight, but have found the data and reporting to be scarce as it pertains to these impact areas. As ESG data becomes more available in this space we will re-evaluate reporting on this impact risk metric. Please note that all client requests for portfolio level impact reporting are conducted on a case-by-case basis

FW-FS2.4

(FW-FS2.4) Have you identified any inherent forests- and/or water-related opportunities in your portfolio with the potential to have a substantive financial or strategic impact on your business?

	Opportunities identified for this issue area	Primary reason why your organization has not identified any substantive opportunities for this issue area	Explain why your organization has not identified any substantive opportunities for this issue area
Forests	No	Not yet evaluated	Currently Principal Global Investors does not have the tools to identify forest and/or water related opportunities across our portfolios. We are in the process of evaluating resources to help provide analysis and insight, but have found the data and reporting to be scarce as it pertains to these impact areas. As ESG data becomes more available in this space we will re-evaluate reporting on this impact risk metric. Please note that all client requests for portfolio level impact reporting are conducted on a case-by-case basis.
Water	No	Not yet evaluated	Currently Principal Global Investors does not have the tools to identify forest and/or water related opportunities across our portfolios. We are in the process of evaluating resources to help provide analysis and insight, but have found the data and reporting to be scarce as it pertains to these impact areas. As ESG data becomes more available in

			this space we will re-evaluate reporting on this impact risk metric. Please note that all client requests for portfolio level impact reporting are conducted on a case-by-case basis.

FW-FS3.1

(FW-FS3.1) Do you take forests- and/or water-related risks and opportunities into consideration in your organization's strategy and/or financial planning?

Forests

Risks and opportunities related to this issue area taken into consideration in strategy and/or financial planning

No, we do not take risks and opportunities into consideration

Explain why forests- and/or water-related risks and opportunities have not influenced your strategy and/or financial planning

Principal has not yet incorporated forests- and/or water-related risks into our business strategy and/or financial planning.

Water

Risks and opportunities related to this issue area taken into consideration in strategy and/or financial planning

No, we do not take risks and opportunities into consideration

Explain why forests- and/or water-related risks and opportunities have not influenced your strategy and/or financial planning

Principal has not yet incorporated forests- and/or water-related risks into our business strategy and/or financial planning.

FW-FS3.2

(FW-FS3.2) Has your organization conducted any scenario analysis to identify forests- and/or water-related outcomes?

Forests

Scenario analysis conducted to identify outcomes for this issue area

No, we have not conducted any scenario analysis to identify outcomes for this issue area, and we don’t plan to in the next two years

Explain why your organization has not conducted scenario analysis for this issue area and any plans to address this in the future

Principal has not yet conducted any scenario analysis to identify forests- and/or water-related outcomes

Water

Scenario analysis conducted to identify outcomes for this issue area

No, we have not conducted any scenario analysis to identify outcomes for this issue area, and we don’t plan to in the next two years

Explain why your organization has not conducted scenario analysis for this issue area and any plans to address this in the future

Principal has not yet conducted any scenario analysis to identify forests- and/or water-related outcomes

FW-FS3.3

(FW-FS3.3) Do any of your existing products and services enable clients to mitigate deforestation and/or water insecurity?

	Existing products and services that enable clients to mitigate deforestation and/or water insecurity	Explain why your organization does not offer products and services which enable clients to mitigate deforestation and/or water insecurity and any plans to address this in the future
Forests	No, and we do not plan to address this in the next two years	Principal currently does not offer products and services that enable clients to mitigate deforestation and/or water insecurity.
Water	No, and we do not plan to address this in the next two years	Principal currently does not offer products and services that enable clients to mitigate deforestation and/or water insecurity.

FW-FS3.4

(FW-FS3.4) Does the policy framework for the portfolio activities of your organization include forests- and/or water-related requirements that clients/investees need to meet?

	Policy framework includes this issue area	Explain why your organization does not include this issue area in the policy framework and any plans to address this in the future
Forests	No, and we do not plan to include this issue area in the next two years	Principal does not yet include the issue of forests in the policy framework.
Water	No, and we do not plan to include this issue area in the next two years	Principal does not yet include the issue of forests in the policy framework.

FW-FS4.1

(FW-FS4.1) Do you engage with your clients/investees on forests- and/or water-related issues?

	We engage with clients/investees on this issue area	Explain why you do not engage with your clients/investees on the issue area and any plans to address this in the future
Clients – Forests	No, and we do not plan to in the next two years	Principal does not currently engage with our clients/investees on the issue area.
Clients – Water	No, and we do not plan to in the next two years	Principal does not currently engage with our clients/investees on the issue area.
Investees – Forests	No, and we do not plan to in the next two years	Principal does not currently engage with our clients/investees on the issue area.
Investees – Water	No, and we do not plan to in the next two years	Principal does not currently engage with our clients/investees on the issue area.

FW-FS4.2

(FW-FS4.2) Does your organization exercise its voting rights as a shareholder on forests- and/or water-related issues?

	We exercise voting rights as a shareholder on this issue area	Explain why your organization does not exercise voting rights on this issue area and any plans to address this in the future

Forests	No, and we do not plan to in the next two years	Principal does not currently exercise voting rights on this issue area.
Water	No, and we do not plan to in the next two years	Principal does not currently exercise voting rights on this issue area.

FW-FS4.4

(FW-FS4.4) Does your organization engage in activities that could directly or indirectly influence policy, law, or regulation that may impact forests and/or water security?

	Direct or indirect engagement that could influence policy, law, or regulation that may impact this issue area	Primary reason for not engaging in activities that could directly or indirectly influence policy, law, or regulation that may impact this issue area	Explain why you do not engage in activities that could directly or indirectly influence policy, law, or regulation that may impact this issue area
Forests	No, and we do not plan to in the next two years	Important but not an immediate priority	Principal does not current engage in activities that could directly or indirectly influence policy, law, or regulation related to forests.
Water	No, and we do not plan to in the next two years	Important but not an immediate priority	Principal does not current engage in activities that could directly or indirectly influence policy, law, or regulation related to forests.

FW-FS5.1

(FW-FS5.1) Does your organization measure its portfolio impact on forests and/or water security?

	We measure our portfolio impact on this issue area	Primary reason for not measuring portfolio impact on this issue area	Explain why your organization does not measure its portfolio impact on this issue area and any plans to change this in the future

Investing (Asset manager) – Impact on Forests	No, and we don't plan to in the next two years	Important but not an immediate priority	Currently Principal Global Investors does not have the tools to measure our aggregate portfolio impact within this impact topic. We are in the process of evaluating resources to help provide analysis and insight, but have found the data and reporting to be scarce as it pertains to this impact area. As ESG data becomes more available in this space we will re-evaluate reporting on this impact metric. Please note that all client requests for portfolio level impact reporting are conducted on a case-by-case basis.
Investing (Asset manager) – Impact on Water	No, and we don't plan to in the next two years	Important but not an immediate priority	Currently Principal Global Investors does not have the tools to measure our aggregate portfolio impact within this impact topic. We are in the process of evaluating resources to help provide analysis and insight, but have found the data and reporting to be scarce as it pertains to this impact area. As ESG data becomes more available in this space we will re-evaluate reporting on this impact metric. Please note that all client requests for portfolio level impact reporting are conducted on a case-by-case basis.
Investing (Asset owner) – Impact on Forests	No, and we don't plan to in the next two years	Important but not an immediate priority	Currently Principal Global Investors does not have the tools to measure our aggregate portfolio impact within this impact topic. We are in the process of evaluating resources to help provide analysis and insight, but have found the data and reporting to be scarce as it pertains to this impact area. As ESG data becomes more available in this space we will re-evaluate reporting on this impact metric. Please note that all client requests for portfolio level impact reporting are conducted on a case-by-case basis.
Investing (Asset owner) – Impact on Water	No, and we don't plan to in the next two years	Important but not an immediate priority	Currently Principal Global Investors does not have the tools to measure our aggregate portfolio impact within this impact topic. We are in the process of evaluating resources to help provide analysis and insight, but have found the data and reporting to be scarce as it pertains to this impact area. As ESG data becomes more available in this space we will re-evaluate reporting on this impact metric. Please note that all client requests for portfolio level impact reporting are conducted on a case-by-case basis.

FW-FS5.2

(FW-FS5.2) Does your organization provide finance or insurance to companies operating in any stages of the following forest risk commodity supply chains, and are you able to report on the amount of finance/insurance provided?

	Finance or insurance provided to companies operating in the supply chain for this commodity
Investing (asset manager) to companies operating in the timber products supply chain	No
Investing (asset manager) to companies operating in the palm oil products supply chain	No
Investing (asset manager) to companies operating in the cattle products supply chain	No
Investing (asset manager) to companies operating in the soy supply chain	No
Investing (asset manager) to companies operating in the rubber supply chain	No
Investing (asset manager) to companies operating in the cocoa supply chain	No
Investing (asset manager) to companies operating in the coffee supply chain	No
Investing (asset owner) to companies operating in the timber products supply chain	No
Investing (asset owner) to companies operating in the palm oil products supply chain	No
Investing (asset owner) to companies operating in the cattle products supply chain	No

Investing (asset owner) to companies operating in the soy supply chain	No
Investing (asset owner) to companies operating in the rubber supply chain	No
Investing (asset owner) to companies operating in the cocoa supply chain	No
Investing (asset owner) to companies operating in the coffee supply chain	No

FW-FS6.1

(FW-FS6.1) Have you published information about your organization's response to forests- and/or water-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

No publications

Status

Attach the document

Page/Section reference

Content elements

Comment

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please confirm below

I have read and accept the applicable Terms

TCFD Standards Content Index

TCFD Framework alignment

In 2020, the Principal ESG Task Force agreed to adopt the Task Force on Climate-related Disclosure (TCFD) framework, which supports the assessment, pricing, and management of climate risk. It is structured around four thematic areas that represent core elements of how organizations operate: governance, strategy, risk management, and metrics and targets. We will use the TCFD recommendations to further understand and increase the transparency of our climate-related risks and opportunities. This will allow us to better adapt to the shift to the low-carbon economy and address the challenges of climate change in ways that are most beneficial to our clients, employees, communities, and investors. Principal is issuing a TCFD Index to enable comparable, decision-useful information for investors and other stakeholders regarding how we approach and manage climate-related risks and opportunities. The below CDP data is accurate of as December 31, 2021.

Describe the board's oversight of climate-related risks and opportunities.	Governance A - Board Oversight 2022 Proxy Statement 2022 CDP	 21 5, 6
Describe management's role in assessing and managing climate-related risks and opportunities.	Governance B - Role of Management 2021 Sustainability Report 2022 CDP	 20; 38-45; 56-71 9, 10
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Strategy A - Short, Medium, and Long Term Climate Risks 2022 CDP	 11-35
Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Strategy B - Business, Strategy and Financial Planning 2022 CDP	 32-38, 42-44, 65-74
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Strategy C - Resilience of the Organization's Strategy 2022 CDP	 13, 14, 35
Describe the organization's processes for identifying and assessing climate-related risks.	Risk Management A - Identifying and Assessing Climate Related Risks 2022 CDP	 11-15
Describe the organization's processes for managing climate-	Risk Management B - Processes for Managing	

related risks.	Climate Related Risks 2022 CDP	 11-15
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.	Risk Management C - Organizational Integration of Risk Management Practices 2022 CDP	 12, 13
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Metrics and Targets A - Metrics used by the Organization 2022 CDP	 9, 10
Disclose Scope 1 and Scope 2 greenhouse gas (GHG) emissions, and the related risks.	Metrics and Targets B - Scope 1 & 2 GHG Emissions 2022 CDP	 75, 76, 77
Disclose Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Metrics and Targets B - Scope 3 GHG Emissions 2021 CDP Response	 77-86
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Metrics and Targets C - Targets used by the Organization to Manage Climate Related Risks 2022 CDP	 65-74

* Financial Services Sector Disclosures (includes G4 indicators with additional sector disclosures)