Welcome to your CDP Climate Change Questionnaire 2023

C0. Introduction

C0.1

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

For more than 140 years, we've learned that people live their best lives when they feel secure. Everything we do is built around this understanding. We strive to meet people where they are on their financial journey, understanding their progress, possibilities, and hurdles—then offering choices for a clear path forward. We're committed to helping people and businesses be better prepared and equipped to weather the surprises that come their way.

We're a global leader that helps growing businesses, individuals, and institutional clients achieve greater security, find success, and feel confident in reaching their financial goals.

Founded in 1879 as a small life insurance company in Des Moines, Iowa, we've become a formidable global leader in retirement and long-term savings, while expanding our insurance business. Evolving from our history as a mutual company, Principal became a public company over 20 years ago. Today, we're a member of the FORTUNE 500®, serving nearly 62 million customers in more than 80 nations and territories as of December 31, 2022.

We remain dedicated to our sustainability commitments and to the social, environmental, and economic impact we have on our stakeholders. We are committed to driving better outcomes for people, society, and the planet.

1. Advancing inclusive products and services:

We offer sustainable investment products to clients around the globe. We're committed to making relevant products and services more accessible to customers and expanding greater financial security to people and businesses through education, resources, and solutions.

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 while maintaining a culture of ethics and transparency.

3. Harnessing the power of our people:

We hold ourselves accountable to advance and support a working 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 levelling the playing field for individuals, with a focus on improving the employee experience and advancement of diverse employees.

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 and indicate whether you will be providing emissions data for past reporting years.

Reporting year

Start date

January 1, 2022

End date

December 31, 2022

Indicate if you are providing emissions data for past reporting years

No

C0.3

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

Australia
Brazil
Chile
China
Democratic People's Republic of Korea
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		Exposed to all broad market sectors
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 or committee	Responsibilities for climate-related issues
Board-level committee	The Nominating and Governance Committee, a committee of the Board of Directors, as well as the Chairman, President, and CEO, oversee the Company's environmental, social, and governance (ESG) strategy and key initiatives; shall receive updates from management regarding the Company's ESG activities, and shall provide guidance to the Board, other Board Committees, and management, as appropriate, concerning ESG matters, which is outlined in the Committee Charter (https://investors.principal.com/investor-relations/our-business/corporate-governance/nominating-and-governance-committee/default.aspx). The Nominating and Governance Committee monitors risks and mitigation related to our environmental, sustainability, and corporate governance responsibilities, as well as our political contribution activities. They also oversee the company's sustainability strategy and key initiatives, receive updates from management regarding the company's ESG activities, and provide guidance to the Board, other Board Committees, and management, as appropriate, concerning ESG matters.

	The Committee receives updates about specific sustainability metrics, such as our climate goals and performance, typically twice per year during Committee meetings. Looking ahead, primary oversight of climate disclosures will be part of our Board Audit Committee's oversight of financial statements and SEC disclosures, which is in line with industry benchmarking and best practices.

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	Overseeing and guiding employee incentives Reviewing and guiding strategy Overseeing the setting of corporate targets Monitoring progress towards corporate targets Reviewing and guiding the risk management process	Climate-related risks and opportunities to our own operations Climate-related risks and opportunities to our investment activities The impact of our own operations on the climate	The Charter of the Nominating and Governance Committee, a committee of the Board of Directors, charges that Committee to oversee the Company's environmental, social, and governance (ESG) strategy and key initiatives, shall receive updates from management regarding the Company's ESG activities, and shall provide guidance to the Board, other Board Committees, and management, as appropriate, concerning ESG matters. Members of our Sustainability Task Force report quarterly to the Nominating and Governance Committee of the Board of Directors. The Committee receives updates about specific sustainability metrics, such as our climate goals and performance, twice per year during two of the quarterly Committee meetings.

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.

Position or committee

Other C-Suite Officer, please specify

EVP & Chief Marketing Officer (CMO)

Climate-related responsibilities of this position

Setting climate-related corporate targets

Monitoring progress against climate-related corporate targets

Assessing climate-related risks and opportunities

Managing climate-related risks and opportunities

Coverage of responsibilities

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

Reporting line

CEO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line

Quarterly

Please explain

The Chief Marketing Officer (CMO), an EVP, is a direct report to the Chief Executive Officer of Principal Financial Group. The CMO oversees the development of the sustainability strategy at Principal based on market analysis and audience insights, and manages the communications on sustainability strategies and performance. The associated responsibilities include: chairing the Sustainability Task Force, overseeing market research on sustainability strategies, coordinating with other companies' executives in creating alignment on sustainability strategy and plans, delivering the messages to help employees understand the importance of sustainability, and overseeing the publishing of the annual Sustainability Report, which highlights sustainability efforts and performance against the goals.

Position or committee

Sustainability committee

Climate-related responsibilities of this position

Setting climate-related corporate targets
Monitoring progress against climate-related corporate targets
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

Coverage of responsibilities

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

Reporting line

Other, please specify
Nominating and Governance Committee on the board of directors

Frequency of reporting to the board on climate-related issues via this reporting line

Quarterly

Please explain

The Principal Sustainability Task Force is made up of members appointed by Chairman, President, and CEO Dan Houston. The members are leaders across the organization and report quarterly to the Nominating and Governance Committee of the Board of Directors. The role of the Sustainability Task Force is to ensure that material issues are integrated into and help guide our business decisions, drive our comprehensive ESG strategy, and continually engage with stakeholders. This keeps us aligned with internal goals, third-party standards and other business groups and signatories, such as the United Nations Global Compact.

Throughout 2022, the Sustainability Task Force met monthly to discuss our approach to sustainability reporting frameworks, such as GRI, SASB, TCFD, and CDP, public policy engagement, social and environmental goals and targets, performance against our sustainability commitments, and the company’s long-term purpose strategy.

Position or committee

Environment/ Sustainability manager

Climate-related responsibilities of this position

Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

Coverage of responsibilities

Risks and opportunities related to our investing activities

Reporting line

Operations - COO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line

Quarterly

Please explain

The Managing Director of ESG and Operations at Principal Real Estate Investors reports directly to the Chief Operating Officer of Principal Real Estate Investors. The Managing Director of ESG and Operations oversees the environmental management of all real estate investments and is responsible for ensuring that the climate-related aspects of the real estate portfolio are best-in-class. Specific responsibilities of this role include the oversight of quarterly monitoring and performance reporting of climate-related metrics for energy, greenhouse gas, water, and waste consumption/production; conducting climate risk assessments; and identifying property and portfolio-level resilience strategies. The Managing Director of ESG and Operations is also in charge of implementing our Responsible Property Investing Policy, which 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.

Position or committee

Other, please specify

VP of Enterprise Worksite Services

Climate-related responsibilities of this position

Setting climate-related corporate targets

Monitoring progress against climate-related corporate targets

Assessing climate-related risks and opportunities

Managing climate-related risks and opportunities

Coverage of responsibilities

Risks and opportunities related to our own operations

Reporting line

Finance - CFO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line

Quarterly

Please explain

The VP of Enterprise Worksite Services has responsibility for climate-related issues related to our operating facilities, like our greenhouse gas emissions, waste, water, and energy usage. They are also a member of our Sustainability Task Force.

Position or committee

Other, please specify

Executive Director – Investments and Client Solutions

Climate-related responsibilities of this position

Setting climate-related corporate targets

Monitoring progress against climate-related corporate targets

Assessing climate-related risks and opportunities

Managing climate-related risks and opportunities

Coverage of responsibilities

Risks and opportunities related to our investing activities

Reporting line

Other, please specify

The Executive Director – Investments and Client Solutions reports to the CEO of Principal Global Investors, who reports to the CEO

Frequency of reporting to the board on climate-related issues via this reporting line

Quarterly

Please explain

The Executive Director, Investments and Client Solutions has responsibility for climate-related issues related to assessing our sustainable investing opportunities, influencing our sustainable investing strategy, being a member on the Sustainable Investing Oversight Committee, and being a member of the Sustainability Task Force.

Position or committee

Other, please specify

Chief Enterprise Risk Management Officer

Climate-related responsibilities of this position

Assessing climate-related risks and opportunities

Managing climate-related risks and opportunities

Coverage of responsibilities

Risks and opportunities related to our own operations

Reporting line

Risk - CRO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line

Quarterly

Please explain

The Chief Enterprise Risk Management Officer has responsibility for climate-related issues as they lead our enterprise risk management (ERM) team. ERM uses a variety of scenario planning, risk assessments, modeling, and exercises to identify, assess, and manage current or potential climate risks and opportunities in our business practices. As transition and physical (acute and chronic) climate risks are identified, material factors are incorporated into ERM activities. While these vary according to the line of business, product, or service, understanding and reacting to them is important to our ERM practices.

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	NA

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

Other C-Suite Officer

Type of incentive

Monetary reward

Incentive(s)

Bonus - % of salary

Shares

Performance indicator(s)

Progress towards a climate-related target

Achievement of a climate-related target

Company performance against a climate-related sustainability index (e.g., DJSI, CDP Climate Change score etc.)

Incentive plan(s) this incentive is linked to

Both Short-Term and Long-Term Incentive Plan

Further details of incentive(s)

The Executive Vice President and 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 Sustainability 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.

Explain how this incentive contributes to the implementation of your organization’s climate commitments and/or climate transition plan

These incentives help hold our employees accountable toward their goals and responsibilities, including their involvement in the implementation of our climate commitments.

Entitled to incentive

Environment/Sustainability manager

Type of incentive

Monetary reward

Incentive(s)

Bonus - % of salary
Salary increase

Performance indicator(s)

Progress towards a climate-related target
Achievement of a climate-related target

Incentive plan(s) this incentive is linked to

Short-Term Incentive Plan

Further details of incentive(s)

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.

Explain how this incentive contributes to the implementation of your organization’s climate commitments and/or climate transition plan

These incentives help hold our employees accountable toward their goals and responsibilities, including their involvement in the implementation of our climate commitments.

Entitled to incentive

Other, please specify

Vice President of Enterprise Worksite Services

Type of incentive

Monetary reward

Incentive(s)

Bonus - % of salary

Salary increase

Performance indicator(s)

Progress towards a climate-related target

Achievement of a climate-related target

Incentive plan(s) this incentive is linked to

Short-Term Incentive Plan

Further details of incentive(s)

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 Sustainability 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.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

These incentives help hold our employees accountable toward their goals and responsibilities, including their involvement in the implementation of our climate commitments.

Entitled to incentive
Executive officer

Type of incentive
Monetary reward

Incentive(s)
Bonus - % of salary

Performance indicator(s)
Progress towards a climate-related target
Achievement of a climate-related target

Incentive plan(s) this incentive is linked to
Short-Term Incentive Plan

Further details of incentive(s)
A portion of the Executive Director of Investments and Client Solutions' annual goals relates to Sustainability 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.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan
These incentives help hold our employees accountable toward their goals and responsibilities, including their involvement in the implementation of our climate commitments.

Entitled to incentive
Portfolio/Fund manager

Type of incentive

Monetary reward

Incentive(s)

Bonus - % of salary

Performance indicator(s)

Progress towards a climate-related target
Achievement of a climate-related target

Incentive plan(s) this incentive is linked to

Short-Term Incentive Plan

Further details of incentive(s)

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.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

These incentives help hold our employees accountable toward their goals and responsibilities, including their involvement in the implementation of our climate commitments.

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	In 2022, while the investment management team(s) managing the individual investments in our company 401(k) plan may incorporate ESG principles in their portfolios, the investment platform offered by our recordkeeper for FY22 did not make available investment options with an explicit ESG objective available to our plan. Starting in 2023, 401(k) plan participants have the ability to directly invest in ESG focused funds through the 401(k) plan's self-directed brokerage account (SDBA). The funds offered through the SDBA are constantly changing but at this time the brokerage platform makes available over 500 ESG funds that a participant could elect to directly invest in through the SDBA. While the core investment line-up does not currently include ESG focused funds, we may consider evaluating one at such time there is less regulatory uncertainty with ESG investments.

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	NA
Medium-term	1	5	NA
Long-term	5	10	NA

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

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 Sustainability 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 (BC) 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 2022:
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

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 Sustainable 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, extreme cold, wildfire, and water stress. 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 performance regulations along with local building codes, to ensure compliance with current regulations. As of 2022, examples of this regulation include but are not limited to New York City's Benchmarking Law LL84 and Sustainable Buildings LL97, Washington DC's Building Energy Performance Standards and Benchmarking, Denver's Energize Denver Bill, 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. Within Principal Real Estate Investors, 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 approximately 200 of Principal Real Estate's assets in discretionary funds, representing approximately $10.5 billion in asset value, are located in jurisdictions with regulations that require annual benchmarking and reporting of energy and/or water use, building audit/retro-commissioning, and/or compliance with building performance standards (meet specific emissions, energy, water performance levels). 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' ESG Guidelines for Building Technology and Innovations guides the incorporation of new building technologies into real estate assets (it can be found online here: https://brandassets.principal.com/m/635a252770355ed6/original/Environmental-social-and-governance-policies.pdf). This is part of Principal Real Estate Investors' overarching ESG Policy 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 2022 Sustainability Report (principal.com). 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, extreme cold, wildfire, and water stress. 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 Real Estate Investors’ 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, extreme cold, wildfire, and water stress. 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	5.7326	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) through the year 2100. Physical risk analysis Physical risks reviewed include sea level rise, flooding,

						tropical cyclones, wildfires, extreme heat, extreme cold, and water stress. 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, and the estimated reductions to comply with the 1.5°, 2°, and 3°C warming scenarios. 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. 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 2022, 98.1% 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 where 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	8.5077	Qualitative and quantitative	Long-term	Portfolio temperature alignment	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

	management process				Risk models Scenario analysis External consultants Other, please specify MSCI Climate Value at Risk software	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) through the year 2100. 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, and the estimated annual reductions to comply with the 1.5°, 2°, and 3°C warming scenarios. 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. 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 12/31/2022) 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 where 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 Asset Management 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, extreme cold, and water stress. Information on identified high risks is provided to the Property Condition Assessment 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 results of the climate risk analysis are considered as part of the Investment Committee approval process. On a 2022 industrial acquisition in Las Vegas, the water scarcity risk was reviewed and determined to be manageable.

The transition risk analysis reviews emissions and benchmarking regulations. Carbon emissions 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. 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. Each quarter our third party sustainability consultant reviews the data for accuracy and provides aggregated performance data. This data is then used to track performance relative to emissions and utility performance targets, and to identify properties for performance improvement initiatives.

Our 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, extreme cold, and water stress. Information on identified high risks is provided to the Property Condition Assessment consultant, who considers 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.

Principal Real Estate assets have been reviewed for water and sea level rise risk through the climate risk analysis process. As a result, Principal has chosen to limit exposure in higher risk markets. For water risk, these markets are sorted into high, medium and low risk categories based on internal assessment, underwriting adjustments are made and market exposure constraints are scaled accordingly. For sea level rise the portfolio management team assesses each new opportunity carefully and generally limits exposure in higher risk locations.

The transition risk analysis reviews emissions and benchmarking regulations. Carbon emissions 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. 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 acute physical hazard for the fund is tropical cyclones, which was identified as a risk for an asset in Miami and assets in Houston/Pearland, TX. Of the assets located in these states, 22.4% by gross asset value were identified as potentially being at high risk of tropical cyclone (4.4% of owned gross asset value nationwide) as of December 31, 2022.

The highest risk chronic physical hazard for the fund is sea level rise, which was identified as a risk for one asset in CA. Of the assets located in

CA, 0.17% by gross asset value was identified as potentially being at high risk of sea level rise (0.09% of gross asset value nationwide) as of December 31, 2022.

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)

33,038,146

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 and sea level rise is $33,038,146. 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

97,456

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 2022) = $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 70 properties=$70,000
•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, and all assets acquired or developed since the portfolio-level analysis was completed have been analyzed on an individual asset level with results aggregated into portfolio-level tracking. After the analysis, we distribute climate risk educational materials to property managers whose properties were flagged for climate risks.

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+$70,000+$60+$15,996= $97,456.

Case study
Tropical cyclone risk was identified at one of PREI's facilities in Parsippany, NJ, with an estimated value at risk of $199,067 (calculated by our third-party climate risk analysis provider as net present value of financial risk to property through 2100). Educational materials detailing the potential impacts of tropical cyclones and risk mitigation resources 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.

Comment

This management strategy has evolved in 2022 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 Real Estate has more than 186 million square feet under management in the Private Equity Real Estate Investment Portfolio as of December 31, 2022. The opportunity for Principal Real Estate Investors is to continually improve the energy efficiency of 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.

To reduce carbon, we have identified an opportunity to develop property-specific decarbonization plans. This will help to identify operational and capital projects that can help lower the asset's emissions, which will in turn lower the emissions affiliated with Principal's Private Equity Real Estate AUM and assist us in meeting our emissions reduction target of 40% reduction by 2035 (over a 2019 baseline) and net zero by 2050.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

21,556,034

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

With the realization of the first iteration of goals in 2020, Principal Real Estate set new targets for 2035 over a 2019 baseline (2019 was selected instead of 2020 due to COVID19 impacts on property utility performance in 2020). These targets apply to open-end discretionary funds.

Our energy reduction target is 20% by 2035. Using the 2019 energy cost (estimated using the EIA state consumption rate) of $107,780,172, a 20% reduction would reduce the cost to approximately $86,224,138, or a savings of $21,556,034 on the baseline expense.

Cost to realize opportunity

1,471,000

Strategy to realize opportunity and explanation of cost calculation

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 2022 was $1,471,000.

In addition to the third-party sustainability consultant, Principal Real Estate has five LEED certified professionals on staff as well as a ESG Working Groups 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.

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 climate transition plan that aligns with a 1.5°C world?

Row 1

Climate transition plan

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

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

Our climate action plans require the involvement of all our global operations. We have been measuring and reporting our U.S. GHG emissions since 2010. We made significant progress on our climate goals in 2021 by launching a global energy and GHG data collection project, which now enables us to monitor and report global scope 1 and 2 emissions for all Principal owned and controlled facilities.

Using our new global baseline of scope 1 and 2 GHG emissions, we have reassessed and updated our emissions reduction commitment from a U.S. scope to a worldwide scope. We've also set a more aggressive reduction target from one that was aligned to a well-below 2° C scenario to one that is aligned with a 1.5° C scenario. Starting from a 2019 baseline, we aim for a 65% reduction in our global scope 1 and market-based scope 2 GHG emissions by 2034 and to achieve net-zero GHG emissions by 2050. Our 65% reduction target over a 15-year period aligns with SBTi's 1.5° C scenario.

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 in the future – 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 transition scenario	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. 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.

As a result of this analysis, the Principal Real Estate private equity portfolio, representing assets owned by Principal, is participating in a pilot Carbon Action Planning process in 2023. This asset-level analysis involves a deep dive into emissions sources and uses, and development of a plan to reduce emissions and therefore transition risk. The fund plans to roll out this analysis in 2024/2025 to the rest of the assets.

Question: Which properties in the portfolio need priority action for physical and/or transition risk mitigation?
Result -
• 7 assets (including one industrial park with 7 buildings) have over 5% value at risk as a result of physical climate hazards – specifically coastal flooding and tropical cyclone risk.
• 1 asset (out of the 55 assets with historic emissions data available) has 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 $46 million in energy costs avoided. 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 including ESG expectations 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.
Operations	Yes	Climate-related risks and opportunities have led Principal to set environmental targets. In 2022, Principal committed to a global GHG reduction target of 65% by 2034 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.

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	Acquisitions and divestments	Principal Real Estate Investors evaluates ESG aspects 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. Further, climate risk analysis is part of the standard due diligence process for private equity 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. 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.

C3.5

(C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's climate transition?

	Identification of spending/revenue that is aligned with your organization's climate transition
Row 1	No, and we do not plan to in the next two years

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?

	Policy framework for portfolio activities that include climate-related requirements for clients/investees, and/or exclusion policies
Row 1	Yes, our framework includes both policies with climate-related client/investee requirements and climate-related exclusion policies

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

5.7326

Policy availability

Publicly available

Attach documents relevant to your policy

Principal Real Estate ESG Policy and Guidelines_FINAL.pdf

Criteria required of clients/investees

Disclosure of Scope 1 emissions

Disclosure of Scope 2 emissions
Disclosure of Scope 3 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 required, 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 the real estate private equity investment lifecycle – including acquisitions, development, operations, and dispositions and the lending process – including loan origination, due diligence, underwriting, and portfolio monitoring. The policy includes supporting ESG guidelines that directly support the implementation of the policy:

•Real Estate Development: guidelines on the incorporation of ESG considerations for new development and major renovation activities
•Acquisition Due Diligence: provide detail on how ESG is incorporated into the due diligence process to ensure thorough understanding of opportunities and risks, convey expected performance criteria, collect necessary data, and establish performance baselines
•Building Technology and Innovation: documents our approach to ensuring specialized smart building aspects are appropriately incorporated into each of our individual assets

•Health and Wellness– provide an overview of our health and wellness goals and healthy building practices for operational assets
•Climate Resilience: define the types of climate risk assessed, tools utilized, and risk mitigation strategies for Principal staff and our partners to execute
•Net Zero: detail our definition and boundaries for net zero and provide strategies for emissions reduction by utilizing property level carbon action plans
•Operations and Management: outline broad activities required of property management teams to ensure the consistent application and success of ESG best practices through property operations and management

Principal Real Estate Investors' ESG Policy applies broadly across actively managed discretionary 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

---

Portfolio

Investing (Asset owner)

Type of policy

Sustainable/Responsible Investment Policy

Portfolio coverage of policy

8.5077

Policy availability

Publicly available

Attach documents relevant to your policy

Principal Real Estate ESG Policy and Guidelines_FINAL.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 required, 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 the real estate private equity investment lifecycle – including acquisitions, development, operations, and dispositions and the lending process – including loan origination, due diligence, underwriting, and portfolio monitoring. The policy includes supporting ESG guidelines that directly support the implementation of the policy:

•Real Estate Development: guidelines on the incorporation of ESG considerations for new development and major renovation activities
•Acquisition Due Diligence: provide detail on how ESG is incorporated into the due diligence process to ensure thorough understanding of opportunities and risks, convey expected performance criteria, collect necessary data, and establish performance baselines
•Building Technology and Innovation: documents our approach to ensuring specialized smart building aspects are appropriately incorporated into each of our individual assets.

•Health and Wellness– provide an overview of our health and wellness goals and healthy building practices for operational assets
•Climate Resilience: define the types of climate risk assessed, tools utilized, and risk mitigation strategies for Principal staff and our partners to execute
•Net Zero: detail our definition and boundaries for net zero and provide strategies for emissions reduction by utilizing property level carbon action plans
•Operations and Management: outline broad activities required of property management teams to ensure the consistent application and success of ESG best practices through property operations and management

Principal Real Estate Investors' ESG Policy applies broadly across actively managed discretionary 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

The portfolio targets neutrality or higher in aggregate on the 17 UN SDG metrics alongside an annual improvement goal.

C-FS3.6b

(C-FS3.6b) Provide details of your exclusion policies related to industries and/or activities exposed or contributing to climate-related risks.

Portfolio

Investing (Asset manager)

Type of exclusion policy

Thermal coal
All oil & gas

Year of exclusion implementation

2022

Timeframe for complete phase-out

Already phased out

Application

New business/investment for new projects
New business/investment for existing projects
Existing business/investment for existing projects

Country/Area/Region the exclusion policy applies to

Asia Pacific (or JAPA)

Description

Several of our SFDR Article 8 funds have climate related exclusions that are specific to each fund.

The Asian High Yield SFDR Article 8 UCITs has a binding elements that state “the Fund will have a maximum exposure of 10% to companies with revenue of more than 50% derived from the production and consumption of thermal coal, oil and gas”.

Portfolio

Investing (Asset manager)

Type of exclusion policy

Thermal coal

Year of exclusion implementation

2022

Timeframe for complete phase-out

Already phased out

Application

New business/investment for new projects
New business/investment for existing projects
Existing business/investment for existing projects

Country/Area/Region the exclusion policy applies to

Canada
Denmark
France
Germany
India
Japan
Netherlands
Norway
Spain
Switzerland
Taiwan, China
United Kingdom of Great Britain and Northern Ireland
United States of America

Description

The Principal Global Investors Funds Global Responsible Equity Fund excludes “thermal coal producers”.

Portfolio

Investing (Asset manager)

Type of exclusion policy

Thermal coal

Year of exclusion implementation

2022

Timeframe for complete phase-out

Already phased out

Application

New business/investment for new projects
New business/investment for existing projects
Existing business/investment for existing projects

Country/Area/Region the exclusion policy applies to

Denmark
France
Germany
Greece
Ireland
Italy
Netherlands
Norway
Portugal
Spain
Sweden
Switzerland
United Kingdom of Great Britain and Northern Ireland

Description

The Principal Global Investors Funds European Responsible Equity Fund excludes “thermal coal producers”.

Portfolio
Investing (Asset manager)

Type of exclusion policy
Thermal coal

Year of exclusion implementation
2022

Timeframe for complete phase-out
Already phased out

Application
New business/investment for new projects
New business/investment for existing projects
Existing business/investment for existing projects

Country/Area/Region the exclusion policy applies to
United States of America

Description
The Principal Global Opportunities Series Post Short Duration High Yield Fund excludes companies or issuers from consideration for investment where more than 10% of their revenue is derived from involvement in producing thermal coal.

Portfolio
Investing (Asset manager)

Type of exclusion policy
All oil & gas

Year of exclusion implementation

2022

Timeframe for complete phase-out

Already phased out

Application

New business/investment for new projects

New business/investment for existing projects

Existing business/investment for existing projects

Country/Area/Region the exclusion policy applies to

Austria
Belgium
Canada
Croatia
Cyprus
Estonia
Finland
France
Germany
Greece
Ireland
Italy
Japan
Latvia
Lithuania
Luxembourg
Malta
Netherlands
Portugal
Slovakia

Slovenia
Spain
United Kingdom of Great Britain and Northern Ireland
United States of America
Asia Pacific (or JAPA)
Australasia
Latin America (LATAM)
Middle East

Description

The Principal Global Investors Funds Global Sustainable Listed Infrastructure Fund excludes “companies or issuers involved in the production or extraction of oil as a principal business or that derive more than 10% of their revenues from the production of oil

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
Portfolio target

C4.1a

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

Target reference number

Abs 1

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
1.5°C aligned

Year target was set
2022

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)
6,557

Base year Scope 2 emissions covered by target (metric tons CO2e)
29,965

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)

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

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

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

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

36,522

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, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO2e)

Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO2e)

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e)

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO2e)

Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO2e)

Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO2e)

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO2e)

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e)

Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO2e)

Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO2e)

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e)

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO2e)

Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO2e)

Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO2e)

Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO2e)

Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO2e)

Base year total 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

2034

Targeted reduction from base year (%)

65

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

12,782.7

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

5,076

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

18,024

Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)

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

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

Total 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)

23,100

Does this target cover any land-related emissions?

No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

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

56.5391565884

Target status in reporting year

New

Please explain target coverage and identify any exclusions

Target covers 100% of company-wide scope 1 and 2 emissions

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

We manage our facilities and business operations responsibly. We aim to achieve our GHG emission reduction target through operational improvements, renewable energy procurement, and employee engagement.

Our climate action plans require the involvement of all our global operations. In 2022, we made significant progress on our climate goals by completing a global energy and GHG data collection project and established our first global GHG baseline. Our energy and sustainability program has led to great results, demonstrated by our progress against our 2019 baseline year. By the end of 2022, we have achieved a 36.8% of scope 1 and market-based scope 2 GHG reduction from 2019 baseline.

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

2021

Portfolio

Investing (Asset manager)

Product type/Asset class/Line of business

Real estate/property

Sectors covered by the target

Real estate

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

2019

Figure in base year

119,436.96

Percentage of portfolio emissions covered by the target

100

Monetary metric for portfolio coverage (unit currency as reported in C0.4)

Assets under management

Percentage of portfolio covered by the target, using a monetary metric

4.2925

Frequency of target reviews

Annually

Interim target year

2035

Figure in interim target year

71,662.17

Target year

2050

Figure in target year

0

Figure in reporting year

134,708.64

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

-12.7863937595

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

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 target initiative in the next two years

Target ambition

1.5°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 US core and core-plus open end strategies, and European core, office, long income, and care home strategies.

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. In 2022, we measured and tracked the emissions of underlying holdings and analyzed the impact at a portfolio level. There are still significant gaps in emissions reporting industry wide.

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 two 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

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)

NA

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*	0	0
Implementation commenced*	0	0

Implemented*	3	498
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

Lighting

Estimated annual CO2e savings (metric tonnes CO2e)

476

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)

80,000

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

820,520

Payback period

4-10 years

Estimated lifetime of the initiative

11-15 years

Comment

Replaced HID and Fluorescent fixtures with LEDs at 2 parking ramps at Principal World Headquarters in Des Moines, Iowa. Each LED fixture has a vacancy sensor that decreases the light level to 30% of the output of the fixture when it senses no movement. Then when it does sense activity, it will come on at 100% for 15 minutes. This project has the potential to reduce GHG missions by 476 mtCO2e annually.

Initiative category & Initiative type

Energy efficiency in buildings

Heating, Ventilation and Air Conditioning (HVAC)

Estimated annual CO2e savings (metric tonnes CO2e)

22

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)

3,301

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

26,380

Payback period

4-10 years

Estimated lifetime of the initiative

11-15 years

Comment

Installed customized insulation Jackets on boiler pumps and valves at Principal World Headquarters in Des Moines, Iowa. This project has the potential to reduce GHG missions by 22 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

Externally classified using other taxonomy or methodology, please specify

SFDR Article 8

Description of product

Principal Real Estate Investors, a subsidiary of Principal Global Investors, provides institutional investors with multiple investment fund options that include sustainability certified real estate assets, climate risk analysis and adaptation, and specific emissions reduction targets. 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.

The Principal Real Estate discretionary managed funds that are actively marketing are classified as ESG Integration – Enhanced Features.

In addition to the internal classification system, 3 of Principal Real Estate's discretionary managed funds are SFDR Article 8 and 4 funds are in the process of converting to Article 8.

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

Mitigation
Adaptation

Portfolio value (unit currency – as specified in C0.4)

20,184,565,157

% of total portfolio value

4.34

Type of activity financed/insured or provided

Green buildings and equipment

Product type/Asset class/Line of business

Investing
Forestry

Taxonomy or methodology used to classify product

Externally classified using other taxonomy or methodology, please specify
SFDR Article 8

Description of product

Principal Claritas offers a Timber fund that invests in FSC certified forests, an important part of the nature-based carbon removal solution.

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

Mitigation
Adaptation

Portfolio value (unit currency – as specified in C0.4)
68,064,609.53

% of total portfolio value
0.02

Type of activity financed/insured or provided
Nature-based solutions

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?	Details of methodology, boundary, and/or reporting year definition change(s)
Row 1	Yes, a change in boundary	Previous GHG reporting only include domestic data. In 2022, we expanded our GHG reporting to cover global data

C5.1c

(C5.1c) Have your organization's base year emissions and past years' emissions been recalculated as a result of any changes or errors reported in C5.1a and/or C5.1b?

	Base year recalculation	Scope(s) recalculated	Base year emissions recalculation policy, including significance threshold	Past years' recalculation
Row 1	Yes	Scope 1 Scope 2, location-based Scope 2, market-based	Recalculation for – 1. Structural changes (acquisitions/divestments and outsourcing/insourcing of emitting activities) that result in a significant change in GHG emissions. 2. When significant structural changes occur during the middle of the year, the base year emissions should be recalculated for the entire year to avoid recalculation again in the following year 3. Changes in calculation methodology or improvements in data accuracy "Significance threshold" = 5% of base year emissions	Yes

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)
6,557

Comment
NA

Scope 2 (location-based)

Base year start
January 1, 2019

Base year end
December 31, 2019

Base year emissions (metric tons CO2e)
39,905

Comment
NA

Scope 2 (market-based)

Base year start
January 1, 2019

Base year end
December 31, 2019

Base year emissions (metric tons CO2e)
29,965

Comment

NA

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)

412,391

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.

Scope 3 category 2: Capital goods

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

0

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)

7,632

Comment

NA

Scope 3 category 4: Upstream transportation and distribution

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

0

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

NA

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

NA

Scope 3 category 7: Employee commuting

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

27,774

Comment

NA

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

NA

Scope 3 category 9: Downstream transportation and distribution

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

0

Comment

NA

Scope 3 category 10: Processing of sold products

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

0

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

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

0

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

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

0

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

NA

Scope 3 category 14: Franchises

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

0

Comment

Principal does not have franchise operations.

Scope 3: Other (upstream)

Base year start
January 1, 2019

Base year end
December 31, 2019

Base year emissions (metric tons CO2e)
0

Comment
Principal has no other upstream emissions

Scope 3: Other (downstream)

Base year start
January 1, 2019

Base year end
December 31, 2019

Base year emissions (metric tons CO2e)
0

Comment
Principal has no other downstream emissions

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)

5,076

Comment

NA

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

NA

C6.3

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

Reporting year

Scope 2, location-based

28,122

Scope 2, market-based (if applicable)

18,024

Comment

NA

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

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)

463,167

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)

6,901

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)

104.81

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 269.5 tons of waste to the landfill, 7.1 tons of organics to compost facilities, and 590.65 tons of recyclables to recycling facilities in 2022 which equates to 104.81 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)

5,627

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.

Employee commuting

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

18,583

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)

5,931

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 2018 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)

2,865

Emissions calculation methodology

Average data method

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

0

Please explain

Downstream leased assets include facilities that Principal either owns, or owns the head lease, and sub-leases to other parties. 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 2018 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 downstream 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 has no 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 has no 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

0.0000013206

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

23,100

Metric denominator

unit total revenue

Metric denominator: Unit total

17,491,600,000

Scope 2 figure used

Market-based

% change from previous year

22.49

Direction of change

Decreased

Reason(s) for change

Change in renewable energy consumption
Other emissions reduction activities

Please explain

A decrease in Gross Scope 1 and Scope 2 Market-based emissions has led to a more favorable Intensity metric. The decrease in 2022 emissions is partly due to the emissions reduction's activities reported in C4.3b.

C7. Emissions breakdowns

C7.7

(C7.7) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?

No

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 in emissions	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	3,137	Decreased	13	The increase in renewable energy in the MidAmerican grid in 2022 increased Principal renewable energy consumption. In 2022, MidAmerican submitted to Iowa Utilities Board that their 2021 emissions factor was 656 lb/MWh. In 2023, MidAmerican filed with the Iowa Utilities Board that their 2022 emissions factor

				had reduced to 521 lb/MWh. This equates to a 21% decrease in emissions from the MidAmerican grid, due to this change. In 2021 Principal emitted 15,244 mtCO2e from the MidAmerican grid, therefore Principal reduction in emissions due to this change is 15,244 mtCO2e*21% = 3,137 mtCO2e. The total emissions from 2021 was 24,301 mtCO2e. Therefore, the Emissions value is 3,137/24,301 = 13%
Other emissions reduction activities	498	Decreased	2	2021 gross Scope 1+2 emissions was 24,301 mtCO2e, therefore emissions reductions from projects in 2020 represent an emissions value of 498/24,301= 2%
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	24,221	24,221
Consumption of purchased or acquired electricity		43,620	18,132	61,752
Total energy consumption		43,620	42,353	85,973

C8.2g

(C8.2g) Provide a breakdown by country/area of your non-fuel energy consumption in the reporting year.

Country/area

Australia

Consumption of purchased electricity (MWh)

38.68

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

38.68

Country/area

Brazil

Consumption of purchased electricity (MWh)

2,386

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

2,386

Country/area

Chile

Consumption of purchased electricity (MWh)

1,018.86

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

1,018.86

Country/area

France

Consumption of purchased electricity (MWh)

48.55

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

48.55

Country/area

Germany

Consumption of purchased electricity (MWh)

103.8

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

103.8

Country/area

Hong Kong SAR, China

Consumption of purchased electricity (MWh)

419.39

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

419.39

Country/area

India

Consumption of purchased electricity (MWh)

2,200.17

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

2,200.17

Country/area

Indonesia

Consumption of purchased electricity (MWh)

29.31

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

29.31

Country/area

Japan

Consumption of purchased electricity (MWh)

51.5

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

51.5

Country/area

Luxembourg

Consumption of purchased electricity (MWh)

30.23

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

30.23

Country/area

Malaysia

Consumption of purchased electricity (MWh)

2,490.66

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

2,490.66

Country/area

Mexico

Consumption of purchased electricity (MWh)

1,810.91

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

1,810.91

Country/area

Philippines

Consumption of purchased electricity (MWh)

937.72

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

937.72

Country/area

Singapore

Consumption of purchased electricity (MWh)

58.74

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

58.74

Country/area

Spain

Consumption of purchased electricity (MWh)

14.19

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

14.19

Country/area

Switzerland

Consumption of purchased electricity (MWh)

27.14

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

27.14

Country/area

United Kingdom of Great Britain and Northern Ireland

Consumption of purchased electricity (MWh)

19.38

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

19.38

Country/area

United States of America

Consumption of purchased electricity (MWh)

50,066.56

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

50,066.56

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

CY2022 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

CY2022 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

CY2022 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
Scope 3: Downstream 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

CY2022 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
C7. Emissions breakdown	Year on year change in emissions (Scope 1)	ISO14064-3	Verified GHG data is on Page 2 of the attached assurance statement. 1
C7. Emissions breakdown	Year on year change in emissions (Scope 2)	ISO14064-3	Verified GHG data is on Page 2 of the attached assurance statement.

			1
C7. Emissions breakdown	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]CY2022 Principal Financial Group Assurance Statement.pdf

C11. Carbon pricing

C11.2

(C11.2) Has your organization canceled any project-based carbon credits within the reporting year?

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
Collaboration & innovation

Details of engagement
Work in partnership with asset owner clients on decarbonization goals, consistent with an ambition to reach net zero emissions by 2050 or sooner across all assets under management

% client-related Scope 3 emissions as reported in C-FS14.1a
100

Portfolio coverage (total or outstanding)
5.7326

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 Investors' ENERGY STAR Partner of the Year status, which has been earned each year since 2016. This information is featured prominently on the Responsible Property Investment web page, which receives more than 700 visitors annually.

Other methods of engagement are the monthly Pillars of Responsible Property Investing Newsletter emails sent to property managers which includes best practices for property operations, tips and recommendations for engaging tenants and residents on sustainability, and how sustainability can help create value for our investors and the communities in which we own property.

We request feedback from property managers on these resource emails as part of onsite “ESG Audits”. Property managers have reported that the resources provided and tips for engaging tenants on progress towards net zero and other ESG efforts have been helpful to share with tenants.

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 headquarters 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. 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. We integrate waste and recycling practices into business operations and construction projects to improve landfill diversion. Our goal is to meet or exceed LEED® guidelines for waste and recycling. In 2022, we diverted 69% of waste produced at our U.S. facilities through recycling, donating, and composting efforts, with 100% of our hazardous waste being recycled. We continue to make incremental changes in our offices to reduce waste. Approximately 14,200 pounds of food was diverted from the landfill in 2022 thanks to our food provider, Sodexo. An additional 31,251 pounds of furniture from construction and renovation projects was donated to organizations and families in need.

Principal engages with our building management company to continuously monitor our energy consumption, water usage, and waste for our U.S. offices. Of our total energy consumption in the U.S. in 2022, approximately 58% came from renewable sources—a total of 41,657 MWh. This percentage increases significantly when we look at electricity consumption in the U.S., of which approximately 86% came from renewable sources. At the global level, nearly 50% of energy came from renewable sources worldwide. We’re pleased to share similar environmental commitments to MidAmerican Energy, our utility provider in Des Moines, Iowa. MidAmerican announced a plan to launch a renewable energy project in Iowa in 2022, which includes wind and solar generation and the exploration of new technologies to meet their goal of delivering 100% renewable energy to customers by 2025 and achieving net-zero emissions by 2050. We're aiming to increase our consumption of renewable energy in 2023 through our longstanding relationship with MidAmerican Energy and continue researching 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.

We engage our employees, stakeholders, and supply chain through environmental awareness initiatives. Our employee resource group, the Green Team, implements practices to help reduce our environmental footprint and promote green practices among employees. In 2022, the Green Team hosted on-campus recycling and donation events to keep electronics, paper, and clothes out of landfills. Through these efforts, we recycled 6,069 pounds of electronics and 6,450 pounds of paper and rehomed 1,035 pounds of clothes. Additionally, the Green Team hosted two volunteer events in 2022 to help Trees Forever plant 96 trees around Des Moines, Iowa.

Principal has a Supplier Code of Conduct that is available on our website in English and Spanish 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.

2023 supplier program goals:
• Supply chain management: evaluate and select a supply chain management solution to help manage supplier risk, environmental performance, and human rights.
• Provide education to current and future suppliers about our sustainability goals and requirements to help them minimize their environmental impact.
• Continue to drive inclusion through category management, supplier outreach, intentional supplier diversity and a preferred supplier program.
• Allocate 5.8% of eligible U.S. spend with diverse suppliers through spend with 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 strategy or transition plan?

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

External engagement activities that could directly or indirectly 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 external engagement activities are consistent with your climate commitments and/or climate transition plan

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 Sustainability 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 Sustainability 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?

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 and federal legislation associated with the DOL initiative.

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

Low-carbon products and services

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

Other, please specify

Investment options in retirement plans

Policy, law, or regulation geographic coverage

National

Country/area/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 and are opposed congressional efforts to unwind the final DOL reg via CRA resolutions.

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 on this policy, law, or regulation 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

2022 Sustainability Report.pdf

2022-Form-10-K.pdf

2022 Proxy Statement.pdf

Page/Section reference

"Our financial results may be adversely impacted by global climate changes" (2022 10K, page 37)

"Environmental Regulation" (2022 10K, page 17)

"Protecting the Environment" (2022 Sustainability Report, Page 54-59)

"Environmental Impact" (2022 Proxy Statement, Page 22)

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

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

C12.5

(C12.5) 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	International Corporate Governance Network (ICGN) Principle for Responsible Investment (PRI) Task Force on Climate-related Financial Disclosures (TCFD) UN Global Compact	Principal Asset Management, previously 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 Asset Management signatory status, other Principal entities, including Principal Financial Group, seek to uphold the Principles of Responsible Investing. In 2021, Principal Sustainability 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 2022 Sustainability report has been prepared in accordance with GRI and SASB standards and in alignment with TCFD and the United Nations Sustainable Development Goals. We continue to use the TCFD recommendations to further understand and increase the transparency of Principal 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

134,708.64

Portfolio coverage

4.2925

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 2022, 599 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.

Equity and Fixed Income emissions reporting metrics are from MSCI which utilizes the Global GHG Account and Reporting Standard

Investing (Asset owner)

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

29,725.3

Portfolio coverage

7.3462

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 2022, 148 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
Row 1	Yes, by asset class

C-FS14.2a

(C-FS14.2a) Break down your organization's portfolio impact by asset class.

Asset class	Portfolio metric	Portfolio emissions or alternative metric
Investing Listed Equity	Weighted average carbon intensity (tCO2e/Million revenue)	123.73
Investing Corporate Bonds	Weighted average carbon intensity (tCO2e/Million revenue)	424.1

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 impacts and dependencies of its value chain on biodiversity?

Impacts on biodiversity

Indicate whether your organization undertakes this type of assessment

No and we don’t plan to within the next two years

Dependencies on biodiversity

Indicate whether your organization undertakes this type of assessment

No and we don’t plan to within the next two years

C15.4

(C15.4) Does your organization have activities located in or near to biodiversity- sensitive areas in the reporting year?

No

C15.5

(C15.5) 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

C15.6

(C15.6) 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	

C15.7

(C15.7) 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.

NA

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.

Position or committee

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

Issue area(s)

Forests

Water

Forests- and/or water-related responsibilities of this position

Coverage of responsibilities

Reporting line

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

Please explain

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 Asset Management 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 Asset Management 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 Asset Management 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 Asset Management 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 Asset Management 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 Asset Management 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 Asset Management 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 Asset Management 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 Asset Management 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.
Water	No	Not yet evaluated	Currently Principal Asset Management 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-FS2.4

(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 Asset Management 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.
Water	No	Not yet evaluated	Currently Principal Asset Management 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-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) Has your organization set targets for deforestation free and/or water secure lending, investing and/or insuring?

	Targets set	Explain why your organization has not set targets for deforestation free and/or water secure lending, investing and/or insuring and any plans to address this in the future
Forests	No, and we do not plan to set targets in the next two years	Principal currently does not have targets deforestation free and/or water secure lending, investing and/or insuring
Water Security	No, and we do not plan to set targets in the next two years	Principal currently does not have targets deforestation free and/or water secure lending, investing and/or insuring

FW-FS3.4

(FW-FS3.4) 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-FS3.5

(FW-FS3.5) 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?

	External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact this issue area
Forests	Not assessed
Water	Not assessed

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 Asset Management 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) – Impact on Water	No, and we don’t plan to in the next two years	Important but not an immediate priority	Currently Principal Asset Management 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) – Impact on Forests	No, and we don’t plan to in the next two years	Important but not an immediate priority	Currently Principal Asset Management 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) – Impact on Water	No, and we don’t plan to in the next two years	Important but not an immediate priority	Currently Principal Asset Management 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-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).

Focus of the Publication

Water Security

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

Task Force on Climate-related Financial Disclosures (TCFD) 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. Data is accurate as of December 31, 2022. Select the first available link in the "Information links" column to view our response.

Governance		Information Links	Page(s)
Governance A	Disclose the organization's governance around climate-related risks and opportunities.	Governance A - Board Oversight 2022 Sustainability Report	69, 75
Governance B	Disclose the organization's governance around climate-related risks and opportunities.	Governance B - Role of Management 2022 Sustainability Report	120, 74, 75
Strategy		**Information Links**	**Page(s)**
Strategy A	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	Strategy A - Short, Medium, and Long Term Climate Risks 2022 Sustainability Report 2023 CDP	75 18, 19, 40, 41

Strategy B	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material.	Strategy B - Business, Strategy and Financial Planning	
		2022 Sustainability Report	40, 55-60, 75
		2023 CDP	50-51, 72
Strategy C	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material.	Strategy C - Resilience of the Organization's Strategy	
		2022 Sustainability Report	75
		2023 CDP	20, 21, 42
Risk Management		Information Links	Page(s)
Risk Management A	Disclose how the organization identifies, assesses, and manages climate-related risks.	Risk Management A - Identifying and Assessing Climate Related Risks	
		2022 Sustainability Report	74,75
		2023 CDP	19-23
Risk Management B	Disclose how the organization identifies, assesses, and manages climate-related risks.	Risk Management B - Processes for Managing Climate Related Risks	
		2022 Sustainability Report	74, 75
		2023 CDP	18-23
Risk Management C	Disclose how the organization identifies, assesses, and manages climate-related risks.	Risk Management C - Organizational Integration of Risk Management Practices	
		2022 Sustainability Report	74, 75
		2023 CDP	18-23
Metrics and Targets		Information Links	Page(s)
Metrics and Targets A	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	Metrics and Targets A - Metrics used by the Organization	
		2022 Sustainability Report	54-63
		2023 CDP	13-17
Metrics and Targets B - Scope 1 & 2	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	Metrics and Targets B - Scope 1 & 2 GHG Emissions	

		2023 CDP	64-72
Metrics and Targets B - Scope 3	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	Metrics and Targets B - Scope 3 GHG Emissions	
		2022 Sustainability Report	40, 57
		2023 CDP	94-103
Metrics and Targets C	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	Metrics and Targets C - Targets used by the Organization to Manage Climate Related Risks	
		2022 Sustainability Report	54-57

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