

Sustainability at Principal Asset Management AG

In line with the understanding of sustainability of the European Union, sustainability is not to be limited to environmental aspects alone, but should rather take the entire ESG (Environment, Social and Governance) spectrum into consideration. In this respect, Principal Asset Management AG is subject to disclosure obligations pursuant to the Sustainable Finance Disclosure Regulation (SFDR), Articles 5 to 8 of the Taxonomy Regulation and Delegated Regulation (EU) 2022/1288. In compliance with these disclosure obligations, we disclose the following:

Principal Asset Management AG is aware of its responsibility to ensure a future for the next generations that is worth living for and shall always comply with any and all relevant regulatory requirements. However, at present Principal Asset Management AG does not formally implement the strategies required by the EU regulations regarding the inclusion of sustainability risks in the investment decision-making process and does, consequently, not systematically take the adverse effects on sustainability factors into account.

Although Principal Asset Management does not pursue a formalistic ESG approach, the following measures should be mentioned within the ESG context, which have already been implemented and have been practised within Principal for quite some time:

- Principal focused on particularly energy-efficient construction and low ongoing emission levels in the new office building for the Group in 2019. Environmentally compatible materials were preferred. Energy is obtained exclusively from renewable sources.
- To promote public transport, Principal implemented a mobility concept. Parking spaces can be rented by employees for a monthly fee. The employees who do not use a parking space will receive an annual mobility contribution.
- Principal prefers, all other things being equal, products that promote ecological or social characteristics or take into account adverse effects.
- Principal does not engage in speculation with food and, as a matter of principle, avoids investments that could in any way whatsoever contribute to a shortage of food and/or water supplies.
- In accordance with the preference statements of its clients, Principal may consider in its investment decisions the most significant negative environmental and social impacts on people and the environment. In addition, depending on clients sustainability preferences, investments in products that promote environmental and social characteristics will be made.

Sustainability risks are analyzed based on publicly available information from issuers (e.g. annual and sustainability reports) or internal research using data and ESG ratings from research and rating agencies.

The remuneration policy of Principal Asset Management AG does not set any negative incentives for ignoring sustainability risks. It is designed in such a way that there are no incentives to take excessive risks. As part of our remuneration system, the interests of clients are taken into account at all times. There are therefore no incentives to acquire certain financial instruments. There are also no incentives for frequent buying and selling of financial instruments. Overall, the remuneration system is designed to avoid conflicts of interest. The above also applies with regard to sustainability risks.

We will closely follow developments in this area and notify you here of any changes.

Schaan, November 2024