Principal Global Investors (Europe) Limited

Stewardship Code Policy

Principal Global Investors (Europe) Limited ("PGIE") is part of the wider investment management group, Principal Global Investors ("PGI"). PGIE supports the revised Stewardship Code (September 2012) and believes as a fiduciary asset manager we seek investments with good cooperate governance objectives. We set out below how we have applied the 7 principles of the Stewardship Code and our approach to integrating those responsibilities into our investment process and indicating areas in which we may choose to deviate and why such deviation may be viewed as meeting the best interest of our clients.

Principal 1 – "Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities."

We are a fiduciary, and will always act in the best interests of our clients; subject to this overriding obligation, we have the highest regard for good corporate governance and model our business accordingly.

In implementing our investment process, we seek always to protect and enhance shareholder value. On-going monitoring of investee companies is a key element of this process, and this is facilitated by our developing ongoing communication with the management of companies we invest in on behalf of our clients (see principle 3).

We seek to invest in companies that are well managed and/or are improving their corporate governance. Our belief is that sound corporate governance will create a framework within which a company can be managed in the best interests of its shareholders. We seek to always protect and enhance shareholder value, whilst also seeking not to expose our clients to any unnecessary risks. We make publically available our Responsible Investment Policy, A Proxy Voting Policy, and our UNPRI scored report at https://www.principalglobal.com/about-us/responsible-investing. Additionally, we have an Engagement Policy, which demonstrates our processes utilized in the more than 2,500 conversations per annum with company management and company experts on behalf of our clients in regards to our actively managed strategies (see principle 4).

We have engaged the services of Institutional Shareholders Services ("ISS"), a leading provider of corporate governance advisory and proxy voting services and an independent fiduciary to safeguard potential conflicts of interest and to provide research on individual companies for which we are eligible to vote, as well as the administration of ballots. The portfolio manager/s is asked to vote on all their investee companies' motions, and will see the recommendations of ISS. For all strategy types, we seek to vote in the best interests of minority shareholders, namely our clients, and therefore vote accordingly, considering also the recommendations made by ISS (see principles 6 and 7).

PGIE fully supports the principles of the UK Corporate Governance Code including the 'comply or explain' approach with the priority of seeking the best economic outcome for our clients.

Principle 2 – "Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed."

Identifying, managing and mitigating any conflicts of interest between all relevant parties is a fundamental part of what we do as a fiduciary manager. As noted above, we have engaged the services of ISS, a leading provider of corporate governance advisory and proxy voting services and an independent fiduciary to safeguard potential conflicts of interest and to provide both research on individual companies for which we are eligible to vote, as well as the administration of ballots. When the clients have given us the discretion to vote, the portfolio manager/s votes on all their investee companies motions in conjunction with recommendations of ISS. We seek to vote in the best interests of minority shareholders, namely our clients, and therefore vote accordingly. Should a portfolio manager wish to deviate from the ISS recommendation, in keeping with our policy, we must seek pre-approval from firm compliance in adherence with the Proxy Voting Policy Process. All investments are treated equally regardless of relationships they may have with our organization or representatives of our organization.

In all instances, we aim to ensure our clients' best interests are being served. In exceptional circumstances consultation by senior management, the Law Department, Outside Counsel, and/or the Client whose account may be affected by the conflict, may be necessary before a decision to vote is made.

In order to avoid any specific conflict of interest with our parent company, Principal Financial Group ("PFG"), we do not invest actively managed portfolios in shares of our parent company.

We would also seek to avoid any conflict of interest when voting on an investee company's resolutions if that company were also a client of PFG.

We make available via our corporate website our Global Code of Business Conduct and Ethics which contains a robust Conflicts of Interest Policy, the governance by our Conflicts Committee and individual responsibilities for adhering to such polices; and guides the expected integrity within which we deal with all relationships we have, including how we interact with those companies in which we invest and those whose assets we manage.

Principle 3 – "Institutional investors should monitor their investee companies."

Our analysts and portfolio managers regularly meet with the management of companies in which we invest, and those we are considering for investment. At these meetings we would expect to discuss corporate responsibility and governance, amongst many other topics. We would also expect to discuss shareholder returns, dividends, policies, financing operations, sustainability etc. and will share our views with management as to how this can best be realized.

We also monitor our investee companies through a variety of other methods such as investment publications from the banking industry, corporate annual reports, regulatory filings, general meetings, road shows, company visits and other industry events and outside investment research of broker-dealers and other third parties,.

Our monitoring process feeds into investment decisions both before a decision to buy and on an ongoing basis. The process, as executed by our fundamental analysts, looks for early identification in fundamental drivers of an investee company and will make buy, sell, hold or sizing recommendations based on many factors, including those uncovered through the above referenced means of monitoring. Our analysts use a proprietary tool for capturing and communicating these recommendations to all relevant portfolio managers. If an issue is identified which is inconsistent with the interests of our clients, we take the appropriate warranted action in mitigating our exposure to such company and/or as it relates to issues to be voted on by company shareholders, we would vote accordingly. In some cases this will mean overriding the ISS recommendation and in conjunction with our Proxy Voting Policy. We may also engage and always reserve the option to exit our shareholding (see Principle 4). We manage our relationships with investee companies in such a way that it is not made an "insider" and as such seek to avoid being made an "insider" in any discussion with a company or its advisors, in order that we can continue to act in our clients' best interest.

Principle 4 – "Institutional investors should establish clear guidelines on when and how they will escalate their stewardship activities."

Our engagement in executing our stewardship activities is integrated into our investment process and is guided by our Engagement Policy (referenced above). Our analysts and portfolio managers consider escalation of issues on a case-by-case basis. If an issue is encountered that the investment analyst deems requiring further escalation either internally or externally, not only associated with good stewardship, the decision resides with the individual analyst to execute the appropriate course of action if necessary. This process may include seeking additional information utilizing all available research methods, making investment recommendations, deviating from a voting recommendation and up to divesting in an asset. An analyst decision may be made autonomously, or may be made in collaboration with a portfolio manager/s if a transaction is required. Superseding this process would be specific client instructions on handling a mandate, for example an exclusionary strategy that may prohibit ownership of a determined controversial asset. Unless directed by the client, the escalation will be in what is deemed the best interest of the client.

To support the proper escalation and broaden our consideration factors, we have retained relationships with a wide and diverse range of research providers. This includes the services of dedicated research providers that provide specialty research in aiding us in our research focused on environmental, social and governance issues ("ESG") or responsible investing. For example, company ratings provided by MSCI ESG providing information on event risk as well as long-term systemic risk factors may be considered by an analyst. The considerations of these factors and the potential materiality may vary including by industry, company and geography as well as our exposure to the company. Through our process, an analyst would likely consider these conclusions are part of their escalation process.

To further support our escalation of our stewardship responsibilities we offer clients specialized voting guidelines, including the ability to incorporate sustainability factors in this active ownership through proxy voting activities. This allows voting for their assets in accordance with the guidelines and allows us to deliver those results supporting the client's own definition of active ownerships. For example, a client may consider sustainability factors when choosing voting policies that align with their objectives, such as Sustainability or Socially Responsible Investment Proxy Voting Guidelines. Such policies seek to promote support for recognized global governing bodies promoting sustainable business practices advocating for stewardship of environment, fair labor practices, non-discrimination, and the protection of human rights while meeting the fiduciary responsibility. Another escalation point related to proxy voting is being able to provide clients with summaries of their proxy voting activities in comparison to those of a sustainable policy if requested. For example for a Japanese client, we implemented a custom reporting package in alignment with their requirements as signatory of the Japanese Stewardship Code.

We would also reserve the option to exit our shareholding if we believed the timeframe for effective improvement/change did not suit the best interests of our clients. We engage in predominately-private meetings with the goal of long term relationships in the best interest of our clients. Where such concerns are discussed during meetings with management and their advisors, they are documented by our analysts and stored within our research database.

Principle 5 – "Institutional investors should be willing to act collectively with other investors where appropriate."

We are a relatively small investor, but do consider whether it is appropriate to act collectively with other investors on a case by case basis. PGI is a signatory of the United Nations supported Principles for Responsible Investment ("UNPRI"). If we have concerns about for example ESG we would raise these issues as noted above. We are in general not an activist investor and are rather a long term, passive investor unless otherwise directed by our client in specific regard to their account.

We also support collaborative engagements organized by representative bodies such as the IMA, CFA, etc. where they are aligned with our clients' best interests. PGI's signatory status of the

UNPRI and our high marks in their annual process review, including engagement, attest to this willingness. Although not an activist investor, we would consider further collaboration in keeping with polices and processes on particular issues as being viewed as impactful to the client's economic outcome, which typically align with good ESG actions. Collective engagement may be deemed appropriate if an issue is deemed by our analyst or as directed by a client to be deemed as creating significant corporate or broader economic stress or when there is a risk that significantly declines meaningful value of the company, which may include those related to engagement on ESG topics.

If you wish to discuss collective engagement with us, please contact Jennifer Sadiq on +1 515 248 8206.

Principle 6 – "Institutional investors should have a clear policy on voting and disclosure of voting activity."

We adhere to a written policy and procedures in relation to proxy voting. This confirms that we use the ISS Standard Proxy Voting Guidelines and make available to clients custom voting polices, including sustainability polices of varying degrees of outcome as offered by ISS. ISS make all voting recommendations following their standard policy, unless otherwise directed by our client. However, the ultimate voting decision remains our responsibility and we determine on a case-by-case basis where we may deviate from the recommendation.

Voting records are available to clients on request. Given the nature of our client base and our product vehicles, we generally view this to be proprietary to our clients and do not disclose this publically. As noted above, PGIE is part of PGI which does make such disclosures for its mutual funds in keeping with regulatory requirements. These disclosures may be found in various places and part of regulatory filings including on our website where examples can be found. https://www.principalglobal.com/documentdownload/23844

A proxy season message is sent by compliance as a reminder to all of our relevant Investment Professionals before annual meetings are held. We shall at no time ignore or neglect our proxy voting responsibilities. However, there may be times when refraining from voting is in the client's best interest, such as when our analysis of a particular proxy issue reveals that the cost of voting the proxy may exceed the expected benefit to the client i.e. where the voting means that we are unable to sell those shares for an extended period. Such proxies may be voted on a best-efforts basis; for example, in those markets where share blocking occurs.

Our policy does not dictate our views on stock lending. However, as a general process, we prefer not to engage in stock lending unless directed by a client. In this case, a client would make their own arrangements for calling back shares to assume responsibility of exercising voting rights. Further, our policy does not dictate that we notify companies of our voting positions on resolutions. However, on a case-by-case basis, we may decide to notify management of our reasons for voting against a resolution or against management as determined by our investment team and may engage with management accordingly. Depending upon the materiality of the resolution and if we continue to hold the company, our investment team may choose to engage on the topic of matter with investee company management in their further/ongoing analysis of the holding.

Principle 7 – "Institutional investors should report periodically on their stewardship and voting activities."

PGI has committed to fulfill the annual signatory reporting requirement. Our most current RI Transparency report can be found on the UNPRI website. PGI's proxy voting related to its publically disclosed results for our mutual fund platform is frequently monitored by ESG and sustainability advocates and associations. PGI is deemed as being a leader in delivering on its stewardship responsibilities and this was demonstrated in 2016 by PGI being ranked first among 30 of the largest US mutual fund managers in proxy results aligning with climate risk mitigation issues at companies with large carbon footprints in the oil/gas and utility sectors as reported by the 50/50 Climate Project. The proxies reviewed for this report evaluated 27 proxy proposals where PGI voted in favor of 92% of such proposals. The voting for these mutual funds would mirror the voting of the PGIE's non-publically disclosed funds/clients.

According to client reporting requirements, we also provide summaries in varying degrees of detail relating to the execution of our stewardship and voting activities in the form of annual or quarterly due diligence meetings, standard and custom client reporting packages and other client reporting methods. See Principle 6 for other reporting descriptions.

We maintain a clear audit trail of all our governance engagements and voting decisions and the reasons behind them. Similarly, we maintain a clear audit trail of our ongoing research, our recommendations and the reasons behind our investment decisions. These processes form the subject of reviews conducted by management, compliance, compliance oversight audits, forensic testing, internal audit, and, as requested, may be part of a due diligence process of client as well as regulatory examinations applicable for all geographies in which we operate.

Contact details

It should be noted that this statement is intended as an overview document only. For further information on PGIE's approach to governance, engagement and stewardship matter please contact:

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