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Sustainability at Principal Real Estate

**Future-ready and
value-driven**

**Private Equity
& Private Debt
June 2026**

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2025 financials

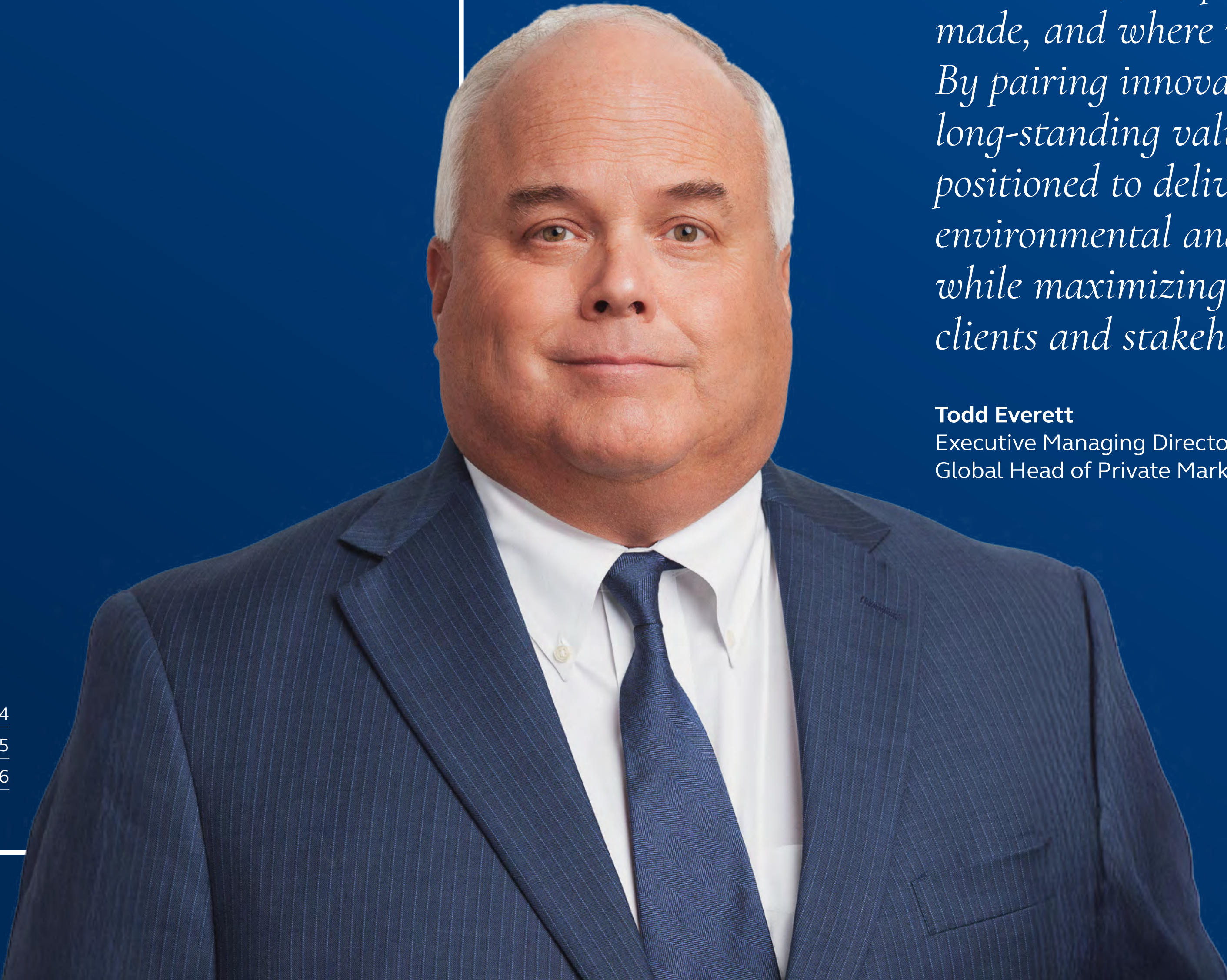
Our diversified portfolio of businesses continued to prove resilient and delivered strong results in 2025.

Use your laptop, tablet, or phone to see information including:

- Our company
- What we do
- News and events
- Investor resources

PrincipalAM.com 

About us



“Our sustainability journey reflects who we are, the progress we have made, and where we are headed. By pairing innovation with our long-standing values, we remain positioned to deliver meaningful environmental and social outcomes while maximizing value for our clients and stakeholders.”

Todd Everett
Executive Managing Director,
Global Head of Private Markets

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A message from our Executive Managing Director

At Principal Real Estate, sustainability remains fundamental to how we create long-term value. We continue to advance sustainability through a balanced approach—one that unites innovation with the values that have long defined our organization. By integrating environmental stewardship, social responsibility, and strong governance throughout our investment strategy, we focus on building and maintaining resilient assets, supporting thriving communities, and delivering value for our clients.

In 2025, we strengthened our data and technology foundation with the rollout of an AI-powered sustainability data management system to improve the consistency, transparency, and usability of sustainability information across our portfolio. We expanded environmental data coverage by installing additional energy and water shadow meters, supporting more informed, property-level decision-making.

Our environmental strategy continued to mature with the development of Sustainability Guidelines for Biodiversity, providing a clear framework for integrating nature-related considerations throughout the investment lifecycle. At the same time, we are making measurable strides toward Principal Real Estate’s Pillars of Responsible Property Investing (PRPI) targets. In the U.S., we have exceeded our 2035 targets for energy, water, and waste data coverage; water use intensity; and certifications. In Europe, we have exceeded our 2035 targets for energy, water, and waste data coverage; waste diversion rate; and on/off-site renewables.*1,*2

Validating our sustainability performance through third-party certifications remained an important focus in 2025 as we expanded participation in recognized programs, including the Institute of Real Estate Management (IREM®) Certified Sustainable Property (CSP).

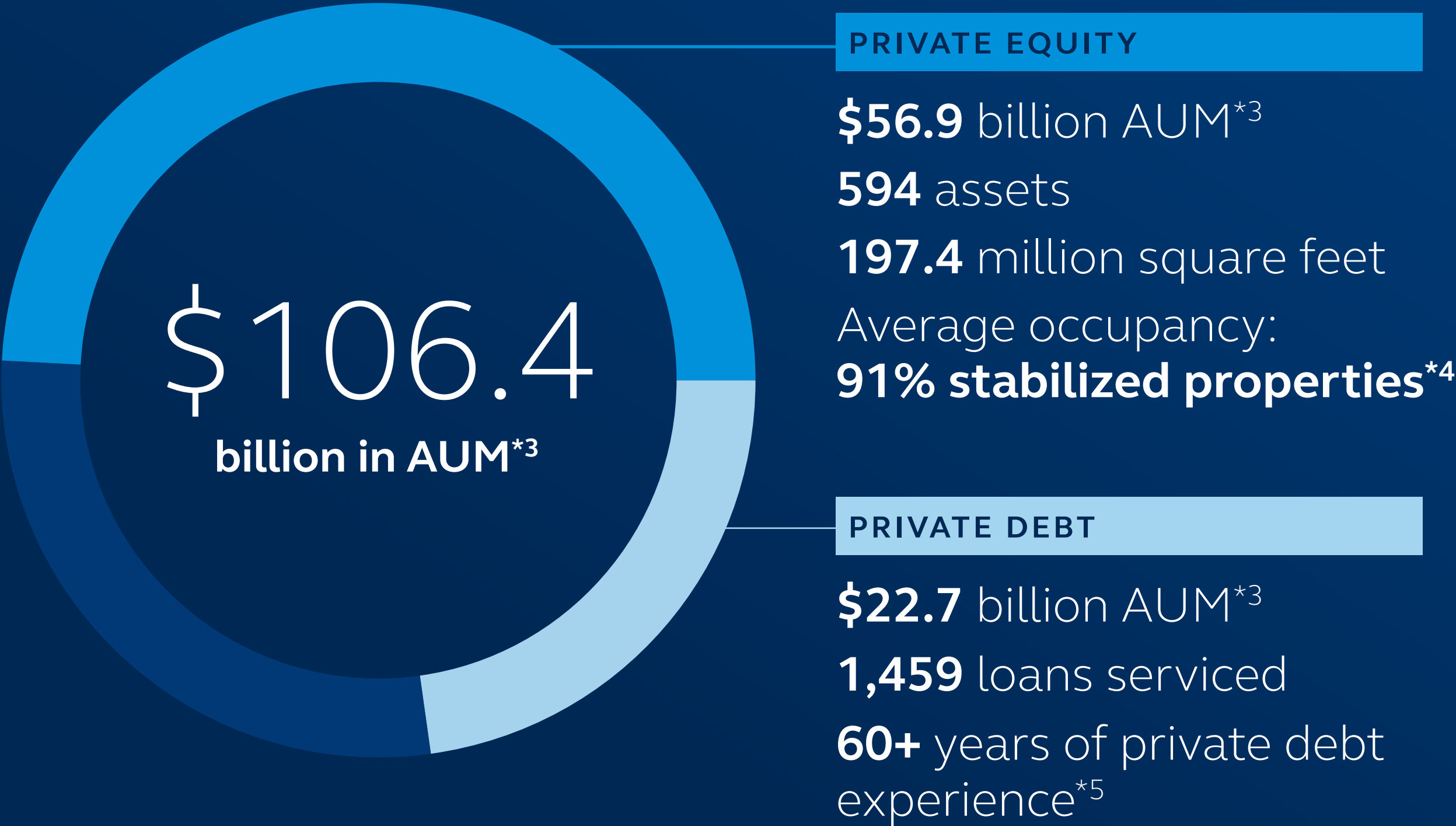
Our progress reflects a strong internal culture grounded in collaboration, focus, and execution. Looking into 2026, we remain focused on aligning sustainability with growth. New investment strategies are evaluated through a sustainability lens from the outset, where appropriate, to support responsible stewardship.

We remain future-ready and value-driven. Through disciplined growth, thoughtful innovation, and responsible investment practices, we are well-positioned to continue delivering meaningful environmental and social outcomes while also creating enduring value across our global real estate platform.

Todd Everett
Executive Managing Director,
Global Head of Private Markets

■ **461 Dean**
*Principal Real Estate multifamily property
located in Brooklyn, New York.*

About Principal Real Estate



Top 10
Global Real Estate
Manager^{*6}

300+
real estate investment
professionals^{*7} averaging
12 years of experience

\$122B+
in real estate debt and
equity transactions
over the past decade^{*8}

475+
employees across
12 countries

Recognized globally as a leader in
sustainable investing^{*9}

A message from our Executive Managing Director

About Principal Real Estate

Our clients

Our clients

740+
clients across
33 countries
worldwide

Investor
types*10

2%
Union/multi-
employer

1%
Non-profits

35%
Public &
governmental

32%
Corporate

29%
Insurance

1%
Individual/
family office



As of 31 December 2025.

Our sustainable investing platform

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“Our core values guide our commitment to sustainable investing. We are focused on developing and operating efficient, future-ready assets to deliver long-term value for our clients, investors, and stakeholders.”

Jennifer McConkey
Managing Director, ESG and Operations

Our platform

The Pillars of Responsible Property Investing (PRPI) platform exemplifies how we integrate sustainability throughout the investment lifecycle. These elements enable us to manage risk and drive continuous improvement across asset types and regions, ensuring our sustainability strategy remains both future-ready and value-driven.

Vision

Through our commitment to responsible property investing and strong governance practices, we seek to invest in and lend on real estate that delivers positive financial and sustainability outcomes for all stakeholders while promoting health and well-being for tenants and residents, minimizing environmental impacts, and enhancing the communities where we invest.

Pillars: The principles that guide our sustainable investing decisions.

Each pillar consists of key performance indicators (KPIs) used to track sustainable investing performance and progress.



Environmental performance

Minimizing the environmental impact of energy and water usage, waste production, and greenhouse gas (GHG) emissions



Occupant experience

Enhancing occupant well-being by providing healthy, safe, and equitable spaces



Community impact

Connecting with and contributing to the economic and social success of markets where we operate



Climate resilience

Utilizing risk mitigation strategies to help ensure building safety and preparedness for physical and transitional climate risks

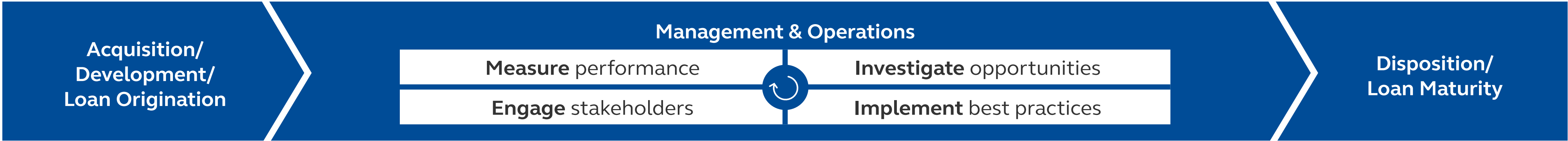


Managerial excellence

Ensuring accountability and oversight of sustainability policies, operations, data quality, and regulatory requirements

Cornerstones: Our core management approach that helps drive results at the property level.

The cornerstones represent an iterative, continuous improvement cycle, starting at property acquisition or loan origination and continuing until the property is sold or the loan matures.



Foundation: The sustainability infrastructure that informs and supports the PRPI platform.

Governance to strengthen internal and external accountability, transparency, and operational controls.

Policies to set clear sustainable investing expectations.

Reporting to provide stakeholders with actionable, clear information aligned with industry benchmarks.

Research to anticipate and assess sustainability-related industry trends and evolving management needs.

Our sustainable investing evolution



Read more about our
sustainable investing evolution (PDF)

2007	2008	2009	2010	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2007 • Became a member of the United States Green Building Council® (USGBC) • Began registering projects for Leadership in Energy and Environmental Design® (LEED) certification 2008 • Established initial Green Working Group for Private Equity • Defined Pillars of Peak Performance for office buildings (PRPI precursor) • Launched first Real Estate Green Property Strategy 2009 • Inaugural GRESB submission • Became ENERGY STAR® partner 2010 • Became signatory to the Principles for Responsible Investment (PRI)* 2013 • Formalized sustainability platform Pillars of Responsible Property Investing (PRPI) *Associated with Principal Asset Management		2014 • Began quarterly performance reporting on our energy use and building certifications • Joined the Department of Energy’s Better Buildings Alliance 2015 • Launched second Real Estate Green Property Strategy • Developed sustainability resources for property managers and stakeholders • Added green lease clauses to our standard leases 2016 • Launched the PRPI handbook and addendum for property managers 2017 • Incorporated ESG criteria into our appraisal process 2018 • Submitted first European strategy to GRESB • Incorporated industrial buildings and private debt into our sustainability platform 2019 • Completed a pilot climate risk analysis on the Real Estate Core-Plus Strategy • Established the Private Debt Sustainable Investing Working Group • Developed Sustainability Guidelines for Private Debt Origination 2020 • Developed Borrower Engagement Toolkit		2021 • Expanded PRPI platform • Digitized and expanded borrower survey within the private debt portfolio • Joined UN Global Compact • Published our Principal Adverse Impacts Statement, Sustainability Risk Policy, and Remuneration Policy • Integrated climate risk analysis into our private equity acquisitions and development due diligence process 2022 • Released our third Real Estate Green Property Strategy • Added physical climate risk analysis to the standard analysis process for all new loan originations • Entered first contract for wind-generated energy 2023 • Completed portfolio-level CRREM transition risk modeling for assets with emissions data for open-end discretionary private equity funds and select separate accounts • Developed sustainability objectives for a U.S. data center strategy 2024 • Improved data coverage through utility direct connections and shadow meter pilots • Integrated an asset sustainability scorecard into fund quarterly reporting and performance review • Created climate risk mitigation plans for private equity assets with high-risk climate hazards • Developed sustainability approach and plan for a European hotel strategy 2025 • Implemented an AI-powered sustainability data management system to track data in real-time • Continued to improve data coverage and reliability through shadow meters and water monitoring systems • Published Sustainability Guidelines for Biodiversity to further our environmental approach												

2025 sustainability highlights

Environmental

18
operational solar systems

20.2%
reduction in GHG emissions
in Europe PRPI strategies*¹¹

33.9%
decrease in water use
intensity since baseline for
U.S. PRPI strategies*¹²

243
green and healthy building
certifications and energy ratings
(new or renewal) earned in 2025

Social

10
strategies received perfect
social scores in GRESB

153
properties won the 2025
Kingsley Excellence Award*¹³

11
property managers onboarded
into PRPI in 2025

70%+
of tenants who responded
to the Kingsley survey rated
sustainability initiatives as
important

Governance

40
additional properties set up
utility direct to automate
data collection

14/14
funds received near-perfect
governance scores in GRESB

100%
of acquisitions, developments,
and loan originations analyzed
for physical climate risk

633
properties completed
onboarding in new sustainability
data management platform

Industry recognition

Our commitment to responsible investment and operational excellence continues to be recognized through leading global benchmarks and industry awards.

GRESB^{*14}

14 strategies submitted in 2025—all 14 **earned Green Star Designation**

Five-star rating earned by the European Core strategy and European Office strategy

All 14 strategies **received a near-perfect social score**



Principles of Responsible Investment (PRI)

Principal Real Estate **earned 5 stars** (91 points) on the Direct—Real Estate module of the 2025 Principles for Responsible Investment (PRI) Assessment Report.

The UN PRI Assessment Report and Public Transparency Reports are available on the [Principal Asset Management Sustainable Investing page](#).



Green Lease Leader^{*15}

Awarded Green Lease Leader with **Gold Recognition** by IMT and U.S. Department of Energy three consecutive times

(2017–2019, 2020–2022, and 2023–2025)



Our alignment

Our sustainability approach aligns with Principal’s enterprise strategy and is informed by globally recognized frameworks that guide our priorities and disclosures.

Alignment with Principal’s strategy

Principal Real Estate’s sustainability strategy seamlessly integrates with Principal’s enterprise-wide commitment to environmental stewardship and responsible business practices. This alignment establishes the foundation for achieving our sustainability objectives while delivering long-term value to our stakeholders. We take a portfolio wide, integrated approach to sustainability that brings environmental stewardship, responsible resource management, and strong governance into our operations and decision making. Across our properties, we implement consistent energy, water, and waste initiatives that support our climate and carbon reduction goals and drive impact at scale.

 Read more about **our commitment to sustainability at Principal**

Sustainable Development Goals sponsored by United Nations

Adopted by the United Nations in 2015, the Sustainable Development Goals (SDGs) establish a shared global framework for addressing the world’s most pressing environmental, social, and economic challenges.

Principal Real Estate aligns with the following:

1

NO POVERTY



3

GOOD HEALTH AND WELL-BEING



4

QUALITY EDUCATION



5

GENDER EQUALITY



6

CLEAN WATER AND SANITATION



7

AFFORDABLE AND CLEAN ENERGY



8

DECENT WORK AND ECONOMIC GROWTH



10

REDUCED INEQUALITIES



11

SUSTAINABLE CITIES AND COMMUNITIES



12

RESPONSIBLE CONSUMPTION AND PRODUCTION



13

CLIMATE ACTION



15

LIFE ON LAND



17

PARTNERSHIPS FOR THE GOALS





Read more about **our alignment with the SDGs**

Task Force on Climate-related Financial Disclosures

The Task Force on Climate-related Financial Disclosures (TCFD) developed a framework to disclose climate-related risks and opportunities for investors. The Principal Real Estate Sustainability Report aligns with TCFD.

 Read more about **our alignment with TCFD**

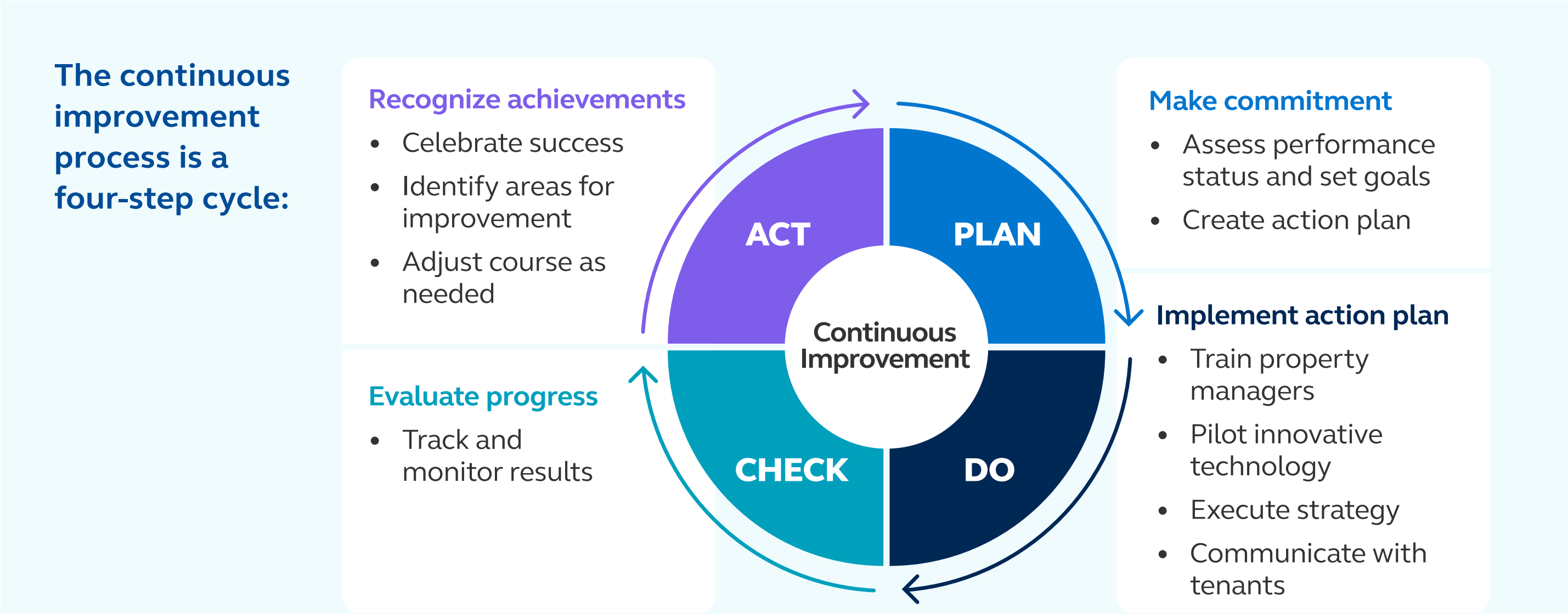
Our process

Sustainability management system

Our Sustainability Management System (SMS), aligned with the ISO 14001 standard, provides the governance and discipline needed to manage sustainability and operational risks across the portfolio. The ISO 14001 framework is built around an iterative “plan, do, check, act” cycle, ensuring we continuously evaluate performance, respond to emerging risks, and improve our practices over time.

By applying this structure, we are able to:

- Identify and address environmental and climate-related risks early, reducing exposure to regulatory, physical, and reputational risks.
- Improve operational reliability and resilience, helping protect asset value and stakeholder trust.
- Maintain a consistent and transparent approach to monitoring, reporting, and enhancing sustainability performance across investments.



PLAN

Establish environmental performance objectives as defined in the PRPI and supporting Sustainability Policy and Guidelines.

DO

Implement environmental performance objectives through our PRPI initiative by working with individual property teams and internal stakeholders to ensure environmental strategies are met.

CHECK

Continually measure individual and fund-level property performance through proprietary and third-party data management systems as well as quarterly reports used to identify trends in environmental performance and areas for improvement.

- Monitor and communicate performance metrics and deliverables with our property management partners.
- Continually track and monitor energy, water, and waste performance data with the EPA’s ENERGY STAR Portfolio Manager benchmarking tool.
- Acquire annual certification by property management firms to ensure adherence to all policies and procedures including our PRPI platform.
- Annually participate in GRESB reporting and the PRI survey allowing for benchmarking across critical environmental performance, governance, management, and policy.

ACT

Utilize performance data to implement actions and continually improve environmental performance of properties.

Supporting our environment

We do this by

- Leveraging automated benchmarking and monitoring tools to track energy, water, and waste performance
- Quantifying current emissions and reduction initiatives through greenhouse gas inventories
- Earning green building certifications to obtain third-party validation of sustainability outcomes

Pillar alignment

Environmental performance



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“We take a pragmatic, performance-driven approach to sustainability—leveraging smart technologies, tenant partnerships, clean energy, and high-quality certifications to drive operating efficiency today and enhance long-term asset value.”

Devin Chen
Senior Managing Director, Private Equity
Real Estate Portfolio Management

Approach to environmental performance

To drive continuous environmental performance, we set greenhouse gas emissions, energy, water, waste, and green and healthy building certification targets. Progress on targets is based on a 2019 performance baseline or an asset’s first consecutive 12 months of performance as a stabilized property.

2035 TARGETS

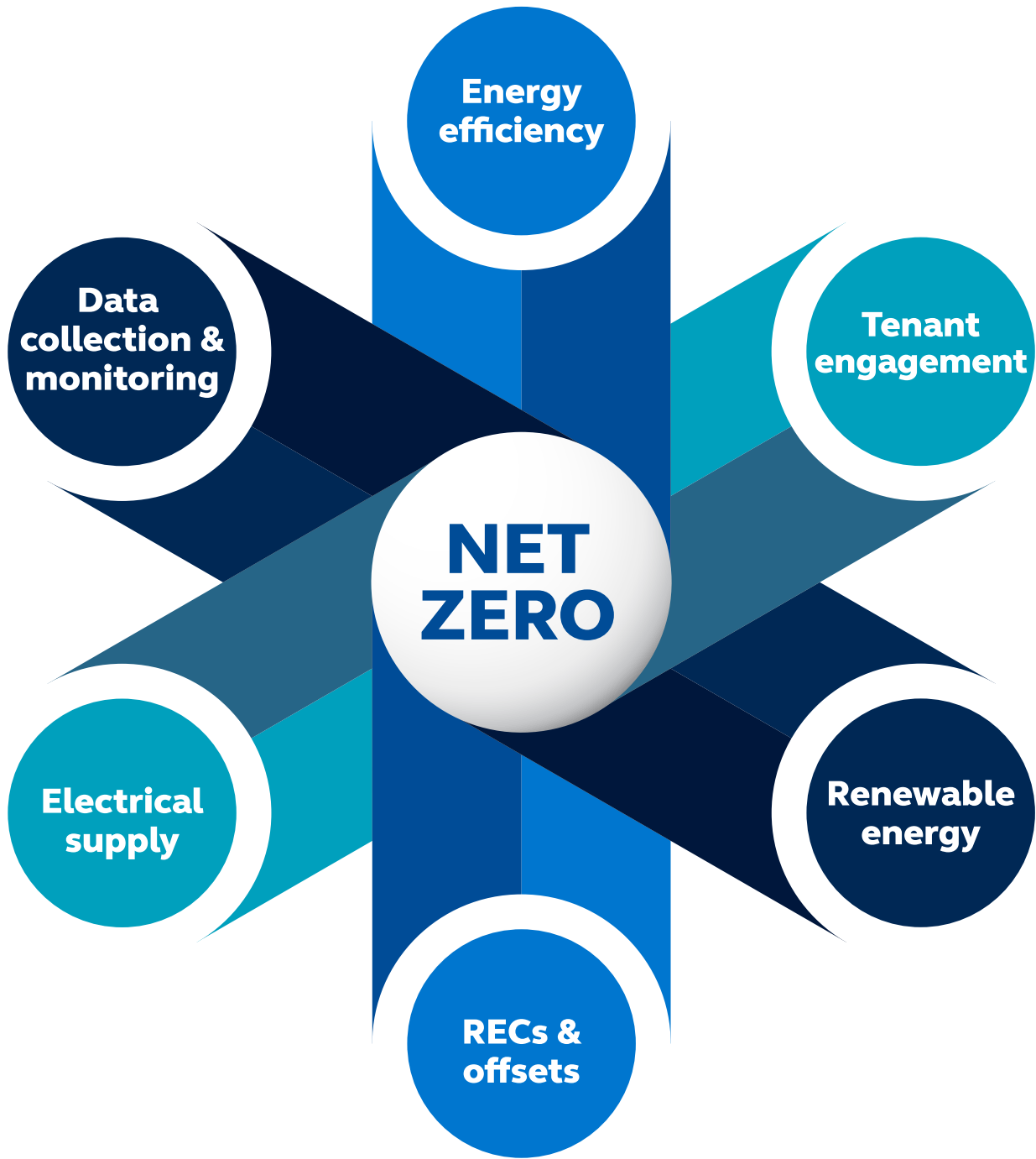
- ⚡ Energy use intensity—20% reduction
- 💧 Water use intensity—20% reduction
- 🗑️ Waste—20% diversion
- 📊 Data coverage—50% coverage
- 🌿 Renewable energy—20% of energy use (on-site and off-site)
- 🏆 Building certification—50% of the portfolio
- 🌐 Greenhouse gas emissions—40% reduction

Net Zero by 2050

Our net zero strategy

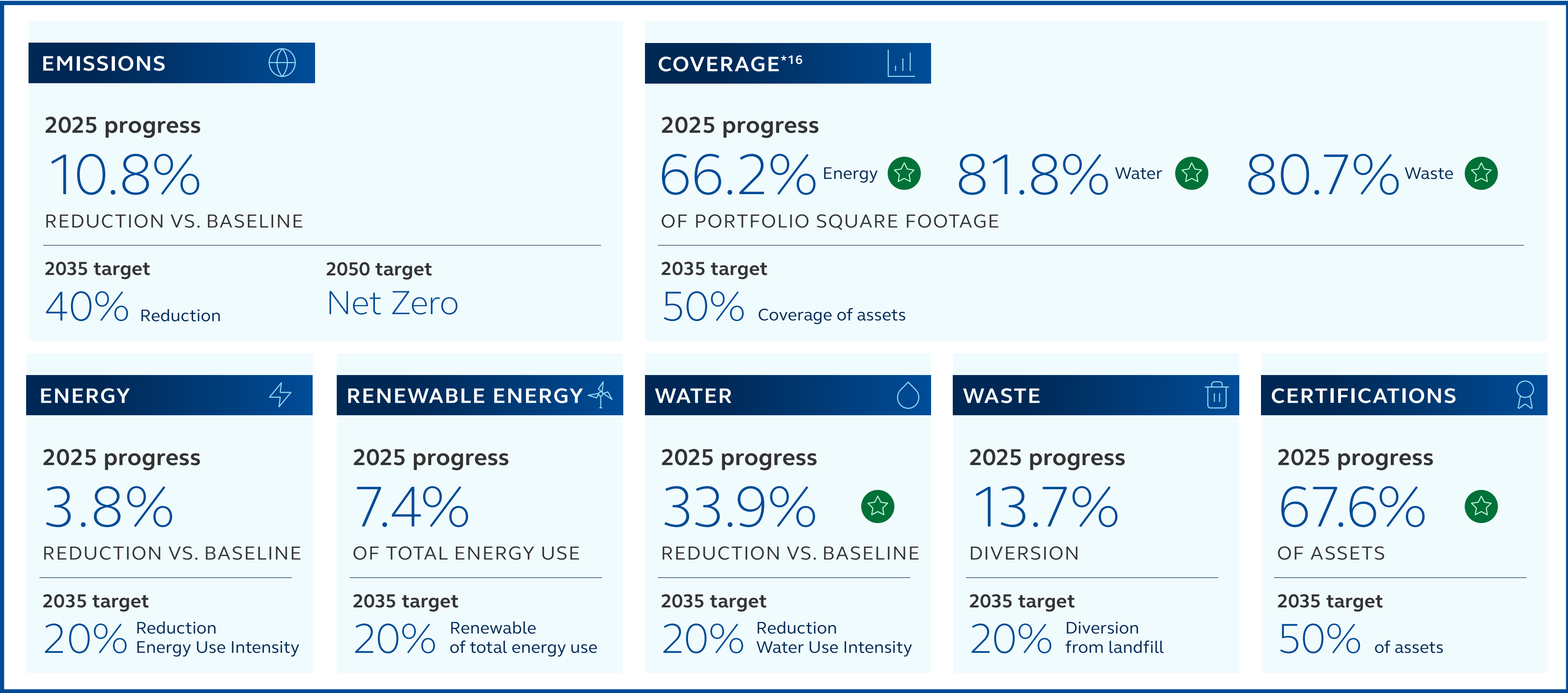
Progressing toward net zero requires a coordinated, portfolio-wide approach that combines operational improvements, clean energy solutions, and stakeholder collaboration. We apply an optimized mix of strategies—tailored to each asset—to reduce emissions, improve efficiency, and drive measurable progress toward our long-term goals.

We define Net Zero as reducing the annual emissions generated from a building’s use of greenhouse gas emitting energy to zero based on the adoption of energy efficiency, on- and off-site renewable energy sources, and carbon removal offsets, if needed. This definition is in accordance with the Net Zero Asset Managers Initiative and aligns with the Paris Climate Accord and global efforts to limit warming to 1.5°C.



U.S. sustainability targets

U.S. open-end discretionary private equity funds’ progress towards our sustainability targets (as of 31 December 2025)



TARGET MET

As of year-end 2025, we have made meaningful progress in the following areas:

In the U.S., data coverage surpassed the 50% target by 12.2% for energy, 31.8% for water, and 30.7% for waste.

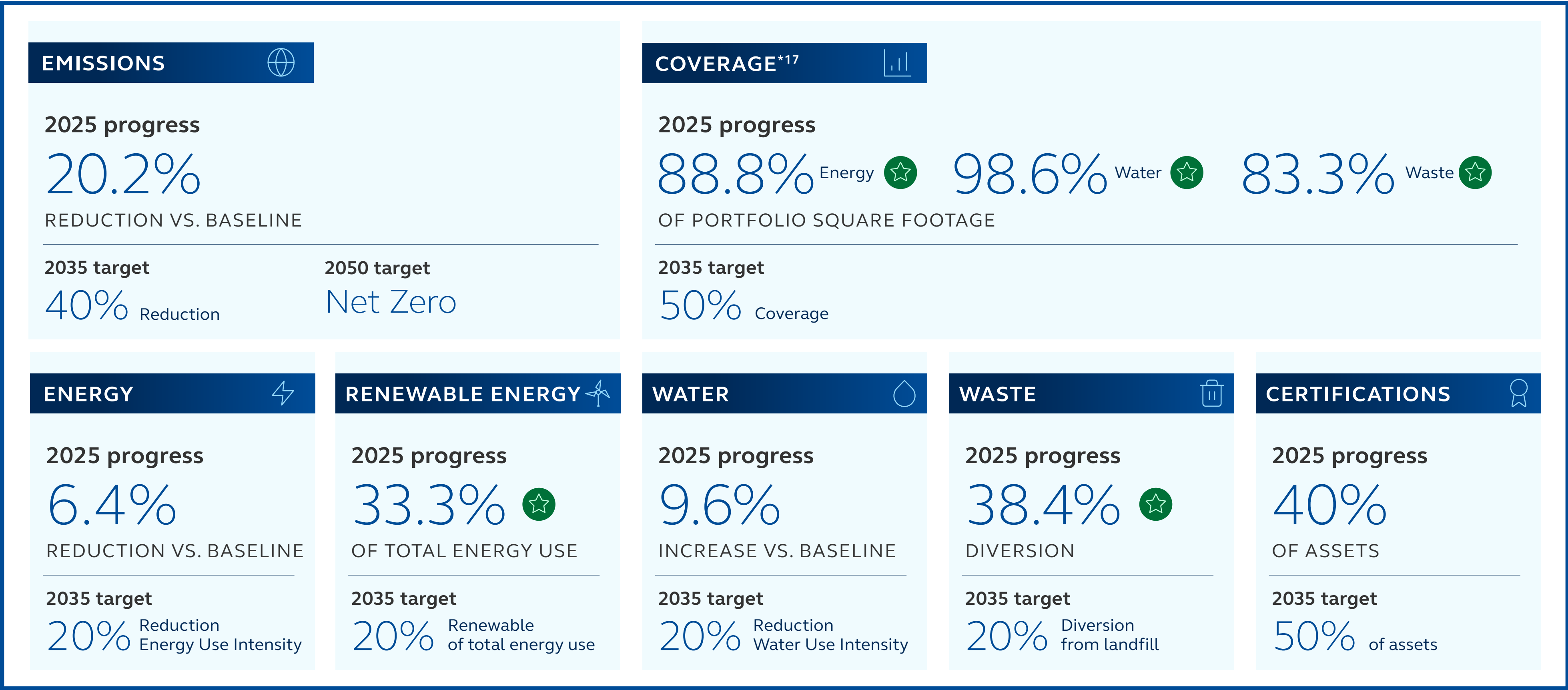
Water use intensity has been reduced by 33.9%, and exceeded the target by 13.9%.

Green and healthy building certifications exceeded the 50% target by 17.6%.

Data as of 31 December 2025. Targets and performance relative to a 2019 baseline. Baselines are individually set for each property depending on data availability and property acquisition / development date. The first 12 months of available data on or after calendar year 2019 will be utilized as the baseline for each asset. Open-end discretionary private equity funds are the US Core, US Core Plus, Principal General Account, European Data Centre, European Office, European Long Income, and European Care Home strategies. Energy and water reduction goals are measured using energy / water intensity, defined as energy / water per square foot (gross floor area of the asset). Building certifications include new development and operational asset certifications for all sectors within the portfolio, by number of assets. The targets stated above may not materialize.

Europe sustainability targets

Europe open-end discretionary private equity funds’ progress towards our sustainability targets (as of 31 December 2025)

 TARGET MET

As of year-end 2025, we have made meaningful progress in the following areas:

In Europe, data coverage surpassed the 50% target by 38.8% for energy, 48.6% for water, and 33.3% for waste.

Waste diversion rate was 38.4%, and exceeded the target by 18.4%.

On-/off-site renewable energy comprised 33.3% of total energy use and exceeded the target by 13.3%.

Data as of 31 December 2025. Targets and performance relative to a 2019 baseline. Baselines are individually set for each property depending on data availability and property acquisition / development date. The first 12 months of available data on or after calendar year 2019 will be utilized as the baseline for each asset. Open-end discretionary private equity funds are the US Core, US Core Plus, Principal General Account, European Data Centre, European Office, European Long Income, and European Care Home strategies. Energy and water reduction goals are measured using energy / water intensity, defined as energy / water per square foot (gross floor area of the asset). Building certifications include new development and operational asset certifications for all sectors within the portfolio, by number of assets. The targets stated above may not materialize. Strategies in liquidation are not included in target metrics.

Driving progress towards our sustainability targets

DATA COVERAGE



Building a comprehensive benchmark of utility consumption across the portfolio

- Establishing reliable utility data connections, with full coverage achieved for 200 properties as of year-end 2025
- Installed electricity sub-metering at 108 industrial properties to improve asset-level visibility

ENERGY & EMISSIONS



Optimizing energy and emissions performance

- Realizing efficiencies throughout building operations with GHG emissions analysis
- Completing an annual greenhouse gas inventory to identify emissions sources and reduction opportunities

RENEWABLE ENERGY



Assessing on-site solar potential and deploying rooftop solar where feasible

- Achieved operational solar installations at 18 U.S. and European assets as of year-end 2025
- Procuring and/or generating renewable energy credits (RECs) for assets in the U.S. and Europe

CERTIFICATIONS



Advancing third-party validation through green and healthy building certifications

- Achieved IREM CSP certification for 154 properties in 2025
- Requiring green or healthy building certifications for new development projects

TENANT ENGAGEMENT



Engaging tenants on our sustainability initiatives

- Incorporating green lease language into new and renewing leases
- Providing tenant engagement resources to support shared sustainability goals

AI & DIGITAL ENABLEMENT



Integrating AI-powered tools to enhance real-time data visibility and performance insights

- Automating data quality checks, benchmarking, and anomaly detection
- Enabling faster, data-driven decision-making across assets and teams

535 Secaucus

A solar installation at a Principal Real Estate warehouse property located in Secaucus, New Jersey.



Spotlight: Efficiency measures earn customer recognition

DFW VII data center in partnership with STREAM Data Centers, demonstrates how disciplined operations and targeted sustainability investments can reinforce performance. DFW VII’s operations team was recognized by its primary customer as a top performing data center, based on seven key metrics highlighting consistent uptime, reliability, and operational excellence.

Advancing water efficiency under peak conditions

In 2025, the asset completed an irrigation system optimization project designed to improve efficiency, control, and reliability. Enhancements included the installation of a second irrigation meter and dedicated feed, enabling full site overnight irrigation. These upgrades improved watering consistency, reduced evaporation losses, and increased operational control.

As a result of the project, the site achieved a 23% reduction in irrigation water use during the highest demand months compared to the prior year—despite hotter and drier conditions.

Enhancing cooling efficiency and climate resilience

To further strengthen performance during extreme heat events, the asset is in the process of installing a high pressure misting system at chiller condenser intakes. When ambient temperatures exceed the system’s 105°F design threshold, fine misting reduces effective inlet air temperature, enabling stable and efficient chiller operation.

Each 1°F reduction in inlet temperature improves chiller efficiency by approximately 1 to 2%, reducing electricity use and associated emissions during peak demand periods. The system also minimizes high pressure trips, supports continuous cooling performance, and reduces thermal and mechanical stress on equipment—extending asset life and lowering lifecycle impacts. Importantly, the solution uses minimal, precisely targeted water, optimizing the energy–water tradeoff while reducing unplanned maintenance and operational strain.

For data center assets where uptime is critical, integrating efficiency and climate adaptation measures protects long-term value. DFW VII illustrates how operational excellence, water stewardship, and resilient cooling strategies can enhance performance today while positioning the asset for the future.

A Principal Real Estate data center property in Garland, Texas.



Green and healthy building certifications

Certifications demonstrate our commitment to measurable, third party-verified sustainability initiatives. This approach provides transparent validation of environmental performance and occupant well-being across our portfolio. In 2025, we certified or re-certified 149 U.S. properties with the IREM CSP program, 79 U.S. properties with ENERGY STAR, 2 U.S. properties with Fitwel®, 2 U.S. properties with LEED, and 8 European properties with BREEAM®. Moving forward, we will continue to look for opportunities to earn certifications for properties that currently have none and renew any expiring certifications.

U.S.
certifications^{*17,*18}

59
LEED

79
ENERGY
STAR

231
IREM

11
FITWEL

4
NGBS®

4
BOMA
360®

5
BREEAM

17
CALGREEN®

Europe
certifications^{*17,*18}

18
BREEAM

1
WELL®

Spotlight: Reimagining Torre Llacuna in Barcelona and setting high standards in sustainable office refurbishment

Located in the heart of Barcelona, Torre Llacuna marks a major step forward in sustainable office design and operation. Spanning 7,872 square meters, the renovation shows how commercial buildings can combine environmental performance with practical functionality.

Torre Llacuna
Principal Real Estate office and retail campus located in Barcelona, Spain.

A major focus of the project was reducing carbon across both construction and operations. To address embodied carbon, which represented 84% of the building’s footprint, the team prioritized lower-carbon materials, recycled steel, local sourcing, and retention of existing components. These measures reduced embodied carbon by 1,014 tCO₂e (148.9 kg CO₂e/m²).

Operational performance was strengthened through efficient HVAC with heat recovery, LED lighting, occupancy sensors, high-performance glazing, insulation, and on-site renewable energy generation, supported by a building management system that continuously optimizes performance.

The refurbishment also advanced circularity and well-being. The team achieved an 85% material recovery rate during renovation, while the use of product-level material passports and high levels of recycled and recyclable content support a more circular building lifecycle. At the same time, natural daylight, biophilic design, enhanced ventilation, low-emission materials, and accessible mobility features contribute to a healthier, more comfortable experience for occupants. Transparent data sharing and active collaboration with tenants, contractors, and service providers help ensure these sustainability outcomes continue in operation.

Certifications:

- WELL Platinum certified
- EPC A rating
- Targeting BREEAM Very Good

Embodied carbon:

- Reduced by 1,014 tCO₂e (148.9 kg CO₂e/m²)

Energy:

- 100% renewable energy generated by 37 kWp photovoltaic installation
- Energy use below 70 kWh/m² per year
- Energy performance in the top 15% for comparable buildings in Spain

Materials:

- 38.4% recycled material used
- 75% of products Cradle to Cradle certified
- 45% of materials designed for future recyclability

Waste:

- 85% material recovery rate achieved during renovation

Systems:

- Advanced building management system
- Smart metering
- High performance glazing, insulation, and HVAC
- Rainwater harvesting
- EV charging stations



Biodiversity

Biodiversity loss can present material risks to real estate assets by disrupting ecosystem services that support operational performance, asset resilience, human well-being, and long-term value. These risks include habitat degradation, species loss, invasive species proliferation, water stress, and declining pollinator populations. Together, they can contribute to soil erosion, reduced natural flood protection, diminished air and water quality, and weakened green infrastructure effectiveness.

In response to the rising materiality of nature-related risks and investor expectations, we published the Sustainability Guidelines for Biodiversity in 2025 as an extension of the Principal Real Estate Sustainability Policy. The guidelines align with leading global frameworks such as the Taskforce on Nature-related Financial Disclosures (TNFD) and provide a consistent approach for identifying, mitigating, and disclosing biodiversity-related dependencies, impacts, risks, and opportunities across our portfolio.

Beyond risk management, the guidelines encourage the adoption of nature positive strategies throughout the investment lifecycle. For new developments, this includes prioritizing brownfield redevelopment, avoiding ecologically sensitive areas, restoring disturbed habitats, improving water retention and permeability, and considering green building certifications. For existing properties, our strategies focus on native and drought tolerant landscaping, integrated pest management, water conservation, and the installation of features that support wildlife and pollinators. Tenant and community engagement further strengthens biodiversity stewardship through education and participation in environmental initiatives. Together, these actions reinforce our commitment to responsible land management, climate resilience, and long-term value creation through proactive biodiversity stewardship.

 Learn more about our [Sustainability Guidelines for Biodiversity \(PDF\)](#)

Spotlight: Turning water data into actionable insight across our European properties

We partnered with [Smartvatten](#) to better understand and manage water consumption across our European property portfolio. Through this collaboration, we are gaining visibility into how water is used across our buildings—helping us improve efficiency, reduce risk, and strengthen our overall sustainability performance.

Smartvatten’s water management platform uses intelligent meters and cloud-based analytics to provide accurate, real-time water data across our properties. This insight helps identify usage patterns, detect leaks early, and address inefficiencies before they lead to excess water use and/or higher costs. Property managers can access building and tenant level insights, receive automated alerts for unusual consumption, and use built in tools that support transparent billing, streamlined ESG reporting, and integration with existing systems.

By turning water data into actionable intelligence, Smartvatten helps conserve water and make more informed decisions that support our environmental goals while improving operational efficiency across the full water cycle.



Engaging our people

We do this by

- Investing in workforce development through comprehensive training, clear career pathways, and robust professional growth resources.
- Designing and implementing engagement strategies that strengthen relationships with tenants, residents, and the broader community.
- Actively contributing to the economic vitality and social well-being of the communities and markets in which we operate.

Pillar alignment



Occupant experience



Community impact



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“Progress happens when people come first. By championing employee development, reimagining tenant engagement, and investing in our communities, we’re building places where everyone has the opportunity to succeed.”

Rajee Harris
Senior Managing Director,
Chief Business Officer, Private Markets

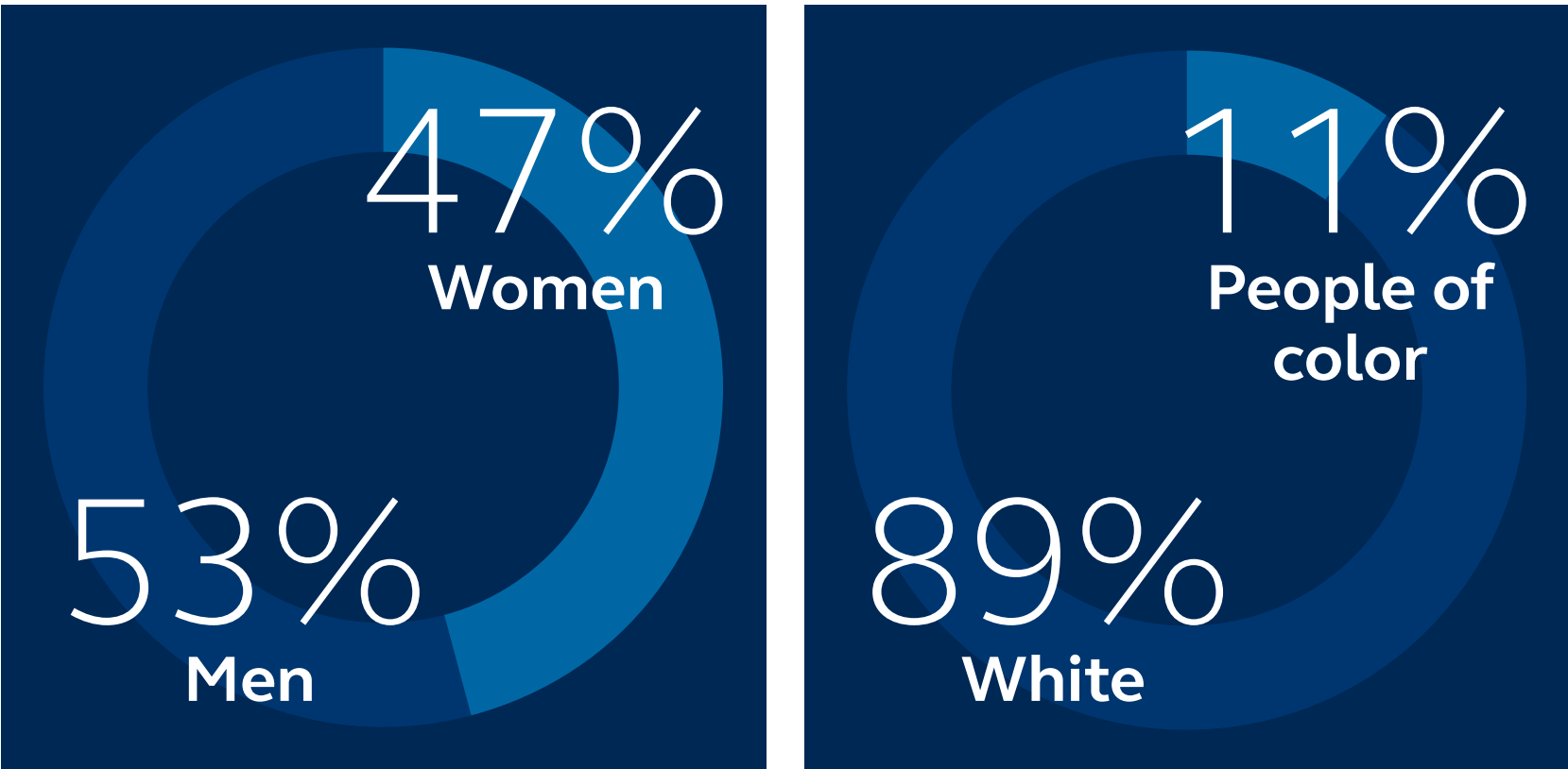


Our employees

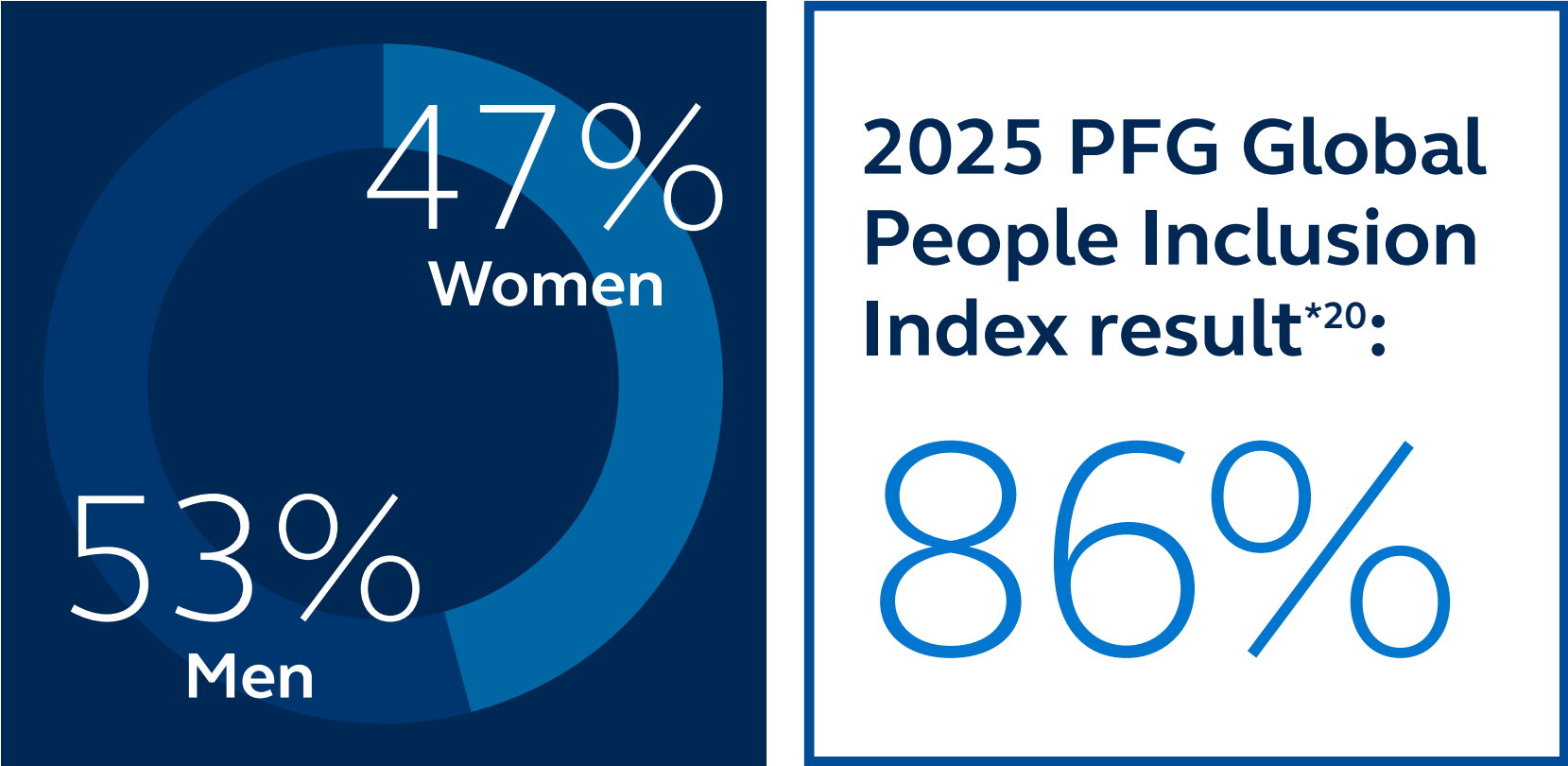
Our employees are at the heart of our financial success and sustainability progress. Through ongoing monitoring of workforce demographics and intentional development planning, Principal Real Estate stays closely connected to the needs of our employees and creates opportunities for continued growth and advancement.

Principal Real Estate employees

Percentage of U.S. employees that identify as:

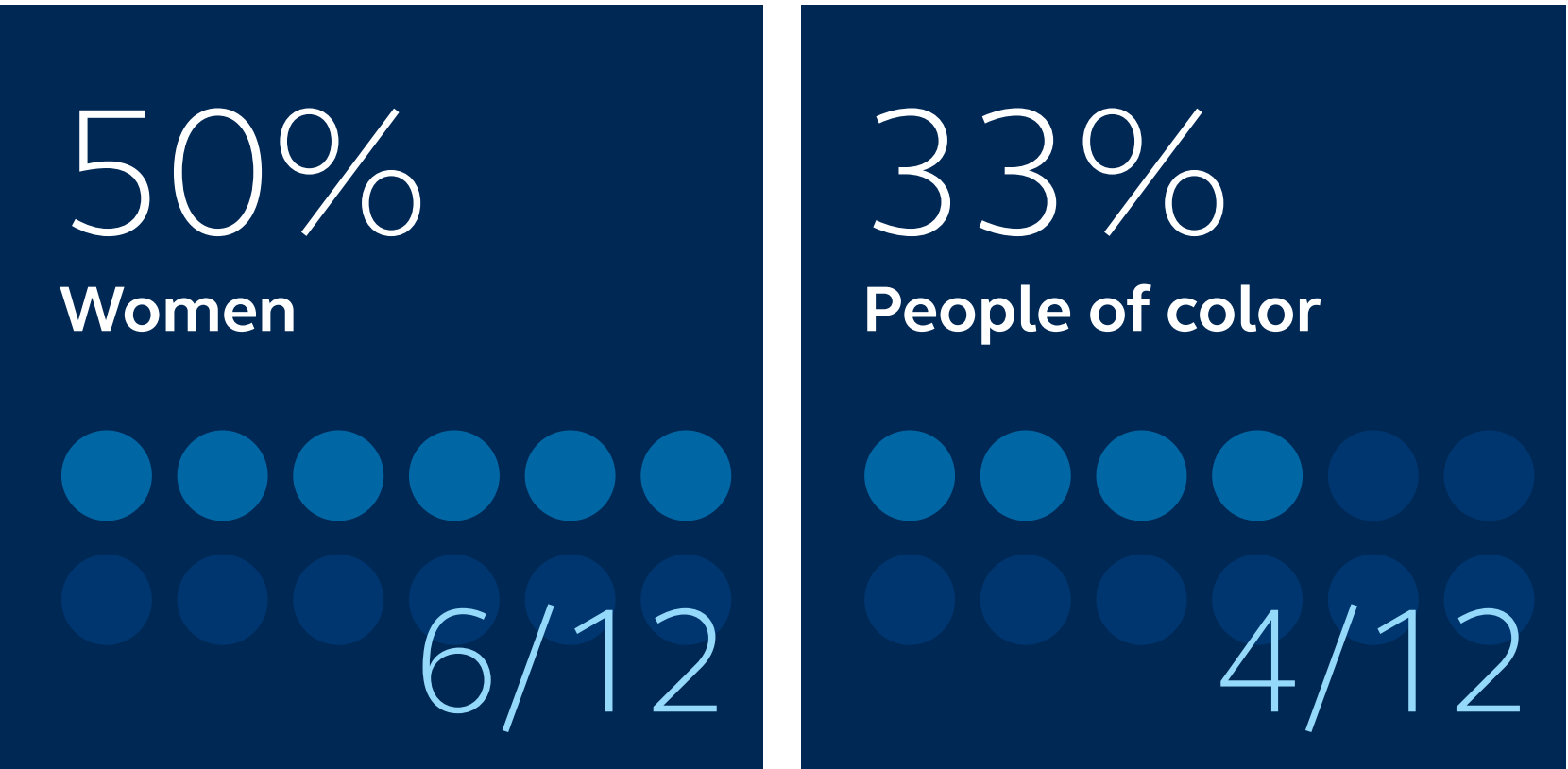


Percentage of Global employees that identify as:



Principal Financial Group Board of Directors

Percentage of board members that identify as:



	U.S. women	Global women	People of color ^{*19}
Principal Asset Management operating committee	20%	18%	20%
Principal Real Estate investment professionals	34%	33%	11%

Data as of December 31, 2025

Learn more about our global inclusion efforts, compensation and pay equity, supplier diversity, and training practices, please see the [Principal Financial Group® Sustainability Report 2025 \(PDF\)](#)

Workforce development

Principal Real Estate employees receive regular sustainability training from our sustainability team, investment groups, and third-party providers.

In 2025, some of the training included the following activities:

Audience	Training content
Principal Real Estate employees	“Risk Management and Opportunities of Sustainability” presentation - Annual acknowledgements and training on governance requirements, Global Code of Conduct, and information security - Quarterly updates on progress towards targets, key initiatives, building certifications, and industry trends
New employees	Principal Real Estate’s sustainability platform, policies, and procedures
Property managers	- Onboarding into a new sustainability data management system including webinars, 1:1 calls, and office hours - Principles of Responsible Investing (PRPI) onboarding training for eligible new properties and/or property managers covering sustainable investing requirements - Webinars covering sustainability requirements in upcoming quarter - Webinars, newsletters, and emails on regulatory requirements for applicable regions
Asset managers	- Quarterly webinars covering sustainability requirements - Monitoring digest of building performance standards - Asset Sustainability Scorecard - Introduction to new sustainability data management system
Fund managers	- GRESB performance results - GRESB scoring changes - Regulatory requirements at the asset and fund level - Quarterly fund performance on progress towards targets, key initiatives, building certifications, and industry trends

EDIT

Principal Real Estate multi-use property located in Denver, Colorado.



Professional development

We support professional development and advancement by investing in programs and partnerships that expand opportunities, strengthen leadership, and foster a more inclusive workforce.

Women in Real Estate (WIRE)

Principal Real Estate launched Women in Real Estate (WIRE) in 2016 as a strategic initiative to enhance gender diversity within the organization. WIRE’s core purpose is to foster an environment that supports professional growth through targeted development programs and networking opportunities that attract, develop, and advance members. The initiative also aims to build a more inclusive culture and develop diverse leadership across the global real estate investment management sector. WIRE is open to all Principal Real Estate employees, and the group currently comprises over 100 members.

Throughout 2025, WIRE events included panel discussions, property tours, and networking and volunteering opportunities. One event featured Principal Financial Group CEO Deanna Strable to celebrate International Women’s Day. The group also hosted several volunteering events with women-focused causes in the Des Moines community.



■ WIRE members volunteering at Dorothy’s House, a safe place for survivors of human trafficking and exploitation to work on their healing journeys.

Commercial Real Estate Women (CREW)

Commercial Real Estate Women (CREW) serves as a vital platform connecting professionals in Iowa’s commercial real estate sector. The organization focuses on empowering women in commercial real estate through business networking, leadership development, career outreach, and industry research.

Principal Real Estate maintains a strong presence within CREW Iowa, with 30 employees holding memberships, including 20 who actively serve on various committees. Committee participation offers members valuable insights into CREW Iowa’s operations, facilitates professional connections, and provides essential experience for future leadership roles within the organization. As a Diamond CREW sponsor, Principal Asset Management demonstrates commitment to the organization’s mission.

CREW hosted a variety of events throughout 2025, including networking opportunities, luncheons, educational seminars, and an annual CREW network convention. The convention brings together more than 1,400 commercial real estate leaders for industry education and leadership development. In 2025, Principal awarded two scholarship opportunities for members to attend.

Growing a talent pipeline

We are committed to cultivating the next generation of real estate professionals by investing in early-career talent and providing meaningful pathways into the industry. Through structured programs, hands-on learning opportunities, collegiate partnerships, and targeted support for students, we help individuals build foundational skills while gaining exposure to real-world investment careers. These initiatives strengthen our long-term talent pipeline and advance Principal’s mission to develop well-prepared investment professionals.

Succession planning

Succession planning remains a component of our long-term resilience and responsible governance. By proactively identifying, developing, and supporting future leaders, we create continuity in strategic decision-making and preserve institutional knowledge across our global real estate platform. This structured approach strengthens leadership pipelines, promotes diversity of thought and background, and aligns talent development with Principal’s broader priorities. Regular assessments, tailored development pathways, and cross-functional learning opportunities help prepare emerging leaders to navigate evolving market dynamics and stakeholder needs. We emphasize transparent governance practices, board oversight, and ongoing evaluation of leadership capabilities to foster continuity of values, culture, and performance standards.

Principal Real Estate scholarship program

We support paths to higher education by awarding annual grants for targeted student engagement and experiential learning initiatives. Expanding on this commitment, Principal Real Estate launched a scholarship program in 2020 that provides up to \$7,500 per student each year, renewable for up to four years. Through 2025, a total of 17 students have been awarded scholarships since the program’s inception, totaling \$148,433.

Expanding access to commercial real estate careers

Principal Real Estate helps build the future talent pipeline by providing students with access to industry experience, professional development, and career opportunities. Through internships and enrichment programs, we support the next generation of commercial real estate professionals.

Co-Op internships

Principal Real Estate advances youth and higher education through our co-op internship programs. These programs welcome students

seeking hands-on learning and practical experience across key areas including acquisitions and dispositions, private debt origination, debt and equity asset management, and operational and fund accounting. In 2025, 14 interns successfully completed the co-op program.

Sponsors for educational opportunities and Artemis Summer Enrichment Program

Principal Real Estate supports programs that help expand access to careers in commercial real estate and strengthen the industry’s future talent pipeline. Through our partnerships with [Sponsors for Educational Opportunity \(SEO\)](#) and the [Pension Real Estate Association \(PREA\) Foundation](#), we provide internship opportunities and hands-on industry experience for students interested in commercial real estate. We have served as a partner firm for the past four years, hosting three interns in 2025 and hiring four former interns into full-time roles since the partnership began.

In 2025, we also joined the [Artemis Summer Enrichment Program](#), which introduces undergraduate students from underrepresented backgrounds to careers in commercial real estate through experiential learning, technical training, and industry exposure. We hosted two participants during the year and plan to continue supporting the program in 2026, helping broaden access to opportunities and foster a more diverse pipeline of future industry professionals.

Rotational analyst program

Principal Real Estate’s Rotational Analyst Program provides incoming analysts with the opportunity to gain hands-on experience across all four quadrants of real estate investment. By spending time in each area, analysts develop a comprehensive understanding of our operations and the interconnected nature of investment strategies before beginning their careers in a specific discipline. This broad exposure helps build stronger analytical skills, enhances cross functional collaboration, and supports the development of well-rounded future leaders within the organization.

Tenant and resident engagement

Engaging our tenants and residents is essential to achieving our sustainability goals. By working together, we can meaningfully reduce energy use and water consumption, and increase waste diversion across our portfolio. Our approach centers on transparent performance sharing, tailored engagement strategies, and accessible sustainability education to empower occupants to make informed, sustainable choices.

Each property implements a customized engagement strategy that may include:

- Regular building updates and transparent communications
- Personalized utility-use insights
- Digital outreach through social media channels
- Interactive tenant meetings, workshops, and community events
- Annual satisfaction surveys to capture feedback and inform improvements
- Educational sustainability guides and resources
- Hands-on training sessions focused on sustainable practices

Together, these initiatives foster a collaborative environment where property teams and occupants actively partner to advance shared sustainability goals.

Spotlight: Building community through tenant engagement at 500 West 2nd Street

Built in 2017, 500 West 2nd Street is a LEED Gold-certified multi-tenant office building in Austin’s 2nd Street District, with views of Lady Bird Lake and convenient access to parks, event venues, and downtown amenities. Its location makes the property a hub for business activity and community engagement. Tenant engagement is embedded in day-to-day operations and shapes the building experience. Through a consistent cadence of events, community service initiatives, and proactive communication, the property management team has built a highly engaged tenant community that strengthens social connection within the building and extends positive impact into the broader Austin community.

Using tenant engagement as a sounding board for improvements

At 500 West 2nd Street, tenant feedback directly informs building enhancements. The property management team actively incorporates tenant insights gathered through surveys, meetings, and day-to-day interactions to guide building improvements. A comprehensive enhancement initiative is currently underway based on tenant feedback, including new common area furniture, the addition of an on-site coffee bar, and an expanded fitness center with a golf simulator and lounge.

Creating meaningful connection through events

Engagement activities are designed to foster connection. Larger events—like the Winter Tenant Appreciation Social and Summer Social—serve as anchor events that encourage interaction among tenants and reinforce a shared sense of place. These gatherings are complemented by recurring touchpoints including lobby pop-ups with local food and drink vendors and themed holiday events. In addition, sustainability events like the Earth Day plant and seed paper giveaways and electronics recycling drives support both tenant engagement and sustainability goals.

■ 500 West 2nd Street
Principal Real Estate office property
located in Austin, Texas.



Mobilizing tenants for community impact

Beyond in-building engagement, 500 West 2nd Street actively mobilizes tenants to support local community needs. During a holiday food drive conducted in partnership with the Central Texas Food Bank, tenants donated more than 1,000 pounds of food, representing a significant share of the total collection effort. This strong tenant participation contributed to the property receiving a Community Engagement Site Award from Priebe Security, recognizing its commitment to community well-being and charitable impact.

Strong tenant engagement is foundational to creating high performing, resilient assets

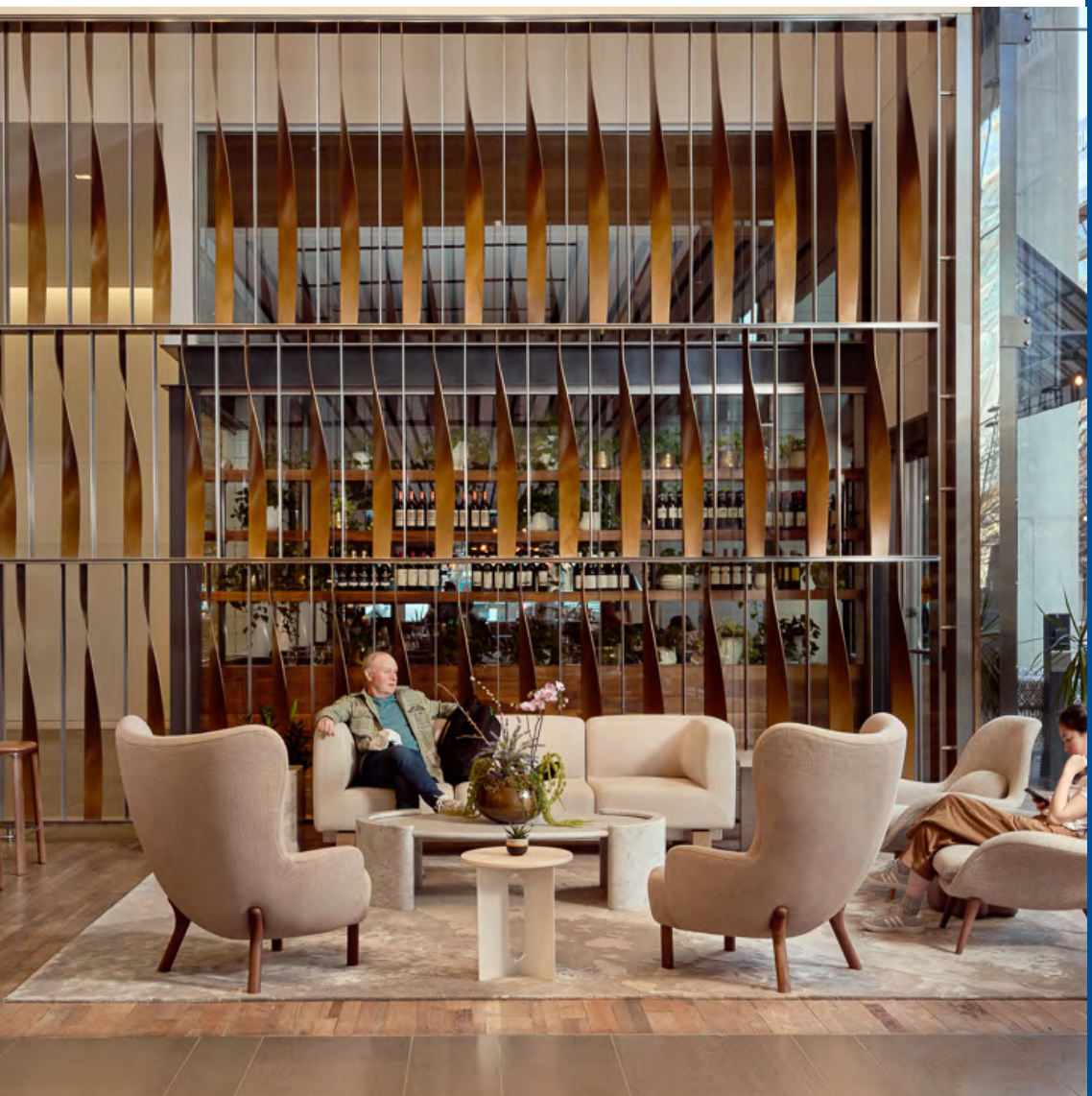
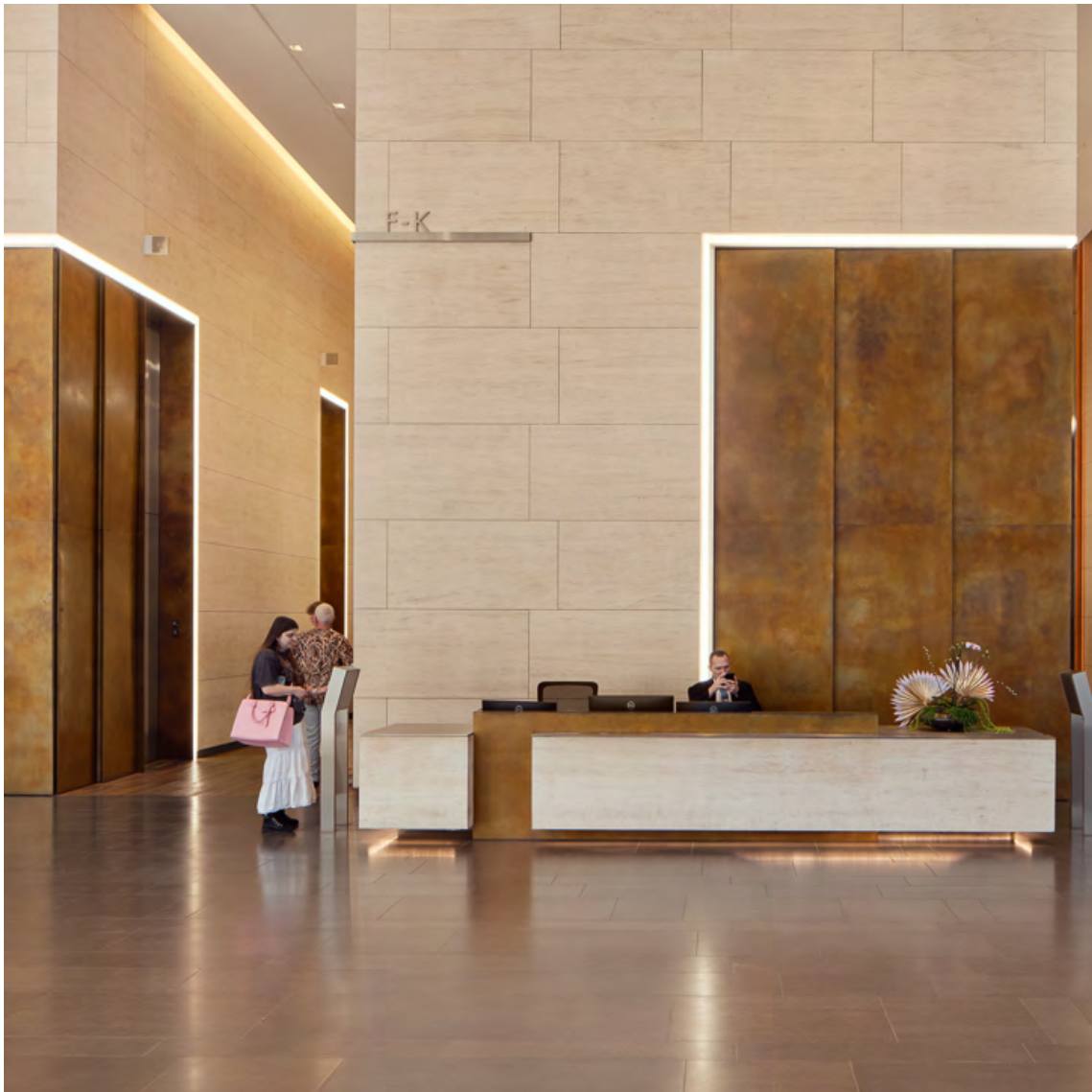
By fostering authentic relationships and incorporating tenant perspectives into daily operations, properties are better positioned to enhance occupant satisfaction and retention, adapt to evolving needs, and generate long-term value. This engagement model aligns with Principal Real Estate’s broader strategy to create sustainable, people-centered places that strengthen communities and support strong financial performance.

“Kim T., Chrisie C., and their team do an excellent job managing the property. The team (including the engineers/security team/cleaning crew) respond quickly to requests, which I appreciate. The CBRE Building Management team are all kind, helpful people. I seriously cannot keep my office running smoothly without them.”

Brenda G., King and Spalding

“500 West 2nd Street has been my favorite downtown Austin building to work in for the 20 years I have worked in downtown Austin. The location is ideal for its proximity to the Lady Bird Lake hike & bike trail as well as the ease to get in and out of downtown throughout the day. The management team is consistently attentive to its tenants, always working hard to make sure the daily experience is the best it can be.”

Kristie E., Trammell Crow



Tenant survey results

In 2025, we continued our commitment to measure and improve tenant satisfaction across office, industrial, retail, and multifamily properties through the Kingsley Customer Satisfaction Assessment. The Kingsley Index serves as a benchmark representing performance across the industry over the prior 24 months.

2025 results:

153 properties received the 2025 Kingsley Excellence Award, recognizing outstanding overall tenant satisfaction.



- 21 office properties
- 93 industrial properties
- 23 retail properties
- 16 multifamily properties



Sustainability-focused insights

As part of the assessment, tenants were also asked about satisfaction with sustainable building operations:

- Tenant satisfaction with Principal’s commitment to sustainable building operations remained consistent with 2024.
- Water efficiency, energy efficiency, recycling programs, and EV charging availability were identified as the most important sustainability features across commercial property types.
- More than 70% of respondents rated sustainability initiatives as important or very important.

Spotlight: 801 Grand — elevating health, sustainability, and tenant experience through Fitwel® certification

801 Grand has set a new benchmark for healthy workplaces as the first property in Iowa to achieve Fitwel® Certification with a Two Star designation. The property built on a strong history of operational performance, including multiple LEED Existing Buildings certifications. By pursuing Fitwel certification, the property management team, Jones Lang LaSalle (JLL), strengthened the building’s focus on health and well-being, sustainability, and tenant experience through a recognized, research-based framework.

A healthier workplace

Fitwel certification reflects a practical approach to creating a healthier, more resilient workplace. At 801 Grand, this includes investments that support active lifestyles, strengthen indoor environmental quality and safety, expand access to healthier food, and foster social connection across the tenant community. Together, these features improve the day-to-day workplace experience while reinforcing long-term asset performance and community value.

801 Grand
Principal Real Estate office building located in Des Moines, IA.



Health, well-being, and tenant experience in practice

Health and tenant experience are embedded throughout the property. Tenants have access to the 19th-floor fitness center with weights, treadmills, and Peloton bikes; locker rooms with showers, and bike storage; all in a highly walkable downtown location near the Des Moines Sculpture Park, Principal Riverwalk, and many downtown amenities, encouraging everyday movement. Indoor air quality testing, emergency preparedness and security measures, smoke-free policies, and accessible building features help create a safe, welcoming environment. Tenant programming and regular communications further strengthen community connection, while on-site healthy food options and a hydroponic garden support well-being in tangible ways.

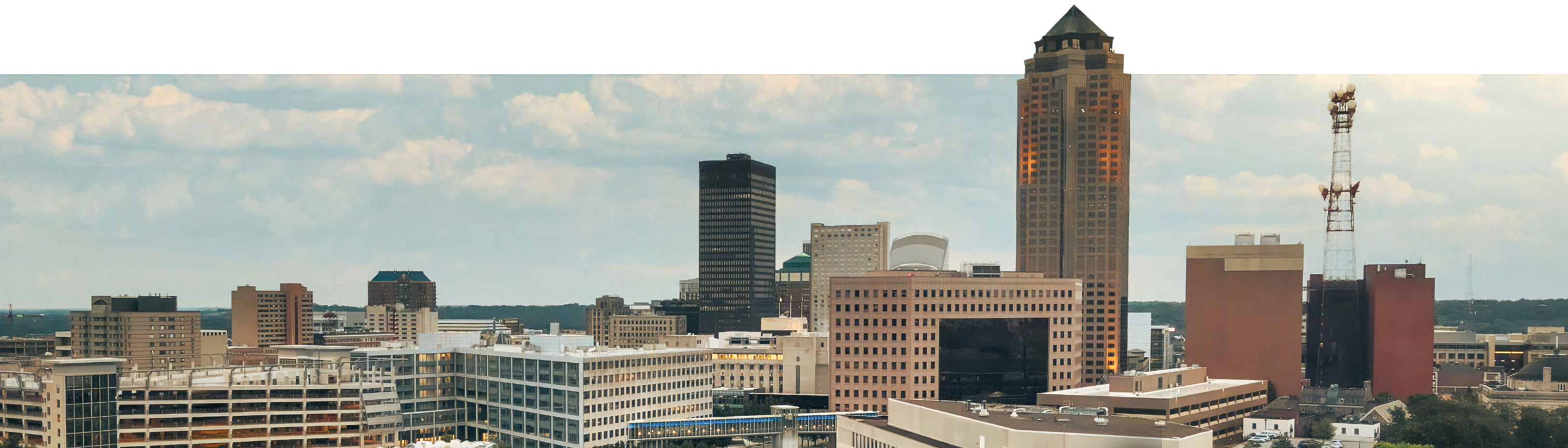
Sustainability and community impact

801 Grand extends its impact beyond the building through community-focused initiatives and volunteerism. In 2025, the property organized an electronics recycling drive, as well as supported charitable initiatives such as coat drives and volunteer activities in collaboration with local organizations.

To further advance community health and environmental well-being, the building has installed electric vehicle charging stations in its parking garage, helping tenants and visitors transition to lower-emission transportation.

Advancing equity

Equity and inclusion are embedded into both the design and day-to-day operations of 801 Grand. Accessible building features, including ramps and elevators, support mobility for all users, while communal quiet rooms enhance inclusivity for occupants with diverse needs. Clear tobacco- and smoke-free signage, convenient access to public transportation, and initiatives that support access to fresh produce further promote equitable health outcomes. Looking ahead, the 801 Grand management team is exploring opportunities to introduce community gardens around the property, with plans to make fresh produce available to the surrounding community.



Highlights from 2025 tenant engagement events

Puppy party: 801 Grand partnered with a local nonprofit, AHeinz57 Pet Rescue and Transport, to bring rescue puppies into a shared common area, offering tenants a relaxing and uplifting break during the workday while creating opportunities to socialize and connect with colleagues. The event attracted several hundred tenants and was supported by a \$500 donation to AHeinz57, helping advance the organization’s mission and raising awareness of companion animal welfare.

Earth Day recycling: During 801 Grand’s building-wide electronics recycling event, tenants recycled old electronics, resulting in 1,979 pounds of electronics being recycled.

Holiday spirit: The 801 Grand holiday gathering brought together more than 400 tenants for an afternoon of refreshments, snacks, and live performances by Principal Guys Who Harmonize, comprised of current and retired Principal employees, and the 515 String Quartet, which featured a tenant from the building.



Community development

Community engagement

We advance our social responsibility goals through a comprehensive approach to engagement that includes employee involvement and intentional connection with the communities around our properties. Our people play an active role in strengthening the places where we live and work by volunteering their time, sharing their expertise, and leading service efforts that address local needs.

Our properties operate as community anchors, hosting charitable initiatives, public events, and service activities that bring residents, neighbors, and partners together. From food drives and fundraising events to educational programming and on-site community partnerships, our assets serve as platforms for positive impact that reaches well beyond the building itself.

Together, the efforts of our employees and properties create a connected, people-centered approach to community engagement that supports the vitality of the communities we serve.

Supporting communities through diverse housing solutions

Access to safe, stable, and well-designed housing plays a role in building inclusive, resilient communities. Across our real estate strategies, we remain focused on expanding high-quality housing options that respond to a wide range of market and household needs and circumstances. Our investments span multifamily, student housing, single family rental homes, manufactured housing communities, assisted living facilities, and long-term social housing partnerships—each offering distinct living models that prioritize stability, dignity, and community connection. By supporting a spectrum of housing types we help strengthen neighborhoods, broaden residential choices where it is needed in the market, and contribute to long-term community well-being.

Single-family and manufactured housing

Single family rental homes and manufactured housing communities provide flexible, high-quality residential options that support a wide range of lifestyles and household needs. Single family rental homes offer the space, privacy, and neighborhood experience of traditional home living, supporting longer term residency and contributing to stable, mixed income communities in growing markets. Complementing this approach, manufactured housing communities deliver thoughtfully planned environments that combine the comfort of single family living with shared amenities and a strong sense of community. Principal Real Estate is acquiring manufactured housing communities in high growth regions, providing residents with amenities comparable to those found in traditional multifamily developments. Together, these housing models help diversify residential offerings and strengthen communities.

Irish social housing

Through the Principal Eurozone Durable Income Strategy, we hold a portfolio of 55 social housing units in Ireland, secured under 25-year leases with Dublin’s local authorities. These homes provide stability for individuals with specific housing needs, including people with disabilities and those transitioning out of homelessness. By partnering with public entities on durable housing solutions, this strategy helps strengthen social infrastructure and deliver lasting community value.

Spotlight: Building community through collective action

Principal’s annual Charity Cycle brought colleagues together across regions to support meaningful community-focused organizations, reinforcing our commitment to social impact beyond our day-to-day operations. More than 20 cyclists from our London office completed a 380-kilometer ride from Amsterdam to London in support of The Children’s Trust, which provides vital services to children with brain injuries. In parallel, a team of seven riders cycled from Frankfurt to Amsterdam to raise funds for FeM Mädchenhaus Frankfurt, an organization dedicated to supporting girls and young women in need.

The initiative reflected the power of inclusive participation and teamwork. Cyclists ranged from seasoned riders to individuals who had only recently taken up cycling, with the group rallying to ensure every participant crossed the finish line. The event also demonstrated the strength of our global community, with participation from offices across the U.S. and Europe, including Des Moines, Chicago, Dublin, Stockholm, Amsterdam, Frankfurt, and London.

Together, these rides created a shared sense of purpose that strengthen connections across geographies while directly contributing to organizations that promote health, safety, and opportunity within the communities they serve.



Spotlight: Expanding housing options through assisted living

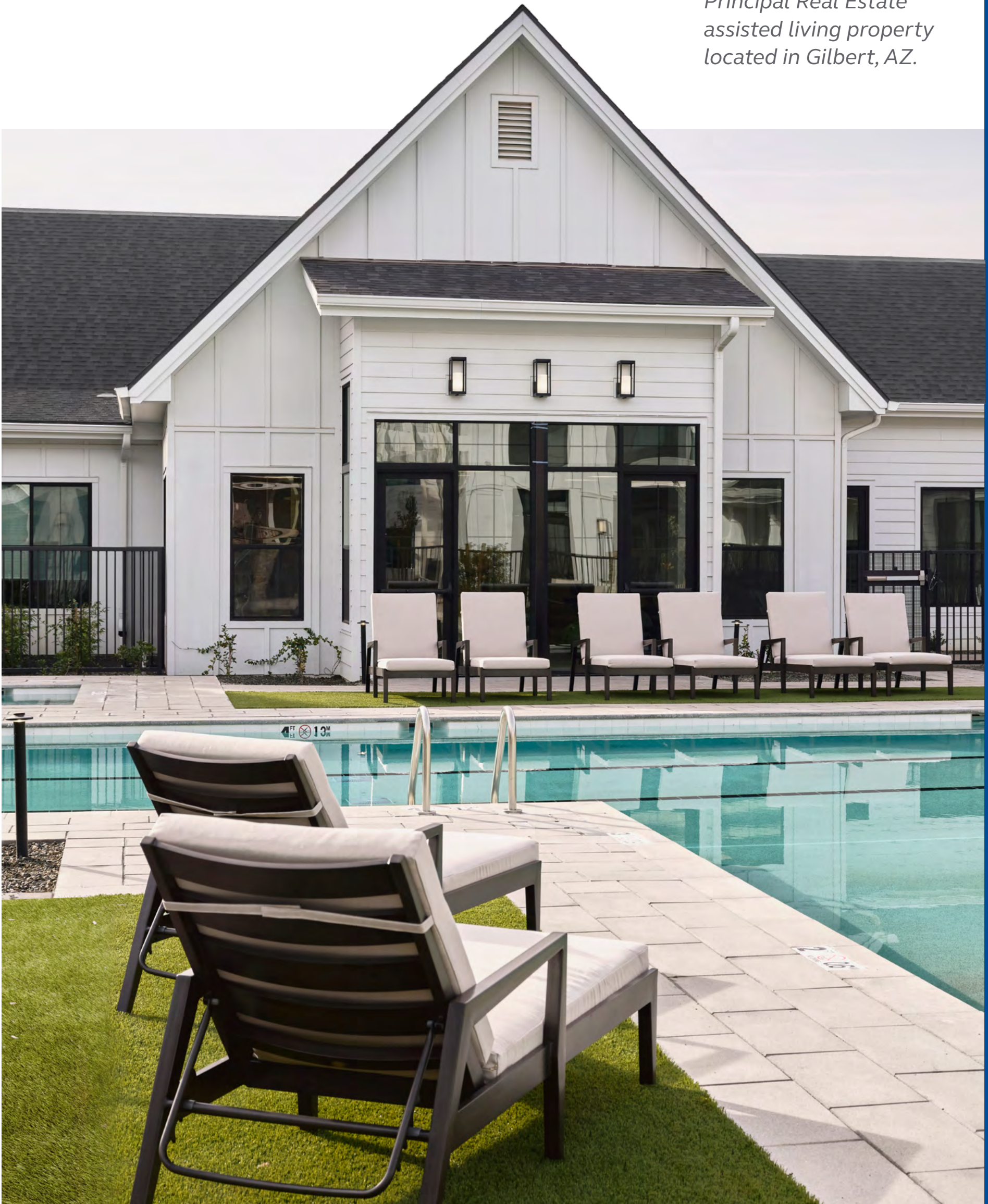
In 2025, Principal Real Estate made our first investment in assisted living, expanding access to housing that supports independence while providing meaningful, day-to-day care. Communities like Pebble Ranch are thoughtfully designed to offer a safe, supportive environment with tailored services and on-site support. Through this investment, we are helping meet the evolving needs of aging populations and individuals who benefit from additional assistance, while promoting dignity, comfort, and continuity of care.

At the heart of the community is a resident-directed, staff-supported programming philosophy built around seven core elements of well-being: Be Inspired, Be Well, Be Challenged, Be Adventurous, Be Family, Be Social, and Be Connected. This framework empowers residents to shape their daily experience. It supports intellectual engagement through card games, trivia, brain games, and educational sessions, while also encouraging creative exploration and spiritual enrichment through prayer groups, Bible study, and Music and Memories. Residents also enjoy regular community outings to local restaurants and neighborhood retailers, as well as transportation to religious services and medical appointments, ensuring that life at Pebble Ranch extends well beyond the property’s walls.

Social connection is woven into everyday life at Pebble Ranch. Programs such as First Fridays and weekend catch-ups, happy hours, conversation clubs, and town forums foster a warm, neighborly atmosphere, while special events like holiday parties, family events, resident birthday celebrations, and shared kitchen experiences help preserve cherished family traditions. The community also prioritizes connection. Residents take part in pen pal exchanges, host game nights with local students, lead craft activities with Girl Scouts, and organize seasonal donation drives.

Complementing its robust social calendar, Pebble Ranch offers a full-service health and wellness center designed to support residents at every level of ability and need. The property features a movement studio, salon, pool, hot tub, and day spa, with physical wellness programming, such as chair yoga, water aerobics, Tai Chi, walking club, and total body fitness classes tailored to improve balance, flexibility, and cardiovascular health. Nutritional well-being is supported through the property’s dining program which blends fresh local recipes with residents’ favorite meals. For those requiring additional support, a licensed nurse oversees certified care staff and medication technicians who are available to provide 24-hour assistance with personal care and activities of daily living. Thoughtfully designed indoor and outdoor spaces, including gardens and community gathering areas, foster an environment where residents can truly thrive—independently, actively, and with the care they deserve.

Pebble Ranch
Principal Real Estate
assisted living property
located in Gilbert, AZ.



Leading with transparency

We achieve this by

- Enhancing transparency with clear internal and external disclosures
- Assessing and managing sustainability and climate-related risks
- Collaborating with stakeholders and industry organizations
- Tracking European and U.S. regulatory changes through structured processes

Pillar alignment



Climate resilience



Managerial excellence



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“Sustainability is more than a strategy—it is an expression of our values and our long-term vision. By embedding sustainability into our policies, governance, and risk management practices, we maintain a resilient portfolio built to endure and evolve. This commitment guides our decisions, strengthens our impact, and enables us to deliver lasting financial performance alongside positive outcomes for people, places, and the planet.”

Danielle Johnston
Senior Managing Director,
Chief Business Officer,
European Real Estate

Our governance structure

Strong governance is the foundation of our sustainable investing strategy and a driver of alignment across our organization. To meet evolving stakeholder expectations and deliver meaningful progress on our environmental, social, and governance commitments, we rely on a clearly defined governance structure that brings together leaders and subject matter experts from across the enterprise. This structure enables accountability, strategic coordination, and consistent integration of sustainability considerations into our decision-making processes.

Our approach spans the enterprise, with dedicated groups at the Principal Financial Group, Principal Asset Management, and Principal Real Estate levels. Each group contributes specialized oversight, from board-level guidance to teams focused on implementing sustainability practices across assets and investment platforms. These interconnected committees and working groups foster collaboration, share insights, and help ensure that sustainability goals are embedded in both corporate strategy and day-to-day operations.



Governance policies

We maintain a comprehensive set of sustainability policies and guidelines that articulate our expectations for employees, partners, and service providers. These policies outline our commitments in areas such as due diligence, climate resilience, building innovation, data management, and responsible contracting. In addition, annual employee training and our Global Code of Conduct reinforce our culture of integrity and accountability. Together, these governance mechanisms create a strong framework that supports consistent, responsible, and forward-looking practices across our global operations.

Sustainability policy and guidelines

Our Sustainability Policy and supporting Sustainability Guidelines form the foundation of our sustainable investing strategy and set clear expectations for employees, property management partners, and others we do business with. The Sustainability Guidelines detail how the Sustainability Policy is implemented within specific life cycle stages and topic areas:

- Acquisition Due Diligence
 - Biodiversity
 - Building Technology and Innovation
 - Climate Resilience
 - Data Centers
 - Data Management
- Health and Wellness
 - Emissions Reduction
 - Operations and Management
 - Private Debt Origination
 - Real Estate Development
 - Responsible Contracting

In 2025, we developed Sustainability Guidelines for Biodiversity to formalize our commitment to biodiversity stewardship. To see more on this commitment, please see the [Biodiversity section](#).

 [Read more about our policy and guidelines \(PDF\)](#)

Employee policies

To reinforce our commitment to ethical behavior, all employees are required to complete an annual training course and acknowledgment of our Global Code of Conduct. Every employee of Principal Financial Group is responsible for upholding the Code and the standards it represents.

 [Learn more about Principal Financial Group’s employee policies and code of conduct \(PDF\)](#)



Reporting and transparency

We maintain a strong commitment to transparency by providing clear, consistent reporting on sustainability performance across our real estate operations. Through structured surveys, rigorous internal tracking, and comprehensive external disclosures, we seek to provide stakeholders with meaningful insights into environmental metrics, progress against goals, and ongoing initiatives. These practices not only strengthen accountability, but also support informed decision-making, reinforce trust, and demonstrate our dedication to responsible management and continuous improvement.

Borrower sustainability survey

We employ a structured, data-driven approach to monitor the environmental performance of loans through an annual borrower sustainability survey. The survey collects standardized information on building-level sustainability attributes, with responses consolidated into a centralized database for ongoing analysis and performance tracking. Our digital survey platform supports efficient data collection, improved data quality, and enhanced analytical capabilities. In 2025, we further optimized the process by introducing a streamlined survey for borrowers who previously completed the full assessment. This abbreviated survey captures only updated sustainability metrics, reducing reporting burden while maintaining robust, decision-useful insights into portfolio performance. The 2025 survey response rate was 61%.

Internal reporting

We communicate sustainability information across our organization through:

- **Quarterly Property Performance Reports** that outline energy, emissions, water, waste, and green and healthy building certification performance.
- **A quarterly summary** shared across Principal Real Estate, highlighting performance against targets, certification updates, and key initiatives completed during the quarter.
- **Fund performance reports** published by several strategies that feature key sustainability metrics and progress updates.
- **Regular sustainability performance updates** provided to senior management.
- **An Asset Sustainability Scorecard** that tracks each property’s progress toward sustainability performance targets and provides recommendations to improve each metric. Asset management teams populate the scorecard, review areas of concern with property managers, and present it during quarterly meetings with fund management. This process has improved data coverage and timeliness and enhanced transparency for both asset and fund management teams.

External reporting

We share sustainability information with investors and other stakeholders through multiple key channels:

- **Corporate sustainability reporting** including the Principal Financial Group Sustainability Report—prepared in accordance with GRI and SASB standards and in alignment with TCFD and the Sustainable Development Goals. For more information, please access the [Principal Sustainability Data Center](#).
- **Real estate-specific reporting** such as the Principal Real Estate Sustainability Report, aligned with TCFD and the Sustainable Development Goals.
- **Public transparency** through Responsible Property Investing website featuring policies, progress updates, and thought leadership.
- **Client reporting** with quarterly and annual reporting on building certifications, performance metrics, and sustainability disclosures.
- **Industry benchmarks** through annual submissions to PRI, CDP, and GRESB.

Spotlight: Advancing value and impact through sustainability intelligence

In 2025, we partnered with Cambio to implement an AI-enabled data infrastructure designed to strengthen governance, enhance oversight, and future-proof sustainability reporting across our global portfolio. The platform centralizes sustainability data into a single system—replacing fragmented, manual processes to improve data accuracy, reliability, and transparency. Over time, the solution will scale to integrate our portfolio’s green lease tracking, green and healthy building certifications, energy ratings, regulatory compliance, and quarterly performance reporting, creating a streamlined tool to support disciplined risk management, informed decision-making, and long-term value creation.

10 ways Cambio strengthens our governance, risk management, and oversight

- 1. Establishes a single source of truth for sustainability data:** Consolidates sustainability, utility, and asset-level data to reduce reliance on fragmented sources and support stronger internal controls and more consistent, accurate reporting.
- 2. Strengthens data integrity through automated ingestion and validation controls:** Automated data ingestion and validation processes improve completeness, accuracy, and consistency of data. These controls reduce manual intervention risk and improve confidence in reported metrics.
- 3. Enables standardized, repeatable compliance and reporting processes:** Structured workflows align with major regulatory and investor frameworks (e.g., GRESB, TCFD, SFDR, ENERGY STAR), replacing ad hoc reporting with repeatable processes that enhance auditability and reduce compliance risk.
- 4. Enhances transparency and management oversight across the portfolio:** Provides consistent, portfolio-wide visibility into sustainability performance, risks, and trends. This enables our stakeholders to monitor ESG metrics with greater clarity and less reliance on manual aggregation.
- 5. Improves documentation of methodologies, assumptions, and data lineage:** Maintains clear documentation of data sources, modeling assumptions, and calculation logic. This transparency supports review, challenge, and assurance activities.
- 6. Reduces operational risk associated with manual processes:** By automating data collection, analysis, and reporting, Cambio reduces manual dependency and risk of human error.

Example of Cambio dashboard showing sustainability performance of a strategy.



- 7. Supports evaluation of capital allocation and sustainability investments:** Provides, data-driven recommendations for retrofit and improvement opportunities. This supports more structured evaluation of ESG-related capital decisions and strengthens governance around investment prioritization.
- 8. Improves accountability through defined ownership and escalation workflows:** Automated task management and escalation workflows clarify responsibility for data submission and quality. This strengthens accountability and timeliness while providing visibility into potential risks.
- 9. Demonstrates mature information security and data governance practices:** Operates with established data security, access controls, and SOC 2 Type II compliance. These practices support expectations around confidentiality, integrity, and availability of material information.
- 10. Scales governance and control frameworks across growing portfolios:** Enables consistent governance, control, and reporting standards across assets, regions, and regulations.

Together, these capabilities demonstrate how sustainability intelligence can serve as a foundation for strong governance, disciplined risk management, and transparent oversight. As regulatory expectations and stakeholder demands continue to evolve, this partnership positions us to respond with confidence, consistency, and integrity. By investing in scalable, trustworthy data systems today, we are advancing sustainable value creation while strengthening our ability to deliver positive environmental and social impact.

Risk management

Through strong governance structures, rigorous due diligence, and ongoing monitoring of operational, financial, and climate-related risks, we work to proactively identify potential challenges and opportunities and implement controls that promote resilience. By integrating risk considerations into investment processes and property-level oversight, we reinforce our commitment to responsible management and informed decision-making that aligns with client expectations and industry best practices.

Enterprise risk management

We use a system of checks and balances to help prevent conflicts of interest and preserve the integrity of our advisory services.

Investment oversight and governance

Investment activities are governed by fund-specific advisory committees composed of investor representatives who oversee fund performance and strategic direction. In addition, our investment committee—made up of cross-functional senior leaders within Principal Real Estate—reviews investment decisions with consideration of financial, environmental, social, and governance factors.

Separate account activities are monitored by portfolio managers in close coordination with clients to ensure alignment with investment objectives, risk parameters, and reporting expectations.

Compliance: products, partners, properties

Product compliance and controls

A comprehensive compliance framework supports the integrity of our investment processes and ongoing operations:

- Our internal compliance, audit, and risk consulting teams conduct regular reviews and audits of investment management activities as well as external audits for European legal entities.
- Independent third-party experts perform annual audits of investment process controls and investment vehicle financial statements.
- Acquisition, loan origination, and other material investment decisions are subject to formal approval by the investment committee, ensuring appropriate oversight and accountability.

Partner due diligence

We conduct thorough due diligence and underwriting on potential partners, vendors, and borrowers prior to engagement. This process includes financial reviews, reference checks, and Office of Foreign Assets Control (OFAC) verification. Private equity property management partners are required to annually certify compliance with applicable operational policies, procedures, and requirements.

Property-level oversight

Asset-level risk management is supported through ongoing monitoring and engagement:

- On-site property management audits are conducted on select private equity holdings to verify policy compliance and reinforce best practices.
- Annual tenant satisfaction surveys are completed at many of our owned properties to assess service quality and operational performance.
- Properties securing our loans undergo annual inspections and financial reviews to support credit oversight and asset performance monitoring.

Spotlight: Managing European transition risk

Principal Real Estate Europe utilizes a specialized sustainability regulatory intelligence and compliance management tool designed specifically for the real estate sector. The platform consolidates complex and rapidly evolving sustainability regulations into a structured, user friendly framework. These regulations include energy performance, carbon emissions, climate risk disclosure, taxonomy alignment, building standards, and reporting obligations.

By mapping regulatory requirements at the asset, portfolio, and jurisdictional levels, the tool enables us to assess exposure, track compliance status, and anticipate upcoming policy changes. It supports strategic planning, risk mitigation, capital expenditure prioritization, and investor reporting by translating regulatory developments into clear, actionable insights. This approach helps us navigate transition risk, enhance transparency, and align our portfolios with current and emerging sustainability requirements.

Climate risk

Climate risk is a component of our investment and asset management processes across both Private Equity and Private Debt. We integrate physical and transition risk considerations into due diligence, underwriting, and ongoing portfolio monitoring to better understand potential vulnerabilities and strengthen long-term resilience. Our approach combines hazard-specific assessments, alignment with emerging regulatory expectations, and engagement with property teams and borrowers. Through this structured process, we aim to identify material risks, implement appropriate mitigation strategies, and enhance transparency in how climate factors influence investment decisions and asset performance.

Private Equity

Our climate risk assessment for private equity assets evaluates seven key physical hazards—flooding, heat stress, hurricanes, sea level rise, water stress, wildfires, and earthquakes—as well as regulatory requirements including benchmarking and building performance standards. Additionally, certain funds are assessed for alignment with CRREM’s 1.5°C-aligned emissions scenario.

For new developments, high-risk findings trigger review to identify and implement mitigation measures as needed in design and construction. Once properties are operational, managers receive detailed risk information and corresponding mitigation strategies. For acquisitions, climate risk considerations are integrated into the Property Condition Assessment (PCA). Consultants assess high-risk hazards during site reviews and recommend capital and operational improvements, which are incorporated into underwriting. After closing, asset and property managers are briefed on identified risks and resilience measures. Ongoing management includes communicating applicable regulations and ensuring adherence to local, state, and regional requirements.

Each property with high physical climate risk must develop a mitigation plan documenting existing measures, identifying remaining vulnerabilities, and outlining strategies to address them. These measures are integrated into operating procedures, maintenance plans, emergency response protocols, and business resilience plans.

Private Debt

Climate and natural hazard considerations are embedded into the Principal Real Estate Private Debt team’s underwriting process for all new loan originations. Each transaction undergoes a detailed review of physical climate risks, including exposure to flooding (across relevant flood classifications), severe weather events, wildfires, and seismic activity. The analysis also incorporates longer-term climate projections through 2050, assessing potential impacts from sea level rise, extreme temperatures, changing precipitation patterns, and drought conditions.

Risk identification is guided by a consistent, standardized assessment methodology that evaluates asset-level exposure, with heightened attention to flood, earthquake, and windstorm vulnerabilities. When elevated risks are identified, borrowers are required to implement appropriate mitigation strategies, which may include resilience upgrades, physical improvements to the property, or maintaining sufficient insurance coverage.

Beyond transaction-level reviews, the team conducts monitoring of climate and natural hazard exposures across the entire portfolio to support proactive management of aggregate and systemic risks.

Transition risk

We identify, assess, and manage potentially material financial impacts of transition risks, such as climate action plans, renewable energy portfolio standards, or other environmental regulations targeting greater energy efficiency and reduced carbon emissions associated with commercial buildings. Our climate risk analysis process includes identifying if the property is exposed to specific energy disclosure (benchmarking), audit, or emissions reduction mandates (building emissions performance standards). As required through our Pillars of Responsible Property Investing (PRPI) platform, property managers must comply with these regulations.

100%

of new acquisitions, developments, and loan developments completed climate risk assessments in 2025.

Kraanspoor

Principal Real Estate office property located in Amsterdam, Netherlands. The Kraanspoor office building was constructed on top of a former shipyard craneway.



Industry involvement

We remain dedicated to working collaboratively with investors, regulators, industry associations, and other stakeholders to help advance strong, forward-looking sustainability standards across the real estate sector. To support this commitment, we actively participate in leading industry organizations and align with groups focused on enhancing sustainability performance, including:

- CFA Institute DEI Code (USA & Canada)*
- Business Roundtable
- CDP*
- CEO Action for Diversity & Inclusion
- Council of Institutional Investors (CII)*
- CREFC Sustainability Committee and Transparency Subcommittee
- Department of Energy Better Buildings Alliance
- Department of Energy Commercial Mortgage Energy Factors Working Group
- ENERGY STAR Partner
- Environmental Protection Agency Industrial/Warehouse Working Group
- Fitwel Champion
- GRESB
- Investor Alliance for Human Rights*
- Life Mortgage and Real Estate Officers Council
- Mortgage Bankers Association
- NCREIF ESG Task Force
- Principles for Responsible Investment*
- Real Estate Roundtable Sustainability Advisory Committee
- Task Force on Climate-related Financial Disclosures
- UN Global Compact*
- UN Sustainable Development Goals*
- Urban Land Institute Responsible Property Investing Council
- United States Green Building Council
- UK Stewardship

*Principal Financial Group or Principal Asset Management have made their commitments. By default, the real estate funds managed by Principal Real Estate have also made these commitments.

Sharing our expertise

We actively engage with industry peers, associations, and forums to help shape the future of sustainable real estate and investment practice. By contributing our expertise to leading sustainability councils, regulatory committees, and industry conversations, we both share and gain insights on emerging trends, evolving standards, and practical solutions. This collaborative approach strengthens our own sustainability strategy and skillset, supports informed decision-making, and reinforces our commitment to enduring value creation for investors and the communities we serve.

A few examples of our team’s sustainability and industry engagement in 2025 included:

- Serving as co-chair of CREW Network’s Sustainability Council, an exclusive forum of 20 sustainability leaders across North America
- Contributing member of sustainability committee of the Bundesverband Investment und Asset Management (BVI)
- Serving on the Responsible Property Investing Council for the Urban Land Institute
- Standing member of the Sustainability Policy Advisory Committee’s Real Estate Roundtable
- Speaking about sustainability in commercial real estate to Lewis & Clarke College students
- Presenting at the Mass Timber Summit on exploring institutional-scale ESG investing



Pledge for impact

To demonstrate our commitment to advancing social impact across housing and the commercial real estate industry, Principal Real Estate participates in select, industry-led initiatives focused on affordability, inclusion, and workforce equity.

The Home for All Pledge

Organization: Mortgage Bankers Association (MBA)

Commitment focus: Affordable housing and inclusive access to housing

Key elements: Industry commitment to promote affordable rental housing and minority homeownership; support policies and market based solutions that strengthen liquidity and stability in multifamily markets; and advance diversity, equity, and inclusion across housing and within participating organizations.

CRE Pledge for Action

Organization: CREW Network

Commitment focus: Workforce diversity, equity, and inclusion in commercial real estate

Key elements: CEO-driven pledge to advance women and other underrepresented groups in commercial real estate through actions such as addressing pay equity, increasing representation in leadership, strengthening inclusive recruiting and sponsorship practices, and implementing accountability measures to track and report progress.

2026 strategic sustainability initiatives

We will continue strengthening our ESG approach through initiatives that enhance data automation, improve risk insights, and expand resources across platforms. Our priorities include:

- Continued automation of sustainability data collection to further improve data accuracy, streamline the reporting process, and support more robust analytics.
- Ongoing transition-risk monitoring to ensure our portfolios remain resilient under evolving climate-related policies and market conditions.
- Enhancing ESG tools and resources across platforms. We plan to develop and expand practical tools and guidance to support ESG integration consistently across private equity and private debt, including improved templates, training materials, and data management support.
- Advancing strategic ESG initiatives aligned with firm and fund-level priorities. We will continue to pursue initiatives that help advance broader firm and fund goals, including decarbonization planning, resilience enhancements, and expanded reporting capabilities.



Additional resources and contact information

Principal Real Estate

[Responsible property investing website](#)

Principal Asset Management

[Sustainable Investing website](#)

Principal Financial Group

[Sustainability website](#)

[Sustainability Data Center](#)

[2025 Sustainability Report](#)

For additional information or to learn more, please contact:



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Additional information

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■ **Broadway Tower**
Principal Real Estate mixed-use property located in Portland, Oregon.



Task Force on Climate-related Financial Disclosures

The Task Force on Climate-related Financial Disclosures (TCFD) has developed a framework to help organizations disclose climate-related risks and opportunities for investors. Principal Real Estate’s Sustainability Report aligns with TCFD. For more detail on Principal Real Estate’s alignment, refer to the [TCFD Disclosures](#).

Governance

Describe the board’s oversight of climate-related risks and opportunities.

We believe that for boards to oversee material sustainability matters effectively, they need the right committee structures and reporting processes. We see board leadership structure, the role of the board in overseeing risks, and well-balanced board composition, as essential elements for strong corporate governance.

The Board has four standing committees: Audit, Finance, Human Resources, Nominating and Governance. The Nominating and Governance Committee of the Board oversees risks and mitigation related to our enterprise sustainability strategy, goals and performance, as well as our political contribution activities. It also receives updates from management regarding the sustainability-related activities and key initiatives, and provides guidance to the Board, other Board committees, and management (as appropriate) concerning material sustainability matters.

For example, at least annually, the Nominating and Governance Committee is informed about specific environmental metrics, such as our greenhouse gas emissions reduction targets and performance.

Describe management’s role in assessing and managing climate-related risks and opportunities.

Our management is committed to assessing climate-related risk for each asset and managing associated risks by having a robust due diligence process in place for new acquisitions, managing existing properties in accordance with our Sustainability Policy and associated Sustainability Guidelines, and monitoring evolving regulations affecting our assets.

The due diligence process involves conducting physical and transition climate risk assessments of each property considered for acquisition.

In addition to the physical climate risk analysis, our climate risk process involves assessing transition risk by reviewing regulations the property is subject to, such as those that require benchmarking energy use, establish building performance standards, or place limits on greenhouse gas emissions. Any identified regulations are included in the documentation for investment committee approval and communicated to the asset and property management teams. Our third-party consultant also conducts a bi-annual property level review of regulations with impact to our assets.

Property management teams are required to follow the Sustainability Handbook for Property Managers that includes monitoring climate-related risks by benchmarking utilities to calculate GHG emissions and tracking building ordinances, among other requirements as part of our compliance process.

Management has oversight responsibility for sustainability performance through the dedicated Managing Director of ESG and Operations, who leads the portfolio-wide sustainable investing efforts. The Managing Director of ESG and Operations at Principal Real Estate reports directly to the Chief Business Officer, Private Markets of Principal Real Estate, with responsibilities including the environmental management of all real estate assets, overseeing climate risk analysis, and monitoring the climate-related aspects of the real estate portfolio, and identifying property and portfolio-level resilience strategies.

Strategy

Describe the climate-related risks and opportunities the organization has identified over the short-, medium-, and long-term.

- Current and emerging local and regional regulation: Our properties are subject to climate-related transition risks, which includes emerging regulations.
- Acute physical damage and disruptions to property operations: Climate change may lead to an increase in the frequency and severity of natural disasters, such as changes in precipitation extremes and droughts.
- Chronic physical damage and disruptions to property operations: In addition to acute increases in frequency and severity of natural disasters, climate change may also lead to an ongoing increase in the frequency and severity of natural disasters or change from one form of natural disaster to another over time.

Strategy (cont.)

- Changing operational parameters: Climate change is forecasted to increase the duration and intensity of heating and cooling days, thus necessitating longer HVAC and capital equipment utilization schedules.
- Rising utility costs: Climate change may impact utility availability and pricing due to supply and demand.
- Rising insurance premiums: Climate change may lead to rising insurance premiums due to potential increased property damage from changing climate patterns and increased severity of natural disasters.
- Reputation: Climate change may lead to reputational damage since physical damage to properties could negatively impact a variety of factors, including building occupant comfort, tenant/resident health and safety, work and lifestyle disruption, continuity of operations, client confidence in our investments, and more.

Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.

Our investment management practices are a material aspect of our business, strategy, and financial planning. The impacts of climate-related issues are detailed in the risks and opportunities identified above. These climate impacts are considered as part of business strategy and financial planning. Climate Risk Analyses identify higher and lower risks for each property, which enables the organization to prioritize accordingly, and the quarterly performance reporting informs financial planning by providing progress on energy, water, and emissions that affect operating costs and investor sentiment.

Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

In 2025, all of our open-end discretionary private equity strategies were analyzed for transition risk utilizing the CRREM model to review the portfolio’s risk associated with meeting the 1.5° C global warming target. Actual emissions data was utilized to the extent available.

We are targeting alignment with the 1.5°C scenario with a goal of reducing greenhouse gas emissions to net zero by 2050. The portfolio-level climate risk analysis provides insight into progress towards these targets and indicates highest-impact assets for targeted reduction initiatives.

We regularly benchmark and report on environmental performance of existing assets, including consumption of energy, water, and waste diversion as well as the corresponding GHG emissions produced. We have Climate Prescriptions that are distributed to properties at risk for flooding, heat stress, hurricanes, sea level rise, water stress, wildfires, and earthquakes.

Risk management

Describe the organization’s processes for identifying and assessing climate-related risks.

We assess physical and transition climate risk as part of both our due diligence process for new developments and acquisitions and, for select funds, regularly as part of our portfolio-level property review.

Physical risk

Physical risks reviewed include flooding, heat stress, hurricanes, sea level rise, water stress, wildfires, and earthquakes. Our risk analysis provider reviews these hazards at both the RCP 4.5 and 8.5 scenarios, and on multiple time horizons (current, 2030, 2040, 2050, 2075, and 2100).

Transition risk

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. Our climate risk analysis process includes identifying if the property is exposed to specific energy disclosure (benchmarking), audit, or emissions reduction mandates (building performance standards).

Scenario analysis

Portfolio level reporting on owned assets covers the same set of physical and transition risks, with the addition of the CRREM model to review the portfolio’s transition risk associated with meeting the 1.5°C global warming target.

The portfolio analysis identifies the highest risk assets in the portfolio. The portfolio management team reviews this information and can use it when making future buy/sell decisions.

Describe the organization’s processes for managing climate-related risks.

The climate risk summary report is provided to the property team on each new property development and acquisition.

Risk management (cont.)

For new property developments, the engineer reviews the property design to determine if it properly accounts for the identified high-risk hazards. Design adjustments and/or operational procedures for risk mitigation are implemented as applicable. Changes and recommendations are incorporated into the underwriting and committee approval process as needed. Once the property is operational, the property manager is notified of the property’s climate risks and provided the climate risk prescription for each identified high risk.

All owned assets with identified high risks are required to complete a risk mitigation plan. This template is based on our climate risk prescription specific to the identified hazard. Property and asset managers identify property-specific risks, existing risk mitigation features, and methods for mitigating identified risks that have not yet been addressed. They are also required to address these risk mitigants in building operating policies and maintenance plans, and to create emergency and business resilience plans and communication templates.

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 on-site 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 provided the climate risk prescription for each identified high risk.

We have a process in place to identify, assess, and manage the potentially material financial impact of transition risks on the entity’s business.

- Policy and Legal: Information on transition risk and identified regulatory requirements are provided to the asset manager and property manager. All Principal Real Estate 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, such as benchmarking regulations.
- Technology: We continuously monitor low-carbon technology options and their associated costs including solar panels, efficient building systems, and others. Where financially appropriate, we will invest in low carbon technologies.

- Market: We monitor market trends and changing customer behavior that could influence demand for low-carbon buildings. In addition to our internal research teams who review industry trends, we also have a third party sustainability expert conduct market research.
- Reputation: We recognize that many investors are looking for low-carbon products. Additionally, our internal research teams and third party sustainability expert conduct research about changes in customer preferences.

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.

In addition to the aforementioned climate risk analysis process, we conduct an annual catastrophe analysis on the portfolio, which includes a review of climate-related risks including flash flood, hail, river flood, and tropical cyclone. Identified exposure to risk by asset value and potential replacement costs are incorporated into the investment decision-making process and property management decisions.

Metrics & targets

Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

Our targets for 2035 over a 2019 baseline*²¹ are:

- Greenhouse gas emissions reduction: 40% (net zero by 2050)
- Energy use intensity reduction: 20%*²²
- Water use intensity reduction: 20%*²²
- Waste diversion from landfill: 20%
- Data coverage: 50%
- Renewable energy: 20% of energy use
- Building certifications: 50% of total portfolio assets*²³

Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.

Greenhouse gas inventories were completed for calendar year 2024 including Scope 1, Scope 2, and Scope 3 Category 13 emissions. We calculated market-based emissions based on reported energy consumption and estimations for participating strategies* totaling 357,316 MTCO2e. This value is primarily comprised of tenant related emissions due to the nature of the asset ownership.

Scope 1: 4,067 MTCO2e

Scope 2 (market-based): 17,497 MTCO2e

Scope 3 Category 13 (Downstream Leased Assets): 335,752 MTCO2e

*Greenhouse gas inventories were completed for the following strategies: US Core, US Core Plus, General Account, two US separate accounts, European Office, European Care Homes (one strategy), European Durable Income, and European Data Center strategies.

Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

In addition to the targets outlined above, our targets support the Principal Financial Group target of net zero by 2050 using a 2019 baseline.

Sustainable Development Goals

The below reflects our policies and actions in alignment with the SDGs. For information on Principal Financial Group’s SDG alignment, refer to the [2025 Principal Financial Group Sustainability Report](#). For additional detail on Principal Real Estate’s SDG alignment refer to the [Sustainable Development Goals disclosure](#).



Access to Economic Resources

Investment in Affordable Housing: We invest directly in affordable housing (single-family, multifamily, and manufactured housing) and acquire and manage low-income housing tax credits (LIHTC) to foster affordable housing opportunities.

Increase Resilience Against Climate-Related Extreme Events

Climate Risk Analysis: As part of our acquisitions and development process, we analyze the site’s risk from exposure to seven major climate risks (flooding, heat stress, hurricanes, sea level rise, water stress, wildfires, and earthquakes).



Mental Health and Well-being

Fitwel Champion: Fitwel is a building certification that uses evidence-based design and operational strategies to enhance building environments by addressing a broad range of health behaviors and risks. Each strategy is linked by empirical evidence to at least one of the seven Health Impact Categories.

Sustainability Guidelines for Health and Wellness: As part of our overarching Sustainability Policy, we have Sustainability Guidelines for Health and Wellness that convey our commitment to designing, constructing, and overseeing capital and tenant improvements with the health, safety, and welfare of building occupants in mind.

Air and Water Contamination

Sustainability Guidelines for Real Estate Development: During all stages of the development process, our partners, developers, and service providers are responsible for protecting air and water quality and local ecosystems by managing potential construction pollutants. Once the property is operational, indoor air quality must be monitored and managed.

Due Diligence Checklist: Our standard due diligence checklist for private equity assets includes radon testing for properties in areas of high radon levels.



Access to Education

Principal Real Estate College Scholarship: We have established a scholarship program for students who are members of a minority group, are veterans, have a disability, or have financial need.

Technical and Vocational Skills

Internships: Our internship program provides interns with exposure to many areas of Commercial Real Estate.



Promote Gender Equality

Women in Real Estate: To help attract, retain, and advance women in the organization, in 2016, Principal Real Estate established Women in Real Estate (WIRE).

Sponsorship of Commercial Real Estate Women (CREW) Network: We support both the Iowa chapter of CREW and employees’ membership expenses for involvement in the organization.



Water Quality

Sustainability Guidelines for Real Estate Development: During all stages of the development process, our partners, developers, and service providers are responsible for protecting air and water quality and local ecosystems by managing potential construction pollutants.

Water Use Efficiency

Environmental Targets: Our targets seek to reduce water use intensity 20% by 2035 (over a 2019 baseline^{*21}).

Water Scarcity

Climate Prescriptions: Climate Prescriptions are resources that detail property-level resilience strategies to combat material climate risks identified throughout the portfolio. A prescription specific to water scarcity is shared with property managers at impacted properties to educate about the specific risks and best practices for managing the risks.



Energy Efficiency

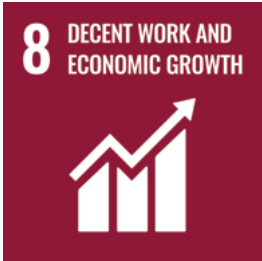
Environmental Targets: Our targets seek to reduce energy use intensity 20% by 2035 (over a 2019 baseline^{*21}).

Decarbonization Planning: In support of our goal to reduce GHG emissions 40% by 2035 and achieve net zero by 2050, property-specific decarbonization strategies are being developed.

Renewable Energy

Environmental Targets: We seek to source 20% of energy use from renewable sources—either on-site or off-site.

Solar Energy Investments: At our properties nationwide, we are pursuing solar opportunities by installing solar panels directly or leasing roof space for solar panels.



Global Resource Efficiency

Sustainability Guidelines for Real Estate Development: Our Sustainability Policy is supported by Sustainability Guidelines. The guidelines for development detail best practices for material use reduction.

Youth Employment

Internships: Our internship program provides interns with exposure to many areas of Commercial Real Estate.

Community Impact

Community Impact Measurement: One of the five pillars of the PRPI platform is Community Impact: connecting with and contributing to the economic and social success of markets where we operate. Key Performance Indicators (KPIs) within this pillar may include jobs created, investment in community, use of union labor, donations and volunteer activities, affordable and workforce housing, community space, and contaminated site remediation.

Financial Market Monitoring

Reporting: We communicate sustainability-related information to investors in several ways:

- The Principal Financial Group Sustainability Report
- This Principal Real Estate Sustainability Report
- Our [Responsible Property Investing website](#)
- Quarterly and annual client financial reporting
- The annual Principles for Responsible Investment (PRI) survey, CDP reporting, and GRESB (a global sustainability benchmark for real estate assets)



Affordable Housing

Low-Income Housing Tax Credits: We invest in affordable housing properties that have been allocated low-income housing tax credits on behalf of Principal Life Insurance Company.

Middle-Income Housing Strategy: To address the need for affordable housing across the U.S., we are committed to investing in a middle-income housing strategy, targeting multifamily properties with rental rates that enable the community to live sustainably within their means.

Irish Social Housing: The Principal Eurozone Durable Income Strategy owns an Irish social housing portfolio comprised of 55 homes. The homes are leased to Dublin’s local authorities on 25-year terms.

Monitoring Financial Markets

Principal Real Estate Reporting: We communicate sustainability-related information to investors in several ways:

- The Principal Financial Group Sustainability Report
- This Principal Real Estate Sustainability Report
- Our [Responsible Property Investing website](#), where we publicly disclose our sustainability policies and practices as well as progress updates, thought leadership, and more.
- Quarterly and annual client financial reporting
- The annual Principles for Responsible Investment (PRI) survey, CDP reporting, and GRESB (a global sustainability benchmark for real estate assets)



Affordable Housing

Low-Income Housing Tax Credits: We invest in affordable housing properties that have been allocated low-income housing tax credits on behalf of Principal Life Insurance Company.

Middle-Income Housing Strategy: To address the need for affordable housing across the U.S., we are committed to investing in a middle-income housing strategy, targeting multifamily properties with rental rates that enable the community to live sustainably within their means.

Irish Social Housing: The Principal Eurozone Durable Income Strategy owns an Irish social housing portfolio comprised of 55 homes. The homes are leased to Dublin’s local authorities on 25-year terms.

Resilience Against Natural Disasters

Climate Risk Analysis: As part of our acquisitions and development process, we analyze the site’s risk from exposure to seven major climate risks (flooding, heat stress, hurricanes, sea level rise, water stress, wildfires, and earthquakes).

Climate Prescriptions: Climate Prescriptions are resources that detail property-level resilience strategies to combat material climate risks identified throughout the portfolio.

Catastrophe Analysis: We conduct an annual catastrophe analysis on the portfolio as part of the insurance process, as there are increased operating costs associated with climate disasters, such as costs to fix water leaks or building damage as a result of natural disasters.

Waste Management

Environmental Targets: Our targets seek to achieve a waste diversion rate of 20% by 2035.



Waste and Recycling

Waste Management: Waste management is a core performance metric. Property teams are required to enter energy, water, waste, and other key metrics in ENERGY STAR Portfolio Manager. To foster responsible consumption, property managers complete waste technical assessments that quantify the amount and type of waste produced at each property. Waste technical assessments identify opportunities for improved waste management strategies that can lead to better waste diversion rates and reduced waste management costs.

Sustainability Reports

Principal Real Estate Sustainability Report: Principal Real Estate’s Sustainability report is available on the Responsible Property Investing website.

Reporting: We communicate sustainability-related information to investors in several ways:

- The [Principal Financial Group Sustainability Report](#)
- This Principal Real Estate Sustainability Report
- Our [Responsible Property Investing website](#)
- Quarterly and annual client financial reporting
- The annual Principles for Responsible Investment (PRI) survey, CDP reporting, and GRESB (a global sustainability benchmark for real estate assets)

Sustainability Education

Employee Sustainability Training: Our staff regularly receive sustainability training and communication. All employees receive sustainability education upon joining and throughout their career at the firm.

External Education: Our partners and property managers participate in trainings on key sustainability topics and our expectations for sustainability performance. Further, members of the sustainability team present on climate risk and mitigation at conferences and as requested by investors, partners, Principal employees, and other interested parties; and thought leadership on relevant sustainability topics are researched and published for public consumption.



Climate Resilience

Climate Risk Analysis: We assess physical and transition climate risk as part of our due diligence process for new developments and acquisitions and, for select funds, regularly as part of our portfolio-level property review. Physical risks reviewed include flooding, heat stress, hurricanes, sea level rise, water stress, wildfires, and earthquakes. Our climate risk analysis process includes identifying if the property is exposed to specific energy disclosure (benchmarking), audit, or emissions reduction mandates (building performance standards).

Climate Prescriptions: Climate Prescriptions are resources that detail property-level resilience strategies to combat material climate risks identified throughout the portfolio.

Greenhouse Gas Emissions

Environmental Targets: Our targets seek to reduce GHG emissions 40% by 2035 and reach net zero by 2050 (over a 2019 baseline^{*21}).

Decarbonization Planning: In support of our goal to reduce GHG emissions 40% by 2035 and achieve net zero by 2050, property-specific decarbonization strategies are being developed.

Climate Change Education

Education on Climate Change Impact and Mitigation: Relevant Principal Real Estate staff have received training on the impacts of climate change and mitigation strategies.



Biodiversity

Sustainability Guidelines for Biodiversity: We seek to identify, mitigate, and disclose nature-related dependencies, impacts, and risks in line with the TNFD framework. At the asset level, we assess property-specific biodiversity risks, and at the fund level, we assess portfolio exposure to nature-related risks and opportunities.



Partnerships

Industry engagement: We are committed to working with investors, regulators, industry associations, and other groups to ensure that industry-wide standards reflect a commitment to sustainability performance. In support of this commitment, we participate in several industry associations and align with organizations that seek to improve sustainability performance.

Endnotes

^{*1} Data as of 31 December 2025. Targets and performance relative to a 2019 baseline. Baselines are individually set for each property depending on data availability and property acquisition / development date. The first 12 months of available data on or after calendar year 2019 will be utilized as the baseline for each asset. Open-end discretionary private equity funds are the US Core, US Core Plus, Principal General Account, European Data Centre, European Office, European Long Income, and European Care Home strategies. Energy and water reduction goals are measured using energy / water intensity, defined as energy / water per square foot (gross floor area of the asset). Building certifications include new development and operational asset certifications for all sectors within the portfolio, by number of assets. The targets stated above may not materialize.

^{*2} Coverage is not inclusive of the amount of calendar year data available, the timeliness of the data (defined as the distance between the report date and the property’s Utility Current Date), or the percent ownership, and is not relative to the Gross Asset Value of the property. Properties with scope labeled as “Combination of Tenant and Common Area Consumption” or “Other” in Portfolio Manager are excluded from the metrics.

^{*3} Includes clients of, and assets managed by, Principal Real Estate Europe Limited and its affiliates. Assets under management figures shown here may include model only assets.

^{*4} Excludes value add and development properties.

^{*5} Principal Real Estate became registered with the SEC in November 1999. Activities noted prior to this date above were conducted beginning with the real estate investment management area of Principal Life Insurance Company and later Principal Capital Real Estate Investors, LLC, the predecessor firm to Principal Real Estate Investors, LLC.

^{*6} Managers ranked by total worldwide real estate assets (net of leverage, including contributions committed or received, but not yet invested; REOCs are included with equity; REIT securities are excluded), as of 30 June 2025, “The Largest Real Estate Investment Managers,” Pensions & Investments, 10 November 2025.

^{*7} Includes investment professionals of Principal Real Estate Europe Limited and its affiliates.

^{*8} As of 31 December 2025. This is an annual update. Excludes public REIT transaction volume.

^{*9} As recognized by 2025 Global Real Estate Sustainability Benchmark (GRESB) assessments representing data from 1 January 2024 to 31 December 2024. In order to receive a ranking, the firm paid GRESB an application fee to be evaluated and rights to use the rating.

^{*10} Due to rounding, percentages shown may not equal 100%.

^{*11} European open-end discretionary private equity funds are the European Data Centre, European Office, European Long Income, and European Care Home strategies.

^{*12} U.S. open-end discretionary private equity funds are the US Core, US Core Plus, Principal General Account.

^{*13} In order to receive an award, a fee was paid to Kingsley to be evaluated and for rights to use the award.

^{*14} Source: 2025 Global Real Estate Sustainability Benchmark (GRESB) assessments representing data from January 1, 2024 to December 31, 2024. 5-star rating reflects top 20% worldwide performance; 4-star rating reflects top 40% worldwide performance. Green Star rating is awarded to entities with scores higher than 15 out of 30 on the Management and 35 out of 70 on Performance components. For information on the GRESB Green Star Rating please visit: <https://www.gresb.com/nl-en/faq/what-is-a-green-star/>.

^{*15} IMT and the U.S. Department of Energy’s Better Building Alliance awards landlords and tenants who incorporate green leasing to drive high-performance and healthy buildings. www.greenleaseleaders.com.

^{*16} Coverage is not inclusive of the amount of calendar year data available, the timeliness of the data (defined as the distance between the report date and the property’s Utility Current Date), or the percent ownership, and is not relative to the Gross Asset Value of the property. Properties with scope labeled as “Combination of Tenant and Common Area Consumption” or “Other” in Portfolio Manager are excluded from the metrics.

^{*17} Certification data as of December 31, 2025.

^{*18} In order to receive a certification, a fee was paid to LEED, BOMA, Fitwel, IREM, BREEAM, WELL, and NGBS to be evaluated and for rights to use the certification.

^{*19} Represents U.S. employees only.

^{*20} The Global People Inclusion Index is a proprietary survey tool measuring employee inclusion at Principal.

^{*21} Baselines are individually set for each property depending on data availability and property acquisition/development date. The first 12 months of available data on or after calendar year 2019 will be utilized as the baseline for each asset.

^{*22} Principal Real Estate’s Energy and Water Reduction Goals are measured using energy/water intensity, defined as energy/ water per square foot. It’s calculated by dividing the total energy/water by the gross floor area of the building.

^{*23} Building certifications include new development and operational asset certifications. Multifamily, office, retail, and industrial property types only. As real estate strategies expand into other property types, inclusion in this goal will be determined by applicability of building certifications to the property type.

Task Force on Climate-related Financial Disclosures

Sustainable Development Goals

Endnotes

Important information

Risk Considerations

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