

Corporate Governance

Overview

Ensuring the Principal Financial Group® is governed well through effective, independent oversight of management and company operations has been an important part of our heritage and our success. Each generation of management is committed to doing what is good for our customers and shareholders and operating with integrity.

Global Code of Conduct

The Global Code of Conduct (Code) serves as the foundation for ethical behavior across our company. The Code is an extension of our core values, especially our core value of Do what's right. Integrity is the foundation upon which our Code is built and it guides everything we do.

Effective May 2021, the company's Board of Directors, upon the recommendation of the Nominating and Governance Committee, approved a revised and updated Global Code of Conduct (the "Code"), which contains the code of ethics as defined in Item 406(b) of Regulation S-K. The revised and updated Code reflects technical and administrative amendments.

View the full Global Code of Conduct:

- [English](#)
- [Portuguese](#)
- [Spanish](#)
- [Thai](#)
- [Traditional Chinese](#)

By-Laws

By-laws set forth the rights and powers of shareholders, directors, and officers and they determine how those in charge are nominated or elected; they also help settle any disputes among parties that may arise. Finally, a corporation's by-laws must be formally adopted and amended as necessary.

[View the Principal Financial Group By-Laws](#)

Guidelines

Dear Shareholder:

Every public corporation has a set of practices and procedures by which decisions affecting shareholders and customers are made. State law establishes a framework for corporate decision-making that protects shareholders and requires management and the Board of Directors to operate in the best interests of the Company. This is very important. Yet ensuring the Company is governed effectively, responsibly and with integrity goes way beyond simply observing legal requirements.

Excellent Corporate Governance has been important to Principal® for a very long time. Ensuring the organization is governed well through effective, independent oversight of management and Company operations has been an important part of our heritage and our success. For more than 140 years, each generation of management has been committed to focusing on what is good for those we serve and to operating with integrity.

The Nominating and Governance Committee regularly reviews our governance policies and practices and makes recommendations concerning them to the Board of Directors. The Board of Directors of Principal Financial Group, Inc. takes action based on what is best for the effective oversight and governance of the Company and for making important decisions that affect those Principal exists to serve.

We invite you to review the corporate governance practices of Principal set forth below:

Board of Directors

Role of Board of Directors

The business of the Company is managed under the direction of the Board. The Board selects, and provides advice and counsel to, the Chief Executive Officer and generally oversees management. The Board reviews and discusses the strategic direction of the Company, oversees risk and monitors the Company's performance against goals the Board and management establish.

Qualifications and responsibilities

The Nominating and Governance Committee is responsible for assessing the appropriate mix of skills and characteristics required of Board members in the context of the current composition of the Board and the needs of the Company. The Committee periodically uses an outside consultant to help the Committee evaluate the expertise, backgrounds and competencies of the Directors in view of the current strategic initiatives and risk factors of the Company. The Board particularly values experience as a current or former CEO or other senior executive in financial services, in international business and with financial management or accounting responsibilities. The Committee looks for competencies like strategic-orientation, results-orientation and comprehensive decision-making. Diversity of the Board as a whole is a valued objective. In evaluating candidates, the Committee assesses personal and professional ethics, integrity, values and ability to contribute to the Board. Directors must be willing to devote the required amount of time to prepare for, attend and actively participate in Board and Board Committee meetings and to represent the interests of all shareholders. The Committee gathers input from other Board members and the Chief Executive Officer, retains search

firms and manages the process of identifying, developing and interviewing candidates who have specific qualifications and competencies consistent with criteria approved by the Board. The Chairman of the Board, the Chair of the Nominating and Governance Committee, the Lead Director and at least one other Board member personally interview finalist candidates before the Nominating and Governance Committee recommends them to the Board of Directors for action.

Majority voting

Directors are elected by the majority of votes cast in uncontested Director elections. If an incumbent Director is not elected, and no successor is elected, the incumbent Director must submit a resignation notice and the Board of Directors will decide whether to accept that resignation. The Board's decision and reasons for its decision will be publicly disclosed within 90 days of certification of the election results.

Independence

The Board has determined that each of the current Directors is independent except for the CEO/Chair, who is the only member of management who is also a Director. The term "independent" means the Board has determined the Director has no material relationship with the Company as defined in the [Director Independence Standards \(PDF\)](#).

Lead Director

The Board has appointed a Lead Director because it is important that the independent Directors have a leader in addition to the Chairman of the Board, who leads the Board generally. The Board regularly reviews the effectiveness of this shared leadership. The Nominating and Governance Committee recommends an independent Director for election by the Board as Lead Director. The Lead Director and Chairman jointly make decisions on the Board agenda and information for Board meetings. The Lead Director and Chairman share the duties of presiding at each Board meeting. The Chairman presides when the Board is meeting as a full Board. The Lead Director leads the independent Directors in their executive sessions and provides advice and input to the CEO based on those discussions. The Lead Director leads the Board's annual self-evaluation of its performance. The Lead Director is responsible to call a special Board meeting in the event the Chairman and CEO is unable to act for any reason.

Number

The Nominating and Governance Committee has responsibility for periodically reviewing Board size, which over the last several years has been generally maintained at 10 to 13 Directors.

Conflicts of interest

The Nominating and Governance Committee monitors potential Director and officer conflicts of interest under the Company's [Global Code of Conduct \(PDF\)](#). Any waiver of a provision of the Global Code of Conduct for any executive officer or any Director requires review by the Audit Committee and approval of the Board of Directors.

Related person transactions

The Nominating and Governance Committee has adopted a [related person transactions policy \(PDF\)](#) to help assure that officers, Directors or members of their immediate families will not improperly benefit from a transaction with The Principal. This policy applies to any transaction with a financial aspect in which the Company or a subsidiary is a participant and in which a related person has a direct or indirect interest. Related persons include the Company's Directors and executive officers (and their immediate family members) and any holder of more than five percent of the Company's common stock (and their immediate family members). The policy lists transactions that are prohibited, and sets forth procedures and requirements for approval by the Nominating and Governance Committee of appropriate business transactions.

Review of Director performance

The Nominating and Governance Committee reviews the performance of each Director whose term is expiring when considering whether his/her nomination for re-election should be recommended to the Board. In addition, the Committee periodically reviews the performance of each other Director. The Committee receives input from the other Directors and an outside consultant, when one is retained by the Committee, as a part of the reviews. Director performance and capabilities are evaluated against competencies and performance factors the Nominating and Governance Committee has identified as necessary and desirable for the Company's Board. The Nominating and Governance Committee considers the same qualification standards as it would for a new Director candidate, including current employment responsibilities. Following the Committee's discussion, the outside consultant, when one is retained by the Committee, or the Committee Chair provides performance feedback to the Directors who were evaluated.

Term limits

The Board believes that a good Director performance review process is better than mandated term limits. Strict term limits would mean losing the ongoing contribution of Directors who have gained increasing insight into the Company's industry, strategies and operations through their years of service.

Director orientation and ongoing education

New Directors participate in an orientation program, which includes review of materials regarding the Company's strategies, operations and financial reporting, and meetings with our Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, General Counsel and the heads of our operations. Directors must complete a formal continuing education program once every three years. Additional education related to the businesses of the Company or specific issues is provided to the Directors by management on a regular basis and at the request of the Board or a Board Committee. The Board also benefits from the insights of outside experts who periodically make presentations on strategic topics of interest at the Board's annual retreat.

Tenure and retirement from the Board

The Board believes it is in the best interest of the Company that (a) the term of each Director shall not extend beyond the annual meeting following the Director's 72nd birthday; (b) no more than one retired Principal CEO shall serve on the Board at any one time; and (c) a Director who experiences a significant change in his or her personal circumstances, including a change in employment or major responsibilities from those held when most recently elected or re-elected to the Board or other circumstances that reasonably may have an adverse effect on the Director's service on the Board or the Company's business or reputation, shall submit their resignation to the Chairman of the Board. The Chairman of the Board will consult with the Chair of the Nominating and Governance Committee and they will decide whether such resignation will be presented to the Board of Directors for action.

Chief Executive Officer evaluation, compensation, and succession planning

Annual and ongoing evaluation

The Human Resources Committee annually evaluates the performance of the CEO in leading the organization, taking into account the CEO's performance against corporate and individual goals agreed upon by the Committee and the CEO during the prior year's evaluation process. The Human Resources Committee determines and approves the CEO's total compensation, which includes base salary and annual and long-term incentive opportunities and awards, benefits and perquisites. The other independent members of the Board discuss and provide input to the Human Resources Committee on the evaluation and compensation of the CEO.

Independent compensation consultant

The Human Resources Committee has retained a compensation consultant to advise the Committee on CEO and senior management compensation. The Committee determined that the consultant was independent after taking into consideration all relevant factors. The independent compensation consultant does not and would not be allowed to perform services for management. The independent compensation consultant receives no compensation from the Company other than for its work in advising the Board and has no other relationships with the Company.

Succession planning

The CEO and the Human Resources Committee regularly discuss management development and succession, including succession for the position of CEO. The CEO makes a formal presentation on this subject at least once each year to the full Board of Directors. Succession planning is a responsibility of the entire Board and all members participate. In addition, the Company has an emergency succession plan for the CEO that is reviewed by the Board annually.

Committees of the Board of Directors

Audit, Finance, Human Resources, and Nominating and Governance Committees

The Board has [Audit \(PDF\)](#) and [Human Resources Committees \(PDF\)](#), both of which are required to be, and are, composed entirely of independent Directors. The Board has a [Nominating and Governance Committee \(PDF\)](#), not required by the rules of stock exchange on which the Company's common stock currently is listed (the "Exchange"), which, pursuant to its charter, must be, and is, composed entirely of independent Directors. In addition, the Board has a [Finance Committee \(PDF\)](#), not required by the Exchange rules, which, pursuant to its charter, must be composed of a majority, and is currently composed entirely, of independent Directors. Each Committee has a written charter that complies with the Exchange's listing standards, if applicable, and is regularly reviewed and updated in conjunction with the Committee's annual performance review performed by its members. The Chair of each Committee, in consultation with management, determines the Committee's agenda and the frequency and length of Committee meetings. Each Committee has authority to retain and negotiate the terms of retention of such independent consultants and advisers as it deems advisable, has access to any members of management and meets in executive session as often as it deems advisable.

Committee assignments and rotation

The Nominating and Governance Committee makes recommendations to the Board of Directors on Committee member and Chair assignments and reviews Committee assignments at least annually. The Board does not believe that rotation should be mandated at strict intervals, in view of the experience and expertise needed on the Board's Committees.

Board deliberations, performance, and compensation

Board and committee meetings

The Board of Directors has at least four in-person meetings per year, with sufficient time at each meeting to devote to important matters. In addition to the regular quarterly meetings, the Board holds an annual strategic retreat devoted to an in-depth review and dialogue on topics selected by the Board. The Audit, Finance, Human Resources and Nominating and Governance Committees generally meet at the time of regular Board meetings and at other times as needed, with the Audit Committee in particular meeting several additional times per year. These meetings are held in-person absent exigent circumstances.

Meeting materials

The Board is fully informed in advance of all major proposals. Information and materials important to the Board's understanding of the business and issues affecting the Company are distributed to all Directors in preparation for meetings and promptly between meetings as needed.

Access to management and independent advisers

Members of senior management attend portions of the Company's Board and Board Committee meetings, and the Directors and the senior management interact at Board meetings. The Board and its Committees have direct access to management, employees and independent advisers as they deem necessary and appropriate.

Executive sessions

The independent Directors generally meet in executive session both at the start and end of each regular Board meeting and at other times as they deem necessary. These sessions are led by the Lead Director. The Board believes that executive sessions are most productive if they are followed up by a discussion with the CEO, and so regularly engages with the CEO in such discussions.

Performance evaluation

The Board annually conducts a self-evaluation regarding its effectiveness. In addition, the Audit, Finance, Human Resources and Nominating and Governance Committees each undertake an annual self-evaluation of their performance and report the results to the Board.

Board compensation

The Nominating and Governance Committee is responsible to review and recommend action by the Board with respect to Director compensation for service on the Board and Board Committees. The Nominating and Governance Committee seeks input and advice from an independent compensation consultant before making recommendations to the Board, including information on competitive practice and the appropriate mix of cash and stock-based compensation. Restricted Stock Units granted to the Directors are subject to mandatory deferral until the termination of the Director's service with the Board. Our philosophy is to pay Board compensation at about the median of other financial services companies with which we compare ourselves.

Confidentiality

In order to facilitate open discussions, the Board believes maintaining confidentiality of information and deliberations is imperative. Each Director has an obligation to maintain the confidentiality of information received in connection with his or her service as a Director or Committee member.

Stock ownership guidelines

Board and management

The Board believes it is important for Directors as well as executives to have a meaningful ownership interest in the Company's stock. The Board has adopted a guideline that Directors own an amount of Company stock equal to five times the annual Board cash retainer within five years of joining the Board. Once the ownership level is met, the Director will not need to make additional share purchases because of a change in stock price, as long as any reduction in the level of ownership is not the result of a sale. The Board has also adopted minimum stock ownership guidelines for the

Company's executives in the following amounts: five times base salary for the CEO, three times base salary for Division Presidents and Executive Vice Presidents and two times base salary for Senior Vice Presidents. Executives are required to retain a significant percentage of equity-based long-term incentive awards until this ownership requirement is satisfied.

Communication with shareholders and others

How to Contact the Board

The Board's policy is that management speaks for the Company. Anyone who wishes to communicate with Directors should send an e-mail message to the Lead Director at the Investor Relations section of the Company's website at principal.com or address a written communication to the secretary of the Board of Directors who will forward the communication to the Lead Director. The address is: Christopher Littlefield, Executive Vice President, General Counsel and Secretary, Principal Financial Group, Des Moines, IA 50392-0300.

Director Independence

The Nominating and Governance Committee will review the independence of members of the Board of Directors annually, or more frequently if necessary, and make recommendations regarding Director independence to the Board. Board members will not be considered independent unless the Board affirmatively determines that the director has no relationship with the Principal Financial Group, Inc. or any of its subsidiaries (collectively, the "Company") which would interfere with his or her exercise of independent judgment in carrying out the responsibilities of a director.

The Board of Directors adopts the following categorical standards to assist the Board in making independence determinations.

The following persons shall not be considered independent:

(A) a director who is, or at any time during the past three years was, employed by the Company;

(B) a director who accepted or who has a Family Member who accepted any compensation from the Company in excess of \$120,000 during any period of twelve consecutive months within the three years preceding the determination of independence, other than the following: (i) compensation for board or board committee service; (ii) compensation paid to a Family Member who is an employee (other than an Executive Officer) of the Company; or (iii) benefits under a tax-qualified retirement plan, or non-discretionary compensation.

[Provided, however, that in addition to the requirements contained in this paragraph (B), audit committee members are also subject to additional, more stringent requirements.]

(C) a director who is a Family Member of an individual who is, or at any time during the past three years was, employed by the Company as an Executive Officer;

(D) a director who is, or has a Family Member who is, a partner in, or a controlling shareholder or an Executive Officer of, any organization to which the Company made, or from which the Company received, payments for property or services in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenues for that year, or \$200,000, whichever is more, other than the following: (i) payments arising solely from investments in the Company's securities; or (ii) payments under non-discretionary charitable contribution matching programs.

(E) a director of the Company who is, or has a Family Member who is, employed as an Executive Officer of another entity where at any time during the past three years any of the Executive Officers of the Company serve on the compensation committee of such other entity; or

(F) a director who is, or has a Family Member who is, a current partner of the Company's outside auditor, or was a partner or employee of the Company's outside auditor who worked on the Company's audit at any time during any of the past three years.

The Company offers financial products and services in the ordinary course of business. The Board of Directors has determined that the following relationships do not impair a Director's independence:

1. Purchases of products or services from the Company by a Director or an immediate family member of a Director in the ordinary course of business on terms and conditions generally available in the marketplace;
2. Purchases of products or services from the Company by a Director's Firm, or purchases of products or services of a Director's Firm by the Company, in the ordinary course of business on terms and conditions generally available in the marketplace, in an amount which, in the current year or any of the past three years, does not exceed the greater of \$200,000 or 5% of such other company's consolidated gross revenues for that year, other than the following: (i) payments arising solely from investments in the Company's securities; or (ii) payments under non-discretionary charitable contribution matching programs;
3. Personal loans to Directors or immediate family members of Directors, if these loans are legally permissible and are offered in the ordinary course of the Company's business, on terms and conditions generally available to the general public. Personal loans to a Director or member of the Director's immediate family will be reported to and reviewed by the Audit Committee within the calendar year in which the loan is made;
4. Employment of a member of a Director's immediate family, in the ordinary course of business and consistent with the Company's customary employment practices, if the employee is not an executive officer of the Company; and
5. The Company's (a) acquisition of publicly-traded equity or debt securities of a Director's Firm; or (b) the Company's real estate investment transactions in which a Director's Firm is a tenant, and not a borrower, purchaser or seller; in furtherance of its ordinary course investment operations, so long as a Director or

a member of the Director's immediate family, either individually or in combination, does not own more than 10% of the Director's Firm.

In cases where a Director has a relationship with the Company that is not described above, a majority of the Company's independent Directors will determine whether or not the relationship is material.

For purposes of this rule, (i) "Family Member" means a person's spouse, parents, children and siblings, whether by blood, marriage or adoption, or anyone residing in such person's home, and (ii) "Executive Officer" means those officers covered in Rule 16a-1(f) under the Securities Exchange Act of 1934.

The Board's determinations regarding the independence of its members shall be disclosed as required by law and regulations.

Last amended 11/27/17