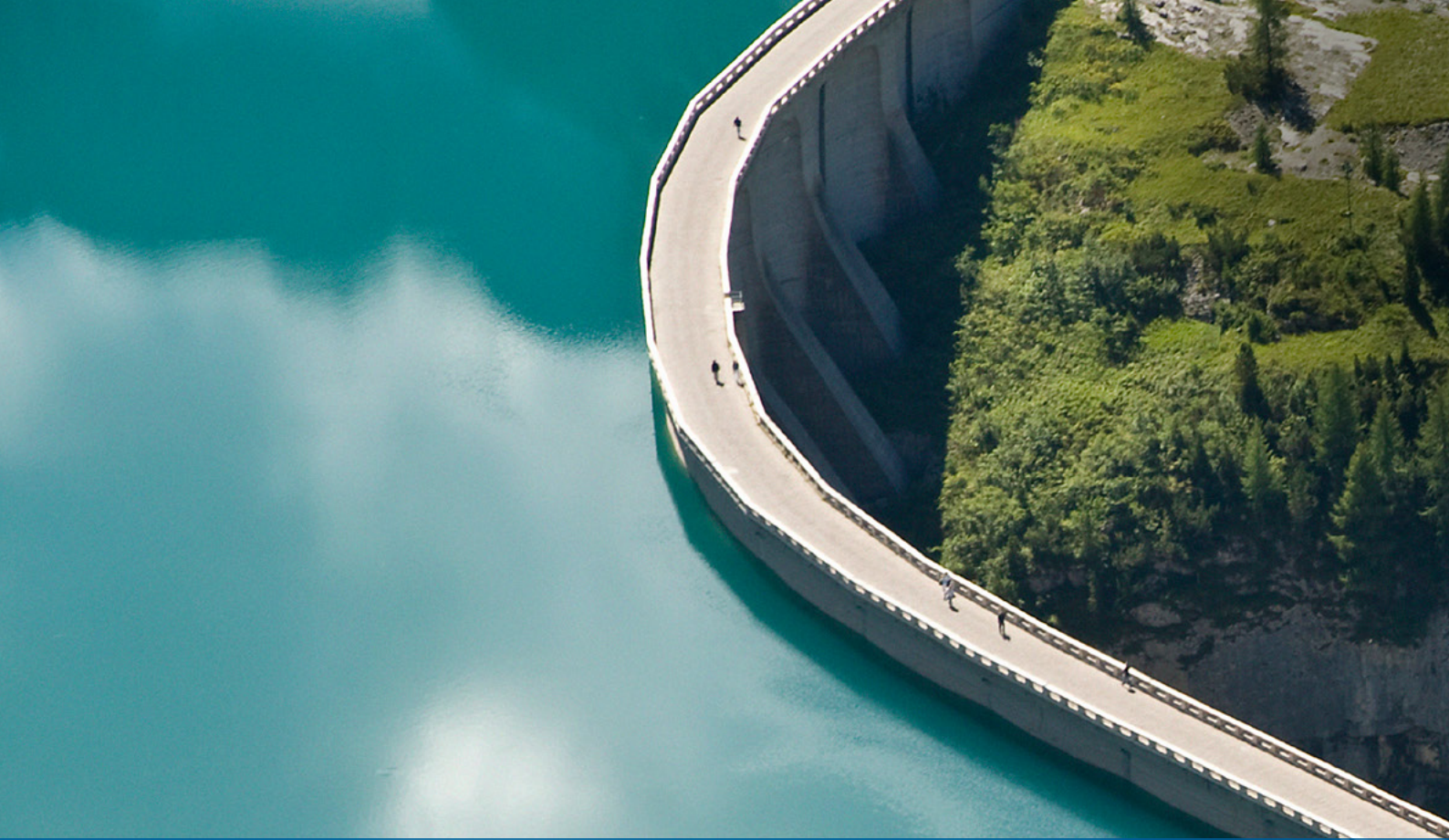


ESG
April 2024

A close-up photograph of a welder working in a dark industrial environment. The welder is wearing a protective mask and gloves, and a bright blue and yellow spark shower is visible as they work. The scene is illuminated by the intense light of the welding process, creating a dramatic contrast with the dark surroundings.

**Environmental, social
& governance (ESG)
at Capital Group:
Building on a 90+ year
legacy of research**

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.



ESG at Capital Group

ESG is among our long-term priorities, and we have invested in people, data and technology to thoughtfully integrate the analysis of material ESG risks and opportunities into our investment approach. Our global investment team benefits from significant resources and activities dedicated to ESG.

45+

Dedicated ESG professionals

25+

Proprietary ESG investment frameworks

1,100+

Dedicated ESG engagements in 2023

20+

Data scientists and developers building our proprietary tools

290+

ESG metrics used in our investment frameworks

50+

ESG data sources

“Research is all about building a deep understanding to try to make better investment decisions. Weighing developments – ESG-related or otherwise – that could have significant financial consequences for an issuer of equities or bonds is crucial.”

Jessica Ground
Global Head of ESG

Capital Group is a
fundamental research-
driven asset manager.

2.5T
Total AUM (USD)

470+
Investment professionals

2021

Financial Reporting Council (FRC)

Capital Group is a signatory of the United Kingdom (UK) Stewardship Code and was accepted for the third year running in 2023.

United Nations Global Compact (UNGC)

Capital Group is a participant and commits to integrating the ten principles on human rights, labor rights, the environment and anti-corruption into our business operations.

2020

Task Force on Climate-related Financial Disclosures (TCFD)

Capital Group reports against the TCFD recommendations.

2016

International Financial Reporting Standards Foundation (IFRS)

Capital Group is a member of the International Sustainability Standards Board (ISSB) Investor Advisory Group.

2010

Principles for Responsible Investment (PRI)

Capital Group is a signatory.

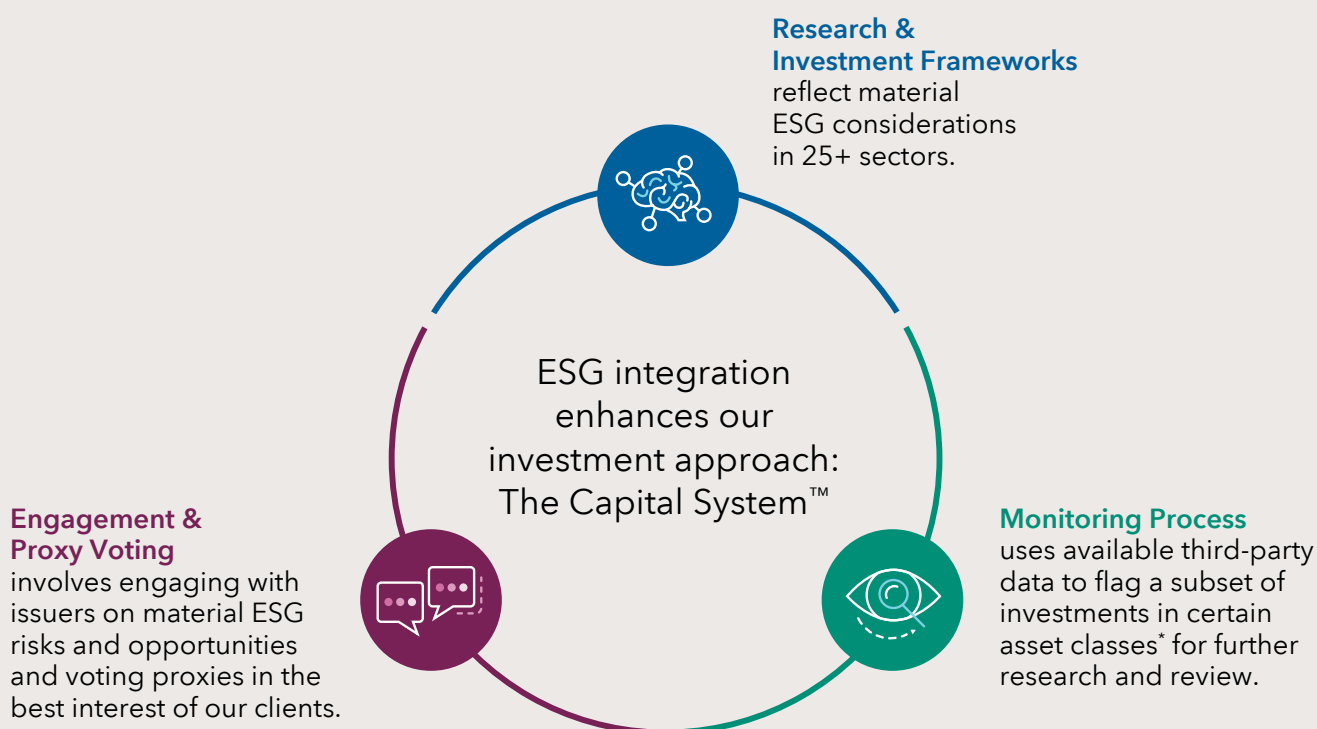
Our investment approach considers material ESG risks and opportunities

We have used deep fundamental research to guide our investment decisions since our foundation in 1931.

Long-term focus – a core part of our active investment approach, The Capital System™ – fits naturally with time horizons often associated with ESG considerations.

Our ESG integration process is centered on material ESG risks and opportunities. By “material,” we mean those ESG-related considerations that are likely to affect the value of an investment over time. Incorporating material ESG information into research and analysis can, in our view, help improve long-term outcomes for investors.

Because ESG can cover a wide range of issues, we developed a three-part process to integrate ESG into The Capital System.



*As of December 31, 2023, monitoring applies to corporate and sovereign holdings.



Research & Investment Frameworks

We have leveraged our deep research, experience and technology to create sector-specific investment frameworks.

By helping us identify and assess material ESG risks and opportunities, these investment frameworks enhance our fundamental, bottom-up research and The Capital System.

25+

Investment frameworks distill our analysts' perspectives on the most relevant, long-term sustainability issues.

50+

Data sources bring investment frameworks to life – with over 290 metrics.

200+

Equity and bond investment analysts built the frameworks in partnership with the ESG team, for a proprietary view of ESG risks and opportunities at a sector level (refreshed regularly).



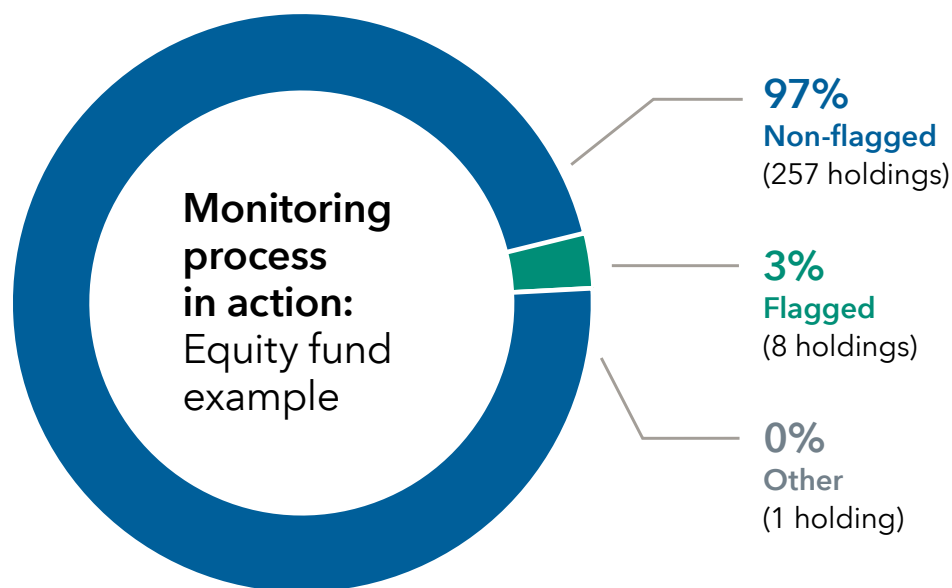
Monitoring Process

ESG monitoring identifies external views of potentially material ESG risks in our equity and corporate and sovereign bond investments.

We evaluate available third-party ESG data to flag a subset of our holdings* to the Investment Group for further review and research.

In certain cases, our analysts may disagree with views from external data providers. Deeper analyses of these flagged securities involve assessing the materiality of the ESG risk and its impact to the investment thesis and, where appropriate, engaging with the issuer. This process helps ensure that the investments we make are subject to disciplined ESG research.

Our perspectives are never based on monitoring alone; we take a long-term view, informed by engagement and detailed analysis.



*As of March 31, 2024, our monitoring process applies to corporate and sovereign holdings.

As of February 2024, for corporate holdings, our monitoring methodology has been updated. We now use two data providers (MSCI and Institutional Shareholder Services Inc. (ISS)) and five different indicators to monitor and flag holdings. These indicators capture materially lower ESG performance relative to peers and potential violations of international norms via the UNGC and OECD Guidelines. This may impact the number of flagged holdings per fund.

Donut chart: Reflects all of the fund's holdings at the issuer level. The monitoring process covers 99.6% of the fund's holdings, which represent 100.0% of the fund's assets, excluding cash and cash equivalents. "Other" holdings are those that either do not have available third-party data or that are not currently covered in the monitoring process. The data used in the monitoring process currently applies only to equity securities and corporate and sovereign bonds. The percentage figures may not total 100 due to rounding.

Source: Capital Group. For illustrative purposes only.



Engagement & Proxy Voting

In partnership with our ESG team, our investment professionals participate in engagement and lead proxy voting. We take a detailed case-by-case approach to engagement and proxy voting. In our view, this approach capitalizes on some of our core strengths as an active investment manager.

Engagement

Our investment professionals and ESG team engage with issuers to deepen understanding of hard-to-measure ESG issues and encourage disclosure on how material risks and opportunities are being managed.

Most engagements involve Capital Group’s ESG team and investment professionals in one-to-one meetings with senior management. These meetings are opportunities to ask direct questions and discuss the topics of greatest concern.

1,115

ESG engagements with issuers in 2023

437 | Americas

513 | Asia-Pacific

165 | EMEA

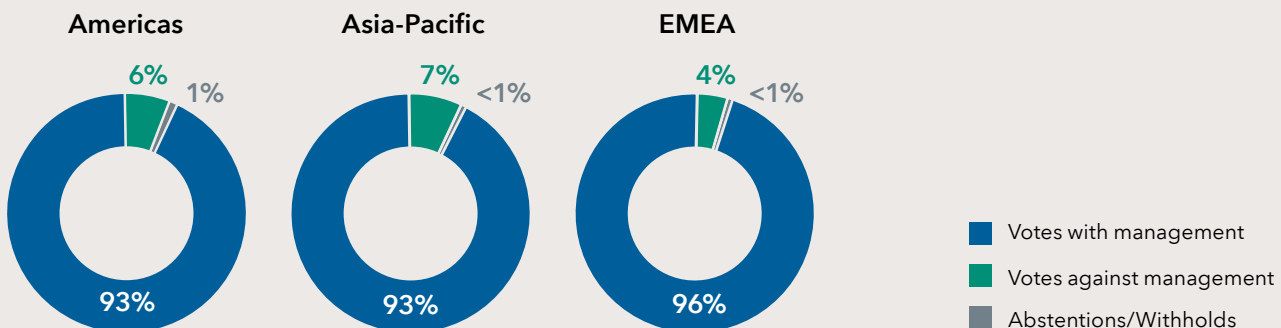
Proxy Voting

Proxies are voted in reference to Capital Group voting guidelines, which are developed by our investment professionals. These guidelines convey our broad stance on key corporate governance issues and our views of best practices.

Voting decisions are generally made in-house by our investment professionals.

2,124

General and special shareholder meetings in which Capital Group voted (proxy) in 2023.



As of December 31, 2023. EMEA – Europe, the Middle East and Africa. Voting statistics are an aggregated blend of votes for all three investment units at the ballot level; abstentions are omitted. Figures may not total 100 due to rounding. Source: Capital Group.



Learn more about our ESG process

ESG at Capital Group: Committed to meeting evolving client needs



ESG integration builds on our 90+ year legacy of deep fundamental research

We believe that considering material ESG issues as a part of our research and analysis can help us better understand long-term risks and opportunities for our clients.



We are dedicated to the responsible stewardship of client assets

ESG integration is a crucial aspect of our investment stewardship, as reflected by our focus on engagement with the companies and issuers in which we invest.



We are investing to enhance our ESG capabilities and transparency

Through our investments in the people, data and technology that support ESG integration, we are building global capabilities that can evolve and adapt over time.



Our global approach to ESG integration is complemented with a local approach for products

Material ESG considerations are globally integrated into our investment approach, The Capital System. For products, we are building out our lineup regionally to meet varied client demands and regulations.

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This content, developed by Capital Group, home of American Funds, should not be used as a primary basis for investment decisions and is not intended to serve as impartial investment or fiduciary advice.

Capital Group manages equity assets through three investment groups. These groups make investment and proxy voting decisions independently. Fixed income investment professionals provide fixed income research and investment management across the Capital organization; however, for securities with equity characteristics, they act solely on behalf of one of the three equity investment groups.

On or around July 1, 2024, American Funds Distributors, Inc. will be renamed Capital Client Group, Inc.

capitalgroup.com

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