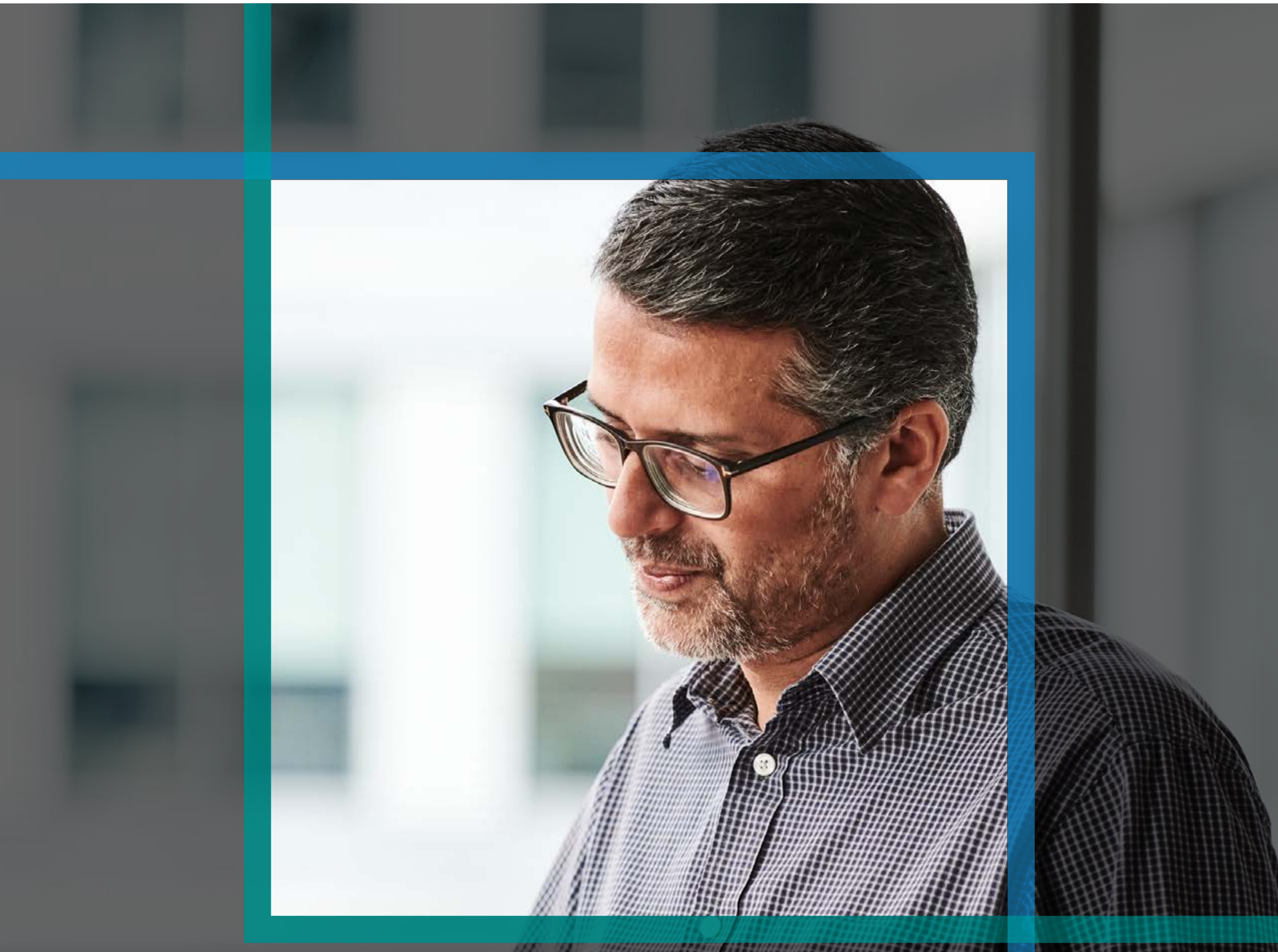
CAPITAL GROUP®



ESG policy statement

June 2025

Table of contents

The Capital System

Capital Group is a diverse organization that benefits from the distinct perspectives of more than 470[1] investment professionals. Collaborative research is a core pillar of our investment approach, The Capital System.

Our analysts evaluate management structures, financial strength, products and services, supply chains, resource use, business practices and future earnings forecasts, among other relevant considerations. We identify investment opportunities through deep analysis, supported by close collaboration among portfolio managers, investment analysts, economists, quantitative research and the ESG team. Analyzing material risks and opportunities is a crucial aspect of how we assess an issuer's long-term potential to generate value.

The aim of our research-driven approach is simple: We're striving to deliver superior long-term results to our clients.

ESG philosophy & governance

1. ESG philosophy

We analyze material environmental, social and governance (ESG) issues as a part of our investment research to better understand long-term risks and opportunities as we strive to maximize returns for our investors. We seek to invest in issuers well-positioned for the future. ESG issues can impact the value of an investment over several years or decades, a timeframe that naturally aligns with our long-term orientation.

At Capital Group, the integration of ESG considerations into our investment approach enhances our investment research, due diligence and engagement efforts and is not a separate "add-on." Investment analysts and portfolio managers are responsible for integrating ESG into The Capital System.

[1] As of December 31, 2024.
Our ESG integration process does not apply to asset classes such as derivatives and cash or cash equivalents.

ESG integration: Our three-part process

Research & Investment Frameworks
reflect material ESG considerations in 25+ sectors.

Engagement & Proxy Voting
involves engaging with issuers on material ESG risks and opportunities and voting proxies solely in the financial interests of our clients.

Monitoring Process
uses available third-party data to flag a subset of investments in certain asset classes* for further research and review.

*As of December 31, 2024, monitoring applies to holdings of corporates (equity and fixed income), sovereign bonds and select municipal bonds.

2. ESG integration overview

Our integration of ESG builds on our bottom-up investment research and analysis and is centered on three components: research and investment frameworks, a monitoring process, and engagement and proxy voting. We have been intentional about creating a process where each component informs the next, enabling us to continuously refine our approach.

3. ESG resources

Investment Group: More than 120 portfolio managers and 220 in-house analysts work to integrate material ESG considerations into their investment decision-making to help generate long-term value. As part of their fundamental investment research, they evaluate ESG-related and other issues that could impact a company's ability to generate long-term returns. Decisions are based on a holistic view of each issuer that incorporates the long-term prospects of the individual entity, as well as the context of markets, industries and geographies in which the issuer operates.

ESG team: Capital Group has a dedicated 43-person ESG team, led by the global head of ESG and ESG Leadership Team, that partners with investment professionals on integrating ESG considerations into the investment process. Team members have experience in areas such as research and thought leadership, issuer engagement, proxy voting, ESG regulations, ESG data and reporting.

All data as of December 31, 2024.

Within the global team, 30 specialists, each with distinct roles and areas of specialization, are responsible for partnering with the Investment Group to:

- Produce thematic and sector-focused research that provides insight into key ESG themes and issues that are material.
- Execute our stewardship efforts, including analyzing proxies and engaging companies, both in partnership with investors.
- Employ an evidence-based approach to the analysis of material ESG risks and opportunities using data-driven tools.

An additional 12 specialists provide leadership and experience on areas including our ESG Monitoring Process, ESG data and operations, and supporting client, product, industry and regulatory needs, as well as ESG content development and thought leadership.

Data and technology: We made significant investments in data and technology to help ensure the Investment Group has access to various traditional and alternative data sources. Over 20 engineers, data scientists and product developers supported the ESG team to build our in-house tool, Ethos, to help enable investment analysts to identify areas of material ESG risk and conduct rigorous security-level analyses and peer comparisons. We have also invested in portfolio management tools and technology to enable portfolio managers to assess ESG risks and opportunities at the fund, portfolio and security levels.

4. ESG in-house training

Our ESG team acts as subject-matter experts to our Investment Group partners to facilitate ongoing discussion and debate of ESG-related issues, themes and topics with investment relevance. For our equity and fixed income analysts, these discussions include both broad ESG themes and specific ESG issues that are material to certain companies or sectors. In addition, the ESG team engages regularly with partners across the Investment Group, publishes research internally and shares this on a range of forums, and assists in the onboarding of new hires within the Investment Group. Ahead of the proxy voting season, equity analysts and portfolio managers who are involved in the process receive additional training on governance and proxy issues.

5. ESG governance and support

Capital Group has a robust governance structure in place.

The Capital Group Board of Directors and **Capital Group Management Committee (CGMC)** are responsible for setting and communicating the long-term strategy of the firm, including goals related to ESG and stewardship, as well as those affecting Capital Group's own corporate sustainability goals.

Capital Group's subsidiary **Capital Research and Management Company (CRMC)** is responsible for investment management activity on behalf of CRMC's clients. In order to fulfill this responsibility, the CRMC board (and related subsidiary boards) acts through investment policy, investment oversight and proxy voting committees, and the investment and operations teams. This activity considers material climate-related investment risks and opportunities on behalf of CRMC's clients and helps ensure ESG is being integrated into the investment process.

All data as of December 31, 2024.

Capital Group's committee approach reflects our desire to foster a collaborative, inclusive culture. We believe that we can make better decisions when ideas are aired among leaders with different perspectives. This approach has served us well in all manner of business environments; it allows us to involve associates in the decision-making process, helping to ensure we ground decisions in the long-term interests of investors, clients and associates.

ESG Management Committee: This group oversees the integration of ESG into our investment process and reviews our ESG strategy with the Capital Group Management Committee throughout the year. The group comprises a subset of our board, our global head of ESG and several senior leaders from across our business groups.

Issuer Oversight Committee (IOC): This group reviews a subset of issuers that present elevated ESG-related risks that may affect portfolio holdings, with a focus on those that may conflict with existing global norms and standards, including (for corporates) guidelines from the United Nations (UN) Global Compact and the Organization for Economic Co-operation and Development (OECD). The committee determines if an issuer has violated these standards and taken appropriate action to remediate any concerns that may present material investment risk. On a regular basis, the committee reviews issuers where outstanding issues remain. The committee comprises senior investment professionals from each of Capital Group's four investment units, and representatives from Legal, ESG and Client teams.

Proxy committees: Each equity investment unit has its own proxy voting committee, which is made up of investment professionals within each unit. The proxy voting committees discuss certain proxy items and retain final authority for voting decisions made by such unit.

They also review voting activity throughout and at the end of the proxy season and have oversight of governance-related fundamental research projects, the findings of which may be considered for future updates to proxy voting procedures and principles.

Integrating ESG into our investment approach, The Capital System

1. Research and Investment Frameworks

Our equity and fixed income analysts have — in partnership with our ESG team — developed sector-specific, proprietary ESG investment frameworks. Spanning more than 25 corporate sectors and three securitized sectors, each framework is intended to help our investment professionals examine material long-term ESG issues that could affect their investment theses. External inputs such as the International Sustainability Standards Board's (ISSB) standards are valuable; however, our framework is based on our proprietary research and our analysts' and ESG team's extensive experience.

The frameworks are reviewed periodically to ensure they remain relevant. Our in-house ESG team facilitates this process, partnering with investment professionals to reflect emerging and evolving environmental, social and governance topics. ESG research and our corporate investment frameworks are also supported by monitoring, engagement and proxy voting.

2. Monitoring Process

We monitor our corporate equity, corporate bond and sovereign bond holdings against available data from third-party providers to surface external views of potentially material ESG risks, as well as corporate issuers that may be in violation of international norms. For municipal bonds, we use third-party data to surface external views about potentially material physical climate risks for a subset of our municipal bond holdings. Monitoring our investments against third-party data helps us guard against confirmation bias. Our proprietary monitoring methodologies and thresholds use these external data to help us identify instances where our analysis and investment views differ from the market. Issuers that do not meet our thresholds are flagged for further analysis by our investment professionals.

Our in-house ESG research tool, Ethos, alerts the relevant investment professionals to the issues flagged by third parties. The investment professionals are required to resolve these flags in a timely manner. This will involve an assessment of the materiality of the identified flag, its impact on the investment thesis (if any) and an update on any engagement efforts. Responses are housed on Ethos, arranged by issuer, which is accessible to members of the Investment Group and the ESG team. On a regular basis, the ESG team conducts a review to assess where further insight and details may be needed. The Issuer Oversight Committee acts as an extension of our monitoring process for areas of elevated ESG risk that may affect portfolio holdings. Importantly, our perspectives are built on a long-term view, engagement and detailed analysis — never on monitoring results alone.

Asset class-specific approaches to monitoring: At Capital Group, we recognize that different asset classes require different approaches to ESG integration. Our monitoring process is designed to utilize unique methodologies for different investment universes to help us take a thoughtful approach to ESG.

Equities and corporate bonds: Our process for monitoring equities and corporate bonds draws on third-party ESG data and flags issuers that present potentially higher ESG risk across any of the five select indicators. These indicators include materially lower ESG performance relative to peers, heightened governance risk and potential violations of international norms via the UN Global Compact and OECD guidelines.

Sovereign bonds: Our current monitoring process for sovereign bonds draws on raw scores from three data sources — the Notre Dame Global Adaptation Initiative climate vulnerability index (environmental), UN Human Development Index (social) and World Bank's Worldwide Governance Indicators (governance) — to monitor and flag holdings across the sovereign universe. We measure the raw ESG score for each country on a weighted basis in which governance factors outweigh environmental and social factors. This weighting reflects the relative materiality of E, S and G risks according to our sovereign analysts' views.

Issuers are evaluated on (1) an absolute basis as well as (2) a gross national income-adjusted basis to better understand how well a country manages ESG risk relative to their wealth and available resources. Issuers with the lowest scores in either category are flagged for additional analyst review.

Municipal bonds: Our monitoring process for municipal bonds focuses on physical climate risks and their potential impact for a subset of our investments. We use third-party data from Intercontinental Exchange (ICE) Climate to surface external views about potentially material physical climate risks. Our monitoring process applies to obligors in select sectors (excluding tobacco, corporates, housing and gas, as well as escrowed bonds) that exceed 0.25% of the assets of certain American Funds, which are Capital Group's U.S.-based mutual funds. Obligors are flagged for having an elevated score in flood, hurricane, wildfire or overall climate risks.

3. Engagement

We believe our detailed, hands-on, case-by-case practice of engagement with companies serves an important role. By engaging with executives and non-executives on important issues, we can both better understand and explore potential risks to our investments. We can also gain a better understanding of management teams, as well as their strategies and stances on key issues and how they are overseen. We may use engagement to encourage disclosure on matters that we believe can impact the company's ability to generate long-term returns, and we may share examples of effective management practices observed in a given sector that may be relevant to the company, again with a view to protecting and growing the value of our investments for the benefit of fund shareholders.

We will generally engage in direct dialogue with the companies privately. We believe this is a more effective and constructive approach to understanding how companies and issuers are managing material ESG risks and opportunities.

4. Proxy Voting

Our process is designed to benefit from multiple decision-makers whose collective experience brings a breadth of knowledge to specific proxy voting issues. We have an investment professional–led voting process with voting decisions made independently by each of the three separate equity investment units based solely on what they believe are the financial interests of our clients.

Proxy analysis is first conducted by our governance specialists, in accordance with our investment professional-driven proxy voting procedures and principles. These proxy voting procedures and principles comprise a blend of over-arching governance principles, which have global applicability, supplemented by more detailed regional voting guidance aligned with local market regulation in the Americas, Europe, the Middle East and Africa (EMEA) and Asia-Pacific. We also conduct company-specific analysis as part of our proxy research process. Once completed, our research is shared with one or more of the group's investment analysts familiar with the company to come to a recommendation. If there is disagreement, a second opinion can be provided by a proxy coordinator (an investment analyst or another investment group associate with experience in corporate governance and proxy voting matters).

Each equity investment unit’s proxy voting committee retains final authority for voting decisions made by such unit. Proxy voting committees are a subcommittee of each unit's investment committee. They have oversight of voting activity in their respective units. Each unit’s full investment committee approves the proxy voting procedures and principles.

Capital Group commitments and industry initiatives

1. Signatory agreements

Capital Group supports a range of efforts by industry-related groups to support the role of stewardship as an integral part of the investment process. As such, we are signatories to several agreements. While these efforts can yield valuable insights, our investment decisions are grounded in investment materiality, based on rigorous research and analysis, and aimed at delivering superior long-term results for our clients.

UN Principles for Responsible Investment (PRI): Capital Group has been a signatory to the PRI since 2010. The PRI comprises a set of principles designed to provide a framework of best practices for responsible investment. The principles are voluntary and aspirational and acknowledge that responsible investment is a process that must be tailored to fit each organization’s investment strategy, approach and resources. We believe that our integration and engagement approach are consistent with the PRI, which we report to on a regular basis.

International Sustainability Standards Board (ISSB): Capital Group has long been a supporter of both the Sustainability Accounting Standards Board (SASB) Standards and the Task Force on Climate-related Financial Disclosures (TCFD), which have both been merged into ISSB, a subsidiary of the International Financial Reporting Standards (IFRS) Foundation. We encourage disclosure of material ESG risks and opportunities faced by portfolio companies and recognize the compliance and operational burdens that companies face in navigating different reporting regimes. As such, as a baseline, we welcome and encourage disclosure aligned to the ISSB Standards, subject to a company’s judgment on which elements of the standards are material to its business. To learn more about our approach, please refer to our most recent TCFD report on our website.

Local stewardship codes: Capital Group is a signatory to the following stewardship codes, which aim to enhance the quality and documentation of engagement with companies. Our responses to each code are available on our website.

- UK Stewardship Code (first signed 2010)
- Japan Stewardship Code (first signed 2014)
- Hong Kong Stewardship Code (first signed 2019)

2. Industry initiatives

We are members and participants in the following organizations and initiatives, and we contribute by speaking at and attending events and participating in working groups. We also engage in dialogues with standard setters such as the International Accounting Standards Board (IASB) and the U.K. Financial Reporting Council (FRC) to improve accounting transparency. We also respond to consultations and engage with regulators and policymakers on key policy proposals, whether directly or through trade associations.

Important note: The following table includes a selection of the groups with which Capital Group is involved. It is not an exhaustive list.

Organization name	Function	Capital Group involvement
International Financial Reporting Standards (IFRS) Foundation	The foundation is a not-for-profit, public-interest organization established to develop high-quality, comprehensible, enforceable and globally accepted accounting and sustainability disclosure standards. The standards are developed by the foundation's two standard-setting boards, the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB).	Capital Group is a Sustainability Alliance–tier member, as well as a member of the ISSB Investor Advisory Group, which comprises a diverse grouping of major global investors who recognize the need for consistent, comparable and reliable disclosure of material and decision-useful ESG information.
Asian Corporate Governance Association (ACGA)	An independent nonprofit membership organization dedicated to working with investors, companies and regulators in the implementation of effective corporate governance practices throughout Asia.	A Capital Group portfolio manager is chair of the ACGA.
Council of Institutional Investors (CII)	A nonprofit association of pension funds, other employee benefit funds, endowments and foundations. The council advocates effective corporate governance and strong shareowner rights.	Capital Group is one of the CII's associate members.
The Investor Forum (UK)	The forum's purpose is to position stewardship at the heart of investment decision-making by facilitating dialogue, creating long-term solutions and enhancing value.	Capital Group is a founding member of the Investor Forum.
Canadian Coalition for Good Governance (CCGG)	A corporate governance organization that promotes the interests of institutional investors and promotes good governance practices in public Canadian companies.	Capital Group is a member of the CCGG.

Please refer to our website for the full list of our signatories and memberships:
https://www.capitalgroup.com/institutional/policies-and-disclosures.html

Outlook on specific ESG issues

Below we summarize our approach to analyzing certain ESG-related topics. These issues are assessed case by case and focused in all instances on their potential impact to the risks and returns of the investment.

1. Environmental

A. Climate change

We support the TCFD, a set of recommendations for consistent climate-related financial disclosures by organizations that provide information to investors. We encourage many of the companies and issuers in which we invest to report against this framework. To find out more about our approach, please refer to our most recent TCFD report on our website.

Where relevant, climate change analysis is incorporated into our investment research, where it forms a part of the investment analysis, due diligence process and engagement efforts. Our long-term perspective, a core part of The Capital System, fits naturally with the time horizons associated with the risks and opportunities presented by the energy transition.

Our proprietary investment frameworks help us evaluate the materiality of climate change, including both physical climate impacts and impacts of the energy transition, and its consequences for each sector, as well as provide a mechanism for assessing potentially higher risk industries or companies.

Our investment frameworks also help inform our engagement process and enable us to have even more meaningful dialogue with organizations on relevant climate risks and opportunities, such as energy-efficiency opportunities and renewable-energy uptake. Climate risks are also assessed as part of our monitoring process.

For institutional clients we also provide, upon request, portfolio-level carbon footprint reports, which indicate a portfolio's emissions and its exposure to carbon-intensive industries.

B. Water use

Water is a vital natural resource. It is essential for human health and is crucial in agricultural and industrial activities. It also plays an integral role in supporting the health of broader ecosystems and biodiversity. According to the IPCC (2023), approximately half of the world's population currently experiences severe water scarcity for at least part of the year.[2] Supply-and-demand–side pressures mean that water scarcity is increasingly becoming a challenge for companies and issuers as they work with communities to maintain their licenses to operate. As a result, water stress has financial implications, namely in the agriculture, electric power, and food and beverage industries. In addition, there are impacts across asset classes, with

[2]Intergovernmental Panel on Climate Change (IPCC) 2023. https://www.ipcc.ch/report/ar6/wg2/chapter/chapter-4/

water scarcity and quality potentially impacting the creditworthiness of countries, states and municipalities. Our investment frameworks across asset classes identify where water is materially relevant, to help ensure that we are monitoring and engaging on it appropriately.

C. Biodiversity and environmental degradation

Biodiversity, land use and associated ecosystems provide a range of invaluable services to society that underpin human health, well-being and economic growth. According to the World Wildlife Fund, there has been a 73% decline in the average size of monitored wildlife populations over just 50 years (1970 to 2020).[3] The OECD Environmental Outlook to 2050 projects a further loss in biodiversity under a business-as-usual scenario.[4] This loss could cause severe problems for land use and marine industries such as the fishing sector, as well as agriculture, extractive industries (cement and aggregates, oil and gas, mining), forestry (oil palm and timber), pharmaceuticals and tourism. As a result, we expect increased scrutiny of companies and countries on their practices in this area.

Globally, we are seeing rising levels of legislation aimed at protecting the environment. It is essential that organizations have strong processes in place to ensure that they adhere to these regulatory standards to maintain their license to operate. Our monitoring process identifies companies that have been implicated in environmental degradation — including violations on emissions, waste disposal or involvement in illegal deforestation either directly or in their supply chain. Our investment frameworks and data insights help us to assess and analyze sector and company impacts on land and water degradation, as well as companies' relative dependency on nature for their ongoing business.

2. Social

D. Human rights, labor rights and modern-day slavery

There are a number of global standards relating to human rights and/or labor rights that can have legal effect and impact companies' licenses to operate. These include the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work on labor rights and freedom of association, and the Palermo Protocol's prohibition of all forms of human trafficking, modern-day slavery and forced labor.

In our firmwide ESG monitoring and engagement programs, we seek to ensure that analysts are aware of potentially material violations of human rights and labor rights and are engaging with issuers on relevant topics. We leverage the UN Global Compact and OECD Guidelines as an overarching framework for corporate and credit issuers; issuers flagged for violations of these frameworks receive a higher level of scrutiny to understand how such businesses are preventing, mitigating and remediating human rights issues. Additionally, we recognize that, while such issues can be critical for businesses, risks of violation are higher in some industries and geographies. Industry-specific considerations are therefore incorporated into our proprietary sector-specific investment frameworks, allowing analysts to focus additional diligence and engagement where there is greater risk.

[3] World Wildlife Fund, "2024 Living Planet Report."
[4] OECD (2012), "OECD Environmental Outlook to 2050: The Consequences of Inaction." OECD Publishing, Paris, https://doi.org/10.1787/9789264122246-en.

E. Human capital management

Understanding an organization's approach to human capital management can enable shareholders to assess how companies are managing people and identify those that are able to create and sustain a competitive advantage. Some research suggests that a workforce and board with diverse personal and professional experiences can help encourage innovation and contribute to an organization's productivity and ability to deliver sustainable returns.[5, 6, 7] We seek to understand an organization's approach to human capital management, and where material to the investment case, we will engage with organizations on the topic.

- **Workforce:** Assessment of a company's cost of workforce, employee turnover, demographic data, investment in skills and training, as well as culture and engagement can help us understand material risks and opportunities to the investment case.
- **Board:** We expect portfolio companies and issuers to have board representation reflecting various experiences and perspectives, consistent with local-market best practices.
- **Disclosure:** We encourage companies to disclose the demographics of their workforce and board in a regionally appropriate manner. For example, we expect U.S. issuers to make public their Employer Information Report EEO-1 data or equivalent reporting on their U.S. employees and, where feasible, to disclose similar information for other segments of the workforce.

F. Ethical conduct: Bribery and corruption

Capital Group is committed to operating at the highest level of integrity. In our efforts to help ensure that our own interests are never placed ahead of the interests of our clients, Capital Group has a Code of Ethics.

Our investment professionals place a high degree of emphasis on how issuers of securities conduct themselves, paying close attention to potential issues of concern, such as accounting fraud, governance issues, suspicious acquisitions, conflicts of interest, bribery and corruption.

As a general matter, we expect issuers to have robust processes in place to prevent bribery and corruption, as well as to have appropriate lobbying and industry membership disclosures. Our monitoring process enables us to flag issuers where standards have fallen short, to help ensure that companies and issuers are pursuing appropriate remedial action, and our investment frameworks help to track company policies and identify controversies. We also monitor corruption indicators and the strength of the rule of law among sovereign issuers, flagging those that may present outsized risk and require further diligence.

[5] Bernile, Gennaro, Vineet Bhagwat, and Scott Yonker. 2018. "Board Diversity, Firm Risk, and Corporate Policies." *Journal of Financial Economics* 127 (3): 588–612. https://doi.org/10.1016/j.jfineco.2017.12.009.
[6] Orlando, María del Carmen Triana, and Mingxiang Li. 2020. "The Effects of Racial Diversity Congruence between Upper Management and Lower Management on Firm Productivity." *Academy of Management Journal* 64 (5). https://doi.org/10.5465/amj.2019.0468.
[7] Edmans, A (2011), "Does the stock market fully value intangibles Employee satisfaction and equity prices," *Journal of Financial Economics* 101: 621–640.

G. Oppressive regimes

These are commonly associated with systemic human rights abuses, an absence of the rule of law, a lack of freedom of expression and land rights abuses. Our ESG monitoring process and investment frameworks, along with our investment research, seek to understand which countries are governed by oppressive regimes and which entities operate or have supply chains in these countries. We seek to comply with the sanctions on regimes issued by the Office of Foreign Assets Control (OFAC) in the U.S., the EU, the UN and His Majesty's Treasury (HMT).

H. Data security

As the use of data grows, ensuring its protection and responsible use has become critically important. Data theft or leakage could have a significant impact on consumer trust, leading to fines and a loss of market share. We are seeing an increasing level of regulation in this area. We consider these elements through our monitoring process and investment frameworks to assess their potential implications.

I. Supply chains

Supply chains have become increasingly complex as companies balance both outsourcing and reshoring. The ultimate supplier of a product or service may be several layers removed from its creation in a supply chain, which may span many countries and industries, introducing both risks and diversification opportunities. Increasingly, regulations in areas like deforestation, modern slavery or forced labor, and conflict minerals make it clear that firms have clear accountability for their supply chain. We expect organizations to comply fully with such regulations, to the extent applicable and have appropriate processes in place to conduct due diligence and monitoring of their supply chain. We evaluate organizations' supply chains for controversies and material ESG risk through our monitoring process, investment frameworks and engagements with companies.

3. Governance

Focusing on long-term value helps drive successful investment outcomes. This requires a durable business model — including a long-term strategy, leadership that instills confidence, and transparency and accountability — which can generate value for stakeholders.

As outlined in our Engagement and Proxy Voting sections on pages 8 and 9, as part of our fiduciary duty as an asset manager and as a responsible steward of capital, we review and engage in regular dialogue with companies on corporate governance issues and exercise our proxy voting rights for the entities in which we invest in the financial interest of our clients.

We expect companies to recognize the need for constructive relationships with those stakeholders that are most important to the company's specific business – whether it is the workforce, suppliers, customers, regulators and policymakers, or others in the communities in which the company operates. Companies that understand how stakeholder relationships affect their reputation are better equipped to create long-term value. We expect the board to set the tone at the top and provide effective independent oversight.

Information on our views on proxy voting matters can be found in our proxy voting procedures and principles linked on page 16 of this document.

Other considerations

1. Conflicts of interest

Capital Group has developed procedures to identify and address potential conflicts of interest with respect to proxy votes. Each equity investment unit has established a Special Review Committee (SRC) of senior investment professionals and legal and compliance professionals with oversight of potentially conflicted matters. If potential conflicts are identified, according to the aforementioned procedures, the SRC will take appropriate steps to address them. This typically includes engaging an independent third party to review the proxy, using Capital Group's "Proxy voting procedures and principles," and to provide an independent voting recommendation to the investment adviser for vote execution.

2. Accountability of investment professionals

Our evaluation of our investment professionals takes into account investment results over eight-, five-, three- and one-year periods, with greater emphasis on the longer periods. Achieving superior long-term returns is our goal, and managers are rewarded for their results and not the level of assets they manage.

We believe that our rigorous and analytical research process, coupled with our experienced and appropriately incentivized investment teams, helps ensure that our investment strategies are aligned with client objectives, both of which focus on the long term.

3. Securities lending

Certain accounts may participate in securities-lending programs either under Capital Group's oversight or under client direction for segregated portfolios. Where an account participates in securities lending under Capital Group oversight and there is a shareholder voting opportunity, governance specialists from the ESG team identify and recall shares on a case-by-case basis to vote on material items. These include mergers and acquisitions, environmental and social shareholder proposals, executive compensation, contested meetings and activist involvement. When lending securities, Capital Group retains a portion of a holding in order to register a vote on all proxies.

4. Segregated accounts

Working closely with our clients, we support the ability for them to request certain exclusions. Similarly, clients of segregated accounts are able to direct our proxy voting team to follow specific voting instructions.

5. Transparency

The proxy voting procedures and principles applied by each of the entities listed below can be found here.

a. Capital Bank and Trust Company

b. Capital Group Investment Management Pte. Ltd.

c. Capital Group Private Client Services, Inc.

d. Capital International, Inc.

e. Capital International Asset Management (Canada), Inc.

f. Capital International K.K.

g. Capital International Limited

h. Capital International Management Company Sàrl

i. Capital International Sàrl

j. Capital Research and Management Company

Capital Research and Management Company (CRMC) U.S. mutual funds and ETFs: We disclose how we voted (for, against or abstain) for all issuers held in the American Funds® and ETFs managed by CRMC for each 12-month period ending June 30. The annual disclosures are usually published in the autumn for the prior period. The most recent proxy voting results for equity securities held in each fund's portfolio managed by CRMC are available here, within the Policies FAQs: https://www.capitalgroup.com/individual/policies-faq.html

Capital International Limited (CIL) and Capital International Management Company Sàrl (CIMC) managed accounts and Capital International Fund (Luxembourg-domiciled funds) and Capital Group Fund (UK-domiciled funds): We disclose how we vote on all our proxy votes and provide the rationale for votes against management and shareholder proposals managed by CIL and CIMC. Reports are published for each Luxembourg fund managed by CIMC. Both CIMC and CIL publish individual reports for segregated accounts in aggregate. Reports can be found on our website: https://www.capitalgroup.com/intermediaries/gb/en/about/proxy-voting.html

Capital Bank and Trust Company (CB&T), Capital Group Private Client Services, Inc. (CGPCS) and Capital International, Inc. (CII) funds and accounts: Upon client request, for each of CB&T, CGPCS and CII, we will provide reports of proxy voting records in relation to the securities held in the funds and/or accounts for which such entity has proxy voting authority.

Capital International Asset Management (Canada), Inc. (CIAM) Capital Group Funds (Canada): We disclose how we voted for equity securities held by the mutual funds and ETFs managed by CIAM for each 12-month period ending June 30. The most recent proxy voting results for equity securities held in each Canadian mutual fund and ETF are available at: https://www.capitalgroup.com/individual/ca/en/investments/regulatory-documents.html

Capital International Sàrl (CISA) and Capital Group Investment Management Pte. Ltd. (CGIMPL): Upon client request, we will provide reports of proxy voting records as they relate to the securities held in the accounts for which CISA or CGIMPL, as applicable, has proxy voting authority.

Capital International K.K. (CIKK) managed accounts (Japan): We disclose how we voted on all our proxy votes and provide the rationale for votes against management, shareholder proposals and other votes that we deem significant for all companies in portfolios managed by CIKK. The disclosure is made on a quarterly basis and is on CIKK's website: https://www.capitalgroup.com/advisor/jp/ja/proxy-voting.html

For voting in relation to markets in the Americas region, Europe, the Middle East and African region (EMEA) and the Asia-Pacific region (APAC), we have developed additional voting guidance to address regional differences in either local market regulation or standards of corporate governance best practice.

In the event of a material difference between the regional guidance and our, Proxy voting procedure and principles the latter shall prevail.