

ESG
July 2025

A background image showing a welder's mask and a bright, colorful spray of sparks from a welding process, with a blue and green geometric overlay.

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.

Advisory services offered through Capital Research and Management Company (CRMC) and its RIA affiliates.
Capital Client Group, Inc., member FINRA.



ESG at Capital Group

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.

40+

Dedicated ESG professionals

25+

Proprietary ESG investment frameworks

1,200+

Dedicated ESG engagements in 2024

20+


Data scientists and developers focused on proprietary tools

270+

ESG metrics are used to support 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.

2.8T
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 fourth year running in 2024. |
| 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. |
| 2003 | Asian Corporate Governance Association (ACGA)
Capital Group is a long-term active member. One of our portfolio managers is the Chair of ACGA. |

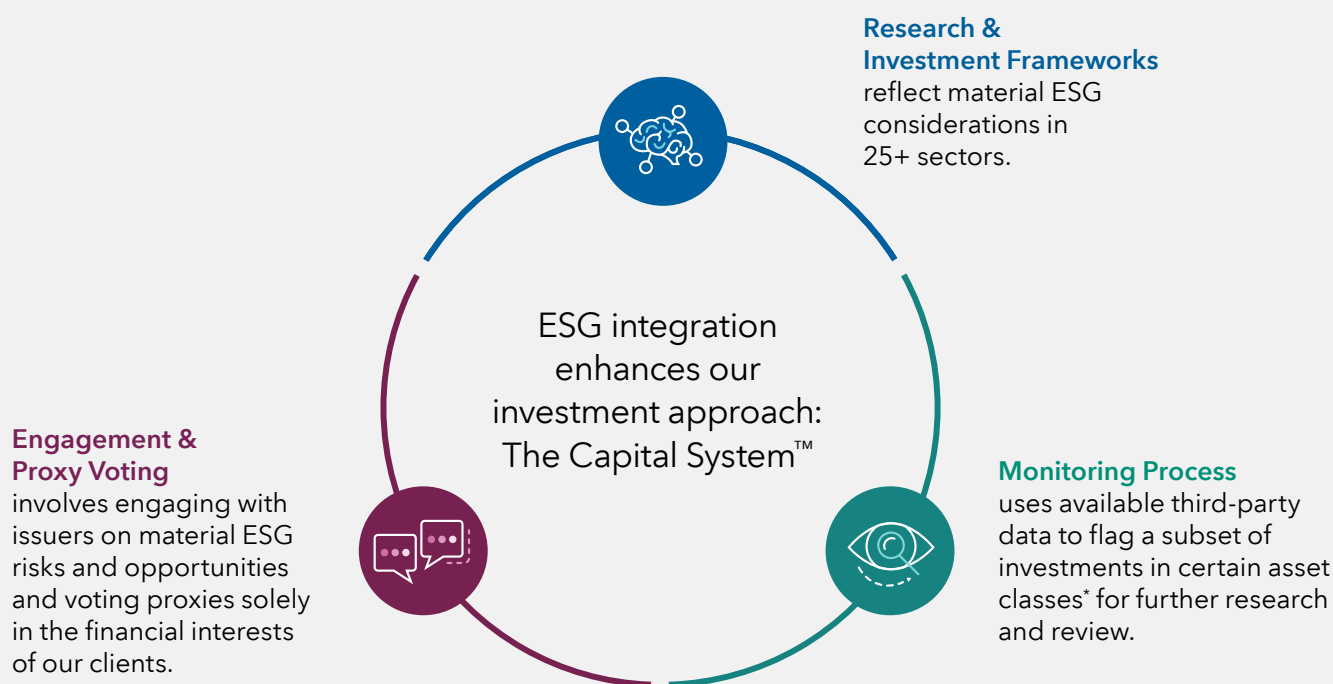
Our investment approach considers material ESG risks and opportunities

Capital Group's goal is to deliver superior long-term investment results to our clients. We have used deep fundamental research to guide our investment decisions since our foundation in 1931.

We believe that, by analyzing material ESG issues as part of our investment research, we can better understand long-term risks and opportunities as we strive to maximize returns for our investors.

By "material," we mean those ESG-related considerations that are likely to affect the value of an investment over time. ESG issues can unfold over several years or decades, a timeframe that naturally aligns with our long-term orientation.

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



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



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.

200+

Equity and bond investment analysts collaborated with the ESG team to build the frameworks for a proprietary view of ESG risks and opportunities at a sector level (reviewed periodically).

25+

Investment frameworks distill our analysts' perspectives on material, long-term ESG issues.

50

Data sources bring investment frameworks to life – with over 270 metrics.



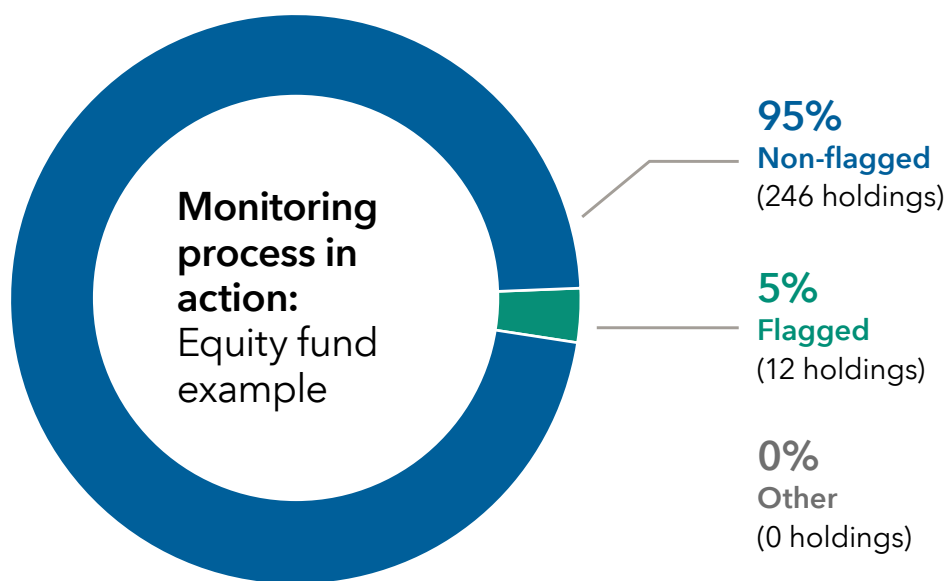
Monitoring Process

Our monitoring process helps to surface third-party views of potentially material ESG risks.

We use available third-party data to flag a subset of investments in certain asset classes, including equities and corporate bonds, as well as sovereign bonds and select municipal bonds, for further research and review.

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.

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



Data as of December 31, 2024. The donut chart shows the number of a fund's holdings that fall into the three categories in our monitoring process (flagged, non-flagged and other), and the share of each category's value. The corporate and/or sovereign monitoring process (as applicable) covers 100% of the fund's holdings, which represent 100% of the fund's value, excluding cash and cash equivalents. Our corporate monitoring methodology uses two data providers (MSCI and Institutional Shareholder Services Inc.) and five different criteria to monitor and flag holdings. These criteria capture materially lower ESG performance relative to peers and potential violations of international norms via the UNGC and OECD Guidelines. For sovereign holdings, our proprietary ESG score for an issuer is a weighted average of its raw scores from three data sources: Notre Dame Global Adaptation Initiative Climate Vulnerability Index, United Nations Human Development Index and World Bank Worldwide Governance Indicators. For a subset of our municipal bond holdings, we use third-party data to surface external views about potentially material physical climate risks; to the extent applicable, these flagged municipal holdings are reported on separately and are captured under "other" in the donut chart for purposes of this publication.

The "other" category includes holdings that either do not have available third-party data or that are not currently covered in our corporate or sovereign monitoring process. Totals of the percentage figures of the three categories may not sum to 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.

Engagement

We believe that 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 better understand potential risks to our investments.

Generally, we will 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.

1,266

ESG engagements with issuers in 2024

471 Americas

562 Asia-Pacific

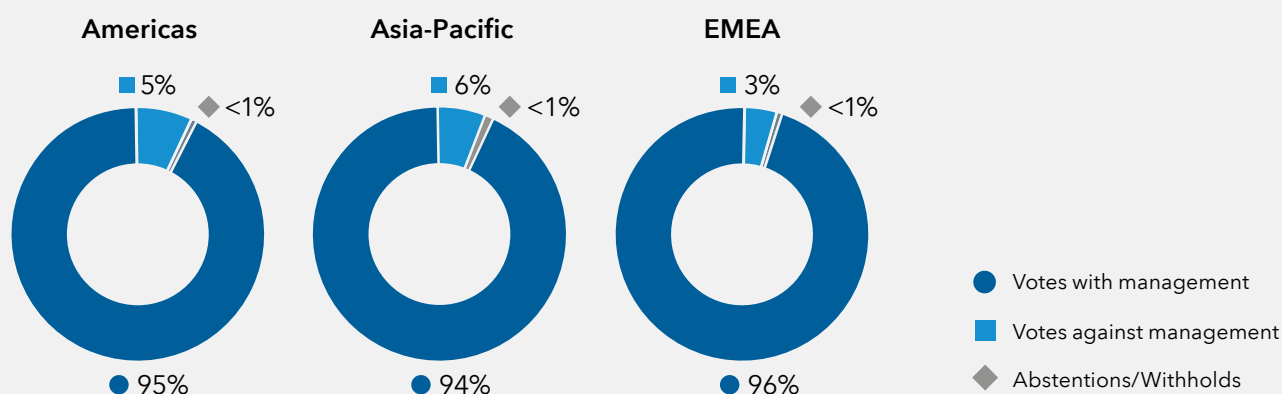
233 EMEA

Proxy Voting

We have an investment professional-led voting process with voting decisions made independently by each of the three separate equity investment groups, based solely on what they believe are the financial interests of our clients.

2,095

General and special shareholder meetings in which Capital Group voted (proxy) in 2024.



As of December 31, 2024. 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.



**CAPITAL
GROUP®**

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 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 integrated into our global investment approach, The Capital System. Our regional product lineup continues to grow and evolve to meet client demands and regulatory requirements.

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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.

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