



Stewardship report

For calendar year 2025

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.

Our approach to investment stewardship

FOREWORD

At Capital Group, our mission is to improve people's lives through successful investing.

Core to our success is our distinctive investment approach, The Capital System™. It rests on three pillars that are deeply ingrained in our investment philosophy and culture. Across asset classes, we believe in collaborative research to yield deeper insights; diverse perspectives from multiple portfolio managers and analysts; and a long-term view to decision making.

While The Capital System has evolved over time, a constant has been our ability to include diverse viewpoints. We believe having multiple managers in a portfolio better positions us to deliver the strong results investors seek. For each portfolio, we build a team of managers with different but complementary styles, viewpoints and experiences. Each invests part of the portfolio in their strongest convictions. Managers exchange ideas, but make their own investment decisions.

Additionally, our analysts don't just conduct research and make recommendations, they also have the opportunity to invest in their strongest convictions. As a result, portfolios reflect the best ideas of many people. Each manager's approach is expected to fare differently in different market conditions, adding another layer of diversification to the portfolio.

We believe that collaboration among portfolio managers, analysts, economists, quantitative and ESG research teams generates deeper insights. This allows us to develop and stress test our best ideas across asset classes and both sides of the balance sheet – improving our ability to understand risks and deliver superior investment results.

Furthermore, engaging with management teams and spending time on location, when possible, help drive operational understanding to support investment decision making.

Our case-by-case practice of engagement continues to focus on gaining a better understanding of and exploring the issues that are material to the delivery of superior long-term results for our clients and beneficiaries. Ultimately, we explore the issues that we believe could have a meaningful impact on the long-term value of an investment.

The Capital System at its core relies on collaborative research, diverse perspectives and a long-term view to power our pursuit of superior long-term investment results and support our commitment to the responsible stewardship of our clients' assets.

Thank you for taking the time to learn more about Capital Group.

Regards,



Martin Romo

Chairman and Chief Investment Officer of Capital Group

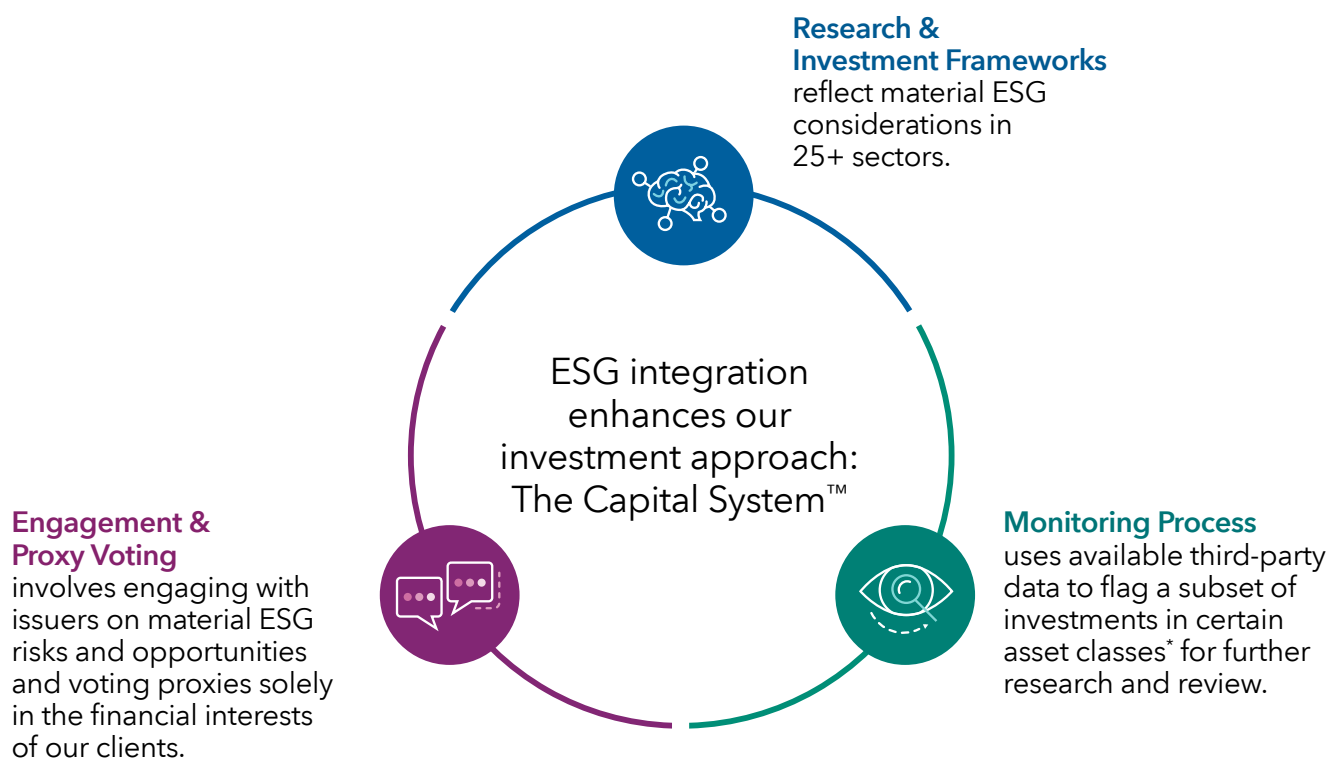
Stewardship at Capital Group

Our investment philosophy is based on doing what we believe is right for the investors who are our clients and beneficiaries. The Capital System is rooted in three key pillars: collaborative research, diverse perspectives and long-term view. We believe the very nature of The Capital System ensures that capital entrusted to the firm is consistently stewarded – in the sense of being thoughtfully allocated, managed and overseen – to create long-term value for our clients.

Analyzing material risks and opportunities, including those related to environmental, social and governance (ESG), is a crucial aspect of how we assess an issuer’s long-term potential to generate value.

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 take a detailed, hands-on, case-by-case approach to engagement with companies and issuers. We seek dialogue with both executives and non-executives, as we consider this an important channel to both better understand and explore potential risks to our investments. We also see it as a way to gain a better understanding of management teams, as well as their strategies and stances on key issues and how they are overseen.

ESG integration: Our three-part process



*As of December 31, 2025, monitoring applies to holdings of corporates (equity and fixed income), sovereign bonds and select municipal bonds.

Our commitments and industry initiatives

Capital Group supports a range of efforts by industry-related groups to support 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.

As part of our work to advance well-functioning markets, Capital Group is engaged with key policymakers globally. We also engage via our trade associations across key jurisdictions globally and help shape a robust and consistent industry messaging on ESG integration and appropriate policy measures.

For further details, please see the “Capital Group commitments and industry initiatives” section of our [ESG policy statement](#), and also refer to our [website](#) for the full list of our signatories and memberships.

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.

- [U.K. Stewardship Code](#) (first signed in 2010)
- [Japan Stewardship Code](#) (first signed in 2014)
- [Hong Kong Stewardship Code](#) (first signed in 2019)

2003

Asian Corporate Governance Association (ACGA) Capital Group is a long-term active member. One of our portfolio managers is the chair of ACGA.

2010

Principles for Responsible Investment (PRI) Capital Group is a signatory.

2016

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

2020

Task Force on Climate-related Financial Disclosures (TCFD) Capital Group reports against the TCFD recommendations.

2021

Financial Reporting Council (FRC) Capital Group is a signatory of the United Kingdom (UK) Stewardship Code and was accepted for the fifth year running in 2025.

As of December 31, 2025.

Engagement

Why we engage

We take a detailed, hands-on, case-by-case approach to engagement with companies and issuers. We seek dialogue with both executives and non-executives, as we consider this an important channel to both better understand and explore potential risks to our investments. We also see it as a way to 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 or issuer's ability to generate long-term returns, and we may share examples of effective practices observed in a given sector that may be relevant to the company or issuer, again with a view to protecting and growing the value of our investments for the benefit of fund shareholders. This approach reflects Capital Group's research-driven, long-term investment mindset.

How we engage

Our in-depth research process and long-term investment approach enable our analysts to build meaningful relationships with companies and issuers. We engage with them on material issues to enhance investment outcomes for our clients and beneficiaries.

This engagement is integral to our investment process. By speaking directly with executives and non-executives, we gain a deeper understanding of risks and opportunities, and of how companies respond to them, than we could without such dialogue. Our practice of engagement provides valuable insight into management quality, strategic direction and the effectiveness of board oversight.

Ongoing dialogue and engagement

340

equity and fixed income investment analysts and portfolio managers

700+

companies engaged on ESG topics during 2025

40+

dedicated ESG professionals, including our ESG Research & Investing team and Global Stewardship & Engagement (GSE) team

As of December 31, 2025.

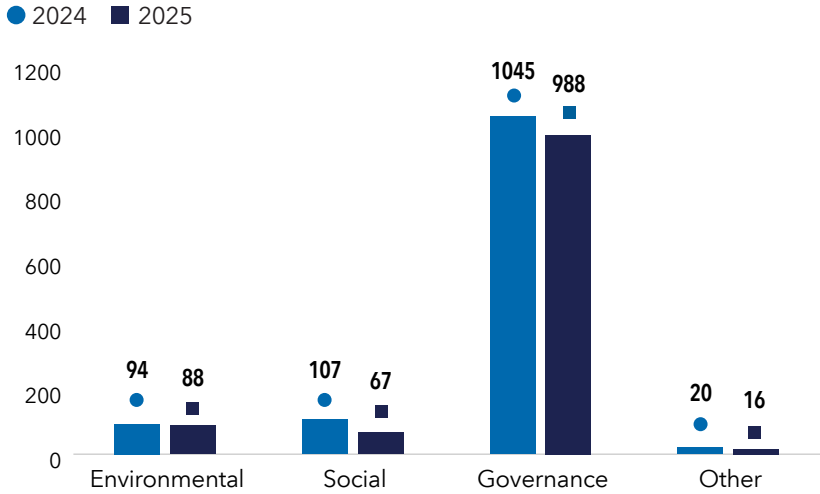
What we engaged on in 2025

The ESG team (in partnership with investment professionals) conducted more than 1,150 engagements with over 700 companies on ESG-related topics.

1,150+

ESG engagements in 2025

Engagements by category, 2024 vs. 2025



Our top five engagement topics for the year, by frequency, were:

- Board composition and leadership
- Management quality and accountability
- Executive compensation
- Corporate actions and capital allocation
- Business model resilience

Engagements by region, 2025



As of December 31, 2025.



ENGAGEMENT CASE STUDY

Supporting company's plans to strengthen board (Japan)

In 2025, one of Capital Group's equity investment units held shares in a Japanese consumer goods company that had an activist shareholder on its register. The activist believed the company had the potential to become a global leader in cosmetics as well as health and beauty sectors, and sought to engage with management on performance, strategy and governance. After 18 months of dialogue, the activist launched a public campaign calling for enhanced board capabilities and changes to the company's incentive structures. At the 2025 annual general meeting (AGM), the activist nominated five non-Japanese external directors – with expertise in areas such as global supply chain, digitalisation, finance, and health and beauty marketing – and proposed revisions to management compensation.

Our equity investment analyst and portfolio manager engaged with both the activist and the company's chief executive officer (CEO) to understand the merits of the proposals, paying particular attention to the qualifications of the director candidates. Our discussions with the company indicated that the CEO was receptive to investor feedback on growing the company and improving capital allocation. In addition, management proposed adding two non-Japanese directors – both with global business experience – to the board. The company explained its nomination process to us, noting how the independent nomination committee chair had evaluated the activist's candidates and concluded that the company's own nominees were better suited for the board.

Based on this engagement, the investment analyst and portfolio manager concluded that management was taking credible steps to strengthen the board. As a result, our equity investment unit supported only the proposals put forward by management at the 2025 AGM.

Following the AGM, Capital Group's investment analyst and portfolio manager visited the company to meet with the CEO again to assess progress and board effectiveness. We will continue monitoring progress to ensure that the company remains well-positioned to execute effectively on its growth strategy.

Footnotes/Important information:

The case study illustrates how we undertake engagement in practice.

This information should not be interpreted as an offer or recommendation to buy any securities.

This case study reflects our analyst's view at the time of review and remains subject to change.



ENGAGEMENT CASE STUDY

Charting the progress of company growth and transformation

NatWest Group is a leading UK retail and commercial bank that is now refocusing on growth and cultural transformation following a period of state ownership and the appointments of a new CEO (2023) and board chair (2024).

Our banking ESG investment framework highlights the importance of human capital in driving business growth. Additionally, it suggests that effective management teams are crucial for long-term outperformance. Studies commissioned by the bank indicated that, compared to peers, NatWest's culture was more restrained, which discouraged staff from being proactive and taking bold initiatives.

In 2025, our investment and ESG specialists met with NatWest's board chair, chief financial officer and sustainability team to discuss progress on the bank's new strategy. NatWest emphasized its ambition to build a more growth-oriented culture and strengthen the board.

Initiatives include:

- A more meritocratic employee evaluation and reward system, basing promotions on performance, not tenure.
- Replacing annual performance ratings with a more dynamic KPI monitoring structure.
- Simplifying decision-making structures with accountability previously diffused by committee-based decision making.
- Strengthening the board with commercial and investment banking experience, with a focus on merger and acquisition expertise.

Our ESG specialists were encouraged by the board's commitment to growth and cultural transformation. The bank's evolving business model and strong human capital management are key elements of our investment analysts' thesis.

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ENGAGEMENT CASE STUDY

Monitoring impact of wildfire risk on credit strength

Pacific Gas & Electric (PG&E) is a regulated U.S. utility, and one of the key credit considerations for investors in its bonds is the company's exposure to material wildfire-related liabilities.

Our fixed income analyst has been monitoring this risk for several years, assessing both the extent of PG&E's wildfire exposure and the effectiveness of its long-term mitigation strategy. This work has played an important role in shaping the fixed income group's view of the company's credit quality.

As part of the ongoing review, our ESG specialist engaged with PG&E in March 2025. The company highlighted continued progress in operational improvements aimed at reducing wildfire risk. These measures include the commitment to underground 10,000 miles of distribution lines by the early 2030s and the removal of idle transmission assets. Since 2017, PG&E has reduced by 75% the number of fire incidents reportable to the California Public Utilities Commission across what the Commission classes as "High Fire Threat Districts," materially lowering both operational and liability risks.

The operational improvements, which have been supported by actions taken by local policymakers (including the implementation of wildfire liability funds), have strengthened the fixed income analyst's confidence in PG&E's risk mitigation strategy.

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Proxy voting

Why we vote

Capital Group believes exercising our proxy voting rights for the entities in which we invest is fundamental to fulfilling our obligations to investors. Our approach is made more powerful by the fact that our investment professionals are deeply involved in our proxy voting process.

Proxy voting decisions are made in house by each of the three separate equity investment divisions based on what they believe are the long-term interests of our clients. This is well-aligned with The Capital System and is a key part of our differentiated approach to stewardship.

How we vote

Proxy analysis is first conducted by governance specialists in the ESG team by applying our proxy voting guidelines and conducting company-specific research. This is then shared with one or more of the division's investment analysts familiar with the company and industry to come to an initial voting recommendation. If there is disagreement, a second opinion can be provided by an investment analyst or other individual with experience in corporate governance and proxy voting matters within the appropriate investment division. High-profile or contentious proxies, or proxies where there is a difference of opinion, are escalated to the appropriate proxy committee, which has the final authority on every vote.

What we voted on in 2025

In 2025, we voted at 2,136 annual, extraordinary and special general meetings (AGMs, EGMs and SGMs)* on behalf of our clients.

Our commitment to rigorous global research and individual accountability means that only the highest conviction ideas make it into our portfolios. As such, our starting point is generally to be supportive of management. In 2025, we voted against approximately 3.6% of proposals put forward at AGMs, EGMs and SGMs. Proxy voting reports detailing how Capital Group has voted are available to clients on request.

2,100+

AGMs, EGMs and SGMs at which Capital Group voted (proxy) on behalf of clients in 2025

Proxy voting statistics for calendar year 2025

	Meetings voted	Proposals voted	Votes with management	Votes against management	Abstentions	"Do not vote"
TOTAL	2,136	25,666	24,424 95.16%	926 3.61%	109 0.42%	207 0.81%
Americas	977	10,922	10,425 95.45%	379 3.47%	43 0.39%	75 0.69%
Asia-Pacific	606	4,697	4,442 94.57%	252 5.37%	3 0.06%	0 0%
EMEA	553	10,047	9,557 95.12%	295 2.94%	63 0.63%	132 1.31%

Number of votes with/against management may exceed total number of proposals voted, due to split voting by divisions on the same resolution. As of December 31, 2025. EMEA – Europe, the Middle East and Africa. Voting statistics are an aggregated blend of votes for all three investment units at the ballot level. Source: Capital Group.

Footnote/Important information:

*Annual general meeting = AGM; Extraordinary general meeting = EGM;
Special general meeting = SGM.

Learn more about our ESG approach and
explore our latest research and insights →

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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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