

Product name: Capital Group Euro Bond Fund (LUX)
 Legal entity identifier: 549300MSGNIE4SEG2P53

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective**: ___%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective**: ___%

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

The Fund promotes, among other characteristics, environmental and social characteristics, provided that the companies in which investments are made follow good governance practices.

The binding environmental and/or social characteristics promoted by the Fund are as follows.

The Investment Adviser identifies certain issuers or groups of issuers that it excludes from the portfolio to promote the environmental or social characteristics supported by the Fund. The Investment Adviser evaluates and applies ESG and norms-based screening to implement exclusions on corporate and sovereign issuers with respect to certain sectors such as tobacco, fossil fuel and weapons, as well as companies violating the United Nations Global Compact (UNGC) principles.

To support this screening, for sovereign issuers, the Investment Adviser relies on the use of proprietary research. The Investment Adviser leverages data from third party institutions to calculate ESG scores across the entire sovereign universe. This assessment highlights indicators related to vulnerability to climate change, dimensions of human development, and various measures of governance. Data for each issuer is analysed to compute composite sovereign ESG performance scores. Sovereign issuers that are considered to be poor performing outliers are excluded from the Fund's investment universe.

For corporate issuers, the Investment Adviser relies on third party provider(s) who identify an issuer's participation in or the revenue which they derive from activities that are inconsistent with the ESG and norms-based screens. In this way, third party provider data is used to support the application of ESG and norms-based screening by the Investment Adviser. In the event that exclusions cannot be verified through the third party provider(s), the Investment Adviser will aim to identify business involvement activities through its own

assessment.

The Investment Adviser can select investments to the extent they are in line with the negative screening policy.

Capital Group's ESG Policy Statement provides additional detail on the views on specific ESG issues, including ethical conduct, disclosures, corporate governance and climate change. On the latter, Capital Group routinely requests that organisations provide further details on their climate strategy, introduce emission-reduction targets and establish new positions to oversee climate-related issues.

There is no reference benchmark designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicators used by this Fund to measure the attainment of each of the environmental or social characteristics it promotes are as follows.

The Fund evaluates and applies ESG and norms-based screening to implement exclusions on corporate and sovereign issuers. The Investment Adviser evaluates and applies ESG and norms-based screening to implement exclusions on corporate issuers, with respect to certain sectors such as tobacco, fossil fuel and weapons, as well as companies violating the principles of the UNGC. In applying these screens, the Fund is considering the Principal Adverse Impact 4 on exposure to companies active in the fossil fuel sector, Principal Adverse Impact 10 on UNGC violators and Principal Adverse Impact 14 on controversial weapons. These principal adverse impacts will not apply to sovereign issuers. The Investment Adviser applies exclusions to identify certain issuers or groups of issuers that are generally excluded from the portfolio to support the environmental or social characteristics promoted by the Fund. As a measure, the Fund applies investment restrictions rules at the time of purchase on a pre-trade basis in portfolio management systems to restrain investment in companies or issuers based on the exclusion criteria.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable as this Fund does not commit to make sustainable investments.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable as this Fund does not commit to make sustainable investments.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?



Yes.

This Fund considers the following principal adverse impacts (PAIs) on sustainability factors:

- Principal Adverse Impact 4 on exposure to companies active in the fossil fuel sector.
- Principal Adverse Impact 10 on UNGC violators.
- Principal Adverse Impact 14 on controversial weapons.

The above-listed principal adverse impacts on sustainability factors are considered as follows.

In considering the Principal Adverse Impact 4 on exposure to companies active in the fossil fuel sector, Principal Adverse Impact 10 on United Nations Global Compact violators and Principal Adverse Impact 14 on controversial weapons, the Investment Adviser evaluates and applies ESG and norms-based screening to implement exclusions on corporate and sovereign issuers. To support this screening, it relies on third party provider(s) who identify an issuer's participation in or the revenue which they derive from activities that are

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

inconsistent with the ESG and norms-based screens. The principal adverse impacts will not apply to sovereign issuers.

Further information on how the financial product did consider principal adverse impacts (PAIs) on sustainability factors will be available in the Company's annual report.



The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

What investment strategy does this financial product follow?

This Fund aims to maximize total return through a combination of income and capital gains, with a view towards preservation of capital. In addition to the integration of Sustainability Risks as part of the Investment Adviser's investment decision-making process, the Investment Adviser applies the following investment strategy to attain the environmental and/or social characteristics promoted.

The Investment Adviser also evaluates and applies ESG and norms-based screening to implement a negative screening policy relating to the Fund's investments in corporate and sovereign issuers with respect to certain sectors such as tobacco, fossil fuel and weapons, as well as companies violating the principles of the UNGC. The Investment Adviser identifies certain issuers or groups of issuers that it excludes from the portfolio to promote the environmental or social characteristics supported by the Fund.

The Investment Adviser ensures that the companies in which investments are made follow good governance practices.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Fund has the following binding elements:

- 1) **Negative screening policy.** The Fund applies investment restrictions rules at time of purchase on a pre-trade basis in portfolio management systems to prohibit investment in companies or issuers based on the exclusion criteria.

To support this screening, for sovereign issuers, the Investment Adviser relies on the use of proprietary research. The Investment Adviser leverages data from third party institutions to calculate ESG scores across the entire sovereign universe. This assessment highlights indicators related to vulnerability to climate change, dimensions of human development, and various measures of governance. Data for each issuer is analysed to compute composite sovereign ESG performance scores. Sovereign issuers that are considered to be poor performing outliers are excluded from the Fund's investment universe.

For corporate issuers, the Investment Adviser relies on third party provider(s). In this way, third party provider data is used to support the application of ESG and norms-based screening by the Investment Adviser. The third party provider(s) supplies a profile of each company's specific business involvement in, or the revenue which they derive from, activities that are inconsistent with the ESG and norms-based screens applied to the Fund.

In the event that exclusions cannot be verified through the third party provider(s), the Investment Adviser will aim to identify business involvement activities through its own assessment.

The Investment Adviser can select investments to the extent they are in line with the negative screening policy.

- 2) **Good governance practices.** The Fund promotes, among other characteristics, environmental and social characteristics, provided that the companies in which investments are made follow good governance practices. Good governance practices are evaluated as part of the Investment Adviser's ESG integration process. Such practices are assessed through a monitoring process and fundamental analysis based on various metrics. The Investment Adviser regularly engages in dialogue with companies on corporate governance issues.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The Fund does not commit to a minimum rate to reduce the scope of investments prior to the application of the investment strategy.

Good governance

practices include sound management structures, employee relations, remuneration of staff and tax compliance.



Asset allocation

describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g., for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

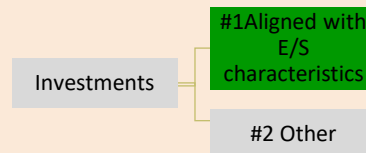
What is the policy to assess good governance practices of the investee companies?

Good governance practices are evaluated as part of the Investment Adviser's eligibility process. Such practices are assessed through a monitoring process. Where relevant, fundamental analysis of a range of metrics that cover auditing practices, board composition, and executive compensation, among others, is also conducted. The Investment Adviser also engages in regular dialogue with companies on corporate governance issues and exercises its proxy voting rights for the entities in which the Fund invests. Capital Group expects 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, customers, regulators and policymakers, or others in the communities and the environment in which the company operates. Companies that understand how stakeholders' relationships affect their reputation can be better equipped to create long-term value. Transparency and accountability are key. Capital Group expects companies to disclose data and insights on areas of stakeholder focus, including aspirational goals, quantitative targets and strategy setting. Capital Group also expects the board to set the tone at the top and provide effective independent oversight.

As described above, the Investment Adviser applies a Negative Screening Policy to the Fund. As part of this, the Investment Adviser excludes companies violating the principles of the UNGC principles as well as those violating principle 10 on anti-corruption and principle 3 on employee relations.

Capital Group's ESG Policy Statement provides additional detail on Capital Group's ESG philosophy, integration, governance, support and processes, including proxy voting procedures and principles, as well as views on specific ESG issues, including ethical conduct, disclosures and corporate governance. Information on Capital Group's corporate governance principles can be found in its Proxy Voting Procedures and Principles as well as in the ESG Policy Statement.

What is the asset allocation planned for this financial product?



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Generally, at least 90% of the Fund's investments at the time of purchase are used to attain the environmental or social characteristics promoted by the Fund (being subject to the Investment Adviser's binding negative screening policy)

Generally, a maximum of 10% of the Fund's investments, including derivatives, are in category "#2 Other" and so are not used to attain the environmental or social characteristics promoted by the Fund.

The Fund does not commit to make any sustainable investments.

Cash and/or cash equivalents are excluded from the asset allocation above and are not used to attain the environmental or social characteristics promoted by the Fund.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

The Fund can use derivatives for investment purposes, hedging and/or efficient portfolio management but will not use them to attain the environmental or social characteristics it promotes.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

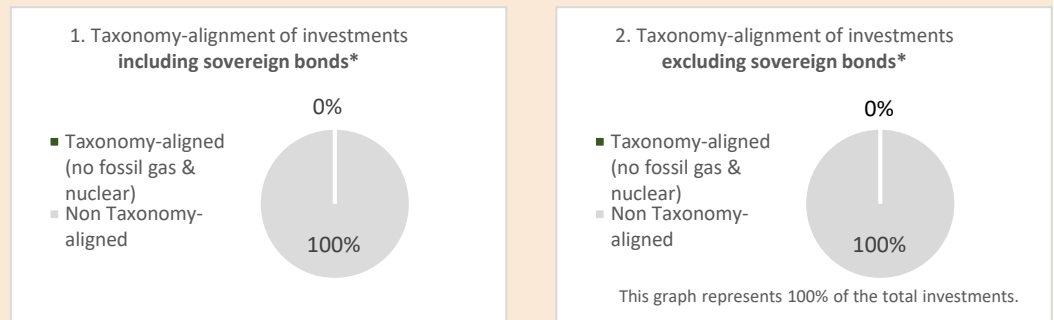
While this Fund promotes environmental characteristics within the meaning of Article 8 of the SFDR, its commitment to make "environmentally sustainable investments" within the meaning of the Taxonomy Regulation is set at 0% (including in transitional and enabling activities).

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules. **Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?**

- Yes:
 - In fossil gas
 - In nuclear energy
- No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

● **What is the minimum share of investments in transitional and enabling activities?**

This Fund does not commit on a minimum share of investments in transitional and enabling activities.



● **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable as this Fund does not commit on making sustainable investments.



● **What is the minimum share of socially sustainable investments?**

Not applicable as this Fund does not commit on making sustainable investments.



● **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The investments included under “#2 Other” are investments (including derivatives), which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments, but are used to attain the investment objective of the Fund.



● **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No, there is no specific index designated as a reference benchmark to determine whether this Fund is aligned with the environmental and/or social characteristics that it promotes.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.capitalgroup.com/individual-investors/lu/en/fund-centre.CGEBLU.html>

More information can also be found in Capital Group's ESG Policy Statement and Capital Group's proxy voting procedures and principles. These documents can be found on:

https://www.capitalgroup.com/content/dam/cgc/shared-content/documents/policies/02_CR_ESG_Global_Proxy_Policy_FINAL_March_2022.pdf

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