

**Product name:** Capital Group Global Allocation Fund (LUX)  
**Legal entity identifier:** 549300SLOS5KBC6BAF90

## 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 practices.

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**: \_\_\_\_%



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



It will make a minimum of **sustainable investments with a social 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 10 % of sustainable investments



with an environmental objective in economic activities that 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



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 the following:

**Carbon constraint:** For its Equity portion, the Fund aims to maintain a Weighted Average Carbon Intensity (WACI) for its investments in corporate issuers that is lower than MSCI AC World index. The WACI is based on GHG emissions (Scope 1 and 2) divided by the revenue of the investee companies. Should the WACI of the Fund not be lower than the level of the aforementioned index, the Investment Adviser will consider what action is in the best interest of the Fund, its Shareholders and in line with the relevant Fund investment objective to bring the Fund back above the threshold in a reasonable period of time.

**Negative Screening Policy:** Through its Negative Screening Policy, the Investment Adviser evaluates and applies ESG and norms-based screening to implement exclusions on corporate and sovereign issuers at the time of purchase, with respect to certain sectors such as tobacco, fossil fuel and weapons, as well as companies violating the principles of the United Nations Global Compact (UNGC).

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 the following:

The WACI is the metric used to report the Fund's carbon emissions. It helps show the carbon footprint of the portfolio compared to the index, and is based on Scope 1 and 2 emissions:

- Scope 1: direct emissions from the investee company's facilities;
- Scope 2: indirect emissions linked to the investee company's energy consumption.

The Investment Adviser applies ESG and norms-based exclusions to implement a Negative Screening Policy to the Fund's investments. The Fund will monitor:

- percentage of corporate issuers failing a screen under the Negative Screening Policy,
- percentage of sovereign issuers failing the Investment Adviser's process for assessing sovereigns.

**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?**

The Investment Adviser commits to maintain at least 10% of the Fund's investments in companies that, in the Investment Adviser's opinion, are addressing social and/or environmental challenges through their current or future products and/or services.

Such companies have products and services that are majority-aligned, or transitioning towards higher positive alignment, with any single or combination of sustainable investment themes focused on global social and environmental challenges as identified by the Investment Adviser. These themes map to the United Nations Sustainable Development Goals ("SDGs"). The Investment Adviser also takes into consideration topics, communities, and groups not specifically referenced in the SDG framework. Therefore, investments could be made in companies addressing needs such as but not limited to: (i) energy transition, (ii) health & well-being, (iii) sustainable cities & communities, (iv) responsible consumption, (v) clean water & sanitation, (vi) education & information access, and (vii) financial inclusion.

The sustainable investments that the Fund intends to make are subject to the Investment Adviser's eligibility process for sustainable investments. Sustainable investments are those whose business activities are majority-aligned or transitioning towards higher positive alignment with any one or a combination of these sustainable investment themes, and that (i) do not significantly harm any environmental or social objective (ii) follow good governance practices and (iii) satisfy the Negative Screening Policy.

**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?**

The sustainable investments that the Fund partially intends to make shall not cause any significant harm to any environmental or social sustainable investment objectives. As such the Investment Adviser considers the mandatory Principle Adverse Impacts (PAIs) as set out in Table 1 of Annex I of Commission Delegated Regulation (EU) 2022/1288 for corporate investments, as well as other ESG risks and controversies that the Investment Adviser considers potentially material, such as data privacy or censorship issues. Companies deemed by the Investment Adviser to be causing significant harm, based on the PAIs, are not considered sustainable investments.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

As mentioned above, the Investment Adviser considers all mandatory PAIs. The Investment Adviser considers several PAIs within its Negative Screening Policy. In particular, the Negative Screening Policy addresses 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.

Beyond the screening process, with respect to the remaining mandatory PAIs:

1. where the Investment Adviser considers sufficient and reliable quantitative data is available across the investment universe, the Investment Adviser uses third-party data and prescribed thresholds to determine whether the adverse impact associated with the company's activities is potentially significant based on the company's relative ranking (on the specific adverse impact) to the overall investment universe and/or peer group; or

**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.

2. where data availability or quality is not sufficient across the investment universe to enable a quantitative analysis, the Investment Adviser assess significant harm on a qualitative basis, for example using proxies.

The Investment Adviser's assessment will also include an overall qualitative assessment of how ESG risks are being managed.

Where third party data or the Investment Adviser's assessment indicates that a company is potentially doing significant harm based on a PAI threshold, the Investment Adviser will do additional due diligence to better understand and assess negative impacts indicated by third party or proprietary data. If the Investment Adviser concludes that the company is not causing significant harm based on its analysis, it may proceed with the investment and the rationale for that decision will then be documented. For example, the Investment Adviser may conclude a company is not causing significant harm if (i) the Investment Adviser has reason to believe that third-party data is inaccurate and the Investment Adviser's own research demonstrates that the company is not causing significant harm; or (ii) the company is taking steps to mitigate or remediate that harm through the adoption of timebound targets and there are meaningful signs of improvement and positive change.

— — — *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The sustainable investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights as follows: the Investment Adviser reviews issuers involved in significant ESG controversies, with a focus on those that may conflict with existing global standards, including guidelines from the United Nations Global Compact. In accordance with the Negative Screening Policy applied to the Fund, the Investment Adviser will exclude companies violating the UN Global Compact principles. Although other incidents will not automatically result in exclusion from the Fund, the Investment Adviser ensures that appropriate action to remediate the concerns are taken.

*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
- ☐ No

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

- Principal Adverse Impact 1 on greenhouse gas emissions.
- 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:

PAI 1 on greenhouse gas emissions is considered as part of the Fund's management of its carbon footprint (WACI) for its investments in corporate issuers, which is lower than the Bloomberg Global Aggregate Corporate Total Return Index hedged to USD.

PAI 4 on exposure to companies active in the fossil fuel sector, PAI 10 on UNGC violators and PAI 14 on controversial weapons are considered when the Investment Adviser evaluates and applies ESG and norms-based screening to implement exclusions on corporate 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 inconsistent with the ESG and norms-based screens.

In addition, the Fund's sustainable investments are assessed against each of the mandatory PAIs as described above.

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?

The Investment Adviser applies the following investment strategy to attain the environmental and/or social characteristics promoted:

**Carbon constraint.** For the Fund's Equity portion, the Investment Adviser aims to manage a carbon footprint lower than MSCI AC World index. Should the WACI of the Fund not be lower than the aforementioned index, the Investment Adviser will consider what action is in the best interest of the Fund, its Shareholders and in line with the relevant Fund investment objective to bring the Fund back above the threshold in a reasonable period of time. The Investment Adviser carries out ongoing monitoring of WACI at the Fund level, and may reduce or eliminate exposures to certain companies as necessary.

The selected index is representative of the Equity portion of the Fund. The Investment Adviser assesses the portfolio WACI data on an ongoing basis to help the Fund remain within the target level. This allows the Investment Adviser to measure the carbon footprint and carbon intensity of the portfolio compared to the selected index, and to understand the attribution of the emission results. From an investment perspective, carbon footprint analysis can serve as a tool to engage with the investee company and better understand the investee company's business. In the event that reported carbon emissions data is not available for a particular issuer, the third-party provider may provide estimates using their own methodologies. Issuers that do not have any carbon emissions data available (reported or estimated) are excluded from the WACI calculation. It is not the intention of the Investment Adviser to automatically exclude higher carbon emitters on an individual basis as the carbon intensity is monitored at the total portfolio level rather than at the individual holding level.

**Negative Screening Policy.** 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 issuers, with respect to certain sectors such as tobacco, fossil fuel and weapons, as well as companies violating the principles of the UNGC.

To support this screening on 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 third-party providers or if the Investment Adviser believes that data and/or assessment is incomplete or inaccurate, the Investment Adviser reserves the right to identify business involvement activities through its own assessment (including by using other third-party data sources).

If an eligible corporate issuer held in a Fund subsequently fails a screen, the issuer will not contribute towards the environmental and/or social characteristics of the Fund and will generally be sold within six months from the date of such determination, subject to the best interests of investors in the Fund.

For sovereign issuers, the Investment Adviser conducts an eligibility assessment leveraging its proprietary sovereign ESG framework, which covers a range of ESG indicators to evaluate how well a country manages its ESG risk. To be eligible for investment, sovereigns must score above pre-determined thresholds for their proprietary ESG score on both an absolute and GNI-adjusted basis. If the Investment Adviser believes that the third-party data and/or assessment is incomplete or inaccurate, the Investment Adviser reserves the right to identify exclusions for sovereign issuers through its own assessment. The Investment Adviser also periodically reviews sovereign issuers and if a previously eligible sovereign issuer held in the Fund becomes ineligible, the sovereign issuer will not contribute towards the environmental and/or social characteristics of the Fund and the sovereign issuer will generally be sold within six months from the date of such determination, subject to the best interests of investors in the Fund (save that if the Investment Adviser believes that a score is below a pre-defined threshold for a temporary or a transitory reason, the Investment Adviser may, from time to time, exercise its discretion to keep holding or purchase securities issued by the sovereign issuer).

## 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) **Carbon constraint.** The Fund aims to manage a carbon footprint for its investment in corporate issuers that is lower than MSCI AC World index. Should the WACI of the Fund not be lower than the level of the aforementioned index, the Investment Adviser will consider what action is in the best interest of the Fund, its Shareholders and in line with the relevant Fund investment objective to bring the Fund back above the threshold in a reasonable period of time.

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

**2) Negative Screening Policy.** The Fund applies investment restrictions rules on a pre-trade basis in portfolio management systems to prohibit investment in corporate and sovereign issuers based on the exclusion criteria. The portfolio also undergoes post-trade compliance checks.

The Investment Adviser selects investments to the extent they do not trigger a breach of the carbon target and are in line with the Negative Screening Policy

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

Not applicable.

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

When assessing good governance practices, the Investment Adviser will, as a minimum, have regard to matters it sees relevant to the four prescribed pillars of good governance (i.e., sound management structures, employee relations, remuneration of staff and tax compliance).

As described above, the Investment Adviser applies a Negative Screening Policy to the Fund. As part of this, the Investment Adviser excludes companies that, based on available third-party data, are viewed to be in violation of the principles of the UNGC, which include Principle 10 (anti-corruption) and Principle 3 (employee relations).

In addition, good governance practices are evaluated as part of the Investment Adviser's ESG integration process. Such practices are assessed through a monitoring process based on available third-party indicators relating to corporate governance and corporate behavior. Third-party data may be inaccurate, incomplete or outdated. Where the corporate governance and corporate behavior indicators cannot be verified through the third-party provider, the Investment Adviser will aim to make such determination through its own assessment based on information that is reasonably available. Where relevant, fundamental analysis of a range of governance metrics that cover areas such as 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.

If a previously eligible company held in a Fund subsequently fails the Investment Adviser's assessment of good governance practices, the company will generally be sold within six months from the date of such determination, subject to the best interests of investors in the Fund.

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.



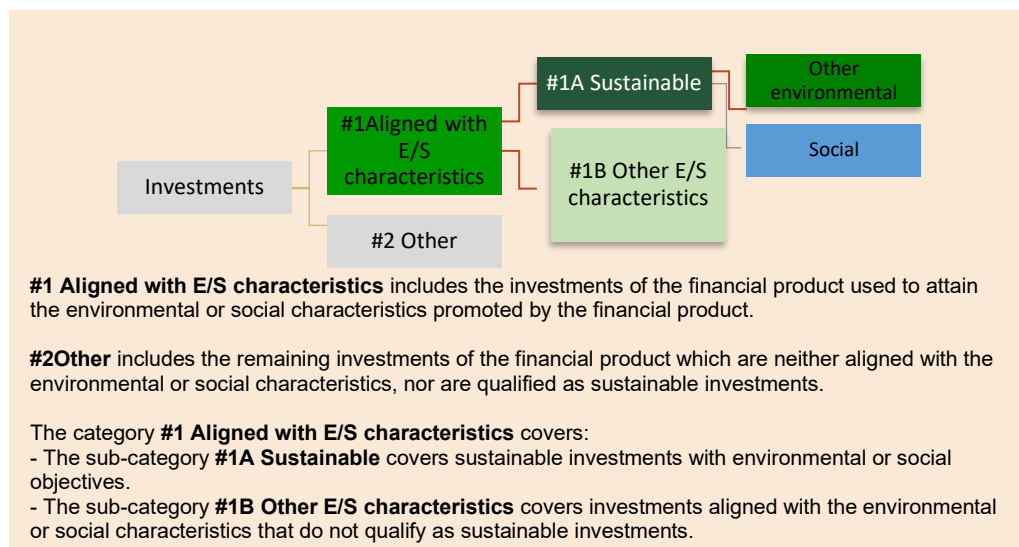
## What is the asset allocation planned for this financial product?

### 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.



At least 55% of the Fund's investments are in category “#1 Aligned with E/S characteristics” and so are used to attain the environmental or social characteristics promoted by the Fund (being subject to the Investment Adviser's binding Negative Screening Policy and carbon constraint). A maximum of 45% of the Fund's investments including investments non-aligned with the E/S characteristics promoted, securitised debt, derivatives and/or cash and cash equivalents are in category “#2 Other”.

Within the 55%, the Fund will have a minimum proportion of 10% of the portfolio in sub-category “#1A Sustainable”, being sustainable investments with an environmental or social objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy. These are investments that have passed through the Investment Adviser's sustainable investment assessment.

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.

### 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).

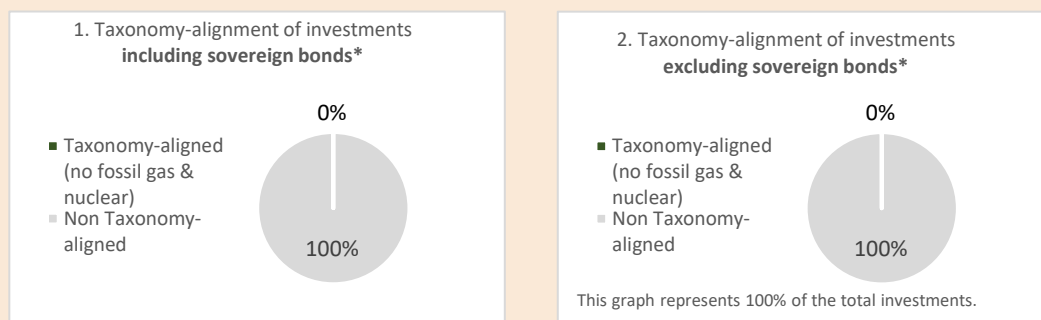
### Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

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

<sup>1</sup> 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.



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?

0%. 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?

Although the Fund commits to invest at least 10% in sustainable investments on an aggregate basis the Fund does not commit specifically to any minimum investment in sustainable investments with an environmental objective.

#### What is the minimum share of socially sustainable investments?

Although the Fund commits to invest at least 10% in sustainable investments on an aggregate basis the Fund does not commit specifically to any minimum investment in sustainable investments with a social objective.

#### 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 and/or cash and cash equivalents) 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. There are no minimum environmental or social safeguards applicable to these investments.

#### 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.

#### 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.CGGALU.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](https://www.capitalgroup.com/content/dam/cgc/shared-content/documents/policies/02_CR_ESG_Global_Proxy_Policy_FINAL_March_2022.pdf)