

Capital Group Proxy Voting Procedures and Principles

March 2026 vs. March 2025: two changes, one of them about Delaware

Capital Group Proxy voting procedures and principles

March 2025 edition compared with March 2026 edition

Capital Bank and Trust Company / Capital International / Capital Research and Management Company

Capital Group made exactly two substantive edits. The interesting one is a deletion: it no longer says it defers to management on where a US company incorporates.

Source: the two published policy documents, read in full and compared line by line.
proxyvotesnow.com

The short version

Capital Group's 2026 policy is a re-typeset version of its 2025 policy with two substantive edits. Everything else - the director capacity tests, the proxy access parameters, the compensation ratios, the dilution analysis, the environmental disclosure expectations - is carried over word for word.

The document was reset into a wider page layout, which makes the word counts differ slightly, but a line-by-line comparison finds only two real changes.

- A deletion: the sentence stating that Capital Group leaves the choice of US state of incorporation "to the discretion of company management and its board." The section heading was narrowed to cover only changes of domicile outside the US.
- An addition: the definition of an "Interested Party" for conflict-of-interest purposes was widened from a public company with a Capital Group fund director on its board to one with such a director "either on its board or as a senior executive."

Direction of travel

Essentially flat. Unlike BlackRock, Vanguard, State Street and Invesco, Capital Group did not use this cycle to remove climate references, delete diversity language or strip out director-accountability triggers - largely because its policy was never built that way. It is a governance-only document with a short environmental section, and that section survived untouched.

1. The reincorporation deletion

This is a small edit landing on a live question. Over the past two years a long list of large US companies has moved its state of incorporation out of Delaware, mostly to Texas or Nevada, and most of those moves required a shareholder vote.

Change of corporate domicile

March 2025:

"Change of corporate domicile. Reincorporation within the U.S.: We generally leave the state domicile decision to the discretion of company management and its board. Reincorporation outside the U.S.: We consider a company's specific circumstances with respect to the reasons for the reincorporation..."

March 2026:

"Change of corporate domicile outside the U.S. We consider a company's specific circumstances with respect to the reasons for the reincorporation. Factors that may influence whether we support a proposal to reincorporate include the potential for both corporate and shareholder-level taxes to be triggered at the time of the event, as well as the potential long-term impact of country-specific tax treaties."

The cross-border limb is unchanged. What went is the first limb, and with it the heading that covered domestic moves. Capital Group's policy now says nothing at all about a US state reincorporation.

It is worth being careful about what that means. Removing an explicit statement of deference is not the same as announcing new scrutiny - the policy has simply gone silent, and silent items fall to the general principles and to the regional guidance Capital Group maintains separately. But the previous wording was an unusually clear commitment to vote with management on exactly the question that Delaware-exit proposals put to shareholders, and it is no longer there.

Worth comparing

Vanguard made a related edit in the same cycle. Its 2026 policy dropped the phrase "state courts in Delaware" from its exclusive forum provision, and deleted the paragraph instructing it to weigh a company's tax and cost savings from a move against shareholders' loss of rights. Two large managers, in the same season, quietly removing the language that most directly addressed the Delaware question.

2. The conflicts-of-interest change

Capital Group runs a Special Review Committee process for votes where a relationship could create the appearance of a conflict. The definition of who triggers that process was widened slightly.

Who counts as an "Interested Party"

March 2025:

"(3) a public company with a U.S. registered fund director on its board"

March 2026:

"(3) a public company with a U.S. registered fund director either on its board or as a senior executive"

The other two limbs are unchanged: a client with substantial assets managed by Capital Group or its affiliates, and an entity with a significant business relationship with The Capital Group Companies. So is the catch-all that other persons or entities "may also be deemed an Interested Party if facts or circumstances appear to give rise to a potential conflict."

This is housekeeping, but it is housekeeping in the right direction: a fund director who is also a senior executive of a portfolio company presents a comparable conflict to one who sits on its board, and the 2026 wording now captures both.

What the unchanged policy actually says

Because so little moved, the useful question is what Capital Group's policy commits to. It is one of the more numerically specific documents in this library, and several of its positions are unusual.

Director capacity: a two-board limit for sitting executives

Capital Group flags for additional analysis "a sitting CEO, or other senior executive officer, serving on their company board plus more than one additional outside company board," and "a non-executive director serving on more than four public company boards, with each non-executive board chair position considered as two board seats." The thresholds match BlackRock's and Vanguard's, but Capital Group frames them as triggers for analysis rather than automatic votes against, and explicitly considers company size, business transformation, board and executive turnover and controversy alongside them.

Proxy access: a sliding ownership scale

Where most managers apply a flat 3% threshold, Capital Group applies "a sliding scale of 5% for small capitalization companies and 3% for large capitalization companies," with a three-year holding period described as "the most important component of these proposals," and a cap on added board seats of "generally 10% to 25%." That is a narrower cap than BlackRock's or Vanguard's 20%-or-two-directors formulation at the bottom end, and comparable at the top.

Pay: an explicit short-term versus long-term split

March 2026, unchanged:

"we expect short-term incentives to constitute no more than a third - and long-term incentives to constitute at least two-thirds - of an executive's overall compensation."

Very few managers put a number on the mix. Capital Group also says it applies "additional scrutiny to those companies where we have a history of voting against one or more compensation plans or where we have withheld votes from compensation committee members over the past several years" - a memory provision of the kind Vanguard and Invesco deleted this cycle. And it still describes voting against say-on-pay over specific structural features: "high dilution, ability to reprice or exchange options, cash bonus caps expressed as a percentage of net income rather than hard dollar stop."

Cumulative voting: a genuine outlier

Capital Group "generally supports the concept of cumulative voting in order to promote management and board accountability, and the opportunity for leadership change." BlackRock generally opposes cumulative voting; so does Vanguard. This is one of the clearest straightforward disagreements between large managers in this library, and it did not change.

Environmental disclosure: three frameworks, still named

March 2026, unchanged:

"we expect companies to disclose against industry standards, including those set forth by the International Sustainability Standards Board (ISSB) and, to the extent applicable, the underlying Sustainability Accounting Standards Board (SASB) and Task Force on Climate-related Financial Disclosures (TCFD) frameworks."

All three frameworks survive, in a year when State Street removed every one of its 27 TCFD references and BlackRock demoted TCFD to a footnote. Capital Group also retains a carefully qualified position on climate-expertise director proposals: it generally votes against proposals calling for directors with specialised expertise as "overly prescriptive," but "where the company is in a sector with particular exposure to climate-related risks and we believe directors with specialized expertise would enhance the company's ability to mitigate such risks and create long-term value, we will consider voting in favor of such proposals."

What the policy does not contain

There is no board diversity section, and the words diversity and diverse appear nowhere in either edition. Board composition is addressed in terms of "appropriate industry knowledge, skills, business experience and understanding of all relevant stakeholders," with appointments and succession "based on merit and objective criteria" and an expectation of "board representation consistent with local market listing rules, regulations and corporate governance codes." That was already the case in March 2025 - Capital Group had nothing to remove this year because it had nothing there to begin with.

Votes can differ between Capital Group funds

Capital Group votes through separate investment divisions, and its policy states that "if more than one fund or account invests in the same company, certain funds and accounts may vote differently on the same proposal," and that advisers "may vote differently depending on the investment objective and strategy of a particular fund or account." As with other active managers, this makes the written policy a looser predictor of any individual fund's vote than an index manager's policy would be.

The bottom line

If you are looking for a manager that rewrote its policy this year, this is not one. Capital Group made two edits, one administrative and one that quietly removed its stated deference on US reincorporation.

That stability is partly a function of what the document is. Capital Group's principles are a governance document with a short environmental appendix, not an ESG framework - so the material that other managers spent 2025 and 2026 deleting was never in it. There were no diversity thresholds to remove, no climate voting triggers to soften, no named escalation rules tied to shareholder proposal outcomes.

What it does have, it kept: the two-thirds long-term pay expectation, the memory of past votes against compensation committees, support for cumulative voting, the sliding proxy access scale, and ISSB, SASB and TCFD named as disclosure benchmarks. In the current environment, keeping those is itself a choice.

One caveat on scope

Capital Group maintains separate supplemental regional guidance for the Americas, EMEA and Asia-Pacific that is not part of this document and is not held in this archive. The policy states that where the two conflict, the principles reviewed here prevail - but region-specific thresholds may sit in those documents and would not show up in this comparison.