

Capital Group

Proxy Voting Policy Evolution: 2025-2026

Analysis of 2 policy versions across 1 revision cycles

Based on archived versions from the Wayback Machine
and Capital Group's public website

Prepared March 2026

Executive Summary

This report analyzes 2 versions of Capital Group's proxy voting guidelines spanning 2025-2026. Over this period, the guidelines decreased from 15 pages to 11 pages and the number of identifiable policy statements changed from 76 to 73. Policy revisions were detected in 1 of the 1 year-over-year transitions examined.

The most significant revision occurred in 2026 (compared to 2025), with 17% textual similarity, 2 new statements added, and 5 removed. These inflection points mark the key moments when Capital Group substantively rethought its governance approach.

Key Observations

- Board Composition & Diversity: Relatively stable (8 -> 8 references), suggesting consistent governance priorities in this area
- Climate & Sustainability: Relatively stable (12 -> 13 references), suggesting consistent governance priorities in this area
- Executive Compensation: Relatively stable (57 -> 58 references), suggesting consistent governance priorities in this area
- Shareholder Rights & Proposals: Relatively stable (32 -> 39 references), suggesting consistent governance priorities in this area
- Board Independence & Oversight: Relatively stable (5 -> 6 references), suggesting consistent governance priorities in this area
- Human Capital Management: Relatively stable (14 -> 14 references), suggesting consistent governance priorities in this area
- Voting Approach & Engagement: Significantly expanded from 24 to 37 keyword references, indicating growing governance attention to this area.

Year-by-Year Policy Changes

2025

Document: 15 pages, 207 KB, approximately 5,886 words, 76 policy statements identified.

2026

Document: 11 pages, 171 KB, approximately 5,766 words, 73 policy statements identified.

A major restructuring or rewrite occurred compared to the 2025 edition (17% textual similarity). 6 policy statements were modified, 2 added, and 5 removed.

New Sections:

- "March 2026 AFDLIT-007-0326"

Notable Language Changes:

2025:

"When the company has made use of one -off or non- standard award structures, we will evaluate these on a case -by-case basis, considering the quantum and vesting criteria of the award as well as the retentive needs at the company."

2026:

"We apply 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."

2025:

"While we typically support proposals asking that such severance be limited to 2.99 times pay and bonus (amounts over this threshold are subject to a 20% excise tax), we may vote against proposals that request a lower limitation."

2026:

"While we typically support proposals asking that such severance be limited to 2.99 times pay and bonus (amounts over this threshold are subject to a 20% excise tax), we may vote against proposals that request a lower limitation."

Thematic Evolution: Board Composition & Diversity

Capital Group's coverage of board composition & diversity remained relatively consistent across the 2025-2026 period (8 to 8 keyword references), suggesting this represents a stable, mature area of Capital Group's governance framework.

2025 (8 references)

"Where we feel a specific area has fallen short of our expectations, for example in relation to audit, remuneration or board composition, we may vote against the chair and/or members of the relevant committee."

2026 (8 references)

"Where we feel a specific area has fallen short of our expectations, for example in relation to audit, remuneration or board composition, we may vote against the chair and/or members of the relevant committee. We evaluate director nominees not only on an individual basis but also in the context of the whole board."

Why This Matters

Board composition and diversity language in proxy voting guidelines is one of the most politically sensitive areas, directly affecting how asset managers evaluate director nominees. Changes in this area signal how Capital Group balances skills-based evaluation against demographic diversity expectations.

Thematic Evolution: Climate & Sustainability

Capital Group's coverage of climate & sustainability remained relatively consistent across the 2025-2026 period (12 to 13 keyword references), suggesting this represents a stable, mature area of Capital Group's governance framework.

2025 (12 references)

"Accordingly, 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."

2026 (13 references)

"Accordingly, 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."

Why This Matters

Climate and sustainability provisions are among the most closely watched elements of proxy voting guidelines, as they influence voting on shareholder proposals, risk oversight assessments, and disclosure expectations. The trajectory of Capital Group's language in this area provides insight into the broader industry shift between prescriptive ESG frameworks and financial materiality approaches.

Thematic Evolution: Executive Compensation

Capital Group's coverage of executive compensation remained relatively consistent across the 2025-2026 period (57 to 58 keyword references), suggesting this represents a stable, mature area of Capital Group's governance framework.

2025 (57 references)

"From time to time, we will vote against say-on-pay proposals if we are dissatisfied with a component of the overall compensation policy (e.g., high dilution, ability to reprice or exchange options, cash bonus caps expressed as a percentage of net income rather than hard dollar stop)."

2026 (58 references)

"From time to time, we will vote against say-on-pay proposals if we are dissatisfied with a component of the overall compensation policy (e.g., high dilution, ability to reprice or exchange options, cash bonus caps expressed as a percentage of net income rather than hard dollar stop)."

Why This Matters

Executive compensation language directly affects how Capital Group votes on say-on-pay proposals and equity plan approvals - among the most common and consequential proxy votes. Evolving expectations here have immediate practical implications for corporate boards and compensation committees.

Thematic Evolution: Shareholder Rights & Proposals

Capital Group's coverage of shareholder rights & proposals remained relatively consistent across the 2025-2026 period (32 to 39 keyword references), suggesting this represents a stable, mature area of Capital Group's governance framework.

2025 (32 references)

"While we believe that both the rights to take action by written consent and to call a special meeting are important tools for shareholders, we will consider a company's overall governance profile before supporting shareholder proposals to adopt or amend those rights."

2026 (39 references)

"We may vote against shareholder proposals to amend existing proxy access bylaws if the company has already adopted a bylaw that meets the general parameters described above. Classified boards A classified board is one that elects only a percentage of its members each year. (Usually, one-third of directors are elected to serve a three-year term."

[Significant language shift from prior year]

Thematic Evolution: Board Independence & Oversight

Capital Group's coverage of board independence & oversight remained relatively consistent across the 2025-2026 period (5 to 6 keyword references), suggesting this represents a stable, mature area of Capital Group's governance framework.

2025 (5 references)

"In making this determination, we consider, among other things, a nominee's potential conflicts of interest, track record (whether in the current board seat or in previous executive or director roles) with respect to shareholder protection and value creation as well as their capacity for full engagement on board matters."

2026 (6 references)

"In making this determination, we consider, among other things, a nominee's potential conflicts of interest, track record (whether in the current board seat or in previous executive or director roles) with respect to shareholder protection and value creation, as well as their capacity for full engagement on board matters."

Thematic Evolution: Human Capital Management

Capital Group's coverage of human capital management remained relatively consistent across the 2025-2026 period (14 to 14 keyword references), suggesting this represents a stable, mature area of Capital Group's governance framework.

2025 (14 references)

"To enable our understanding of a company's approach to human capital management, we encourage companies to disclose the composition of the workforce in a regionally appropriate manner."

2026 (14 references)

"To enable our understanding of a company's approach to human capital management, we encourage companies to disclose the composition of the workforce in a regionally appropriate manner."

Thematic Evolution: Voting Approach & Engagement

Capital Group's attention to voting approach & engagement grew significantly over the 2025-2026 period, from 24 keyword references in 2025 to 37 in 2026. This expansion indicates that voting approach & engagement has become an increasingly important governance consideration for Capital Group.

2025 (24 references)

"Where there is insufficient proxy and meeting agenda information available, the Advisers will generally vote against such proposals in the interest of encouraging improved disclosure for investors."

2026 (37 references)

"Where there is insufficient proxy and meeting agenda information available, the Advisers will generally vote against such proposals in the interest of encouraging improved disclosure for investors."

Why This Matters

The evolution of Capital Group's voting approach and engagement language is foundational - it shapes how every other governance topic is addressed. Shifts from prescriptive to principles-based, or from adversarial to collaborative, affect the entire stewardship posture.

Overall Assessment

Across 2 versions spanning 2025-2026, Capital Group's proxy voting guidelines show 1 revision cycle(s). The guidelines have evolved meaningfully over this period.

1. Evolving Governance Priorities

The thematic analysis reveals expanded emphasis on Voting Approach & Engagement (24->37 refs). These shifts map the changing landscape of Capital Group's governance priorities and provide companies with a roadmap for understanding what governance areas will receive the most scrutiny going forward.

2. Current Governance Priorities

As of the 2026 edition, Capital Group's governance priorities ranked by emphasis are: Executive Compensation (58 refs); Shareholder Rights & Proposals (39 refs); Voting Approach & Engagement (37 refs); Human Capital Management (14 refs); Climate & Sustainability (13 refs); Board Composition & Diversity (8 refs). Companies engaging with Capital Group should prioritize these areas when preparing for proxy season and governance discussions.

The evolution of Capital Group's proxy voting guidelines over 2025-2026 reflects the broader transformation of institutional stewardship from a compliance exercise into a strategic governance function. As the regulatory and political landscape continues to shift, these guidelines will likely continue to evolve. Governance professionals, corporate secretaries, and investor relations teams should monitor these changes to anticipate Capital Group's governance expectations and voting behavior.

Source Documents

All documents were retrieved from the Wayback Machine (web.archive.org) and the manager's public website:

Year	Pages	Size	Words	Statements	Source
2025	15	207 KB	5,886	76	Wayback Machine
2026	11	171 KB	5,766	73	Live URL