

Product name: Capital Group New Economy Fund (LUX)
Legal entity identifier: 5493005TAI2AYOJ2IZ71

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**

☐ 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**: ____%

☒ ☐ ☒ **No**

☐ 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

☐ 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. The Fund aims to manage a carbon footprint (WACI) for its investments in corporate issuers that is generally at least 30% lower than MSCI ACWI index. Should the WACI of the Fund not achieve the 30% threshold, 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 selected index is representative of the investment universe of the Fund. While this Fund is actively managed and without any reference or constraints to a reference index concerning the composition of the portfolio of the Fund (within the limits of the relevant specific investment objective and policy), the Fund is using this index to monitor the investment's carbon emission. The Investment Adviser relies on third party data to carry out ongoing monitoring of WACI at the Fund level, and may reduce or eliminate exposures to certain companies as necessary.

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.

Negative screening policy. 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 principles of the United Nations Global Compact

(UNGC).

To support this screening, 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.

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.

The Investment Adviser can select investments to the extent they do not trigger a breach of the carbon target and are in line with the negative screening policy.

The 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 the following:

Carbon constraint. The Fund aims to manage a carbon footprint (WACI) for its investments in corporate issuers that is generally at least 30% lower than the MSCI ACWI index. Should the WACI of the Fund not achieve the 30% threshold, 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 selected index is representative of the investment universe of the Fund and the WACI is used as a metric to measure the Fund's carbon footprint. In managing to this constraint, the Fund is considering Principal Adverse Impact 1 on greenhouse gas emissions. The Investment Adviser relies on data from a third party provider to carry out ongoing monitoring of WACI at the Fund level and may reduce or eliminate exposures to certain companies as necessary. 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 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 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. In applying these screens, the Fund is considering 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



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:

- In considering the Principal Adverse Impact 1 on greenhouse gas emissions, the Fund aims to manage a carbon footprint (WACI) for its investments in corporate issuers that is generally at least 30% lower than MSCI ACWI index. Should the WACI of the Fund not achieve the 30% threshold, 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. While this Fund is actively managed and without any reference or constraints to a reference index, the Fund is using this index to monitor the investment's carbon emission. The Investment Adviser relies on data from a third party provider to carry out ongoing monitoring of WACI at the financial product level and may reduce or eliminate exposures to certain companies as necessary.

- In 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, 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.

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.



What investment strategy does this financial product follow?

This Fund aims to achieve long-term growth of capital by investing in securities of companies that can benefit from innovation, exploit new technologies or provide products and services that meet the demands of an evolving global economy. 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:

Carbon constraint. The Investment Adviser aims to manage a carbon footprint (WACI) lower than the Fund's selected index level. Therefore, it will aim to manage a WACI for its investments in corporate issuers that is generally at least 30% lower than the Fund's selected index level (MSCI ACWI). Should the WACI of the Fund not achieve the 30% threshold, 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.

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

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.

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

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) **Carbon constraint.** The Fund aims to manage a carbon footprint (WACI) for its investment in corporate issuers that is generally at least 30% lower than the Fund's selected index (MSCI ACWI). Should the WACI of the Fund not achieve the 30% threshold, 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 selected index is representative of the investment universe of the Fund. The Investment Adviser uses the WACI as a metric to measure the Fund's carbon footprint. In calculating the Fund's WACI, the Investment Adviser relies on a third party data provider. 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.

The Investment Adviser assesses the portfolio WACI data on an ongoing basis to help the Fund remain within the target level. It is not the intention of the Investment Adviser to automatically exclude higher carbon emitters on an individual basis.

- 2) **Negative screening policy.** The Fund applies investment restrictions rules 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 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 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.

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.

Exclusions for corporate issuers are primarily identified through third party provider(s).

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 do not trigger a breach of the carbon target and are in line with the negative screening policy.

- 3) **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.

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 ESG integration process. Such practices are assessed through a monitoring process. 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. 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.

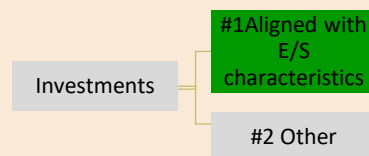
As described above, the Investment Adviser applies a Negative Screening Policy to the Fund. As part of this, the Investment Adviser excludes companies violating the principles of the UNGC as well as those violating principle 10 on anti-corruption and principle 3 on employee relations.

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.



Asset allocation describes the share of investments in specific assets.

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 and portfolio-level WACI).

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 hedging and/or efficient portfolio management purposes but will not use them to attain the environmental or social characteristics it promotes.

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.



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 Taxonomy⁶?

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

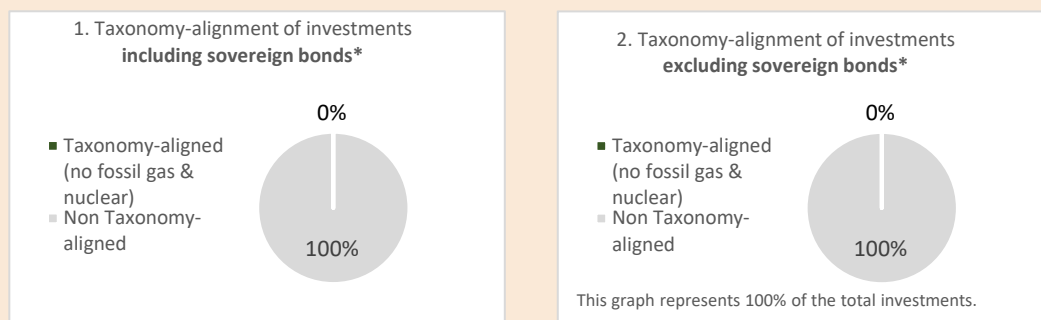
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

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.

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.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



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.

⁶ 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.

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



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.



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.CGNELU.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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